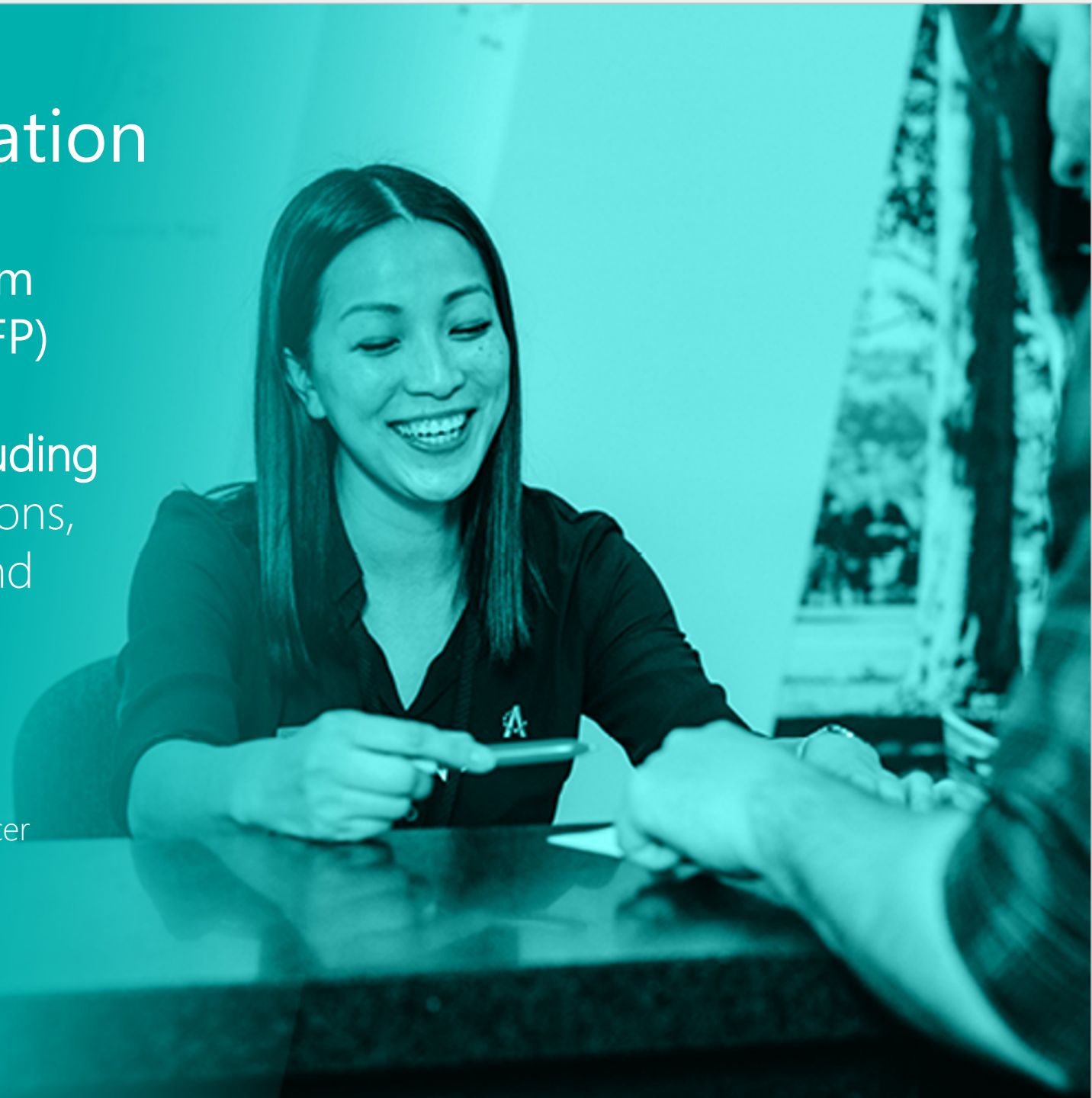


Our Corporation

2024/25 Long Term
Financial Plan (LTFP)

