

Confidential Item

3. Item 4.1 – COVID-19 Update [AC]

Discussion facilitators:

Mr Mark Goldstone, Chief Executive Officer, City of Adelaide

Ms Clare Mockler, Deputy CEO and Director Culture, City of Adelaide

Mr Klinton Devenish, Director Place, City of Adelaide

Ms Nicole Van Berkel, Senior Business Partner Financial Planning and Analysis, City of Adelaide

Precis of topic:

Utilising a PowerPoint presentation, the Audit Committee was provided with an overview of potential Financial, Capital, Commercial and Resource implications related to COVID-19 response and recovery.

During the presentation:

- Mr Mark Goldstone, Ms Clare Mockler, Ms Liz Packer, Ms Nicole Van Berkel and Mr Klinton Devenish responded to questions from Committee members.
- Councillor Hyde (Deputy Lord Mayor) entered the meeting at 8.56 am.
- The Presiding Member left the meeting at 9.48 am and re-entered at 9.49 am.

It was then –

Moved by Mr Haslam,

Seconded by the Lord Mayor –

THAT THE AUDIT COMMITTEE:

1. In accordance with Section 91(7) & (9) of the *Local Government Act 1999* and on the grounds that Item 5.1 listed on the Agenda for the Special meeting of the Audit Committee held on 17 April 2020 was received, discussed and considered in confidence pursuant to Section 90(3)(b) & (e) of the *Local Government Act 1999*, this meeting of the Audit Committee, do order that:
 - 1.1. The resolution, the report, the discussion and any other associated information submitted to this meeting and the Minutes of this meeting in relation to the matter remain confidential and not available for public inspection until 31 December 2027.
 - 1.2. The confidentiality of the matter be reviewed in December 2021.
 - 1.3. The Chief Executive Officer be delegated authority to review and revoke all or part of the order herein and directed to present a report containing the Item for which the confidentiality order has been revoked.

Carried

The PowerPoint presentation is attached for reference below.

COVID-19 UPDATE

Briefing Purpose:

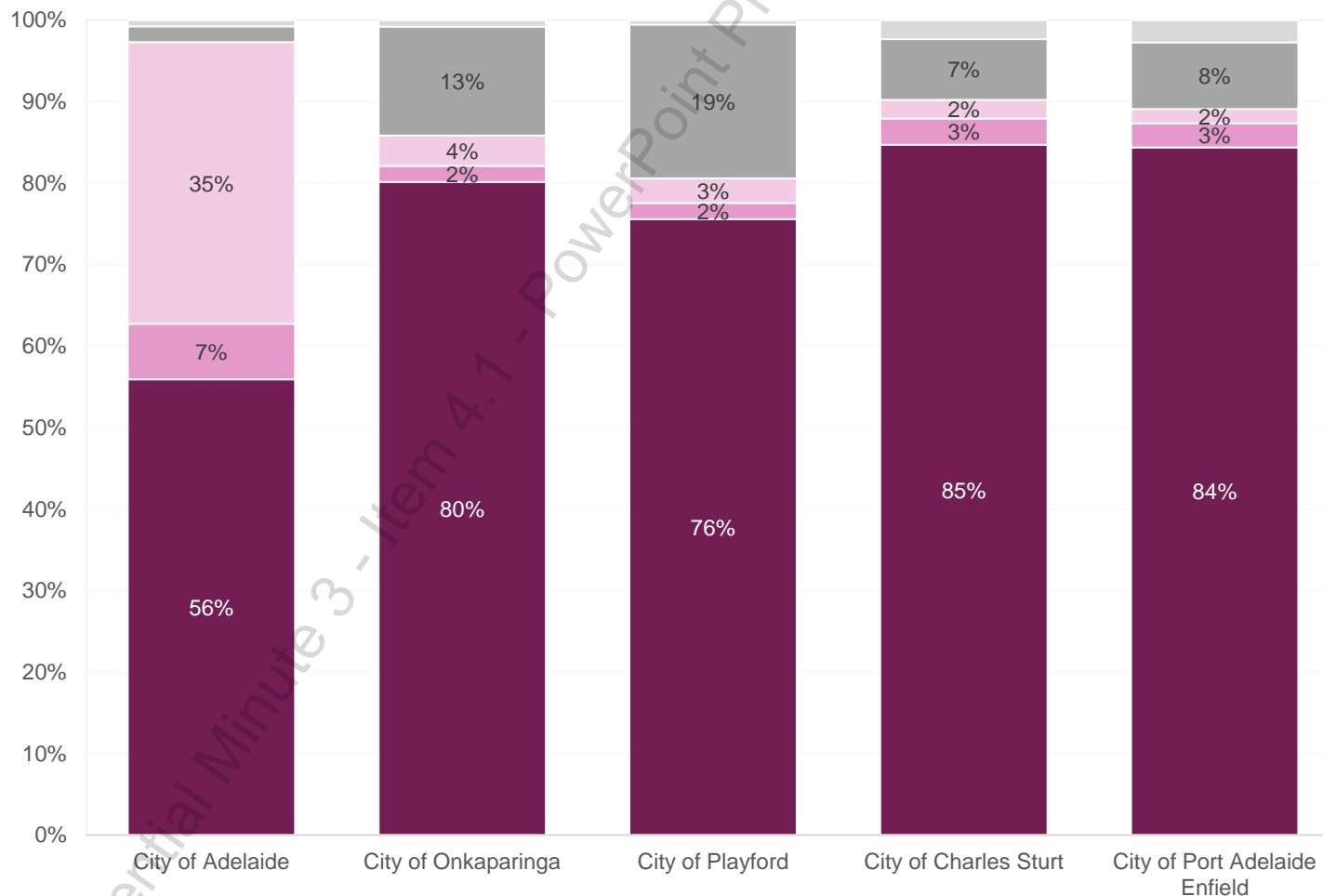
To provide an overview of potential Financial, Capital, Commercial and Resource implications related to COVID-19 response and recovery

Item	What	Who
	IN CONFIDENCE	
1	Broad summary of Covid-19 challenges, response and actions	Mark Goldstone
2	Financial impacts overview and scenario modelling	Clare Mockler
3	Borrowings and prudential limit	Clare Mockler
4	Identified savings	Clare Mockler
5	Capital works and Infrastructure	Klinton Devenish
6	Business Continuity Plan update	Klinton Devenish
7	Next Steps	Mark Goldstone

	JAN	FEB	MAR	APR	MAY	JUNE	2020/21
FINANCIAL	Finance BAU / on-track	Finance BAU / on-track	Minor impacts experienced on income due to events cancelled and shops closed	Larger scale income reductions, expenditure reduced. Support package	Potential financial impacts of total \$30.5m: - \$4.0m City Support Package - \$12.0m impact on income (parking, property, commercial, other) - \$14.5m impact on rates		Adjustments required to expenditure and borrowings based on limited income
COVID	<i>World alerted to new Coronavirus. Initial spread</i>	<i>Cases reported in Australia. WHO Pandemic.</i>	<i>Government enacts community quarantining / closures</i>	<i>Continuing spread. 'shut downs' continue, 'new-norm'</i>	<i>Likely continuation of community social distancing.</i>		<i>Tracking of virus / develop vaccination. No timeframes on 're-opening'</i>
BCP		BCP plans updated	BCP plans initiated. CoA limited services	CoA services continue to be impacted by Government restrictions.		BCP plans to reflect latest changes (this could be continued restrictions, recovery etc).	
RECOVER / REIMAGINE				Admin initiates recovery planning.	Options for reimagining Adelaide / recovery to Council	Recovery plans to reflect latest changes (lifting of social distancing, businesses re-opening etc)	

