

## Councillor Davis - QoN - Increase Debt Estimate

Tuesday, 27 August 2024  
Council

**Council Member**  
Councillor Henry Davis

Public

**Contact Officer:**  
Anthony Spartalis, Acting Chief  
Operating Officer

## QUESTION ON NOTICE

**Councillor Henry Davis will ask the following Question on Notice:**

1. What assumptions were made which resulted in the projected borrowings of \$0 as per the 2021/2022 LTFP increasing to 208Mil in projected borrowings as per the 2023/24 LTFP?
2. What assumptions were made which resulted in a total projected borrowings of 208Mil as projected in the 2023/24 Long Term Financial Plan increasing to 315Mil as per the report presented to the Finance and Governance Committee on 21 May 2024 at page 69?
3. Was the replacement of the Bridge, weir and Rundle UPark included in the 2021/2022 LTFP?
4. What assumption was made in relation to the Rundle UPark in the 2021/2022 year?

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## REPLY

1. Projected borrowings of \$0 in the 2021/2022 LTFP increased to \$208m in projected borrowings in the 2023/24 LTFP based on the following assumptions:
  - 1.1. Mainstreets upgrade (\$15m/year for 4 years = \$60m)
  - 1.2. Inclusion of New and Upgrades expenditure in future years (\$15m/year for 6 years = \$90m)
  - 1.3. Increase to 23/24 capital program above previous projections (\$36.1m)
  - 1.4. Aquatic Centre (\$20m contribution to demolition and Park Lands reinstatement)
  - 1.5. Removal of Rundle UPark net income (\$3.3m/year for 3 years = \$9.9m)
  - 1.6. Interest on borrowings associated with the above (\$39.8m).
2. Projected borrowings of \$208m in the 2023/2024 LTFP increased to \$315m in projected borrowings in the report presented to City Finance and Governance Committee (21 May 2024) based on the following assumptions:
  - 2.1. Asset Management Plan increase with no matching revenue increase (\$150.4m) – excluding Lighting & Electrical and Park Lands & Open Space which at that time had not been approved for consultation.
  - 2.2. Flinders Street land purchase (\$9.8m)

2.3. Charles Street (\$0.3m)

2.4. Note: the report stated that the projected borrowing increase was dependent on Council decisions to mitigate, discussed in the LTFP section of the 21 May 2024 report.

3. Replacement of the Weir and Bridge were included in the 2021/22 LTFP. Rundle UPark was removed based on a Council decision.
4. Assumptions made about the Rundle UPark in the 2021/22 LTFP were that no renewal component was assumed, but net income was retained and reflected in the LTFP (Council decision).
5. Each figure above is estimated based on holding all other items constant – that is, they are subject to changes in other related assumptions. Council agreement and firming of each related assumption at the conclusion of the 2024/25 LTFP process will enable LTFP estimates based on the agreed set of assumptions adopted by Council.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5.5 hours.
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- END OF REPORT -

## Councillor Davis - QoN - Bridge, Weir and Rundle UPark

Tuesday, 27 August 2024  
Council

**Council Member**  
Councillor Henry Davis

Public

**Contact Officer:**  
Anthony Spartalis, Acting Chief  
Operating Officer

## QUESTION ON NOTICE

**Councillor Henry Davis will ask the following Question on Notice:**

1. When was the estimated construction cost for the Bridge, Weir and Rundle UPark last updated?
2. What has been the increase in construction costs since the estimates were last updated to present?
3. Can the administration confirm that the costs of a like for like replacement for the bridge, weir and Rundle UPark are estimated to be 60 million, 40 million and 60 million, respectively, as presented to the Committee on 6 August 2024?
4. Under the adopted LTFP, in what years will the bridge, weir and Rundle UPark be replaced?
5. What is the estimated cost for a like for like replacement for the the bridge, weir and Rundle UPark in the planned year of construction?