Lever Settings including
Revenue Assumptions,
Service Delivery and
Borrowings

20 August 2024
Acting Chief Operating Officer



Operating Budget 2024/25 LTFP Roadmap



Date	Forum	Role	Topic	
23 July (Special)	CFG (Workshop)	Discuss	Introduction and foundation to building a LTFP (Roadmap) What underpins the build of the proposed 2024/25 LTFP (Parameters, Assumptions and Levers)	<input checked="" type="checkbox"/>
6 August (Special)	CFG (Workshop)	Discuss	Capital - AMP impacts; Rundle UPark; Adelaide Bridge / Weir; New and upgrade	<input checked="" type="checkbox"/>
9 August (Special)	ARC (Workshop)	Discuss	Introduction and foundation to building a LTFP (Roadmap) What underpins the build of the proposed 2024/25 LTFP (Parameters, Assumptions and Levers) Capital - AMP impacts; Rundle UPark; Adelaide Bridge / Weir; New and upgrade	<input checked="" type="checkbox"/>
20 August	CFG (Workshop)	Discuss	Lever settings - Revenue Assumptions, Service Delivery, Borrowings	
17 September	CFG	Endorse	Finalise and endorse consultation draft	
24 September	Council	Approve	Approve consultation draft	
25 September	Begin public consultation	Consultation	21 days public consultation (Strategic Management document)	
27 September	ARC	Consultation	Feedback on consultation draft 2024/25 LTFP	
15 October	CFG	Endorse	Seek Committee feedback on draft 24/25 LTFP	
16 October	End public consultation	Consultation	21 days public consultation (Strategic Management document)	
22 October	Council	Approve	Adopt 24/25 LTFP Including consultation feedback	

Key Discussion Points

What are Council
Members' views...

on the proposed
assumptions
guiding drafting of
the LTFP?

Asset Renewal Funding

- The **unindexed** 10-year forecast expenditure from revised AMPs at 100% ARFR is \$69.5m pa
- Current assumption transitions the Asset Renewal Funding Ratio (ARFR) to 100% over 4 years
- Commitment to upgrade Mainstreets requires associated renewals to be brought forward

2024 AMP Forecasts (\$'000s)	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	10 Year average
Transportation	21,577	25,475	24,239	26,322	29,978	29,748	32,948	29,298	28,298	28,323	27,621
Buildings	12,114	15,200	16,585	12,200	12,160	8,050	8,050	9,050	9,050	8,050	11,051
Water Infrastructure	4,800	5,584	5,261	9,494	3,472	3,472	13,472	13,472	13,472	13,472	8,597
Urban Elements	3,270	5,300	2,470	3,550	4,443	4,893	6,688	5,393	5,393	7,420	4,882
Lighting & Electrical	1,914	4,150	3,100	4,900	5,783	5,783	5,783	5,783	5,783	5,783	4,876
Park Lands & Open Space	2,095	3,599	4,335	4,793	2,710	1,507	1,787	1,330	1,078	5,241	2,848
Total Infrastructure Renewals	45,770	59,308	55,990	61,259	58,546	53,453	68,728	64,326	63,074	68,289	59,874
Delivery Resources	6,124	6,124	6,124	6,124	6,124	6,124	6,124	6,124	6,124	6,124	6,124
Plant, Fleet & Equipment Replacement	3,547	3,546	3,415	3,400	3,529	3,409	3,555	3,427	3,429	3,429	3,469
Total Renewal of Assets (exc Mainstreets)	55,441	68,978	65,529	70,783	68,199	62,986	78,407	73,877	72,627	77,842	69,467
Mainstreet Impact	5,123	14,472	17,345	6,419	(7,226)	(7,226)	(7,226)	(7,226)	(7,226)	(7,226)	0
Total Renewal & Replacement of Assets	60,564	83,450	82,874	77,202	60,973	55,760	71,181	66,651	65,401	70,616	69,467

* Excludes Significant Renewals

Renewals & ARFR

Preferred Assumption for LTFP	<ol style="list-style-type: none"> Maintain current position - transition to 100% over 4 years Adjust program to fund \$69m per annum average
What we heard	<p>Council Members:</p> <ul style="list-style-type: none"> Transition to 100% ARFR over a longer period Smooth the impact of Mainstreet Renewals over the life of the plan Balance Renewal funding across asset classes (different ARFR's per asset class) <p>Audit & Risk Committee Members</p> <ul style="list-style-type: none"> Capacity to deliver the program, noting jump in AMPs Utilise debt in the short term to minimise rating impact for 2025/26 Gradual transition to 100% ARFR
Proposed Assumption	<ul style="list-style-type: none"> Transition to 100% ARFR over 8 years Adjust program to fund \$69m per annum average over the 10 years Deliver the Asset Renewal Repair Fund over 3 years, utilising borrowings temporarily to fund the shortfall
Implications	<ul style="list-style-type: none"> Doesn't adhere to current principle that borrowings will not be utilised to fund capital renewal projects Balances community expectation and their capacity to pay through sustainable rate increases May require increased operating budget for routine maintenance inspections to identify any critical maintenance activities

