

Our Corporation

2024/25 Business Plan and Budget

Operating Budget
Strategic Projects,
Service Changes,
Priorities and Budget
Levers

7 March 2024
Acting Chief Operating Officer



Operating Budget

Key Discussion Points

What are Council
Members' views
on the Targeted Operating
Position?

What are Council
Members' views
on the proposed Strategic
Project, Strategy and
Service Changes?

What are Council
Members' views
on the Council Member
ideas submitted?

Are there any other
opportunities or ideas
Council wish to consider
to reduce the impact on
rates revenue as the
balancing source of
funding required?

Operating Budget 2024/25 BP&B Timeline



Date	Forum	Role	Theme	Topic	
5 December	CFG (Workshop)	Noting	Introduction	Introduction and foundation to building a BP&B (Roadmap)	<input checked="" type="checkbox"/>
12 December	Special CEO Briefing	Noting	Rates	Rate Review Discussion	<input checked="" type="checkbox"/>
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)	<input checked="" type="checkbox"/>
13 February	Special CEO Briefing	Noting	Plan and Budget	Financial Sustainability and Priorities – Strategic Plan, LTFP, AMPs (including presentation from Adam Wilson – CEO of ESCOSA)	<input checked="" type="checkbox"/>
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)	<input checked="" type="checkbox"/>
20 February	CFG (Workshop)	Discuss	Plan and Budget	Financial Levers	<input checked="" type="checkbox"/>
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	Council	Endorse	Key Projects	Final list of Strategic and Capital projects	
12 April	Audit and Risk Committee	Endorse	Draft	Draft 2024/25 BP&B for community consultation purposes	
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)	
21 May	Special Council	Participate	Consultation	Special hearing for public consultation	
11 June	Council	Receive	Draft	Receipt of submissions	
18 June 25 June	CFG Council	Adopt	Final	Final 2024/25 BP&B	

Operating Budget

24-25 Projections Based on Current Assumptions

\$'000s	2024-25		
Operating Position	LTFP	Base	Variance
Income			
Rates Revenues	139,809	140,555	746
Fees and Charges	79,915	82,330	2,415
Grants, Subsidies and Contributions	4,547	4,335	(212)
Other Income	977	1,176	199
Total Income	225,248	228,396	3,148
Expenses			
Employee Costs	83,050	83,395	(345)
Materials, Contracts & Other Expenses	74,293	79,522	(5,229)
Sponsorships, Contributions and Donations	6,277	6,013	264
Depreciation, Amortisation & Impairment	56,835	56,438	397
Finance Costs	2,525	786	1,739
Total Expenses	222,980	226,154	(3,174)
Operating Surplus / (Deficit)	2,268	2,242	(26)
Capital Program			
Renewal/Replacement of Assets	48,682	57,039	(8,357)
New and Upgraded Assets	31,437	52,961	(21,524)
Total Gross Capital Program	80,119	110,000	(29,881)
Borrowings	47,699	72,098	(24,399)

Operating Position

- Base budget reflects existing services and service levels with a Strategic Project allocation of \$5.671m.
- Does not include any new or changed Services as a result of the Strategic Plan or recent Policies endorsed. These will be considered tonight.

Capital Program

- Renewal/Replacement of Assets based on revised AMPs.
- Where an AMP for an asset class is yet to be revised, the proposed budget aligns to the existing LTPF allocation.
- LTFP allocation for New and Upgraded Assets includes \$15.000m commitment for Mainstreets, \$15.917m for One Market.
- Overall capital program assumes continuation of \$110.000m delivery.

Borrowings

- Based on the current base 2024/25 Budget, forecast borrowings will increase by \$24.399m to \$72.098m.
- In order to sustain this level of borrowings and continue to repay over 20 years, an operating surplus of \$4.629m would need to be generated in 2024/25, and \$5.844m from 2025/26 (assuming peak debt is reached at 30 June 2025).

