

2024/25 Business Plan & Budget Quarter 3 Update

Friday, 16 May 2025
Audit and Risk Committee

Strategic Alignment - Our Corporation

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Public

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EXECUTIVE SUMMARY

This report presents the performance and delivery status of Council's commitments against the 2024/25 Business Plan and Budget (BP&B) for the third quarter (January to March 2025) 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 March 2025 is an operating surplus of \$14.408m, which is \$6.569m higher than the year-to-date budget of \$7.839m, 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 \$240.099m which is \$2.186m higher than the Quarter 2 budget of \$237.913m. This is mainly due to commercial parking revenue of \$1.041m, private works remediation income \$0.900m and bank interest of \$0.300m partially offset by a higher level of rates objections (\$0.650m). Total estimated operating expenditure (including depreciation) is forecast to be \$230.732m which is \$2.186m higher than the Quarter 2 budget of \$228.546m. This is due to additional private work expenses \$0.900m net adjustment of \$0.760m between depreciation and financing costs in relation to AASB16 and asset revaluations, and operating costs associated with capital projects amount to \$0.276m.

The year-to-date Capital Expenditure as at 31 March 2025 is \$68.152m, which is \$4.474m lower than the year-to-date budget of \$72.626m, for this period.

The Capital Program is proposed to decrease by \$8.134m from \$121.043m to \$112.909m as a result of retiming projects into 2025/26.

Quarterly reports are provided to support Council in monitoring the integrity of Council's financial statements and reporting, as well as reviewing and overseeing progress on the Business Plan and Budget. This process 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 3 Update as contained in Attachment A to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 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 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.
3. Notes the year-to-date Operating (Financial Performance) for the quarter ending 31 March 2025, which includes:
 - 3.1. Total operating revenue of \$178.338m (\$2.005m higher than the budget of \$176.333m, for the period)

- 3.2. Total operating expenses (including depreciation) of \$163.930m (\$4.564m lower than the budget of \$168.494m, for the period)
 - 3.3. An operating surplus of \$14.408m (\$6.569m higher than the budget of \$7.839m, for the period)
 - 3.4. Total Capital Expenditure of \$68.152m (\$4.474m lower than the budget of \$72.626m, for the period)
 - 3.5. Net cash surplus position of \$21.287m.
 - 4. Approves budgeted year end Operating Position, which includes:
 - 4.1. Total operating revenue of \$240.099m (\$2.186m higher than the Quarter 2 budget of \$237.913m).
 - 4.2. Total operating expenses (including depreciation) of \$230.732m (\$2.186m higher than the adopted budget of \$228.546m)
 - 4.3. An operating surplus/deficit of \$9.367m (consistent with the Quarter 2 budget of \$9.367m).
 - 5. Approves total capital expenditure of \$112.909m for 2024/25 year (\$8.134m lower than the Quarter 2 budget of \$121.043m).
 - 6. Approves total borrowings of \$30.739m projected to 30 June 2025 (\$10.366m higher than the Quarter 2 projected borrowings of \$20.373m to 30 June 2025).
 - 7. Receives the Council Subsidiary Quarter 3 updates as contained as Attachments B, C, D and E to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 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 <i>Local Government Act 1999 (SA)</i> .
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

DISCUSSION

FINANCIAL SUMMARY

Year to Date

1. The year-to-date operating position as at 31 March 2025 was an operating surplus of \$14.408m, which is \$6.569m favourable to the year-to-date budget of \$7.839m surplus, for the period.
 - 1.1. Total operating revenue of \$178.338m (\$2.005m higher than the budget of \$176.333m, for the period).
 - 1.2. Total operating expenses (including depreciation) of \$163.930m (\$4.564m lower than the budget of \$168.494m, for the period).
2. This variance is driven by:
 - 2.1. Revenue \$2.005m favourable to budget largely due to increased fees and charges across parking \$0.916m, property leasing \$0.229m, private works \$0.313m, nursery sales \$0.122m, ACMA rental income \$0.224m, insurance claims \$0.163m and bank interest received \$0.315m. This is partially offset by unfavourable expiation income net of late payment fees (\$0.364m) and Town Hall (\$0.605m).
 - 2.2. Expenditure is \$4.564m favourable and is largely due to Strategic Projects \$2.040m, resource costs \$1.006m, maintenance \$1.948m, insurance \$0.201m and corporate applications \$0.481m. This is partially offset by unfavourable depreciation of (\$1.332m) to reflect an increase in asset valuations.
3. The year-to-date Capital Expenditure as at 31 March 2025, was \$68.152m, which is \$4.474m lower than the year-to-date budget of \$72.626m for this period.
4. As of 31 March 2025, Council had a net cash surplus of \$21.287m, with \$2.832m in bank accounts and \$18.455m in deposits.

