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AUDIT AND RISK COMMITTEE

Agenda and Reports

for the meeting on

Friday, 21 February 2025

at 9.00 am

in the Colonel Light Room, Adelaide Town Hall

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Our Adelaide. **Bold. Aspirational. Innovative.**

AUDIT AND RISK COMMITTEE Meeting Agenda, Friday, 21 February 2025, at 9.00 am

Membership The Lord Mayor (ex-officio)

1 Council Member

4 External Independent Members

2 Proxy Council Members

Quorum 3

Presiding Member Nicolle Rantanen Reynolds

Committee Members The Right Honourable the Lord Mayor, Dr Jane Lomax-Smith (ex-officio)

Mark Davies
Paula Davies
Simon Rodger

Councillor Janet Giles

Agenda

Item Pages

1. Acknowledgement of Country

'Council acknowledges that we are meeting on traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.'

2. Apologies and Leave of Absence

Nil

3. Confirmation of Minutes

That the Minutes of the meeting of the Audit and Risk Committee held on 8 November 2024 and the Minutes of the Special meeting of the Audit and Risk Committee held on 11 December 2024, be taken as read and be confirmed as an accurate record of proceedings.

View public 8 November 2024 Minutes <u>here</u> and the public 11 December 2024 Minutes <u>here</u>.

4. Declaration of Conflict of Interest

5. Presiding Member Reports

6. Presentation

6.1 Strategic Risk and Internal Audit Group Presentation

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11.

12.

Other Business

Closure

Agenda Item 6.1

Strategic Risk & Internal Audit Group Presentation

Strategic Alignment - Our Corporation

Public

Friday, 21 February 2025
Audit and Risk Committee

Presenter: Anthony Spartalis, Chief Operating Officer

PURPOSE OF WORKSHOP

At its meeting on 8 November 2024, the Audit and Risk Committee (the Committee) noted that it would receive a presentation providing information about the Strategic Risk and Internal Audit Group (SRIA), its role and responsibilities.

The presentation (**Attachment A**) outlines SRIA's role, scope of work, membership and meetings, and how SRIA reports to the Committee.

Administration encourages Committee discussion and feedback on:

- the annual review of the SRIA Terms of Reference currently being conducted (Attachment B)
- preferences for regular SRIA reporting to the Committee.

- END OF REPORT -



Strategic Risk and Internal Audit Group (SRIA)

Role

Scope of work

Membership and meetings

SRIA and the Audit and Risk Committee

Activity out of scope













Role

Key function under the Risk Management Operating Guideline providing:

- Strong executive oversight
- Reporting to Audit and Risk Committee

Responsible for:

- Overseeing practical application of Enterprise Risk Management
- Timely escalation of strategic risks and emerging issues to key decision makers
- Appropriate controls around strategic risks and emerging issues
- Returning mitigated matters to routine operations
- Driving continuous improvement of relevant risk processes
- Monitoring internal audit actions
- Oversight of the Emergency Management Steering Group.













Scope of Work

What does SRIA deliver?

- Reviews the Risk Management Operating Guidelines
- Drives a positive risk management culture promoting risk escalation
- Guides and directs risk controls and risk mitigation strategies for strategic risks and emerging issues
- Monitors risks associated with new significant or high-risk activities
- Reviews strategic risks to Council's objectives through the Strategic Risk Register and Subsidiaries' risk registers
- Quarterly reporting to Audit and Risk Committee













Scope of Work cont...

What does SRIA deliver?

- Leads development of the annual Internal Audit program for Audit and Risk Committee endorsement
- Internal Audit Program implementation oversight
- Oversees implementation of audit recommendations
- Annual review of the Group's Terms of Reference
- Annual review of its own performance and membership
- Review Council's risk appetite defined in the Risk Management Operating Guidelines.















Membership

Membership comprises:

- Executive Team
- Associate Director, Governance and Strategy
- Associate Director, Strategic Property and Commercial,
- Associate Director, Infrastructure
- Associate Director Finance and Procurement
- General Manager, Adelaide Economic Development Agency
- General Manager, Adelaide Central Market Authority
- Team Leader, Corporate Governance & Legal
- Risk and Audit Analyst











A UNIQUE TEAM CREATING AN EXTRAORDINARY CITY



Meetings

Monthly meetings, chaired by the Associate Director Governance and Strategy

Agenda covers:

- Strategic risks and issues
- Significant or high-risk projects
- Operational risks which could become strategic risks (Watch List items)
- Key opportunities
- Internal audit matters
- Escalated emerging risks
- Subsidiary risk reporting

Regular reports:

- Litigation update
- Freedom of Information update
- Legislation report
- Requests for review of decisions pursuant to section 270 of the Local Government Act















SRIA and the Audit and Risk Committee

SRIA's key relationship is with the Audit and Risk Committee (ARC)

- ARC is the main audience for SRIA reports and advice
- SRIA is the main channel for administration advice to ARC on risk matters
- SRIA provides quarterly activity updates to ARC













Activities out of scope

SRIA is not responsible for:

- Approval of the Risk Management Operating Guidelines (ARC)
- Management of operational or project risks (Business units)
- Administration of Council's insurance portfolio (Strategy and Governance Program)
- Policy reviews (Strategy and Governance Program)
- Section 48 (Local Government Act 1999 (SA)) risk assessments (Finance and Procurement Program)















Discussion

ARC input is sought on:

- SRIA Terms of Reference input to the review currently in progress.
- Preferences for regular SRIA reporting to ARC.



CITY OF ADELAIDE

Strategic Risk and Internal Audit Group Terms of Reference

1. CONTEXT

The success of Council's Enterprise Risk Management model is contingent on a strong executive oversight on emerging issues and strategic risks, enabling well informed decision making.

Therefore, the Executive endorsed the creation of the Strategic Risk and Internal Audit Group (the Group) in the context of Council's Risk Management Operating Guideline. This group was established in 2010.

2. ROLE OF THE GROUP

- 2.1. Develop and oversee Enterprise Risk Management in its practical application with the Corporation.
- 2.2. Ensure early, quick and clear escalation of strategic risks and emerging issues to key decision makers.
- 2.3. Ensure appropriate controls are in place to actively manage and monitor strategic risks and emerging issues.
- 2.4. Ensure that sufficiently mitigated matters return to routine operations management.
- 2.5. Identify and communicate key learnings and ensure that relevant processes are reviewed for continuous improvement.
- 2.6. Ensure that internal audit actions are addressed within the agreed timeframes.
- 2.7. Celebrate risk achievements.
- 2.8. Review and discuss activities of the Emergency Management Steering Group.
- Review and assess risks & opportunities from any unsolicited proposals submitted to CoA before being presented to Council for consideration.

3. MEMBERSHIP



- 3.1. The Group's membership includes:
- the Executive Team
- the Associate Director, Governance & Strategy (Chair)
- the Associate Director, Strategic Property & Commercial
- the Associate Director, Infrastructure
- the Associate Director, Finance and Procurement
- the General Manager, Adelaide Economic Development Agency
- the General Manager, Adelaide Central Market Authority
- the Team Leader, Corporate Governance & Legal and
- the Risk and Audit Analyst.
- 3.2. The Chair may invite any relevant person to attend meetings as required.

4. MEETING PROCEDURES

- 4.1. The Associate Director, Governance & Strategy will chair the meetings and is responsible for the day-to-day administration and support of the Group and will provide and/or seek risk management and audit advice on an as need basis.
- 4.2. If Members cannot attend, they must arrange for a proxy to attend on their behalf in consultation with the Chair.
- 4.3. The Agenda will include the following items: strategic risks and issues, significant or high-risk projects, watch list matters (operation risks with the potential to become strategic risks), key opportunities, internal audit matters, emerging risks escalated by management or staff; risk reporting from Council subsidiaries.
- 4.4. Further reports provided to SRIA for noting and discussion: Council litigation report, FOI report, Legislation Report, Claims report (6 monthly), grievances (overview of section 270 Local Government Act SA 1999 reviews), external agency investigations (eg. Safework SA, Ombudsman, Human Rights Commission, Equal Opportunity Commission etc) and any other business raised.

Reviewed: February 2022 Next Review: February 2023

- 4.5. Minutes and agreed actions will be circulated to the members CITY OF ADEL ALDE
- 4.6. Any member of the Group can call a special meeting of the Group if required. This will be coordinated through the Chair. If specific advice or feedback is required in the interim, information can be sent to the Chair for distribution to the Members.

5. FREQUENCY OF MEETINGS

The Group's regular meetings meet once a month for 90 minutes. No regular meeting will occur in January due to the Christmas holiday.

6. MEMBERS SCOPE OF WORK

- 6.1. Review, provide feedback and approve the Risk Management Operating Guidelines;
- 6.2. Drive a positive risk management culture promoting risk escalation:
- 6.3. Provide guidance and direction on risk controls and risk mitigation strategies for strategic risks and emerging issues;
- 6.4. Monitor ongoing consideration of the risks associated with new significant or high-risk projects or initiatives;
- 6.5. Review strategic risks impacting on Council's objectives including risks arising from external factors such as changing regulations, market conditions and external events;
- 6.6. Provide guidance and direction on any unsolicited proposals received;
- 6.7. Provide input into the Strategic Risk and Opportunity Register and subsidiaries risk registers;
- 6.8. Provide input, comment and feedback on the Internal Audit Program (including Council subsidiaries), propose the Internal Audit Program for Audit & Risk Committee endorsement and oversee the implementation of the Internal Audit Program and implementation of audit recommendations;

Reviewed: February 2022 Next Review: February 2023

- 6.9. Ensure timely update of the reporting associated with the respective agenda items for which they are accountable;
- CITY OF ADELAIDE
- 6.10. Review the Terms of Reference of the Group on an annual basis.

 Operational amendments (eg. Change in position titles or similar minor administrative amendments) can be made by the Chair as needed; and
- 6.11. On an annual basis, the Group will review its own performance and membership and Terms of Reference to ensure it is operating at maximum effectiveness.

7. RISK APPETITE

- 7.1. The Group will review the risk appetite of the Corporation and risk delegations) as referred to in the Risk Management Operating Guideline
- 7.2. The Risk Management Operating Guidelines states 'The City of Adelaide will accept a moderate residual risk rating however significant focus is to be put on the healthy and mature risk conversations through the executive Strategic Risk and Internal Audit group (SRIA), which underpins the organisation's risk culture and enables better informed decision making'

8. UNSOLICITED PROPOSALS

- 8.1. SRIA is used to assess the risks and opportunities from any unsolicited proposals submitted.
- 8.2. Given that the consideration of an unsolicited proposal is directly related to an assessment of risk, it is appropriate to utilise SRIA to ensure that unsolicited proposals are assessed from a risk management perspective.
- 8.3. The assessment processes will also include involvement, where appropriate, of Council's Committees to ensure relevant input is received. For instance, where a proposal involves the Park Lands

Reviewed: February 2022 Next Review: February 2023

- 8.4. then input would be sought from APLA as Council's advisory body

 for matters relating to the Park Lands.

 CITY OF
 ADELAIDE
- 8.5. SRIA will ensure that the evaluation process includes consideration of key elements such as:
- 8.6. Strategic plan alignment,
- 8.7. Relevance to existing policies,
- 8.8. Legislative compliance,
- 8.9. Providing transparency in the decision-making process, and
- 8.10. Respecting, when appropriate, any confidentiality requirements to protect the interests of the City of Adelaide on behalf of ratepayers.

9. RELATIONSHIP WITH OTHER GROUPS/COMMITTEES

9.1. The Group's key relationship is with the Audit & Risk Committee. A report will be presented to the Council's Audit & Risk Committee on a quarterly basis, to provide an update on the activities of the Strategic Risk and Internal Audit Group meeting.

Reviewed: February 2022 Next Review: February 2023

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Agenda Item 7.1

The 2025/26 BP&B – priorities, parameters, assumptions and current position

Strategic Alignment - Our Corporation

Public

Friday, 21 February 2025 Audit and Risk Committee

Presenter: Chief Executive Officer, Michael Sedgman

PURPOSE OF WORKSHOP

The purpose of the Business Plan and Budget is to demonstrate responsible management of public funds to support community outcomes, represent Council commitment to the community through annual priorities and proposed deliverables for the year, alignment to our services, strategies and action plans, and articulates the challenges and opportunities of the current environment.

This workshop will outline:

- The roadmap for the 2025/26 Business Plan and Budget
- 2025/26 Priorities discussed with Council Members
- Long Term Financial Plan principles and assumptions
- Current budget position
- Revenue levers

- END OF REPORT -

Our Corporation

2025/26 Business Plan and Budget

Priorities, parameters, assumptions and current position

21 February 2025 Michael Sedgman, Chief Executive Officer





Roadmap

Building a Business Plan and Budget



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Introduction

- Maintain base budget: reflects existing services and service levels
- Identify and apply permanent changes: throughout the year Council Decisions and ongoing cost/revenue impacts (e.g. Adelaide Aquatic Centre)
- Apply escalators: Enterprise Agreement, CPI (goods and services) and Other (including some revenue items)
- Incorporate one-off differences to base budget: temporary business changes (e.g. temporary closure of Central Market Arcade)
- Consider new initiatives: ↑↓ service levels or stop/start a service or strategic projects, defined to be delivered within a scope and over a defined period of time to deliver on Council's Strategic Plan objectives
- Review consolidated position
- Set target surplus through adjusting levers: new initiatives, services provided, fees + charges, rate revenue & target savings - others?

Subsidiary Budgets

During the 2024/25 BP&B development process we heard from Elected Members the proposal of providing the subsidiaries with a budget allocation.

CITY OF ADELAIDE

Current funding allocation model (Kadaltilla & ACMA)

- Operating budget allocation as per our base budget process and LTFP
- Competitive bid process for Strategic Projects, Capital Projects and Service Changes for the entire organisation

% Based funding model (AEDA)

- A percentage of rate income to manage and prioritise for the operating budget and strategic project budgets
- This would give autonomy to manage the resourcing, delivery and strategic project prioritisation
- Retain competitive bid process for Capital Projects for AEDA as part of the entire organisation

Total Op budget \$10m Op budget \$8.0m Additional Strat Proj budget \$0.4m Strat Proj budget \$1.6m

		2023,	/24 Actual	2024	/25 Q1	2025/2	6 - current	=	5 - % Rates venue
Rates Revenue (excl RM Levy & Landscape Levy)		129,288	Proportion of rates	138,969	Proportion of rates	143,138	Proportion of rates	143,138	Proportion of rates
AEDA	Operations	7,838	6.1%	8,103	5.8%	8,346	5.8%	8,346	5.8%
	Strategic Projects	1,053	0.8%	533	0.4%	-	0.0%	1,636	1.1%
	Total	8,891	6.9%	8,636	6.2%	8,346	5.8%	9,982	7.0%
Strategic Projects	Pool	5,787	4.48%	6,716	4.83%	6,694	4.68%	6,694	4.68%
AEDA	Share	1,053	18.20%	533	7.94%	-	0.00%	1,636	24.44%

Subsidiary Budgets



During the 2024/25 BP&B development process we heard from Elected Members the proposal of providing the subsidiaries with a budget allocation.

ACMA – Self Funding Subsidiary

- ACMA generates its revenue source through leasing activities.
- Operational expenditure is funded through its revenue i.e. will generate a break-even position or surplus
- During the One Market transition, ACMA require funding support from CoA
- Retain competitive bid processory Retain Retain competitive bid processory Retain competitive bid process for Strategic Projects, Capital Projects (New & Upgrade) and Service Changes for ACMA as part of the entire organisation

- Stallholder renewal budget allocation to align to leasing arrangements as opposed to asset useful lives (Commercial driven Renewals)
- Renewal of the building and other aspects to align to current Asset Management Plans and agreed service levels
- New and Upgrade allocation to align to future stallholder upgrades. Council to agree to an allocation, contingent on lease agreements, budget to be recognised on a quarterly basis

		2023/2	2023/24 Actual		2024/25 Q1		- Current
Rates Reve	nue (excl RM Levy & Levy)	129,288	Proportion of rates	138,969	Proportion of rates	143,138	Proportion of rates
АСМА	Operations	(88)	0.00%	138	0.10%	_	0.00%
	Strategic Projects	0	0.00%	220	0.16%	1,000	0.70%
	Market Preparadness	0		600	0.43%	618	0.43%
	Total	(88)	0.00%	958	0.69%	1,618	1.13%

25-26 Projections Based on Current Assumptions



\$'000s	2024/25		2025	5-26	
Operating Position	Q1 Budget	LTFP	Base	Variance \$	%
Income					
Rates Revenues	144,908	154,896	154,908	12	0.0%
Fees and Charges	84,460	86,341	87,368	1,027	1.2%
Grants, Subsidies and Contributions	5,057	4,646	4,454	(192)	(4.1%)
Other Income	1,283	1,218	1,047	(171)	(14.1%)
Total Income	235,708	247,101	247,777	676	0.3%
Expenses					
E m ployee Costs	86,489	88,853	89,394	(541)	(0.6%)
aterials, Contracts & Other Expenses	75,779	77,757	79,978	(2,221)	(2.9%)
sonsorships, Contributions and Donations	6,408	6,334	5,600	734	11.6%
Depreciation, Amortisation & Impairment	56,857	64,462	64,506	(44)	(0.1%)
Finance Costs	808	3,626	717	2,909	80.2%
Total Expenses	226,341	241,031	240,195	836	0.3%
Operating Surplus / (Deficit)	9,367	6,070	7,582	1,512	
Capital Program					
Renewal/Replacement of Assets	56,022	67,936	67,936	0	0.0%
New and Upgraded Assets	66,890	39,119	39,119	0	0.0%
Total Gross Capital Program	122,912	107,055	107,055	0	0.00%
Borrowings	23,733	94,834	58,245	36,589	38.6%
slide 5				2	.5/26 BP&B:

Operating Position

- Base budget reflects existing services and service levels with a Strategic Project allocation of \$6.694m
- Rates Revenue incorporates Asset Renewal Repair Fund (equates to 2.2% rates increase) and lifting Asset Renewal Funding Ratio (equates to 0.4% rates increase)
- Does not include any new or changes to Services. These will be considered on 11th March

Capital Program

- Renewal/Replacement of Assets based on adopted Asset Management Plans / LTFP. Assumes 93.5% Asset Renewal Funding Ratio
- LTFP allocation for New and Upgraded Assets includes \$21.140m commitment for Mainstreets, \$8.778m for One Market, and \$2.225m Upgrade to Park Lands Buildings
- Timing reallocation of One Market / Mainstreets will be considered during the Q2 2024/25 Budget Update

Borrowings

- Based on the current base 2024/25 Budget, forecast borrowings will remain consistent
- Additional borrowing requirement of \$34.467m is required in 2025/26 based on the New and Upgrade Capital Program
- In order to sustain this level of borrowing and continue to repay over 20 years, an operating surplus of \$4.390m would need to be generated in 2025/26

Rates Revenue



Key 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

		\$′000s	Rates Equivalent Revenue % Increase
Page 2	General Rates Revenue (Less Mandatory and Discretionary Rebates)	138,663	
27	Annual Indexation	4,155	3.0%
3	Asset Renewal Repair Fund	3,110	2.2%
4	Asset Renewal Funding Ratio increase	606	0.4%
	General Rates Revenue (excluding Growth)	146,534	5.6%
5	Growth from new developments	1,926	1.4%
	Total General Rates Revenue	148,460	7.0%
6	Natural Resource Management Levy	1,932	
7	Rundle Mall Separate Rate	4,138	
8	Building Upgrade Finance	41	
9	Penalties for Late Payment	338	
	Rates Revenues	154,908	

Components of Rates Revenue

- . Base General Rates Revenue net of Rebates (Mandatory & Discretionary)
- 2. CPI assumption of 3% increase in property valuations / RID
- 3. Asset Renewal Repair Fund to be funded by an increase in rates revenue over 3 years through the utilisation of short-term borrowings
- 4. Increase in the Asset Renewal Funding Ratio to 93.5% as per the adopted LTFP
- 5. Growth assumption including 88 O'Connell Street
- 6. Regional Landscape Levy (pass through)
- 7. Rundle Mall Separate Rate to be utilised for advertising/promotion of Rundle Mall
- 8. Building Upgrade Finance
- 9. Fines and Interest on overdue rates

25-26 Projections Based on Current Assumptions

CITY OF ADELAIDE

	Financial Indicator	Explanation	Target	2024/25 Q1	2025/26 LTFP	2025/26 Base
	Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%	4.0%	2.5%	3.1%
	Net Financial Liabilities	Financial liabilities and a percentage of operating income	Less than 80%	15%	48%	48%
Ū	Asset Sustainability Ratio	Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans	90%-110%	92.50%	93.50%	93.50%
Dage 28	Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%	8%	29%	19%
	Interest Expense Ratio	Interest expense as a percentage of General Rates Revenue (less Landscape Levy)	Maximum 10%	2.00%	2.00%	2.25%
	Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less Landscape Levy)	Maximum 1.5 years	0.2 years	0.6 years	0.4 years
	Cash Flow from Operations Ratio	Operating income as a percentage of Operating Expenditure plus expenditure on renewal/replacement of assets	Greater than 100%	110%	101%	97%
	Borrowings	Borrowings as a percentage of the Prudential Borrowing Limit	Within Prudential Limits	15%	58%	38%

Analysis

- Cash flow from Operations Ratio sits just within the target ratio. It illustrates that there is insufficient cash flow from the operating position to fund the renewal/replacement of assets and the servicing of borrowings
- All other ratios are within Target range.

Levers



	Operating Position	\$'000s	Rates Equivalent Revenue % Increase
1	Target Operating Position	8,541	
2	Current Base Operating Position	7,582	5.6%
3	Shortfall	959	0.7%

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- 1. Target Operating Surplus position required to adequately service borrowings (interest and principal payments)
- 2. Base Operating Position incorporates 2024/25 adjustments, LTFP assumptions (CPI of 3.0% applied), ARRF and ARFR increases
- 3. Difference between 1 and 2, which equates to an additional 0.7% increase to Rates revenue

Key Financial Principles:

- 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
- Consider new and different revenue streams and the approach to commercial businesses to reduce reliance on existing revenue sources
- Borrowings will be used to fund new and upgrade projects (which include major projects) and not used to fund operations, expenses or renewal projects

Levers



The following Operating Position and KFIs are presented illustrating the targeting operating position and Renewals funded through an increase in Rates Revenue

\$'000s		2025/26		
Operating Position	LTFP	Revised	Variance	%
Income				
Rates Revenues	154,896	155,867	971	0.6%
Fees and Charges	86,341	87,368	1,027	1.2%
Grants, Subsidies and Contributions	4,646	4,454	(192)	(4.1%)
Other Income	1,218	1,047	(171)	(14.1%)
Total Income	247,101	248,736	1,635	0.7%
Employee Costs				
Employee Costs	88,853	89,394	(541)	(0.6%)
Materials, Contracts & Other Expenses	77,757	79,978	(2,221)	(2.9%)
Sponsorships, Contributions and Donations	6,334	5,600	734	11.6%
Depreciation, Amortisation & Impairment	64,462	64,462	0	0.0%
Finance Costs	3,626	717	2,909	80.2%
Total Expenses	241,031			0.4%
Operating Surplus / (Deficit)	6,070	8,541	2,471	
Capital Program				
Renewal/Replacement of Assets	67,936	67,936	0	0.00%
New and Upgraded Assets	39,119	39,119	0	0.00%
Total Gross Capital Program	107,055	107,055	0	
Borrowings	94,834	57,241	37,593	39.6%

Key Financial Indicator (KFIs)	Target	2025/26
Operating Surplus Ratio	0%-20%	3.4%
Net Financial Liabilities	Less than 80%	48%
Asset Sustainability Ratio	90%-110%	93.50%
Asset Test Ratio	Maximum 50%	19%
Interest Expense Ratio	Maximum 10%	1.95%
Leverage Test Ratio	Maximum 1.5 years	0.38 years
Cash Flow from Operations Ratio	Greater than 100%	98%
Borrowings	Within Prudential Limits	37%

Next Steps

Timeline and process



The proposed timelines seek to manage the process in an efficient and transparent manner.

After this session:

- Administration will continue to refine its operating budget and review budget bids, to develop the Draft 2025/26 BP&B.
 - An update on the development of the 2025/26 BP&B will be presented to ARC on 11 April 2025.

Date	Торіс
3 Dec	Introduction and process for building the 2025/26 BP&B – parameters and priorities (as per LTFP and Strat Plan)
10 Dec	Current position (LTFP, precommitments, retimes) and Subsidiary budget allocations (also launch member bids)
11 Feb	The build of the 2025/26 BP&B − assumptions, set 25/26 priorities and revenue levers ✓
21 Feb	ARC - The 2025/26 BP&B – priorities, parameters, assumptions and current position
11 Mar	Operating Budget review – ESCOSA Findings, base budget, service changes, revenue mix and budget levers (including fees and charges)
18 Mar	Review of Strategic Projects and Subsidiary Draft BP&Bs (ACMA and AEDA)
25 Mar	Review of Capital Projects
1 Apr	Final review of budgets and projects
11 Apr	ARC - Draft 2025/26 BP&B - update
15 Apr 22 Apr	Draft 2025/26 BP&B for community consultation purposes
29 Apr – 20 May	Community Consultation (including presentation of Draft 2025/26 BP&B to Subsidiary boards)
27 May	Special hearing for public consultation
10 Jun	Receipt of submissions
17 Jun 24 Jun	Final 2025/26 BP&B



PRE-READING

Priorities | LTFP key financial assumptions | Types of revenue levers

What we heard – Priorities



Council is required to set Annual Priorities each financial year as per the *Local Government Act 1999*. Priority setting is an important part of Council sharing its leadership approach and vision, to drive outcomes for the city. These priorities are derived directly from the 70 Key Actions of Councils 2024-2028 Strategic Plan.

At the workshop on 3 December 2024, Council Members raised the following priorities and considerations in developing the BP&B 2025/26...

WHAT WE HEARD

BUILDING THE BP&B

Budgets

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- LTFP (staying the course)
- Rates (alternate streams, rate exemptions and rebates, rate increases)
- Fee Structure
- Subsidiaries and consideration for a budget allocation

Partnerships

- Funding Opportunities Federal / State Government
- Lobbying Strategies
- Funding for key capital projects (Weir, Adelaide Bridge, Main Streets etc)

PRIORITIES FOR THE BP&B

Alignment to the delivery of the Strategic Plan 2024-28 and ensuring we are planning the delivery of Strategies and Plans:

- City Plan
- Disability Access and Inclusion Plan 2024/28
- Economic Development Strategy 2024/28
- Homelessness Strategy Everyone's Business
- Housing Strategy investing in our Housing Future
- Integrate Climate Strategy
- Integrated Transport Strategy

Annual Priorities



The following priorities were discussed with Council Members on 11 February 2025, to adopt as part of 2025/26 BP&B:

	Aspiration	Key Strategic Plan Action to prioritise for 2025/26	Supporting Strategies
	Our Community	Support increased residential growth and housing affordability through partnerships and advocacy	Housing Strategy – investing in our Housing Future, Homelessness Strategy – Everyone's Business, Economic Development Strategy, City Plan
		Celebrate and elevate our community culture and the profiles of multicultural communities and create welcoming programs and services	Disability Access and Inclusion Plan 2024/28, Cultural Policy (<i>in development</i>)
Page	Our Environment	Make public electric vehicle charging infrastructure available for all users, including micro-mobility, catalysing the uptake of electric vehicles in Adelaide and improving Council and community performance on transport emissions	Integrated Climate Strategy, Integrated Transport Strategy <i>(in development)</i> , Economic Development Strategy
32		Work with partners to create innovative ways to create or convert underutilised areas to green space	Integrated Climate Strategy, Adelaide Park Lands Management Strategy
	Our Economy	Reinforce the position of Adelaide as the State's central business district and amplify Adelaide's reputation as a place to learn, work and start a business	Economic Development Strategy, Integrated Climate Strategy, AEDA Strategic Plan
		Provide services and information that contribute towards a high productivity economy	Economic Development Strategy, AEDA Strategic Plan
	Our Places	Work with partners to increase active and diverse transport measures to ensure drivers, cyclists and pedestrians can safely and easily move within the city with a goal to minimise road incidents and decrease fatalities	Integrated Transport Strategy (in development)
		Encourage repurposing, adaptive reuse and improvement of buildings and facilities	Housing Strategy – investing in our Housing Future, Economic Development Strategy, City Plan
	Our Corporation	Create, maintain and integrate plans and policies that reflect and guide decision making and support our city and our community to thrive	All Strategies and Plans will be supported
		Attract and retain people with skills and behaviours which align with our organisational objectives and values	All Strategies and Plans will be supported

Key Financial Assumptions – 2033/34 LTFP

CITY OF ORSE DE LAIDE

To guide financial strategy and future-decision making and ensure long term financial sustainability, Council endorsed set of Financial Principles, which include:

- Transparency in decision making
- Approach to rates, fees and charges is fair and equitable with fees and charges reflecting cost of services provided
- Service delivery reflects the needs of the community
- Continue to deliver a minimum of the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI)
- Maintain the current rating system and operating surplus
- Capitalise 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 which require matched funding
 - Consider new and different revenue streams and the approach to commercial businesses to reduce reliance on existing revenue sources
 - 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
 - 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 revenues, and/or through savings not from borrowings
 - Capital renewal expenditure will be based on asset management plans and prioritised based on audit condition and risk
 - Proceeds from divesting under-performing assets will provision a future fund, to invest in future revenue-generating assets



To guide financial strategy and future decision-making to ensure long term financial sustainability, Council endorsed a set of Financial Principles, which include:

- Consider the disposal, purchase and/or re purposing of property assets to unlock the potential and future prosperity of the city, without incurring a financial loss
- Borrowings will be used to fund new and upgrade projects (which include major projects) and will not used to fund operations, expenses or renewal projects
- Short-term borrowings will be used to fund the Asset Renewal Repair Fund, to ensure the Page increased spending required through the revised Asset Management Plans can be spread over a longer period to meet community expectation, and their capacity to pay is managed over time through sustainable rate increases
 - Generate a cash-flow from operations ratio greater than 100% to generate adequate cash from operations to replace assets over time and to service new debt associated with new and upgraded assets by being able to repay the principal and interest associated with those borrowings

A council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

Revenue Levers & Level of influence



- Full discretion on all levers in the long term
- Renewal Program based on evidence and revised AMPs
- Some services difficult to get financial improvement quickly
 - Upgraded Assets can, subject to need, be deferred
 - Borrowings result from decisions relating to New Capital spend

	Expenditure (cash outflows)	Funding (cash inflows)
Limited discretion In the short term	Renewal program	Grants and sponsorship
Some discretion in the short term	Business activities / services Upgraded assets Maintenance activities	Borrowings
Full discretion in the short term	Strategic projects New assets Major projects	Rates Fees and user charges Strategic Property activities

2024/25 Business Plan & Budget Quarter 2 Update

Strategic Alignment - Our Corporation

Public

Agenda Item 8.1

Friday, 21 February 2025

Audit and Risk Committee

Program Contact:

Michelle Arbon, Acting Manager Strategy & Insights

Approving Officer:

Anthony Spartalis, Chief Operating Officer

EXECUTIVE SUMMARY

This report presents the performance and delivery status of Council's commitments against the 2024-2025 Business Plan and Budget (BP&B) for the second quarter (October to December 2024) for the Audit and Risk Committee's consideration. Included within this report are recommendations for business plan and budget changes, an overview of Portfolio and Project achievements, as well as the performance of Council subsidiaries.

The year-to-date operating position as at 31 December 2024 is an operating surplus of \$11.729m, which is \$3.876m higher than the YTD budget of \$7.852m, for this period.

The projected year end operating position is an operating surplus of \$9.367m which remains consistent with the adopted budget. Total estimated operating revenue is forecast to be \$237.913m which is \$2.205m higher than the Quarter 1 budget of \$235.708m. This is mainly due to the recognition of additional external grant funding of \$1.511m, commercial parking revenue of \$0.685m, and bank interest of \$0.549m. Rates revenue has reduced by \$0.549m due to objections and a higher level of discretionary rebates provided through the 10% rates cap. Total estimated operating expenditure (including depreciation) is forecast to be \$228.546m which is \$2.205m higher than the Quarter 1 budget of \$226.341m. This is due to an increase in Strategic Project funding of \$0.803m, additional aquatic centre operating expenditure of \$0.365m, increase in insurance premiums \$0.233m, outsourcing of the property valuation function \$0.220m, expenditure associated with increase in commercial parking \$0.195m, tree management inspections and framework \$0.187m, and costs associated with the new organisation structure from 6 January \$0.183m.

The year-to-date Capital Expenditure as at 31 December 2024 is \$37.529m, which is \$9.747m lower than the YTD budget of \$47.275m for this period.

The Capital Program is proposed to decrease by \$1.869m from \$122.912m to \$121.043m. The renewal program has been increased by \$0.274m.

In this period 84% of Strategic Projects and 66% of Capital Projects (excluding renewals) were on track (time and budget). 36% of the renewal budget for the financial year has been expended, with 15 renewal projects completed in the quarter.

Quarterly reports are provided to the Audit and Risk Committee in accordance with its Terms of Reference and its role in monitoring the integrity of Council's financial statements and reporting, as well as its role in reviewing and overseeing Council's integrated Business Planning process. This reporting framework supports Council's commitment to transparency and accountability.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

- 1. Receives the City of Adelaide 2024/25 Business Plan and Budget Quarter 2 Update as provided in Attachment A to Item 8.1 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.
- 2. Approves adjustments for the 2024/25 Business Plan and Budget (BP&B) as identified in this report and reflected in Attachment A to Item 8.1 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.
- 3. Notes the year-to-date Operating (Financial Performance) for the quarter ending 31 December 2024, which includes:
 - 3.1. Total operating revenue of \$119.775m (\$1.923m higher than the budget of \$117.851m, for the period)
 - 3.2. Total operating expenses (including depreciation) of \$108.046m (\$1.953m lower than the budget of \$109.999m, for the period)
 - 3.3. An operating surplus of \$11.729m (\$3.876m higher than the budget of \$7.852m, for the period)
 - 3.4. Total Capital Expenditure of \$37.529m (\$9.747m lower than the budget of \$47.275m, for the period)
 - 3.5. Net cash surplus position of \$20.999m.
- 4. Approves budgeted year end Operating Position, which includes:
 - 4.1. Total operating revenue of \$237.913m (\$2.205m higher than the Quarter 1 budget of \$235.708m)
 - 4.2. Total operating expenses (including depreciation) of \$228.546m (\$2.205m higher than the adopted budget of \$226.341m)
 - 4.3. An operating surplus/deficit of \$9.367m (consistent with the Quarter 1 budget of \$9.367m).
- 5. Approves total capital expenditure of \$121.043m for 2024/25 year (\$1.869m lower than the Quarter 1 budget of \$122.912m).
- 6. Approves total borrowings of \$20.373m projected to 30 June 2025 (\$3.360m lower than the Quarter 1 projected borrowings of \$23.733m to 30 June 2025).
- 7. Receives the Council Subsidiary Quarter 2 updates as provided as Attachments B, C, D and E to Item 8.1 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.

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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Quarterly reporting supports Council's <i>financial sustainability</i> objective within the 2024-2028 Strategic Plan.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Quarterly reporting is an important part of monitoring the organisation's performance and effectiveness against Council's planned activities, which is required under Section 122 (1) of the Local Government Act 1999 (SA).
Opportunities	Quarterly reporting enables Council to make informed and timely decisions to maintain or change its services, assets, and budgets to meet community expectations and needs, maintaining or improving Council's financial position, and enabling Council to be responsive to risks and opportunities.
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	Not as a result of this report
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

Audit and Risk Committee – Agenda – Friday, 21 February 2025

DISCUSSION

FINANCIAL SUMMARY

Year to Date

- 1. The year-to-date operating position as at 31 December 2024 was an operating surplus of \$11.729m, which is \$3.876m favourable to the YTD budget of \$7.852m surplus, for the period.
 - 1.1. Total operating revenue of \$119.775m (\$1.923m higher than the budget of \$117.851m, for the period).
 - 1.2. Total operating expenses (including depreciation) of \$108.046m (\$1.953m lower than the budget of \$109.999m, for the period).
- 2. This variance is driven by:
 - 2.1. Revenue being \$1.923m favourable to budget largely due to higher fees and charges across Parking \$1.031m, Nursery Sales \$0.125m, and events income \$0.093m partially offset by unfavourable expiation income (\$0.465m) and Town Hall (\$0.521m). Grants, subsidies and contributions income is \$0.393m due to recognising works completed for the resilient flood mapping project. Other income is favourable due to bank interest earned on a positive cash position \$0.432m and insurance claims \$0.213m.
 - 2.2. Expenditure being \$1.953m favourable and is largely due to timing associated with Strategic Projects \$1.414m, computer software \$0.626m, consultants \$0.318m, and catering \$0.487m. Employee costs net of temporary contractual labour an apprentices is \$0.072m favourable. Depreciation is (\$1.137m) unfavourable reflecting the 2023/24 asset revaluations.
- 3. The year-to-date Capital Expenditure as at 31 December 2024 was \$37.529m, which is \$9.747m lower than the YTD budget of \$47.275m for this period.
- 4. As of 31 December, Council had a net cash surplus of \$20.999m, with \$2.271m in bank accounts and \$18.728m in deposits.