Operating Budget 24-25 Projections Based on Current Assumptions

\$'000s	2024-25 Base	Strategic Projects	Strategy	Service Changes	Identified Savings / opportunities	Revised Draft	Adopted LTFP	Variance	Targeted Position*	Variance
Income										
Rates Revenues	140,555				252	140,807	139,809	998	145,838	(5,031)
Fees and Charges	82,330	0		61	1,211	83,602	79,916	3,686	82,330	1,272
Grants, Subsidies and Contributions	4,335	434			0	4,769	4,547	222	4,335	434
Other Income	1,176				0	1,176	977	199	1,176	0
Total Income	228,396	434	0	61	1,463	230,354	225,249	5,105	233,679	(3,325)
Expenses										
Employee Costs	83,395	845	598	1,522	(139)	86,130	83,050	(3,080)	83,395	(2,735)
Materials, Contracts & Other Expenses	79,422	1,112	223	1,400	(2,616)	79,626	74,292	(5,334)	79,522	104
Sponsorships, Contributions and Donations	6,113				(338)	5,775	6,277	502	6,013	238
Depreciation, Amortisation & Impairment	56,438					56,438	56,835	397	56,438	0
Finance Costs	786					786	2,525	1,739	786	0
Total Expenses	226,154	1,957	821	2,922	(3,094)	228,760	222,980	(5,781)	226,154	(2,606)
Operating Surplus / (Deficit)	2,242	(1,523)	(821)	(2,861)	4,557	1,594	2,268	(676)	7,525	(5,931)

* Targeted Position represents the funding surplus required to fund the increase to Renewals as per the revised Asset Management Plans. This will result in a funding shortfall to repay borrowings in 2024/25 Through budget repair initiatives, Council will continue to work towards financial sustainability.

Operating Budget 24-25 Impact (shown as % of Rates Revenue)

	Operating Position	\$'000s	Rates Equivalent Revenue & Increase*
1	Current Base Operating Position	2,242	2.8%
	Additional Strategic Projects	(1,523)	1.1%
	Service Changes as a Result of new Strategies	(821)	0.6%
	Ongoing Service Changes	(2,861)	2.0%
2	Total Adjustments for Consideration	(5,205)	3.7%
3	Identified Savings / Opportunities	4,557	-3.3%
4	Revised Operating Position	1,594	3.2%
5	Targeted Operating Position	7,525	7.4%
6	Shortfall	(5,931)	4.2%

Key Financial Principles:

- Adjust rate revenue after consideration of all other budget components and use growth in rate revenue to partly fund servicing new rateable properties and to service new borrowings
- Consider new and different revenue streams and the approach to commercial businesses to reduce reliance on existing revenue sources
- Borrowings will be used to fund new and upgrade projects (which include major projects) and not used to fund operations, expenses or renewal projects

- Base Operating Position incorporates Q2 adjustments, and LTFP assumptions (CPI of 2.8% applied)
- The following slides contain the adjustments for consideration. Funding these equates to a 3.7% increase to Rates Revenue.
- Administration has identified Savings and Opportunities for consideration. These equate to a 3.3% reduction to Rates Revenue.
- The revised operating position having taken into consideration 2 and 3 above.
- Targeted Operating Position to fund Renewals only (that is, not sufficient to meet a 100% cash flow from Operations Ratio).
- Difference between 4 and 5, which equates to an additional 4.2% increase to Rates revenue .

Operating Budget

Potential Strategic Projects

Ref	Project	(\$'000)	
		Expenditure	Grants Confirmed
1	Integrated Climate Strategy - Resilient Flood Planning (FTE: 1.0 / L8 - 2 year)	1,722	-
2	City Activation	650	-
3	Asset Condition Audit and Revaluation	595	-
4	Commercial Events Funding Program	500	-
5	Contact Centre Software Replacement	450	-
6	24/25 Bridge Maintenance Program	400	-
7	Re-Adaptive Housing (FTE: 1.0 / L7 - 2 year)	290	290
8	Kerbside Waste Weekly Food Waste Collection (including Salaries) (FTE: 1.0 / L4 - 12month)	272	-
9	Homelessness Strategy - Maintain Existing and Establish New Strategic Partnerships for Homelessness	248	45
10	Delivering the Planning and Design Code Amendment Program 2023-2026 (Year 2 of 3)	240	-
11	Adelaide Central Market Expansion Operational Preparedness	220	-
12	Disability Access and Inclusion Plan 2024-2028 Implementation (FTE: 1.0 / L5)	215 *^	-
13	Integrated Transport Strategy	200	-
14	Reconciliation Action Plan 2024-2027 Implementation (FTE: 1.0 / L4)	150*	-
15	218 - 232 Flinders Street Masterplan Investigations	150	-
16	On-Street Parking Compliance Analytics Reform - year 2	148	-
17	Tourism and Business attraction to address product gaps Adelaide's tourism experience (FTE: 0.5 / L6)	133	-