Breakdown of income sources by Council

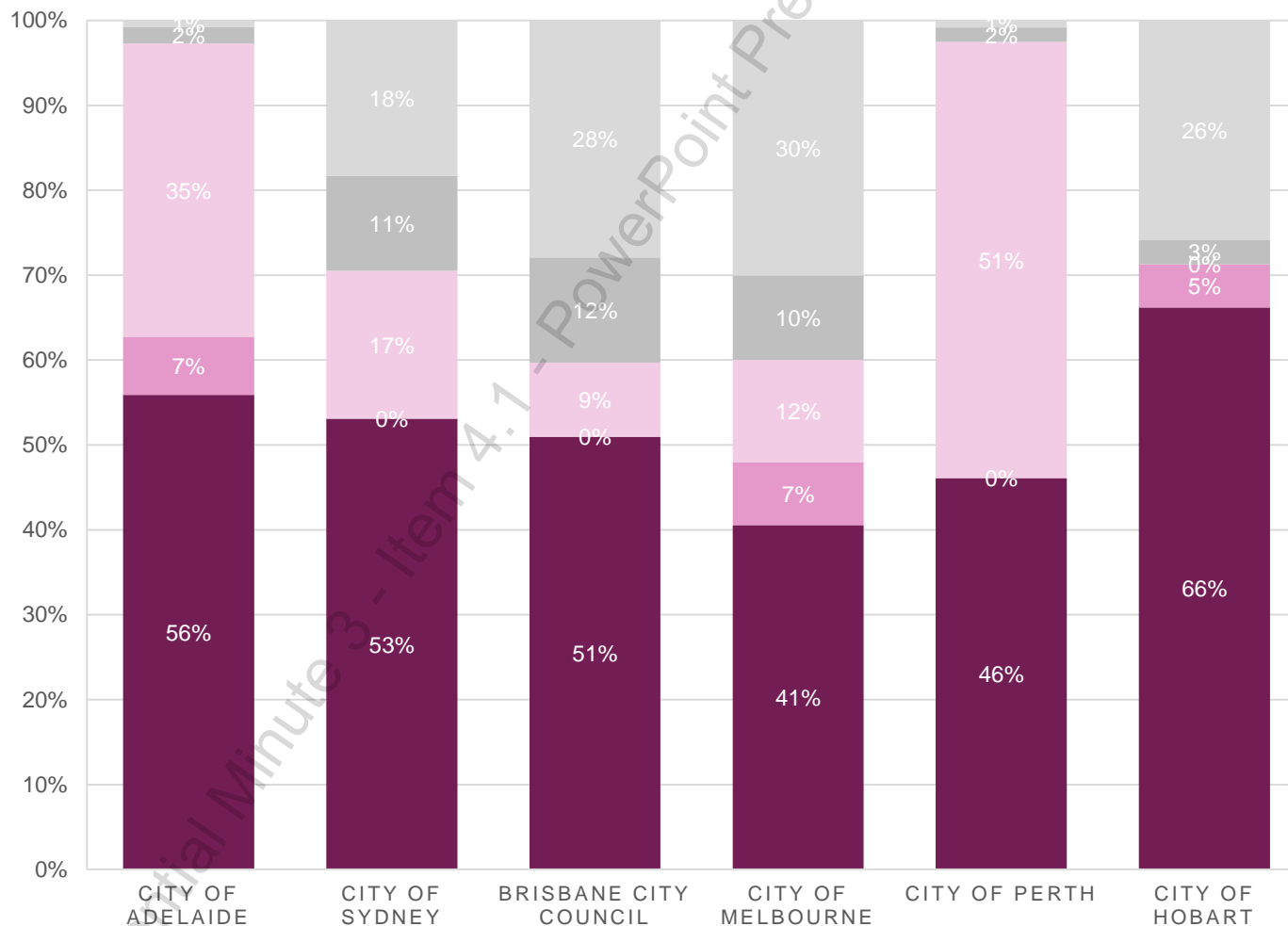
- Other
- Grants, Subsidies and Contributions
- User Charges
- Statutory Charges
- Rates Revenue



Source: 2018-19 Audited Financial Statements

Breakdown of income sources by Capital Cities

- Other
- Grants, Subsidies and Contributions
- User Charges
- Statutory Charges
- Rates Revenue