Renewals & ARFR

FEEDBACK

Revised AMP Forecast (based on 100% ARFR) (\$'000s)	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	10 Year average	
Transportation*	24,350	27,984	27,984	27,984	27,984	27,984	27,984	27,984	27,984	27,984	27,984	27,621
Buildings*	12,114	10,933	10,933	10,933	10,933	10,933	10,933	10,933	10,933	10,933	10,933	11,051
Water Infrastructure*	6,200	8,863	8,863	8,863	8,863	8,863	8,863	8,863	8,863	8,863	8,863	8,597
Urban Elements	3,720	5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011	4,882
Lighting & Electrical	2,414	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	4,876
Park Lands & Open Space	2,095	2,931	2,931	2,931	2,931	2,931	2,931	2,931	2,931	2,931	2,931	2,848
Infrastructure Renewals	50,893	60,873	60,873	60,873	60,873	60,873	60,873	60,873	60,873	60,873	60,873	59,875
Delivery Resources	6,124	6,124	6,124	6,124	6,124	6,124	6,124	6,124	6,124	6,124	6,124	6,124
Plant, Fleet & Equipment Replacement	3,547	3,546	3,415	3,400	3,529	3,409	3,555	3,427	3,429	3,429	3,429	3,469
Renewal & Replacement of Assets (100% ARFR)	60,564	70,543	70,411	70,397	70,526	70,406	70,552	70,424	70,426	70,426	70,426	69,467
ARFR Target	92.5%	93.5%	94.5%	95.5%	96.5%	97.5%	98.5%	100.0%	100.0%	100.0%		
Renewals Expenditure (based on adjusted ARFR)	56,022	65,957	66,539	67,229	68,058	68,645	69,494	70,424	70,426	70,426	70,426	67,322

* Excludes Significant Renewals

Renewal Impact on Rate Revenue	2025-26		2026-27		2027-28		2028-29		2029-30		2030-31		2031-32		Total Increase	
\$'000's	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Asset Renewal Repair Fund (exc ARFR Increase)	3,110	2.2%	3,110	2.0%	3,110	2.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	9,330	6.3%
Asset Renewal Funding Ratio Increase	606	0.4%	705	0.5%	704	0.5%	704	0.4%	705	0.4%	704	0.4%	1,058	0.6%	5,187	3.3%
Total Rates Impact	3,716	2.7%	3,815	2.5%	3,814	2.5%	704	0.4%	705	0.4%	704	0.4%	1,058	0.6%	14,517	9.5%

Adelaide Bridge

<p>Preferred Assumption for LTFP</p>	<ol style="list-style-type: none"> 1. Renew with existing load bearing 2. CoA funds 50% (net \$30m) over 2 years 3. Advocate for financial assistance for 50% funding contribution
<p>What we heard</p>	<p>Council Members:</p> <ul style="list-style-type: none"> • Assumption of 1/3 funding contribution each between CoA, State and Federal • Consider an assumption to increase the load-bearing <p>Audit & Risk Committee Members:</p> <ul style="list-style-type: none"> • Recommend a 50% financial assistance assumption
<p>Proposed Assumption</p>	<ol style="list-style-type: none"> 1. Renew with existing load bearing 2. CoA funds 75% (net \$45m) over 2 years 3. Advocate for financial assistance for 50% funding contribution from State / Federal bodies
<p>Implications</p>	<ul style="list-style-type: none"> • Reliant on external contributions, yet to be secured • Discussions with Infrastructure SA (ISA) late 2023 indicated the value falls below Infrastructure Australia (National Significance Test) and ISA (> \$50m state funding & strategic merit) thresholds • Potential for up to \$15m Federal funding through the Priority Community Infrastructure Program • Need continuing advocacy with State premised on tram extension to North Adelaide

Torrens Weir

<p>Preferred Assumption for LTFP</p>	<ol style="list-style-type: none"> 1. Renew like for like 2. Assume 100% funding by CoA, over 2 years 3. Advocate for financial assistance
<p>What we heard</p>	<p>Council Members:</p> <ul style="list-style-type: none"> • Assumption of 1/3 funding contribution each between CoA, State and Federal <p>Audit & Risk Committee Members:</p> <ul style="list-style-type: none"> • Recommend 100% CoA funding and continued advocacy for financial assistance
<p>Proposed Assumption</p>	<ol style="list-style-type: none"> 1. Renew like for like 2. CoA funds 33% (net \$13.3m) over 2 years 3. Advocate for financial assistance for 2/3rds funding contribution from State / Federal bodies
<p>Implications</p>	<ul style="list-style-type: none"> • Reliant on external contributions, yet to be secured • Initial discussions with Infrastructure SA (ISA) late 2023 indicated Disaster Recovery Fund may provide funding opportunities • Funding mechanisms based on currently available programs: <ul style="list-style-type: none"> - Potential for up to \$20m Federal funding through the Disaster Recovery Fund - Potential for 50% matched funding from State through Stormwater Management Fund • Alternative solution may be considered new and upgrade, and increase debt