Projected Annual Financial Summary

5. The proposed Quarter 3 review delivers an end of year operating surplus of \$9.367m, (in line with the Quarter 2 budget):
 - 5.1. Total estimated operating revenue of \$240.099m.
 - 5.2. Total estimated operating expenses (including depreciation) of \$230.732m.
6. Operating revenue has increased by \$2.186m from the 2024/25 Quarter 2 budget of \$237.913m to the estimated income of \$240.099m. Of that increase \$1.041m relates to an increase in commercial parking revenue, \$0.900m for private works remediation, \$0.300m bank interest and \$0.124m North Adelaide Golf Course. This is partially offset by a higher level of rates objections of (\$0.650m).
7. Operating expenditure increased by \$2.186m from the 2024/25 Quarter 2 budget of \$228.546m to the estimated expenditure of \$230.732m. The increase is mainly due to private works remediation expenses of \$0.900m, net adjustment of (\$0.760m) between depreciation and financing costs in relation to AASB16 and asset revaluations and increases to operating costs associated with capital projects which amount to (\$0.276m).
8. Total proposed Capital Expenditure for the year is \$112.909m (decrease of \$8.134m compared to the Quarter 2 budget of \$121.043m) mainly through the retiming projects into 2025/26 of \$8.271m.
9. Grant funding to support capital expenditure on new and upgraded assets of \$10.148m (\$0.020m increase to Quarter 2 budget of \$10.128m).
10. Updated financial statements are provided from page 64 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 (\$0.086m) net increase in expenditure including changes to depreciation and finance costs of (\$0.705m) to reflect increases in asset valuations and lease extensions, rates objections of (\$0.650m), Offsetting this impact is additional income of \$1.177m derived from Commercial Parking and property management. These permanent changes have been reflected in the draft 2025/26 Business Plan and Budget.
 - 11.2. Adjustments to Strategic Projects (temporary in nature) for the quarter total \$0.096m decrease in net expenditure consisting of:

- 11.2.1. Savings from bridge maintenance project of \$0.200m, 218-232 Flinders Masterplan \$0.080m.
- 11.2.2. Inclusion of new strategic projects, World Heritage Bid (\$0.130m) and Supplementary Council Election (\$0.075m).
- 11.2.3. Grant funded project for ACMA traders sustainability program with \$0.050m of grant income offset by (\$0.050m) of expenditure.
- 11.2.4. A summary of the status of Strategic Projects is provided further in this report.
- 11.3. Temporary (one-off) changes to the budget of \$0.009m net increase in expenditure mainly from capital projects amounting to (\$0.276m) and additional legal and search fees associated with expiations (\$0.118m), offset by increases to operating income associated with bank interest received \$0.300m.
- 12. Further detailed information on these changes is from page 55 (Operating Program - Adjustments) in **Attachment A**.

Capital Program

- 13. Capital expenditure is proposed to decrease to \$112.909 for the year, which is \$8.134m lower than the Quarter 2 budget of \$121.043m.
 - 13.1. New and Upgrade projects show revised expenditure of \$56.613m (\$8.134m decrease to the Quarter 2 approved budget of \$64.747m).
 - 13.2. Renewal expenditure of \$56.296m is in line with the Quarter 2 approved budget.
- 14. Adjustments to the Capital program include:
 - 14.1. Retiming of works into 2025/26 to the value of \$8.406m, offset by bringing back from 2025/26 \$0.135m from a previous (Quarter 2) retime.
 - 14.2. The release of unused project management costs \$1.000m.
 - 14.3. Accrued grant interest \$0.017m.
 - 14.4. Creation of a new project funded from the Rundle Mall Separate Rate \$0.020m.
 - 14.5. 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 46 in **Attachment A**.