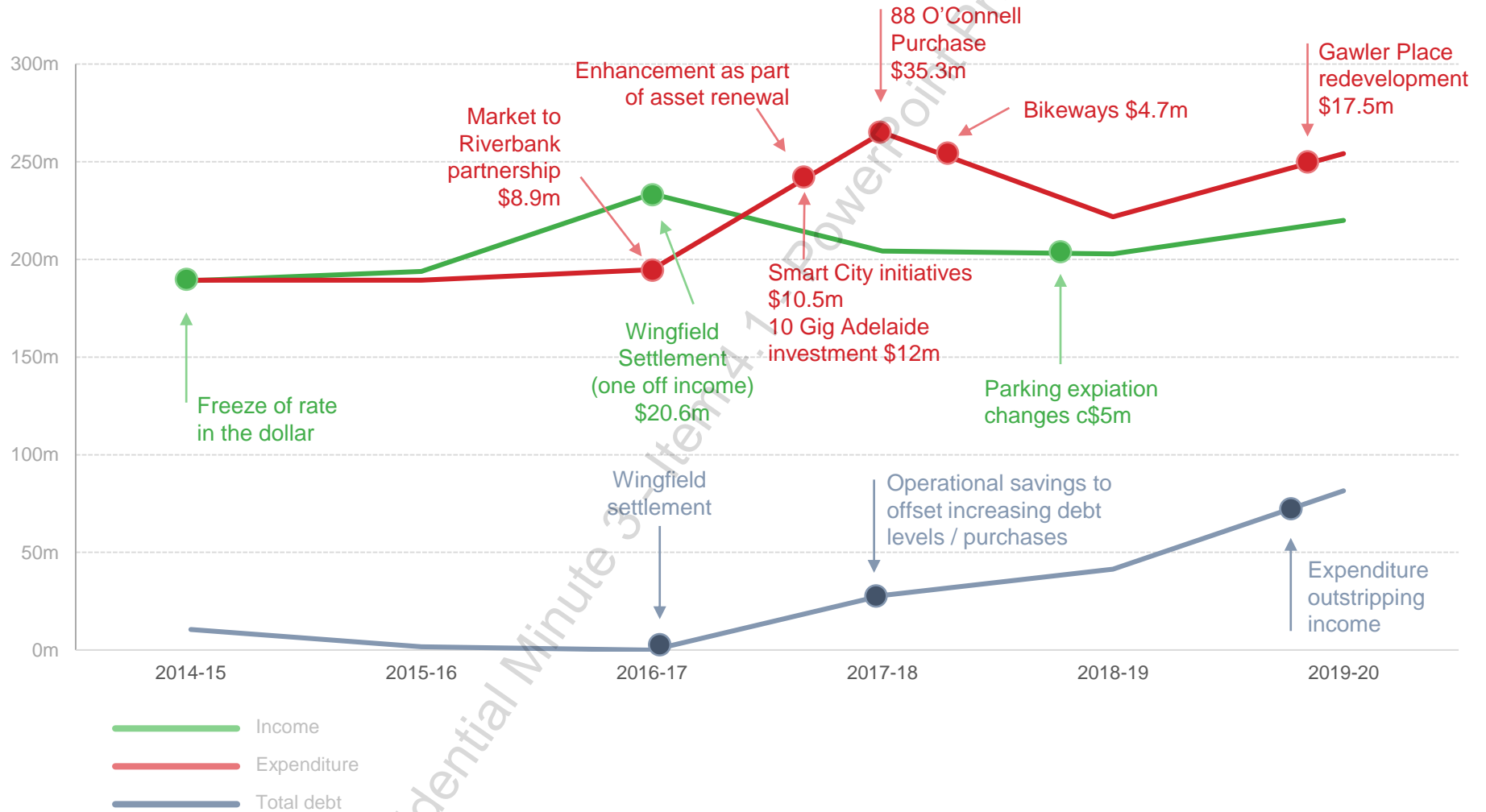
SOURCE: 2018-19 AUDITED FINANCIAL STATEMENTS

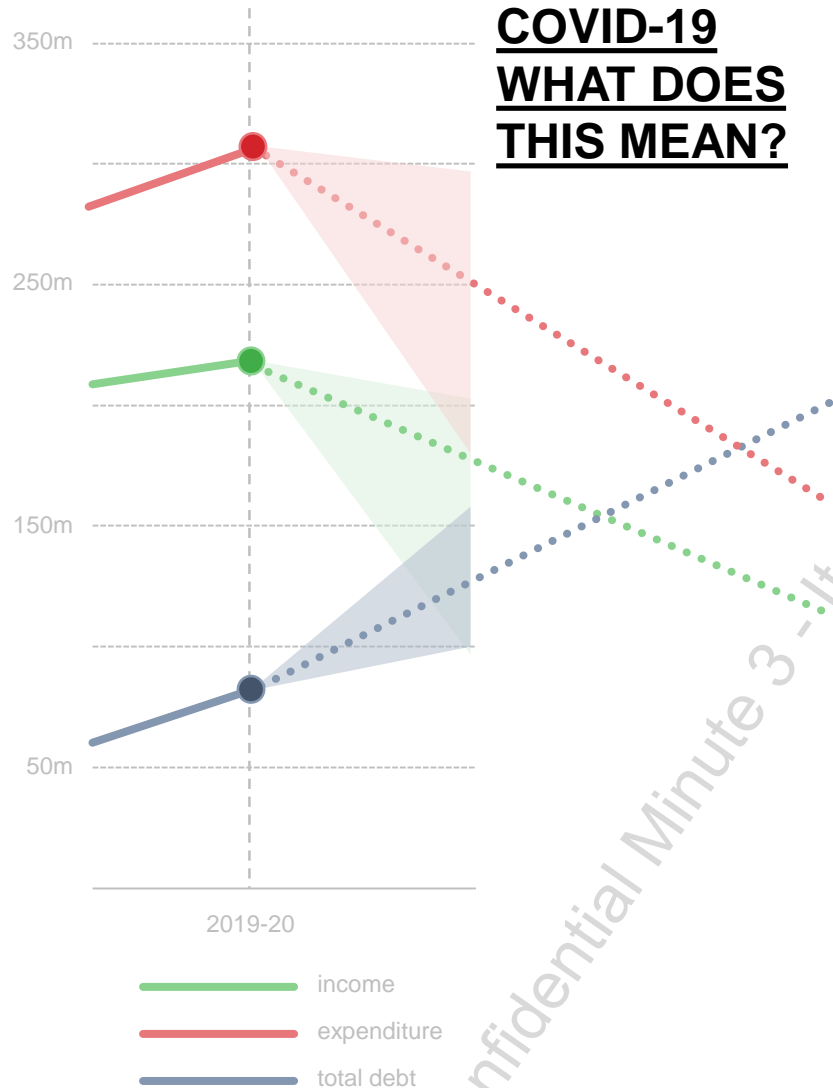
BUDGET APPROACH WHERE WE'VE COME FROM

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2019-20 Quarter 2 Revised Forecast

Budgeted operating deficit of \$18.9m and capital spend of \$70.8m. Forecast borrowings \$81.6m

2018-2019: Actual Operating Deficit: \$21.1m plus Net Capital \$5.0m

2017-2018: Actual Operating Deficit: \$17.4m plus Net Capital \$60.3m

Since 2017-2018 we've had an operating deficit which directly contributes to the increase in borrowings each year

This is linked to an increasing number of Council decisions that have put pressure on income and expenditure

Administration has already reduced its general operations by \$12m through a purposeful approach to efficiencies

Financial implications of COVID-19

1. Rates impact to 30 June 2020
2. Income impact to 30 June 2020
3. Immediate action taken to free up cashflow and reduce operational expenditure to June 2020

FINANCIAL IMPACT OF COVID-19

Rates impact to 30 June 2020

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Already for Quarter Four, 76 requests have been received for 199 individual assessments:

- Total value of these is close to \$1million
- Majority of requests are for deferrals
- 3 month extension (to 31 August) granted where hardship is proven for deferral

Rates relief requests have come from individuals, individuals with multiple properties and all types of business / commercial

Quarter Four notices are scheduled to be sent this week

Coronavirus – latest information

In response to Federal and State Government restrictions, the City of Adelaide has temporarily closed some of its non-essential services and facilities. All essential Council services currently remain open including the City of Adelaide Customer Centre.

We understand how important these facilities are to you as a customer. We will continue to monitor the situation closely so we may reopen our non-essential facilities as soon as possible.

For regular updates and a full list of services and facilities impacted, visit cityofadelaide.com.au/covid19 or contact the Customer Centre on 8203 7203 or customer@cityofadelaide.com.au.

Financial Hardship

At the City of Adelaide, we understand that our ratepayers sometimes find it difficult to meet financial obligations due to changing circumstances and unforeseen events. By contacting us we will work with you to discuss alternative rates payment options to get you back on track as soon as possible.

How can we help?

- Confidentially discuss your situation
- Review your commitments
- Identify what support we can give
- Stay in touch with regards to your personal situation

Support may include:

- Payment arrangements
- Short-term payment deferral
- Postponement
- No fines or interest to be charged on outstanding rates
- No new debt recovery action to be instigated

Contact us on 8203 2703 or email accountsreceivable@cityofadelaide.com.au for a confidential discussion today.

Stay Connected

Keep yourself connected with your city community and take care during this challenging time. We've collected some ideas, stories and online experiences to share while practising social isolation or staying home. Visit the website to explore the city from your home: cityofadelaide.com.au/connect-care

It is also important to check in with your vulnerable neighbours during this period. The City of Adelaide supports elderly residents registered with the Commonwealth Home Support Program to live independently and safely at home. You can check your eligibility for the service and apply online for an assessment at myagedcare.gov.au

City of Adelaide Website Screenshot:

Navigation: Your Council | Explore Adelaide | Adelaide Living | Invest Adelaide | More Sites | ONLINE SERVICES

Menu: About Council | About Adelaide | What's On | Your Say Adelaide | Online Services | Careers | Resident | Community | Business | Transport & Parking | Development

Breadcrumbs: Resident > Home management > Rates

UPDATE: Read the latest update regarding our response to the novel coronavirus (COVID-19) situation. [Read more.](#)

Rates

The City of Adelaide is committed to giving consideration and assistance to rate payers experiencing financial hardship. If you require support during this period, please complete the Rates Financial Hardship form below, which will allow us to assess your eligibility for financial hardship assistance.

[APPLICATION FORM](#)

For all the latest information and updates on our response to COVID-19 please visit www.cityofadelaide.com.au/covid19.

Rates flyer, including information on the City Support package

Rates hardship application – easy to use online form:

<https://www.cityofadelaide.com.au/resident/home-management/rates/>

Potential rates impact for 2019/20

\$ millions	Assumptions	Low	High
Quarter 4 rates	10 – 50% deferral of rates	(\$2.7m)	(\$13.5m)
Existing debtors	25 - 50% deferral of payment	(\$0.5m)	(\$1.0m)
		(\$3.2m)	(\$14.5m)

FINANCIAL IMPACT OF COVID-19¹²

Income impact to 30 June 2020

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\$ millions		Assumptions	Low	High
Estimated income reduction				
Parking income	UPark (incl Central Market)	Current state – Early Bird 30%, Casual 20%, Reserved 50-60%	(\$4.0m)	(\$5.0m)
	On Street	Current state – Casual 25%	(\$2.0m)	(\$2.5m)
	Expiations	Current approach to expiations	(\$2.0m)	(\$2.5m)
City Support Package			(\$4.0m)	
<i>Including Property Services</i>		3 months rent relief for tenants	(\$1.6m)	
<i>Including Central Market</i>		3 months rent relief for tenants	(\$0.8m)	
<i>Including Rundle Mall Levy</i>		3 months levy relief	(\$1.0m)	
Aquatic Centre		Temporary closure – fixed costs only	(\$0.7m)	(\$0.8m)
Golf Course		Anticipated reopening in May	(\$0.2m)	(\$0.3m)
Town Hall		Temporary closure continues to 30 June	(\$0.2m)	(\$0.3m)
Park Lands Events		Events postponed until 30 June	(\$0.2m)	
Other Fees & Charges		Reduction in activity in City	(\$0.2m)	(\$0.4m)
			(\$13.5m)	(\$16.0m)

Potential financial impacts of COVID-19 to 30 June 2020

	Low	High
City Support Package	(\$4.0m)	(\$4.0m)
Impact on income (Parking, Property, Commercial, other)	(\$9.5m)	(\$12.0m)
Impact on rates and existing debtors	(\$3.2m)	(\$14.5m)
Total impact	(\$16.7m)	(\$30.5m)

