

Our Corporation

2024/25 Business Plan and Budget

Capital Budget Capital Projects, Priorities and Budget Levers

19 March 2024
Acting Chief Operating Officer





Developing the 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)	<input checked="" type="checkbox"/>
19 March	CFG (Workshop)	Discuss	Plan and Budget	Capital Budget: Capital Projects, Priorities and Budget Levers AEDA Budget ACMA Budget	<input checked="" type="checkbox"/>
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	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	

Capital Budget

Key Discussion Points

What are Council Members' views

on the Renewal budget being proposed to deliver an Asset Renewal Funding Ratio (ARFR) of 92.5% (\$56.2m expenditure)?

What are Council Members' views

on the New & Upgrade budget with a target capital spend of \$53.8m (for a total capital program of \$110M)?

What are Council Members' views

on the Council Member Ideas?

Capital Budget

Finance

- Renewal/Replacement of Assets based on revised Asset Management Plans (AMP).
- Where an AMP for an asset class is yet to be revised, the proposed budget aligns to the existing LTFP 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.

\$'000s	2023-24	2024-25		
	Q2	LTFP	Targeted Position	Variance
Operating Surplus / (Deficit) before Capital Amounts	2,003	2,268	7,525	5,257
Capital Program				
Renewal/Replacement of Assets	54,153	48,682	56,207	(7,525)
New and Upgraded Assets	56,183	31,437	53,793	(22,356)
Total Gross Capital Program	110,336	80,119	110,000	(29,881)

Capital Budget Projects

We categorise our Capital Projects expenditure to provide a better understanding of what is being delivered as:

RENEWALS

These projects are grouped against multiple categories and are directly aligned to maintenance service levels contained within Council's Asset Management Plans.

NEW AND SIGNIFICANT UPGRADES:

These projects are identified through Council's Strategies and Plans and defined as:

- complex in nature
- installation of new infrastructure
- upgrades to existing infrastructure



Capital Budget Renewals

Under the *Local Government Act 1999* (LGA), Council is required to develop Asset Management Plans (AMPs) for a period of at least 10 years, which includes information about the operation, maintenance, renewal, acquisition, expansion, upgrade and disposal for each infrastructure asset class under our care and control.

The Asset Renewal Funding Ratio (ARFR)

Illustrates whether existing assets are being replaced or renewed consistent with Council's adopted Infrastructure Plans and AMPs. The LGA recommends a ratio of between 90-110%

Financial Principles:

- Capital renewal expenditure will be based on current AMPs
- Borrowings will not be used to fund renewal projects

Renewal Program (\$'000)	24/25 Draft (100% ARFR)	24/25 Draft (92.5% ARFR)	LTFP	Variance
Bridges	750	694	2,304	1,611
Buildings	12,114	11,205	7,248	(3,958)
Pathways	8,500	7,863	5,358	(2,504)
Kerb and Water Table	1,850	1,711	1,927	216
Lighting & Electrical	2,414	2,233	2,233	-
Park Lands & Open Space	2,095	1,938	3,547	1,610
Roads	9,000	8,325	6,013	(2,313)
Water Infrastructure	6,400	5,920	5,182	(738)
Traffic Signal	4,250	3,931	2,307	(1,624)
Urban Elements	3,720	3,441	3,617	176
Total Infrastructure	51,093	47,261	39,736	(7,525)
Plant, Fleet & Equipment Replacement	1,613	1,492	1,492	-
Commercial Plant, Fleet & Equipment	214	198	198	-
IT Renewals	1,720	1,591	1,591	-
Delivery Resources	6,124	5,665	5,665	-
Total Renewal Program	60,764	56,207	48,682	(7,525)

Council is in the process of reviewing and updating its AMPs, which is resulting in a funding variance against the LTFP. In line with the Financial Principles, this variance will be funded through an increase in Rates Income and Fees and Charges, and reduction in maintenance costs.

