

City of Adelaide

2023/24 Business Plan and Budget

2023/24 Business Plan and Budget Update

Audit and Risk
Committee

12 April 2023

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1. Journey to date
 2. Content of each Council workshop/session
 3. Next Steps

Journey to date

Council training, workshops and reports

Context	<input checked="" type="checkbox"/>	Onboarding training on Strategy, Finance and Assets
	<input checked="" type="checkbox"/>	Priorities, opportunities, ways of working
	<input checked="" type="checkbox"/>	How we plan and budget guide and online research library
	<input checked="" type="checkbox"/>	Functional Directory and Program Guides
Building Planning Knowledge	<input checked="" type="checkbox"/>	Legislative requirements
	<input checked="" type="checkbox"/>	Capital, Asset Management and Integrated Planning
	<input checked="" type="checkbox"/>	Service Planning
	<input checked="" type="checkbox"/>	Financial Planning
Building Budget Knowledge	<input checked="" type="checkbox"/>	Organisational Finance update (history and current state)
	<input checked="" type="checkbox"/>	Discretionary responsibilities – understanding short and long term abilities
	<input checked="" type="checkbox"/>	Operating, Capital, Revenue/Income, Expenditure breakdown
	<input checked="" type="checkbox"/>	Fees and Charges, Rates, Borrowings – utilising financial levers
Building the 2023/24 Business Plan and Budget	<input checked="" type="checkbox"/>	Principles and Parameters
	April	Consider Priorities and Projects
	April	Feedback from Audit and Risk Committee and proposed budget
	April	Budget scenario building - proposed rates, fees and charges
	April	Draft budget – proposed expenditure (priorities, capital and strategic projects and services) for consultation
	April	Draft budget – proposed income (rates, fees and charges) for consultation
	May	Community Consultation and feedback
June	Adoption of Final 2023/24 Business Plan and Budget	

Journey to date

Council training, workshops and reports

30 November 2022

Induction Training – Strategic Planning and Financial Management

24 January 2023

Induction Training – Service Planning, Asset Management and Elected Members Priorities

7 February 2023

Induction Training – Budget Principles, Revenue, Rates, Rebates, Assets, Liabilities, Levers and LTFP

21 February 2023

Workshop – Budget Principles

4 March 2023

Saturday Induction Training – Historic and current Programs, Services, Assets, Budget and Principles

14 March 2023

Workshop – Parameters and live budget tool

21 March 2023

Workshop – Rating

Workshop – Fees and Charges

Report – Principles

Still to come:

- Priorities
- Introduction to Projects
- Capital Projects
- Strategic Projects
- Budget Scenarios
- Adoption of Community Engagement Approach
- Adoption of Draft Business Plan and Budget
- Adoption of Draft Fees and Charges
- Adoption of Community Engagement Feedback
- Adoption of the Final Business Plan and Budget

Induction Workshop - Strategic Planning & Financial Management

30 November 2022

- Legislative context and environment
- Council responsibilities
- CEO and administration responsibilities, and ARC
- Strategic Management Framework and associated Plans
- Service Planning and functions
- LTFP and associated principles
- Cash inflows and outflows
- Levers for funding and expenditure
 - Rates
 - Fees and charges
 - Borrowings
- Risks and opportunities
- Quarterly reporting
- LGA & CoA financial sustainability ratios
- Financial Statements
- Budget operational and capital
- Budget Summary including expenses and funding – Grants, Rates, Fees and Charges

Induction Training – Service Planning, Asset Management and EM Priorities

24 January 2023

- Summary of training so far
- Purpose of Business Plan and Budget
- How a Business Plan and Budget is developed
- Funding Framework and decision making
- Our Services – community, corporate, costing of services and changes to services
- Asset Management overview
- Asset Management Plans and Levels of Service
- Integrated Capital Works planning and delivery model
- Introduction to developing Annual Priorities
- DISCUSSION and ACTIVITY – Elected Member Priorities

Budget Principles & LTFP Workshop

7 February 2023

- 2022-23 Budget
- Revenue breakdown
 - Rates
 - Valuation methodology & rates calculation
 - Rebates
 - Exemptions
 - Fees and charges
- Expenditure breakdown
- Capital City Council comparisons
- Physical assets
- Liabilities
- Key concepts and clarifications
 - Operating vs capital
 - Borrowings and cash management
 - Grant types
 - Depreciation vs renewal spend
- Process to build annual budget
- Levers and level of influence
- Building the LTFP
- LTFP levers and assumptions
- Current LTFP projections

Budget Principles & LTFP Workshop cont.