FINANCIAL IMPACT OF COVID¹³-19

Reduction in Financial Expenditure

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Immediate action taken to free up cashflow and reduce operational expenditure to June 2020

Operations	Projects	Capital
\$3.3m <ul style="list-style-type: none">Contractors, consultants, legal expenditure, audits and marketingStaffing (Training and Development, less overtime, temporary labour, apprentices and trainees)	\$3m <ul style="list-style-type: none">Projects stopped \$1.2mProjects deferred \$0.5mProject scope reduced this financial year \$0.8mProjects not proceeding \$0.3mProjects complete, savings \$0.3m <i>Full list attached</i>	\$40.0m <ul style="list-style-type: none">Continuing \$16.7mRetimed \$11.6mReprioritise \$10.6mSavings \$1.1m

FINANCIAL IMPACT OF COVID-19¹⁴

Potential scenarios and response levers

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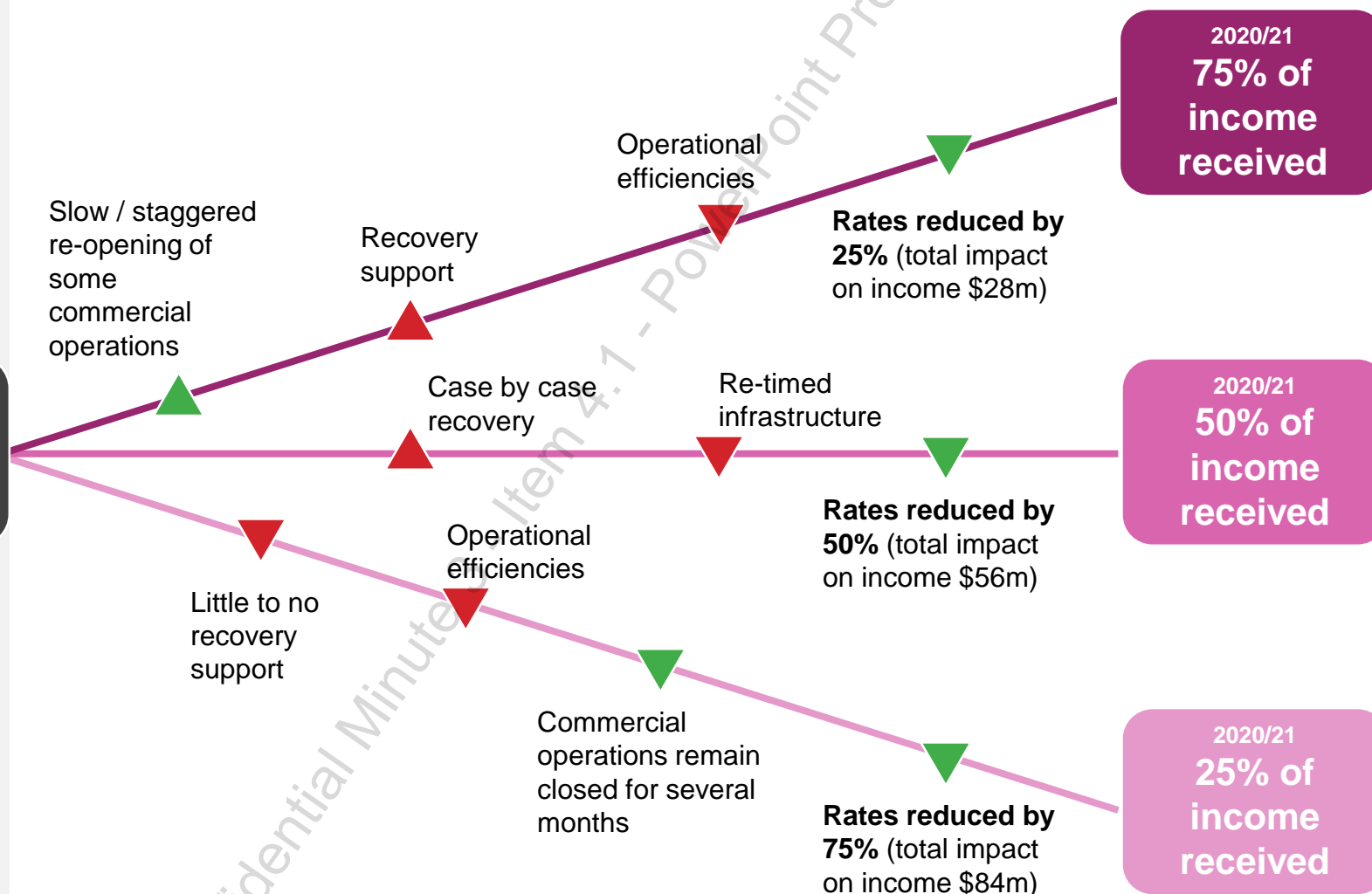
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Response levers:

- Pause / Reprioritise Asset Renewals
- Pause / Defer Strategic Enhancements
- Secure Government funding for Priority Infrastructure and Stimulus Projects
- Realise potential of non/underperforming assets and reinvest in performing and demand driving assets

CURRENT STATE

- Rationalise and Reduce our Services
- Rationalise and Reduce our Staffing
- Revisit financing – increase prudential limit/borrowing
- Revisit rates approach (valuations)
- Adjust sustainability ratios
- Invest in recovery



Council has a strong balance sheet with net assets of \$1.7 billion

Our current Prudential Borrowing limit is \$89.4m (QF2 forecast borrowings \$81.6m).

The Prudential Borrowing limit is based on Council's *Treasury Policy* reviewed and adopted in December 2018:

- Asset Test: Maximum of 25% of saleable assets (currently \$358 million)
- Debt Service Coverage Ratio: Minimum of 5 times operations (funds available for projects and infrastructure) coverage of the annual principle and interest repayments
- Leverage Test: Maximum of 1.5 years of borrowings repaid from operations (funds available for projects and infrastructure)

Unprecedented Circumstances – Record Low Interest Rates

Federal and State Governments are borrowing at unprecedented levels to support communities and the economy, taking advantage of record low interest rates.

SA Government has invested \$1 billion in COVID-19 packages to date (projecting at least \$21.2 billion in debt for 2022-23)

Federal Government has invested \$320 billion in COVID-19 packages to date (16.4% of annual GDP)

Deloitte Access Economics

3 April 2020 Media Release

“New analysis by Deloitte Access Economics shows that the budgetary impact of the fight against the coronavirus will have a rather smaller impact on the Australia of the future than many expect

Although the dollars are unprecedented, what's even more unprecedented are the interest rates we'll be paying on this new debt

Never in the two thousand years of recorded history of interest rates has it been cheaper for governments to borrow

Markets have reacted to the Federal Government's package by dropping the rate on 10-year Commonwealth borrowing substantially further”

City of Adelaide compared to other SA Councils

2019-20 Annual Business Plan	City of Adelaide QF2 Budget	City of Onkaparinga	City of Playford	City of Charles Sturt	City of Port Adelaide/ Enfield	Average Other Councils
Net Financial Liabilities Ratio - maximum	80%	100%	160%	100%	75%	109%
Prudential Limit - Borrowings % of Rates Revenue	77%	100%	211%	100%	96%	127%
Prudential Limit - Borrowings % of Total Revenue	42%	82%	163%	86%	82%	104%
Rates Revenue (\$m)	\$116.5	\$141.2	\$82.0	\$109.9	\$106.1	\$109.8
Total Revenue (\$m)	\$213.9	\$171.1	\$105.9	\$127.2	\$124.4	\$132.2
Maximum Borrowings (\$m) (AT/DSC/LT)	\$89.4 / \$119.0 / \$93.5	\$141.2	\$173.0	\$110.0	\$102.0	\$131.5
Forecast Borrowings 2019-20 (\$m)	\$81.5	\$89.6	\$173.0	\$45.0	\$26.0	\$83.4

Key Points:

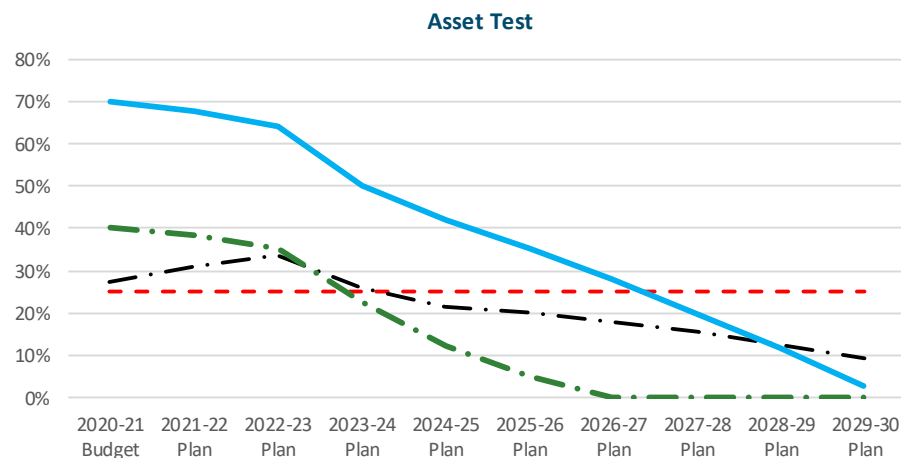
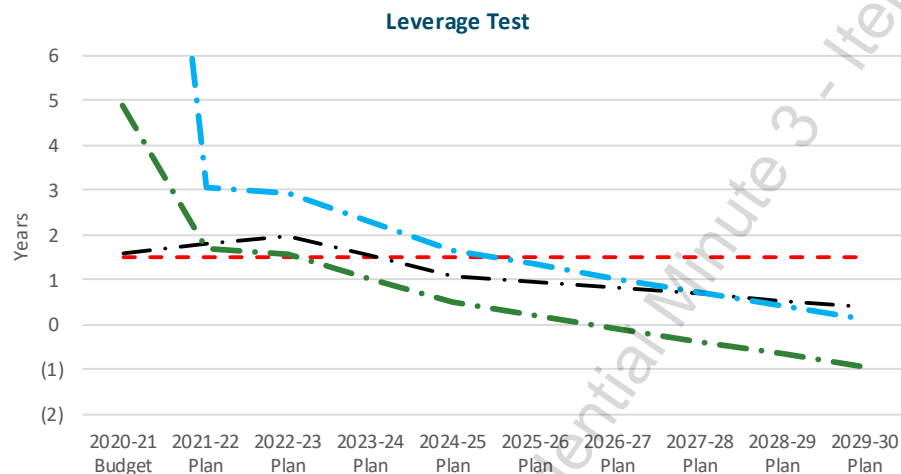
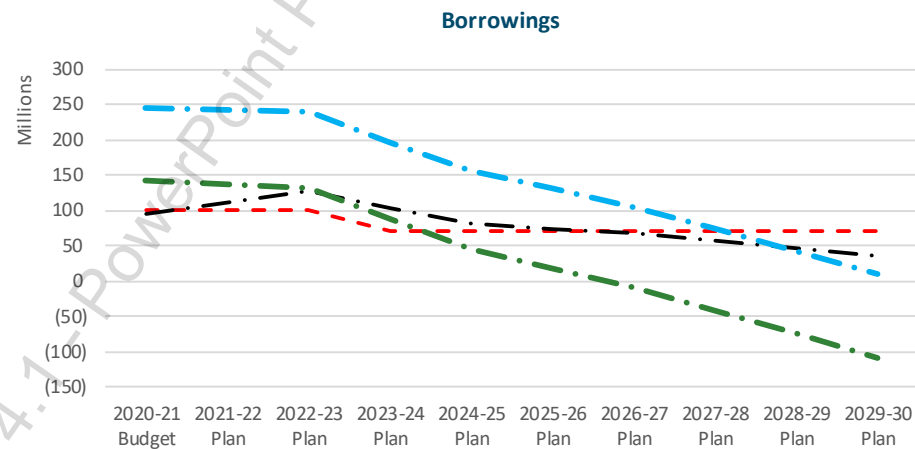
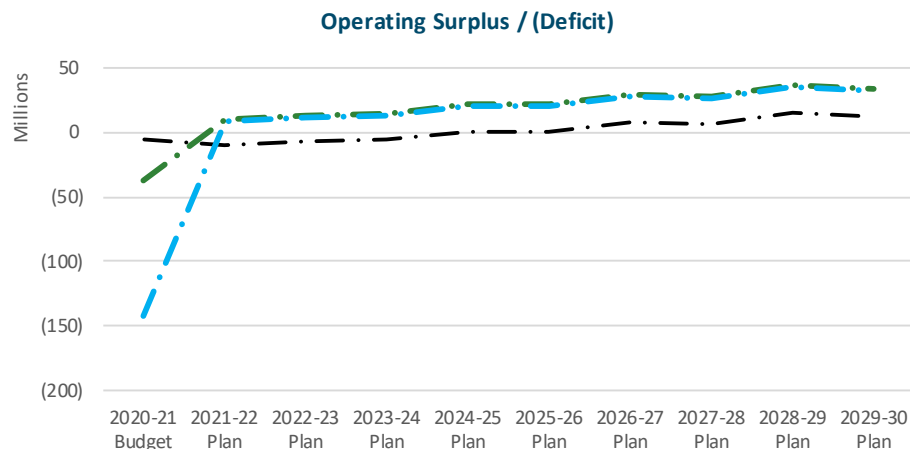
- The Council by Council comparison suggests the City of Adelaide has significant capacity to borrow relative to other Councils.
- The Debt Service Coverage Ratio (our ability to service debt) confirms capacity is significantly higher than the lowest limit.
- A review of the prudential borrowing limits will enable a better prudential guide to Council's borrowing capacity.

FINANCIAL IMPACT OF COVID¹⁷

Long Term Financial Plan

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--- Target / Max - . - LTFP — FY2020-21 25% Decrease + \$20m opex savings — FY2020-21 75% Decrease + \$20m opex savings



FINANCIAL IMPACT OF COVID-19

Long Term Financial Plan

Example of the LTFP Model in development stage

Uniform Presentation of Finances

\$	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Income	210,981,500	210,883,236	213,333,663	219,478,529	225,764,726	239,890,504	247,029,798	253,949,669	261,028,695	268,270,538	275,678,941
less Expenses	(219,384,005)	(216,878,008)	(223,509,589)	(226,303,610)	(231,595,438)	(238,846,923)	(246,057,603)	(246,186,672)	(254,352,306)	(253,121,994)	(263,826,540)
Operating Surplus / (Deficit) before Capital Amounts	(8,402,505)	(5,994,772)	(10,175,926)	(6,825,080)	(5,830,711)	1,043,581	972,195	7,762,997	6,676,390	15,148,543	11,852,401
less Net Outlays on Existing Assets											
Net Capital Expenditure on Renewal & Replacement of Existing Assets	55,642,464	50,756,900	45,023,151	46,058,683	47,118,033	48,201,748	49,310,388	50,444,527	51,604,751	52,791,660	54,005,868
less Depreciation, Amortisation and Impairment	(49,642,550)	(50,413,677)	(49,482,068)	(48,499,013)	(49,731,318)	(50,429,023)	(54,158,986)	(50,158,668)	(54,105,614)	(48,565,374)	(54,866,766)
less Amounts received specifically for Existing Assets	(2,941,955)										
Net Outlays on Existing Assets	3,057,959	343,223	(4,458,917)	(2,440,330)	(2,613,285)	(2,227,275)	(4,848,598)	285,858	(2,500,863)	4,226,286	(860,897)
less Net Outlays on New and Upgraded Assets											
Net Capital Expenditure on New and Upgraded Assets	29,093,158	18,311,615	14,540,000	12,460,000	-	-	-	-	-	-	-
less Amounts received specifically for New and Upgraded Assets	(6,540,206)	(9,603,543)	-	-	-	-	-	-	-	-	-
less Proceeds from Sale of Assets		(1,000,000)	(6,000,000)	-	(27,800,000)	(18,500,000)	-	-	-	-	-
Net Outlays on New and Upgraded Assets	22,552,952	7,708,073	8,540,000	12,460,000	(27,800,000)	(18,500,000)	-	-	-	-	-
Net Lending / (Borrowing) for Financial Year	(34,013,417)	(14,046,067)	(14,257,010)	(16,844,751)	24,582,574	21,770,856	5,820,793	7,477,138	9,177,253	10,922,257	12,713,298