Rundle UPark

<p>Preferred Assumption for LTFP</p>	<ol style="list-style-type: none"> 1. Reinstate in LTFP 2. Extend useful life (assume \$15m over 2 years) 3. Reinstate associated revenue whilst considering 4. Redevelopment opportunities
<p>What we heard</p>	<p>Council Members:</p> <ul style="list-style-type: none"> • Reinstate Rundle UPark within LTFP • Notes importance of site with continued support for EOI process for Joint Venture / Partner to develop site <p>Audit & Risk Committee Members:</p> <ul style="list-style-type: none"> • Reinstate Rundle UPark within LTFP • Extend useful life based on structural condition audit
<p>Proposed Assumption</p>	<ol style="list-style-type: none"> 1. Reinstate in LTFP 2. Extend useful life (assume \$15m over 2 years) 3. Reinstate associated net revenue in LTFP
<p>Implications</p>	<ul style="list-style-type: none"> • Structural condition audit will determine risks, timing and associated costs with extending the useful life of the building

Proposed Assumptions for Significant Renewals

- The following table provides the cash flow of the proposed assumptions in the LTFP (unindexed dollars)

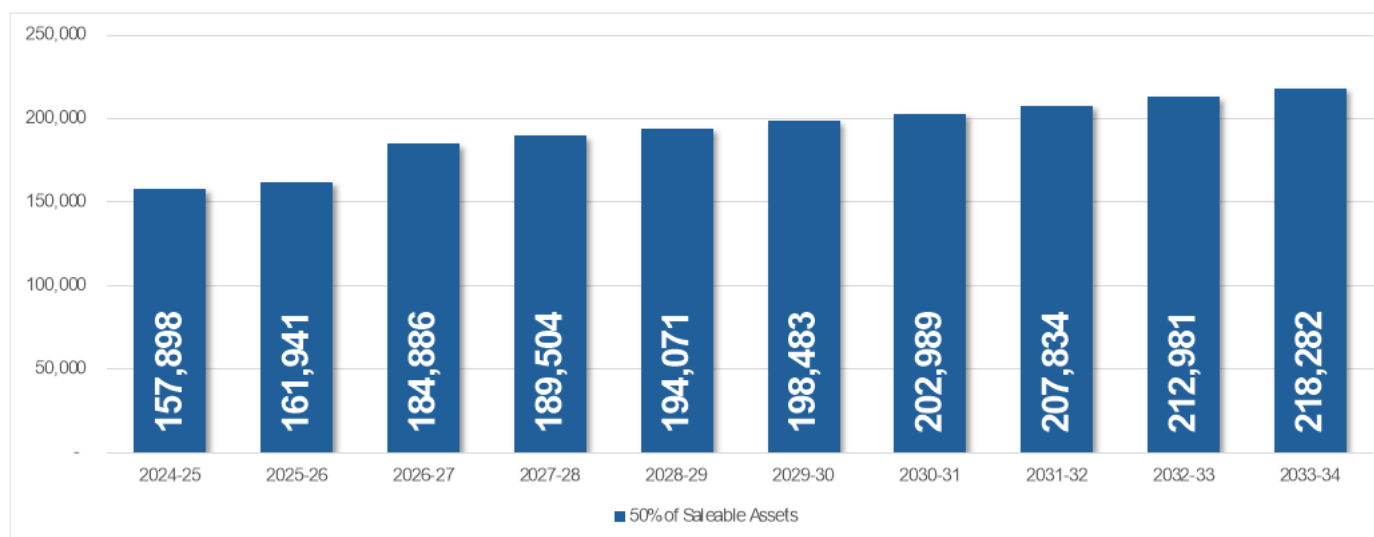
Significant Renewals (un-indexed)	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total 10 years
Adelaide Bridge				30,000	30,000						60,000
Federal - Priority Community Infrastructure Program				(7,500)	(7,500)						(15,000)
Net Expenditure Adelaide Bridge	-	-	-	22,500	22,500	-	-	-	-	-	45,000
Torren's Weir					20,000	20,000					40,000
Federal - Disaster Recovery Fund					(6,667)	(6,667)					(13,333)
State - Stormwater Management Fund					(6,667)	(6,667)					(13,333)
Net Expenditure Torrens Weir	-	-	-	-	6,667	6,667	-	-	-	-	13,333
Rundle UPark						7,500	7,500	-	-		15,000
Total Expenditure on Significant Renewals	-	-	-	30,000	50,000	27,500	7,500	-	-	-	115,000
Net Expenditure on Significant Renewals	-	-	-	22,500	29,167	14,167	7,500	-	-	-	73,333

