



CITY FINANCE AND GOVERNANCE COMMITTEE AGENDA & REPORTS

for the Special meeting

Tuesday, 28 May 2024
at 4.30 pm

in the Colonel Light Room, Adelaide Town Hall

© 2024 CITY OF ADELAIDE. ALL RIGHTS RESERVED.



Members – The Right Honourable the Lord Mayor, Dr Jane Lomax-Smith

Councillor Dr Siebentritt (Chair)

Councillor Elliott (Deputy Chair)

Deputy Lord Mayor, Councillor Snape and Councillors Abrahamzadeh, Couros, Davis, Giles, Hou, Li, Martin and Noon.

1. Acknowledgement of Country

At the opening of the City Finance and Governance Committee meeting, the Chair 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

On Leave -

Councillor Giles

3. Reports for Recommendation to Council

3.1 Draft 2024/25 Business Plan and Budget - Savings target update

3 - 17

4. Closure

2024/25 Business Plan & Budget Update

Strategic Alignment - Our Corporation

Public

Tuesday, 28 May 2024

Special City Finance and
Governance Committee

Program Contact:

Nicole Van Berkel, A/Manager
Finance & Procurement

Approving Officer:

Anthony Spartalis, Acting Chief
Operating Officer

EXECUTIVE SUMMARY

Council at its meetings on 9 April 2024 and 23 April 2024, requested adjustments to the budget and projects for inclusion in the Draft 2024/25 Business Plan & Budget (BP&B) to achieve savings of \$3.159m to the budgets outlined in the Draft BP&B.

Council asked Administration to identify and recommend savings to the City Finance and Governance Committee (CFG) no later than its meeting on 18 June 2024, to finalise the 2024/25 BP&B.

Council resolved support for specific budget items and required savings to be identified to fund them, including:

- An allocation of 1.5% of rates revenue (estimated \$2.027m) to upgrade Park Lands Buildings. Council resolved that this allocation be funded for 2024/25 through a minor increase in rates revenue of approximately \$0.164m and operating savings of approximately \$1.863m to be identified during the consultation period, for inclusion in a finalised Draft 2024/25 BP&B.
- Adjustments to the 2024/25 BP&B to lower the proposed rates revenue increase from 6.9% to 5.9% (estimated \$1.296m) or less through a re-assessment of External Grant, Sponsorship and Strategic Partnerships programs.

Administration has identified potential savings of \$3.159m to be applied to the Draft 2024/25 BP&B that was endorsed for public consultation, as requested by Council at its meeting on 23 April 2024. They are as follows:

- \$1.765m from within draft budgets for grants, sponsorships and strategic partnerships and
- \$1.394m in operational savings.

Details of these proposed saving were presented to the City Finance and Governance Committee on 21 May 2024 with Committee resolving:

That Council

1. *Notes the savings identified from the draft 2024/25 budgets for grant, sponsorship and strategic partnerships (Attachment A to Item 7.2 on the Agenda for the meeting of the City Finance and Governance Committee held on 21 May 2024), proposed strategic projects and operating savings, as requested by Council in Item 12.1 of the Agenda for the meeting of the Council held 23 April 2024 meeting.*
2. *Notes the Committee feedback regarding the savings that have been proposed including the desire to retain funding in areas supporting AEDA, heritage and homelessness and the request for administration to identify additional operational savings to achieve the desired savings targets.*

Noting the discussion and feedback provided at CFG on 21 May 2024, Administration has identified two alternative options for CFG consideration to deliver the requested \$3.159m (refer to **Attachment A**).

RECOMMENDATION

The following recommendation will be presented to Council on 28 May 2024 for consideration.

