

Q4 2024/25 BP&B Update

Friday, 15 August 2025
Audit and Risk Committee

Strategic Alignment - Our Corporation

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Public

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EXECUTIVE SUMMARY

The purpose of this report is to present the City of Adelaide's 2024/25 Business Plan and Budget (BP&B) preliminary financial performance for the fourth quarter (April to June 2025) for the Audit and Risk Committee's consideration. The report provides an overview of portfolio and project achievements, as well as the performance of Council subsidiaries.

The financial results contained within this report are preliminary. There are a number of items to be completed which may impact the final results presented in the audited financial statements. Audited financial statements will be presented to the Audit & Risk Committee meeting on Wednesday 24 September 2025, and the City Finance and Governance Committee at its meeting on Tuesday 21 October 2025.

Preliminary results indicate a year end operating surplus of \$12.135m, which is \$2.768m favourable to the approved Q3 budget of \$9.367m.

Results indicate capital expenditure as at 30 June 2025 of \$101.127m, which is \$11.782m lower to the Q3 budget of \$112.909m, noting \$8.532m of capital budget will be incorporated into the 2025/26 budget in a future quarterly review as required.

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 BP&B. 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 4 Update as contained in Attachment A to Item 7.2 on the Agenda for the meeting of the Audit and Risk Committee held on 15 August 2025.
2. Notes the 2024/25 end of year preliminary financial position, which includes:
 - 2.1. Total operating revenue of \$243.168m (\$240.099m estimated in Q3)
 - 2.2. Total operating expenses (including depreciation) of \$231.033m (\$230.732m estimated in Q3)
 - 2.3. An operating surplus of \$12.135m (\$9.367m estimated in Q3)
 - 2.4. Total Capital Expenditure of \$101.127m (\$112.909m estimated in Q3)
 - 2.5. Net cash borrowings of \$22.043m, made up of borrowings of \$23.820m offset by cash held within the bank accounts of \$1.777m (\$30.739m borrowings estimated in Q3).
3. Notes results presented are estimates only and subject to completion of the external audit.

4. Notes the audited annual financial statements will be presented to the Audit and Risk Committee meeting on 24 September 2025.
5. Notes the audited financial statements will be presented to the City Finance and Governance Committee at its meeting scheduled for 21 October 2025 and the Council at its meeting scheduled for 28 October 2025.

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</i> (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.
25/26 Budget Allocation	Not as a result of this report
Proposed 26/27 Budget Allocation	Not as a result of this report. Project re-timings will be considered in a future forecast presented in Council in 2025/26
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
25/26 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

2024/25 BUSINESS PLAN PRIORITIES

1. Council continues to make good progress on delivering on its Strategic Plan 2024-2028 and the Key Actions prioritised in the 2024/25 Annual Business Plan and Budget (more detail is provided in the Spotlight on Strategic Plan Priorities and Projects section of **Attachment A**).
2. All Annual Priorities from the 2024/25 Business Plan and Budget have been completed or are on track to be completed.

Our Community

- 2.1. Support increased residential growth and housing affordability through partnerships and advocacy.
- 2.2. Reduce rental pressures by increasing housing supply and unlocking properties for long-term tenants.
- 2.3. Support belonging through an inclusive and welcoming community that recognises diversity and enables people of all abilities living, working and visiting the city.

Our Environment

- 2.4. Work with our partners to plan for, lead and educate our community on a climate resilient future.
- 2.5. Work with partners to create innovative ways to create or convert underutilised areas to green space.

Our Economy

- 2.6. Work with partners, universities and businesses to attract investment and improve employment opportunities.

Our Places

- 2.7. Encourage repurposing, adaptive reuse and improvement of buildings and facilities.
- 2.8. Deliver quality street and laneway upgrades, mainstreets, precincts, and neighbourhood revitalisation and improvements that make Adelaide well-designed, safe and unique.

Our Corporation

- 2.9. Focus on budget repair and ensure responsible financial management through the principle of intergenerational equity while delivering quality services.

FINANCIAL SUMMARY

3. Preliminary end of year operating position for 2024/25 presents an operating surplus of \$12.135m, which is \$2.768m favourable to the approved Q3 budget of \$9.367m:
 - 3.1. Total operating income of \$243.168m.
 - 3.2. Total operating expenses (including depreciation) of \$231.033m.
4. Operating revenue increased by \$3.069m, rising from the Q3 budget of \$240.099m to a total income of \$243.168m. Of that increase:
 - 4.1. \$0.376m relates to additional rates revenue from interest and penalties applied to overdue rates balances.
 - 4.2. \$1.896m from additional fees and charges across parking \$0.778m, property management \$0.622m, expiations \$0.166m and ACMA leasing and property recovery \$0.167m.
 - 4.3. \$0.291m from early payment of additional external grant funding for the financial assistance grant \$0.574m of approximately 50% for 2025/26. This is partially offset by reduced recognition of ARCHI (\$0.218m – with corresponding reduction in expenditure).
 - 4.4. \$0.506m of additional other income from reimbursements \$0.575m and insurance claims \$0.178m, which is partially offset by reduced commission received \$0.167m.
5. Operating expenditure increased by \$0.301m from the Q3 budget of \$230.732m to a total expenditure of \$231.033m. The increase is due to:
 - 5.1. \$0.510m increase to the provision for Works-In-Progress (WIP) Write-off provision. The increase is in line with the overall increase in the WIP balance as at 30 June 2025, which has increased by \$60.132m (from \$76.385m in 2023/24 to \$136.517m in 2024/25) due to the status, timing of the completion and capitalisation of works.

