

LTFP Update – Workshop 3

Strategic Alignment - Our Corporation

Public

20 August 2024

**City Finance and Governance
Committee**

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EXECUTIVE SUMMARY

The Long Term Financial Plan (LTFP) is one of the City of Adelaide's key strategic management plans, and requires annual update. This workshop continues along the roadmap for updating the 2024/25 LTFP as presented to the 23 July 2024 meeting of the City Finance and Governance Committee ([link here](#)), and capital implications discussed with the same Committee at its meeting of 6 August 2024. ([link here](#))

This workshop also seeks Committee discussion and endorsement of the underpinning parameters, assumptions, and capital implications discussed in Committee to date, and the proposed application of available levers to inform the 2024/25 LTFP. With these agreed assumptions Administration can build the draft LTFP for Committee review on 17 September, with a view to public consultation.

RECOMMENDATIONS

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE

1. Notes the workshop presentation as presented in Attachment A to Item 6.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 20 August 2024, as background for discussion on final assumptions to build into the 2024/25 Long Term Financial Plan.

The following recommendation will be presented to Council on 27 August 2024 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Approves the following assumptions to incorporate into the draft 2024/25 LTFP to be presented to the City Finance and Governance Committee at its meeting scheduled for 17 September 2024 for recommendation to Council:
 - 1.1. Renewals and ARFR assumptions:
 - 1.1.1. Transition to 100% ARFR over 8 years
 - 1.1.2. Adjust program to fund \$69m per annum average over the 10 years
 - 1.1.3. Deliver the Asset Renewal Repair Fund over 3 years, utilising borrowings to temporarily fund the shortfall during the transition period
 - 1.2. Adelaide Bridge assumptions:
 - 1.2.1. Renew with existing load bearing
 - 1.2.2. CoA funds 75% (net \$45m) over 2 years
 - 1.2.3. Advocate for financial assistance for 50% funding contribution from State / Federal bodies
 - 1.3. Torrens Weir assumptions:
 - 1.3.1. Renew like for like

- 1.3.2. CoA funds 33% (net \$13.3m) over 2 years
 - 1.3.3. Advocate for financial assistance for 2/3rds funding contribution from State / Federal bodies
 - 1.4. Rundle UPark assumptions
 - 1.4.1. Reinstate to LTFP
 - 1.4.2. Extend useful life (assume \$15m over 2 years)
 - 1.4.3. Reinstate associated net revenue in LTFP
 - 1.5. New and upgraded assets assumptions:
 - 1.5.1. Maintain current commitments (including Mainstreets & Park Lands buildings)
 - 1.5.2. Adjust program in outer years to fit within current Prudential Borrowings Limits (after considering all other LTFP components)
 - 1.5.3. Assumed allowance subject to Business Cases
 - 1.6. Fees and charges assumptions:
 - 1.6.1. Reinstate Rundle UPark net income from 2029/30
 - 1.6.2. Fees and Charges increase in line with CPI
 - 1.7. Service delivery assumptions (including strategic projects):
 - 1.7.1. Reinstate Rundle UPark Net Income from 2029/30
 - 1.7.2. Current service delivery and projects levels are maintained at current levels and increase in line with CPI
 - 1.8. Rates revenue impact assumptions:
 - 1.8.1. CPI increase
 - 1.8.2. Growth at 1%
 - 1.8.3. Asset Renewal Repair fund over 3 years
 - 1.8.4. Asset Renewal Funding Ratio transition over 8 years
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation The Long Term Financial Plan is one of the City of Adelaide’s key strategic management plans.
Policy	The Local Government Act 1999 (SA) requires annual update of Council’s Long Term Financial Plan.
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	The Local Government Act 1999 (SA) requires annual update of Council’s Long Term Financial Plan.
Opportunities	Not as a result of this report
24/25 Budget Allocation	Not as a result of this report
Proposed 25/26 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	The Long Term Financial Plan covers the ten year period 2024/25 – 2033/34.
24/25 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

1. Previous discussions with Council through two City Finance and Governance Committee workshops (23 July 2024, 6 August 2024), and one with the Audit and Risk Committee (9 August 2024), have provided guidance on the underpinning assumptions and levers for Administration to draft a model Long Term Financial Plan (LTFP) for 2024/25 – 2033/34.
2. Those workshops have iteratively refined the proposed assumptions outlined in the presentation at Attachment A. Further discussion, agreement and endorsement of these assumptions will allow Administration to create a draft LTFP intended for public consultation during September/ October 2024.
3. Feedback from these workshops is summarised in Attachment A as “What we heard”. Insofar as the feedback recommended changes to preferred LTFP assumptions, these have been made through new “Proposed assumptions”. Discussion of these proposed assumptions will be the focus of tonight’s workshop, and a final list (endorsed through recommendations finalised as a result of this workshop) will guide development of the draft LTFP.
4. Information presented in earlier workshops is provided as background through the links in the Data and Support Information section below.

DATA AND SUPPORTING INFORMATION

Link 1 – [2024/25 Long Term Financial Plan Workshop 1 – Roadmap including Key Assumptions, Parameters, Levers](#)

Link 2 – [2024/25 Long Term Financial Plan Workshop 2 – Capital](#)

ATTACHMENTS

Attachment A – 2024/25 LTFP workshop 3 – presentation

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