

Councillor Davis - QoN - Increase Debt Estimate

Tuesday, 27 August 2024
Council

Council Member
Councillor Henry Davis

Public

Contact Officer:
Anthony Spartalis, Acting Chief
Operating Officer

QUESTION ON NOTICE

Councillor Henry Davis will ask the following Question on Notice:

1. What assumptions were made which resulted in the projected borrowings of \$0 as per the 2021/2022 LTFFP increasing to 208Mil in projected borrowings as per the 2023/24 LTFFP?
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?
3. Was the replacement of the Bridge, weir and Rundle UPark included in the 2021/2022 LTFFP?
4. What assumption was made in relation to the Rundle UPark in the 2021/2022 year?

REPLY

1. Projected borrowings of \$0 in the 2021/2022 LTFFP increased to \$208m in projected borrowings in the 2023/24 LTFFP based on the following assumptions:
 - 1.1. Mainstreets upgrade (\$15m/year for 4 years = \$60m)
 - 1.2. Inclusion of New and Upgrades expenditure in future years (\$15m/year for 6 years = \$90m)
 - 1.3. Increase to 23/24 capital program above previous projections (\$36.1m)
 - 1.4. Aquatic Centre (\$20m contribution to demolition and Park Lands reinstatement)
 - 1.5. Removal of Rundle UPark net income (\$3.3m/year for 3 years = \$9.9m)
 - 1.6. Interest on borrowings associated with the above (\$39.8m).
2. Projected borrowings of \$208m in the 2023/2024 LTFFP increased to \$315m in projected borrowings in the report presented to City Finance and Governance Committee (21 May 2024) based on the following assumptions:
 - 2.1. Asset Management Plan increase with no matching revenue increase (\$150.4m) – excluding Lighting & Electrical and Park Lands & Open Space which at that time had not been approved for consultation.
 - 2.2. Flinders Street land purchase (\$9.8m)

2.3. Charles Street (\$0.3m)

2.4. Note: the report stated that the projected borrowing increase was dependent on Council decisions to mitigate, discussed in the LTFP section of the 21 May 2024 report.

- 3. Replacement of the Weir and Bridge were included in the 2021/22 LTFP. Rundle UPark was removed based on a Council decision.
- 4. Assumptions made about the Rundle UPark in the 2021/22 LTFP were that no renewal component was assumed, but net income was retained and reflected in the LTFP (Council decision).
- 5. Each figure above is estimated based on holding all other items constant – that is, they are subject to changes in other related assumptions. Council agreement and firming of each related assumption at the conclusion of the 2024/25 LTFP process will enable LTFP estimates based on the agreed set of assumptions adopted by Council.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5.5 hours.
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