New & Upgraded Assets

<p>Preferred Assumption for LTFP</p>	<ol style="list-style-type: none"> 1. Maintain current commitments (including Mainstreets & Park Lands buildings) 2. Adjust program in outer years to fit within current Prudential Borrowings Limits (after considering all other LTFP components) 3. Assumed allowance subject to Business Cases
<p>What we heard</p>	<p>Council Members:</p> <ul style="list-style-type: none"> • Park Lands Building upgrades to be matched by external funding <p>Audit & Risk Committee Members:</p> <ul style="list-style-type: none"> • Need to consider that New and Upgraded Infrastructure will continue beyond Mainstreets commitment
<p>Proposed Assumption</p>	<ol style="list-style-type: none"> 1. Maintain current commitments (including Mainstreets & Park Lands buildings) 2. Adjust program in outer years to fit within current Prudential Borrowings Limits (after considering all other LTFP components) 3. Assumed allowance for projects subject to Business Cases
<p>Implications</p>	<ul style="list-style-type: none"> • Unfunded requirements from adopted strategies

Prudential Borrowing Limits

- The Prudential Borrowing Limit adjusts on an annual basis through the calculation of 3 indicators as per the current Treasury Policy:
 - Asset Test Ratio
 - Interest Expense Ratio
 - Leverage Test Ratio
- The limit is set based on the lowest figure derived from the above calculations
- Currently, the Asset Test Ratio is the calculation setting the upper limit



New and Upgraded Assets

Capital Expenditure: New and Upgraded Assets	2024-25 Budget	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan	2033-34 Plan	Total 10 years
Central Market Arcade Redevelopment	15,918	8,778	-	-	-	-	-	-	-	-	24,696
Hindley Street Upgrade	4,980	9,240	-	-	-	-	-	-	-	-	14,220
Gouger Street Upgrade	1,250	4,000	9,250	-	-	-	-	-	-	-	14,500
O'Connell Street Upgrade	1,000	1,500	1,000	11,450	-	-	-	-	-	-	14,950
Melbourne Street Upgrade	100	1,400	1,000	4,000	-	-	-	-	-	-	6,500
Hutt Street Upgrade	1,250	5,000	6,200	-	-	-	-	-	-	-	12,450
Brown Hill Keswick Creek	320	320	320	320	320	320	320	320	320	320	3,200
Aquatic Centre Community Playing Field		6,157	-	-	-	-	-	-	-	-	6,157
218-232 Flinders Street		500	500	-	-	-	-	-	-	-	1,000
Public Realm Greening Program	1,700	-	-	-	-	-	-	-	-	-	1,700
Charles Street	5,925	-	-	-	-	-	-	-	-	-	5,925
Upgrade to Park Lands Buildings (1.5% Rates Revenue)	1,763	2,225	2,357	2,474	2,547	2,621	2,697	2,781	2,850	2,922	25,237
Other ^	22,604	-	-	-	-	-	-	-	-	-	22,604
Assumed forward Commitment		-	-	-	2,970	2,970	2,970	2,970	2,970	2,970	17,821
Total Capital Expenditure: New and Upgraded Assets	56,809	39,119	20,627	18,244	5,837	5,911	5,988	6,071	6,141	6,212	170,959
Confirmed External Funding	6,026	-	-	-	-	-	-	-	-	-	6,026
Net Capital Contribution	50,783	39,119	20,627	18,244	5,837	5,911	5,988	6,071	6,141	6,212	164,933

^ one-off funding for New and Upgraded Assets in 2024/25

Fees and Charges

State of Play	<ol style="list-style-type: none"> 1. Financial Principle: Fees and charges reflect cost of services provided 2. Fees and Charges escalate, on average, in line with CPI - unless specific circumstances expected to have material impact on item 3. Known changes (eg Rundle UPark, Aquatic Centre closed 1 August, etc)
Proposed Assumption	<ol style="list-style-type: none"> 1. Reinstate Rundle UPark net income, from 2029/30 2. Fees and Charges increase in line with CPI
Implications	<ul style="list-style-type: none"> • Consideration of new and different revenue streams are not incorporated into the LTFP unless already identified and with substantive business case support