Statement of Comprehensive Income

\$	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Income											
Rates Revenues	116,508,256	119,871,112	123,826,859	127,913,145	132,093,416	137,494,833	142,279,108	146,789,796	151,404,230	156,124,796	160,953,935
Statutory Charges	13,362,519	15,240,454	15,590,984	15,949,577	16,316,417	16,691,695	17,075,604	17,468,343	17,870,115	18,281,127	18,701,593
User Charges	71,698,462	71,320,165	69,362,005	70,957,331	72,589,350	80,828,905	82,687,969	84,589,793	86,535,358	88,525,671	90,561,762
Grants, Subsidies and Contributions	11,378,218	2,991,147	3,059,944	3,130,323	3,202,320	3,275,973	3,351,321	3,428,401	3,507,254	3,587,921	3,670,443
Investment Income	35,800	35,200	35,935	36,685	37,450	38,232	39,030	39,845	40,677	41,527	42,394
Reimbursements	525,180	690,814	706,703	722,957	739,585	756,595	773,997	791,799	810,010	828,641	847,699
Other Income	415,020	734,344	751,234	768,512	786,188	804,274	822,769	841,692	861,051	880,855	901,115
Total Income	213,923,455	210,883,236	213,333,663	219,478,529	225,764,726	239,890,504	247,029,798	253,949,669	261,028,695	268,270,538	275,678,941
Expenses											
Employee Costs	77,868,097	78,179,216	79,776,477	81,406,542	83,070,090	84,767,812	86,500,416	88,227,525	89,989,120	91,785,889	93,618,536
Materials, Contracts & Other Expenses	97,858,046	87,222,163	92,055,737	93,764,222	94,941,042	99,824,605	101,600,525	104,155,439	106,863,457	109,412,677	112,631,739
Depreciation, Amortisation & Impairment	49,642,550	50,413,677	49,482,068	48,499,013	49,731,318	50,429,023	54,158,986	50,158,668	54,105,614	48,565,374	54,866,766
Finance Costs	6,492,518	6,362,394	6,008,428	7,682,391	7,493,013	7,204,239	6,803,070	6,258,717	6,843,352	6,489,781	5,938,757
Total Expenses	231,861,211	222,177,450	227,322,710	231,352,168	235,235,463	242,225,679	249,062,997	248,800,349	257,801,543	256,253,721	267,055,798
Operating Surplus / (Deficit)	(17,937,755)	(11,294,214)	(13,989,047)	(11,873,638)	(9,470,737)	(2,335,175)	(2,033,199)	5,149,320	3,227,152	12,016,817	8,623,143
Asset Disposal & Fair Value Adjustments	(300,000)	1,000,000	6,000,000	-	(4,057,556)	(7,000,000)	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	440,206	3,630,636	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	(17,797,550)	(6,663,578)	(7,989,047)	(11,873,638)	(13,528,293)	(9,335,175)	(2,033,199)	5,149,320	3,227,152	12,016,817	8,623,143
Total Comprehensive Income	(17,797,550)	(6,663,578)	(7,989,047)	(11,873,638)	(13,528,293)	(9,335,175)	(2,033,199)	5,149,320	3,227,152	12,016,817	8,623,143

FINANCIAL IMPACT OF COVID-19

Long Term Financial Plan

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Example of the LTFP Model in development stage

Statement of Financial Position

\$	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
ASSETS											
Current Assets											
Cash and Cash Equivalents	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Trade & Other Receivables	10,758,960	10,753,949	10,878,908	11,192,264	11,512,828	12,233,169	12,597,236	12,950,113	13,311,107	13,680,403	14,058,193
Other Financial Assets	143,100	128,790	115,911	104,320	93,888	84,499	76,049	68,444	61,600	55,440	49,896
Inventories	641,000	641,000	641,000	641,000	641,000	641,000	641,000	641,000	641,000	641,000	641,000
Total Current Assets	13,543,060	13,523,739	13,635,819	13,937,584	14,247,716	14,958,668	15,314,285	15,659,558	16,013,707	16,376,843	16,749,089
Non-Current Assets											
Financial Assets	250,200	225,180	202,662	182,396	164,156	147,741	132,967	119,670	107,703	96,933	87,239
Equity Accounted Investments in Council Businesses	629,000	629,000	629,000	629,000	629,000	629,000	629,000	629,000	629,000	629,000	629,000
Investment Property	2,893,651	2,922,588	2,951,813	2,981,332	3,011,145	3,041,256	3,071,669	3,102,386	3,133,409	3,164,743	3,196,391
Infrastructure, Property, Plant & Equipment	1,853,742,825	1,865,490,812	1,870,635,164	1,874,802,966	1,880,620,322	1,848,072,872	1,838,293,235	1,833,534,641	1,830,631,678	1,829,984,504	1,824,622,366
Other Non-Current Assets	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000
Total Non-Current Assets	1,859,174,676	1,870,926,579	1,876,077,639	1,880,254,694	1,886,083,623	1,853,549,869	1,843,785,871	1,839,044,697	1,836,160,790	1,835,534,180	1,830,193,996
TOTAL ASSETS	1,872,717,736	1,884,450,319	1,889,713,459	1,894,192,278	1,900,331,339	1,868,508,537	1,859,100,156	1,854,704,254	1,852,174,497	1,851,911,023	1,846,943,086
LIABILITIES											
Current Liabilities											
Trade & Other Payables	21,821,675	27,409,875	27,491,107	20,479,352	20,457,147	20,831,007	20,844,459	20,842,191	21,533,494	21,429,336	22,335,584
Provisions	14,156,580	14,439,712	14,728,506	15,023,076	15,323,537	15,630,008	15,942,608	16,261,461	16,586,690	16,918,424	17,256,792
Other Current Liabilities	1,562,182	1,123,610	(6,182,294)	1,071,778	1,441,419	1,925,645	2,430,776	(2,356,780)	1,633,581	2,171,329	1,931,549
Total Current Liabilities	37,540,437	42,973,197	36,037,318	36,574,206	37,222,104	38,386,660	39,217,843	34,746,871	39,753,765	40,519,088	41,523,925
Non-Current Liabilities											
Trade & Other Payables	293,000	293,000	-	-	-	-	-	-	-	-	-
Borrowings	81,413,417	95,459,484	109,716,494	126,561,245	101,978,671	80,207,815	74,387,022	66,909,884	57,732,631	46,810,374	34,097,076
Provisions	2,047,140	2,088,083	2,129,844	2,172,441	2,215,890	2,260,208	2,305,412	2,351,520	2,398,551	2,446,522	2,495,452
Other Non-Current Liabilities	15,167,292	14,043,682	20,225,976	19,154,198	17,712,779	15,787,134	13,356,358	15,713,139	14,079,558	11,908,229	9,976,680
Total Non-Current Liabilities	98,920,849	111,884,249	132,072,314	147,887,884	121,907,340	98,255,157	90,048,793	84,974,543	74,210,740	61,165,125	46,569,208
TOTAL LIABILITIES	136,461,286	154,857,446	168,109,633	184,462,090	159,129,444	136,641,817	129,266,636	119,721,414	113,964,504	101,684,213	88,093,133
Net Assets	1,736,256,451	1,729,592,873	1,721,603,826	1,709,730,188	1,741,201,895	1,731,866,720	1,729,833,520	1,734,982,840	1,738,209,993	1,750,226,810	1,758,849,953
EQUITY											
Accumulated Surplus	816,809,451	810,145,873	802,156,826	790,283,188	776,754,895	767,419,720	765,386,520	770,535,840	773,762,993	785,779,810	794,402,953
Asset Revaluation Reserves	917,788,000	917,788,000	917,788,000	917,788,000	962,788,000	962,788,000	962,788,000	962,788,000	962,788,000	962,788,000	962,788,000
Other Reserves	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000	1,659,000
Total Council Equity	1,736,256,451	1,729,592,873	1,721,603,826	1,709,730,188	1,741,201,895	1,731,866,720	1,729,833,520	1,734,982,840	1,738,209,993	1,750,226,810	1,758,849,953