Projected Annual Financial Summary

- 5. The proposed Quarter 2 review delivers an end of year operating surplus/deficit of \$9.367m, (in line with the Quarter 1 adopted budget):
 - 5.1. Total estimated operating revenue of \$237.913m.
 - 5.2. Total estimated operating expenses (including depreciation) of \$228.546m.
- 6. Operating revenue has increased by \$2.205 from the 2024/25 Quarter 1 budget of \$235.708m to estimated income of \$237.913m. Of that increase \$1.511m relates to additional grant funding received to deliver Strategic Projects, \$0.685m relates to an increase in commercial parking revenue, and \$0.549m bank interest. Rates revenue has reduced by (\$0.549m) due to objections and a higher level of discretionary rebates provided through the 10% rates cap.
- 7. Operating expenditure increased by \$2.205m from the 2024/25 Quarter 1 budget of \$226.341m to estimated expenditure of \$228.546m. The increase is mainly due to an increase in Strategic Project funding of \$0.803m, additional aquatic centre operating expenditure of \$0.365m, increase in insurance premiums \$0.233m, outsourcing of the property valuation function \$0.220m, expenditure associated with increase in commercial parking \$0.195m, tree management inspections and framework \$0.187m, and costs associated with the new organisation structure from 6 January \$0.183m.
- 8. Total proposed Capital Expenditure for the year is \$121.043m (a decrease of \$1.869m compared to the Quarter 1 adopted budget of \$122.912m). The renewal program has been increased by \$0.274m.
- 9. Grant funding to support capital expenditure on new/upgraded assets of \$10.128m (\$1.113m increase to Quarter 1 adopted budget of \$9.015m).
- 10. Update financial statements are provided from page 49 in **Attachment A**.

ADJUSTMENTS TO THE 2024/25 BUSINESS PLAN AND BUDGET

Operating Program

- 11. Adjustments to Program deliverables and budgets for the quarter are not required, as permanent budget changes are accounted for largely through Strategic Project budget adjustments:
 - 11.1. Permanent changes to the budget of (\$0.505m) net increase in expenditure including changes in the organisation structure (\$0.184m), outsourcing of property valuations (\$0.220m), insurance premiums (\$0.233m), ongoing tree management inspection and reporting (\$0.100m), library outgoings (\$0.090m) and other individually minor adjustments of (\$0.169m). The additional costs are offset by a net increase in commercial parking income of \$0.490m.
 - 11.2. Adjustments to Strategic Projects (temporary in nature) for the quarter total \$0.663m decrease in net expenditure (\$0.803m increase in gross expenditure), consisting of:
 - 11.2.1. Recognition of grant funding associated with the Resilient Flood Mapping Project of \$0.966m.
 - 11.2.2. Inclusion of two new grant funded projects Adaptive Reuse City Housing Scheme and Heritage Incentive Scheme State Heritage Buildings, both attracting 100% grant funding for a total \$0.500m.
 - 11.2.3. Inclusion of two new strategic projects, Evaluation of Park Lands Dry Areas Regulation for a total (\$0.115m), and North Adelaide Golf Course Water Resources Study for a total of (\$0.026m) partially funded by a decrease within 5 strategic projects for a total of \$0.057m.
 - 11.2.4. Additional funding (a variance increase) is required for the Commercial Events Fund budget of (\$0.200m), for a total of \$0.500m aligned to Council direction, and stakeholder management for the Transport Strategy, for a total of (\$0.019m).
 - 11.2.5. A summary of the status of Strategic Projects is provided further in this report.
 - 11.3. Temporary (one-off) changes to the budget of (\$0.158m) net increase in expenditure driven by additional aquatic centre net operational spend (\$0.301m) (\$0.365m expenditure offset by \$0.064m additional income), New Year's Eve (\$0.132m), Kaurna Cultural Burn (\$0.055m), reduction in Market Expansion preparedness \$0.201m, and Bus Station sinking fund \$0.100m.
- 12. Further detailed information on these changes is on page 15 (Portfolio updates) in Attachment A.

Capital Program

- 13. Capital expenditure is proposed to decrease to \$121.043m for the year, which is \$1.869m lower than the Quarter 1 adopted budget of \$122.912m.
 - 13.1. New and Upgrade projects show revised expenditure of \$64.747m (\$2.143m decrease to the Quarter 1 approved budget of \$66.890m).
 - 13.2. Renewal expenditure shows revised expenditure of \$56.296m (\$0.274m increase to the Quarter 1 approved budget of \$56.022m).
- 14. Adjustments to the Capital program include:
 - 14.1. Retiming of works into 2025/26 to the value of \$10.701m, offset by bringing forward from 2025/26 \$5.924m for the Central Market Arcade Redevelopment.
 - 14.2. The release of unused project management costs \$1.000m.
 - 14.3. Accrued grant interest \$0.024m.
 - 14.4. Approval of funding for the Adelaide Aquatic Centre Capital works \$3.589m.
 - 14.5. Creation of a new project funded from the Rundle Mall Separate Rate \$0.020m.
 - 14.6. Change to the Renewal budget due to additional grant funding.
 - 14.7. A summary of the status of Capital Projects is provided further in this report.
- 15. Further detailed information on these changes is available from page 37 (Projects update) in **Attachment A**.

PROJECT DELIVERY SUMMARY

Strategic Projects

- 16. Including the adjustments outlined in this report, Council has a commitment of \$7.928m (\$6.054m net of grant funding) to deliver 38 Strategic Projects during 2024/25. 4 new Strategic Projects have been identified during Quarter 2. At the end of this quarter:
 - 16.1. 32 projects had both timeframe to deliver and budget on track.
 - 16.2. Four projects had both timeframe to deliver and budget at risk and are being managed and may exceed estimated time and adopted budget.
 - 16.3. Two projects have been completed as at 31 December 2024.
- 17. For information on these changes refer to the Strategic Projects summary from page 44 in Attachment A.

Capital Works Program

- 18. Including the adjustments outlined in this report, Council has a commitment of \$121.043m to deliver 427 projects as part of its Capital Works Program. At the end of this quarter:
 - 18.1. 53 new and upgrade projects had both timeframe to deliver and budget on track.
 - 18.2. 19 new and upgrade projects had both timeframe to deliver and budget at risk and are being managed but may exceed estimated time and adopted budget.
 - 18.3. Eight new and upgrade projects have been completed in the quarter
- 19. For information on these changes refer to the New and Significant Upgrades summary from page 37 and Renewals summary from page 42 in **Attachment A**.

COUNCIL SUBSIDIARIES SUMMARY

- 20. The Adelaide Central Market Authority, Adelaide Economic Development Agency and Kadaltilla / Adelaide Park Lands Authority have provided updates as per **Attachments B, C and D**.
- 21. The Brown Hill Keswick Creek Stormwater Board (Regional Subsidiary), which Council is a member of, has provided an update as per **Attachment E**.

Adelaide Central Market Authority - Year to Date Financial Summary

- 22. The year-to-date operating position as at 31 December 2024 is an operating surplus of \$0.087m, which is \$0.481m favourable when compared to the YTD budget of (\$0.394m) deficit for this period.
 - 22.1. Total operating revenue of \$2.778m.
 - 22.2. Total operating expenditure of \$2.691m.
- 23. The proposed changes for Adelaide Central Market Authority in Quarter 2 is a reduction in costs associated with the Market Expansion Preparedness \$0.201m, offset by a minor increase in depreciation of \$0.003m.

Adelaide Economic Development Agency – Year to Date Financial Summary

- 24. The year-to-date operating position as at 31 December 2024 is an operating deficit of (\$0.032m), which is \$0.256m unfavourable when compared to the YTD budget of an operating surplus of \$0.224mm for this period.
 - 24.1. Total operating revenue of \$5.739m, including \$3.395m appropriation of funds from the City of Adelaide.
 - 24.2. Total operating expenditure of \$5.771m.
- 25. The proposed changes for Adelaide Economic Development Agency in Quarter 2 is an increase in expenditure of \$0.094m of which \$0.200m is a Strategic Project for the Commercial Events Fund in line with the Council decision. Offsetting this increase is a reduction in Employee costs of \$0.086m associated with the changes to the organisation structure, and a transfer of \$0.020m of Rundle Mall funding to the capital program. \$0.143m is funded through an increase in appropriation of funds through the City of Adelaide.

Kadaltilla / Adelaide Park Lands Authority - Year to Date Financial Summary

- 26. The year-to-date operating position as at 31 December 2024 is an operating deficit of (\$0.148m), which is \$0.013m favourable when compared to the YTD budget of (\$0.161m) for this period.
 - 26.1. Total operating revenue of \$NIL.
 - 26.2. Total operating expenditure of \$0.148m.

There are no proposed changes to the Kadaltilla / Adelaide Park Lands Authority budget in Quarter 2.

DATA AND SUPPORTING INFORMATION

Nil

27.

ATTACHMENTS

Attachment A - 2024/25 Business Plan and Budget Quarter 2 Update

Attachment B – Adelaide Central Market Authority Quarter 2 Update

Attachment C - Adelaide Economic Development Agency Quarter 2 Update

Attachment D - Kadaltilla / Adelaide Park Lands Authority Quarter 2 Update

Attachment E - Brown Hill Keswick Creek Board Quarter 2 Update

- END OF REPORT -

2024/25 Business Plan & Budget

Our Adelaide. Bold. Aspirational. Innovative.



October to December 2024

Quarter 2 Update



Kaurna Acknowledgement

City of Adelaide tampendi, ngadlu Kaurna yertangga banbabanbalyarnedi (inbarendi). Kaurna meyunna yaitya mattanya Womma Tandanyako. Parnako yailtya, panuko tappa purruna, parnuko yerta ngadlu tampendi. Yellaka Kaurna meyunna itto yailtya, tappa purruna, yerta kuma burro martendi, burro warriappendi, burro tangka martulyaiendi. Kumarta yaitya miyurna iyangka yalaka ngadlu tampinthi.

City of Adelaide acknowledges the traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living today. And we also extend that respect to other Aboriginal Language Groups and other First Nations.

Legend

Throughout this document, these icons represent:

Status

- that the project timeline, delivery and budget are on track (based on latest adopted schedule and budget)
- that the project has risks that are being managed and may exceed estimated time and adopted budget
- that the project is no longer on track or within adopted budget / delivered outside of schedule and budget

Budget

- that there is no change from the most recent adopted budget to the proposed budget
- ▲ that there is an increase from the most recent adopted budget to the proposed budget
- ▼ that there is a <u>decrease</u> from the most recent adopted budget to the proposed budget

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CEO Message

Delivering the 2024/25 Business Plan and Budget



The 2024/25 Business Plan and Budget drives delivery of the first year of the City of Adelaide Strategic Plan 2024-2028. This report highlights our progress for Quarter 2 against the objectives of the Business Plan and Budget and the corresponding aspirations of our Strategic Plan.

At the end of Quarter 2, all eight Key Objectives of the 2024/25 Business Plan and Budget had commenced and are on track for delivery by the end of the financial year.

The 2024/25 Capital Program is continuing with strong progress being made across both New and Significant Upgrades, and Renewals. During the quarter, eight New and Significant Upgrade projects achieved practical completion, including Light Square electrical upgrades, Christmas 2024 – King William Street light pole motifs, Light Square infrastructure upgrade, motion sensor installations, and greening projects.

During the quarter, 15 renewal projects achieved practical completion, including Rundle Mall bollards renewal, Gawler UPark Facade coating treatment and various road and footpaths renewals. Several projects commenced during Quarter 2 including urban element renewals, bud lighting renewals, and various traffic signal and road renewal projects.

At the end of Quarter 2 the Strategic Project program was 55% committed or spent, with a focus on projects that support the delivery of the City of Adelaide Strategic Plan 2024-2028 and other endorsed strategies. New initiatives include the Adaptive Reuse City Housing Scheme, and Heritage Incentive Scheme – State Heritage Buildings, both 100% funded through State Government grants.

Financial planning and management over Quarter 2 has seen delivery of an operating result in line with the budget. The forecast operating surplus of \$9.367m will ensure that we remain in a strong position to support our priority to deliver the 2024/25 Business Plan and Budget within the parameters adopted by Council, the Long-Term Financial Plan, and associated Asset Management Plans.

Staff consultation on the Organisational Structure Review was progressed during the quarter with positive response to the proposed new portfolio structure. Recruitment for new and vacant roles commenced in late November 2024 with some appointments to be announced in January 2025.

I encourage you to read through and review this progress report on Quarter 2 achievements towards the delivery of the City of Adelaide's 2024/25 Business Plan and Budget and the priorities of our Strategic Plan 2024-2028.

Michael Sedgman
Chief Executive Officer

Executive Summary

This report presents the second quarter performance and delivery status of Council's commitments against the 2024/25 Business Plan and Budget (BP&B) (October to December 2024). Included are recommendations for business plan and budget changes, an overview of Portfolio and Project achievements, as well as the performance of Council subsidiaries.

The *year-to-date operating position* as at 31 December 2024 is an operating surplus of \$11.729m, which is \$3.876m higher than the YTD budget of \$7.852m, for this period.

The *projected year end operating position* is an operating surplus of \$9.367m which remains consistent with the Quarter 1 adopted budget.

Total estimated operating revenue is forecast to be \$237.913m which is \$2.205m higher than the Quarter 1 adopted budget of \$235.708m. This is mainly due to the recognition of additional external grant funding of \$1.511m, commercial parking revenue of \$0.685m, and bank interest of \$0.549m. Rates revenue has reduced by \$0.549m due to objections and a higher level of discretionary rebates provided through the 10% rates cap.

Total estimated operating expenditure (including depreciation) is forecast to be \$228.546m which is \$2.205m higher than the Quarter 1 adopted budget of \$226.341m. This is due to an increase in Strategic Project funding of \$0.803m, additional aquatic centre operating expenditure of \$0.365m, increase in insurance premiums \$0.233m, outsourcing of the property valuation function \$0.220m, expenditure associated with an increase in commercial parking \$0.195m, tree management inspections and framework \$0.187m, and costs associated with the new organisation structure from 6 January \$0.183m.

Operating Position (Financial Performance)

\$000's	YTD Actual	YTD Budget	Variance	Full Year Budget	Proposed Q2	Variance
Total Revenue	119,775	117,851	1,923	235,708	237,913	2,205
Total Expenses	108,046	109,999	1,953	226,341	228,546	(2,205)
Operating Surplus / Deficit	11,729	7,852	3,876	9,367	9,367	0

The year-to-date Capital Expenditure as at 31 December 2024 is \$37.529m, which is \$9.747m lower than the YTD budget of \$47.275m, for this period.

The *Capital Program* is proposed to decrease by \$1.869m from \$122.912m to \$121.043m. New and upgrade projects decreased by \$2.143m and the variances can be viewed on pages 39-41. The *Renewal Program* has increased by \$0.274m. Variances can be viewed on page 43.

Capital Program

	YTD Actual	YTD Budget	Variance	Full Year Budget	Proposed Q2	Variance
New and Upgrades Projects	17,553	25,184	7,630	66,890	64,747	2,143
Renewal / Replacement of Assets	19,975	22,091	2,116	56,022	56,296	(274)
Total Expenditure	37,529	47,275	9,747	122,912	121,043	1,869

Council's forecasted borrowings as of 30 June 2025 is reduced by \$3.360m from \$23.733m to \$20.373m as set out in the table below:

Borrowings Reconciliation	Q1 Budget	Proposed Q2	Movement
Opening Cash/(borrowings)	1,635	1,635	0
Operating Surplus	9,367	9,367	0
Net outlays on Renewal of Assets	(3,654)	(3,583)	(71)
Net outlays on New and Upgraded Assets	(43,811)	(40,474)	(3,337)
Receipt of Long-term lease extension payment	16,400	16,400	0
Movement in Net Payables and Receivables	(3,670)	(3,718)	48
Forecast Borrowings as at 30 June 2025	(23,733)	(20,373)	(3,360)

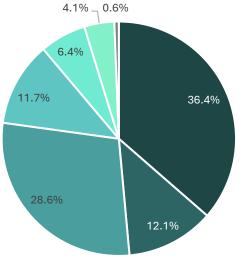
As at 31 December 2024, 84% of Strategic Projects and 66% of Capital Projects (excluding renewals) were on track (time and budget).

36% of the renewal budget for the financial year has been expended, with 15 renewal projects completed in the quarter.

Business Plan and Budget Funding Overview

Where our funds come from

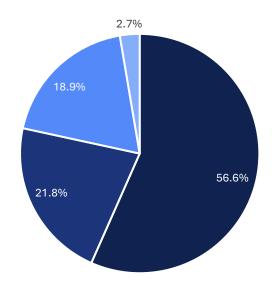
	Вι	ıdget (\$m)	
Rates - Non Residential	\$	108.270	36.4%
Rates - Residential	\$	36.090	12.1%
Fees and charges (Statutory & User Charges)	\$	85.164	28.6%
Borrowings	\$	34.690	11.7%
Proceeds from the Sale of			
Assets	\$	19.000	6.4%
External Funding	\$	12.341	4.1%
Other	\$	1.822	0.6%
TOTAL	\$	297.376	



- Rates Non Residential
- Rates Residential
- Fees and charges (Statutory & User Charges)
- Borrowings
- Proceeds from the Sale of Assets
- External Funding
- Other

How our funds are spent

TOTAL	\$	297.376	
Strategic Projects	\$	7.928	2.7%
Renewal/Replacement of Assets	\$	56.296	18.9%
New and Upgraded Assets	\$	64.747	21.8%
Service Delivery	\$	168.405	56.6%
	Вι	ıdget (\$m)	



- Service Delivery
- New and Upgraded Assets
- Renewal/Replacement of Assets
- Strategic Projects

Spotlight on Strategic Plan Key Projects

Our Community

Vibrant, connected and inclusive

Progress on Our Community Annual Priorities:

Implement the Housing Strategy, actively seek partnership opportunities with private, public and community developers to increase supply of affordable housing.

Concept design has commenced for the Flinders Street housing project which aspires to deliver 40% affordable housing. Cost planning is underway to undertake project feasibility.

Renewal SA has released a national call for development partners for Tapangka (former Franklin St Bus Station site), which closes 30 January 2025. Outcomes of the State Government's consultation are still pending.

Establish a new Stretch Reconciliation Action Plan, a Disability, Access and Inclusion Plan and a Cultural Policy.

Council approved the draft City of Adelaide Cultural Policy Discussion Paper on 8 October 2024, for public consultation between 4 November 2024 and 31 January 2025. Over 800 community members and industry stakeholders have provided feedback to strengthen, clarify or expand on the Themes and Priorities shared in the discussion paper.

The City of Adelaide's Reconciliation Committee approved the Stretch Reconciliation Action Plan 2024-2027 on 4 December 2024, and Council approved it on 10 December 2024.



Christmas 2024 – King William Street Light Poles 24/25 Budget \$0.188m Status Complete

Purchase and installation of new light pole decorations for Christmas 2024 at King William Street, Pulteney Street and Victoria Square with engineering investigations and electrical upgrades being undertaken where required. Lights were installed starting 18 November 2024 and were all completed by Christmas.



City Activation

24/25 Budget \$0.502m Status On Track SWING in Victoria Square/Tartanyangga was held from 10 – 24 October and saw almost 5,000 participants across this time. The SWING experience supported the Spring into Wellbeing campaign and World Health Month.



Disability Access and Inclusion Plan 2024-2028

24/25 Budget \$0.215m **Status** On Track Business Accessibility Support Program was endorsed by the Access and Inclusion Panel on 27 November 2024, with 10 applications received by the end of December 2024. This program has been developed to improve the accessibility and inclusivity of city businesses.



Adelaide's New Year's Eve

24/25 Budget \$0.568m **Status** On Track

New Years Eve 2024 on the Riverbank saw over 80,000

people ringing in the New Year with two fireworks displays

and live music during the night from local South Australian bands. *Photo: Cath Leo.*

Our Environment

Resilient, protected and sustainable

Progress on Our Environment Annual Priorities:

Deliver the Sustainability Incentive Scheme, supporting our partners and community to implement changes to enable a reduction in community carbon emissions.

In Quarter 2, 41 incentives were approved with an estimated saving of over 3,593 tonnes of emissions over the lifespan of the products and services provided. The incentives included 19 for active travel, 11 for smart and green energy initiatives, 4 climateready incentives 5 resource recovery incentives, 1 green incentive and 1 measure and learn incentive.

Partner with the State Government to undertake a Master Plan for Helen Mayo Park, improving community access.

The State Government and the City of Adelaide are continuing to work on finalising funding arrangements to enable Helen Mayo Park master planning to commence.



Light Square / Wauwi – Master Plan (detailed design)
24/25 Budget \$0.250m Status On Track

Community consultation closed on 14 October 2024, with over 200 community responses to two concept designs.

Underground services brief completed in November 2024.



Public Realm Greening Program

24/25 Budget \$5.844m Status At Risk Community consultation was undertaken for additional trees to be planted on South Terrace, King William and Mills Terrace. The community was receptive to the proposed tree planting. 24 new street trees are anticipated in these three locations.



planting season to occur in April/May 2025.



Feasibility Studies – Waste & Recycling Collection 24/25 Budget \$0.100m Status On Track Identification of future collection scenarios and development of a robust business model for the City of Adelaide kerbside and skip bin waste and recycling services to residents and businesses is well underway. Review of data and contracts occurred during Quarter 2.

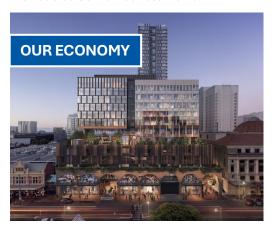
Our Economy

Growing, innovative and responsive

Progress on Our Economy Annual Priorities:

Deliver an investment attraction program as per the AEDA Business Plan

AEDA engaged with 54 businesses (YTD) on relocation and investment opportunities that have the potential of an additional 1,717 jobs in the Adelaide Central Business District.



Central Market Arcade Redevelopment

24/25 Budget

\$15.918m

Status

On Track

The project has now fully transitioned into the construction phase with four tower cranes established and up to 140 workers on site.

Progress on site has included suspended slab construction, precast panel installations and commencement of scaffolding for level two flooring.



Rundle Mall Live Music Program

24/25 Budget \$0.100m Status On Track
Between Friday 11 October and Sunday 22 December
over 51 musical performances were curated as part of the
Rundle Mall City Sessions. Sessions included Lunchtime
Live in October, The Fast Lane during the VAILO Adelaide
500 and Black Friday Beats in November, and Keys to the
City and Sounds of the Season in December 2024.



Commercial Events and Festivals Sponsorship

24/25 Budget

\$0.300m

Status

On Track

The Commercial Events and Festivals Sponsorship Program 2025 opened on 27 November 2024 and closed on 24 December 2024. 17 applications were received in the small to medium category and eight applications were received in the medium to large category. The AEDA Board will consider the applications in February 2025.



Tourism and Business Attraction

24/25 Budget

\$0.133m

33m

Status On Track

Initial scanning and industry engagement completed. Stages 2-3 of identifying and prioritising opportunities are underway and are anticpated to be completed by April 2025 with a report to the AEDA board in early May 2025.

Our Places

Interesting, purposeful and safe

Progress on Our Places Annual Priorities:

Deliver the Adaptive Reuse City Housing Initiative (ARCHI), identifying building stock suitable for adaptive reuse.

The ARCHI Incentives Scheme received 8 formal queries, and 3 funding agreements were formalised in Quarter 2. These agreements support the delivery of 7 dwellings (9 beds). One adaptive reuse project reached practical completion, delivering 4 studio apartments and 4 beds. There are 5 adaptive reuse projects in the ARCHI Incentive Scheme pipeline and 4 'change of use to residential' applications lodged on the Development Assessment Portal this quarter proposing 3 dwellings (7 beds).

Commence construction of the Hindley Street Revitalisation project and progress design for Gouger Street, O'Connell Street and Hutt Street Revitalisation projects.

The Hindley Street Project progressed detailed design to 70%. Detailed design for Gouger Street is anticipated to start in January 2025. Concept design for O'Connell Street was endorsed and detailed design has commenced. At a Council meeting on 26 November, the next phase of the Hutt Street Revitalisation projects was approved.



Hutt Street Entry Statement

24/25 Budget \$1.355m **S**

Status On Track

Final artwork installation achieved practical completion on 4 November 2024. Minor defects were rectified in November with Historic Hutt Street Trail signage the only element of the project outstanding.



Main Street Revitalisation – Hutt Street (detailed design)

24/25 Budget \$1.295m Status On Track

On 26 November 2024, Council approved five concept options for public consultation. Site investigations are progressing to include updated topographical and engineering survey, stormwater analysis and pavement condition assessment to inform the renewal scope and detailed design.



Public Art

24/25 Budget \$0.7m

Status On Track

Mock-up sculpture celebrating Barry Humphries presented to IPW Committee 19 November 2024, and on 26 November 2024, Council approved the City of Adelaide to oversee the sculpture commission near Her Majesty's Theatre.

*Mock-up of sculpture as presented to IPW Committee 19 November 2024



Transport Strategy

24/25 Budget \$0.276m Status On Track

A suite of eight discussion papers, with summary papers, were completed and used for Stage 2 community engagement. Engagement ran between 4 November and 2 December 2024 with over 450 submissions received. During this time, the State Government held community engagement of the State Transport Strategy which closed on 16 December 2024.

Our Corporation High performing, customer-centric and bold

Progress on Our Corporation Annual Priorities:

Deliver the 2024/25 Business Plan & Budget (BP&B) within Council adopted parameters and within the parameters of the Long Term Financial Plan, and associated Asset Management Plans.

Delivery of the 2024/25 BP&B within the adopted parameters is on track. Forecast operating position of \$9.367m. Asset Renewals \$56.296m. New and Upgraded Assets \$64.747m.



Graduate Program

24/25 Budget

\$0.841m

Status On Track

Interviews for the 2025 Graduate intake occurred in November 2024 for role commencement in February 2025. Five positions were available in the areas of Compliance and Enforcement, People Experience, Community Lifestyle, Development Compliance, and Finance.



On Street Parking Compliance Technology and **Customer Analytics Reform**

24/25 Budget

\$0.148m

Status On Track

Scope of analytics and actions resulting from insights continue to broaden, including optimising the monitoring of on-street parking and the assessment of community safety request trends via location.



ESCOSA Review

24/25 Budget

\$0.040m

On Track

Additional information requested by the designated authority (ESCOSA) has been provided. The final report likely to be published towards the end of February 2025.



Contact Centre Software Replacement

24/25 Budget

\$0.450m

Status

On Track

The Contact Centre Software Replacement project officially kicked off on 16 December 2024, with two workshops held during the week ending 20 December 2024.

Our Programs and Projects

Our Organisation

The City of Adelaide will deliver the 2024/25 Business Plan and Budget through our Organisational Structure, including our Portfolios, Offices and Subsidiaries.

	 Director City Shaping
City Shaping	City Culture
City Shaping	 Park Lands, Policy and Sustainability
	Regulatory Services
	 Director City Services
City Services	 City Operations
Oity Services	 Infrastructure
	 Strategic Property and Commercial
City Community*	Director City Community
	 Chief Operating Officer
	 Customer and Marketing
	 Finance and Procurement
Corporate Services	 Governance
	 Information Management
	People
	 Strategy, Insights and Performance
	 Adelaide Central Market Authority (ACMA)
	 Adelaide Economic Development Agency
Subsidiaries	(AEDA)
	 Kadaltilla / Adelaide Park Lands Authority
	(Kadaltilla)
Offices	 Office of the Chief Executive Officer
5 111000	 Office of the Lord Mayor

^{*}Effective 6 January 2025

Operational Summary

	Q.	Q1 Budget		Proposed Q2	
\$'000	Income	Expenditure	Income	Expenditure	
City Shaping					
Director City Shaping		(697)		(697)	
City Culture	6,242	(19,578)	6,298	(20,316)	
Park Lands, Policy and Sustainability	82	(7,451)	79	(7,436)	
Regulatory Services	16,712	(10,377)	16,712	(10,376)	
Strategic Projects	408	(2,328)	908	(2,913)	
City Services					
Director City Services		(699)		(699)	
City Operations	2,720	(44,154)	2,720	(44,336)	
Infrastructure		(47,568)	488	(47,554)	
Strategic Property and Commercial	56,556	(32,995)	57,240	(33,108)	
Strategic Projects		(3,469)	966	(3,487)	
City Community					
Director Community				(334)	
Corporate Services (including Subsidiaries)					
Chief Operating Officer		(1,014)		(1,014)	
Customer and Marketing	2	(6,712)	2	(6,714)	
Finance and Procurement	138	(4,600)	138	(4,821)	
Governance		(4,301)		(4,519)	
Information Management	31	(13,994)	31	(14,001)	
People		(4,658)		(4,660)	
Strategy, Insights and Performance		(1,617)		(1,537)	
Corporate Activities*	142,729	3,266	142,243	3,264	
Adelaide Central Market Authority	5,343	(6,081)	5,343	(5,880)	
Adelaide Economic Development Agency	4,417	(12,561)	4,417	(12,455)	
Kadaltilla / Adelaide Park Lands Authority	328	(328)	328	(328)	
Strategic Projects		(1,328)		(1,528)	
Offices					
Office of the CEO		(1,457)		(1,457)	
Office of the Lord Mayor		(1,640)		(1,640)	
Total	235,708	(226,341)	237,913	(228,546)	
Operating Surplus/(Deficit)		9,367		9,367	

^{*} Includes Rates Revenue, Corporation grants (e.g. Financial Assistance Grants), vacancy management target, and capital overhead.

City Shaping Portfolio

The City Shaping Portfolio leverages and celebrates our role as a Capital City Council and delivers the services that lead, shape and enable a creative, dynamic, resilient and diverse city both now and into the future.

Programs:

- City Culture
- Park Lands, Policy and Sustainability
- Regulatory Services

Key Focus areas:

- City activation, initiatives, grants and sponsorship
- Adelaide Park Lands greening, management and improvements
- Developing the City Plan
- Partnerships that support creative and resilient communities
- Kaurna heritage and voice and cultural mapping of the Adelaide Park Lands
- Heritage promotion and protection

Planning & Budget Updates

The State Government has made a contribution of \$0.250m for the Adaptive Reuse City Housing Initiative (ARCHI) Incentives Scheme. This is a dedicated grant program supporting delivery of residential adaptive reuse project in the City of Adelaide.

Operating Budget Changes

Recognition Welcome Home event for Olympic athletes \$.022m (funded through a contribution from the State Government).

Increase in New Year's Eve funding \$0.132m.

Increase in City Library rental outgoings \$0.090m.

Recognition of Annual Kaurna Cultural Burn in Carriageway Park/Tuthangga (Park 17) \$0.055m.

Reallocation of Park Lands and Sustainability vacancy management \$0.070m to partially fund the Dry Areas Evaluation project.

Transfer of Kaurna Ranger from City Operations \$0.071m.

Change in accounting treatment for Park Lands property income budget \$0.300m to recognise finance lease arrangement.

Recognition of Aquatic Centre income \$0.064m and operational expenditure \$0.365m to reflect centre closure on 1 August 2024 (original budget assumed 7 July 2024 closure).

Strategic Project Budget Changes

Recognition of the ARCHI Incentives Scheme \$0.250m (100% grant funded by State Government).

Recognition of the Heritage Incentives Scheme \$0.250m (100% grant funded by State Government).

Funding for Dry Areas Evaluation project \$0.115m.

Reduction in funding for Homelessness Strategy Implementation \$0.010m, Reconciliation Action Plan 2024-2027 Implementation \$0.010m, and Disability Access and Inclusion Plan Implementation \$0.010m to partially fund the Dry Areas Evaluation Project.

Portfolio Quarterly Highlights

City Culture

Key activities delivered this quarter included the 2024 Spring into Wellbeing campaign, which saw a variety of wellbeing events and initiatives delivered across the city such as Tai Chi, Cycling without Age and a Park Lands discovery tour for international students. Council formally adopted the Adelaide Park Lands Community Buildings (Sport and Recreation) Policy, providing a framework for the redevelopment of buildings in the Park Lands. Other highlights included Council's New Year's Eve event in Elder Park where around 40,000 community members attended. The 'Adelaide: Your Guide to Your City of Music' was launched at the Live Music Forum hosted by the Lord Mayor on 4 November.

Park Lands Policy & Sustainability

The Integrated Climate Strategy and City Plan received commendations at the Planning Institute of Australia, SA Division, Planning Awards in December 2024.

The City of Adelaide won the Minister's Award for Excellence in Public Health for Project Night Light, a pilot program that prioritises women's safety and aims to enhance Adelaide's status as a safer city for all to enjoy.

The City of Adelaide's proposed changes to the State Government's Planning and Design Code, to revise the 14 existing Historic Area Statements and nominate Representative Buildings was consulted on from 28 October to 9 December 2024. The consultation findings will be presented to the Council in Quarter 3.

The City of Adelaide entered a contract for the delivery of an Electric Vehicle (EV) Charging Station Network in accordance with the Council's EV Charging Network Roadmap and the Integrated Climate Strategy.

50 microclimate sensors were installed across the city to establish baseline conditions and accurately plot urban heat island effect.

Council endorsed a draft Social Infrastructure (Assets) Policy on 12 November 2024 which will open for community consultation on 6 January 2025 until 28 February 2025.

Regulatory Services

A 12-month Local Design Review trial commenced in December 2024, in partnership with the Office of Design and Architecture SA.