PROJECT DELIVERY SUMMARY

Strategic Projects

- 16. Including the adjustments outlined in this report, Council has a commitment of \$7.903m (\$5.958m net of grant funding) to deliver 43 Strategic Projects during 2024/25. Five new Strategic Projects have been identified during Quarter 3. At the end of this quarter:
 - 16.1. 35 projects had both timeframe to deliver and budget on track.
 - 16.2. Three projects had either timeframe to deliver or budget at risk and are being managed; these may exceed estimated time and adopted budget.
 - 16.3. Five projects have been completed, of which three were completed this quarter.
- 17. For information on these changes refer to the Strategic summary from page 52 in **Attachment A**.

Capital Works Program

- 18. Including the adjustments outlined in this report, Council has a commitment of \$112.909m to deliver 448 projects as part of its Capital Works Program. To the end of this quarter:
 - 18.1. 49 new and upgrade projects had both timeframe to deliver and budget on track.
 - 18.2. 20 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. 28 new and upgrade projects have been completed.
- 19. For information on these changes refer to the Capital New and Upgrade summary from page 46 and Capital Renewal summary from page 50 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 March 2025 is an operating surplus of \$0.086m, which is \$0.612m better when compared to the Quarter 2 budget of (\$0.527m) deficit for this period.
 - 22.1. Total operating revenue of \$4.231m.
 - 22.2. Total operating expenditure of \$4.145m.
23. The proposed changes for Adelaide Central Market Authority in Quarter 3 includes an increase to the income budget of \$0.087m to recognise unbudgeted casual and sundry income. Grant income of \$0.050m has also been recognised along with a corresponding expense of \$0.050m.

Adelaide Economic Development Agency – Year to Date Financial Summary

24. The year-to-date operating position as at 31 March 2025 is an operating surplus of \$0.279m, which is (\$0.404m) lower when compared to the Quarter 2 budget of an operating surplus of \$0.683m for this period.
 - 24.1. Total operating revenue of \$9.389m, including \$5.895m appropriation of funds from the City of Adelaide.
 - 24.2. Total operating expenditure of \$9.110m.
25. The proposed changes for Adelaide Economic Development Agency in Quarter 3 is an increase in income of \$0.235m which comprises additional concession stand income in Rundle Mall \$0.120m, ticket sales for the AEDA Business Summit Event and additional appropriation of funds from CoA \$0.015m. All of these are fully offset by corresponding expenditure. The expenses increase by (\$0.214m) which includes the additional Rundle Mall spend of the concession stand income (\$0.120m), costs to run the AEDA Business Summit (\$0.100m) and AEDA contribution to Committee for Adelaide (\$0.015m). Also employee cost savings in Rundle Mall of \$0.021m have been recognised to fund the Twin Street Lighting capital project.

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

26. The year-to-date operating position as at 31 March 2025 is an operating deficit of (\$0.206m), which is \$0.035m better when compared to the year-to-date budget of (\$0.240m) for this period.
 - 26.1. Total operating revenue of \$NIL.
 - 26.2. Total operating expenditure of \$0.206m.
27. There are no proposed changes to the Kadaltilla / Adelaide Park Lands Authority budget in Quarter 3.

DATA AND SUPPORTING INFORMATION

Nil

ATTACHMENTS

Attachment A – 2024/25 Business Plan and Budget Quarter 3 Update

Attachment B – Adelaide Central Market Authority Quarter 3 Update

Attachment C – Adelaide Economic Development Agency Quarter 3 Update

Attachment D – Kadaltilla / Adelaide Park Lands Authority Quarter 3 Update

Attachment E – Brown Hill Keswick Creek Board Quarter 3 Update

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