Capital Budget

Potential New and Upgrade Projects

Ref	Project (\$'000)	Program	New and Upgrade	Renewal [^]	Grant Revenue
1	Central Market Arcade Redevelopment (Future Fund) Major Project	City Services - Strategic Property and Commercial	15,918	-	-
2	Charles Street Streetscape Upgrade Major Project	City Services - Infrastructure	5,500	-	3,600 (unconfirmed)
3	Main Street Revitalisation - Hindley Street Major Project	City Services - Infrastructure	4,080	3,855	-
4	Experience Adelaide Centre Major Project	Corporate Services - AEDA	3,340	-	3,340 (confirmed)
5	Integrated Climate Strategy – City Public Realm Greening Program	City Shaping - Park Lands, Policy and Sustainability	1,700	-	300 (unconfirmed)
6	Torrens Retaining Structure Adjacent Red Ochre	City Services - Infrastructure	1,470	-	800 (unconfirmed)
7	Park 27B Community Sports Building Redevelopment (Design Phase)	City Services - Infrastructure	1,293	-	1,200 (confirmed)
8	Main Street Revitalisation - Gouger Street (24/25 Detailed Design) Major Project	City Services - Infrastructure	1,250	-	-
9	Main Street Revitalisation - Hutt Street (24/25 Detailed Design) Major Project	City Services - Infrastructure	1,250	-	-
10	Vincent Street and Vincent Place Improvements (24/25 Construction)	City Services - Infrastructure	1,203	789	-
11	City of Adelaide Bikeways (North-South) Major Project	City Services - Infrastructure	1,185	-	606 (confirmed)
12	Main Street Revitalisation - O'Connell Street (24/25 Detailed Design) Major Project	City Services - Infrastructure	1,000	-	-
13	Rymill Park Masterplan Safety & Accessibility Works (24/25 Construction) Major Project	City Services - Infrastructure	822	992	338 (confirmed)
14	Frome Street Footpath Upgrades (In conjunction with N-S Bikeway Project) Major Project	City Services - Infrastructure	550	-	275 (unconfirmed)

[^]Renewal amounts are reflected in the Renewal Program table

Capital Budget

Potential New and Upgrade Projects

Ref	Project (\$'000)	Program	New and Upgrade	Renewal [^]	Grant Revenue
15	Park 21 West - New Community Sports Building (Z0170)	City Shaping - City Culture	550	-	1,550 (confirmed)
16	Hutt Road Earthen Levee Embankment	City Services - Infrastructure	400	-	200 (unconfirmed)
17	Adelaide Central Market - New Parents Room W/ Store room	Corporate Services - ACMA	355	-	-
18	Botanic Catchment Water Course Rehabilitation	City Services - Infrastructure	340	320	170 (confirmed)
19	Brown Hill Keswick Creek (Financial Contribution)	City Services - Infrastructure	320	-	-
20	Adelaide Central Markets - Communication Server Relocation and Associated Services	City Services - Infrastructure	300	-	-
21	Central Market Arcade Options CMAR 4402	City Services - Strategic Property and Commercial	285	-	-
22	School Safety Implementation Project	City Services - Infrastructure	250	-	-
23	Master Plan of Light Square - Detailed Design	City Shaping - Park Lands, Policy and Sustainability	250	-	-
24	Public Art Action Plan Deliverables	City Shaping - City Culture	250	-	-
25	Victoria Park / Pakapakapanthi (Park 16) Master Plan implementation - Detailed Design	City Shaping - Park Lands, Policy and Sustainability	250	-	-
26	Development of Mini Golf within NAGC - future fund	City Services - Strategic Property and Commercial	150	-	-
27	Main Street Revitalisation - Melbourne Street Improvements (Construction) Major Project	City Services - Infrastructure	150	-	150 (confirmed)
28	Greener City Streets Program	City Services - Infrastructure	123	-	83 (confirmed)
29	Hutt Street & South Terrace Stormwater Improvements (24/25 Construction)	City Services - Infrastructure	115	2,050	-

* Strategic Project and Service Change associated with this bid. Refer to Strategic Project and Service Change lists for amount

[^]Renewal amounts are reflected in the Renewal Program table

Capital Budget

Potential New and Upgrade Projects

Ref	Project (\$'000)	Program	New and Upgrade	Renewal [^]	Grant Revenue
30	Integrated Climate Strategy - Plant and Fleet Replacement program - New and Upgrade	City Services - City Operations	108	-	-
31	Disability Access and Inclusion Plan 2024-2028 Implementation	City Shaping - Park Lands, Policy and Sustainability	100*	-	-
32	Adelaide Central Market - Bio Separator purchase	Corporate Services - ACMA	100	-	-
33	James Place Upgrade (24/25 Construction)	City Services - Infrastructure	100	290	1,000 (unconfirmed)
34	Main Street Revitalisation - Melbourne Street including public artwork (24/25 Project Planning) Major Project	City Services - Infrastructure	100	-	-
35	Royal Avenue Improvements (24/25 Construction)	City Services - Infrastructure	100	652	-
36	North Adelaide Golf Links - Building Compliance Upgrades and Commercial Offering	City Services - Infrastructure	80	120	-
37	George Court traffic calming	City Services - Infrastructure	20	-	-
38	Glen Osmond Road, Hutt Road and Park 17 Improvements (24/25 Detailed Design)	City Services - Infrastructure	20	80	-
39	24/25 -North Adelaide Golf Course - Driving Range Ball Cleaner/Dispenser	City Services - Strategic Property and Commercial	18	8	7 (revenue)
40	Jeffcott Street Pavement Rehabilitation and Catchment 13 Stormwater Upgrades (Concept Design)	City Services - Infrastructure	10	90	-
	Total New and Upgrade		45,404	9,246	7,436[#]
41	Project Delivery Management Costs (Overheads)	Corporate Services - Finance and Procurement	6,500	-	-
	TOTAL NEW AND UPGRADE		51,904	9,246	7,436[#]