City Shaping Portfolio Budget

		Q	1 Budget		Proposed Q2			
\$'000	FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Ехр.	Total(N)
Operating Budget								
Revenue		23,444		23,444		23,997		23,997
Employee Costs	192.4		(25,063)	(25,063)	194.4		(25,313)	(25,313)
Materials			(9,802)	(9,802)			(10,014)	(10,014)
Sponsorships			(2,682)	(2,682)			(3,184)	(3,184)
Depreciation			(2,587)	(2,587)			(2,932)	(2,932)
Finance Costs			(295)	(295)			(295)	(295)
TOTAL	192.4	23,444	(40,429)	(16,985)	194.4	23,997	(41,738)	(17,741)
Program Budget								
Office of the Director	3.0		(697)	(697)	3.0		(697)	(697)
City Culture	70.0	6,242	(19,578)	(13,336)	70.0	6,298	(20,316)	(14,018)
Park Lands, Policy & Sustainability	34.6	82	(7,451)	(7,369)	35.6	79	(7,436)	(7,357)
Regulatory Services	81.0	16,712	(10,377)	6,335	82.0	16,712	(10,376)	6,336
Strategic Projects	3.8	408	(2,328)	(1,920)	3.8	908	(2,913)	(2,005)
TOTAL	192.4	23,444	(40,431)	(16,987)	194.4	23,997	(41,738)	(17,741)
					Q1 Budget		Propo	sed Q2
				\$'000	Inc.	Exp.	Inc.	Exp.
Capital Projects								
New and Upgrade					237	(7,715)	225	(4,770)
Renewal							274	(274)
TOTAL					237	(7,715)	499	(5,044)

City Culture

		Q1 Budget				Pr	Proposed Q2			
\$'000	FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Exp.	Total(N)		
Operating Budget										
Revenue		6,242		6,242		6,298		6,298		
Employee Costs	70.0		(9,115)	(9,115)	70.0		(9,365)	(9,365)		
Materials			(7,073)	(7,073)			(7,213)	(7,213)		
Sponsorships			(508)	(508)			(511)	(511)		
Depreciation			(2,587)	(2,587)			(2,932)	(2,932)		
Finance Costs			(295)	(295)			(295)	(295)		
TOTAL	70.0	6,242	(19,578)	(13,336)	70.0	6,298	(20,316)	(14,018)		
Activity View										
Associate Director (office)	2.0		(377)	(377)	2.0		(377)	(377)		
Adelaide Town Hall	5.0	3,130	(3,265)	(135)	5.0	3,130	(3,265)	(135)		
Aquatic Centre	0.0	130	(373)	(243)	0.0	194	(738)	(544)		
City Experience	15.1	792	(4,095)	(3,303)	15.1	814	(4,249)	(3,435)		
City Lifestyle	10.8	1,615	(3,692)	(2,077)	10.8	1,585	(3,747)	(2,162)		
Creative Cities	11.6	33	(2,425)	(2,392)	11.6	33	(2,425)	(2,392)		
Libraries	25.5	542	(5,351)	(4,809)	25.5	542	(5,515)	(4,973)		
TOTAL	70.0	6,242	(19,578)	(13,336)	70.0	6,298	(20,316)	(14,018)		

		Q1	Budget	Propo	sed Q2	
	\$'000	Inc.	Exp.	Inc.	Exp.	
Operating Activities						
Aboriginal Protocol Grant			(41)		(41)	
Adelaide's New Year's Eve		63	(568)	63	(700)	
Annual Delivery of Kaurna Initiatives		24	(26)	24	(81)	
ANZAC Day Service - March & Related Activities			(61)		(61)	
Arts and Cultural Grants			(262)		(262)	
Christmas Festival Action Plan			(529)		(529)	
City Activation - West End Precinct			(52)		(52)	
City Activation - East End Unleashed		40	(294)	40	(294)	
City Activation - Gouger Street Precinct			(52)		(52)	
City Activation - Hutt Street Precinct			(79)		(79)	
City Activation - North Adelaide Precinct			(106)		(106)	
City Activation - Precinct Support			(118)		(118)	
Community Capacity Development			(3)		(3)	
Community Impact Grants			(372)		(372)	
Live Music Industry and Venues Support		35	(93)	35	(93)	
UNESCO Adelaide City of Music Ltd Partnership			(54)		(54)	
Winter Weekends			(207)		(207)	
Social and Affordable Housing			(301)		(301)	
TOTAL		162	(3,218)	162	(3,405)	
		Q1	Budget	Propo	sed Q2	
	\$'000	Inc.	Ехр.	Inc.	Exp.	
Strategic Projects						
City Activation			(502)		(502)	
DHS Community Neighbourhood Development Funding		99	(99)	99	(99)	
Botanic Creek Rehabilitation					, ,	
Social Work in Libraries		25	(25)	25	(25)	
TOTAL		124	(626)	124	(626)	
		Q1	Budget	Propo	sed Q2	
	\$'000	Inc.	Exp.	Inc.	Exp.	
Capital Projects	7 - 00					
New and Upgrade		200	(1,303)	105	(598)	
Renewal				274	(274)	
TOTAL		200	(1,303)	379	(873)	

Park Lands, Policy & Sustainability

•	-			•							
		Q1 Budget					Proposed Q2				
	\$'000	FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Exp.	Total(N)		
Operating Budget											
Revenue			82		82		79		79		
Employee Costs		34.6		(5,112)	(5,112)	35.6		(5,113)	(5,113)		
Materials				(879)	(879)			(863)	(863)		
Sponsorships				(1,460)	(1,460)			(1,460)	(1,460)		
Depreciation					0				0		
Finance Costs					0				0		
TOTAL		34.6	82	(7,451)	(7,369)	35.6	79	(7,436)	(7,357)		

Activity View								
Associate Director (office)	3.0		(485)	(485)	3.0		(485)	(485)
City Planning and Heritage	17.2	44	(4,119)	(4,075)	17.2	44	(4,034)	(3,990)
Low Carbon & Circular Economy	7.0	38	(1,611)	(1,573)	7.8	35	(1,674)	(1,639)
Park Lands & Sustainability	7.4		(1,236)	(1,236)	7.6		(1,243)	(1,243)
TOTAL	34.6	82	(7,451)	(7,369)	35.6	79	(7,436)	(7,357)
					Q1	Budget	Propo	sed Q2
				\$'000	Inc.	Ехр.	Inc.	Exp.
Operating Activities								
Carbon Neutral Adelaide (CCAIF)						(240)		(240)
City of Adelaide Prize						(30)		(30)
Climate Change Action Initiatives (CCA	IF)					(445)		(445)
Economic Policy						(42)		(42)
Heritage Incentive Scheme						(1,163)		(1,163)
Heritage Promotion Program						(182)		(182)
History Festival						(32)		(32)
Homelessness - Social and Affordable I	Housing					(160)		(160)
Homeless and Vulnerable People Proje	ct				44	(44)	44	(44)
NAIDOC Week Celebrations						(54)		(54)
Noise Management Program Incentive S	Scheme					(46)		(46)
Safer City Program						(247)		(197)
TOTAL					44	(2,685)	44	(2,635)
					Q1	Budget	Propo	sed Q2
				\$'000	Inc.	Exp.	Inc.	Exp.
Strategic Projects								
Adaptive Reuse City Housing Initiative							250	(250)
Delivering the Planning and Design Cod	e Amendme	ent Progr	am 23-26 (Yea	· 2)		(240)		(240)
Disability Access and Inclusion Plan 20	24-2028 lm	plement	ation			(215)		(205)
Economic Development Strategy Imple	mentation					(106)		(106)
Homelessness Strategy Implementation	n					(50)		(40)
Local Heritage Assessments - 20th Cer	ntury Buildin	gs				(50)		(50)
National Heritage Management Plan Im	plementatio	on				(100)		(100)
Reconciliation Action Plan 2024-2027 I	mplementa	tion				(150)		(140)
Social Planning Homelessness and Ade	laide Zero F	Project re	esourcing			(208)		(208)
Historic Area Statement - Code Amend	ment					(112)		(112)
Botanic Creek Rehabilitation					34	(72)	34	(72)
Heritage Incentive Scheme							250	(250)
Dry Areas Evaluation								(115)
TOTAL					34	(1,303)	534	(1,888)
						Budget		sed Q2
				\$'000	Inc.	Exp.	Inc.	Exp.
Capital Projects								
Capital Projects New and Upgrade					37	(6,412)	120	(4,171)

Regulatory Services

		(Q1 Budget			Pr	oposed Q2	
\$'000) FTE	Inc.	Ехр.	Total(N)	FTE	Inc.	Exp.	Total(N)
Operating Budget								
Revenue		16,712		16,712		16,712		16,712
Employee Costs	81.0		(9,651)	(9,651)	82.0		(9,651)	(9,651)
Materials			(726)	(726)			(725)	(725)
Sponsorships								0
Depreciation								0
Finance Costs								0
TOTAL	81.0	16,712	(10,377)	6,335	82.0	16,712	(10,376)	6,336
Activity View								
Associate Director (office)	5.0		(868)	(868)	5.0		(867)	(867)
City Development	20.9	3,631	(2,791)	840	21.9	3,631	(2,791)	840
City Safety	13.0	521	(1,854)	(1,333)	13.0	521	(1,854)	(1,333)
On-Street Parking Compliance	42.1	12,560	(4,864)	7,696	42.1	12,560	(4,864)	7,696
TOTAL	81.0	16,712	(10,377)	6,335	82.0	16,712	(10,376)	6,336
					Q1	Budget	Propos	sed Q2
				\$'000	Inc.	Exp.	Inc.	Exp.
Strategic Projects				, , , , , ,		•		
On-Street Parking Compliance Technolo	gy and Cu	ıstomer Ana	lytics Reform			(148)		(148)
TOTAL					0	(148)	0	(148)

City Services Portfolio

The City Services Portfolio delivers essential local government services for our community, making it easier to conduct business in our city and providing a safe and attractive urban environment. Programs:

- City Operations
- Infrastructure
- Strategic Property and Commercial

Key Focus areas:

- Capital Works Program, including New and Significant Upgrades and Renewals
- Main street revitalisation and improvements
- Maintenance of public realm and city presentation

Planning & Budget Updates

Operating Budget Changes

Increase in Off-Street parking income \$0.685m to reflect improved performance in the first half of the year, offset by increased marketing and systems costs used to drive revenue \$0.195m.

Reallocation of grant funding for Capital Renewal projects from Corporate Activities \$0.487m.

Increase tree inspections with supporting systems \$0.187m.

New Waste Education Officer \$0.041m.

Transfer of Aboriginal Ranger to Park Lands, Policy and Sustainability \$0.071m.

Increase in Personal Accident insurance \$0.026m.

Recognition of Enterprise Agreement outcomes for Commercial Parking \$0.016m.

Reduction in Property costs \$0.100m whilst the sinking fund for the bus station is prepared.

Strategic Project Budget Changes

Recognition of grant income for Resilient Flood Mapping Project \$0.966m.

Recognition of the continuation of North Adelaide Golf Course Water Feasibility Study project \$0.026m, funded through a reduction in Asset Condition Audit project \$0.026m.

Recognition of an increase to Transport Strategy project \$0.019m to reflect higher level of stakeholder engagement.

Portfolio Quarterly Highlights

City Operations

The review of the 2012 Cleansing Service Standard has progressed with a pilot program to commence in February. The community will be engaged before, during and after the pilot to ensure their feedback informs the process and final recommendations.

The Waste Services feasibility study is progressing with the discovery phase completed. The focus is now on finalising recommendations, which will outline the options available for consideration regarding future service delivery.

Other highlights of this quarter include completion of the review of footpath service standards, footpath refurbishment program on track in terms of budget and estimated completion, and ongoing support of capital delivery.

<u>Infrastructure</u>

The Infrastructure Program continued its strong delivery of capital and strategic projects in the second quarter of 2024/25 financial year. Key highlights include the progression of Charles Street and the opening of portions of the North-South bikeway along Frome Street between North Terrace and Rundle Street.

Planning and design for City Street Greening continues with some 230 high priority tree locations identified to date.

Strategic Property and Commercial

Market Square progress has continued including suspended slab construction and precast panel installations with the first-floor slab being 70% complete. Props and scaffolding for level two flooring has commenced while lower basement levels have had these removed.

Multiplex has also overseen overhead protection works in the Adelaide Central Market with the installation of scaffolding at either ends of the Eastern Roadway (Grote and Gouger Street).

Concept design has commenced for the Flinders Street housing project which aspires to deliver 40% affordable housing, and cost planning is well advanced in order to build a project feasibility

City Services Portfolio Budget

		Q.	1 Budget			Prop	oosed Q2	
\$'000) FTE	Inc.	Ехр.	Total(N)	FTE	Inc.	Ехр.	Total(N)
Operating Budget								
Revenue		59,276		59,276		61,414		61,414
Employee Costs	346.1		(36,900)	(36,900)	346.1		(36,912)	(36,912)
Materials			(38,110)	(38,110)			(38,398)	(38,398)
Sponsorships			(162)	(162)			(162)	(162)
Depreciation			(53,207)	(53,207)			(53,206)	(53,206)
Finance Costs			(506)	(506)		1 1 1 1 1 1 1 1 1 1 1 1	(506)	(506)
TOTAL	346.1	59,276	(128,885)	(69,609)	346.1	61,414	(129,184)	(67,770)
Program Budget								
Office of the Director	3.0		(699)	(699)	3.0		(699)	(699)
City Operations	227.9	2,720	(44,154)	(41,434)	227.9	2,720	(44,336)	(41,616)
Infrastructure	69.3		(47,568)	(47,568)	69.3	488	(47,554)	(47,066)
Strategic Property and Commercial	44.9	56,556	(32,995)	23,561	44.9	57,240	(33,108)	24,132
Strategic Projects	1.0		(3,469)	(3,469)	1.0	966	(3,487)	(2,521)
TOTAL	346.1	59,276	(128,885)	(69,609)	346.1	61,414	(129,184)	(67,770)

		Q1	Budget	Propo	sed Q2
	\$'000	Inc.	Ехр.	Inc.	Exp.
Capital Projects					
New and Upgrade		4,848	(48,382)	5,999	(49,956)
Renewal			(48,227)	487	(46,724)
TOTAL		4,848	(96,609)	6,487	(96,680)

City Operations

		(Q1 Budget		Proposed Q2			
\$'000	FTE	Inc.	Ехр.	Total(N)	FTE	Inc.	Exp.	Total(N)
Operating Budget								
Revenue		2,720		2,720		2,720		2,720
Employee Costs	227.9		(24,765)	(24,765)	227.9		(24,759)	(24,759)
Materials			(17,602)	(17,602)			(17,789)	(17,789)
Sponsorships								0
Depreciation			(1,787)	(1,787)			(1,787)	(1,787)
Finance Costs								0
TOTAL	227.9	2,720	(44,154)	(41,434)	227.9	2,720	(44,335)	(41,615)
Activity View								
Associate Director (office)	17.8	12	(3,070)	(3,058)	16.8	12	(2,977)	(2,965)
Manager City Maintenance	1.0		(200)	(200)	1.0		(200)	(200)
Manager City Presentation	1.0		(190)	(190)	1.0		(190)	(190)
Cleansing	48.5	7	(7,302)	(7,295)	48.5	7	(7,310)	(7,303)
Facilities	5.0		(3,169)	(3,169)	5.0		(3,169)	(3,169)
Horticulture	85.7	2,428	(15,057)	(12,629)	84.7	2,428	(15,181)	(12,753)
Infrastructure Maintenance	33.0		(5,904)	(5,904)	33.0		(5,907)	(5,907)
Trades	25.0	253	(5,740)	(5,487)	25.0	253	(5,743)	(5,490)
Waste	1.5	20	(3,075)	(3,055)	2.5	20	(3,116)	(3,096)
Workshops	9.4		(447)	(447)	10.4		(543)	(543)
TOTAL	227.9	2,720	(44,154)	(41,434)	227.9	2,720	(44,336)	(41,616)

		Q1 Budget		Proposed Q2	
	\$'000	Inc.	Exp.	Inc.	Exp.
Operating Activities					
Safer City Program			(95)		(95)
Trainees and Apprentices					
TOTAL		0	(95)	0	(95)

		Q1	Budget	Propo	sed Q2
	\$'000	Inc.	Ехр.	Inc.	Exp.
Strategic Projects					
Feasibility Studies - Waste and Recycling Collection			(100)		(100)
TOTAL		0	(100)	0	(100)

		Q1 Budget		Propo	sed Q2
	\$'000	Inc.	Ехр.	Inc.	Exp.
Capital Projects					
New and Upgrade			(108)		
Renewal			(1,492)		(1,492)
TOTAL			(1,600)		(1,492)

Infrastructure

			Q1 Budget		Proposed Q2				
\$'000) FTE	Inc.	Ехр.	Total(N)	FTE	Inc.	Exp.	Total(N)	
Operating Budget									
Revenue				0		488		488	
Employee Costs	69.3		(3,941)	(3,941)	69.3		(3,941)	(3,941)	
Materials			(5,316)	(5,316)			(5,302)	(5,302)	
Sponsorships			(162)	(162)			(162)	(162)	
Depreciation			(38,149)	(38,149)			(38,149)	(38,149)	
Finance Costs								0	
TOTAL	69.3	0	(47,568)	(47,568)	69.3	488	(47,554)	(47,066)	
Activity View									
Associate Director (office)	1.9		(674)	(674)	1.9		(674)	(674)	
Infrastructure Planning and Delivery	45.6		(46,230)	(46,230)	45.6	488	(46,216)	(45,728)	
Technical Services	21.8		(664)	(664)	21.8		(664)	(664)	
TOTAL	69.3	0	(47,568)	(47,568)	69.3	488	(47,554)	(47,066)	

		Q1	Budget	Proposed Q2	
	\$'000	Inc.	Ехр.	Inc.	Ехр.
Operating Activities					
Free City Connector			(1,301)		(1,301)
TOTAL		0	(1,301)	0	(1,301)

		Q1 B			Proposed Q2	
	\$'000	Inc.	Ехр.	Inc.	Ехр.	
Strategic Projects						
Adelaide Park Lands Strategic Water Resources Study			(80)		(80)	
Asset Condition Audit			(565)		(539)	
Bridge Maintenance Program			(400)		(400)	
Conservation Management Plans - Bridges						
Resilient Flood Mapping			(1,723)	966	(1,723)	
SA Power Networks (SAPN) Luminaire Upgrades			(14)		(14)	
Transport Strategy			(276)		(295)	
City Speed Limit Review			(27)		(27)	
School Safety Review			(12)		(12)	
Heritage Strategy 2021 - 2036			(41)		(41)	
North Adelaide Golf Course Water Feasibility Study					(26)	
TOTAL		0	(3,138)	966	(3,157)	

		Q1	Budget	Propo	sed Q2
	\$'000	Inc.	Ехр.	Inc.	Exp.
Capital Projects					
New and Upgrade		4,848	(30,040)	5,999	(26,002)
Renewal			(46,525)	487	(45,007)
TOTAL		4,848	(76,565)	6,487	(71,010)

Strategic Property and Commercial

	Q1 Budget					Proposed Q2				
\$'0	00 FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Exp.	Total(N)		
Operating Budget										
Revenue		56,556		56,556		57,240		57,240		
Employee Costs	44.9)	(7,372)	(7,372)	44.9		(7,390)	(7,390)		
Materials			(11,847)	(11,847)			(11,942)	(11,942)		
Sponsorships				0				0		
Depreciation			(13,270)	(13,270)			(13,270)	(13,270)		
Finance Costs			(506)	(506)			(506)	(506)		
TOTAL	44.	56,556	(32,995)	23,561	44.9	57,240	(33,108)	24,132		
Activity View										
Associate Director (office)	1.8		(431)	(431)	1.8		(431)	(431)		
Commercial	4.0	308	(850)	(542)	4.0	308	(852)	(544)		
Parking	17.8	3 44,620	(14,635)	29,985	17.8	45,304	(14,846)	30,458		
North Adelaide Golf Course	13.	4,950	(5,100)	(150)	13.1	4,950	(5,100)	(150)		
Strategic Property Development	4.0		(821)	(821)	4.0		(821)	(821)		
Strategic Property Management	4.2	6,678	(11,158)	(4,480)	4.2	6,678	(11,058)	(4,380)		
TOTAL	44.	56,556	(32,995)	23,561	44.9	57,240	(33,108)	24,132		

		Q1	Budget	Propo	sed Q2
	\$'000	Inc.	Exp.	Inc.	Ехр.
Strategic Projects					
218 - 232 Flinders Street Master Plan Investigations			(150)		(150)
88 O'Connell Project Delivery			(80)		(80)
TOTAL		0	(230)	0	(230)

		Q1 Budget		Prop	osed Q2
	\$'000	Inc.	Ехр.	Inc.	Exp.
Capital Projects					
New and Upgrade			(18,233)		(23,954)
Renewal			(210)		(225)
TOTAL			(18,443)		(24,179)

Corporate Services Portfolio (including subsidiaries)

The Corporate Services Portfolio provides effective and efficient services and insights to strengthen and grow our organisational capability, and support a culture of accountability, transparency and innovation.

Programs:

- Customer and Marketing
- Finance and Procurement
- Governance
- Information Management
- People
- Strategy, Insights and Performance

Key Focus areas:

- Revised Strategic Management
 Framework and new Strategic Plan
- New and different ways to engage our community
- City of Adelaide Graduate program
- Update Long Term Financial Plan
- Development of Program Plans

Subsidiaries:

- Adelaide Central Market Authority
- Adelaide Economic Development Agency
- Kadaltilla/Adelaide Park Lands Authority

Planning & Budget Updates

Planning Changes

Planning commenced for structure changes that will be introduced from 6 January 2025 and include recommended outsourcing of property valuations for the purposes of Rating.

AEDA has been allocated funding to deliver the Commercial Events Fund. This allocation completes the Council decision and enables AEDA to deliver the Fund.

Operating Budget Changes

Corporation structure changes commencing 6 January 2025, savings of \$0.150m resulting in a net reduction of 2.0 FTE within the Portfolio.

Recognition of the outsourcing of the property valuation function \$0.355m, offset by reduction in 2.0 FTE from January 2025 of \$0.136m.

Increase in insurance of assets \$0.189m and Mutual Liability scheme \$0.018m.

Reallocation of grant funding for Capital Renewal projects to Infrastructure \$0.487m.

Reduction in Market Expansion preparedness costs due to timing of construction deliverables \$0.201m.

Transfer of \$0.020m from Rundle Mall operational budget to fund street lighting capital project in Rundle Mall laneway.

Strategic Project Budget Changes

Recognition of Commercial Events and Festivals Sponsorship project \$0.200m (total funding of \$0.500m in line with decision of Council to prioritise funding).

Portfolio Quarterly Highlights

Customer & Marketing

Voice of Customer survey results continued to improve in this quarter for both Customer Satisfaction and Ease of Service. This has been complemented with the first quarterly report of performance against Service Level Agreements being produced for Quarter 2.

The telephony system replacement remains on track for completion in March 2025 and significant progress has been made in review and renewal of the Golf and UPark branding and website presence.

Finance & Procurement

Quarter 2 saw the adoption of the 2024/25-2033/34 Long Term Financial Plan by Council on 25 October 2024 following public consultation.

There were 38 active procurements to the value of \$33.759 million.

Governance

The revised the Council Member Training and Development Policy and the Allowances and Benefits Policy were successfully viewed and adopted by Council.

Adoption of the revised Terms of Reference which included meeting procedures for the Reconciliation Committee and Audit and Risk Committee. Both of these committees will now live stream their meetings.

Information Management

Data analytics roadmap has now been finalised. Contact Centre Software Replacement contract has been awarded, with consultant team commencing. Process improvements within the Service Desk has continued to improve the delivery of internal customer service.

People

2024 Culture Survey debriefs occurred with portfolio leadership teams and all programs. Resources were provided to leaders to support them working through results and identifying actions within their work areas. Additional focus groups were held with employees to inform an organisational culture action plan.

Workforce planning pilot completed with Executive approval to roll out workforce planning framework to other programs in Q3 and Q4.

Design and user acceptance testing of new Workforce Management System upgrade.

Strategy, Insights & Performance

Progressed the 2024/25 BP&B Quarter 2 Report.

In Quarter 2 the City of Adelaide submitted 6 grant opportunities to the value of \$1.3m.

Reported on the Integrated Community Engagement Framework for Quarter 1 2024/25 via a Council Member E-News article.

Commenced workshops for the development of the 2025/26 BP&B.

Adelaide Central Market Authority

Key events delivered this quarter included the annual Seafood + Sounds event with a two-day program of free and ticketed activities. During Christmas a two-month campaign was rolled out highlighting traders, live music, choirs and roving entertainment. 23 December also saw a record number of home deliveries for Adelaide Central Market Online with 104 orders delivered and more than 1,700 items ordered in one day.

Adelaide Central Market was awarded Silver at the Tourism Industry Council of South Australia Awards (TiCSA) in Category 8: Tourism Retail, Hire and Services.

Overall, traffic bounced back in December, with the strongest average daily attendance since April.

AEDA

Key initiatives included delivery of Adelaide Fashion Week with over 2,200 tickets sold to events and the commencement of Rundle Mall City Sessions live music program with 51 musical performances. Quarter 2 also saw record breaking spend and foot traffic results on Black Friday and the lead up to Christmas and engagement with 54 businesses (YTD) on relocation and investment opportunities that have the potential of an additional 1,717 jobs. In addition, seven events were supported through the Events and Festivals Sponsorship program which were delivered in the quarter with a combined anticipated attendance of 586,000 and an estimated gross economic impact of \$33 million. Another seven events were supported through the Commercial Events Sponsorship Program which were delivered in the quarter with a combined anticipated attendance of 96,000 and an estimated gross economic impact of \$7.7 million.

Kadaltilla

During the quarter, the remaining two annual Community Forums were held and the Draft Adelaide Park Lands Management Strategy – Towards 2036 was approved by Kadaltilla and Council.

Kadaltilla's new Facebook and LinkedIn social media pages reached over 1,000 followers.

Corporate Services Portfolio Budget

		Q1 Budget				Proposed Q2				
	\$'000	FTE	Inc.	Ехр.	Total(N)	FTE	Inc.	Exp.	Total(N)	
Operating Budget										
Revenue			152,988		152,988		152,502		152,502	
Employee Costs		211.1		(22,718)	(22,718)	207.1		(19,219)	(19,219)	
Materials				(26,575)	(26,575)			(30,139)	(30,139)	
Sponsorships				(3,564)	(3,564)			(3,764)	(3,764)	
Depreciation				(1,064)	(1,064)			(1,064)	(1,064)	
Finance Costs				(7)	(7)			(7)	(7)	
TOTAL		211.1	152,988	(53,928)	99,060	207.1	152,502	(54,193)	98,309	
Program Budget										
Office of the COO		5.0		(1,014)	(1,014)	5.0		(1,014)	(1,014)	
Customer and Marketing		40.1	2	(6,712)	(6,710)	40.1	2	(6,714)	(6,712)	
Finance and Procurement		30.8	138	(4,600)	(4,462)	28.8	138	(4,821)	(4,683)	
Governance		11.3		(4,301)	(4,301)	11.3		(4,519)	(4,519)	
Information Management		35.0	31	(13,994)	(13,963)	35.0	31	(14,001)	(13,970	
People [^]		28.8		(4,658)	(4,658)	28.8		(4,660)	(4,660)	
Strategy, Insights and Performance		13.0		(1,617)	(1,617)	12.0		(1,537)	(1,537)	
Corporate Activities		3.0	142,729	3,266	145,995	3.0	142,243	3,264	145,507	
ACMA		9.8	5,343	(6,081)	(738)	9.8	5,343	(5,880)	(537)	
AEDA		32.6	4,417	(12,561)	(8,144)	31.6	4,417	(12,455)	(8,038)	
Kadaltilla		1.3	328	(328)	0	1.3	328	(328)	0	
Strategic Projects		0.5		(1,328)	(1,328)	0.5		(1,528)	(1,528)	
TOTAL		211.1	152,988	(53,928)	99,060	207.1	152,502	(54,193)	98,309	
						Q1	Budget	Propos	sed Q2	
					\$'000	Inc.	Exp.	Inc.	Exp.	
Capital Projects										
New and Upgrade						3,954	(4,029)	3,954	(4,257)	
Renewal							(2,129)		(3,632)	
TOTAL						3,954	(6,158)	3,954	(7,889)	

[^] Includes 10.0 FTE Graduates allocated in business units across the Administration.

Customer and Marketing

		Q1 Budget				Proposed Q2				
	\$'000	FTE	Inc.	Ехр.	Total(N)	FTE	Inc.	Exp.	Total(N)	
Operating Budget										
Revenue			2		2		2		2	
Employee Costs		40.1		(4,832)	(4,832)	40.1		(4,832)	(4,832)	
Materials				(1,880)	(1,880)			(1,882)	(1,882)	
Sponsorships									0	
Depreciation									0	
Finance Costs		2 2 3 3 4 4 5 6 6 7 7 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8							0	
TOTAL		40.1	2	(6,712)	(6,710)	40.1	2	(6,714)	(6,712)	

Activity View								
Manager	1.0		(213)	(213)	1.0		(215)	(215)
Customer Experience	28.1	2	(4,280)	(4,278)	28.1	2	(4,280)	(4,278)
Marketing & Communications	11.0		(2,219)	(2,219)	11.0		(2,219)	(2,219)
TOTAL	40.1	2	(6,712)	(6,710)	40.1	2	(6,714)	(6,712)

		Q1 B	udget	Proposed Q2	
	\$'000	Inc.	Exp.	Inc.	Exp.
Capital Projects					
New and Upgrade					
Renewal					(17)
TOTAL		0	0	0	(17)

Finance and Procurement

			Q1 Budget				Proposed Q2		
\$'00	0 FTE	Inc.	Ехр.	Total(N)	FTE	Inc.	Ехр.	Total(N)	
Operating Budget									
Revenue		138		138		138		138	
Employee Costs	30.8		(4,223)	(4,223)	28.8		(4,087)	(4,087)	
Materials			(377)	(377)			(734)	(734)	
Sponsorships								0	
Depreciation								0	
Finance Costs								0	
TOTAL	30.8	138	(4,600)	(4,462)	28.8	138	(4,821)	(4,683)	
Activity View									
Manager	1.0		(286)	(286)	1.0		(288)	(288)	
Financial Planning & Reporting	13.0		(1,984)	(1,984)	13.0		(1,984)	(1,984)	
Procurement & Contract Management	7.8		(1,063)	(1,063)	7.8		(1,063)	(1,063)	
Rates & Receivables	9.0	138	(1,267)	(1,129)	7.0	138	(1,486)	(1,348)	
TOTAL	30.8	138	(4,600)	(4,462)	28.8	138	(4,821)	(4,683)	

Governance

			Q1 Budget						
	\$'000	FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Exp.	Total(N)
Operating Budget									
Revenue									0
Employee Costs		11.3		(1,624)	(1,624)	11.3		(1,635)	(1,635)
Materials				(2,677)	(2,677)			(2,884)	(2,884)
Sponsorships									0
Depreciation									0
Finance Costs									0
TOTAL		11.3	0	(4,301)	(4,301)	11.3	0	(4,519)	(4,519)

Activity View								
Manager	1.0		(215)	(215)	1.0		(226)	(226)
Corporate Governance	5.2		(2,976)	(2,976)	5.2		(3,183)	(3,183)
Council Governance	5.1		(1,110)	(1,110)	5.1		(1,110)	(1,110)
Legal Governance								0
TOTAL	11.3	0	(4,301)	(4,301)	11.3	0	(4,519)	(4,519)

		Q1 Budget	Proposed (Q2
	\$'000	Inc. Exp.	Inc.	Ехр.
Strategic Projects				
ESCOSA Review		(40)		(40)
TOTAL		(40)		(40)

Information Management

			Q1 Budget		Proposed Q2				
\$'000	FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Exp.	Total(N)	
Operating Budget									
Revenue		31		31		31		31	
Employee Costs	35.0		(4,657)	(4,657)	35.0		(4,657)	(4,657)	
Materials			(8,398)	(8,398)			(8,406)	(8,406)	
Sponsorships				0				0	
Depreciation			(939)	(939)			(939)	(939)	
Finance Costs				0				0	
TOTAL	35.0	31	(13,994)	(13,963)	35.0	31	(14,002)	(13,971)	
Activity View									
Manager	10.0	8	(1,420)	(1412)	10.0	8	(1,420)	(1,412)	
Project Delivery	11.0		(2,603)	(2603)	11.0		(2,603)	(2,603)	
Service Desk	6.0	23	(8,803)	(8,780)	6.0	23	(8,811)	(8,788)	
Technology, Infrastructure and Platforms	8.0		(1,168)	(1168)	8.0		(1,168)	(1,168)	
TOTAL	35.0	31	(13,994)	(13,963)	35.0	31	(14,001)	(13,971)	

		Q1	Budget	Prope	osed Q2
	\$'000	Inc.	Exp.	Inc.	Exp.
Operating Activities					
Business Systems Roadmap			(1,600)		(1,600)
TOTAL		0	(1,600)	0	(1,600)

		Q1	Budget	Propo	sed Q2
	\$'000	Inc.	Ехр.	Inc.	Exp.
Strategic Projects					
Contact Centre Software Replacement			(450)		(450)
Cyber Security Enhancement			(85)		(85)
TOTAL		0	(535)	0	(535)

		Q1 Budget		Proposed Q2		
	\$'000	Inc.	Ехр.	Inc.	Ехр.	
Capital Projects						
New and Upgrade			(25)		(233)	
Renewal			(2,129)		(3,615)	
TOTAL		0	(2,154)	0	(3,848)	

People

				Q1 Budget		Proposed Q2			
	\$'000	FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Exp.	Total(N)
Operating Budget									
Revenue					0				0
Employee Costs		28.8		(3,491)	(3,491)	28.8		(3,491)	(3,491)
Materials				(1,167)	(1,167)			(1,169)	(1,169)
Sponsorships									0
Depreciation									0
Finance Costs									0
TOTAL		28.8	0	(4,658)	(4,658)	28.8	0	(4,660)	(4,660)
Activity View									
Manager		3.0		(574)	(574)	3.0		(576)	(576)
People Experience		15.8		(2,249)	(2,249)	15.8		(2,249)	(2,249)
People Safety and Wellbeing		4.0		(768)	(768)	4.0		(768)	(768)
People Services		6.0		(1,067)	(1,067)	6.0		(1,067)	(1,067)
TOTAL		28.8	0	(4,658)	(4,658)	28.8	0	(4,660)	(4,660)

		Q1 E	udget	Propo	sed Q2
	\$'000	Inc.	Exp.	Inc.	Exp.
Operating Activities					
Graduate Employment Program			(841)		(841)
TOTAL		0	(841)	0	(841)

Strategy, Insights and Performance

				Q1 Budget				Proposed Q2	
	\$'000	FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Exp.	Total(N)
Operating Budget									
Revenue									0
Employee Costs		13.0		(1,478)	(1,478)	12.0		(1,398)	(1,398)
Materials				(139)	(139)			(139)	(139)
Sponsorships									0
Depreciation									0
Finance Costs									0
TOTAL		13.0	0	(1,617)	(1,617)	12.0	0	(1,537)	(1,537)
Activity View									
Manager		1.0		(198)	(198)	0.0		(117)	(117)
Project Management Office		5.0		(258)	(258)	5.0		(258)	(258)
Strategy, Planning & Engagement		7.0		(1,162)	(1,162)	7.0		(1,162)	(1,162)
TOTAL		13.0	0	(1,618)	(1,618)	12.0	0	(1,537)	(1,537)

Adelaide Central Market Authority (ACMA)

			Q1 Budget			F	Proposed Q2	
\$'0	000 FTI	E Inc.	Exp.	Total(N)	FTE	Inc.	Ехр.	Total(N)
Operating Budget								
Revenue		5,343		5,343		5,343		5,343
Employee Costs	9.8		(1,787)	(1,787)	9.8		(1,580)	(1,580)
Materials			(4,256)	(4,256)			(4,262)	(4,262)
Sponsorships								0
Depreciation			(36)	(36)			(36)	(36)
Finance Costs			(1)	(1)			(1)	(1)
TOTAL	9.8	5,343	(6,080)	(737)	9.8	5,343	(5,879)	(536)
Activity View								
ACMA Operations	6.8	5,257	(5,245)	12	6.8	5,257	(5,245)	12
Market Expansion	3.0)	(600)	(600)	3.0		(399)	(399)
Online Market Platform		86	(235)	(149)		86	(235)	(149)
TOTAL	9.8	5,343	(6,080)	(737)	9.8	5,343	(5,879)	(536)

Adelaide Economic Development Agency (AEDA)

			(Q1 Budget			Pro	posed Q2	
	\$'000	FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Exp.	Total(N)
Operating Budget									
Revenue			4,417		4,417		4,417		4,417
Employee Costs		32.6		(4,762)	(4,762)	31.6		(4,676)	(4,676)
Materials				(4,456)	(4,456)			(4,436)	(4,436)
Sponsorships				(3,249)	(3,249)			(3,249)	(3,249)
Depreciation				(88)	(88)			(88)	(88)
Finance Costs				(6)	(6)			(6)	(6)
TOTAL		32.6	4,417	(12,561)	(8,144)	31.6	4,417	(12,455)	(8,038)
Activity View									
General Manager AEDA		3.0		(630)	(0,630)	2.0		(572)	(572)
Business and Investment		7.0		(2,618)	(2,618)	7.0		(2,618)	(2,618)
Marketing		8.0		(1,917)	(1,917)	8.0		(1,917)	(1,917)
Rundle Mall Management		9.6	4,398	(4,439)	(41)	9.6	4,398	(4,391)	7
Visitor Economy		5.0	19	(2,957)	(2,938)	5.0	19	(2,957)	(2,938)
TOTAL		32.6	4,417	(12,561)	(8,144)	31.6	4,417	(12,455)	(8,038)
						Q1	Budget	Propos	sed Q2
					\$'000	Inc.	Exp.	Inc.	Exp.
Operating Activities									
Adelaide Fashion Week							(310)		(310)
Business Growth - Business Support							(172)		(172)
Data and Insights							(198)		(198)
Event and Festival Sponsorship							(1,932)		(1,932)
General Marketing							(408)		(408)
Main streets Development Grants							(184)		(184)
Strategic Partnerships							(1,109)		(1,109)
Strategic Fartherships									

TOTAL

(4,493)

(4,493)

		Q1 E	Budget	Propo	sed Q2
	\$'000	Inc.	Ехр.	Inc.	Ехр.
Strategic Projects					
Rundle Mall Live Music Program			(100)		(100)
Tourism and Business Attraction			(133)		(133)
Commercial Events and Festivals Sponsorship Program			(300)		(500)
TOTAL		0	(533)	0	(733)

		Q1 I	Budget	Propo	sed Q2
	\$'000	Inc.	Ехр.	Inc.	Exp.
Capital Projects					
New and Upgrade		3,954	(4,004)	3,954	(4,024)
Renewal					
TOTAL		3,954	(4,004)	3,954	(4,024)

Kadaltilla / Adelaide Park Lands Authority

				Q1 Budget	t			Proposed Q	2
	\$'000	FTE	Inc.	Ехр.	Total(N)	FTE	Inc.	Exp.	Total(N)
Operating Budget									
Revenue			328		328		328		328
Employee Costs		1.3		(175)	(175)	1.3		(175)	(175)
Materials				(138)	(138)			(138)	(138)
Sponsorships				(15)	(15)			(15)	(15)
Depreciation									0
Finance Costs									0
TOTAL		1.3	328	(328)	0	1.3	328	(328)	0
Activity View									
Kadaltilla		1.3	328	(328)	0	1.3	328	(328)	0
TOTAL		1.3	328	(328)	0	1.3	328	(328)	0

Regional Subsidiary & Offices

Brown Hill and Keswick Creek Stormwater Board

The Regional Subsidiary, known as the Brown Hill and Keswick Creeks Stormwater Board, was established in February 2018. The Board coordinates the delivery of the Brown Hill Keswick Creek Stormwater Project, which is a collaborative undertaking between the Cities of Adelaide, Burnside, Mitcham, Unley and West Torrens. The Board is governed by a Charter prepared by these five constituent Councils and subsequently approved by the Minister for Local Government.