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL
THAT COUNCIL

1. Endorses the identified savings as per Option 1 of **Attachment A** to item 3.1 and on the Agenda for the meeting of the Special City Finance and Governance Committee held 28 May 2024 for the purposes of the final 2024/25 Business Plan and Budget to be presented to Council for adoption on 25 June 2024.

or

2. Endorses the identified savings as per Option 2 of **Attachment A** to item 3.1 and on the Agenda for the meeting of the Special City Finance and Governance Committee held 28 May 2024 for the purposes of the final 2024/25 Business Plan and Budget to be presented to Council for adoption on 25 June 2024.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Focus on budget repair and ensure responsible financial management through the principle of intergenerational equity while delivering quality services.
Policy	The draft 2024/25 BP&B has been prepared in accordance with Council's current Long Term Financial Plan (LTFP) assumptions and endorsed Financial Policies and Principles. The approved public consultation was undertaken in accordance with Council's Public Communication and Consultation Policy.
Consultation	Public consultation on the Draft 2024/25 BP&B commenced at 9.00am on Friday 26 April 2024 and concluded midnight Sunday 19 May 2024.
Resource	The Draft 2024/25 BP&B identifies how Council's resources will be allocated in meeting the 2024/25 deliverables and objectives of the Strategic Plan and other related plans and strategies.
Risk / Legal / Legislative	Council's Draft 2024/25 BP&B is developed in accordance with section 123 of the <i>Local Government Act 1999 (SA)</i> (the Act), and sections 6 and 7 of the <i>Local Government (Financial Management) Regulations 2011 (the Regulations)</i> .
Opportunities	The Business Plan and Budget process is a key way in which Council shares information and seeks the views and feedback of the community to inform its decision making, supporting transparent and accountable governance.
23/24 Budget Allocation	Not as a result of this report
Proposed 24/25 Budget Allocation	The draft 2024/25 BP&B provides the proposed budget for 2024/25 financial year.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 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. At its meeting on 23 April 2024, Council endorsed the Draft 2024/25 BP&B for public consultation. Public consultation commenced at 9.00am on Friday 26 April 2024 and concluded midnight Sunday 19 May 2024.
2. Council at its meetings on 9 April 2024 and 23 April 2024, made adjustments to the budget and projects for inclusion in the Draft 2024/25 BP&B, which required applying a savings target of \$3.159m to the budgets outlined in the Draft BP&B for consultation. Council asked Administration to identify and recommend savings to the City Finance and Governance Committee (CFG) no later than its meeting on 18 June 2024, to finalise the 2024/25 BP&B.
3. Council resolved support for specific budget items and required savings to be identified to fund them, including:
 - 3.1. An allocation of 1.5% of rates revenue (estimated \$2.027m) to upgrade Park Lands Buildings. Council resolved that this allocation be funded for 2024/25 through a minor increase in rates revenue of approximately \$0.164m and operating savings of approximately \$1.863m to be identified during the consultation period, for inclusion in a finalised Draft 2024/25 BP&B.
 - 3.2. Adjustments to the 2024/25 BP&B to lower the proposed rates revenue increase from 6.9% to 5.9% (estimated \$1.296m) or less through a re-assessment of External Grant, Sponsorship and Strategic Partnerships programs.
4. The total savings target to be found within the Draft 2024/25 BP&B is therefore \$3.159m, with identified savings to be incorporated in the final Draft 2024/25 BP&B presented to the 18 June 2024 meeting of the CFG.

Identifying savings

5. Three sources were considered in identifying the required savings:
 - 5.1. External Grant, Sponsorship and Strategic Partnerships programs
 - 5.2. Discretionary elements of operating budgets
 - 5.3. Strategic projects proposed in the Draft 2024/25 Business Plan and Budget.
6. Administration has put forward two options for the proposed savings breakdown as presented in **Attachment A**. The summary of operational savings below are indicative to provide Portfolios with guidance in terms of the total allocation of savings to their respective budgets. Portfolio areas may fine-tune how they allocate the overall savings target, enabling them to fund strategic priorities and stakeholder partnership commitments, whilst still meeting the required overall savings target.

Option 1

7. The proposed Option One (refer **Attachment A**) 2024/25 program budgets savings include:
8. Proposed savings of \$1.765m identified within the external grant, sponsorship and strategic partnerships program.
9. Proposed savings of \$1.394m identified from operational expenditure.

Option Two

10. The proposed Option Two (refer **Attachment A**) 2024/25 program budgets savings include:
11. Proposed savings of \$1.552m identified within the external grant, sponsorship and strategic partnerships program.
12. Proposed savings of \$1.607m identified from operational expenditure.