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## REPLY

1. The estimated construction costs for the Bridge, Weir and Rundle UPark were last updated in the preparation of the 23/24 Asset Management Plans.
2. The increase in construction costs since estimates were last updated are:
  - 2.1. \$35m (2021 desktop AMP update) to \$40m for the Weir (23-24 AMP update)
  - 2.2. \$50m (2021 desktop AMP update) to \$60m for the Bridge (23-24 AMP update)
  - 2.3. \$50m (2021 desktop AMP update) to \$60m for Rundle UPark (23-24 AMP update)
3. The costs of a like for like replacement for the Bridge, Weir and Rundle UPark are estimated to be \$60m, \$40m and \$60m, respectively, as presented to the Committee on 6 August 2024.
4. The adopted LTFP (2023/24 – 2032/33) assumes replacement of:
  - 4.1. the Bridge – 2030/31.
  - 4.2. the Weir – 2028/29.
  - 4.3. Rundle UPark – A resolution of Council saw the removal of the capital funding associated with the Rundle UPark from the 2021/22 LTFP and was not reinstated in the adopted 2023/24 LTFP. It is anticipated subject to Council consideration that a capital allocation will be included within the LTFP for the 2029/30 and 2030/31 financial years to extend to asset life should Council not determine the assets future use through an EOI process.

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5. Estimated costs for a like for like replacement of the Bridge, Weir and Rundle UPark in the year expected are:
  - 5.1. Bridge (\$65.6m CPI escalated as per CPI projections within the adopted LTFFP).
  - 5.2. Weir (\$44.7m CPI escalated as per CPI projections within the adopted LTFFP).
  - 5.3. Rundle UPark was removed from the LTFFP as per Council Decision (\$71.6m CPI escalated as per CPI projections within the adopted LTFFP).
6. Each figure above is estimated based on holding all other items constant – that is, they are subject to changes in other related assumptions. Council agreement and firming of each related assumption at the conclusion of the 2024/25 LTFFP process will enable LTFFP estimates based on the agreed set of assumptions adopted by Council.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5.5 hours.
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- END OF REPORT -

Councillor Davis - QoN - Asset Renewal

Tuesday, 27 August 2024  
Council

**Council Member**  
Councillor Henry Davis

Public

**Contact Officer:**  
Anthony Spartalis, Acting Chief  
Operating Officer

QUESTION ON NOTICE

Councillor Henry Davis will ask the following Question on Notice:

- 1. In delivering the Main Street Upgrades, will the renewal spend as assumed under the AMPs for those Main Street Upgrades, be brought forward?
- 2. What is the total value of the brought forward amount of the Renewal spend under the main street AMPs?
- 3. The Council's renewal target is 92.5% increasing to 100% on its renewal spend. The brought-forward renewal spending on Main Streets will necessitate a reduction in the renewal spending of other asset classes. Please provide a breakdown of the renewal spend per asset class?'

REPLY

- 1. The renewal spend assumed within the Asset Management Plans for the Main Street upgrades has been brought forward.
- 2. The total value of the renewal spend brought forward for Main Streets is \$43.4m in today's dollars.
- 3. Breakdown of the renewal spend per asset class (all in today's dollars):
  - 3.1. Transportation: \$15.6m
  - 3.2. Urban Elements: \$3.0m
  - 3.3. Lighting & Electrical: \$3.8m
  - 3.4. Water Infrastructure: \$20.8m
  - 3.5. Park Lands & Open Space: \$0.2m
- 4. Each figure above is estimated based on holding all other items constant – that is, they are subject to changes in other related assumptions. Council agreement and firming of each related assumption at the conclusion of the 2024/25 Long Term Financial Plan (LTFP) process will enable LTFP estimates based on the agreed set of assumptions adopted by Council.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5 hours.
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# Councillor Davis - QoN - Prudential Borrowing Limit

Tuesday, 27 August 2024  
Council

**Council Member**  
Councillor Henry Davis

Public

**Contact Officer:**  
Anthony Spartalis, Acting Chief  
Operating Officer

## QUESTION ON NOTICE

**Councillor Henry Davis will ask the following Question on Notice:**

- ‘1. What is the Council’s current prudential borrowing limit?’
2. As per the report presented to the committee on 21 May 2024 on page 69, when will the Council reach its prudential borrowing limit?’