Reporting for this Board is done separately and is not embedded in the City of Adelaide's quarterly report reporting, however, where available, the Board's own report and plans will be provided as attachments as well as being available on the Board's website.

Office of the Chief Executive Officer (CEO)

Supports the CEO to lead a sustainable, successful organisation, to make well informed decisions to deliver on Council's priorities, and to foster productive partnerships both with industry, and local government and other government bodies through the delivery of effective intergovernmental relations.

Key Focus Areas:

- Capital City oversight
- Communication and public relations
- Executive support and administration
- Grants and advocacy
- Partnerships and intergovernmental relations

Office of the Lord Mayor

Supports the Lord Mayor and Council Members to foster productive relationships with peak bodies, other government bodies and the community, to deliver our strategic priorities, plan, and fulfil our Capital City leadership responsibilities.

Key Focus Areas:

- Civic protocols and events
- Communication and public relations
- Lord Mayor and Council administration
- Partnerships and intergovernmental relations

Offices

Office of the Chief Executive & Office of the Lord Mayor

Planning & Budget Updates

There have been no proposed changes to the approved budget for the Office of the Chief Executive and the Office of the Lord Mayor during this quarter.

Quarterly Highlights

The Lord Mayor opened the CoA Cultural Policy Forum "Culture: The Life of Our City" on 9 December 2024. Consultation for the Cultural Policy closes on 31 January 2025.

The Lord Mayor and CEO attended the Capital City Committee Meeting on 12 December 2024.

The quarterly Citizenship Ceremony was hosted by the Lord Mayor on 1 November 2024.

A total of 10 civic events were delivered during the quarter.

Budget

			Q1 Budget				Propo	sed Q2	
\$'000	FTE	Inc.	Ехр.	Total(N)	FTE	Inc.	E	φ.	Total(N)
Operating Budget									
Revenue									0
Employee Costs	10.3		(1,808)	(1,808)	10.3		(1,8	808)	(1,808)
Materials			(1,289)	(1,289)			(1,2	289)	(1,289)
Sponsorships				0					0
Depreciation									0
Finance Costs									0
TOTAL	10.25		(3,097)	(3,097)	10	0	(3,0	97)	(3,097)
Program Budget									
Office of the Chief Executive	4.0		(1,457)	(1,457)	4.0		(1,4	1 57)	(1,457)
Civic Event, Partnerships, and Other Events			(482)	(482)			(48	32)	(482)
Lord Mayor's Office Administration	6.3		(1,158)	(1,158)	6.3		(1,1	58)	(1,158)
TOTAL	10.3	0	(3,097)	(3,097)	10.3	0	(3,0	97)	(3,097)
					Q1	Budget		Pro	posed Q2
				\$'000	Inc.	Ex	φ.	Inc.	Ехр.
Operating Activities									
International Relations (Sister Citie	es)				0	(9	5)	0	(95)
TOTAL					0		0	0	(95)

City Community Portfolio as at 6 January 2025

The City Community Portfolio strives to deliver exceptional experiences for our community and customers, providing opportunities for creativity, recreation and wellbeing in a city that is safe, accessible and supportive of all our communities.

Programs:

- City Culture
- Customer and Marketing
- Regulatory Services

Planning & Budget Updates

The new City Community Portfolio budget has been initialised. This includes 3.0 new FTE. Initial budget allocation employee costs \$0.334m.

Portfolio Quarterly Highlights

Recruitment was undertaken for a new Director City Community and Executive Advisor City Community to commence on or after 6 January 2025.

City Community Portfolio Proposed Budget

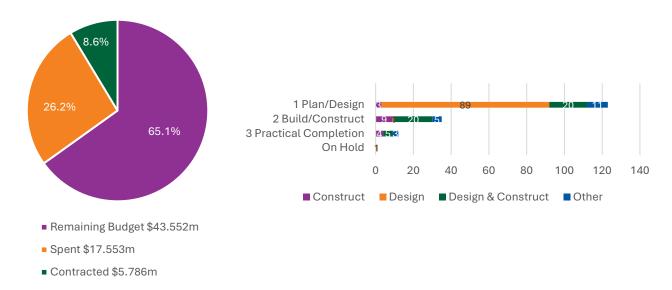
				Q1 Budge	t			Proposed Q2	2
	\$'000	FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Exp.	Total(N)
Operating Budget									
Revenue									0
Employee Costs						3.0		(332)	(332)
Materials								(2)	(2)
Sponsorships									0
Depreciation									0
Finance Costs									0
TOTAL		0	0	0	0	3	0	(334)	(334)
Program Budget									
Office of the Director						3.0		(334)	(334)
TOTAL		0	0	0	0	3.0	0	(334)	(334)

Projects

New and Significant Upgrades

New and Significant Upgrade projects are works of a capital nature that are either introducing new assets or significantly upgrading existing assets, usually by extending the footprint of an asset or increasing the level of service an asset provides.

Approved Budget



Budget Highlights

The New and Significant Upgrade budget has decreased by \$2.143m from the approved Quarter 1 budget of \$66.890m to a proposed Quarter 2 budget of \$64.747m due to the re-timing of projects into 2025/26 \$10.701m (Main Street Revitalisation – see more details below, Public Realm Greening Program, Park Lands Building Upgrades Park 27B and Park 21W, School Safety Implementation project, various Public Arts projects) offset by earlier than planned delivery of a project with funds being brought forward from 2025/26 of \$5.924m (Central Market Arcade Redevelopment), the release of unused project management costs \$1m offset by accrued grant interest in Quarter 2 of \$0.024m, approval of funding for the Adelaide Aquatic Centre Capital works \$3.589m and creation of a new project funded from the Rundle Mall Separate Rate \$0.020m.

The following Mainstreet Projects have been reassessed in terms of funding allocation and timing:

Hindley Street

Hindley Street Mainstreet works require funding to be retimed due to a series of requests to investigate alternative design and material opportunities which have delayed finalising design and entering into a construction contract.

Gouger Street

The budgeted costs have been updated to reflect activities more accurately, such as the undertaking of comprehensive stakeholder engagement to inform the design. Furthermore, the original budget included a significant allowance for upfront third-party contributions, which the project will no longer spend in this period.

Hutt Street

Following community feedback, Council resolved to further consult on five concept options for Hutt Street (based on decision by Council 26 November 2024). Consultation will be undertaken between February and April 2025, for detailed design to commence July 2025.

O'Connell Street

A commitment to construct a portion of footpath between Archer and Tynte Streets in front of the Eighty-Eight O'Connell Development will see the retiming of works within the 2024/25 current budget.

Key Achievements

During the quarter, eight New and Significant Upgrade projects achieved practical completion, including Light Square electrical upgrades, Christmas 2024 – King William Street light pole motifs, Light Square Infrastructure upgrade, Motion sensor installations and some greening projects.

Quarter 2 saw the commencement of delivery of the Rymill Park/Murlawirrapurka (Park 14) Public Lighting Upgrade, the Rymill Park Masterplan Safety & Accessibility Works, Adelaide Central Market – Comms server relocation and Park 11 Shared Use Path and lighting upgrade.

Several projects have signed contracts for intended works. This includes 218-232 Flinders Street (demolition), City Activation – Festoon lighting and Main Street Revitalisation – Gouger Street (Design services).

A number of New and Significant Upgrade projects are currently in the market with the aim of commencing delivery later this year, including Torrens Lake retaining structure, Mills Terrace greening, Vincent Street/Vincent Place streetscape upgrade project and Main Street Revitalisation – O'Connell Street (Design services).

2024/25 New and Significant Upgrade Projects

		Plan	Expenditure (\$'000)						
Project	De	elivered by	Q1 Budget		Proposed Q2	Variance	Stage		
City Shaping Portfolio					•				
City Culture									
Christmas 2024	•	Dec 24	•	188	188	0	Practical Completion		
City Activation (Festoon Lighting)	_	Feb 25		49	49	0	Plan/ Design		
City of Music Laneways - The Angels Artwork		Mar 25		61	61	0	Plan/ Design		
Golden Wattle Park / Mirnu Wirra (Park 21 West) - New Community Sports Building (detailed design)**	•		•	100	100	0	Plan/ Design		
Honouring Women in the Chamber - Portrait Commissions	<u> </u>	Jun 25	•	15	15	0	Build/ Construct		
Iparrityi Commission for Whitmore Square	_	Jun 25		140	0	140	Plan/ Design		
Main Street Revitalisation - Melbourne Street (planning) including Public Artwork	•	Jun 26	•	200	0	200	Design Only		
Market to Riverbank Link Project^	•	Jun 25	•	43	43	0	Build/ Construct		
Place of Courage^	•	Jun 26	_	190	0	190	Plan/ Design		
Public Art			•	42	42	0	Plan/ Design		
Public Art Action Plan Deliverables	•	Jun 25	•	250	100	150	Plan/ Design		
Ruby Hunter & Archie Roach Laneway Artwork	_	May 25	_	25	0	25	Plan/ Design		
Park Lands, Policy & Sustainability									
Climate Change Action Initiative Fund (CCAIF)				79	80	(1)	Build/ Construct		
Disability Access and Inclusion Plan 2024-2028 Implementation	•		•	100	100	0	Plan/ Design		
Greener City Streets Program^	_	Feb 25	•	23	23	0	Build/ Construct		
Implementation of Resource Recovery (Organics, Recycling, Waste) Strategy & Action Plan 2020-2028**	<u> </u>		•	10	10	0	Plan/ Design		
Light Square / Wauwi – Master Plan (detailed design)	•		•	250	250	0	Design Only		
Public Realm Greening Program (street tree planting)	<u> </u>		•	5,700	3,459	2,241	Plan/ Design		
Victoria Park / Pakapakanthi (Park 16) Master Plan implementation	•		•	250	250	0	Plan/ Design		
City Services Portfolio									
City Operations					··•				
Plant and Fleet Replacement Program				108	0	108	Plan/ Design		
Infrastructure					···•		·		
Adelaide Aquatic Centre - Park 2 - Return to Park Lands	•		•		3,589	(3,589)	Plan/ Design		
Adelaide Town Hall - David Spence Room and Prince Alfred Room - TV and False Wall	•	Sep 24	•	84	82	2	Practical Completion		
Automated External Defibrillators Installation on Designated Council Buildings	•	Feb 25	•	0	342	(342)	Build/ Construct		
Bikeways (North-South)^	•	Feb 25		1,648	1,648	0	Build/ Construct		
Black Spot Funding 23/24 Signage	•	Sep 24	•	3	3	0	Practical Completion		
Bonython Park / Tulya Wardli Shared Path Lighting, Retaining wall and Footpath Upgrade (Construction)	•		<u> </u>	0	0	0	Plan/ Design		
Botanic Catchment Water Course Rehabilitation*^	<u> </u>		•	353	353	0	Plan/ Design		

Charles Street – Streetscape Upgrade Major							
Project^		Apr 25	•	5,887	5,888	(1)	Build/ Construct
City Services Portfolio							
Infrastructure cont.						·	···•
Communication Server Relocation and Associated Services (Central Market)	•	Jan 25	•	300	300	0	Build/ Construct
Field Street Improvements (Construction)*		Jan 25	•	573	543	30	Build/ Construct
Field St planters	•	Apr 25	•	0	30	(30)	Plan/ Design
Francis Street Public Art	•	Aug 24	•	28	28	0	Practical Completion
Frome Street - Footpath Upgrades	<u> </u>	Feb 25		462	462	0	Build/ Construct
Glen Osmond Road / Hutt Road and Carriageway Park / Tuthangga (Park 17) - Improvements (detailed design)*	•		•	20	20	0	Design Only
Glen Osmond Road / Hutt Road Intersection Upgrade	•		_	22	22	0	Design Only
Greener City Streets Program^	<u> </u>	Jan 25	•	197	205	(8)	Build/ Construct
Hutt Rd and South Tce Intersection Traffic Signal Upgrade Black Spot^	•	Jul 25	•	235	148	87	Build/ Construct
Hutt Road / Park Lands Trail Signalised Crossing (Construction)^	•	Apr 25	•	222	222	0	Practical Completion
Hutt Street and South Terrace Stormwater Improvements (Detailed Design)*	<u> </u>	Jul 25	•	224	224	0	Build/ Construct
Hutt Street Entry Statement Project^		Apr 25	•	1,355	1,355	0	Build/ Construct
James Place Upgrade*		Mar 26		100	0	100	Plan/ Design
Jeffcott Street – Pavement and Stormwater Upgrades (concept design)*	•		•	0	0	0	Design Only
Kingston Terrace Bus Stop Upgrades (Construction)	•	May 25	•	157	157	0	Plan/ Design
Light Square Electrical Infrastructure Upgrade	•	Oct 24	•	182	131	51	Practical Completion
Main Street Revitalisation - Gouger Street (detailed design)	•		_	1,574	662	912	Design Only
Main Street Revitalisation - Hindley Street*	<u> </u>	May 27	A	5,160	1,325	3,835	Plan/ Design
Main Street Revitalisation - Hutt Street (detailed design)	•		•	1,295	400	895	Design Only
Main Street Revitalisation - Melbourne Street (planning) including Public Artwork	•		•	100	100	0	Design Only
Main Street Revitalisation - Melbourne Street Improvements^	•	Apr 25	•	697	697	0	Build/ Construct
Main Street Revitalisation - O'Connell Street (detailed design)	•	Feb 27	•	1,024	1,024	0	Plan/ Design
Market to Riverbank Link Project^	•	Apr 25	•	435	440	(5)	Build/ Construct
Minor Traffic Signal Safety Upgrades - 3G Hardware Replacement	•	Jan 25	•	7	7	0	Build/ Construct
Mistletoe Park/ Tainmuntilla (Park 11) Shared Use Path Renewal & Public Lighting Upgrade*^	•	Apr 25	•	188	188	0	Build/ Construct
New Access Ramps for Accessible Car Parks (Construction)	•			10	10	0	Plan/ Design
New Parents Room with store room (Central Market)	•		_	55	55	0	Design Only
North Adelaide Golf Links - Renewal Planning*	•		•	80	80	0	Plan/ Design
O'Connell St / Archer St Intersection Improvements (Blackspot)**	•		•	350	350	0	Plan/ Design
Park 27B Hellas Sports club building and lighting upgrade (grant)^	_		•	336	178	158	Design Only
Park Land Buildings Upgrades				1,763	0	1,763	Plan/ Design

Public Lighting Alterations - 176 Mackinnon Parade, North Adelaide	•	Sep 24	<u> </u>	23	23	0	Practical Completion
Royal Avenue – Improvements*				0	0	0	Plan/ Design
Rymill Park / Murlawirrapurka (Park 14) – Master Plan safety and accessibility works*^	•	Jul 25	•	822	822	0	Build/ Construct
Rymill Park / Murlawirrapurka (Park 14) Public Lighting Upgrade (Construction)^	•	Jul 25	•	357	357	0	Build/ Construct
Rymill Park /Murlawirrapurka (Park 14) Lake Upgrade (Construction)^	•	Mar 25	•	306	309	(3)	Build/ Construct
School Safety Implementation Project	•	Jun 25	•	250	100	150	Plan/ Design
Torrens retaining structure		Jul 25	•	1,600	1,600	0	Build/ Construct
Vincent Street and Vincent Place – Improvements*	•	Jul 25	•	1,203	1,203	0	Build/ Construct
West Pallant Project Steet Lighting Design*	•		•	33	0	33	Plan/ Design
Strategic Property and Commercial	_						
218-232 Flinders Street	•	Feb 25	•	407	203	204	Build/ Construct
Central Market Arcade Options	•	Feb 26	•	409	409	0	Build/ Construct
Central Market Arcade Redevelopment	•	Feb 26	•	15,918	21,842	(5,924)	Build/ Construct
South West Community Centre	•	Jun 25	•	1,500	1,500	0	Plan/ Design
Corporate Services Portfolio							
Corporate Activities	_				•		
Project Delivery Management Costs (Overheads)*	•		•	6,764	5,764	1,000	Build/ Construct
Adelaide Economic Development Agency							
Experience Adelaide Centre^				3,954	3,954	0	Plan/ Design
Rundle Mall Sound System	•	Nov 25		50	50	0	Plan/ Design
Twin Street Festoon lighting				0	20	(20)	Plan/ Design
Information Management							
Microsoft Teams Enabled Room - Lord Mayor's Office	•	Oct 24	•	25	25	0	Practical Completion
GIS Spatial laptops	•	Apr 25	•	0	8	(8)	Build/ Construct
HR System - Implementation of Integration Suite	•	May 25	•	0	200	(200)	Build/ Construct
Total New and Upgrade Program				66,890	64,747	2,143	

^{*} in addition to this budget there is a renewal amount which is reflected separately in the Renewal Program Table

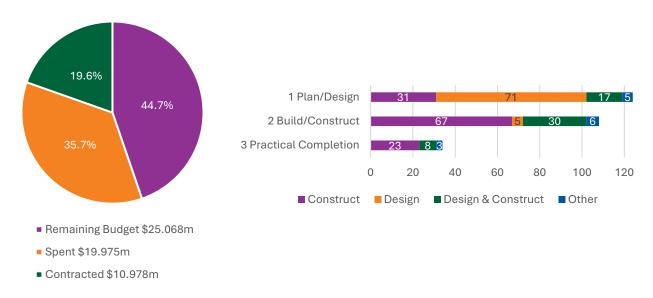
^{**} fully grant funded

[^] partially grant funded

Renewals

Renewals are works of a capital nature that are replacing an existing asset like for like or like for modern equivalent.

Approved Budget



Budget Updates

The Renewals budget has increased by \$0.274m from the approved Quarter 1 budget of \$56.022m to a proposed Quarter 2 budget of \$56.296m due to a new grant. Variations in budget categories are as a result of realigning and reprioritising the budget to the asset category being renewed.

Key Achievements

During the quarter, 15 renewal projects achieved practical completion, including Rundle Mall bollards renewal, Gawler UPark Facade coating treatment and various road and footpaths renewals.

Quarter 2 saw the commencement of delivery of the following projects: ICT Laptop renewals, Urban Element renewals, Bud lighting renewals, and various traffic signal and road renewal projects.

Several projects have signed contracts for the intended works. This includes Unley Road stormwater culvert renewal, South Terrace/Hutt Street Stormwater improvements, several Traffic Signal renewals, Glen Osmond Rd (North) lighting renewal and LED renewals.

A number of renewal projects are currently in the market with the aim of commencing delivery later this year, including Colonel Light Centre – Air Handling Unit renewal, Footpath renewal – Grenfell Street and Mills Terrace renewals.

2024/25 Renewal Budget by Category

\$'000	Q1 Budget	Proposed Q2	Variance	
Bridges	350	320	30	▼
Buildings	11,325	12,390	(1,065)	A
ICT Renewals	1,591	2,061	(470)	A
Light'g & Electrical	1,985	3,159	(1,174)	A
Park Lands Assets	2,174	2,066	108	▼
Plant and Fleet	1,689	1,996	(307)	A
Traffic Signal	2,937	3,385	(448)	A
Transport	17,370	14,316	3,054	▼
Urban Elements	2,944	2,893	50	▼
Water Infrastructure	7,992	8,046	(54)	A
Project Management Delivery Costs	5,665	5,665	0	>
TOTAL	56,022	56,296	(274)	A

2024/25 Renewal Projects by Category and Project Phase

Category	Total*	Design only	Plan/Design	Build/Construct	On Hold	Complete
Bridges	4	2	2			
Buildings	41	9	14	12		6
ICT Renewals	9		8	1		
Light'g & Electrical	31	18	1	9		3
Park Lands Assets	18	6	3	9		
Plant and Fleet	10		6	2		2
Traffic Signal	11		1	10		
Transport	77	19	12	29		17
Urban Elements	53	13	5	29		6
Water Infrastructure	10	3	1	6		
TOTAL	264	70	53	107	0	34

 $[\]hbox{^*Total Project count: mixed funded projects are only counted once in the total project count.}\\$

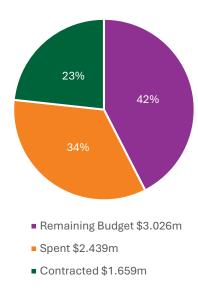
Note:

- Transport is made up of Roads, Pathways and Kerb and Water Table
- Plant and Fleet includes Commercial Plant and Fleet
- Some projects have been broken down into sub-projects, so total appears different

Strategic Projects

Strategic Projects are generally 'one off' or short-lived activities that have been prioritised to be delivered within a specific timeframe to meet strategic outcomes, often as a result of Council decisions and/or partnerships.

Approved Budget



Budget Updates

The Strategic Projects budget has increased by \$0.803m from the approved Quarter 1 budget of \$7.125m to a proposed Quarter 2 budget of \$7.928m.

This increase is attributed to the inclusion of two new grant funded projects - Adaptive Reuse City Housing Scheme and Heritage Incentive Scheme – State Heritage Buildings, both attracting 100% grant funding. In addition, new strategic project - Evaluation of Park Lands Dry Areas Regulation is further contributing to an increase in expense.

In line with Council direction, the Commercial Events Fund budget has further increased to the total approved value.

Key Achievements

Quarter 2 has seen the number of strategic projects increase with the inclusion of new initiatives in City Shaping (Adaptive Reuse City Housing Scheme, Heritage Incentive Scheme – State Heritage Buildings & Evaluation of Park Lands Dry Areas Regulation).

Spend and commitment continues to increase with 53% of the Strategic budget now committed and /or spent at end of Quarter 2.

These projects include:

- Resilient Flood Planning fully committed
- Contact Centre Software Replacement partially committed and on track for delivery
- Adelaide Central Market Expansion Preparedness fully committed
- Adaptive Reuse City Housing Initiative partially committed

Procurement and delivery of works for projects remain on track heading into Quarter 3.

- Bridge Maintenance Program Consulting Engineer engaged and selection of Maintenance contractors for procurement panel underway
- Asset Audit Condition Public Lighting and Traffic Signal audits are in procurement
- Delivering the Planning and Design Code Amendment Program 2023-2026 procurement of consultancy work is underway
- Disability Access and Inclusion Plan 2024-2028 procurement panel selection completed and preferred provider engagement is in final stages

2024/25 Strategic Projects		Plan		000)		
		elivered by	Q1 Budget	Proposed Q2	Variar	ісе
City Shaping						
City Culture						
DHS Community Neighbourhood Development Funding^	•	Jun 2025	99	99		•
City Activation	•	Jun 2025	502	502		Þ
Park Lands, Policy & Sustainability			•			
Social Work in Libraries Evaluation Framework**	•	Nov 2024	25	25		Þ
Social Planning Homelessness and Adelaide Zero Project Resourcing		Complete	208	208		Þ
Reconciliation Action Plan 2024-2027 Implementation	•	Jun 2025	150	140	10	1
National Heritage Management Plan Implementation	•	May 2025	100	100)
Local Heritage Assessments - 20th Century Buildings	•	Jun 2025	50	50		•
Homelessness Strategy Implementation	•	Jun 2025	50	40	10	1
Historic Area Statement - Code Amendment	•	Jun 2025	112	112		Þ
Economic Development Strategy Implementation	•	Jun 2025	106	106		•
Disability Access and Inclusion Plan 2024-2028 Implementation		Jun 2025	215	205	10	1
Delivering the Planning and Design Code Amendment Program 23-26 (Yr 2)	•	Jun 2025	240	240		Þ
Botanic Creek Rehabilitation (Community Planting)^	•	Jun 2025	72	72		Þ
Adaptive Reuse City Housing Initiative^	•	Dec 2025	250	250		•
Adaptive Re-use Housing Initiative Program (ARCHI)		Jun 2025		250	(250)	4
Heritage Incentive Scheme - State Heritage Buildings		Jun 2025		250	(250)	4
Evaluation of Park Lands Dry Areas Regulation		Jun 2025		115	(115)	1
Regulatory Services			J	<u>I</u>		.L
On-Street Parking Compliance Technology and Customer Analytics Reform		Jun 2025	148	148		Þ
City Services					•	
City Operations						
Feasibility Studies - Waste and Recycling Collection		Jun 2025	100	100		•
Infrastructure			I	<u> </u>	. <u>i</u>	.i
Transport Strategy		Jun 2025	276	295	(19)	
School Safety Review		Mar 2025	12	12		
SA Power Networks (SAPN) Luminaire Upgrades		Complete	15	14	1	1
Resilient Flood Mapping		May 2025	1,723	1,723		
Conservation Management Plans for Heritage Assets		Jun 2025	41	41		
City Speed Limit Review		Aug 2024	27	27		
		Jun 2025	400	400		
Bridge Maintenance Program Asset Condition Audit					26	
Adelaide Park Lands Strategic Water Resources Study		May 2025 Jun 2025	565 80	539 80	26	\
Strategic Property & Commercial		Juli 2023		80	<u> </u>	
88 O'Connell Project Delivery		Jun 2025	80	80		
North Adelaide Golf Course - Water Investigative Study		Feb 2025	UU .	26	(26)	
218 - 232 Flinders Street Masterplan Investigations		Jun 2025	150	150	(20)	1
·		Juil 2020	100	100		
Corporate Services						
Governance ESCOSA Povious		Eab 2025	40	40		
ESCOSA Review		Feb 2025	40	40	<u> </u>	<u> </u>
Information Management		lur 0005	05	0.5		
Cyber Security Enhancement		Jun 2025	85	85		
Contact Centre Software Replacement		Mar 2025	450	450		

ACMA						
Adelaide Central Market Expansion Operational Preparedness	Jun 2025	220	220		▶	
AEDA						
Tourism and Business attraction	May 2025	133	133		▶	
Rundle Mall Live Music Program	Jun 2025	100	100	1	▶	
Commercial Events and Festivals Sponsorship Program	Jun 2025	300	500	(200)	A	
TOTAL	38 projects	7,125	7,928	(803)		

Budget

Summary

December Year to Date (YTD)

The operating position at the end of Quarter 2 2024/25 is a surplus of \$11.729m, which is \$3.876m favourable to the Year to Date budget of \$7.852m. This is driven by:

- Income \$1.923m favourable to budget largely due to:
 - o higher fees and charges from Parking income \$1.031m, Nursery Sales \$0.125m, and events income \$0.093m, and partially offset by unfavourable expiation income (\$0.465m) and Town Hall (\$0.521m)
 - o Grant, subsidies and contributions income is favourable \$0.393m due to recognising works completed for the resilient flood mapping project
 - Other income is favourable due to bank interest on positive cash position \$0.432m, and insurance claims \$0.213m
- Expenditure \$1.953m favourable to budget largely due to:
 - Employee costs \$3.010m favourable due to vacant positions, offset by an increase in temporary contract labour (\$2.870m) and apprentices (\$0.068m)
 - Strategic Projects \$1.414m favourable through Resilient Flood Planning \$0.314m,
 Contact Centre Software \$0.235m and Bridge Maintenance Program \$0.200m
 - Other Materials, contracts and other expenditure (excluding Temp Staff and Apprentices) \$1.235m favourable including timing of Computer Software \$0.626m, Consultants \$0.318m, and catering \$0.487m (reflective of reduced Town Hall income).
 - Sponsorships, Contributions and Donations \$0.369m favourable mainly due to timing of Events and Festivals Sponsorships
 - o Depreciation (\$1.137m) unfavourable reflecting the 2023/24 asset revaluations.

The Capital Projects spend of \$37.529m is \$9.747m lower than the YTD budget of \$47.275m and is reflective of the retiming of projects into 2025/26. This is a result of the continuing delivery of the 2024/25 capital program.

Council had net cash surplus of \$20.999m at 31 December, with \$2.271m in bank accounts and \$18.728m in deposits.

Quarter 2 2024/25 Projected Operating Position

The proposed Quarter 2 forecast is an operating surplus of \$9.367m which remains consistent with the Quarter 1 budget. The following adjustments are incorporated into Quarter 2:

Additional Income of \$2.205m through the recognition of additional grant funding received of \$1.511m to deliver strategic projects, commercial parking revenue of \$0.685m, bank interest of \$0.549m.

Rates Revenue has reduced by (\$0.549m) due to objections and a higher level of discretionary rebates provided through the 10% rates cap.

Other minor movements of \$0.009m

Additional Expenditure of (\$2.205m) through an increase in Strategic Project funding of (\$0.803m) including (\$0.200m) for the AEDA commercial events fund and new projects of (\$0.615m), of which \$0.500m will be delivered through external grant programs.

Other changes include additional commercial parking marketing and software licences of (\$0.195m) to deliver the increased revenue, additional expenditure associated with the aquatic centre closure on 1 August (budget assumed 7 July) of (\$0.365m), costs associated with the new organisation structure from 6 January of (\$0.183m), increase in insurance premiums of (\$0.233m), outsourcing of the property valuation function for the purposes of rates revenue (\$0.220m), tree management inspections and framework (\$0.187m) and other individual minor increases in expenditure of (\$0.220m) offset by a \$0.201m reduction in Market Expansion preparedness costs due to construction deliverables timing.

The **Capital Program** is proposed to decrease by \$1.869m from \$122.912m to \$121.043m as a result of retiming projects into 2025/26 \$10.701m, earlier than planned delivery of the Central Market Arcade Redevelopment \$5.924m, 2 new projects \$3.609m and accrued interest of \$0.024m from externally funded projects. This has been offset by the release of \$1.000m of project management costs.

The renewal program has been increased by \$0.274m to reflect the change in accounting treatment for the purchase of library books from the operating position.

Grant funding to support capital expenditure on new and upgraded assets has increased by \$1.113m from \$9.015m to \$10.128m as a result of new grant funding recognised including Charles Street Streetscape \$1.000m.

Borrowings are forecast to reduce by \$3.360m from \$23.733m to \$20.373m. This is due to the retiming of capital projects in 2025/26 and the recognition of additional grant funding received.

Budget

Operating Position (Financial Performance)

\$000's	YTD Actual	YTD Budget	Variance	Q1 Budget	Proposed Q2	Variance
Rates Revenue	72,099	72,175	(75)	144,908	144,359	(549)
Fees and Charges	43,974	43,072	902	84,460	85,164	704
Grants, Subsidies and Contributions	2,458	2,065	393	5,057	6,568	1,511
Other Income	1,244	539	704	1,283	1,822	539
Total Revenue	119,775	117,851	1,923	235,708	237,913	2,205
Employee Costs	37,670	40,680	3,010	86,489	83,584	2,905
Materials, Contracts and Other Expenses	37,718	37,439	(279)	75,779	79,842	(4,063)
Sponsorships, Contributions and Donations	2,675	3,044	369	6,408	7,110	(702)
Depreciation, Amortisation and Impairment	29,569	28,432	(1,137)	56,857	57,202	(345)
Finance Costs	414	404	(10)	808	808	(0)
Total Expenses	108,046	109,999	1,953	226,341	228,546	(2,205)
Operating Surplus / Deficit	11,729	7,852	3,876	9,367	9,367	0

Capital Program

\$000's	YTD Actual	YTD Budget	Variance	Q1 Budget	Proposed Q2	Variance
New and Upgrades Projects	17,553	25,184	7,630	66,890	64,747	2,143
Renewal / Replacement of Assets	19,975	22,091	2,116	56,022	56,296	(274)
Total Capital Program	37,529	47,275	9,747	122,912	121,043	1,869

Operating Program – Adjustments

\$000's	Budget	Proposed	Variance
2024/25 Quarter 2 Budgeted Operating Position			
Park Land Property Rental Income Adjustment of Park Lands rental income	1,216	1,186	(30)
Aquatic Centre Income Additional revenue received due to later close date	130	169	39
Commercial Parking Income Recognise one off favourable variance	44,620	45,305	685
Resilient Flood Mapping Grant Funding Recognition of grant funding for works completed in financial year	0	966	966
Aquatic Centre - Grant Funding Funding for community event at the Aquatic Centre	0	25	25
Adjustment to Grant Funding Reflection of actual grant funds for waste & recycling	37	34	(3)
New Structure Budget changes as a result of the new organisation structure	0	(269)	(269)

Increase to insurance costs Recognition of higher Personal Injury Insurance	(390)	(416)	(26)
Additional resources in Waste team New Waste Education Officer	(160)	(201)	(41)
Commercial Parking Expenditure Periodic review of Employee Enterprise Agreement	(2,414)	(2,431)	(17)
Market Expansion Preparedness Retiming to align with construction deliverables	(1,719)	(1,512)	207
Reduction of role in AEDA Removal of Executive Advisor role from 6 January	(523)	(437)	86
Review of Valuations Net impact of outsourcing valuations	(4,458)	(4,678)	(220)
Aquatic Centre Expenditure Additional expenditure due to later close date	(373)	(738)	(365)
Commercial Parking Expenditure Increased spend on marketing and customer system to drive revenue	(3,929)	(4,124)	(195)
Property Management Expenditure Temporary removal of sinking fund for Bus Station whilst in preparation stage	(100)	0	100
Adelaide's New Year's Eve Increase to budget to reflect expected spend	(1,356)	(1,488)	(132)
Cost of Library Books Change in accounting treatment to recognise cost	(1,443)	(1,517)	(74)
City Library Rental Outgoings Updated outgoings forecast from Landlord	(1,267)	(1,357)	(90)
Kaurna Cultural Burn Annual Kaurna Cultural Burn in Carriageway park/Tuthangga (Park 17)	(35)	(90)	(55)
Market Expansion Preparedness Adjustment to align with construction deliverables	(231)	(237)	(6)
AEDA Commercial Events Fund Council decision to reinstate fund	(300)	(500)	(200)
Rundle Mall transfer of costs Transfer of operational budget to fund street lighting capital project	(211)	(191)	20
Tree Management Ongoing costs for inspection and reporting	(373)	(473)	(100)
Software costs Recognition of additional software costs	(6,288)	(6,295)	(7)
Strategic Project Expenditure - Transport Reallocation of funds from business activities to strategic projects	(276)	(294)	(18)
Strategic Project Expenditure - Transport Reallocation of funds from business activities to strategic projects	(225)	(211)	14
Increase to insurance costs Recognition of higher Mutual Liability costs	(1,293)	(1,500)	(207)
Implementation of Tree Management Costs to implement Tree Management Framework and supporting system	0	(87)	(87)
Rates Objections / Discretionary Rebates Higher level of objections to property valuations approved, and discretionary rebates provided through the 10% cap in 2024/25	(2,827)	(3,376)	(549)
Bank Interest Higher level of forecast bank interest earnt based on positive cash position	92	640	549

The following changes have a net nil impact on the Operating Program, as income or grant funding received fully offsets incurred expenditure:

\$000's	Budget	Proposed	Variance
Welcome Home Event Grant Funding Share of Welcome Home event for Olympic athletes	35	57	22
Welcome Home Event Expenditure City of Adelaide contribution to Welcome Home event	(516)	(538)	(22)
Resource cost correct allocation Recognition of backfill of temporary vacancies by external temporary labour	(5,301)	(5,301)	3,000 (3,000)
Adaptive Reuse - Grant Funding Recognition of grant funding income for strategic project	0	250	250
Adaptive Reuse - Expenditure Recognition of project expenditure	(250)	(500)	(250)
Heritage Incentive Scheme Grant Funding Funding for heritage work on State buildings	0	250	250
Heritage Incentive Scheme Expenditure Grants for heritage work on State buildings	0	(250)	(250)
New Strategic Project Dry Areas Evaluation	0	(115)	(115)
Funding for New Strategic Project Reduction in RAP Implementation Plan, Disability Access and Homelessness Strategy	(415)	(385)	30
Funding for New Strategic Project Reduction in Safer Cities Program and use of salary savings	(1,260)	(1,175)	85

Capital Program – Adjustments

\$000's	Budget	Proposed	Variance
New and Upgrades			_
Works of a significant nature that are either introducing new assets or significantly upgrading existing assets. Usually by extending the footprint of an asset or increasing the level of service the asset provides.	66,890	64,747	2,143
Renewals			,
Works of a capital nature that are replacing an existing asset like for like or like for modern equivalent.	56,022	56,296	(274)
Total Adjustment	122,912	121,043	1,869

Budget

Financial Indicators

	Target	Adopted	Q1	Q2
Operating Surplus Ratio				
The ratio expresses the Operating Surplus as a percentage of Total Operating Revenue.	0%-20%	4.0%	4.0%	3.9%
Net Financial Liabilities	Less than			
The ratio expresses the Financial Liabilities as a percentage of Operating Income.	80%	21%	15%	13%
Asset Sustainability Ratio				
The ratio expresses the expenditure on Asset Renewals as a percentage of forecast required expenditure according to the Asset Management Plans.	90%- 110%	92.5%	92.5%	93.0%
Asset Test Ratio	Maximum			
The ratio expresses Borrowings as a percentage of Saleable Property Assets.	50%	17%	8%	7%
Interest Expense Ratio	Maximum			
Interest expense as a percentage of General Rates Revenue (less Landscape Levy).	10%	2.0%	2.0%	2.0%
Leverage Test Ratio	Maximum			0.14
The ratio expresses total Borrowings relative to General Rates Revenue (less the Landscape Levy).	1.5 years	0.4 years	0.2 years	years
Cash Flow From Operations Ratio	Greater			
The ratio expresses Operating Income as a percentage of Operating Expenditure plus expenditure on Renewal/Replacement of assets.	than 100%	103%	110%	110%
Borrowings				
The ratio expresses Borrowings as a percentage of the Prudential Borrowing Limit (50% of Saleable Property Assets).	Less than 50%	34%	15%	13%
Borrowings				
The ratio expresses Borrowings (Gross of Future Fund) as a percentage of the Prudential Borrowing Limit (50% of Saleable Property Assets).	Less than 50%	56%	40%	35%

On track	Within range
At risk	May be within range but at risk of going outside of range
Off track	Outside of range

Budget

Treasury Reporting

The tables below present the debt and cash investment information as required by Council's Treasury Policy.