ATTACHMENTS

Attachment A – 2024/25 Business Plan & Budget - savings update

- END OF REPORT -

Our Corporation

2024/25

Business Plan and Budget Savings Update

Page 7

Special meeting of the City Finance and Governance Committee
28 May 2024

Acting Chief Operating Officer



Attachment A

2024/25 BP&B Savings Update

Journey to Date

Date	Forum	Role	Theme	Topic	
5 December	CFG (Workshop)	Noting	Introduction	Introduction and foundation to building a BP&B (Roadmap)	✓
12 December	Special CEO Briefing	Noting	Rates	Rate Review Discussion	✓
6 February	Special CEO Briefing	Noting	Budget	What underpins the build of the 2024/25 BP&B (Parameters, Assumptions and Principles, including Fees and Charges)	✓
13 February	Special CEO Briefing	Noting	Plan and Budget	Financial Sustainability and Priorities – Strategic Plan, LTFFP, AMPs (including presentation from Adam Wilson – CEO of ESCOSA)	✓
16 February	Audit and Risk Committee	Noting	Budget	What underpins the build of the 2024/25 BP&B (Parameters, Assumptions and Principles, including Fees and Charges)	✓
20 February	CFG (Workshop)	Discuss	Plan and Budget	Financial Levers	✓
7 March	Special CFG (Workshop)	Discuss	Plan and Budget	Operating Budget: Strategic Projects, Service Changes, Priorities and Budget Levers (including Fees and Charges)	✓
19 March	CFG (Workshop)	Discuss	Plan and Budget	Capital Budget: Capital Projects, Priorities and Budget Levers AEDA Budget, ACMA Budget	✓
9 April	Special CEO Briefing	Noting	Plan and Budget	Proposed capital and operating budgets to form basis of BP&B for public consultation	✓
9 April	Council	Endorse	Key Projects	Final list of Strategic and Capital projects	✓
12 April	Audit and Risk Committee	Noting	Draft	Draft 2024/25 BP&B - update	✓
16 April / 23 April	CFG / Council	Endorse	Draft	Draft 2024/25 BP&B for community consultation purposes	✓
26 April – 19 May	-	Participate	Consultation	Community Consultation (including presentation of Draft 2024/25 BP&B to Subsidiary boards)	✓
14 May	Council	Participate	Consultation	Special hearing for public consultation	✓
21 May	CFG	Note	Draft	Identified savings to meet targets for BP&B	✓
28 May	Special CFG	Endorse	Draft	Decision on savings targets	
11 June	Council	Receive	Draft	Receipt of submissions	
18 June / 25 June	CFG / Council	Adopt	Final	Final 2024/25 BP&B	

2024/25 BP&B Savings Update

Savings Identified to Date

The 2024/25 Draft operating surplus of \$9.367m has been built based on the following:

- Vacancy Management savings of \$3.2m based on historical vacancies across the organisation
- Identified Savings and Opportunities of \$4.6m to fund new initiatives and strategies aligned to the Strategic Plan
- Savings target of \$3.2m to fund Upgrades to Buildings in the Park Lands and reduce the rate revenue increase from 6.9% to 5.9% comprising
 - \$1.765m from within draft budgets for grants, sponsorships and strategic partnerships and
 - \$1.394m in operational savings.

The following slides identify the savings and present 2 options based on “what we heard” in addition to the proposal presented to Committee on 21 May

2024/25 BP&B Savings Update

External Grant Funding

- Savings identified from grants, sponsorships and strategic partnerships program budgets as identified in the CFG Committee on 21 May