\$'000s	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Development Act Fees	2,479	2,554	2,617	2,683	2,750	2,819	2,889	2,961	3,035	3,111
Parking Fines / Expiation Fees	12,516	12,891	13,213	13,544	13,882	14,229	14,585	14,950	15,323	15,706
Parking Fees	44,604	45,942	47,090	48,268	49,474	50,711	51,979	53,278	54,610	55,976
Property Lease & Recoveries	12,917	13,300	19,569	20,058	20,559	21,073	21,600	22,140	22,694	23,261
North Adelaide Golf Course	4,254	4,381	4,491	4,603	4,718	4,836	4,957	5,081	5,208	5,338
Adelaide Town Hall Charges	3,620	3,729	3,822	3,917	4,015	4,116	4,219	4,324	4,432	4,543
Other Fees and Charges	3,903	3,544	3,633	3,723	3,816	3,912	4,010	4,110	4,213	4,318
Fees and Charges	84,292	86,341	94,435	96,796	99,216	101,696	104,239	106,844	109,516	112,254

* Other Fees and Charges include Outdoor Dining Fees, Temporary Parking Controls, Event Fees, and Nursery Fees

Service Delivery (including Strategic Projects)

State of Play	<ol style="list-style-type: none"> 1. Financial Principle: Continue to deliver a minimum of the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI) 2. Financial Principle: New or enhanced services, assets or maintenance requiring an increase in operating costs are to be funded from the adjustment of priorities, rate revenue or other revenue increases, and/or through savings 3. For the purpose of the LTFP (as opposed to annual budgets), the following expenditure items escalate, on average, in line with CPI - unless specific circumstances expected to have material impact on item: <ul style="list-style-type: none"> • Materials, Contracts & Other Expenses • Grants, Subsidies and Contributions 4. Employee costs and FTE incorporated in line with Strategic Resource Plan, increasing in line with current (and expected) enterprise agreement outcomes and Superannuation Guarantee - in absence of an agreement in outer years, CPI indexation is applied 5. Depreciation informed by Infrastructure and Asset Management Plans and, reflects increases in valuations (CPI) and new asset movements 6. Finance costs reflect interest costs associated with servicing borrowings and, reflect increases in interest rates (Government Bond rate)
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Service Delivery (including Strategic Projects)

Proposed Assumption	<ol style="list-style-type: none"> Reinstate Rundle UPark Net Income from 2029/30 Current service delivery and strategic projects level maintained and increase in line with CPI
Implications	<ul style="list-style-type: none"> Delivery of newly adopted and revised strategies that cannot be accommodated within existing budgets are not funded within the LTFP

\$'000s	2024-25 Budget	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan	2033-34 Plan
Employee Costs	86,220	88,853	91,074	93,351	95,685	98,077	100,529	103,042	105,618	108,259
Materials, Contracts & Other Expenses	75,823	77,757	82,007	84,058	86,159	88,313	90,521	92,784	95,103	97,481
Sponsorships, Contributions and Donations	6,149	6,334	6,492	6,654	6,821	6,991	7,166	7,345	7,529	7,717
Depreciation, Amortisation & Impairment	56,857	64,462	66,471	68,287	69,985	71,665	73,382	75,210	77,137	79,120
Finance Costs	808	3,626	5,122	6,508	8,030	9,159	12,764	13,001	14,281	14,354
Total Operating Expenditure	225,858	241,031	251,167	258,858	266,679	274,286	284,565	291,382	299,669	306,931
Strategic Projects *	6,110	6,263	6,420	6,580	6,745	6,913	7,086	7,263	7,445	7,631

* Strategic Project funding is imbedded within the Total Operating Expenditure

Rates Revenue impact

State of Play	<ol style="list-style-type: none"> Financial Principle: 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 Growth assumed at 1% per annum over life of the plan
Proposed Assumption	<ol style="list-style-type: none"> CPI increase Growth at 1% Asset Renewal Repair fund over 3 years Asset Renewal Funding Ratio transition over 8 years
Implications	<ul style="list-style-type: none"> The timing of increase for 3-4 will above impact on overall general rates revenue Temporary use of borrowings to fund Asset Renewal Repair Fund

\$ '000s	2025-26		2026-27		2027-28		2028-29		2029-30		2030-31		2031-32		2032-33		2033-34		Average		
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	
General Rates Revenue - Base*	138,504		146,375		153,850		161,510		166,252		171,113		176,095		181,556		186,095				
General Rates Increase (CPI)	4,155	3.0%	3,659	2.5%	3,846	2.5%	4,038	2.5%	4,156	2.5%	4,278	2.5%	4,402	2.5%	4,539	2.5%	4,652	2.5%	4,192	2.6%	
Asset Renewal Repair Fund (exc ARFR Increase)	3,110	2.2%	3,110	2.1%	3,110	2.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1,037	0.7%	
Asset Renewal Funding Ratio Increase	606	0.4%	705	0.5%	704	0.5%	704	0.4%	705	0.4%	704	0.4%	1,058	0.6%	-	0.0%	-	0.0%	576	0.4%	
General Rates Revenue (excluding Growth)	146,375	5.7%	153,850	5.1%	161,510	5.0%	166,252	2.9%	171,113	2.9%	176,095	2.9%	181,556	3.1%	186,095	2.5%	190,747	2.5%	5,805	3.6%	