Table 1 shows the borrowing facilities taken out by Council. Council had nil borrowings as at 31 December 2024:

Borrowings Facility*	Available	Interest Type	Interest Rate	Current Borrowings	Change since previous report \$'000	Maturity Date
LGFA CAD 555	\$70m	Variable	5.60%	-	-	15/06/2033

^{*} Note CAD facilities are flexible and allows Council to convert all or part of it into a fixes rate interest only loan for a maximum of 5 years.

Table 2 shows cash invested by Council. Council had \$20.999m in cash investments at 31 December 2024:

Cash & Cash Equivalents	Available	Interest Type	Interest Rate Currer Investme		Change since previous report \$'000	Maturity Date
LGFA General		Variable	4.55%	-	(\$25.272m)	-
NAB		Variable	4.35%	\$0.142m	(\$0.240m)	-
CBA		Variable	4.35%	\$2.129m	\$0.001m	-
LGFA FT 63188		Fixed	4.95%	\$3.728m	\$3.728m	18/03/2025
LGFA FT 63189		Fixed	4.95%	\$15.000m	\$15.000m	18/03/2025

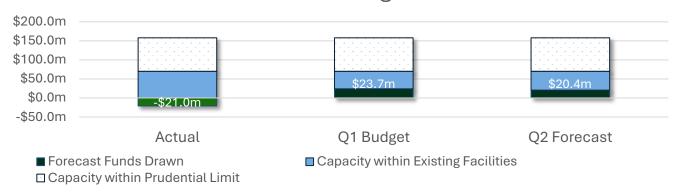
Total borrowings without the Future Fund offset (\$29.728m) would otherwise be \$8.929m.

Table 3 provides the Prudential Limit Ratios as outlined in Council's Treasury Policy:

Prudential Limit Ratio	Comments	Limits	YTD Actual
Interest Expense Ratio Annual interest expense relative to General Rates Revenue (less Landscape Levy).		Maximum 10%	0.02%
Leverage Test	Total borrowings relative to annual General Rates Revenue (Less Landscape Levy).	Max 1.5 years	0 years
Asset Test	The percentage of total borrowings to Council's saleable property assets.	Maximum 50%	0%

Borrowings: showing current facilities against our prudential limit and forecasted position

Borrowings



Glossary

Budget

24/25 Budget: is the current adopted budget.

Financial Indicators: Measures used to assess Council's financial performance, to guide decision making on major projects, and ensure its continued financial sustainability.

Reallocation: Reallocation of funds from one source to another.

Reclassification: A change of a project categorisation to reflect the scope, size or funding source of a project (e.g. Renewal to Upgrade).

Retimed: Deliberate change of timing of a project into a future year based on an agreed decision.

Subsidiaries: Established by Council under Section 42 of the *Local Government Act 1999 (SA)* that operate under independent boards or organisations that the City of Adelaide either operates or supports.

Capital Works

New and upgrade: Works of a capital nature that are either introducing new assets or significantly upgrading existing assets. Usually by extending the footprint of an asset or increasing the level of service the asset provides.

Renewal: Works of a capital nature that are replacing an existing asset like for like or like for modern equivalent.

Project Management Phases

Commit/Concept: A project plan is being finalised with scope, and greater understanding of budget timing and stakeholder management.

Design: Projects for which only the design phase will be undertaken in the current year, with construction occurring in another financial year.

Design/Detail Planning: The planning and design phase of a project, which includes activities such as project planning and technical design.

Build/Construct (also Deliver): The build and construction phase of a project, which includes activities such as tendering, and construction/creating an asset.

Practical Completion: The practical completion phase of a project where an area/asset is open and created in our asset system. Depreciation commences at this point.

On Hold: Project status indicating a decision of Executive or Council is required and cannot proceed until a decision is reached.

Types of Projects

Capital Project: A long-term project to establish, develop, improve or renew a capital project.

Strategic Project: Delivers the Strategic Plan and are generally 'once off' that have been prioritised to be delivered in a specific timeframe. Strategic Project budgets are operational in nature (not capital) and are aligned to a relevant service.

Appendix: Risk and Opportunities

Risks and Opportunities

The continued decreased capacity in UPark Central Market, trade disruptions in Market Plaza as well as economic conditions and cost of living pressures are impacting spend at the Adelaide Central Market. To combat this, marketing is being adapted to communicate the Market's affordability and quality.

Resourcing, both internal and external, remains a challenge for progressing infrastructure projects through design and construction. Internal resources continue to be supplemented with short term contract staff and external consultants and contractors have high workloads due to a busy time in the industry, with pricing remaining at post-covid levels.

All 2024/25 Community Impact Grants have been awarded with sixteen applications not successful in obtaining funding. There is potentially some risk of negative sentiment directed at CoA from the unsuccessful applicants.

Delays with completion of the Adelaide Town Hall Facade Restoration project are resulting in unanticipated costs and loss of revenue through event bookings for the Adelaide Town Hall. To build a pipeline of future bookings, a 'Moments' event was held on 30 October 2024, hosted by the CEO, to showcase our iconic Adelaide Town Hall and its unique spaces and offerings. This event was attended by 160 guests from various sectors (Tourism, Education, Wine, Defence, State & Federal Government, Arts & Culture) and resulted in 4 bookings and numerous enquiries and leads.

Continued forecast under budget for parking expiation revenue, largely due to staff turnover and training earlier in the year.

In the first half of 2024/25 the City of Adelaide has been successful with being awarded \$9.9m of grants to assist with the delivery of our capital and strategic projects as endorsed in the 2024/25 Business Plan and Budget. The key grants include \$2m from the Open Space scheme and \$7.3m from the Thriving Suburbs Program to deliver the Main Street Revitalisation – Hutt Street.

Appendix: Financial Statements

Statement of Comprehensive Income	Adopted		
\$'000s	Budget	Q1	Q2
<u>Income</u>			
Rates Revenue	144,908	144,908	144,359
Statutory Charges	16,893	16,893	16,893
User Charges	67,399	67,567	68,271
Grants, Subsidies and Contributions	4,842	5,057	6,568
Investment Income	166	166	715
Reimbursements	150	150	150
Other Income	866	967	956
TOTAL INCOME	235,225	235,708	237,913
<u>Expenses</u>			
Employee Costs	86,220	86,489	83,584
Materials, Contracts and Other Expenses	81,973	82,187	86,952
Depreciation, Amortisation and Impairment	56,857	56,857	57,202
Finance Costs	808	808	808
TOTAL EXPENSES	225,858	226,341	228,546
Operating Surplus / (Deficit)	9,367	9,367	9,367
Asset Disposal & Fair Value Adjustments	0	0	0
Amounts Received Specifically for New or Upgraded Assets	7,026	9,015	10,128
Net Surplus / (Deficit)	16,393	18,382	19,495
Changes in Revaluation Surplus – I,PP&E	0	0	0
TOTAL OTHER COMPREHENSIVE INCOME	16,393	18,382	19,495

Statement of Financial Position	A		2024/25 Q2	
\$'000s	Adopted Budget	Q1		
ASSETS	Buuget	<u> </u>	Q 2	
Current Assets				
Cash and Cash Equivalents	800	800	800	
Trade & Other Receivables	45,116	19,556	19,740	
Inventories	741	805	804	
Other Current Assets	0	27,000	27,000	
Total Current Assets	46,657	48,161	48,344	
Non-Current Assets	10,007	10,101	10,011	
Financial Assets	679	839	839	
Equity Accounted Investments in Council Businesses	2,258	4,386	4,386	
Investment Property	2,968	3,165	3,165	
Infrastructure, Property, Plant and Equipment	1,924,347	2,075,923	2,073,713	
Other Non-Current Assets	1,306	0	0	
Non-Current Receivable	0	0	0	
Total Non-Current Assets	1,931,559	2,084,313	2,082,103	
TOTAL ASSETS	1,978,216	2,132,474	2,130,446	
LIABILITIES	1,970,210	2,132,474	2,130,440	
Current Liabilities				
	19,071	23,829	24,059	
Trade and Other Payables Provisions	21,596	16,875		
Borrowings (Lease Liabilities)	5,142	5,077	16,875 5,077	
Total Current Liabilities	45,808	45,781	46,011	
Non-Current Liabilities	45,606	45,761	40,011	
Trades and Other Payables	0	16,066	16,066	
Borrowings	53,677	23,733	20,373	
Provisions	2,103	2,058	2,048	
Borrowings (Lease Liabilities)	30,922	34,241	34,241	
Total Non-Current Liabilities	86,703	76,098	72,728	
TOTAL LIABILITIES	132,511	121,879	118,739	
Net Assets	1,845,705	2,010,595	2,011,708	
EQUITY Accumulated Surplus	907.160	700 207	006 424	
Accumulated Surplus	807,169	799,387	806,424	
Asset Revaluation Reserves	1,004,383	1,171,996	1,171,995	
Future Reserve Fund	34,154	39,212	33,288	

State	ment of Changes in Equity			2024/25
\$'000	s	Adopted Budget	Q1	Q2
Baland	ce at the end of previous reporting period	1,829,312	1,992,213	1,992,213
a.	Net Surplus / (Deficit) for Year	16,393	18,382	19,495
b.	Other Comprehensive Income	0	0	0
Total Comprehensive Income		16,393	18,382	19,495
Balan	ce at the end of period	1,845,705	2,010,595	2,011,708

Statement of Cash flows	Adontod		2024/25
\$'000s	Adopted Budget	Q1	Q2
Cash Flows from Operating Activities			
Receipts			
Operating Receipts	232,801	254,465	256,487
<u>Payments</u>			
Operating Payments to Suppliers and Employees	(170,091)	(175,130)	(176,879)
Net Cash provided by (or used in) Operating Activities	62,710	79,335	79,608
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets	6,026	4,556	5,773
Proceeds from Surplus Assets	18,500	18,500	18,500
Sale of Replaced Assets	500	500	500
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets	(56,022)	(56,022)	(56,296)
Expenditure on New/Upgraded Assets	(56,489)	(66,570)	(64,427)
Capital Contributed to Equity Accounted	(30,469)	(00,370)	(04,427)
Council Businesses	(320)	(320)	(320)
Net Cash provided by (or used in) Investing Activities	(87,805)	(99,356)	(96,270)
	1		
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings	30,084	23,733	20,373
<u>Payments</u>			
Repayment from Borrowings	0	0	0
Repayment of Lease Liabilities	(4,989)	(4,989)	(4,989)
Net Cash provided by (or used in) Financing Activities	25,095	18,744	15,385
Net Increase (Decrease) in Cash Held	0	(1,277)	(1,277)
plus: Cash and Cash Equivalents at beginning of			
period	800	2,077	2,077
Cash & Cash Equivalents at end of period	800	800	800

Uniform Presentation of Finances	Adapted		2024/25
\$'000s	Adopted Budget	Q1	Q2
Income			
Rates Revenue	144,908	144,908	144,359
Statutory Charges	16,893	16,893	16,893
User Charges	67,399	67,567	68,271
Grants, Subsidies and Contributions	4,842	5,057	6,568
Investment Income	166	166	715
Reimbursements	150	150	150
Other Income	866	967	956
TOTAL INCOME	235,225	235,708	237,913
<u>Expenses</u>			
Employee Costs	86,220	86,489	83,584
Materials, Contracts and Other Expenses	81,973	82,187	86,952
Depreciation, Amortisation and Impairment	56,857	56,857	57,202
Finance Costs	808	808	808
TOTAL EXPENSES	225,858	226,341	228,546
Operating Surplus / (Deficit) before Capital Amounts	9,367	9,367	9,367
Net Outlays on Existing Assets			
Capital Expenditure on Renewal and	/FC 022\	(FC 000)	(FC 20C)
Replacement of Existing	(56,022)	(56,022)	(56,296)
Finance lease payments for right of use assets on existing assets	0	(4,989)	(4,989)
add back Depreciation, Amortisation and Impairment	56,857	56,857	57,202
add back Proceeds from Sale of Replaced Assets	500	500	500
Net Outlays on Existing Assets	1,335	(3,654)	(3,583)
		·	·
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	(56,809)	(66,890)	(64,747)
add back Amounts received specifically for New and Upgraded Assets	6,026	4,556	5,773
add back Proceeds from Sale of Surplus Assets	18,500	18,500	18,500
New Outlays on New and Upgraded Assets	(32,283)	(43,834)	(40,474)
Net Lending / (Borrowing) for Financial Year	(21,581)	(38,121)	(34,690)

City of Adelaide 25 Pirie Street, Adelaide

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Adelaide Central Market Authority

T B CENTRAL CONTRAL CONTRACT CO

Quarter 2 Report: 1 October 2024 - 31 December 2024

Executive Summary

Operational highlights for Q2 included the Seafood + Sounds event and Christmas campaign. Seafood + Sounds celebrated South Australia's world-class seafood offer with a two-day program of free and ticketed activities. The Christmas campaign saw a celebration of traders, live music, community choirs and roving entertainment, including precinct activations. 23 December also saw a record number of home deliveries for Adelaide Central Market Online, with 104 orders delivered and more than 1,700 items in one day.

Overall, traffic bounced back in December, with the strongest average daily attendance since April. However, visitation was down by 7% compared to Christmas 2023, which is consistent with the Market visitation month on month over 2024.

Tenancy movement included one stall vacating (Poultry Cuisine), with adjacent trader Market Bread Bar taking over the site. One stall received an infrastructure renewal and new fit out (M&M's Fruit Mart) and operated as a pop up during the works. The popular Cumbia Bar Kitchen expanded their capacity with another pop-up cart in the Market side and OMG Donuts returned with a 6 months short-term lease. Leasing revenue remains strong, with 100% rental occupancy.

After an extensive consultation process in Q1, 100% of traders participated in a vote to review the core trading hours of the Market. The results did not achieve the 75% agreement required by the Retail and Commercial Leases Act 1995, hence the Market will retain its current hours at this stage. Meetings with the Market Expansion Expression of Interest applicants commenced, including seven traders from the existing Market and over 30 external retailers.

The ACMA Board thanked Councillor Noon and John Pearce for their valued contributions over their terms. Hamish Brown and Councillor Martin as Council's representative were welcomed to the Board.

The Adelaide Central Market was also awarded Silver at the Tourism Industry Council of South Australia Awards (TICSA) in Category 8: Tourism Retail, Hire and Services.

Financial Report

\$'000		December YTD				
\$ 000	Actual	Q1 Budget	Variance	Q1 Budget	Revised Budget	Variance
Income						
Fees and Charges	2,756	2,647	109	5,294	5,294	-
Other Revenue	22	24	(2)	49	49	-
Total Income	2,778	2,671	107	5,343	5,343	-
Expenditure						
Salaries and Wages	654	814	160	1,787	1,580	(207)
Materials, Contracts & Other Expenses	2,017	2,233	215	4,477	4,483	6
Depreciation	19	18	(1)	36	39	3
Finance	0	0	0	1	1	-
Total Expenditure	2,691	3,065	374	6,301	6,103	(198)
Net Operating Surplus / (Deficit)	87	(394)	481	(958)	(760)	198

\$'000		December YTD		Annual		
\$ 000	Actual	Q1 Budget	Variance	Q1 Budget	Revised Budget	Variance
Income	2,778	2,671	107	5,343	5,343	-
Expenditure	2,653	2,955	302	6,081	5,883	198
Net Operating Surplus / (Deficit)	125	(284)	409	(738)	(540)	(198)
Expansion Operational Preparedness	38	110	(72)	220	220	-
Total	87	(394)	481	(958)	(760)	(198)

The operating position is \$481K favourable to the YTD budget. The revised budget for 2024/25 reduces the operating deficit from (\$958k) to (\$760k) and is a result of reduced forecast costs associated with Market Expansion Preparedness due to timing of construction deliverables \$201k, offset by a minor increase in depreciation.

Debtors Summary

Financial Year	Total Arrears	Current	%	30 Days	%	60 Days	%	90+ Days	%
2024/25	\$ 57,129	\$ 48,552	85%	\$ 8,578	15%	\$ -	0%	\$ -	0%

Debt is contained within 30 days, with 85% being current. 1 lease is currently on a payment plan.

Leasing

Progress since October, with:

Q2 - The total number of Market stalls is 72 - 100% Occupancy					
Renewals	3				
Short term	1				
Holdovers	3				
Vacancies	0				

Out of 19 leases expiring in FY24/25, 10 leases have been executed for renewal.

Risks and Opportunities

- Stall 52 (ex- Cons Fruit and Veg) will become a vacancy in April 2025, with redevelopment of the stall occurring, managed by the City of Adelaide Infrastructure team. EOI process for replacement tenancy is underway.
- The decreased capacity in UPark Central Market, the trade disruptions in Market Plaza as well as economic conditions and cost of living pressures impact on spend in Market. Marketing adapting to communicate the market affordability and quality as an opportunity.

Business Plan & Budget 2024/25 and Strategic Plan Measures

The 2024/25 ACMA Business Plan and Budget includes 93 priority actions across the five strategic pillars of the ACMA Strategic Plan 2023/28: Our Customers, Our Traders, Our Business, Our Community and Our Market.

Summary 93 actions	Delivered/ongoing/ on track	To be monitored	Off track
OUR CUSTOMERS	24	0	0
OUR TRADERS	13	1	0
OUR BUSINESS	31	0	0
OUR COMMUNITY	14	0	0
OUR MARKET	9	1	0
TOTAL	91	2	0

Q2 Highlights

OUR CUSTOMERS

We will keep customer experiences at the heart of all decisions, every day.

- Delivery of in Market events and activations including Seafood + Sounds two-day program, school holiday program, cooking demonstrations, roving entertainment, live music and free kid's activities.
- Delivered Christmas program (marketing and operational)
- Introduced customer feedback and enquiries tracking to the Market Stall (Customer Service Desk)
- Trading Hours review completed: final secret ballot vote to align trading hours to customer preferences (facilitated by external consultant 'Further Insights'). Vote saw 100% attendance and confirmed existing trading hours to remain.

OUR TRADERS

We will work with our traders to support them in the delivery of an exceptional shopping experience.

- Customers and SA grocery shoppers research shared with traders
- Trading Hours review was completed with extensive Trader consultation in Q1 and vote on 22
 November
- Successful pop-up with traditional style Dutch offering in central aisle
- Big clean for Market
- Support trader collaboration with Journey Beyond Trail train weekly visitors (after hours event)
- Supported M&M's Fruit Mart to operate during a pop-up location during a fit out

OUR BUSINESS

We will take a responsible and sustainable approach to our business in pursuing positive long-term financial results.

- New property management software implementation
- Adelaide Central Market awarded Silver at the Tourism Industry Council of South Australia Awards (TiCSA) in Category 8: Tourism Retail, Hire and Services.
- Two new board members appointed Hamish Brown and Councillor Phillip Martin
- Adelaide Central Market Online Back to school promotion and delivery price increase
- Appointment of new Senior Property Officer, Megan Calvert (6 Jan 2025) to support increase in Market expansion leasing

OUR COMMUNITY

We will take a responsible and sustainable approach to our business in pursuing positive long-term financial results.

- Partnership support Oz Harvest Tree of Goodness (in Market) and Catherine House Christmas lunch
- GISA LEAP Grant application submitted for development of trader resources/sustainability guidelines (up to \$100K)

OUR MARKET

We will deliver infrastructure and programs that address the current and emerging needs for our customers and traders.

- Northwestern and southeast gantries completed
- Christmas cool rooms for traders
- Northeastern Festoon Lighting (entry)
- Increased Market entrance directional signage (Gouger St)
- Market Expansion:
 - Met with 27 EOI applicants (plus existing traders)
 - o Commenced Retail Design Guidelines
 - O Appointed Senior Property Officer

Upcoming quarter priorities: 1 January 2025 - 31 March 2025

- Marketing and events:
 - Deliver Lunar New Year Activation
 - Deliver Gluttony Sponsorship (The Local Bar)
 - Deliver Sauce Day event activation on 28 February and 1 March
 - Deliver tourism campaign (awareness during key tourism period)
 - Prepare and commence Easter campaign
 - Ongoing program of live music and free kid's activities
- Market Expansion:
 - Community consultation re retail mix
 - Leasing conversations with the balance of potential tenants
 - Operational readiness project continue research phase to inform budget preparation
 - Delivery of preliminary lease plans
 - Review and finalise lease documentation to issue letter of offers

Adelaide Economic Development Agency

Quarter 2 Report

1 October 2024 - 31 December 2024

Executive Summary

Between 1 October 2024 and 31 December 2024, AEDA:

- Delivered Adelaide Fashion Week with over 2,200 tickets sold to events
- Commenced Rundle Mall City Sessions live music program with 51 musical performances
- Achieved record breaking spend and foot traffic results on Black Friday and the lead up to Christmas.
- Engaged with 54 businesses (YTD) as investment leads that have the potential to add 1,717 jobs in the City.
- Supported 7 events through the Events and Festivals Sponsorship program which were delivered in the quarter with a
 combined anticipated attendance of 586,000 and an estimated gross economic impact of \$33 million. Supported7 events
 through the Commercial Events Sponsorship Program which were delivered in the quarter with a combined anticipated
 attendance of 96,000 and an estimated gross economic impact of \$7.7 million.
- Finalised the AEDA Strategic Plan 2024/25-2028/29
- Conducted the AEDA 2023/24 Annual General Meeting

Financial Report

Operating Position		December YTD	Annual			
	2024/25	2024/25		2024/25	2024/25	
\$000s	Actuals	Q1 Budget	Variance	Q1 Budget	Revised Budget	Variance
Income						
Rundle Mall Levy	2,031	2,024	7	4,017	4,017	-
Rundle Mall User Charges	309	190	119	380	380	-
CoA Appropriation of Funds	3,395	4,268	(873)	8,636	8,779	(143)
Other Income	4	10	(6)	19	19	-
Total Income	5,739	6,492	(753)	13,052	13,195	(143)
Expenses						
Employee Costs	1,955	2,266	311	4,829	4,743	(86)
Materials, Contracts and Other						
Expenses	2,623	2,247	(376)	4,628	4,608	(20)
Sponsorship, Contributions and						
Donations	1,148	1,711	563	3,549	3,749	200
Depreciation, Amortisation and						
Impairment	45	44	(1)	88	88	-
Total Expenses	5,771	6,268	497	13,094	13,188	94
Operation Surplus / Deficit	(32)	224	256	(42)	7	49

Year to Date (YTD) Financial Summary

Income

- Rundle Mall user charges income \$119k favourable to YTD budget.
- CoA Contribution represents AEDA expenditure (excluding Rundle Mall activities) in the first half of the financial year.

Expenditure

- Employee Costs has a \$311k favourable variance.
- Materials, Contracts and Other Expenses has an unfavourable variance of (\$376k) mainly due to timing of payments for Rundle Mall Security Services (\$177k) and stage hiring (\$130k)

• Sponsorships, Contributions and Donations has a favourable variance of \$563k, mainly due to timing related to receipt of invoices for Event and Festival Sponsorship and inclusion of \$200k additional funding for Commercial Events and Festivals Sponsorship (to be considered at Q2 Budget review).

Projected Annual Financial Summary

Proposed Quarter 2 Variances and Budget Requests

- Sponsorships, Contracts and Other Expenses: \$200k funding has been identified for the Commercial Events Fund Strategic Project. Total funding for 2024/25 is \$500k in line with the Decision of Council to prioritise the funding
- Employee Costs: (\$86k) due to the City of Adelaide restructure, 1.0 FTE Reduction of Executive Advisor within AEDA from 6
 January 2025
- Materials, Contracts and Other Expenses: (\$20k) from Rundle Mall operating budget to fund the capital project of Decorative Twin Lighting Installations
- The City of Adelaide appropriation of funds has increased by \$143k to fund the increase in expenditure (net of Rundle Mall activity)

Risks and Opportunities

- Expansion of the Burnside Shopping Centre
- Potential changes in interest rates impacting on consumer disposable income
- Creation of Adelaide University and changes in international student enrolments
- Resource availability to deliver the AEDA Strategic Plan

NB: AEDA's strategic risks are included within the City of Adelaide's Strategic Risk Register, which is reported through the Strategic Risk and Internal Audit Group that then reports into the Audit and Risk Committee

Board and Advisory Committee Term Changes

- Emma Kardachi was appointed to the AEDA Board for a 2.5 year period following Council's decision on 26 November 2024.
- Leah Grantham's term on the Advisory Committee expired during the reporting period. A recruitment process has been
 undertaken with recommendations to fill the vacancies on the AEDA Advisory Committee to be considered at the AEDA Board
 meeting on 12 February 2025

Board Annual Performance Review

The AEDA Charter requires the Board to undertake an annual review of its performance and provide Council with a report on its outcomes.

The views of Board Members were canvassed via a survey endorsed by the Board at its meeting in November 2024. In summary, the review was positive. With the main findings being:

- The role of the Board is well understood by members;
- The composition and nature of the Board's membership is a strength;
- The Board has a vision, purpose and strategy but would benefit from a reporting process that aligns to the strategic plan;
- Risk management processes are in place, but there are opportunities for the Board to focus on this a little more;
- Processes and systems are generally adequate;
- Better use could be made of the Advisory Committee;
- The Board has a constructive culture, solid processes respects, confidentiality, and a respectful relationship exists between Board and administration; and
- The Chair and the General Manager are effective in discharging their roles and responsibilities;

Proposed actions responding to observations made by Board members through the Review are:

- Identifying opportunities to streamline the Board and Advisory Committee selection processes;
- Developing a reporting process that aligns with the AEDA Strategic Plan now that it has been adopted by the Board;
- Including a risk and emerging challenges section in the General Manager's report to each Board meeting;
- Identifying opportunities on which to seek the input of the Advisory Committee;

- Clearly differentiating agenda items for which a decision is sought from the Board and those that are being workshopped to gain early Board input; and
- Board members to identify opportunities to utilize their networks to progress the objects of the Agency.

Grant Funding Approved

No grant funding was approved in the second quarter of 2024/25. Applications were opened for the Commercial Events and Festivals Sponsorship Program and the Strategic Partnerships Program.

Business Plan & Budget and Strategic Plan Measures

The 2024/25 AEDA Business Plan and Budget includes 18 measures across the four key areas, Business, Investment & Residential Growth; Visitor Economy; Rundle Mall and Brand and Marketing.

As at the end of quarter two, progress against the measures is as follows:

- Six measures have been marked 'Complete/Achieved' which would indicate they have been finalised or the annual target met;
- Five measures are 'On Track', meaning the pro-rata measure is tracking ahead or in-line with the target;
- Three measures are 'Partially complete', which indicates some progress has been made towards the target, but are not tracking ahead of the pro-rata benchmark and;
- Four measures are 'Active' which means work is being done towards the target but no numerical figure towards the target has been recorded.

Business, Investment and Residential Growth

Key Performance Indicator	Status	Annual Measure	Actual	Pro Rata Difference*
50 inward investment proposals/local expansions supported with at least 1,500 jobs	Complete/Achieved	50	54	+29
Increase of bookable tourism experiences in the city (delivery of Strategic Project)	On-Track	Consultant procured and industry engagement commenced		•
30+ vacant shopfronts/premises activated	Partially Complete	30	12	-3
Deliver 3 industry briefing events	On Track	3	2	+0.5
Outcomes from collaborative partnerships with MTPConnect; SouthStart and University of Adelaide/ Thinklab to support small businesses to grow and scale	Complete/Achieved	Programs completed. Acquitals due 28 March 2025		•
5 projects/market interventions to support emerging industries in the city	Complete/Achieved	5	5	+2.5
Supported/ facilitated 6 networking/knowledge transfer events for businesses.	Complete/Achieved	6	13	+10

Rundle Mall

Key Performance Indicator	Status	Annual Measure	Actual	Pro Rata Difference*
Demonstrate uplift in market share and foot traffic across 3 core campaigns	Complete/Achieved	3	3	+1.5
5 new brands commit to Rundle Mall	Complete/Achieved	5	5	+2.5
2 public realm infrastructure projects completed	On Track	2	-	-
A minimum of \$20M new capital investment delivered or committed in the Rundle Mall precinct	On Track	\$20m	\$12.792m	+\$2.792m
10 Business or industry media stories relating to Rundle Mall	Partially Complete	10	2	-3
Uplift in Rundle Mall small business sentiment index over FY24/25	Active	Baseline figure established		ablished

Visitor Economy

Key Performance Indicator	Status	Annual Measure	Actual	Pro Rata Difference*
Delivery of the new Experience Adelaide Visitor Centre	Active	-	-	-
20 new bookable city tourism products/experiences	Partially Complete	20	0	10
Visitor sentiment and community sentiment index (being developed)	Active	Visitor sentiment index (baseline) 84 Community sentiment index due to be captured in early 2025		,

Brand & Marketing

Key Performance Indicator	Status	Annual Measure	Actual	Pro Rata Difference*
10% increase to \$2.2m on 2023/24 in media mentions (advertising space rate) with reference to AEDA. – Maintain a variance of 85% – 95% neutral and/or positive sentiment of media mentions.	On Track	\$2.42m	\$925,382	-\$284,618
Increase the brand health metric for Adelaide as a destination to visit to 6.5/10. (Currently 6.35)	Active	6.5	6.35	-n/a

^{*}Difference relates to the difference between the measure and the quarter 2 pro-rata benchmark, not the full KPI.

Key Achievements



Adelaide Fashion Week

Adelaide Fashion Week was held from 11-13 October 2024. Over 2,200 tickets were sold across 40 events, an increase of 12% over ticket sales in 2023.

AFW debuted its central hub, The Loft, as a destination for events such as the SAFIA industry breakfast (South Australian Fashion Industry Association), where local brands showcased and retailed their product, along with interstate designers interested in testing the Adelaide market.

Feedback from industry and participants was overwhelmingly positive, indicated by a 90% satisfaction rating and NPS score of 8 out of 10 for the event, via intercept and online surveys



Rundle Mall Activity Levels

Rundle Mall achieved record breaking spend and foot traffic results on Black Friday and the lead up to Christmas.

AEDA actively promoted Rundle Mall as Adelaide's premier shopping destination and the only shopping centre to stay open until midnight for Black Friday. The range of initiatives and activations were delivered included concierge and velet services, provision of DJs and Rundle Mall City sessions provided music to help boost the mood across the four days City-wide expenditure during Black Friday 2024 exceeded \$23.5 million, making it the biggest spending day in the City of Adelaide on record. Total spending on Black Friday (Friday, November 29) alone increased by 6% compared to Black Friday 2023. Expenditure was up 52% compared to the 12-month average for Fridays.

The National Pharmacies Christmas Pageant returned to Rundle Mall on Saturday 2 November. From Beehive Corner, Father Christmas was led by a band and dance groups through Rundle Mall to a landing stage at the Gawler Place Canopy where he delivered his Christmas message to the people of South Australia.

AEDA with the City of Adelaide saw the return of the Santa Course, an interactive and decorative city-wide experience that saw nine giant inflatable, illuminated and bespoke Santa's around the city, with 4x located in Rundle Mall. Complementing the Santa Course, Rundle Mall played host to 3x giant swinging bells, twinkling Christmas and bespoke trees. With focus on the 12 days of Christmas, Rundle Mall delivered 34 activations including the Australian Girls Choir, roving Christmas entertainment, free kids' craft, Santa's Spritz Bar and more. Foot traffic in December 2024 was up 6% vs. December 2023. From 20 to 22 December 2024 Rundle Mall saw a record-breaking weekend as over 600k visitors were counted, making it the busiest weekend recorded through sensor data, even surpassing the peak period of the Adelaide Fringe.





AEDA Strategic Plan

The AEDA Board endorsed its Strategic Plan 2024/25 – 2028/29 at its meeting on 25 October 2024. The Plan addresses AEDA's obligations under its Charter, Council's Startegic Plan and Council's Economic Development Strategy. The Strategic Plan was noted by Council in November 2024.

AEDA Reviews Implementation

Since Council's adoption of the AEDA Review Implementation Plan on 24 October 2023, which detailed how the 36 actionable recommendations from the Deloitte and KPMG reviews of AEDA would be addressed, 35 actions have been completed, including seven this quarter.

The seven actions completed this quarter were:

- Develop the AEDA Strategic Plan
- Better target strategic AEDA KPIs towards economic development outcomes
- Diversify economic development activation activities (beyond current retail focus) and Investigate additional investment opportunities
- Conduct a review of current AEDA resourcing and requirements
- Explore moving Mainstreets, Precincts, and Place Co-ordinators to AEDA
- Investigate the options and benefits of merging the City Experience team into the AEDA model and Review AEDA's Mainstreet Precincts engagement model
- Implement an ongoing assurance model for AEDA

The final outstanding action has been significantly progressed and is expected to be completed by the end of February 2025.