Portfolio	Grant Program	Category	23/24 Budget	Draft 24/25 Budget	24/25 Pre-Committed*	New Allocation	Movement
AEDA	Strategic Partnerships	Grant Program	1,072	1,103	914	1,072	31
AEDA	Event and Festival Sponsorship	Grant Program	1,754	1,807	1,495	1,754	53
AEDA	Mainstreets Development Grants (Precinct groups)	Grant Program	179	184	-	-	184
AEDA	Commercial Events & Sponsorship Program (Strat project)	Strategic Project	600	500	-	-	500
AEDA	Business Growth - Business Support	Other	81	84	-	87	(3)
AEDA	AEDA Sponsorships (admin overhead)	Other	-	5	-	-	5
AEDA	NYE Events Incentives	One-off	100	-	-	-	-
City Services	Brownhill Keswick Creek	Strategic Partnership	140	162	162	162	-
City Shaping	Community Impact Grants	Grant Program	688	707	210	559	148
City Shaping	Arts & Cultural Grants - quick response	Grant Program	79	81	-	60	21
City Shaping	Arts & Cultural Grants	Grant Program	205	211	-	167	44
City Shaping	City Activation (Strat project)	Strategic Project	400	650	-	502	148
City Shaping	Economic Policy (data subscriptions)	Other	45	45	-	45	0
City Shaping	First Nations - Aboriginal protocol Grant	Grant Program	51	51	-	41	10
City Shaping	CCAIF - Carbon Neutral catalyst grants	Grant Program	56	26	-	-	26
City Shaping	Cultural Entrepreneurs Incubator Program	Grant Program	41	41	-	-	41
City Shaping	Arts & Culture - Cultural strategy partnerships	Strategic Partnership	174	174	-	-	174
City Shaping	CCAIF - Deliver the Sustainability Incentive Scheme	Incentive	205	211	-	167	44
City Shaping	Heritage Incentive Scheme	Incentive	1,162	1,200	-	944	256
City Shaping	Noise management Program Incentive Scheme	Incentive	23	23	-	30	(7)
City Shaping	City Wide Waste & Recycling	Strategic Project	200	-	-	0	-
City Shaping	Reconciliation Committee	Other	3	3	-	3	-
City Shaping	City of Adelaide Prize Sponsorships	Sponsorship	29	30	-	29	1
City Shaping	History Festival	Sponsorship	32	32	-	32	0
City Shaping	Social Planning Homelessness Adelaide Zero Project	Strategic Partnership	208	248	-	169	79
Corporate Services	Bienniel art prize	Other	15	20	-	15	5
Corporate Services	Adelaide Free Wifi	Strategic Project	98	-	-	-	-
OLM	International Relations (Sister Cities)	Sponsorship	5	5	-	-	5
Total			7,645	7,603	2,781	5,838	1,765

2024/25 BP&B Savings Update

What we heard

- Desire to retain funding in areas supporting:
 - AEDA
 - Heritage (Incentive Scheme \$1.162m)
 - Homelessness (Adelaide Zero Project \$0.208m)and
 - Sustainability (Incentive Scheme \$0.205m)
- No CPI increase
- Retain partially or in full the proposed 2024/25 funding allocation for Commercial Events & Sponsorship Programs \$0.500m (AEDA)
- Honour existing multi-year funding agreements and pre-commitments
- Funding of the above to be reallocated from:
 - Arts & Cultural Grants
 - Community Impact Grants

2024/25 BP&B Savings Update

Option 1

Option 1 Reallocates the \$1.765m savings identified within External Grant Funding through the following:

- Remove CPI escalation
- Honour existing multi-year funding agreements and pre-commitments
- Mainstreets Development Grants (Precinct Groups) funding removed, with funding subject to a future Council Decision
- Commercial Events & Sponsorships Program partially reinstated at \$0.425m
- Reinstatement of the following Programs to the 2023/24 funding levels:
 - Heritage Incentive Scheme \$1.162m
 - Sustainability Incentive Scheme \$0.205m
 - Adelaide Zero Project \$0.208m
- The balance of the above changes has reduced Community Impact grants to \$0.240m