* Service Change associated with this bid. Refer to Service Change list for amount.

^ New and Upgrade project associated with this bid. Refer to Capital Project list for amount (to be provided as part of the Capital Budget Workshop).

Operating Budget

Potential Strategic Projects

Ref	Project	(\$'000)	
		Expenditure	Grants Confirmed
18	Economic Development Strategy Implementation (FTE: 1.0 / L6)	106	
19	Feasibility Studies - Waste and Recycling Collection	100	-
20	National Heritage Management Plan Implementation	100	-
21	Rundle Mall Live Music Program	100	
22	DHS Community Neighbourhood Development Funding - Minor Works Building Community Centre (FTE: 0.8 / L4)	99	99
23	Cyber Security	85	-
24	88 O'Connell	80	-
25	Welcome to Adelaide	75	-
26	Conservation Management Plans – Bridges	60	-
27	Homelessness Strategy - Year 1 of 4 Year Homelessness Strategy Implementation (FTE 6.8 / L2-6)	50*	-
28	Adelaide Park Lands Strategic Water Resources Study	50#	-
29	SA Power Networks LED Luminaire Upgrades	50	-
30	20th Century Heritage Investigation (Stage 2 of 2) for Heritage Code Amendment Program 2023-2026	50	-
31	ESCOSA Review	40	-
TOTAL		7,628	434
LTFP Allocation		5,671	
Net Increase		1,523	1.1% Rate Revenue Increase

* Service Change associated with this bid. Refer to Service Change list for amount.

100% Grant Funded Project. Funding received and recognised in 2023/24.

Operating Budget

Potential Service Changes as a Result of New Strategies

Ref	Project	(\$'000)	
		Expenditure	Revenue
Service Changes to Deliver Strategies			
1	Homelessness Strategy - Year 1 of 4 Year Homelessness Strategy Implementation (FTE 6.8 / L2-6)	328*	-
2	Internal Audit 2024/2025	176	-
3	Disability Access and Inclusion Plan 2024-2028 Implementation (FTE: 1.0 / L5)	125*^	-
4	Reconciliation Action Plan 2024-2027 Implementation (FTE: 1.0 / L4)	118*	-
5	Kadaltilla / Adelaide Park Lands Authority Operating Budget Increase (FTE: 0.25 / L4)	73	-
TOTAL SERVICE CHANGES TO DELIVER STRATEGIES		821	0.6% Rate Revenue Increase

Operating Budget

Potential Ongoing Service Changes

Ref	Project	(\$'000)	
		Expenditure	Revenue
Ongoing Service Changes			
6	Adelaide Central Market Expansion Resourcing (4.0 FTE)	600	-
7	CoA Graduate Program	496	-
8	CoA Graduate Program (FTE: 0.6 / L6 - 1 year (+) FTE 5.0 / L3 - 6 months)	387	-
9	Software Licences	244	-
10	Data & Insights Funding – Service Change (FTE: 1.0 / L6)	213	-
11	Stormwater Maintenance Budget	200	-
12	Proactive Maintenance Programme (Lighting and Electrical) OPEX	150	-
13	Kaurna Rangers (FTE 1.5 / L4)	147	-
14	Redeploy Aquatic Centre Staff	142	-
15	Ongoing maintenance budget for Karrawra Parri/River Torrens	100	-
16	Strategic Property Investigations and Implementation	100	-
17	GIS business Analyst and City Plan (FTE: 0.4 / L6)	73	-
18	Vehicle search fees within the Customer Centre	40	181
19	Feminine Hygiene Products in Community Facilities	30	-
20	ACMA Rental Income	-	-120
TOTAL ONGOING SERVICE CHANGES		2,922	61
Net Increase		2,861	2.0% Rate Revenue Increase