Sponsored Events and Festivals

In quarter one, the following events took place that were sponsored by the **Events and Festivals Sponsorship Program**:

- Nature Festival
- Adelaide Film Festival
- OzAsia festival
- Chihuly in the Botanic Gardens
- Feast Festival
- National Pharmacies Christmas Pagaent
- Carols by Candlelight

Through the Events and Festivals Sponsorship Program a total of \$415,000 was invested into the events/festivals in quarter two with an estimated gross economic impact of \$33 million and an estimated total attendance of 618,000.

*please note estimated figures are derived from initial applications.

In the quarter the following events supported by the **Commercial Events and Festivals Sponsorship Program** took place:

- CheeseFest
- Poppin' Out
- Sphere's Restaurant
- Summer Sessions Vardon Avenue
- Asia Street Food Festival
- Adelaide Polo Classic

Through the Commercial Events and Festivals Sponsorship Program a total of \$119,000 was invested into events/festivals in quarter two with an estimated gross attendee expenditure of \$7.7 million and an estimated total attendance of 95,700.

*please note estimated figures are derived from initial applications.





Investment Attraction

64 businesses have been engaged year to date as investment leads that have the potential to add 2,824 jobs into the City. Over the quarter, 14 additional businesses were engaged as leads and 8 businesses have confirmed an investment in the city representing 402 actual jobs.

Conclusion of SouthStart, MTP Connect and ThincLab Programs

The ThincLab, SouthStart and MTP Connect programs concluded in December 2024. The programs assisted 37 start-up companies and entrepreneurs. The South Start program worked with 10 companies to prepared them for seed stage investment, MTP worked with 10 emerging companies in the bio-med sector and ThincLab supported 17 emerging companies looking for seed stage investment and provided some seed investment to several companies. Although final reports are yet to be received, early feedback indicates participants in the programs have improved their investability, growth potential, ability to enter new markets and building of networks within Adelaide's entrepreneurship ecosystem.

Rundle Mall City Sessions (Live Music Program)

Between Friday 11 October and Sunday 22 December over 51 musical performances by South Australian artists were curated as part of Rundle Mall City Sessions.

The Rundle Mall City Sessions program is delivered in partnership with the City of Adelaide and UNESCO City of Music. The program will continue into 2025.

Up Next

Coming up from 1 January 2025 to 31 March 2025

- Extending the previous advertising campaign, "See for yourself" from January through to April 2025. This campaign extension
 will place additional focus on young families (ages 30-49)Adelaide Fashion Week commences 11 October
- Property Council Office Market Report (6 February 2025)
- Visitor Economy Industry Update (19 February 2025)
- Assessment of Strategic Partnership Program and Commercial Event Fund applications
- Opening of Events and Festivals Sponsorship Program for applications

- Rundle Mall activations including Lunar New Year, Mallfest and LIV Golf
- Completion of Rundle Mall Marketing and Events and Strategy



Kadaltilla

Adelaide Park Lands Authority

Quarterly Update
October to December 2024





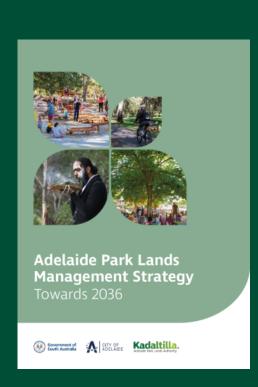






Key Highlights October to December 2024

- Held the remaining two annual <u>Community Forums</u>
- The draft <u>Adelaide Park Lands Management</u> <u>Strategy – Towards 2036</u> was approved by Kadaltilla and Council
- Finalised Kadaltilla's <u>Greater Adelaide Regional</u> Plan submission
- Finalised Kadaltilla's <u>Festival Plaza Code</u>
 Amendment submission
- Kadaltilla's new <u>Facebook</u> and <u>LinkedIn</u> social media pages reached over 1000 followers





Core Responsibilities

PURPOSE FOR WHICH THE AUTHORITY IS ESTABLISHED

The Council and the State Government of South Australia are committed to protecting and enhancing the Adelaide Park Lands for the benefit of all South Australians.

The Kadaltilla / Adelaide Park Lands Authority (Kadaltilla) is the principal advisor to both the Council and the State Government on the protection, management, enhancement and promotion of the Adelaide Park Lands.

The Council, on behalf of the communities of the City of Adelaide and the State, is committed to ensuring that Kadaltilla delivers maximum benefit for the future of Adelaide's Park Lands as the City of Adelaide's defining feature.

In this context, Kadaltilla is established by Statute to undertake in accordance with the powers conferred by the APLA Charter, the Functions of Kadaltilla as set out in section 9 of the *Adelaide Park Lands Act 2005*.



Strategic Pillars

CULTURAL VALUE

Promote the cultural values of the Park Lands including Kaurna culture, heritage and wellbeing

ENVIRONMENTAL PERFORMANCE

Maintain and improve climate resilience and the landscape values of the Park Lands

MANAGEMENT AND PROTECTION

Treat the Park Lands holistically with an adaptive future focused approach

EXPERT ADVICE

Function as the peak advisory body for policy, development, heritage, and management of the Park Lands based on sound data and evidence

PURPOSE

 To be the trusted voice on the Adelaide Park Lands which actively conserves, promotes, and enhances the environmental, economic, cultural, recreational, and social importance value of the Adelaide Park Lands

Strategic Plan 2023-2028 Key Actions October to December 2024

Cultural Value

- 1.1 Seek Kaurna cultural authority in everything we do
- ✓ Consulted with KYAC and the City of Adelaide's Reconciliation Committee on the draft APLMS
- ✓ Had the KYAC Chair and Deputy Chair appointed to the Kadaltilla Board under the 'Indigenous culture or reconciliation' skills category
- ✓ Sought funding recommendations through the City of Adelaide and the State Government for initiatives planned for the 2025/2026 financial year
- ✓ Integrated feedback into Kadaltilla's submissions on the draft Festival Plaza Code Amendment, draft Adelaide Park Lands Community Buildings (Sport and Recreation) Policy, Glenside Urban Corridor (Living) Code Amendment, and the Greater Adelaide Regional Plan
- 1.3 Advocate for the featuring of the Adelaide Park Lands in relevant promotional campaigns
- ✓ Adelaide Park Lands featured in paid social media promotional campaigns
- 1.4 Champion the development of World Heritage listing nomination
- ✓ Reviewed World Heritage listing submission progress



Strategic Plan 2023-2028 Key Actions October to December 2024

Environmental Performance

- 2.1 Define, protect, and enhance landscape values and design qualities
- ✓ Reviewed landscape values in the draft APLMS
- 2.5 Increase the accessibility of evidence-based information
- ✓ Held two Community Forums

Management and Protection

- 3.1 Monitor delivery of priority projects in the Adelaide Park Lands Management Strategy
- ✓ Draft APLMS approved by Kadaltilla and Council

Expert Advice

- 4.1 Provide advice on plans, projects, and policies for the Adelaide Park Lands
- ✓ Advice of Kadaltilla is endorsed and adopted
- 4.2 Engage with City of Adelaide and State Government including input into State Government initiatives
- ✓ Provided submissions on the draft Festival Plaza Code and Greater Adelaide Regional Plan



Strategic Plan 2023-2028 Key Actions October to December 2024

Expert Advice

- 4.3 Review leasing and licensing and event management policies together with other relevant Park Lands use policies
- ✓ Reviewed lease agreement with the Adelaide Archery Club in Bullrush Park / Warnpangga
- ✓ (Park 10)
- ✓ Reviewed tenancy agreements for North Adelaide Railway Station in Possum Park / Pirltawardli (Park 1)
- 4.4 Strengthen Kadaltilla's engagement with City of Adelaide, State Government, and adjoining Councils
- ✓ The City of Adelaide, State Government, and adjoining Councils actively engaged with Kadaltilla
- 4.5 Increase the profile of the Kadaltilla Board
- ✓ Created a social media profile detailing the business of Kadaltilla.



Kadaltilla Advice to Council October to December 2024

- Approved the draft Adelaide Park Lands Management Strategy Towards 2036
- Approved Kadaltilla's draft submission on the draft Festival Plaza Code
- Approved Kadaltilla's draft submission on the Greater Adelaide Regional Plan
- Supported several 2025/26 Park Lands project funding recommendations through the City of Adelaide and the State Government
- Endorsed the Chief Executive Officer to enter into lease negotiations for a five-year Park Lands Community Lease Agreement with the Adelaide Archery Club in Bullrush Park / Warnpangga (Park 10)



Kadaltilla Advice to Council October to December 2024

- Received the tenancy status of the North Adelaide Railway Station in Possum Park / Pirltawardli (Park 1) and the proposed approaches to activating the premises in the short and long-term
- Noted the 2024 Kadaltilla Annual Community Forum Summary
- Approved Kadaltilla's 2025 meeting dates
- Received an update on the World Heritage Listing for the Adelaide Park Lands and Rural Settlement Landscapes



2024/2025 Business Plan & Budget October to December 2024

Performance Measures Addressed:

- ✓ Support for the development of a World Heritage listing nomination
- √ Kaurna culture is made intrinsic to everything we do
- ✓ A review of the Adelaide Park Lands Management Strategy is conducted which will include prioritisation of projects
- ✓ Adelaide Park Lands is featured in relevant promotional campaigns
- ✓ Kadaltilla is insured according to the requirements of the Local Government Mutual Liability Scheme
- ✓ Provided advice on plans, projects and policies for the Adelaide Park Lands
- ✓ Utilisation of skills is maximised through effective meetings that foster dialogue and the development of shared thinking
- ✓ Annual Business Plan and Budget is in place for Kadaltilla
- ✓ Created and maintained a social media profile detailing the business of Kadaltilla



2024/2025 Business Plan & Budget July to September 2024

Performance Measures Addressed:

- ✓ The Adelaide Park Lands Fund is operational and monies are received and expended according to the provisions of Kadaltilla's Charter
- √ Advice of Kadaltilla is endorsed and adopted
- ✓ Kadaltilla makes appropriate use of available finances provided by Council
- ✓ Provide advice in relation to tree canopy cover, biodiversity and environmental sustainability and improvements
- ✓ Review leasing and licensing and event management policies together with other relevant Park Lands use policies
- ✓ Increase the accessibility of information
- ✓ Seek early input into issues relating to the Park Lands to ensure Kadaltilla advice is timely and relevant
- ✓ The City of Adelaide, State Government, and adjoining Councils actively engage with Kadaltilla
- ✓ Champion the development of World Heritage listing nomination



Budget Position October to December 2024

\$000's	I .	YTD Q1 Budget	Variance	2024/25 Q1 Bugdet	Revised	Variance
Grants, Donations, Sponsorships				328	220	
Total Revenue	-		-	328	328	-
Employee Costs	73	82	9	175	175	-
Materials, Contracts and Other Expenses	60	79	19	138	138	-
Sponsorships, Contributions and Donations	15	-	(15)	15	15	-
Total Expense	148	161	13	328	328	_
Operating Surplus / (Deficit)	(148)	(161)	13	-	_	-

- For 2024/2025, Kadaltilla's budget of \$328,475 includes:
 - Sitting Fees and Salary of \$247,405
 - Brand and Marketing of \$25,550
 - Insurance, Audit and Legal of \$21,520
 - o Grants (Adelaide Park Lands Art Prize Sponsorship) of \$15,000
 - Operations (e.g. Marketing; community forum) of \$14,000
 - External Advice of \$5,000



Upcoming Quarter

Key Actions:

- Finalise the draft *Adelaide Park Lands Management*Strategy Towards 2036 with State Government approval
- Undertake a Cultural Burn Park Lands Site Tour with Board Members
- Preparation of Kadaltilla's draft 2025/2026 Business Plan and Budget
- Appoint new State Government Kadaltilla / Adelaide Park Lands Authority Board Members
- Hold a Budget Workshop with Kadaltilla Board Members



Upcoming Quarter

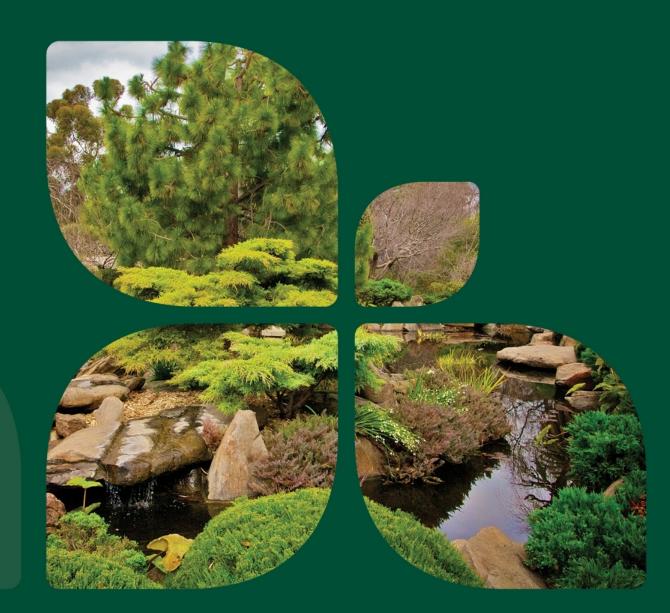
Forward Report Schedule:

- CONF REPORT Statues Commemorating South Australian Aboriginal Leaders Proposal
- REPORT Mary Lee Park (Park 27b) Community Sports Building Design
- REPORT Draft Park Lands Lease and Licence Policy
- REPORT Adelaide Aquatic Centre Redevelopment Draft Lease
- REPORT Kadaltilla Business Plan and Budget 2025/2026
- REPORT Review of Adelaide Oval Community Land Management Plan
- REPORT Gladys Elphick Park / Narnungga (Park 25) Sports Ground Lighting Upgrades
- REPORT Golden Wattle Park / Mirnu Wirra (Park 21W) Community Sports Building - Draft Lease for Consultation
- REPORT Adelaide TreeClimb Landowner Consent
- REPORT Draft Light Square Master Plan Consultation Summary and Options
- REPORT City of Adelaide's Draft 25/26 Park Lands Budget
- REPORT Update on the World Heritage Listing for the Adelaide Park Lands and Rural Settlement Landscapes



Thank You.





Brown Hill Keswick Creek Stormwater Project

Project Update November 2024

Welcome

The Board has recently endorsed strategic documents including Strategic Plan, Business Plan, Long-Term Financial Plan and Asset Management Plan. The coming months will focus on construction of the final packages of the Lower Brown Hill Creek Upgrades through to Birdwood Terrace and design development of several new packages in Upper Brown Hill Creek.

In This Edition

- Financial Summary
- Maintenance and Operating Report
- Lower Brown Hill Creek, Packages 1-3
- Upper Brown Hill Creek, Area 3 Millswood
- Upper Brown Hill
 Creek, Area 1C
 Forestville
- Upper Brown Hill Creek Commonwealth Funded Projects



Financial Summary

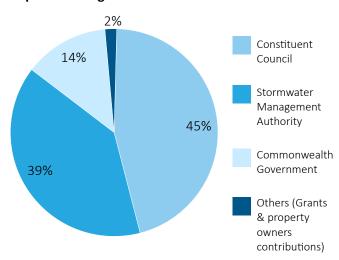


Capital Funding Summary as at 31 October 2024

Capital funding provided to the project to 31 October 2024 includes:

- \$30.2m from the 5 Constituent Councils the Cities of Adelaide, Burnside, Mitcham, Unley and West Torrens.
- \$25.9m from the Stormwater Management Authority.
- \$9.3m from the Commonwealth Government, being portion of a total \$21.6m commitment provided under 3 grant programs.
- \$1.12m from other sources including property owner contributions to projects and smaller State Government grant programs.

Capital Funding Contributors



2024/25 Operating Summary as at 31 October 2024

	Actual YTD	Budget YTD	Variance \$
Income	\$590,660	\$492,167	\$98,493
Expenses	\$317,869	\$338,055	(\$20,186)
Net Surplus	\$272,791	\$154,112	\$118,679
Depreciation	\$64,116	\$80,000	(\$15,884)



The Board recently endorsed strategic management documents for 2025/26 and beyond, including Strategic Plan, Business Plan, Long-term Financial Plan and Asset Management Plan. These documents are critical to ensuring the Board effectively and equitably manages project delivery and ensures ongoing financial sustainability.

Maintenance and Operating Report for Completed Works



Maintenance Responsibility for Completed Works

Stage	Sub-project	Responsibility for Maintenance ¹
Flood	Ridge Park Flood Control Dam	City of Unley
Detention	Glenside Flood Detention Basin	BHKCSB – stormwater infrastructure delivered under the plan.
		City of Burnside – all non-stormwater assets located on site.
	Pakapakanthi Wetland and	BHKCSB – stormwater infrastructure delivered under the plan.
Kurangga Creek Works		City of Adelaide – all existing and non-stormwater assets on site.
LBHC	LBHC – Daly Street Bridge	BHKCSB – stormwater infrastructure delivered under the plan.
		City of West Torrens – road components of the project.
UBHC	UBHC Area 1 Everard Park	BHKCSB – stormwater infrastructure delivered under the plan (culvert).
		City of Unley – ground level shared use path improvements.
	UBHC Diversion – DPTI Culvert	DPTI
	UBHC Hawthorn Reserve	BHKCSB – stormwater infrastructure delivered under the plan.
		City of Mitcham – all existing and non-stormwater assets on site

¹ Responsibility for clearing blockages within the creek is always the responsibility of the property owner.

2024/25 Maintenance & Operating Budget to 31 August 2024

	YTD Actual	YTD Budget	Variance \$
Glenside Detention Basin¹	\$40,599	\$51,450	(\$10,851)
Pakapakanthi Wetland²	\$48,348	\$52,500	(\$4,153)
Other Works³	\$0	\$3,333	(\$3,333)
Total	\$88,947	\$107,283	(\$18,336)

¹ First GPT clean for 2024/25 was undertaken 12th to 16th August. The next clean is scheduled for November.

² Wetland maintenance services are being provided under a new maintenance contract that commenced on 1 September 2024. Replanting occurred in October.

³ Other works include any operating and maintenance requirements that don't relate to the wetland or Glenside site.

Lower Brown Hill Creek Packages 1-3



Packages 1 to 3 of the Lower Brown Hill Creek Upgrade will involve doubling the flow capacity of a 1.7-kilometre-long section of channel beginning at the south-eastern corner of Adelaide Airport and ending at Birdwood Terrace. The channel is primarily situated within a 12-metre-wide drainage corridor owned by City of West Torrens.

The upgrades will comprise a 6.8 metre wide by 1.8 - 2.1 metre high rectangular concrete channel (or an equivalent sized covered culvert) and the upgrade of four crossings using either box culverts or single span bridge structures.



Lower Brown Hill Creek Packages 1 -3 continued...



Key Messages

The Early Contractor Involvement (ECI) phase is underway for all remaining work packages. A key focus area for the ECI phase has been the coordination of construction staging and traffic management for the Marion Road crossing with DIT's Traffic Management Centre and service authorities. DIT has provided in-principle support for commencing the crossing upgrades during the Christmas school holidays when traffic volumes are lower than average.

Detailed design of the temporary support to the transmission gas main at the Birdwood Terrace crossing has also been progressed with APA Gas, ahead of works commencing at that location in early 2025.

The tree removal and site establishment for the channel upgrades from Harvey Avenue to Birdwood Terrace has commenced.





Recent Works and Focus Areas

Recent activities

- Early Contractor Involvement phase for works extending from Harvey Avenue to Birdwood Terrace.
- Site investigations to finalise private property protection works for channel upgrades.
- Coordination of construction staging and traffic management for Marion Road crossing with DIT's Traffic Management Centre and service authorities.
- Coordination of construction staging for Birdwood Terrace crossing with service authorities.
- Independent Design Certification completed for Marion Road crossing.
- Execution of voluntary Licence Agreements with property owners that are directly affected by works extending from Harvey Avenue to Birdwood Terrace.
- Commencement of tree removals and private property protection works.

Upcoming Works

- Award of construction contracts for remaining packages to Birdwood Terrace.
- Minor service authority relocation works at Marion Road crossing and Birdwood Terrace crossing.
- Commence works on Marion Road crossing in December school holidays, subject to DIT approval.
- Complete manufacturing of precast culvert arches for Marion Road crossing.

Upper Brown Hill Creek Area 3, Millswood



The capacity of the section of Brown Hill Creek from just downstream of Regent Street to Malcolm Street Millswood is being upgraded, including upgrade of the Regent Street culvert. The creek passes through several privately owned properties and the project team have been engaging closely with owners over the course of the design development and during construction.

Key Messages

The remaining works through 14 Malcolm Street, including rock walls and landscape reinstatement, have re-commenced and are expected to take 2-3 months to complete.

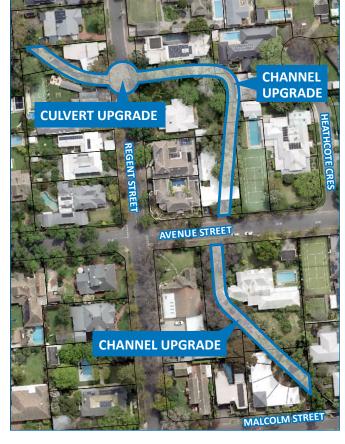
Recent Works and Focus Areas

Recent activities

- Re-mobilisation to site and resumption of works in 14 Malcolm Street.
- Landscape works within properties where construction is complete.

Upcoming works

- Construction of new stacked rock walls and landscape reinstatement at 14 Malcolm Street.
- Construction of new shade structure at 14 Avenue Street.







Upper Brown Hill Creek Area 1C, Forestville



The Leah Street to Ethel Street reach of Upper Brown Hill Creek is situated in a Council owned drainage corridor (fenced between private properties), except where it passes through private property at 16 and 18 Ethel Street. The height of the existing concrete channel needed to be raised by 0.6 metres, over a length of 175 metres, to contain the 1% Annual Exceedance Probability (AEP) design flow.

Key Messages

The channel upgrades commenced in June 2024 and have been recently completed.

Recent Works and Focus Areas

Recent activities

- Establishment of voluntary Licence Agreements with private property owners to undertake channel upgrades on their land.
- Completion of channel wall raising and associated fencing upgrades.

Upcoming works

Practical Completion inspection for channel upgrades.







Upper Brown Hill Creek Commonwealth Funded Projects



Five Upper Brown Hill Creek sub-projects have been funded by the Commonwealth Government's Urban Rivers and Catchments Program and Disaster Ready Fund and are scheduled for construction in the 2025/26 financial year, with the option to extend the on-ground works into 2026/27 if required.

The works will include upgrades through both private property and public open space and are located within the Cities of Unley and Mitcham as follows:

- 1. UBHC Area 1 Third Avenue to Leah Street, Forestville
- 2. UBHC Area 1 Forestville Reserve
- 3. UBHC Area 2 Orphanage Park
- 4. UBHC Area 5 Cross Road to Hampton Street, Hawthorn
- 5. UBHC Area 6 Betty Long Gardens



Private Property Interface

These sub-projects are being delivered in accordance with the Delivery Framework for Channel Upgrades, which establishes a series of gateways for the involvement of property owners in the design of upgrades through their land.

Individual site meetings have been held with all property owners affected by the works in Hawthorn and Betty Long Gardens to obtain their feedback on the reference designs and progress to the preliminary 50% design stage.

Project Team

An open Request for Tender was undertaken to engage suitably qualified consultants to provide specialist input to the detailed design and construction of these sub-projects. The RFT included several technical disciplines, and the successful consultants for design and construction support services are listed below:

- Arboriculture Services Adelaide Arb
- Ecological Services WSP
- Environmental Services Tonkin Consulting
- Geotechnical Services WGA
- Landscape Architects Aspect Studios and Oxigen
- Survey Services (Boundary and Engineering) Alexander Symonds

Upper Brown Hill Creek Commonwealth Funded Projects



Design Update

WGA has progressed the civil engineering designs to the preliminary 50% design stage, incorporating property owner and previous Council feedback. Aspect Studios and Oxigen are currently preparing photomontages and landscape designs based on these preliminary civil engineering designs.

The arborist and boundary surveyor have completed their field investigations and the ecologist, environmental and geotechnical engineers will complete their field investigations in November. A constructability review and staging plan is also being developed.



Preliminary designs for the upgrades through public open space will be presented to City of Unley/Mitcham staff and Elected Members in early 2025, followed by a series of community information sessions. Outcomes from this consultation will enable the detailed designs to be finalised.

The detailed designs for the sections of channel through private property will continue with input from property owners, in parallel with the community engagement process.







Internal Audit Progress Report

Strategic Alignment - Our Corporation

Public

Agenda Item 8.2

Friday, 21 February 2025

Audit and Risk Committee

Program Contact:

Kathryn Goldy, Acting Manager Governance

Approving Officer:

Anthony Spartalis, Chief Operating Officer

EXECUTIVE SUMMARY

This report provides an update on Council's Internal Audit Plan, outlining the findings and recommendations of internal audits completed and the progress of any agreed actions. The Audit and Risk Committee (the Committee) last received an Internal Audit Progress Report at its meeting in November 2024.

In addition to providing an update on the progress of the Internal Audit Plan 2024/2025, the report also details the Council's current Internal Audit Actions. Details contained in the report and associated links include information about:

- Extensions granted by the Chief Executive Officer for the completion date of Internal Audit Actions
- Internal Audit Actions that have been completed since the last Internal Audit Progress Report to ARC in November 2024
- The number and status of Overdue Actions and
- A summary of the status of all Internal Audit Actions.

Of 73 outstanding actions, 60 are in progress, and 13 are overdue.

The Internal Audit Plan has been developed in consideration of Council's key strategic risks and critical priorities.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

- 1. Notes the progress of the Internal Audit Plan as outlined in Item 8.2 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.
- Notes the progress of the completion of Internal Audit Actions as outlined in Item 8.2 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Internal audit is an essential component of a good governance framework. It is a mechanism that enables Council to receive assurance that internal controls and risk management approaches are effective, that it is performing its functions legally, effectively and efficiently, and to advise how it can improve performance.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Internal audit focuses largely on compliance, risk management and improvement opportunities. As such audits suggest a range of improvement opportunities related to area being reviewed, enhancing functions and services aligning Council processes to best practice standards.
24/25 Budget Allocation	\$250,000 is budgeted for external consultancy support in accordance with the 2024/25 internal audit program.
Proposed 25/26 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
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

Background

- 1. The role of Internal Audit is to provide independent assurance that the Council's risk management, governance and internal controls processes are operating effectively.
- The Committee receives all Internal Audit reports. It reviews and monitors Council's responsiveness to findings and recommendations of the Internal Auditor (currently KPMG), other external providers and inhouse advice.

Internal Audit Plan Update

- 3. The Internal Audit Plan (the Plan) is a risk-based program developed with the Council's Executive and Strategic Risk and Internal Audit Group (SRIA). A status update on the 2024-25 plan is provided at <u>Link 1</u>.
- 4. Since the Committee met in November 2024, three internal audit reviews have been completed by KPMG and in-house:
 - 4.1. Lease Management
 - 4.2. Fraud Prevention
 - 4.3. Archives
- 5. The following internal audits have been scoped:
 - 5.1. Site contamination
 - 5.2. Penalty and Infringement Compliance
 - 5.3. Legislative Compliance

Internal Audit Actions

- 6. Recommendations arising from the Internal Audit and Strategic Reviews are reported to SRIA.
- 7. Recommendations and agreed actions, responsibilities and timeframes for implementation are recorded in the Council's process mapping and management software, Process Manager.
- 8. The implementation status of recommendations is tracked and reported to the Committee.

9. Extensions

- 9.1. All requests for an extension of a due date for completion of an Internal Audit Action require the approval of the Chief Executive Officer. This process ensures that there is appropriate accountability before an extension is granted.
- 9.2. Since the last report to the Audit and Risk Committee on 8 November 2024, seven actions have been approved for an extension. Those actions and the rationale for their extensions are detailed in <u>Link 2</u>.

10. Completed Actions

- 10.1. Twenty-four internal audit recommendations from previous Audits have been completed since November 2024. Seventy-three recommendations are in progress.
- 10.2. The completed recommendations are detailed in Link 3.

11. Overdue actions

- 11.1. Twelve additional actions have become overdue since the last update to the Committee.
- 11.2. Those overdue actions are detailed in Link 4.
- 12. Overdue actions are linked to the following internal audits:
 - 12.1. Asset Inspection one overdue action that is now proposed to be completed by 30 June 2026.
 - 12.2. Voters Roll Review one overdue action. The action was due to be completed by 30 September 2024.
 - 12.3. Community Safety six overdue actions. Five are now proposed to be completed by 30 June 2025. One action was due for completion by 30 November 2024.

- 12.4. Post Audit Implementation Review one overdue action that is now due to be completed by 31 December 2025.
- 12.5. Local Government Security Framework two overdue actions. One action has two components, which will be delivered by 30 April 2025 and 31 December 2025, respectively. The other action will be delivered by 30 June 2025.
- 12.6. Legislative Compliance one overdue action that is now due to be completed by 31 March 2025
- 12.7. Culture Survey Review one overdue action that is now due to be completed by 30 June 2025
- 13. The status of the overdue actions is set out in Link 5.
- 14. A summary of the status of actions is shown in the below table, with the complete document able to be accessed via <u>Link 6</u>.

Risk	Definition	Overdue	In Progress	
High	Issue represents a control weakness which could have or is having major adverse effect on the ability to achieve project objectives	4	10	14
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives.	6	24	30
Low	Issues represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives.	1	17	18
N/A	Improvement Opportunity	2	9	11
	Total	13	60	73

DATA AND SUPPORTING INFORMATION

- Link 1 Internal Audit Plan 2024 2025 Status Update
- **Link 2 –** Internal Audits approved for extension
- Link 3 Completed recommendations
- Link 4 Overdue actions
- Link 5 Status of overdue actions
- Link 6 Agreed Actions Progress Report

ATTACHMENTS

Nil

- END OF REPORT -

Archives Internal Audit

Strategic Alignment - Our Corporation

Public

Agenda Item 8.3

Friday, 21 February 2025

Audit and Risk Committee

Program Contact:

Kathryn Goldy, Acting Manager Governance

Approving Officer:

Anthony Spartalis, Chief Operating Officer

EXECUTIVE SUMMARY

The 2024-25 Internal Audit Plan (the Plan) for the City of Adelaide (CoA) has been developed in consideration of Council's key strategic risks and critical priorities.

Internal audit is an essential component of a good governance framework. It is the mechanism that enables Council to receive assurance that internal controls and risk management approaches are effective, that it is performing its functions legally and effectively, and to advise how it can improve performance.

In accordance with the Plan, an internal audit was performed on CoA's processes and practice of the Archive function.

This audit aligns with the Strategic Risk—Statutory and Regulatory Risk: Non-compliance with statutory and regulatory requirements poses legal, financial, and reputational risks to the organisation.

The internal audit identified two findings. One risk-rated Moderate and one risk-rated Low.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

- 1. Notes the Archives Internal Audit report provided in Attachment A to Item 8.3 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.
- 2. Endorses the response of the Administration to the Archives Internal Audit report as outlined in Attachment A to Item 8.3 the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028	Strategic Alignment – Our Corporation Internal Audit is an essential component of a good governance framework. It enables
Strategic Plan	Council to ensure it is performing its function legally, effectively and efficiently.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Internal audit is an essential component of a good governance framework. It is the mechanism that enables Council to receive assurance that internal controls and risk management approaches are effective, that it is performing its functions legally, and effectively, and to advise how it can improve performance.
Opportunities	Internal audit focuses largely on compliance, risk management and improvement opportunities. As such, audits suggest a range of improvement opportunities related to the area being reviewed, enhancing functions and services are aligning Council processes to best practice standards.
24/25 Budget Allocation	\$250,000 is budgeted for external consultancy support in accordance with the 2024/25 internal audit program.
Proposed 25/26 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
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

Audit and Risk Committee – Agenda - Friday, 21 February 2025

DISCUSSION

Background

1. The Archives Internal Audit was performed by City of Adelaide's (CoA) Risk and Audit Analyst, in accordance with the 2024-25 Internal Audit Plan.

Report

- 2. This audit aligns with the CoA Strategic Risk Statutory and Regulatory Risk: Non-compliance with statutory and regulatory requirements poses legal, financial, and reputational risks to the organisation.
- 3. The Archives Internal Audit covered how the organisation manages record-keeping practices in line with legislative requirements, in particular how records are maintained, retention periods and disposal practices.
- 4. The objectives of the Archives Internal Audit included review of the following:
 - 4.1. Review of backlog of items
 - 4.2. Resourcing
 - 4.3. Storage
- 5. The findings of the internal audit are indexed into the following risk ratings:

Finding	Risk Rating
Backlog of records	Moderate
Review Archives function and service	Low

6. Administration has considered the findings and provided actions and time frames to address these findings as outlined in the findings section of the CoA's Archives Internal Audit report, **Attachment A**.

ATTACHMENTS

Attachment A - Archives Internal Audit

- END OF REPORT -

INTERNAL AUDIT REPORT: ARCHIVES

Prepared by: Annette Pianezzola, Risk & Audit Analyst

November 2024





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Appe	ndix 1: Risk matrix of internal audit findings	12

Distribution			
For action:		For information and approval:	
Kathryn Goldy	Acting Manager, Governance	The City of Adelaide	Strategic Risk and Internal Audit Group
Sonjoy Ghosh	Manager, Information Management	The City of Adelaide	Audit and Risk Committee
Mike Philippou	Associate Director Strategic Property & Commercial	Michael Sedgman	Chief Executive Officer

1. EXECUTIVE SUMMARY

In accordance with the 2024-25 Internal Audit Plan for the City of Adelaide (CoA), an internal audit focussing on how archive processes are performed at CoA was conducted. The objective, scope, approach, and findings are outlined below.

2. OBJECTIVES

This internal audit project aimed to review the processes and practices of the Archive function. It covered how the organisation manages record-keeping practices in line with legislative requirements, in particular how records are maintained, retention periods and disposal practices. This audit included:

- 1. Review of backlog of items
- 2. Resourcing
- 3. Storage

This review is included in the 2024-25 Internal Audit Plan to <u>assure advise</u> the CoA Executive Team, the Executive Strategic Risk and Internal Audit Group (SRIA), and the CoA Audit and Risk Committee (ARC).

3. SCOPE

This audit has assessed the overall processes and practices of the Archive function.

3.1 Scope Topics

The four main audit areas are:

- **Governance Framework** Are there relevant policies/procedures and guidelines in place regarding archive management and record-keeping? Is this communicated to the organisation?
- **Compliance** Are we adhering to legislative requirements, including retention and disposal? Is the process being managed correctly and appropriately?
- Roles and Responsibilities What support do Archive staff provide to the organisation and the community?
- **Storage and Resources** Is there enough storage and resources available to manage the Archives function? Are there opportunities to consolidate or is additional storage space for future archive material required?

3.2 Timeframes

The scope was developed and approved by SRIA on 15 August 2024. The audit began in August 2024.

Consultation and meetings with relevant stakeholders occurred from August to October 2024 to gather and source information.

- Meetings with action owners and report finalisation occurred in November 2024.
- The report will be presented to SRIA in December 2024.
- The final report will be presented to the ARC in February 2025.

4. METHODOLOGY

The audit focused on the Archives framework and processes against the following guidelines and procedures:

- State Records Act 1997
 - Information Management Standard
- General Disposal Schedule No. 40 Local Councils and Local Governing Bodies and Authorities in South Australia
- General Disposal Schedule No. 21 For disposal of hardcopy source records after digitisation
- Record Management Operating Guideline (draft)
- Records Management Applying GDS40 to Legacy Hard Copy Files / Scanning and Registration of Documents for GDS21 Retention and Secure Disposal.

The engagement was performed using the following approach:

- CoA staff member Annette Pianezzola, Risk and Audit Analyst performed the audit.
- One-on-one discussions with relevant CoA programs:
 - Information Management
 - Finance & Procurement
 - Regulatory Services
 - Strategic Property & Commercial
- Review relevant documentation associated with the records management and archives functions.
- Site visits and review of current storage facilities to optimise space and reduce backlog.
- Review of current project plans to address the issue of backlog of hardcopy files.
- Review of services provided by the Archives team.
- Identification of any performance improvement opportunities.