FINANCIAL IMPACT OF COVID-19

Long Term Financial Plan

Example of the LTFP Model in development stage

Statement of Changes in Equity

\$	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Balance at the end of previous reporting period	1,754,054,000	1,736,256,450	1,729,592,873	1,721,603,825	1,709,730,187	1,741,201,895	1,731,866,720	1,729,833,521	1,734,982,841	1,738,209,993	1,750,226,810
a. Net Surplus / (Deficit) for Year	(17,797,550)	(6,663,578)	(7,989,047)	(11,873,638)	(13,528,293)	(9,335,175)	(2,033,199)	5,149,320	3,227,152	12,016,817	8,623,143
b. Other Comprehensive Income											
Total Comprehensive Income	(17,797,550)	(6,663,578)	(7,989,047)	(11,873,638)	(13,528,293)	(9,335,175)	(2,033,199)	5,149,320	3,227,152	12,016,817	8,623,143
Gain (Loss) on Revaluation of I, PP&E	-	-	-	-	45,000,000	-	-	-	-	-	-
Balance at the end of period	1,736,256,450	1,729,592,873	1,721,603,825	1,709,730,187	1,741,201,895	1,731,866,720	1,729,833,521	1,734,982,841	1,738,209,993	1,750,226,810	1,758,849,953
	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	TRUE	TRUE	TRUE

Statement of Cash flows

\$	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Cash Flows from Operating Activities											
<u>Receipts</u>											
Operating Receipts	216,654,450	210,888,247	213,208,704	219,165,173	225,444,163	239,170,163	246,665,731	253,596,791	260,667,702	267,901,242	275,301,151
<u>Payments</u>											
Operating Payments to Suppliers and Employees	(169,237,665)	(158,889,026)	(171,759,369)	(176,687,930)	(180,471,778)	(186,256,140)	(189,608,906)	(193,244,351)	(198,174,460)	(202,039,885)	(206,410,656)
Net Cash provided by (or used in) Operating Activities	47,416,786	51,999,221	41,449,335	42,477,243	44,972,385	52,914,023	57,056,825	60,352,441	62,493,242	65,861,357	68,890,495
Cash Flows from Investing Activities											
<u>Receipts</u>											
Amounts Received Specifically for New/Upgraded Assets	440,206	3,630,636	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	1,000,000	6,000,000	-	27,800,000	18,500,000	-	-	-	-	-
<u>Payments</u>											
Expenditure on Renewal/Replacement of Assets	(55,642,464)	(50,756,900)	(45,023,151)	(46,058,683)	(47,118,033)	(48,201,748)	(49,310,388)	(50,444,527)	(51,604,751)	(52,791,660)	(54,005,868)
Expenditure on New/Upgraded Assets	(29,093,158)	(18,311,615)	(14,540,000)	(12,460,000)	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	(84,295,417)	(64,437,879)	(53,563,151)	(58,518,683)	(19,318,033)	(29,701,748)	(49,310,388)	(50,444,527)	(51,604,751)	(52,791,660)	(54,005,868)
Cash Flows from Financing Activities											
<u>Receipts</u>											
Proceeds from Borrowings	34,013,417	14,046,067	14,257,010	16,844,751							
<u>Payments</u>											
Repayment from Borrowings					(24,582,574)	(21,770,856)	(5,820,793)	(7,477,138)	(9,177,253)	(10,922,257)	(12,713,298)
Repayment of Principal portion of lease liability	(1,203,786)	(1,607,409)	(2,143,194)	(803,310)	(1,071,778)	(1,441,419)	(1,925,645)	(2,430,776)	(1,711,238)	(2,147,440)	(2,171,329)
Net Cash provided by (or used in) Financing Activities	32,809,631	12,438,658	12,113,815	16,041,440	(25,654,352)	(23,212,275)	(7,746,437)	(9,907,914)	(10,888,491)	(13,069,697)	(14,884,627)
Net Increase (Decrease) in Cash Held	(4,069,000)	(0)	(0)	0	0	0	0	(0)	0	0	(0)
plus: Cash & Cash Equivalents at beginning of period	6,069,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Cash & Cash Equivalents at end of period	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

Attachment:

BUDGET APPROACH

\$12m General Operations Savings

FINANCIAL IMPACT OF COVID-19

Project savings and deferrals

FINANCIAL IMPACT OF COVID²²-19

\$12m General Operations Efficiencies

CO1712

CORPORATE



2016-17: \$1.1m efficiencies

Efficiencies realised for organisational restructure in 2015-16



2017-18: \$2.5m efficiencies

Efficiencies incorporated from the Program Reviews \$2.5m



2018-19: \$2.4m efficiencies

Additional efficiencies from the Program Reviews \$0.2m

Additional costs absorbed within General Operations \$2.2m



2019-20: \$4.1m efficiencies

- Reduction of FTEs and temporary labour \$0.9m
- Reduction in consultancy and contract labour \$0.8m
- Reduction in contractual services \$0.9m
- Materials and other expenditure \$0.5m.
- Off contract procurement spend \$0.8m
- Utilities management \$0.2m
- Further efficiency target of \$2.0m



2019-20 Further efficiency target of \$2.0m

FINANCIAL IMPACT OF COVID-19

Project savings and deferrals to 30 June 2020

CO1712

CORPORATE

Projects stopped (\$1.166m)

These projects are no longer proceeding (ceased) this financial year, remaining expenditure has been forfeited resulting in savings

	QF2 Budget	Saving
City Activation - across multi areas	900	250
88 O'Connell site activation	437	160
Waste Strategy	200	144
Brand	199	90
International Relations	419	80
Business Activation and Support	151	63
Entrepreneur Support	277	55
Adelaide Living	80	50
Social Infrastructure Audit	55	40
Adelaide Design Manual Greening	50	38
Safer City Policy implementation	50	35
Visitor Economy	180	30
Climate Change Action Initiative Fund	1,646	25
Sustainable Events	230	24
Business Engagement	200	20
Adelaide Leaders	25	17
Reconciliation Action Plan Park Lands	83	15
Investment Attraction	281	15
Welcome China	79	15

Projects scope reduced (\$823k)

These projects are proceeding with reduced scope / outcomes, resulting in part savings on the project

	QF2 Budget	Saving
Efficiency & Service Reviews	661	210
Hutt Street Activation	210	190
Park Lands Services	270	172
Strategic P'Ship - Don Dunstan Foundation	313	105
Transport and Movement Strategy	200	73
Anzac Day	63	55
Noise Management	39	18

FINANCIAL IMPACT OF COVID-19

Project savings and deferrals to 30 June 2020

CO1712

CORPORATE

Projects not proceeding (\$289k)

These projects will not proceed given financial restrictions

	QF2 Budget	Saving
Finance System Upgrade	119	119
Cultural Entrepreneurs	50	50
Property Leasing Investigations	50	50
Mainstreet Historic Façade Improvement Scheme	40	40
Digitisation of Plans	30	30

Projects deferred (\$463k)

These projects can be deferred from this financial year, to start in 2020 / 2021 FY subject to approval

	QF2 Budget	Saving
Melbourne, O'Connell & Hutt Streets Masterplan	370	232
China Town and Market District Safety	50	50
Representation Review	50	50
Shop Front Improvements	50	50
Umbrella Winter Festival	40	40
Welcoming City Places & Spaces	25	25
Torrens Lake Weir Designs	25	16

Projects completed (\$260k)

These projects have been completed in 2019/2020 FY with savings

	QF2 Budget	Saving
Strategic Property Investigations	100	96
2020-2024 Strategic Plan	150	50
Accounts Payable Scanning	43	43
Property Valuation Software	172	40
Waste Transition	99	31