Operating Budget

Potential Identified Savings / Opportunities

Ref	Project	(\$'000)	
		Expenditure	Revenue
Savings Identified			
1	Ceased Service - Business Activation & Support	105	
2	Ceased Service - Fashion Industry Support	36	
3	Ceased Service - NYE Events Incentive	100	
4	Ceased Service - Wellfest	400	
5	Ceased Service - Bilingual FTE 12-month trial completed in 2023/24	91	
6	Reduced service - Community Impact grants	207	
7	Reduced service - Climate Change Action Initiative Fund	330	
8	Reduction in Utilities	845	
9	Reduction in Parts & Consumables	225	
10	Reduction in External Contractors & Consultancy	722	
11	Other Individually minor savings including Advertising, Vacancy management target	113	-
Opportunities			
12	Additional Commercial Revenue	-	612
13	Aquatic Centre lease/licence/permit	-	129
14	E-Scooters Change in Fee Schedule	-	80
15	City Works Daily Cap Increase	-	156
16	Food Inspections	-	75
17	Local Nuisance Fee (NEW FEE)	-	8
18	City Works Minimum Fee (NEW FEE)	-	3
19	Additional Expiation revenue through on-street parking compliance analytics reform strategic project		148
20	Short Stay Accommodation Rates Increase	(80)	252
TOTAL SAVINGS AND OPPORTUNITIES		3,094	1,463
Net Decrease		4,557	3.3% Rate Revenue Decrease

Operating Budget

Potential Strategic Projects From Council Members

Ref	Project	Preliminary Budget (\$'000)
1	City Experience Trail Maps - Councillor Elliott	-
2	City of Adelaide Clipper Bough Crest - Councillor Martin	15 (30 over two financial years)
3	Community development officers - Councillor Giles	512
4	Hands-free microphones in Community Centres - Lord Mayor Lomax-Smith	8
5	Kerbside greening - Councillor Giles	-
6	Master plan for Hindmarsh Square/Mukata - Councillor Noon	120 (Masterplan only)
7	North Adelaide Local Area Parking Plan - Councillor Martin	50 (feasibility report)
8	Revitalising Adelaide: A Call for Increased Funding and Strategic Review of City Precincts - Councillor Noon	-
9	Talent fostering and attraction - Councillor Li	50
10	Greening of lanes or alleyways owned by private owners - Lord Mayor Lomax-Smith	300
11	Audit of compliance by developers with CAP and SCAP planting requirements - Lord Mayor Lomax-Smith	40

Potential Ongoing Service Changes From Council Members

Ref	Project	Preliminary Increase (\$'000)
1	Business Events Adelaide (BEA) reinstatement/increase in funding - Councillor Noon	150
2	Increase Parking and Information Officers (FTE 4.0 / L2) – Deputy Lord Mayor Snape	TBD

Note – The budgets relating to Council Members ideas are not currently incorporated into the revised draft 24/25 operating position

Operating Budget

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Operating Budget **Strategic Projects and Service Changes**

REFER TO LIVE SPREADSHEET OF STRAT PROJECTS AND MEMBER IDEAS (PRIORITISE PROJECTS)

Operating Budget Next Steps



Developing the 2024/25 BP&B Council Timelines

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

Date	Topic
19 Mar – CFG	Workshop – Capital Budget: Capital Projects, Priorities and Budget Levers AEDA Budget ACMA Budget
9 Apr – Council	Report – Final list of Strategic and Capital projects
12 Apr - ARC	Report - Draft 2024/25 BP&B for community consultation purposes
16 Apr - CFG 23 Apr – Council	Report – Draft 2024/25 BP&B for community consultation purposes
26 Apr – 19 May	Community Consultation (including presentation of Draft 2024/25 BP&B to Subsidiary boards)
21 May – Special Council	Report – Special hearing for public consultation
11 Jun – Council	Report – Receipt of submissions
18 Jun – CFG 25 Jun – Council	Report – Final 2024/25 BP&B