5. BACKGROUND

5.1 Corporate Records

The Corporate Records team, a team within the Information Management Program under the Corporate Services Portfolio at the City of Adelaide, receives a record either via email or Australia Post. The Corporate Records team will place a retention and destruction order on the record as per the *State Records Act 1997* and *General Disposal Schedule 40 (GS40) and 21 (GDS21)*.

The *State Records Act 1997* sets out the conditions that the Council must comply with when handling its records, including the disposal of official records. Information can only be destroyed if it is no longer required and in accordance with the *State Records Act 1997*.

The Information Management Standard requires agencies to dispose of records in a timely manner once all requirements have been met. The principles of records are set out in the Information Standard as set out by State Records of South Australia:

• The value of information is known

Archives

- Information assets are created and managed appropriately to risk
- Ownership of information assets is assigned
- Information assets can be relied upon
- Information assets are available as required

To ensure records remain accessible for as long as required and are not destroyed without authorisation, the Information Management Plan needs to be underpinned by a disposal program and approved disposal determinations in accordance with the *State Records Act* 1997 and the relevant disposal standards.

Disposal is made up of a range of processes associated with implementing record retention, destruction or transfer decisions which are documented in disposal determinations. A permanent record is a record that has archival value and will be retained permanently for the community subject to appropriate access restrictions. A temporary value record is a record that does not have archival value and may be physically destroyed when a prescribed retention period has passed.

The Disposal Standard provides a set of mandatory principles and requirements to adhere to when disposing of government information, such as:

- Destroying of records
- Abandoning of records
- Migrating information from one system or platform to another
- Transferring ownership of records
- Selling records

A Disposal Program is a key element of an agency's overall Information Management Program. It should include:

- A specific Records Disposal Schedule
- Understanding of any other disposal schedules
- A Disposal Plan for a backlog of records to be assessed for retention or disposal
- A schedule for implementing regular retention and disposal actions
- Regular reviews of current disposal schedules
- Procedures for applying one or more disposal schedules
- Policy and guidance on the disposal of non-official records
- Processes for applying retention periods, including documentation of decisions and quality checking by skilled and experienced personnel
- Approval and documentation processes for the permanent retention and destruction of records
- Documentation and transfer of temporary records
- Policy and guidance on the disposal of records created or maintained as part of a contract with a third-party provider, including records disposed of by the third-party provider on behalf of the agency.

Disposal Schedules identify the minimum periods records must be kept:

- General Disposal Schedules No. 40 covers all records common to local government agencies.
- General Disposal Schedules No. 21 covers all hardcopy records after digitisation

5.2 Archives

The Archives team, a team within the Information Management Program under the Corporate Services Portfolio at the City of Adelaide, manages the collection of long-term records, including paper-based records, civic collections and some digital records.

The Archives office is located at Topham Mall; however, due to the limited storage space at Topham Mall, records are stored in three locations: Topham Mall, Eagle Chambers (level 2), and Town Hall (basement). The Archives team consists of four staff members, including a Team Leader and they manage archival material at the Topham Mall facility:

- 15,000 historic photographs
- 60,000 building development applications
- 2.2 million correspondence dockets
- · 3 million hardcopy subject files
- 3,000 ledgers, registers, volumes
- 120 volumes of newspaper clippings
- 4,000 artworks and artefacts
- 130 oral history audit interviews.

On average 10 external customers will visit the Archives facility and around 5 internal requests for records to be retrieved per week. External customers will organise a time to visit the Topham Mall facility to access the information required, at times this may incur a fee, and this is specified in the Fees and Charges available on the CoA external website. Internal requests such as Section 7 searches, building plans, floor plans, freedom of information requests etc are sent via email to the Archives team, and these requests are generally attended to within 24-48 hours.

5.3 Infrastructure Opportunities

The City of Adelaide Property Strategy recognises that the Council's property portfolio is one of the most powerful levers for shaping and accelerating city liveability, growth, and investment.

The strategy aims to optimise the performance of the City of Adelaide's property portfolio, ensuring effective asset use and improved alignment with the Council's strategic, community, and financial objectives. This includes the identification of underperforming assets and strategic property holdings that are proposed to be leveraged to drive strategic outcomes, enabling projects that will underpin city liveability.

The Property Strategy was presented to Council in November 2024, and approval was received based on the investigation roadmap outlined in the report. These actions support the Council's Strategic Plan 2024-2028.

6. FINDINGS

The number of findings identified during the audit is shown in the table below.

The Summary of Findings section of the report contains a complete list of the identified findings and agreed-upon management actions. Risk ratings are listed in Appendix 1.

Findings	Risk Rating
Backlog of records	Moderate
Review Archives function and service	Low

7. CONSULTATION

The following CoA stakeholders were involved in meetings throughout this audit:

- Sonjoy Ghosh, Manager Information Management
- Shelley Palmer, Team Leader Corporate Records
- Michial Farrow, Team Leader Archives
- Ana Bacic, Property & Information Officer
- Seb Grose, Manager City Development
- Mike Philippou, Associate Director Strategic Property & Commercial
- Bryn Adams, Project Manager Property Strategy

8. SUMMARY OF FINDINGS

Ref #1 Backlog of records	Rating: Moderate
Description of finding	Agreed Actions
In recent years, the Corporate Records team have provided additional support to the Archives team for placing a retention/disposal schedule on the records stored at the City Archives. When a record is received by the Corporate Records team, they will scan the record into Content Manager in the relevant 'container' (Council's record management system) and workflow it to the relevant team for action. The retention schedule will be placed on the 'container' according to the requirements in the disposal schedule GDS40. When the 'container' reaches the retention requirement, the team will review the documents within that folder and check that the records are in the correct folder and the retention levels are correct. In addition, a monthly report is generated by the Team Leader Corporate Records to determine which 'containers' are due for disposal. If the records in the 'container' appear to be correct and hold the correct retention levels then no consultation is required by the business, and the 'container' is disposed of according to the disposal schedule GDS40. However, historically disposal schedules and maintenance of records were not performed as effectively as it is currently being managed by the Corporate Records team. Therefore, there is a backlog of historical paper-based records retained in three locations across CoA sites: Topham Mall, Eagle Chambers (level 2) and Town Hall (basement). The current backlog consists of approximately: • Topham Mall – 110 rows x 180 boxes per row = 19,800 boxes • Topham Mall – 50,000 plan packets of building assessments • Eagle Chambers (level 2) – 400 boxes	The Corporate Records team will review all hardcover books located in the Town Hall (basement) to confirm if any are considered an Archival record. If Archival records are identified, relocate them to a storage facility that has appropriate fire suppression system. Target Completion Date: 30 September 2025 The Corporate Records and Archives team will review the current approach to the digitising and management of records located in Topham Mall, Town Hall and Eagle Chambers and develop a business case for a strategic project submission in the 2026/27 financial year. The business case will also consider the use of external records management specialist to expedite the digitising process. Target Completion Date: 31 October 2025

Archives

• Town Hall (basement) - 250 boxes

Each box contains approximately 5-6 files, each containing approximately 100-150 pages. Therefore, there are approximately 500-900 pages per box. Each file will need to be scanned as a separate file, the appropriate naming convention applied and then filed in Content Manager in the relevant 'container'. In some instances, new 'containers' will need to be created.

In addition to the boxes/files in Town Hall (basement), there are in excess of 300 hardcover books dating back to 1887. Further investigation of these books, a number of these have been gifted to the CoA from State Government or other government agencies, such as New Zealand, City of Liverpool, Ottawa and City of Philadelphia.

The backlog identified approximately 20,450 boxes that need to be reviewed to determine retention and disposal schedules. This equates to, approximately 122,700 files, which is approximately over 16 million pages, that may need to be reviewed and scanned into Content Manager. From start to finish, which includes reviewing the content of the boxes, placing a retention/disposal schedule, scanning the documents, and naming conventions for Content Manager (including creating 'containers'), it will take approximately 3 hours per box. This equates to approximately 61,350 hours of work, which is 1,636 weeks to clear the backlog. In addition to this, the 50,000 envelopes will need to be digitised, and these take approximately 15 minutes per file, which equates to 12,500 hours of work, which is 330 weeks to clear the backlog. Overall, this equates to approximately 40 years to clear.

Furthermore, Archival records should be retained in a storage facility that maintains a fire suppression system that extinguishes a fire using a gas suppression system. CoA has implemented this system at the Archives facility in Topham Mall; however, this system does not extend throughout the whole Archives area. The locations identified as part of this audit where there is an excess of paper-based documents to be scanned into Content Manager are not located in

storage facilities where the fire suppression system has been installed, such as:

- Portions of Topham Mall (the location of the 19,800 boxes, in the annex)
- Eagle Chambers (level 2)
- Town Hall (basement)

The Corporate Records team have implemented a disposal plan for the backlog of files in their area. The Archives team had a redeployee staff member who assisted with the disposal schedule to the backlog and digitised the records; however, this person has since left CoA. This has now fallen onto the Team Leader Archives to assign disposal schedules when he has free time. However, when the Team Leader receives a request for an unsentenced file, he will add the GDS40 to it and if it is past the due for destruction date, he will send the details to Corporate Records who will add it to the disposal list. It has been noted that there is no dedicated resource to attend to the excess backlog at the Archive's facility in Topham Mall.

The risk of not retaining archival records in a facility with a fire suppression system installed exposes CoA to the risk of losing important documents if the identified facility is burned. Furthermore, digitising records provides efficient customer service to requests from external or internal customers when requiring certain information. For instance, internal staff will be able to search for a digitised record through Content Manager instead of requesting it via the Archives team.

Considering the above and the recently endorsed review of the Property Strategy, any opportunities that will be identified as part of this review, and the backlog of records in Topham Mall, the backlog of records will need to be addressed as a priority.

Recommendation:

Archives

- 1. Review all hardcover books located in the Town Hall (basement) to confirm if any are considered an Archival record. If Archival records are identified, relocate them to a storage facility that has appropriate fire suppression system.
- 2. Digitising records in Town Hall and Eagle Chambers will take approximately 1.5 years of full-time work. Develop a project plan and timeline to ensure the 'sentencing' review of all records in boxes identified in the Town Hall and Eagle Chambers, the assignment of retention/disposal schedules, and the digitisation of documents in Content Manager.
- 3. As for Topham Mall, perform a cost/benefits analysis to determine whether to engage a contractor or recruit additional resources, such as a trainee program, to assist with the digitisation of records in the annex of the Archive's Office. A project plan should be developed with achievable milestones that can be adhered to.

Position Responsible:	Manager Information Management
Target Date:	As above

Rating: Low
Agreed Actions
As part of the current CoA 2024/25 organisational restructure, Information Management will review all of its functions including the archives function.
Target Completion Date: 30 June 2025

Archives

Recommendation: Consideration should be given to reviewing the functionality of the Archives team and determining if the service they are providing is more aligned with the community rather than corporate services. If community, then consideration should be given to whether the Archives function should sit within the Information Management program or if it is more aligned with City Culture. Position Responsible: Manager Information Management Target Date: As above

APPENDIX 1: RISK MATRIX OF INTERNAL AUDIT FINDINGS

The following framework for the internal audit ratings is consistent with the CoA Risk Management Operating Guidelines and the Risk Management International Standard ISO31000:2018. The descriptions have been tailored to illustrate risk to the business operations.

CoA Risk Matrix

	Co A Diels Metrics	CONSEQUENCE				
	CoA Risk Matrix	Insignificant	Minor	Moderate	Major	Catastrophic
ГІКЕГІНООБ	Almost Certain	Moderate	High	Extreme	Extreme	Extreme
	Likely	Moderate	High	High	Extreme	Extreme
	Possible	Low	Moderate	High	High	Extreme
볼	Unlikely	Low	Low	Moderate	Moderate	High
	Rare	Low	Low	Low	Moderate	Moderate

8.3 Risk & Finding Descriptions

Rating	Definition	Action	Indicative Timeframe (variations to be agreed by SRIA)
Extreme	 The finding represents a control weakness that could adversely impact the business and the ability to meet objectives. Extreme decline in quality and customer service leading to a decrease in the community's confidence in the Council Extreme breakdown in process that leads to illegal activity Breach of legislation or contractual non-compliance that will result in litigation, prosecution, and penalty 	The finding was reported to the Director immediately, and a response plan was developed with the appropriate Associate Director. Implementation updates and status reporting are managed through Promapp.	Actions are managed in Promapp with a timeframe of at most three months for completion.
High	 The finding represents a control weakness that could adversely impact the business and the ability to meet objectives. Major decline in quality and customer services leading to a decrease in the community's confidence in the Council Serious breakdown in process that may lead to increased and unacceptable risk Breach of legislation or contractual non-compliance that will result in litigation, prosecution, and penalty 	The finding was reported to the appropriate Associate Director immediately, and a response plan was developed with the right Manager and managed through Promapp.	Actions are managed in Promapp with a timeframe of at most six months for completion.
Moderate	 The finding represents a control weakness that could negatively impact the business and the ability to meet objectives. Medium decline in quality and customer services leading to a decrease in the community's confidence in the Council Medium operational breakdown in process that may lead to increased and unacceptable risk Minor breach of legislation or contractual non-compliance that will unlikely result in litigation, prosecution, and penalty 	Findings are reported to the appropriate Manager through the Internal Audit Report and managed through Promapp.	Actions are managed in Promapp with a timeframe of at most nine months for completion.
Low	The finding represents a minor control weakness that could have or is having a low/ minimal but reportable adverse impact on the business and the ability to meet process objectives. • Minimal decline in quality and customer services • Minor breakdown in process that is not likely to affect risk • Minor breach of legislation or contractual non-compliance that will unlikely result in litigation, prosecution, and penalty	Findings are reported to the appropriate Manager through the Internal Audit Report and managed through Promapp.	Actions are managed in Promapp with a timeframe of at most 12 months for completion.

Agenda Item 8.4

Audit and Risk Committee Meeting Dates

Strategic Alignment - Our Corporation

Public

Friday, 21 February 2025 Audit and Risk Committee

Program Contact:

Kathryn Goldy, Acting Manager Governance

Approving Officer:

Anthony Spartalis, Chief Operating Officer

EXECUTIVE SUMMARY

This report seeks approval for the 2025/26 meeting schedule for the Audit and Risk Committee (the Committee) for the next 12 months.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

- 1. Approves the following meeting schedule for the Audit and Risk Committee to be held in the Colonel Light Room, Town Hall, Adelaide:
 - 1.1. Friday 11 April 2025, starting at 9.00am;
 - 1.2. Friday 16 May 2025, starting at 9.00am;
 - 1.3. Friday 13 June 2025, starting at 9.00am;
 - 1.4. Friday 15 August 2025, starting at 9.00am;
 - 1.5. Wednesday 24 September 2025, starting at 9.00am;
 - 1.6. Friday 14 November 2025, starting at 9.00am; and
 - 1.7. Friday 13 February 2026, starting at 9.00am.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation 'Enable effective governance'
Policy	Under the Terms of Reference and Meeting Procedures for the Audit and Risk Committee, the Committee will meet at least 6 times per year on dates and times to be determined by the Committee.
Consultation	Committee Members (including ex-offcio) were consulted regarding the meeting dates being presented to the Committee.
Resource	Not as a result of this report
Risk / Legal / Legislative	Proposed meeting times are in accordance with legislative requirements. Under section 126 (5) of the <i>Local Government Act 1999</i> (SA), the Committee must meet at least once each quarter.
Opportunities	Open, transparent, and informed decision making. At the Committee meeting on 11 December 2024, the Committee approved the Terms of Reference and Meeting Procedures which introduced live streaming of Committee meetings. The Terms of Reference were subsequently approved by Council at their meeting on 28 January 2025.
24/25 Budget Allocation	Independent Members of the Committee are paid a sitting fee of \$500.00 per meeting attended. The Presiding Member receives \$600.00 per meeting and \$100.00 per meeting when requested to attend any Council or other Committee meetings.
Proposed 25/26 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
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

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DISCUSSION

- The role of the Audit and Risk Committee (the Committee) is to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.
- 2. In accordance with the Committee's Terms of Reference and Meeting Procedures document (<u>Link 1</u>) adopted by Council on 28 January 2025, the Committee will meet at least 6 times a year on dates and times determined by the Committee.
- 3. As per section 126 (5) of the *Local Government Act 1999* (SA) (the Act) the Committee is required to meet at least once per guarter.
- 4. The proposed dates will meet the requirements of the Act and the Committee's Terms of Reference.
- 5. The dates and times being proposed are listed below:
 - 5.1. Friday 11 April 2025, starting at 9.00am;
 - 5.2. Friday 16 May 2025, starting at 9.00am;
 - 5.3. Friday 13 June 2025, starting at 9.00am;
 - 5.4. Friday 15 August 2025, starting at 9.00am;
 - 5.5. Wednesday 24 September 2025, starting at 9.00am;
 - 5.6. Friday 14 November 2025, starting at 9.00am; and
 - 5.7. Friday 13 February 2026, starting at 9.00am.
- 6. Under the Committee's Terms of Reference; the Chief Operating Officer is authorised to vary the meeting schedule, including the commencement time, meeting place, date, or cancellation of a meeting (if there are no matters to consider) after liaising with the Presiding Member.
- 7. Committee Members (including ex-officio) have been consulted regarding the proposed 2025 committee meeting dates.

DATA AND SUPPORTING INFORMATION

Link 1 - Audit and Risk Committee Terms of Reference and Meeting Procedures document

ATTACHMENTS

Nil

- END OF REPORT -

2025 Audit and Risk Committee Work Plan

Strategic Alignment - Our Corporation

Public

Agenda Item 8.5

Friday, 21 February 2025

Audit and Risk Committee

Program Contact:

Kathryn Goldy, Acting Manager Governance

Approving Officer:

Anthony Spartalis, Chief Operating Officer

EXECUTIVE SUMMARY

The following report outlines the City of Adelaide Audit and Risk Committee work plan for the 2025 calendar year – key deliverables, frequency and preferred meeting dates for reporting, and responsible City of Adelaide (CoA) managers.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

 Approves the Audit and Risk Committee work plan proposed for 2025 as contained in Attachment A to Item 8.5 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025, to guide Audit and Risk Committee activity during 2025.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation The Audit and Risk Committee work plan aligns with the Strategic Plan objectives
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
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	Not as a result of this report
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. The purpose of the Audit and Risk Committee (ARC) is to provide independent assurance and advice to Council on accounting, financial management, internal controls, risk management and governance matters.
- 2. Following consultation with key stakeholders a draft ARC work plan for 2025 (**Attachment A**) has been developed.
- 3. The proposed work plan is flexible and provides the opportunity for additional reports to be presented at ARC's request or to meet operational needs.
- 4. This report seeks ARC's approval of the work plan to guide Audit and Risk Committee activity during 2025.

DATA AND	SUPPORTING INFORMATION	

Nil

ATTACHMENTS

Attachment A - Proposed 2025 Audit and Risk Committee work plan

- END OF REPORT -

Action	Link to Legislation, ToR	Deliverable	Frequency			Timin	g - schedule	e of reports	to ARC			Responsible Reporting Officer
				11-Apr-25	16-May-25	13-Jun-25	15-Aug-25	27-Sep-25	14-Nov-25	Dec - Jan break	13-Feb-26	
	Terms of Reference (4.3, 4.4)	Annual Report from the Presiding Member	Annual									Associate Director Governance & Stra
	Terms of Reference (4.5)	Audit & Risk Committee Self-Assessment Results	Annual									Associate Director Governance & Stra
	Terms of Reference (8.2)	Meeting Schedule	Annual									Associate Director Governance & Stra
A&RC Committee Performance	Terms of Reference (2.1)	Annual Work Plan	Annual									Associate Director Governance & Stra
	Terms of Reference (4.5)	Review of the Terms of Reference	Annual									Associate Director Governance & Stra
	-	Training and development plan	Annual									Associate Director Governance & Stra
External Audit	Terms of Reference (3.3.2)	End of Financial Year Audit Approach & Reporting Timetable	Annual									Associate Director Finance & Procurement
	Terms of Reference (3.3.4)	External Audit Interim Management Letter (delivered by external auditor before end June each year)	Annual									Associate Director Finance & Procurement
	LG Act s.126(4)(a) Terms of Reference (3.1 & 3.3.5)	Audited Annual Financial Statements and report on Financial Results - CoA, APLA, ACMA and AEDA	Annual									Associate Director Finance & Procurement
	LG Act s.126(4)(b) Terms of Reference (3.3.3)	Confidential Meeting with External Auditors	Annual									Associate Director Finance & Procurement
	LG Act s.126(4)(b) Terms of Reference (3.3.4)	Matters arising from the External Audit	Annual Annual									Associate Director Finance & Procurement
Figure del Bassantina	Terms of Reference (3.5 and 3.3.4)	Internal controls (considered as part of External Audit report)	Annual Annual - before and after									Associate Director Finance & Procurement Associate Director Finance &
Financial Reporting	LG Act s.126(4)(ab, c) Terms of Reference (3.2) LG Act s.126(4)(ab, c) Terms of Reference	Review of the Long Term Financial Plan	consultation									Procurement Associate Director Finance & Procurement
	(3.2) Terms of Reference (3.2) Specifically	Review of Budget Quarterly Business Update including subsidiary updates	Quarterly		Q3		Q4		Q1		Q2	Procurement Associate Director Finance & Procurement
	requested by ARC LG Act s.126(4)(a)		Annual		Q3		Q4		Q1		Q2	GMs of subsidiaries Associate Director Finance &
	Terms of Reference (8.2)	CEO Sustainability Report Review Council's Draft Annual Report	Annual									Procurement Associate Director Governance & Stra
	LG Act s.126(4)(ab, c)	Review of Annual Business Plan	Q3, Q4		Q3		Q4		Q1		Q2	Associate Director Governance & Stra
	Terms of Reference (3.2) LG Act s.126(4)(ab, c) Terms of Reference (3.2.2)	Update on development of the forward year Business Plan & Budget	Annual									Associate Director Finance & Procurement
Internal Audit	LG Act s.126(4)(b) Terms of Reference (3.4.3)	Confidential Meeting with Internal Auditors	Annual									Associate Director Governance & Stra
	LG Act s.126(4)(c) Terms of Reference (3.4.2)	Internal Audit action plan update	Quarterly									Associate Director Governance & Stra
	LG Act s.126(4)(c) Terms of Reference (3.4.1)	Strategic Internal Audit Plan	Annual									Associate Director Governance & Stra
	LG Act s.126(4)(c) Terms of Reference (3.5.2)	Review of Strategic Risk Register	Biannual			l						Associate Director Governance & Stra

Action	Link to Legislation, ToR	Deliverable	Frequency	Timing - schedule of reports to ARC			Responsible Reporting Officer					
				11-Apr-25	16-May-25	13-Jun-25	15-Aug-25	27-Sep-25	14-Nov-25	Dec - Jan break	13-Feb-26	
Internal Control & Risk Management	LG Act s.126(4)(c) Terms of Reference (3.5.2)	Risk Management Systems (including Risk Management Operating Guideline, SRIA and Internal Audit)	Annual									Associate Director Governance & Strategy
		Emergency Management (including business continuity plan)	Biennual									Associate Director Governance & Strategy
	Terms of Reference (3.5.5)	Activity of Strategic Risk & Internal Audit Group	Quarterly									Associate Director Governance & Strategy
Good public administration framework		Public Interest Disclosure Requirement (once in a Council term) (this will Incorp LG Reform changes)	Annual									Associate Director Governance & Strategy
Strategic Plans		Complaint Framework (once in a Council term) (this will incorp LG Reform changes)	Annual									Associate Director Governance & Strategy
	LG Act s.126(4)(ab) Terms of Reference (2.1.2)	Strategic Plan (to be presented prior to Nov 2028)	Every 4 years									Associate Director Governance & Strategy
	LG Act s.126(4)(ab) Terms of Reference (3.2.1)	Asset Management Plans (to be presented in 2028)	Every 4 years									Associate Director Infrastructure
Other Business	Items arising from internal audit or request from ARC	ICS Implementation Plan	As requested									Associate Director Park Lands Policy & Sustainability
	Items arising from internal audit or request from ARC	Cybersecurity Update	As requested									Associate Director Information Management

2024-25 End of Year Financial Reporting Process & External Timetable

Strategic Alignment - Our Corporation

Public

Agenda Item 8.6

Friday, 21 February 2025

Audit and Risk Committee

Program Contact:

Nicole Van Berkel, A/Manager Finance & Procurement

Approving Officer:

Anthony Spartalis, Chief Operating Officer

EXECUTIVE SUMMARY

This report seeks Audit and Risk Committee endorsement of the External Audit terms of engagement, provisional timetable and audit plan.

The Local Government Act 1999 (SA) and the Local Government (Financial Management) Regulations 2011 require an audit opinion assuring that the Council financial statements are in accordance with Australian Accounting Standards. BDO has been engaged as the audit firm to provide an opinion on the veracity of the Annual Financial Statements.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

- 1. Notes the endorsement by the Audit and Risk Committee that the external audit plan, as contained in Attachment A to Item 8.6 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025, is consistent with the scope of the External Audit engagement and relevant legislation and standards.
- 2. Approves the proposed 2024-25 End of Year Financial Reporting process and external audit timetable as contained in Attachment A to Item 8.6 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.
- 3. Notes the external auditor's independence declaration in relation to the audit engagement for the year ended 30 June 2025 as detailed in Attachment B to Item 8.6 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.
- 4. Approves the External Audit terms of engagement as contained in Attachment B and Attachment C to Item 8.6 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.
- 5. Authorises the certification of the financial statements, in their final form, to be signed by the Chief Executive Officer and the principal member of Council as set out in Part 4 (14) of the Regulations.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Financial sustainability is critical to achieving our vision and Council will carefully manage its revenue, costs, debts and assets.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Regulation 10 of the Local Government (Financial Management) Regulations 2011
Opportunities	Not as a result of this report
24/25 Budget Allocation	The external Audit Fees of \$85,000 are fully budgeted for in Operating Expenditure
Proposed 25/26 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
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

Audit and Risk Committee – Agenda - Friday, 21 February 2025

DISCUSSION

- 1. The objective and scope of the external audit and audit obligations are established by the Local Government Act and Regulations. Specifically, the conduct of the annual external audit is set out in Section 129 of the Local Government Act 1999 SA (the Act), while the Local Government (Financial Management) Regulations 2011 (the Regulations) also refer to auditing standards and consideration of internal controls. The Act also requires a separate report on matters arising from the audit report be provided to the Audit and Risk Committee, as well as the principal member of Council, who must ensure that copies are provided to the other members of Council.
- 2. The Australian Auditing Standards recommends that the auditor sends an engagement letter documenting and confirming the auditor's acceptance of the appointment, objectives and scope, the auditor's responsibilities and the form of any reports. The Letters of Engagement received from BDO have been included as **Attachment B** and **Attachment C**.
- 3. Under the Regulations, the financial statements of the Council must include a certification of financial statements, in a form determined by the Minister, signed by the Chief Executive Officer and the principal member of the Council as set out in Part 4 (14) of the Regulations.
- 4. There is further requirement under section 126(4) of the Act for the Audit and Risk Committee to review the annual financial statements for The Corporation of the City of Adelaide to ensure that they fairly represent the state of affairs of the Council.
- 5. The Audit and Risk Committee Terms of Reference state that the Audit and Risk Committee shall oversee the relationship with the External Auditor, including, but not limited to:
 - 5.1. Recommending the approval of the External Audit terms of engagement.
 - 5.2. Endorsing the Audit timetable and the Annual External Audit Plan.
 - 5.3. Meet with the External Auditor at least once a year, without management present.
 - 5.4. Review findings of the External Audit with the External Auditor.
- 6. A provisional timetable has been prepared, setting out the key dates to ensure end of year reporting is completed in a timely and efficient manner.
- 7. BDO is scheduled to carry out their interim internal control and financial statement testing during the period 28 April to 9 May 2025.
- 8. The final audit concentrating on the Corporation of the City of Adelaide's Financial Statements will be carried out during the period 11 August to 29 August 2025.
- 9. The purpose of the External Audit is primarily to enable the External Auditor to express an opinion on the veracity of the Annual Financial Statements. It is standard practice of the External Auditor to plan and organise the external audit independently of management. A copy of BDO's proposed external audit plan is included as **Attachment A**.
- 10. The terms of reference require that the Audit and Risk Committee meet the External Auditor at least once a year, without management being present, to discuss their merit and any issues arising from the External Audit. In line with the proposed audit timetable, the September 2025 meeting which will receive the Auditor's Report (subject to change based on approved Audit and Risk Committee Workplan) is considered an appropriate forum for this meeting to occur.
- 11. The External Auditors are required to provide a report on matters arising from the audit including management's comments on those issues, where applicable. This report will be provided to the Audit and Risk Committee for consideration. The Audit and Risk Committee's Terms of Reference also require the Committee to review any Letter of Representation that the External Auditors may wish to be signed by the Chief Executive Officer, on Council's behalf. Subject to any outstanding issues in relation to the Audit being resolved on a timely basis, it is proposed to sign the Annual Financial Statements together with the required Letter of Representation after the Audit and Risk Committee meeting in September 2025 (subject to change based on approved Audit and Risk Committee Workplan).
- 12. The final report for presentation to Council of the Financial Statements is planned for the meeting of Council scheduled in September 2025 (subject to change based on approved Audit and Risk Committee Workplan).
- 13. BDO has also provided a statement of auditor's independence to the Audit Committee in relation to the audit engagement for the year ended 30 June 2025. This has been included as Appendix 1 to **Attachment C.**

Audit and Risk Committee - Agenda - Friday, 21 February 2025

ATTACHMENTS

Attachment A - Annual External Audit Plan

Attachment B – Letter of Engagement – Financial Statements

Attachment C – Letter of Engagement – Internal Controls

- END OF REPORT -





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Dear Audit & Risk Committee Members

Thank you for the opportunity to present our annual audit plan ('plan') for City of Adelaide (the 'Council') for the year ending 30 June 2025.

Our plan has been developed with input from City of Adelaide management and continues to be based on our understanding of the Council's business and operating environment.

We acknowledge that throughout the year there may be business developments, circumstances may change and additional matters may arise. Our plan will be responsive to your needs and will maximise audit effectiveness so we can deliver the high-quality audit you expect.

This plan is intended solely for management and the Audit & Risk Committee and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss our plan with you at the Audit& Committee on 21 February 2025.

Please feel free to contact me on +61 8 7324 6147 if you have any questions or would like to discuss the content of this plan further.

Yours faithfully

Linh Dao

Engagement Partner

Adelaide, 3 February 2025

Your BDO team

Your engagement team provides a combination of continuity and fresh ideas. This helps to ensure that we build on previous experience and make the audit process as smooth as possible.

Your BDO team

Our audit of City of Adelaide will be led by Linh Dao as Group Engagement Partner. Linh will oversee the co-ordination of the audit and will have primary responsibility for working with Nicole Van Berkel and her team.

Supporting Linh will be Chelsea Aplin and Jennier Zhou as Audit Managers.

Linh is responsible for the day-to-day direction of the audit work and is the key point of contact for Nicole Van Berkel.

The day-to-day audit team will be led by Chelsea and Jennifer.

When auditing key judgements, we are often required to engage specialists who have qualifications and expertise not possessed by the core audit team. Supporting the engagement team will be our IT Specialist, who will assist the team with the review of IT environment and relevant IT general controls as part of the audit.

BDO TEAM MEMBERS



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Our objectives and approach

Objectives

Our audit is performed with the objective of enabling us to express an opinion as to whether

- The financial report is prepared, in all material aspects, in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011, and
- Controls exercised by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Council have been conducted property and in accordance with law based on criteria established in the Better Practice Model Financial Internal Controls for South Australia Councils issued by the Local Government Association of South Australia.

Approach

Our audit is performed in accordance with the BDO Audit Approach, which is documented using our global audit tool, APT. It consists of four key phases:



A risk driven audit

Our audit approach is driven by our assessment of risks of material misstatement, based on a robust understanding of your business from an internal and external point of view. Our approach is centred around:

- Obtaining an understanding of the business, its environment, and the applicable financial reporting framework
- Identifying and assessing risks of material misstatement
- Assessing the controls in place to address and prevent these risks
- Designing and executing appropriate procedures to obtain evidence, including the use of data analytics where appropriate
- Ensuring rigorous quality management over audit performance.

Internal control

We obtain an understanding of the system of internal control relevant to the audit to assist us with our risk assessment procedures. Our understanding covers:

- The overall control environment
- The entity's risk assessment process
- The information system, including IT applications and related business processes, relevant to financial reporting, and communication
- Control activities relevant to the audit
- Activities the entity uses to monitor internal control relevant to financial reporting.

Our objectives and approach continued

Communications

We communicate to the Audit & Risk Committee in writing any significant deficiencies that come to our attention during the audit on a timely basis.

In addition, we communicate with management the significant deficiencies being reported to those charged with governance and any other deficiencies identified that in our judgement are of sufficient importance to merit management's attention. In doing so, we will provide recommendations to improve internal controls and business systems.

Fraud

During the course of our audit, we make enquiries of those charged with governance, management, and others to identify any known instances of fraud. We also make enquiries to understand where you consider the risks are in relation to fraud and if you have any knowledge of actual or suspected fraud. This also includes considering the risk of management override of controls.

It should be noted that our audit is not designed to detect fraud, however, should instances of fraud come to our attention, we will report them to you.

Going concern

As part of our audit, we will review management's assessment of the ability of the entity to continue as a going concern for the 12 months from the date of signing the financial report and therefore whether the going concern basis for the preparation of the financial report is appropriate.

Laws and regulations

We make enquiries in relation to any non-compliance with laws and regulations impacting the period under audit. If we become aware of any instances of non-compliance with laws and regulations which would materially impact on the financial position or performance of the entity, then we will report them to you on a timely basis to consider the impact on the financial report.

Audit quality

Our System of Quality Management (SOQM) provides the foundation on which we build and maintain a culture of quality and it enables the behaviours and actions of our partners and staff to achieve quality on a consistent basis. Our SOQM sets out the key drivers of audit quality, including the specific attributes that are critical in enhancing and maintaining quality. For further information on the elements of our SOQM and how we consistently achieve quality outcomes, refer to our Transparency Report.

Independence and objectivity

Our commitment to be independent, act objectively, with the necessary integrity, professional competence and due care are key defining qualities that contribute to exceptional client service. At BDO, we adhere to all relevant ethical standards and requirements both within and external to our network.

All engagement team members, including experts and specialists, are required to confirm and declare their independence from audit clients and any related entities prior to commencing work on the engagement.

Your BDO team is independent and will continue to work with objectivity in all aspects of the engagement.

Experience and expertise

The appropriate composition of engagement teams is fundamental to delivering a high-quality audit. We ensure partners and staff have the necessary experience, competencies, and technical skills to undertake their engagements. For complex engagements, we consider the need to appoint specialists or experts to assist with specific risk areas.

Your BDO team possesses the relevant experience and expertise necessary to perform an effective audit.

Professional judgment and scepticism

Professional judgment is the systematic practice of making the best possible decision considering professional standards and the facts and circumstances of a situation. To exercise professional judgment requires professional scepticism. This means having a questioning mind, being alert to anything that may indicate misstatement and critically assessing audit evidence.

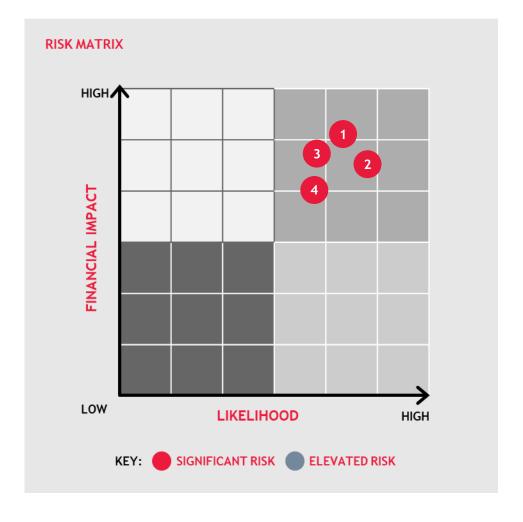
We will continue to question and challenge key assumptions and judgments made by management in preparing the 30 June 2025 financial report.

Risk assessment and areas of focus

In line with our audit approach and based on our understanding of City of Adelaide, we have identified the risks of material misstatement (RMM) at both the engagement and assertion level. In assessing the RMMs, we use a spectrum of risk based on the likelihood of a misstatement occurring and the magnitude of the misstatement in the context of our materiality. We use inherent risk factors (complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or fraud) to drive risk identification and assessment.