* General Rates Revenue net of rebates. Excludes Natural Resource Levy and Rundle Mall Separate Rate

\$ '000s	2025-26		2026-27		2027-28		2028-29		2029-30		2030-31		2031-32		2032-33		2033-34		Average	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Growth	1,385	1.0%	1,464	1.0%	1,538	1.0%	1,615	1.0%	1,663	1.0%	1,711	1.0%	1,761	1.0%	1,816	1.0%	1,861	1.0%	1,646	1.0%
Central Market Arcade	-	0.0%	1,275	0.9%	1,307	0.8%	1,340	0.8%	1,373	0.8%	1,407	0.8%	1,443	0.8%	1,479	0.8%	1,516	0.8%	1,238	0.7%
88 O'Connell Street	541	0.4%	555	0.4%	568	0.4%	583	0.4%	597	0.4%	612	0.4%	627	0.4%	643	0.4%	659	0.4%	598	0.4%
Total Rates Revenue Growth	1,926	1.4%	3,293	2.2%	3,414	2.2%	3,537	2.2%	3,633	2.2%	3,731	2.2%	3,831	2.2%	3,937	2.2%	4,036	2.2%	3,482	2.1%

Cr Davis questions – Increase debt estimate

Increase debt estimate	
Question	Response
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?	<ul style="list-style-type: none"> • Inclusion of New and upgrades in future years (\$15m/year for 6 years = \$90m) • Mainstreets upgrade (\$15m/year for 4 years = \$60m) • Increase to 23/24 capital program above previous projections (\$36.1m) • Aquatic Centre (\$20m contribution to demolition and Park Lands reinstatement) • Rundle UPark net income (\$3.3m/year for 3 years = \$9.9m) • Interest on borrowings associated with above (\$39.8m)
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?	<ul style="list-style-type: none"> • Asset Management Plan increase with no matching revenue increase (\$150.4m) – excluding Lighting & Electrical and Park Lands & Open Space which were not yet approved for consultation • Flinders St (\$9.8m) • Charles St (\$0.3m) • Note: <u>projected</u> borrowing increase dependent on Council decisions to mitigate, discussed in LTFP section of report
3. Was the replacement of the Bridge, Weir and Rundle UPark included in the 2021/2022 LTFP?	<ul style="list-style-type: none"> • Weir and Bridge included • Rundle UPark removed as per Council Decision
4. What assumption was made in relation to the Rundle UPark in the 2021/2022 year?	<ul style="list-style-type: none"> • No renewal component BUT net income retained as per Council Decision

Cr Davis questions – Bridge, Weir, and Rundle UPark

Bridge, Weir and Rundle UPark	
Question	Response
1. When was the estimated construction cost for the bridge, weir and Rundle UPark last updated?	<ul style="list-style-type: none"> • For the preparation of the 23/24 Asset Management Plans
2. What has been the increase in construction costs since the estimates were last updated to present?	<ul style="list-style-type: none"> • \$35m (2021 desktop AMP update) to \$40m for Weir (23-24 AMP update) • \$50m (2021 desktop AMP update) to \$60m for Bridge (23-24 AMP update) • \$50m (2021 desktop AMP update) to \$60m for Rundle UPark (23-24 AMP update)
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?	<ul style="list-style-type: none"> • Yes, these are the amounts assumed – these will be firmed up as investigations conclude
4. Under the adopted LTFP, in what years will the bridge, weir and Rundle UPark be replaced?	<ul style="list-style-type: none"> • The 23-24 to 32-33 LTFP assumes: <ul style="list-style-type: none"> - 2030-31 for the Bridge - 2028-29 for the Weir - Rundle UPark was removed from the LTFP per Council Decision
5. What is the estimated cost for a like for like replacement for the bridge, weir and Rundle UPark in the planned year of construction?	<ul style="list-style-type: none"> • Bridge (\$65.6m CPI escalated as per adopted LTFP) • Weir (\$44.7m CPI escalated as per adopted LTFP) • Rundle UPark was removed from adopted LTFP as per Council Decision (\$71.6m CPI escalated as per adopted LTFP)