2024/25 BP&B Savings Update

Option 1

BOLD represents changes from the 21/5 proposal

Portfolio	Grant Program	Category	23/24 Budget	Draft 24/25 Budget	24/25 Pre-Committed*	New Allocation	Identified Savings
AEDA	Strategic Partnerships	Grant Program	1,072	1,103	914	931	172
AEDA	Event and Festival Sponsorship	Grant Program	1,754	1,807	1,495	1500	307
AEDA	Mainstreets Development Grants (Precinct groups)	Grant Program	179	184	-	-	184
AEDA	Commercial Events & Sponsorship Program (Strat Project)	Strategic Project	600	500	-	425	75
AEDA	Business Growth - Business Support	Other	81	84	-	81	3
AEDA	AEDA Sponsorships (admin overhead)	Other	-	5	-	-	5
AEDA	NYE Events Incentives	One-off	100	-	-	-	-
City Services	Brownhill Keswick Creek	Strategic Partnership	140	162	162	162	-
City Shaping	Community Impact Grants	Grant Program	688	707	210	240	467
City Shaping	Arts & Cultural Grants - quick response	Grant Program	79	81	-	60	21
City Shaping	Arts & Cultural Grants	Grant Program	205	211	-	167	44
City Shaping	City Activation (Strat project)	Strategic Project	400	650	-	502	148
City Shaping	Economic Policy (data subscriptions)	Other	45	45	-	45	-
City Shaping	First Nations - Aboriginal protocol Grant	Grant Program	51	51	-	41	10
City Shaping	CCAIF - Carbon Neutral catalyst grants	Grant Program	56	26	-	-	26
City Shaping	Cultural Entrepreneurs Incubator Program	Grant Program	41	41	-	-	41
City Shaping	Arts & Culture - Cultural strategy partnerships	Strategic Partnership	174	174	-	-	174
City Shaping	CCAIF - Deliver the Sustainability Incentive Scheme	Incentive	205	211	-	205	6
City Shaping	Heritage Incentive Scheme	Incentive	1,162	1,200	-	1162	38
City Shaping	Noise management Program Incentive Scheme	Incentive	23	23	-	30	(7)
City Shaping	City Wide Waste & Recycling	Strategic Project	200	-	-	-	-
City Shaping	Reconciliation Committee	Other	3	3	-	3	-
City Shaping	City of Adelaide Prize Sponsorships	Sponsorship	29	30	-	29	1
City Shaping	History Festival	Sponsorship	32	32	-	32	0
City Shaping	Social Planning Homelessness Adelaide Zero Project	Strategic Partnership	208	248	-	208	40
Corporate Services	Bienniel art prize	Other	15	20	-	15	5
Corporate Services	Adelaide Free Wifi	Strategic Project	98	-	-	-	-
OLM	International Relations (Sister Cities)	Sponsorship	5	5	-	-	5
Total			7,645	7,603	2,781	5,838	1,765

2024/25 BP&B Savings Update

Option 2

Option 2 reduces the impact on External Grant Funding and reallocates a larger portion of the savings target to discretionary elements of Operating Budgets through the following:

- Remove CPI escalation
- Honour existing multi-year funding agreements
- Mainstreets Development Grants (Precinct Groups) funding partially re-instated, with ongoing funding subject to a future Council Decision
- Commercial Events & Sponsorships Program reinstated to \$0.500m
- Reinstatement of the following Programs to the 2023/24 funding levels:
 - Heritage Incentive Scheme \$1.162m
 - Sustainability Incentive Scheme \$0.205m
 - Adelaide Zero Project \$0.208m
- The balance of the above changes has reduced Community Impact grants to \$0.240m
- Overall savings within External Grant Programs decreases from \$1.765m to \$1.552m. A further \$0.213m has been identified within operating budgets.

2024/25 BP&B Savings Update

Option 2

BOLD represents changes from the 21/5 proposal

- Reallocate a larger portion of the savings target to discretionary elements of Operating budgets