- 5.2. \$1.124m increase to depreciation expense due to the capitalisation of completed projects.
- 5.3. \$0.510m of unbudgeted land tax.
- 5.4. \$0.453m net favourable impact on the revaluation in leases (depreciation expense of \$1.124m offset by finance costs \$1.612m).
- 5.5. Delivery of Strategic Projects funding of \$7.440m, \$0.463m favourable to budget.
- 5.6. Employee costs for ongoing service delivery is \$0.934m unfavourable, offset by favourable external temporary labour hire of (\$1.530m).
6. The preliminary year end Capital Expenditure as at 30 June 2025 is \$101.127m, which is \$11.782m lower to the Q3 budget of \$112.909m. This figure reflects a lower spend in New and Upgrade projects, which will be incorporated into the 2025/26 budget in a future quarterly review as required. The Renewal spend is \$2.634m lower than budget and will be managed through the Asset Management Plans.
7. As of 30 June 2025, Council had net cash borrowings of \$22.043m, with borrowings of \$23.820m offset by cash held within the bank accounts of \$1.777m.
8. Preliminary results are estimates only. There are a number of items to be completed which may impact the final results presented in the audited financial statements. Audited financial statements will be presented to the Audit & Risk Committee meeting on Wednesday 24 September 2025.
9. The Uniform Presentation of Finances is provided on page 55 in **Attachment A**. Complete financial statements will be provided as part of the audited financial statements.

Asset Renewal Funding Ratio

10. The 2024/25 original adopted budget assumed total renewal expenditure of \$56.022m (against the combined AMPs of \$60.654m), effectively 92.5% of the AMPs which set the targeted ARFR.
11. The ARFR to be reported within the Model Financial Statements is 85.3%. This calculation is based on actual cash expenditure 'out the door' (\$51.655m), divided by the amount required to deliver 100% of the AMPs (\$60.654m).
12. It should be noted that the AMPs contained a level of contingency (calculated at \$4.644m) and the adopted budget of \$56.022m contained \$4.296m of contingency. As previously reported, management of contingency saw only \$268k of net contingency being required to deliver the 2024/25 renewals program. This is effectively a saving of \$4.222m and the non-expenditure of these monies resulted in less cash 'out the door' and therefore a lower ARFR.
13. Further, on an accrual basis as reported, \$53.662m was expended in delivering the 2024/25 renewal program. This accounts for infrastructure physically in place as at June 30 that is yet to be paid for (eg payment made in July).
14. Recognising both the savings in contingency (including within the AMPs) and expenditure on an accrual basis results in an adjusted ARFR of 95.2%.

PROJECT DELIVERY SUMMARY

Strategic Projects

15. At the end of the 2024/25 financial year, including the adjustments outlined in this report, Council spent \$7.440m (\$5.734m net of grant funding) to deliver 46 Strategic Projects. Three new Strategic Projects have been identified during Q4. At the end of this quarter:
 - 15.1. 33 projects were on track to deliver on time and on budget.
 - 15.2. Two projects are at risk to deliver either on time or on budget and are being managed; these may exceed estimated time and adopted budget.
 - 15.3. 11 projects have been completed, of which six were completed this quarter.
16. For information on these projects refer to the Strategic summary from page 47 in **Attachment A**.

Capital Works Program

17. At the end of the 2024/25 financial year, including the adjustments outlined in this report, Council spent \$101.127m to deliver 385 projects as part of its Capital Works Program. To the end of this quarter:
 - 17.1. 33 new and upgrade projects were on track to deliver on time and on budget.

- 17.2. 15 new and upgrade projects are at risk to deliver either on time or on budget and are being managed but may exceed estimated time and adopted budget.
- 17.3. Two new and upgrade projects are at risk to deliver on time and on budget and are being managed but may exceed estimated time and adopted budget.
- 17.4. One new and upgrade projects are at risk to deliver on time but are on budget, which are experiencing delays that will exceed estimated time.
- 17.5. 33 new and upgrade projects have been completed.
- 18. For information on these changes refer to the Capital New and Upgrade summary from page 41 and Capital Renewal summary from page 45 in **Attachment A**.

COUNCIL SUBSIDIARIES SUMMARY

Adelaide Central Market Authority (ACMA) – Preliminary Financial Summary

- 19. The 2024/25 preliminary year end result for AMCA is an operating deficit of \$0.322m, which is \$0.347m favourable when compared to the Q3 budget of an operating deficit of \$0.669 million.
 - 19.1. Total operating revenue of \$5.647m.
 - 19.2. Total operating expenditure of \$5.969m.

Adelaide Economic Development Agency (AEDA) – Preliminary Financial Summary

- 20. The 2024/25 preliminary year end position for AEDA is an operating surplus of \$0.399m, which is \$0.372m favourable when compared to the Q3 budget of an operating surplus of \$0.027 million.
 - 20.1. Total operating revenue of \$13.140m, including \$8.420m appropriation of funds from the City of Adelaide.
 - 20.2. Total operating expenditure of \$12.741m.

Kadaltilla / Adelaide Park Lands Authority – Preliminary Financial Summary

- 21. The 2024/25 preliminary year end position for Kadaltilla is a break even position, in line with the approved budget. Kadaltilla is a wholly owned subsidiary of the City of Adelaide, and funding is provided to match expenditure.
 - 21.1. Total operating revenue of \$0.291m.
 - 21.2. Total operating expenditure of \$0.291m.

DATA AND SUPPORTING INFORMATION

Nil

ATTACHMENTS

Attachment A – 2024/25 Business Plan and Budget Q4 Update

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