[^]Renewal amounts are reflected in the Renewal Program table

[#] Confirmed grants only

Capital Budget

New and Upgrade Projects – proposed to be retimed in Q3

Proposed projects to have budget retimed from 2023/24 to 2024/25 (\$'000) in Q3	Propose retiming from 2023/24 Q3 to 2024/25		
	New and Upgrade	Renewal [^]	Grant Revenue
Central Market Arcade Redevelopment (Future Fund) Major Project	0**		
North-South Bikeway	65	-	-
Hutt Street Entry Statement Project	730	-	-
Main Streets Revitalisation - Hindley Street	900	-	-
Experience Adelaide Visitor Centre	614	-	-
Melbourne Street Improvement	462	-	-
Charles Street Streetscape	425	-	-
Torrens Retaining Structure Adjacent Red Ochre	130	-	-
Glen Osmond Road & Hutt Road Intersection Upgrade	22	-	-
Park 11 Shared Use Path Renewal & Public Lighting Upgrade	149	-	-
Place of Courage	90	-	-
Melbourne Street Public Art	200	-	-
Ruby Hunter & Archie Roach Laneway Artwork	25	-	-
Ippariyti Commission for Whitmore Square	140	-	-
Honouring Women in the Chamber - Portrait Commissions	12	-	-
City of Music Laneways - The Angels Artwork	45	-	-
PROPOSED RETIMED TOTAL BUDGET	4,009	-	-
Total New and Upgrade	51,904	9,246	7,436*
Proposed retimed total budget for Q3	4,009	-	-
TOTAL NEW AND UPGRADE PROGRAM	55,913	9,246	7,436*

Capital Budget

Project ideas from Council Members

Ref	Projects proposed to have budget retimed from 2023/24 to 2024/25	Preliminary Budget (\$'000)
CM1	"MAJ" - Walk of Fame (featuring a statue in honour of the late Barry Humphries) – Councillor Noon	150 (statue only)
CM2	Updating Technology in Council Chamber and Colonel Light Room – Lord Mayor Lomax-Smith	Additional 40 (renewal)
CM3	Increase planting of street trees – Lord Mayor Lomax-Smith	TBD

Capital Budget Borrowings

Based on the current base 2024/25 Budget, forecast borrowings will increase by \$17.432m to \$65.131m (when compared to the adopted LTFP)

\$'000s	2023-24	2024-25		
	Q2	LTFP	TARGET	VARIANCE
Income	230,537	225,248	233,679	8,431
less Expenses	(228,534)	(222,980)	(226,154)	(3,174)
Operating Surplus / (Deficit) before Capital Amounts	2,003	2,268	7,525	5,257
Net Outlays on Existing Assets				
Capital Expenditure on Renewal & Replacement of Existing Assets	(54,153)	(48,682)	(56,207)	(7,525)
add back Depreciation, Amortisation and Impairment	56,473	56,835	57,979	1,144
add back Proceeds from Sale of Replaced Assets	630	500	500	0
Net Outlays on Existing Assets	2,950	8,653	2,272	(6,381)
Net Outlays on New and Upgraded Assets				
Capital Expenditure on New and Upgraded Assets	(56,183)	(31,437)	(53,793)	(22,356)
add back Amounts received specifically for New and Upgraded Assets	1,170	0	7,471	7,471
add back Proceeds from Sale of Surplus Assets	27,100	18,500	18,500	0
Net Outlays on New and Upgraded Assets	(27,913)	(12,937)	(27,822)	(14,885)
Net Lending / (Borrowing) for Financial Year	(22,960)	(2,016)	(18,025)	(16,009)
Borrowings	42,106	47,699	65,131	(17,432)

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Developing the 2024/25 BP&B Next Steps

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

Date	Topic
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