## REPLY

1. Council’s current prudential borrowing limit is \$152.9m.
2. Council would notionally reach its prudential borrowing limit in 2028-29, noting any projected borrowing increase is dependent on Council decisions to manage borrowing levels (discussed in the LTFP section of the report to the City Finance and Governance Committee on 21 May 2024).
3. Each figure above is estimated based on holding all other items constant – that is, they are subject to changes in other related assumptions. Council agreement and firming of each related assumption at the conclusion of the 2024/25 LTFP process will enable LTFP estimates based on the agreed set of assumptions adopted by Council.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5 hours.
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- END OF REPORT -

## Councillor Davis - QoN - Rate Increases

Tuesday, 27 August 2024  
Council

**Council Member**  
Councillor Henry Davis

Public

**Contact Officer:**  
Anthony Spartalis, Acting Chief  
Operating Officer

## QUESTION ON NOTICE

**Councillor Henry Davis will ask the following Question on Notice:**

- '1. As per the report presented to the Finance and Governance Committee on 21 May 2024 at page 69:
  - 1.1 What is the total rate increase required to meet a continuing budget of a 15Mil spend on New Capital?
  - 1.2. What is the total rate increase required to pay for the bridge, weir and Rundle UPark within 10 years?
  - 1.3. What is the total rate increase required to meet a minimum renewal target of 100% across all asset classes?
  - 1.4. What total rate increase in the 2024/25 financial year is required to achieve \$0 in borrowings in the 2033 financial year?'

\*Note that the Rundle UPark replacement was not included in the 315Mil estimated debt in the 2033 year per the report presented to the finance committee on 21 May 2024 on page 69.

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## REPLY

1. As per the report presented to the City Finance and Governance Committee on 21 May 2024 at page 69:
  - 1.1. Required rate increase for \$15m new capital spend
    - 1.1.1. The proposed assumption of aligning the future new capital spend within the prudential limits allows for approximately \$3m per annum (not \$15m as per the 21 May 2024 report).
    - 1.1.2. This reduced figure would on average, over the last 6 years of the LTFP, equate to a 1.6% annual rate increase, if Council decided not to adhere to its adopted principle of funding new capital from debt, and instead decided to use rates to fund this.
  - 1.2. Total rate increase (hypothetically) required to pay for the Bridge, Weir and Rundle UPark within 10 years:
    - 1.2.1. Assuming rates of approximately \$140m per year rounded up, a total cost of \$160m to fund the 3 assets is 114% of the total rates base, or on average per year 8.8% compounded (that is, rates revenue base increases annually by the 8.8% over 10 years).

- 1.3. Total rate increase required to meet a minimum renewal target of 100% across all asset classes
  - 1.3.1. 10.5% as per the presentation provided to City Finance and Governance Committee workshop on 6 August 2024 (excluding Significant Renewals which were assumed to be funded via debt).
- 1.4. Total rate increase in the 2024/25 financial year required to achieve \$0 in borrowings in the 2033 financial year
  - 1.4.1. This question can be answered once the 2024/25 LTFP assumptions and expected level of borrowings have been agreed and finalised by Council.
- 2. Each figure above is estimated based on holding all other items constant – that is, they are subject to changes in other related assumptions. Council agreement and firming of each related assumption at the conclusion of the 2024/25 LTFP process will enable LTFP estimates based on the agreed set of assumptions adopted by Council.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5 hours.
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- END OF REPORT -



Councillor Davis - QoN - Rundle UPark

Tuesday, 27 August 2024  
Council

**Council Member**  
Councillor Henry Davis

Public

**Contact Officer:**  
Tom McCready, Director City  
Services

QUESTION ON NOTICE

Councillor Henry Davis will ask the following Question on Notice:

- '1. What is the current status of the Rundle UPark Joint Venture EOI?'