Our initial assessment is shown in the matrix for the risks identified at the upper end of our spectrum (Significant and Elevated).

On the subsequent page we have set out our perspective on the potential impact on the financial statements and our proposed approach to respond to the risks. We will continue to be alert for risks during the course of the audit and update our assessment and responses as required.



Risk assessment and areas of focus continued

#	AREAS OF FOCUS	OUR PERSPECTIVE	PLANNED RESPONSE	
1	Revaluation infrastructure and land & buildings	Council's infrastructure and land & buildings are carried under revaluation model. There is a risk that these balances are misstated as a result of the	We will evaluate the competence, capability and objectivity of the independent valuers, if any, obtain an understanding of their work and evaluate its appropriateness.	
		application of inappropriate valuation methodologies, or incorrect underlying assumptions.	For the classes of assets that are not subject to independent valuation this year, we will evaluate management's assessment of how Council has complied with the requirement of AASB 116.31 to ensure that the carrying amount does not different materially from that which would be determined using fair value at the end of the reporting period.	
2	Accounting treatment of Capital Work In Progress (WIP) There is a risk that the accounting treatment of items captured within Capital WIP may not be in accordance with Australian Accounting Standards.		projects outstanding at the end of the year to ensure they are likely to generate assets. We will also review a sample of assets transferred out of the Capital WIP to audit whether the categorisation and value allocated to the relevant fixed assets classes are appropriate.	
			Furthermore, we will make inquiries of CMAR and ACC's development progress and assess the appropriateness of ongoing accounting treatment for relevant financial statement areas.	
3	Management override of internal controls	Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively.	Our responses will include a review of key internal controls at the Council to mitigate the risk of management override. We will test the appropriate of journal entries and other adjustments made in the preparation of the financial report. We will also review accounting estimates for bias, and evaluate the business rationale (or lack of) of any significant transactions that are outside of the normal course of business or that otherwise appear to be unusual.	

Risk assessment and areas of focus continued

#	AREAS OF FOCUS	OUR PERSPECTIVE	PLANNED RESPONSE
4	Cut-off of grant funding and accuracy of any amounts deferred at 30 June 2025	There is a risk of error in the calculation of grant income recognised and deferred at the end of the year.	We will obtain the schedule of grant income recognised and deferred at the reporting date. We will select a sample of grants and obtain the agreements to review in detail, and audit whether they have been recognised in accordance with AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities.

Internal control assessment

We are required to provide an audit opinion on Council's internal controls in accordance with Section 129(1)(b) of the Local Government Act 1999. Our assessment of internal controls is based on the criteria in the Better Practice Model - Financial Control for South Australian Councils as issued by the Local Government Association of South Australia.

The Better Practice Model emphasises a risk based approach to internal financial controls. It states that a Council should design and implement internal financial controls activities and monitoring systems that prioritise extreme and high financial risk as identified by the Council's risk tolerance framework.

Risk assessment

BDO has used the risk assessment matrix per the Better Practice Model to create a general expected risk assessment. The assessment is only focused on the business impact of the risks. Each risk is assigned risk category of low, moderate, high. The results of our initial assessment is as follows:

	Risk level			
Risk category	High	Moderate	Low	
Strategic Financial Planning	-	3	9	
Assets	3	5	19	
Liabilities	-	4	10	
Revenue	3	6	5	
Expenses	6	5	8	
External Services	-	2	-	
Financial governance	-	-	3	

We expect to receive Council's risk assessment of internal controls as part of the planning process. Once received we will compare and understand any differences between the two assessments. Based on the results of this comparison, we will consider the impact on our audit approach.

Control assessment

Once the risk assessment is complete, we undertake a control assessment classifying each control as key or non-key. All controls associated with high risks are considered to be key controls. Controls with moderate risks are assessed and allocated key or non-key.

Control type	Description
Key control	The absence of these controls operating may have a significant impact on mitigating the risks. All key controls are included within our audit testing.
Non-key control	The absence of these controls in place may not have a significant impact on mitigating the risks as the operation of a key control in the same area may provide sufficient mitigation. The level of testing of non-key controls is dependent on the risk assessment. See the next section for more details.

Internal control assessment continued

Control testing

The risk and control assessments performed by BDO will then determine our level of testing of the controls in place to address the risks.

Risk level	Level of testing of controls	Reason
High	All controls to be tested, all considered to be key.	Control failure may result in a significant business impact, therefore an increased level of assurance is required in relation to the effectiveness of the controls supporting high risks.
Moderate	All identified key controls and a selection of non-key controls selected based on our professional judgement.	Control failure may result in a moderate business impact, therefore a normal level of assurance is required in relation to effectiveness of the controls supporting moderate risks.
Low	No testing of controls	Control failure is unlikely to result in a significant business impact.

The number of controls to we plan to test for each risk category is as follows:

Risk category	Controls to be tested
Strategic Financial Planning	11
Assets	20
Liabilities	8
Revenue	16
Expenses	24
External services	3
Financial governance	-
Total	82

Due to the number of controls involved we have not provided a detailed list of controls in this report. We can provide the detailed list of controls separately as required. The controls selected for testing represent our assessment of those required to be tested to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law based on criteria established in the Better Practice Model - Financial Internal Control for South Australia Councils issued by the Local Government Association of South Australia.

Materiality

Materiality means, in the context of an audit, if financial information is omitted, misstated or not disclosed it has the potential to (adversely) affect the decisions of users of the financial report. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the effect of misstatements. Materiality is initially calculated at the planning stage and re-assessed prior to providing our opinion.

During the course of our audit we may identify misstatements and these will be reported to you at the conclusion of our work based on our assessment of materiality at that stage (this may have been updated from the materiality calculated at the planning stage). It should be noted that the auditing standards do not require us to communicate misstatements that are considered 'clearly trivial' and as such, if we identify such misstatements we will not communicate these to you.

We determine materiality by considering a range of both qualitative and quantitative factors when applying our professional judgement.

Our materiality for the 30 June 2025 audit is based on 1.8% of forecasted total assets. Our estimated materiality levels are set out in the table below:

GROUP MATERIALITY	\$35,000,000
SPECIFIC MATERIALITY	\$4,500,000
CLEARLY TRIVIAL THRESHOLD	\$225,000

Specific materiality will be applied to the financial statement areas that are related to operating activities, whereas engagement materiality will be applied to financial statement areas of capital expense nature. Specific materiality is set at 1.8% of Council's total expenditure for the year.

The planning materiality has been calculated based on Council's budgeted results and financial position for the year ended 30 June 2025. These will be revisited and amended accordingly based on the final trial balances provided to us for audit.

Timeline

Audit milestones

We recognise that regular, timely communication with management and the Audit & Risk Committee is critical to maintaining an effective and transparent relationship. Our audit process operates throughout the year so that we can respond to issues as they arise and maintain close communication, with management and the Audit & Risk Committee, as the audit cycle progresses.

We have set out below the timing of significant milestones to include on-site visits, key meeting dates and reporting deadlines with respect to the completion of the audit.

MILESTONE	RESPONSIBILITY	DATE
Planning meeting with management to understand your business and identify areas of focus for the business	BDO & management	Completed
Issuance of engagement letter	BDO & management	February 2025
Interim audit visit commences, including detailed understanding of your processes and IT applications	BDO & management	2 weeks commencing 28 April 2025
Issuance of interim management letter	BDO	Early June 2025
Trial balances for regional subsidiaries (i.e. ACMA, AEDA, APLA) and car park acquittals are ready for the audit	Management	By 8 August 2025
Final audit visit commences	BDO & management	3 weeks commencing 11 August 2025
Financial statements, including Note 7 and revaluation work ready for audit	Management	By 20 August 2025
Close out meeting with management	BDO & management	Early September 2025
Submission of audit completion report	BDO	By 16 September 2025

Timeline *continued*

MILESTONE	RESPONSIBILITY	DATE
Financial statements presented to Audit & Risk Committee	BDO, management & Audit & Risk Committee	24 September 2025
Chief Executive Officer and Principal Member of Council to approve and sign off Certification of Financial Statements, Certification of Auditors Independence and management representation letter	Council	24 September 2025
Issue Independence Auditor's report and Certificate of Auditor Independence	BDO	Upon receipt of Council's signed financial statements and representation letter

Fees

Fees

The proposed fee for all services provided for the year ending 30 June 2025 is as below. All amounts are exclusive of GST.

AUDIT AND ASSURANCE SERVICES	FY25 PROPOSED	FY24 ACTUAL
Financial statement audit	\$48,000	\$46,600
Internal financial control audit	\$25,000	\$24,400
Minor audits (i.e. AEDA, APLA, Wages Dec, R2R and all car park acquittals)	\$12,000	\$11,000
Total fee	\$85,000	\$82,000

Assumptions

Any reasonable out of pocket expense are charged to you as disbursements when incurred. In addition, we will disburse to you a technology levy as a percentage (2%) of our fees to cover software licensing, data storage and usage costs. Our fee is based on our understanding of your current operations and the required scope of the audit. If these alter, the fee will need to be revised.

Our fees do not include any advice or assistance that may be given in respect of accounting issues. Whilst brief ad hoc information provided in the course of our audit is generally included in our proposed fee, formal advice, assistance with complex issues or meetings to discuss these issues falls outside the scope of our proposed fee. Fees for assistance provided will be negotiated prior to services being performed.

Assistance required

In order to keep our time and costs to a minimum, we appreciate your assistance with the following:

- Ensure you have documented your policies and procedures surrounding your business processes, from initiation and processing through to recording and reporting, of transactions, account balances and disclosures. Including how your IT systems and applications are being used in this process
- With your approval, providing us access to extract data from your IT systems to enable us to use our data analytic tools in the BDO Advantage suite
- Preparing position papers for all key judgements and estimates, using your experts and specialists as required
- Management providing all deliverables in line with the agreed timetable
- Assistance from your staff with supporting documentation and explanations during the audit process
- Disclosure by your staff of all information relevant to the engagement in a timely manner.

We will provide you with an audit preparation package through our Global Portal.

BDO's Global Portal

BDO's Client Portal

To enhance our communication and to reduce any potential expectation gaps, we will continue to use the BDO Global Portal ('portal').

In addition to facilitating the secure exchange of information, the use of the portal assists with project management and provides a live view of progress to both BDO and City of Adelaide.

We will consult with you about how you would like us to communicate during the engagement, and the frequency of our status updates. In addition, whether it is to provide ad-hoc support, brainstorm ideas, or discuss any aspect of our services, the portal can assist. The key features of the portal are illustrated below:



Online client collaboration

- Upload information and documentation in one secure place
- Track actions and milestones for BDO and client responsibilities.



A flexible, secure platform with local customisation

- Security permission and access can be set at a project level for different users such as your staff or our BDO teams
- You can receive a daily or weekly digest, summarising all activity that has occurred on the portal
- View document audit trails, reducing the risk of email misdirection.



Digitised paperwork and workflow

- Approve and sign documents all within the portal, allowing for better transparency and speedier project progress
- Set dates with calendar reminders for when BDO requires certain documentation or information to be uploaded or completed
- Assign tasks to specific users
- Portal supports multiple document types and views.

BDO Advantage

BDO Advantage: Our innovative Audit Technology Platform

Today's business, regardless of industry or location, becomes increasingly digital-centric. Companies accumulate a great amount of data in their systems, but data becomes valuable only if we present and analyse them in such a way that they actually bring benefits. Today, we can do this effectively with BDO Advantage.

Our new suite of Data Analytics tools (BDO Advantage) enables us to enhance our audit approach through the extraction and analysis of data, to provide assurance for our audit and valuable insights for your business - allowing you to quickly address anomalies and make better decisions.

Benefits to you

- Audit quality Audit Data Analytics (ADAs) are engineered to identify risk
 areas requiring attention more rapidly. Conversely, areas requiring less
 attention are similarly identified using consistent visualisations derived from
 underlying data, providing a more effective audit and enhanced audit
 quality
- Reduced reliance on sampling ADAs and the supporting methodology
 focuses our attention on notable items indicating higher risk of material
 misstatement within a population, allowing for targeted efforts to be
 directed to those items meriting the most attention. Entire populations do
 not ordinarily require significant amounts of traditional sampling. Rather,
 efforts are directed to tests of transactions indicative of higher risk, while
 simultaneously reducing efforts on those that do not indicate risk
- More meaningful audits As we perform less sampling on entire populations and focus our efforts on outliers and unusual patterns within your datasets in consistent models, we will increasingly focus our energy on performing more meaningful and interesting work.

The future

BDO is committed to innovation. As a firm, we are increasingly investing in building and implementing digital tools as part of the BDO Digital Audit Suite, to make the audits we deliver more efficient and insightful for you. As the BDO Digital Audit Suite evolves, we will apply these tools as part of your audit, where we believe they will deliver benefits to you as our client.



Appendix 1 New developments

Changes in financial reporting for 31 December 2024

Amendments to AASB 101 for classifying liabilities as current or non-current

Effective for annual reporting periods beginning on or after 1 January 2024, there are three main changes to the classification requirements within AASB 101 *Presentation of Financial Statements*:

- The right to defer settlement for at least 12 months must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants) as at the reporting date, the right to defer (and therefore classify at least part of the loan as non-current) only exists at the reporting date if the entity complies with those conditions at the reporting date (paragraph 72B)
- Classification is based on the right to defer settlement, and not intention.
 Accordingly, if an entity has the right at the end of the reporting period to roll over an existing obligation for at least 12 months after the reporting period, it classifies the obligation as non-current, notwithstanding the entity may intend to settle the liability earlier (paragraph 73), and
- If a liability could be settled by the lender requiring the entity to transfer to the lender its own equity instruments prior to maturity (e.g. a convertible bond), classification of the liability is subject to whether the conversion feature is classified as a liability or equity instrument. If the conversion feature is classified as a liability and could be exercised within 12 months of the reporting date, the liability is classified as current. Alternatively, if the conversion feature is classified as equity under AASB 132 Financial Instruments: Presentation, the conversion feature does not affect the classification of the convertible bond (paragraph 76B).

Classifying loans can be complicated where there has been a breach of a loan covenant, and can depend on whether and when the lender has provided a waiver or a period of grace. Our <u>publication</u> includes a flowchart and detailed examples to assist in this analysis.

Where a liability could be settled by an entity transferring its own equity instruments, such as for a convertible bond or note, this <u>publication</u> provides examples to assist with appropriate classification.

These amendments apply for the first time to the classification of liabilities as current or non-current in the 31 December 2024 balance sheet. Comparatives must be restated in the 31 December 2023 balance sheet and in the 1 January 2023 opening balance sheet.

New developments in financial reporting

AASB 18 Presentation and Disclosure in Financial Statements

On 9 April 2024, the International Accounting Standards Board issued IFRS 18 *Presentation and Disclosure in Financial Statements* (AASB 18 in Australia), a new financial statements presentation standard to replace IAS 1 *Presentation of Financial Statements*. You can read more about this in our recent publication.

The changes require income and expenses to be classified into one of the following five categories - investing, financing, income taxes, discontinued operations and operating ('operating' being the residual or 'catch all' category). Classification follows an entity's 'main business activities' so AASB 18 is likely to result in different presentations across entities. The Statement of Profit or Loss also includes two mandatory subtotals:

- Operating profit or loss this is a sub-total of all income and all expenses classified as operating, and
- Profit or loss before financing and income taxes this is the sub-total of operating profit or loss, and all income and expenses classified as investing.

There are also changes to the Statement of Cash Flows, including how interest and dividend cash inflows and interest cash outflows are classified.

Appendix 1 New developments continued

Lastly, the financial statements must include new disclosures in a single note about 'management-defined performance measures' such as earnings before interest, taxes, depreciation and amortisation (EBITDA), 'adjusted profit', operating profit excluding recurring items, etc. The new disclosures apply to 'management-defined performance measures' if they are used in public communications outside the financial statements, to communicate to users of financial statements, management's view of an aspect of the entity's financial performance. They do not apply to certain specific sub-totals in the Statement of Profit or Loss such as gross profit. They also do not apply to social media posts and oral communications, and to non-IFRS information based on financial measures that are not performance-related (such as measures based only on the financial position of the entity). Also, they do not apply if an entity makes no public communications (as may be the case for private companies).

The changes are effective for annual periods beginning on or after 1 January 2027.

If you have any questions or require more information regarding these changes, please contact our IFRS & Corporate Reporting team.

Appendix 2 Sustainability reporting

What is required?

Legislation to mandate sustainability reporting Australia was passed by the Senate on 22 August 2024 and received Royal Assent on 17 September 2024. The start date is for years commencing 1 January 2025, with a phase-in period for entities of different sizes and types. Entities required to prepare and lodge financial reports with the Australian Securities and Investments Commission (ASIC) under Chapter 2M of the *Corporations Act 2001* may have to prepare sustainability reports if they meet certain criteria. In particular, entities that do not meet the size threshold tests in section 292A and are neither NGER reporters nor asset owners, are not currently required to prepare sustainability reports.

The legislation requires a 'sustainability report', but climate-related disclosures are the first, and currently the only component of mandatory sustainability reporting.

Where will climate-related financial disclosures be disclosed?

Climate-related disclosures are required within a sustainability report forming part of the annual report. The sustainability report required by the *Corporations Act 2001* and consist of:

- The climate statements
- Notes to the climate statement
- Any statements prescribed by legislation
- The director's declaration.

ASIC says: Start preparing for climate reporting now

Climate reporting represents the biggest changes to financial reporting and disclosures standards in a generation.

Key actions to take now

Reporting Obligations: Assess whether mandatory sustainability reporting applies.

Risk Disclosure: Balance mandatory and voluntary disclosures, considering stakeholder needs, as this can be seen as a strategic work program vs a compliance activity.

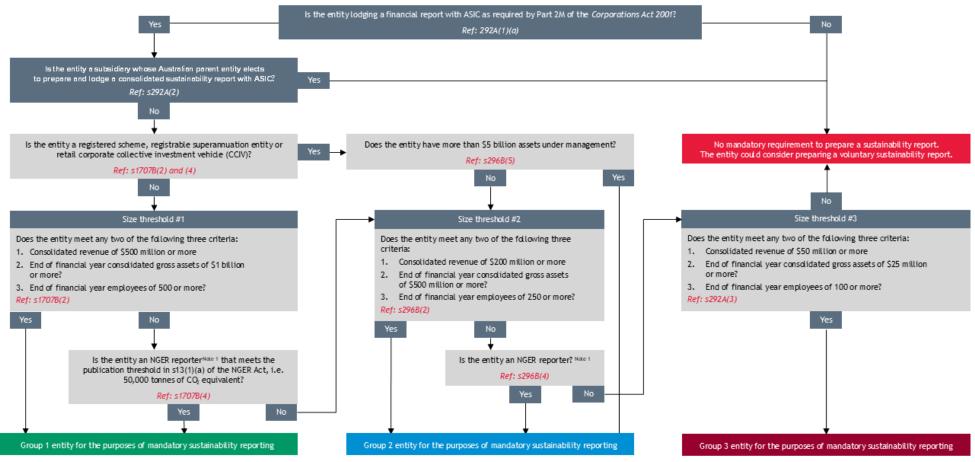
Internal Capability: Train employees or build capability to allocate resources effectively. Given that this is a new area, capability and capacity can be inhibitors.

Data Quality and Technology Constraints: Given that some of this information will be being captured and generated for the first time, govern data and assess technology readiness.

Process Maturity and Change Management: Align processes, manage change effectively, and ensure people across the end-to-end process understand the "why".

Who is required to prepare climate-related financial disclosures?

The following decision tree diagram will assist you in determining whether your entity is subject to mandatory sustainability reporting, and if applicable, which of the three groups it falls into.



Note 1: An entity is an NGER reporter if it is a controlling corporation registered or required to be registered under \$12(1) of the National Greenhouse and Energy Reporting Act 2007 (NGER Act).

When will climate-related reporting be mandated?

The following table outlines the first mandatory reporting period end for Group 1, Group 2 and Group 3 entities with different year-ends.

SUSTAINABILITY REPORTS REQUIRED FOR THE FIRST YEAR ENDING ON DATES SHOWN BELOW					
YEAR-END	GROUP 1 ENTITIES	GROUP 2 ENTITIES	GROUP 3 ENTITIES		
31 December	31 December 2025	31 December 2027	31 December 2028		
31 March	31 March 2026	31 March 2028	31 March 2029		
30 June	30 June 2026	30 June 2027	30 June 2028		
30 September	30 September 2026	30 September 2028	30 September 2029		

Sustainability reporting standards

The Australian Accounting Standards Board is responsible for setting sustainability reporting standards. Its first two standards, AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (a voluntary standard) and AASB S2 *Climate-related Disclosures* (mandatory standard) align closely with IFRS® Sustainability Disclosure Standards.

Assurance over climate-related disclosures

The Auditing and Assurance Standards Board has published its <u>proposed timeline for assurance over the sustainability report</u>. If approved as currently proposed, assurance over the climate-related financial disclosures will be in the:

- First year limited assurance over governance, strategy and Scope 1 and Scope 2 emissions
- Second and third years limited assurance over all disclosures but reasonable assurance over Scope 1 and Scope 2 emissions
- Fourth year Reasonable assurance over all disclosures.

Your sustainability roadmap

We've created a practical roadmap to guide your implementation of mandatory climate-related disclosures as well as your sustainability journey. It outlines the essential activities and their deadlines. This roadmap has been drafted for an entity with a 30 June year-end. Though Council is not required to report under Corporation Act, and we are yet aware of any changes in the Local Government Act that would require the inclusion of Sustainability Report in Council's Annual Report, we have included the suggested best practice roadmap if Council were a Group 2 entity for the mandatory climate reporting purpose in the following page for your information.

Group 2 entities: Best practice roadmap

PR	PROJECT STREAMS		30 JUNE 2024	30 JUNE 2025	30 JUNE 2026	30 JUNE 2027	30 JUNE 2028
1	COMPLIANCE FOCUS: Carbon footprint measurement Scope 1 and 2 greenhouse gas (GHG) emissions			Set carbon inventory boundary Develop a Basis of Preparation (carbon accounting methodology) Measure and report internally Scope 1 & Scope 2 GHG emissions	Improve measurement and report internally Scope 1 & Scope 2 GHG emissions Set targets in relation to Scope 1 & 2 GHG emissions Conduct an assurance readiness assessment	Mandatory calculation and extern GHG emissions	al reporting of Scope 1 and 2
		Scope 3 GHG emissions		Initial measurement (significant estimation) and report internally Scope 3 GHG emissions	Improve measurement (significant estimation) and report internally Scope 3 GHG emissions	Improve measurement (less estimation) and report internally Scope 3 GHG emissions Set targets in relation to Scope 3 GHG emissions Conduct an assurance readiness assessment	Mandatory calculation and external reporting of Scope 3 GHG emissions
2	COMPLIANCE FOCUS: Climate related disclosure		Include some TCFD disclosures in the annual report with a focus on the following pillars: Governance; and Strategy	Include <u>all TCFD disclosures</u> in th following pillars: Governance Strategy Risk Management Metrics and Targets	e annual report, including the	TCFD disclosures replaced by IFRS	S S2/AASB S2
		IFRS S2 and AASB S2		Conduct an IFRS S2/AASB S2 gap analysis	Conduct a material climate risk assessment Prepare a scenario analysis Financial modelling of impact on financial statements Prepare draft IFRS S2/AASB S2 disclosures for internal use	Mandatory reporting of all IFRS S2/AASB S2	
3	STRATEGIC FOCUS: Sustainability related strategy disclosure	IFRS S1/AASB S1		Activate sustainability strategy Step 1: ASSESS - Current state assessment Step 2: PRIORITISE - Materiality assessment (stakeholder engagement) Step 3: COMMIT - Identify gaps	Step 4: MEASURE - Commit and measure to address gap identified Step 5: REPORT - Prepare separate voluntary sustainability report Conduct an IFRS S1/AASB S1 gap analysis	Continuous improvement of reporting to stakeholders (e.g. separate voluntary reporting)	

Appendix 3 Other communications

Ethics and independence

In conducting our audit, we are required to comply with the independence requirements of the *Corporations Act 2001* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We obtain independence declarations from all staff engaged in the audit. We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

Should any independence matters be raised, we will bring them to your immediate attention.

For the comfort of those charged with governance, we note that the following processes assist in maintaining our independence:

- Restrictions on BDO employees having financial interests in audit clients
- No other work is permitted to be undertaken by any BDO division or office without the express approval of the engagement director/partner
- Services including valuation and similar services are specifically prohibited to be provided by any other BDO office to you
- All services performed by any BDO division or office have been reported to you.

BDO has not provided any other services during the year to City of Adelaide.

Communications with those charged with governance

To enhance our communication and to reduce any potential expectation gaps with clients, BDO has adopted a structured reporting system. We will communicate with Audit & Risk Committee and management through various means. This includes but is not limited to a:

- This Audit plan
- Management letter after the audit visit
- The BDO Client Portal
- A completion report at the conclusion of the audit
- The Audit report.

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We have prepared this report solely for the use of City of Adelaide. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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Attachment B

BDO Centre Level 7, 420 King William Street Adelaide SA 5000 GPO Box 2018 Adelaide SA 5001 Australia

Ms Nicolle Rantanen Reynolds City of Adelaide GPO Box 2252 ADELAIDE SA 5000

3 February 2025

Dear Ms Rantanen Reynolds

ASSURANCE ENGAGEMENTS ON CONTROLS

Design and Operating Effectiveness of Controls

You have requested that we undertake a reasonable assurance engagement on the design of controls established by City of Adelaide in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, and the operating effectiveness of these controls throughout the period 1 July 2024 to 30 June 2025 in accordance with the requirements of the *Local Government Act 1999*. The control objectives to be addressed are specified by legislation, which are that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are conducted properly and in accordance with law.

We are pleased to confirm our acceptance and our understanding of this reasonable assurance engagement by means of this letter. Our assurance engagement will be conducted with the objective of expressing an opinion on the suitability of the design of controls within City of Adelaide's systems to achieve the stated control objectives, and the operating effectiveness of those controls throughout the period.

Responsibilities of the assurance practitioner

We will conduct our assurance engagement in accordance with Standard on Assurance Engagements ASAE 3150 Assurance Engagements on Controls. That standard requires that we comply with ethical requirements applicable to assurance engagements and plan and perform procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives, and the controls operated effectively throughout the period. An assurance engagement involves performing procedures to obtain evidence about the design, description and operating effectiveness of controls.

The procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material deficiencies in the design or deviations in the operating effectiveness of the controls.

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of controls there is an unavoidable risk that some deficiencies in the design or deviations in the operating effectiveness of controls may not be detected, even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements.

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The responsibilities of management and identification of the applicable control framework

Our assurance engagement will be conducted on the basis that management acknowledges and understands that they have responsibility:

- a) That throughout the period, in all material respects, and based on suitable criteria:
 - i. The controls within City of Adelaide's system were suitably designed to achieve the identified control objectives; and
 - ii. The controls operated effectively to achieve the control objectives;
- b) For the identification of suitable control objectives which are specified by law in relation to the system;
- c) For the identification of risks that threaten achievement of the control objectives identified;
- d) For design of the system, comprising controls which will mitigate those risks so that those risks will not prevent achievement of the identified control objectives and therefore that the control objectives will be achieved;
- e) For operation of the controls as designed throughout the period;
- f) To provide us with:
 - Access to all information of which those charged with governance and management are aware that is relevant to the description of the system and design and operation of the controls within that system;
 - ii. Additional information that we may request from those charged with governance and management for the purposes of this assurance engagement; and
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

As part of our engagement, we will request from management written confirmation concerning representations made to us in connection with the engagement.

Assurance Approach

We will examine and evaluate the controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

Due to the complex nature of internal control, our assurance procedures will not encompass all individual controls at City of Adelaide, but will be restricted to an examination of those controls reported which achieve the control objectives specified by legislation.

Assurance Procedures

Our assurance procedures will include:

- a) Obtaining an understanding of the control environment of City of Adelaide relevant to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Evaluating the design of specific controls by:
 - i. Assessing the risks that threaten achievement of the control objectives; and
 - ii. Evaluating whether the controls described are capable of addressing those risks and achieving the related control objectives;
- c) Making enquiries, inspecting documents, conducting walk throughs and re-performance of controls to ascertain whether the degree of compliance with controls is sufficient to achieve their control objectives throughout the period.



Assurance Report

The format of the report will be in accordance with ASAE 3150 with respect to reasonable assurance engagements. An example of the proposed report is contained in the appendix to this letter.

Our opinion will be phrased in terms of the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls as designed.

Material Deficiencies in Design or Deviations in Operating Effectiveness of Controls

We will issue an assurance report without modification, to provide a reasonable assurance conclusion on the controls relevant to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities where our procedures do not identify a material deficiency in the design of controls necessary to achieve the control objectives, or deviation in the operating effectiveness of controls as designed. For this purpose, a material deviation, misstatement or deficiency exists when:

- a) The controls as designed or the degree of compliance with them will not or may not achieve the control objectives in all material respects; and
- b) Knowledge of that deficiency or deviation would be material to users of the assurance report.

If our assurance engagement identifies that there are material deficiencies in the design or deviations in the operating effectiveness of controls during the period covered by the report, such deficiencies or deviations will be disclosed in our report even if they were corrected prior to the end of the reporting period. However, our report will indicate that such deviations were corrected if that is the case. If any material deficiencies or deviations disclosed in our report have been corrected subsequent to this period (or are in the process of being corrected), we will refer to this in our report.

Although the primary purpose of our assurance engagement will be to enable us to issue the above described report, we may also provide you with a letter containing recommendations for strengthening controls if such matters are observed during the process of the assurance engagement. Although issues raised may not represent deficiencies in design or deviations in operating effectiveness of the controls which are material to our conclusion, our recommendations will address areas where we believe controls could be improved.

We look forward to full cooperation from your staff during our assurance engagement.

Terms of Trade

The terms of this engagement are per the services agreement for provision of external audit services contract number T2020 0038.

Yours faithfully

BDO Audit Pty Ltd

Linh Dao Director



Appendix 1

DRAFT INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF CITY OF ADELAIDE

Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by City of Adelaide (the Council) in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2024 to 30 June 2025 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2024 to 30 June 2025.

Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3150 Assurance Engagements on Controls issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council's responsibilities for the internal controls

The Council is responsible for:

- a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Identifying the control objectives
- c) Identifying the risks that threaten achievement of the control objectives
- d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) Operating effectively the controls as designed throughout the period.

Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements in undertaking this assurance engagement.



Assurance practitioner's responsibilities

Our responsibility is to express an opinion, in all material respects, on the suitability of the design to achieve the control objectives and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities. ASAE 3150 requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to achieve the control objectives identified. An assurance engagement of this type also includes evaluating the suitability of the control objectives.

Limitations of controls

Because of the inherent limitations of an assurance engagement, together with any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

BDO Audit Pty Ltd

Linh Dao Director

Adelaide, XX Month 2025



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Attachment C

BDO Centre Level 7, 420 King William Street Adelaide SA 5000 GPO Box 2018 Adelaide SA 5001 Australia

Ms Nicolle Rantanen Reynolds City of Adelaide Presiding Member, Audit & Risk Committee City of Adelaide GPO Box 2252 ADELAIDE SA 5000

3 February 2025

Dear Ms Rantanen Reynolds

TERMS OF ENGAGEMENT - AUDIT

The purpose of this letter is to set out the basis on which BDO Audit Pty Ltd (BDO) acts as auditors of City of Adelaide (the Council), and the respective areas of responsibility of the Council's officers and of RDO

Audit of the financial report

Objective and scope of the audit

You have requested that we audit the financial report of City of Adelaide which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, and the certification of the financial statements of the consolidated entity comprising the Council and the entities it controlled at the year's end or from time to time during the financial year.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Our responsibilities

We will conduct our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of expressing an
 opinion on the effectiveness of the entity's internal control. However, we will communicate to
 you in writing concerning any significant deficiencies in internal control relevant to the audit of
 the financial report that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit and remain solely responsible for the audit opinion.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

Your responsibilities and identification of the applicable financial reporting framework

Our audit will be conducted on the basis that the Council's officers acknowledge and understand that they have responsibility:

- a) For the preparation of the financial report that presents fairly in accordance with the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011* made under the Act and Australian Accounting Standards
- b) For such internal control as the Council's officers determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error and
- c) To provide us with:



- Access to all information of which the Council's officers and management are aware that is relevant to the preparation of the financial report whether obtained from within or outside of the general and subsidiary ledgers, such as records, documentation and other matters including access to information relevant to disclosures;
- ii. Additional information that we may request from the Council's officers and management for the purpose of the audit; and
- iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
- d) To inform us of any documents that you expect to issue that may comprise other information;
 - i. If the other information is provided prior to the auditor's report date; the financial report and any other information obtained prior to the date of the auditor's report will be consistent with one another, and the other information will not contain any material misstatements;
 - ii. If the other information is not provided prior to the auditor's report date; to provide and/or issue such other information that will enable us to complete our required procedures.

As part of our audit process, we will request from management and where appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

Other requirements

The Council's officers will inform us of any material event occurring between the date of our report and the date of issue of the financial report, which may affect the financial report.

You warrant and represent that you are not owned or controlled, directly or indirectly, by one or more Russian citizen(s), Russian national(s), persons physically located in Russia or entity(s) organized under the laws of Russia. You agree that if at any time while BDO is providing services to you for the engagement the foregoing warranty and representation is no longer true, you will immediately notify BDO in writing.

Expected form and content of the auditor's report

We have included an example audit report in Appendix 1 to this letter, which reflects the form and content of the auditor's report, in the circumstance where the auditor has concluded that an unmodified opinion is appropriate based on the audit evidence obtained, including the reporting on other information. The form and content of our report may vary from the example in light of our audit findings.

Fees

The proposed fee for this engagement is set out in our audit plan.

Our fees are based on our understanding of your current operations and the required scope of the engagement. If these alter, the estimated fee will need to be revised. If you do not agree with our revised fee estimate, you may terminate this agreement. You will be required to pay us for services rendered up to the date of termination.



Our fees do not include any advice or assistance that may be given in respect of accounting issues. Whilst brief ad hoc advice provided in the course of our engagement is generally included in our proposed fee, formal advice, assistance with complex issues or meetings to discuss these issues which necessitate increased professional time fall outside the scope of this engagement and the estimated fee. Fees for any assistance provided will be negotiated and agreed prior to the services being performed.

Our fees assume that all engagement schedules and reports will be available upon commencement of the engagement and that the financial report will be prepared by your staff. If schedules and reports are not provided within the agreed timetable, additional costs may be incurred and charged to you.

In addition, we will disburse to you a technology levy as a percentage (2%) of our fees to cover software licensing, data storage and usage costs.

Other matters under the Local Government Act 1999

Independence

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of the *Local Government Act 1999* in relation to the audit of financial report. In conducting our audit of the financial report, should we become aware that we have contravened the independence requirements of the *Local Government Act 1999*, we shall notify you on a timely basis. As part of our audit process, we shall also provide you with a written independence declaration as required by the *Local Government Act 1999*.

Enquiries from oversight bodies

To the extent permitted by law, the Council's officers shall notify BDO of any enquiries, such as financial reporting surveillance enquiries from any oversight body that relate to the audit engagement as soon as practicable.

Presentation of the audited financial report on the internet

If you intend to electronically present the audited financial report and auditor's report on your web site or any other digital media, the security and controls over information on the relevant web site shall be addressed by the entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the entity's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the entity's web site is that of the governing body of the entity.

Terms of trade

The terms of this engagement are per the services agreement for the provision of external audit services contract number T2020 0038.

Yours faithfully

BDO Audit Pty Ltd

Linh Dao Director



Appendix 1 - Audit Report General Purpose Simplified Disclosures Group - Unmodified

INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF CITY OF ADELAIDE

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of Adelaide (the Entity) and its subsidiaries (the Council), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of material accounting policy information and the certification of financial statements.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Council as at 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Council's officers are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the X report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Council's officers for the Financial Report

The officers of the Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such internal control as the Council's officers determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council's officers are responsible for assessing the ability of the Council to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council's officers either intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Linh Dao Director

Adelaide, XX Month 2025