Cr Davis questions – Asset renewal

Asset Renewal	
Question	Response
1. In delivering the Main Street Upgrades, will the renewal spend as assumed under the AMPs for those Main Street Upgrades, be brought forward?	<ul style="list-style-type: none"> • Yes
2. What is the total value of the brought forward amount of the Renewal spend under the main street AMPs?	<ul style="list-style-type: none"> • \$43.4m in today's dollars
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.	<ul style="list-style-type: none"> • Transportation: \$15.6m (today's dollars) • Urban Elements: \$3.0m(today's dollars) • Lighting & Electrical: \$3.8m (today's dollars) • Water Infrastructure: \$20.8m (today's dollars) • Park Lands & Open Space: \$0.2m (today's dollars) • Buildings: \$Nil (today's dollars)

Cr Davis questions – Prudential borrowing limit

Prudential Borrowing Limit	
Question	Response
1. What is the council's current prudential borrowing limit?	• \$152.9m
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?	• 2028-29 • Note: <u>projected</u> borrowing increase dependent on Council decisions to mitigate, discussed in LTFP section of report

Cr Davis questions – Rate increases

Rate Increases	
Question	Response
1. As per the report presented to the Finance and Governance Committee on 21 May 2024 at page 69	
<ul style="list-style-type: none"> • What is the total rate increase required to meet a continuing budget of a 15Mil spend on New Capital? 	<ul style="list-style-type: none"> • The assumption of aligning the future new capital spend within the prudential limits allows for approximately \$3m per annum • This reduced figure would on average, over the last 6 years of the LTFP, equate to a 1.6% rate increase • Note: this only applies if Council decided not to adhere to the adopted principle of funding new capital from debt, and instead decided to use rates to fund this
<ul style="list-style-type: none"> • What is the total rate increase required to pay for the bridge, weir and Rundle UPark within 10 years? 	<ul style="list-style-type: none"> • Assuming a rates of approximately \$140m rounded up, a total cost of \$160m to fund the 3 assets is on average per year 8.8% compounded (that is, rates revenue base increases annually by 8.8%)
<ul style="list-style-type: none"> • What is the total rate increase required to meet a minimum renewal target of 100% across all asset classes? 	<ul style="list-style-type: none"> • 10.5% (excluding Significant Renewals which were assumed to be funded via debt) per the presentation provided 6 August
<ul style="list-style-type: none"> • What total rate increase in the 2024/25 financial year is required to achieve \$0 in borrowings in the 2033 financial year? 	<ul style="list-style-type: none"> • The question can be answered when the LTFP with Council-agreed assumptions has been developed
<p>*Note that the RundleUPark 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.</p>	<ul style="list-style-type: none"> • Statement noted – no response required

Next Steps

- Administration to draft a LTFP model based on Council endorsed assumptions
- Draft LTFP presented to CFG Committee (17 September 2024)
- Draft LTFP presented to Council (24 September 2024) for public consultation

Operating Budget 2024/25 LTFP Roadmap



Date	Forum	Role	Topic	
23 July (Special)	CFG (Workshop)	Discuss	Introduction and foundation to building a LTFP (Roadmap) What underpins the build of the proposed 2024/25 LTFP (Parameters, Assumptions and Levers)	<input checked="" type="checkbox"/>
6 August (Special)	CFG (Workshop)	Discuss	Capital - AMP impacts; Rundle UPark; Adelaide Bridge / Weir; New and upgrade	<input checked="" type="checkbox"/>
9 August (Special)	ARC (Workshop)	Discuss	Introduction and foundation to building a LTFP (Roadmap) What underpins the build of the proposed 2024/25 LTFP (Parameters, Assumptions and Levers) Capital - AMP impacts; Rundle UPark; Adelaide Bridge / Weir; New and upgrade	<input checked="" type="checkbox"/>
20 August	CFG (Workshop)	Discuss	Lever settings - Revenue Assumptions, Service Delivery, Borrowings Market Expansion Assumptions (Operating Impacts)	
17 September	CFG	Endorse	Finalise and endorse consultation draft	
24 September	Council	Approve	Approve consultation draft	
25 September	Begin public consultation	Consultation	21 days public consultation (Strategic Management document)	
27 September	ARC	Consultation	Feedback on consultation draft 2024/25 LTFP	
15 October	CFG	Endorse	Seek Committee feedback on draft 24/25 LTFP	
16 October	End public consultation	Consultation	21 days public consultation (Strategic Management document)	
22 October	Council	Approve	Adopt 24/25 LTFP Including consultation feedback	

Key Discussion Points

What are Council
Members' views...

on the proposed
assumptions
guiding drafting of
the LTFP?