REPLY

- 1. Current status of the Rundle UPark joint venture EOI
  - 1.1. Council at its meeting on 13 December 2022 resolved:  
*That Council;*  
*Pending a presentation by the Administration to the current elected body at the next appropriate Committee of Council meeting and any subsequent review determined by Council, asks the Administration to:*  
*Suspend for the time being all expression of interest processes and/or marketing of expression of interest processes related to any strategic asset sale unless contracts for such sales have been approved by Council and to suspend also further sales of Council housing.*
  - 1.2. This resolution included any activity in relation to the Rundle UPark EOI process.
  - 1.3. A Confidential CEO Briefing is scheduled for 29 August 2024 to discuss the Rundle UPark, in response to Council Members asking for projects to be brought back for consideration and discussion.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 4 hours.
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- END OF REPORT -

## Councillor Davis - QoN - Light Square

Tuesday, 27 August 2024  
Council

**Council Member**  
Councillor Henry Davis

Public

**Contact Officer:**  
Ilia Houridis, Director City Shaping

## QUESTION ON NOTICE

**Councillor Henry Davis will ask the following Question on Notice:**

1. Provide an estimate for Option 1 and Option 2 for the Light Square upgrade?
2. What is the current timetable for each of the Main Street upgrades?
3. Assuming no increase to the New Capital Spend budget, in what year could the Light Square Master Plan be delivered?
4. If the Light Square Master Plan was implemented in the 2025 financial year, what rate increase would be required to repay the borrowings within 10 years?

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## REPLY

1. Light Square options
  - 1.1. The Light Square Master Plan outlines proposed options for further development to support the design stages which will inform the provision of cost estimates for Council's consideration.
  - 1.2. The Master Plan provides strategic directions, development, vision and principles at a precinct level.
  - 1.3. The next phase will involve public consultation before further design development in line with Council's decision on 13 August 2024 Item 24 – 7.3 Light Square Master Plan, including testing through the Integrated Transport Strategy, staging, cost estimation, and an investment strategy that will identify partnership and grant funding opportunities.
2. Main Street upgrade timetable - on 27 June 2023, Council approved the following timetable for each Main Street upgrade:
  - 2.1. An indicative forward estimate (new & upgrade) within the Long-Term Financial Plan for Hindley Street for construction occurring in 2024/25 and 2025/26.
  - 2.2. An indicative forward estimate (new & upgrade) within the Long-Term Financial Plan for Gouger Street for detailed design in 2024/25 and for construction occurring in 2025/26 and 2026/27.
  - 2.3. An indicative forward estimate (new & upgrade) within the Long-Term Financial Plan for O'Connell Street for detailed design occurring in 2024/25 and for construction occurring in 2026/27 and 2027/28. (Noting that Council will consider a budget reconsideration to allow for a small section of O'Connell Street - adjacent to the 88 O'Connell development – to commence construction in the FY2024/25 to align with the 88 O'Connell development program).

- 2.4. An indicative forward estimate (new & upgrade) within the Long-Term Financial Plan for Melbourne Street, for detailed design occurring in 2025/26 and for construction occurring in 2026/27 and 2027/28.
- 2.5. An indicative forward estimate (new & upgrade) within the Long-Term Financial Plan for Hutt Street for detailed design occurring in 2024/25 and for construction occurring in 2025/26 and 2026/27.
3. Delivery of Light Square Master Plan
  - 3.1. Light Square is yet to be costed and prioritised for Council as a Capital Project. Design development has been factored into the 2024/25 Annual Business Plan and Budget program and is subject to public consultation on two options, including consideration of staged approaches.
  - 3.2. Once public consultation and design development is progressed, the proposal with cost estimates will be put to Council to consider prioritisation, implications for investment and the Long-Term Financial Plan.
4. Light Square related borrowing
  - 4.1. The 2024/25 Annual Business Plan and Budget does not include a Capital allocation for Light Square as it is only at the Master Plan phase.
  - 4.2. In keeping with Council's adopted financial principles, if Light Square were to proceed, any Renewal component would be funded from within the Renewal program, which is funded from operational revenue. Any New and Upgrade component would be funded via debt, to minimise any rate increase to the community.
  - 4.3. The Annual Business Plan and Budget includes \$250,000 in 2024/25 to support the design development phase, which will inform cost estimates for future consideration.
5. Each figure above is estimated based on holding all other items constant – that is, they are subject to changes in other related assumptions. Council agreement and firming of each related assumption at the conclusion of the 2024/25 LTFP process will enable LTFP estimates based on the agreed set of assumptions adopted by Council.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5.5 hours.
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- END OF REPORT -