Portfolio	Grant Program	Category	23/24 Budget	Draft 24/25 Budget	24/25 Pre-Committed*	New Allocation	Identified Savings
AEDA	Strategic Partnerships	Grant Program	1,072	1,103	914	934	169
AEDA	Event and Festival Sponsorship	Grant Program	1,754	1,807	1,495	1550	257
AEDA	Mainstreets Development Grants (Precinct groups)	Grant Program	179	184	-	85	99
AEDA	Commercial Events & Sponsorship Program (Strat Project)	Strategic Project	600	500	-	500	-
AEDA	Business Growth - Business Support	Other	81	84	-	81	3
AEDA	AEDA Sponsorships (admin overhead)	Other	-	5	-	-	5
AEDA	NYE Events Incentives	One-off	100	-	-	-	-
City Services	Brownhill Keswick Creek	Strategic Partnership	140	162	162	162	-
City Shaping	Community Impact Grants	Grant Program	688	707	210	240	467
City Shaping	Arts & Cultural Grants - quick response	Grant Program	79	81	-	60	21
City Shaping	Arts & Cultural Grants	Grant Program	205	211	-	167	44
City Shaping	City Activation (Strat project)	Strategic Project	400	650	-	502	148
City Shaping	Economic Policy (data subscriptions)	Other	45	45	-	45	-
City Shaping	First Nations - Aboriginal protocol Grant	Grant Program	51	51	-	41	10
City Shaping	CCAIF - Carbon Neutral catalyst grants	Grant Program	56	26	-	-	26
City Shaping	Cultural Entrepreneurs Incubator Program	Grant Program	41	41	-	-	41
City Shaping	Arts & Culture - Cultural strategy partnerships	Strategic Partnership	174	174	-	-	174
City Shaping	CCAIF - Deliver the Sustainability Incentive Scheme	Incentive	205	211	-	205	6
City Shaping	Heritage Incentive Scheme	Incentive	1,162	1,200	-	1162	38
City Shaping	Noise management Program Incentive Scheme	Incentive	23	23	-	30	(7)
City Shaping	City Wide Waste & Recycling	Strategic Project	200	-	-	-	-
City Shaping	Reconciliation Committee	Other	3	3	-	3	-
City Shaping	City of Adelaide Prize Sponsorships	Sponsorship	29	30	-	29	1
City Shaping	History Festival	Sponsorship	32	32	-	32	0
Corporate Services	Social Planning Homelessness Adelaide Zero Project	Strategic Partnership	208	248	-	208	40
Corporate Services	Biennial art prize	Other	15	20	-	15	5
Corporate Services	Adelaide Free Wifi	Strategic Project	98	-	-	-	-
OLM	International Relations (Sister Cities)	Sponsorship	5	5	-	-	5
Total			7,645	7,603	2,781	6,051	1,552

2024/25 BP&B Savings Update

Comparison

Comparison	Assumptions		
	21 May Option	Option 1	Option 2
Retain Heritage Incentive Scheme (at 2023/24 levels) *	x	✓	✓
Retain Sustainability Incentive Scheme (at 2023/24 levels) *	x	✓	✓
Retain Social Planning Homelessness Adelaide Zero Project (at 2023/24 levels) *	x	✓	✓
Precinct Group Funding removed/reduced subject to Future Council Decision	✓	✓	✓
No CPI Increases	✓	✓	✓
Retain Commercial Events & Sponsorship Program in full (at 2024/25 levels) **	x	x	✓
Retain Commercial Events & Sponsorship Program partially	x	✓	x
Honour existing multi-year agreements	✓	✓	✓
Balance savings reallocation within Community Impact Grants	x	✓	✓

Comparison	Draft 2024/25 Budget	Savings		
		21 May Option	Option 1	Option 2
AEDA Strategic Partnerships	1,103	31	172	169
AEDA Event and Festival Sponsorship	1,807	53	307	257
Mainstreets Development Grants (Precinct Groups)	184	184	184	99
Commercial Events & Sponsorship Program	500	500	75	-
Business Growth - Business Support	81	84	3	3
Community Impact Grants	707	148	467	467
Sustainability Incentive Scheme	211	44	6	6
Heritage Incentive Scheme	1,200	256	38	38
Social Planning Homelessness Adelaide Zero Project	248	79	40	40
Other Grant Programs	1,562	386	473	473
Total External Grant Savings		1765	1765	1552
Operational Savings		1394	1394	1607
Total Savings		3159	3159	3159

* Retain funding in line with 2023/24 budget

** Retain funding in line with proposed 2024/25 budget allocation

2024/25 BP&B Savings Update

Next Steps

The 2024/25 BP&B timeline seek to manage the process in an efficient and transparent manner.

Date	Topic
28 May - Special CFG / Council	Report – Decision on savings targets
11 Jun – Council	Report – Receipt of submissions
18 Jun – CFG 25 Jun – Council	Report – Final 2024/25 BP&B