21 February 2023

Discussion occurred on the merits and intent on each of the Principles listed below:

1. Council will maintain an operating surplus
2. Council will continue to deliver a minimum of the current suite of services and asset maintenance
3. Costs are indexed in line with Consumer Price Index (CPI) to maintain existing services
4. New or enhanced services, assets or maintenance requiring an increase in operating costs are to be funded from the adjustment of priorities, rate or other revenue increases and/or through savings
5. Fees and charges are set, where appropriate, based on their nature and intent
6. Council will not seek to change the rating system for the 2023/24 Budget
7. Council may need to adjust rate revenue in order to achieve the desired budget (as per Principle 1), after consideration of all other budget components
8. Growth in rate revenue will be used to partly fund servicing new rateable properties and to service new borrowings
9. Council will consider new and different revenue streams and the approach to our commercial businesses to reduce reliance on existing revenue services
10. Council recognises that new Capital expenditure requires corresponding operating costs
11. The Capital renewal expenditure budget will be based on asset management plans
12. Council capitalises on external funding, fast-tracking projects that attract such funding, recognising the potential need for increased borrowings in order to respond to external funding opportunities
13. Council will consider the disposal, purchase and /or repurposing of property assets to unlock the potential and future prosperity of the City, without incurring a financial loss
14. Borrowings will be used to fund new and upgrade projects (which include major projects)
15. Borrowings will not be used to fund operations, expenses or renewal projects
16. Council will demonstrate transparency in its decision making

Note: All Principles above were adopted by Council on 28 March 2023

Business Plan & Budget Workshop

4 March 2023

- Discussion on Financial Principles
- Program Budgets 2022-23
- Capital Works
 - Asset Lifecycle
 - Asset Renewal
 - Asset Management
 - Historic capital program expenditure (renewal and new/upgrade)
 - Renewal vs maintenance
 - Rolling 4-year renewal program – interactive tool
 - Major funding considerations
- Financial information
 - Debt and the Future Fund
 - Borrowings snapshot
 - Historic operating revenue
 - Historic expenses

Budget Parameters Workshop

14 March 2023

The following budget parameters were explored through the use of an interactive model showing the potential impact on different components of the budget stemming from different decisions Council may choose to make:

1. **Operating Position:** Breakeven, surplus or deficit? If surplus, how much? On what basis?
2. **Fees and Charges:** Reinstate previously waived fees? Increase by CPI, or some other amount or other fees and levies?
3. **New services/levels:** Allow an amount to increase/add some services? If so, how will we fund this? Stop something? Raise rates? Raise fees?
4. **Renewal expenditure:** As per asset plans – 3-year forward plan
5. **New/upgrade expenditure:** What do we need to include? How much to spend? Impacts on debt and projected debt levels?
6. **Major projects:** What do we need to include? Impacts on debt and projected debt levels?
7. **Strategic Projects:** Currently assumed at \$5.4m. What level of spend do we want?
8. **Operating costs for New Capital:** Awareness of ongoing impact to operating budget when making decisions about New and upgrade or Major Projects.
9. **Debt limit/s:** What is our attitude towards debt? What is acceptable/unacceptable?
10. **Rate increase:** None, CPI, minimum and/or maximum, revaluations, other fees and levies?

Fees and Charges Workshop

21 March 2023

- Recap on financials related to Fees and Charges
 - Fees and Charges break down
 - Historic Fee revenue
 - Historic User Charges revenue
- Impact of waiving Fees and Charges
- Benchmarking Fees
 - Outdoor dining
 - Parklets
 - Objects on footpath
- Principles for Fees and Charges
- Discussion and considerations on approach to Fees and Charges
- Key questions
 - Support for Principles
 - Certain activities to approach differently
 - Approach to previously waived Fees

Rating Workshop

21 March 2023

- Governing legislation
 - Rating policy
 - Taxation principles
 - Exemptions and rebates
 - Key rating strategies
 - Rating on occupation
 - Annual Assessed Value (AAV) vs Capital Value
 - Mass Valuation vs Individual Valuation
 - Rates revenue & Growth
 - Rating Process
- Key questions
 - Rate revenue required to achieve desired budget outcomes
 - Special Discretionary Rebate capping rates to 10% increase
 - Separate Rates to fund projects and initiatives
 - Vacant Land approach to encourage development

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Questions?