COVID-19 UPDATE CAPITAL WORKS + INFRASTRUCTURE

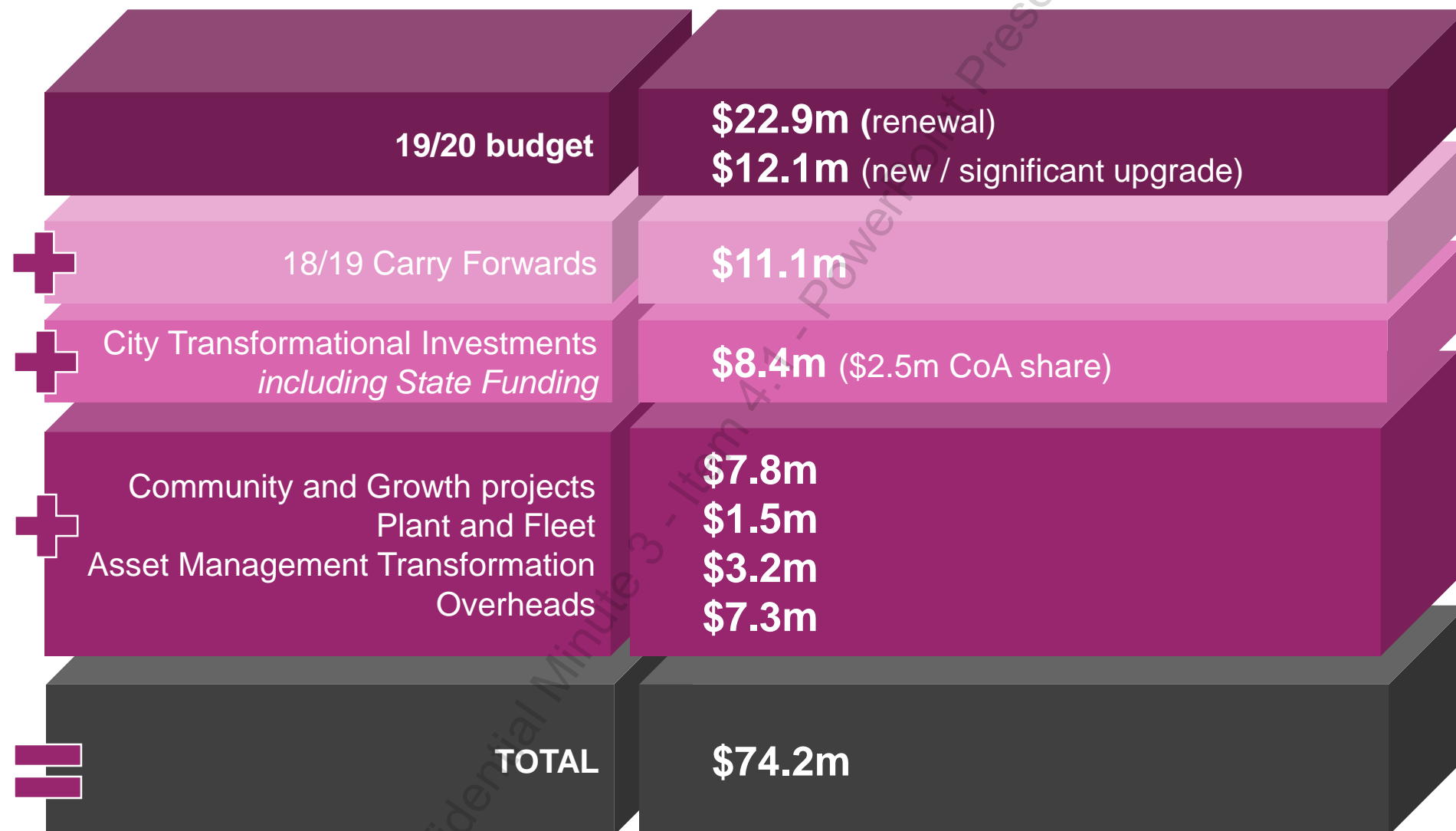
Klinton Devenish

CAPITAL + INFRASTRUCTURE²⁶

Total Capital Investment 19/20

CO1712

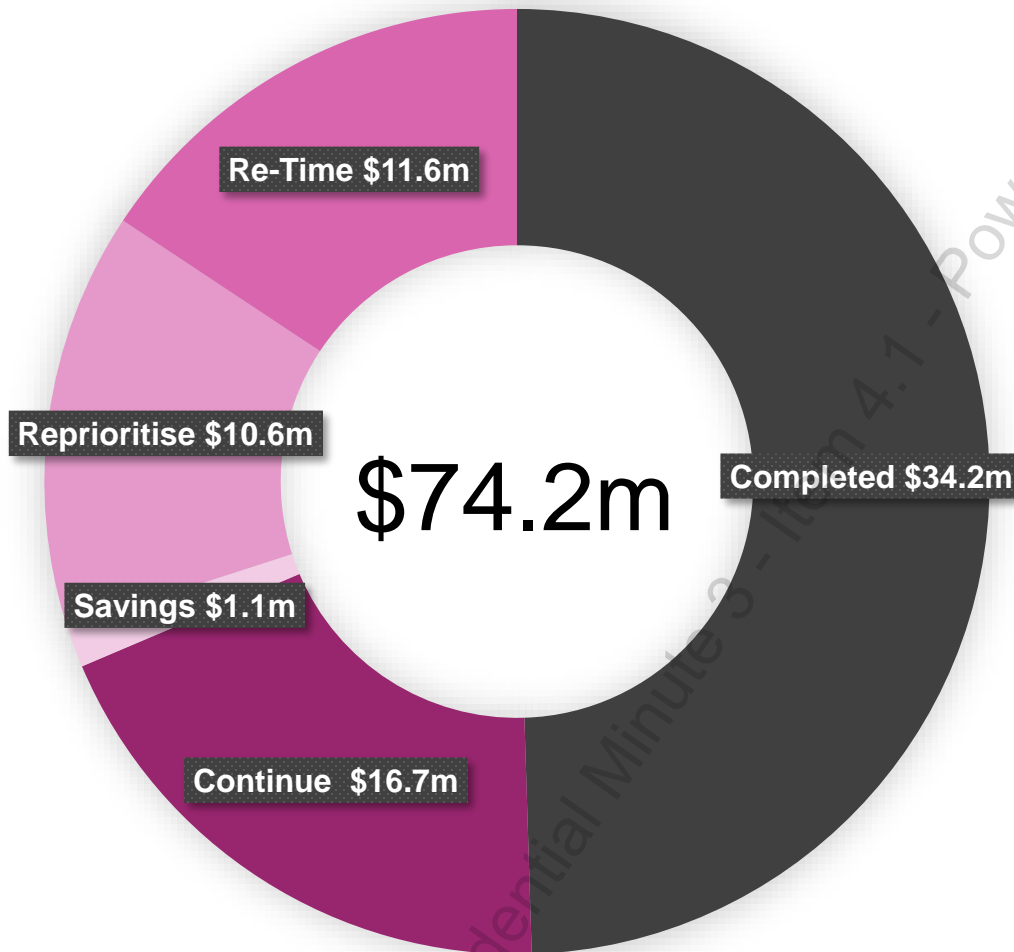
CORPORATE



CAPITAL + INFRASTRUCTURE²⁷

Treatment of capital spend to address Covid-19

CO1712
CORPORATE



Key Projects

Continue

Torrens Linear Trail (Park 11), Denise Norton Prk/Pardipardinyilla (Park 2) East Enhancement, Tavistock Lane, Asset Management Transformation Project

Re-Time

Events Infrastructure, Grote Street, Rundle Street UPark, M2R Bentham Street, Jeffcott Street

Re-Prioritise

Angas Street Intersection Upgrade, Francis Street Stormwater, Road and Footpath Renewals

CAPITAL + INFRASTRUCTURE²⁸

Summary of capital projects treatment

CO1712

CORPORATE

Continue

Contractors have been engaged, works are underway or it is a safety or legislative risk

- Denise Norton Prk/Pardipardinyilla (Park 2) East Enhancement
- City Skate Park Design
- Quentin Kenihan Inclusive Playspace Design
- Adelaide Bowling Club
- Integrated Water Management
- Design projects - Hutt Street, Moonta Street, Field Street, North Terrace West Footpath, Paxtons Walk and Vaughan Place
- Chesser Arbour Investigations
- Tavistock Lane
- Peace Park/Town Clerk's Walk
- Traffic Signal Renewal
- Underground Cabling and Switchgear
- Distribution Boards and other electrical assets
- Montefiore Hill Lighting
- CCTV Camera Renewal
- Torrens Lake Submerged Earth Retaining Structures
- Torrens Lake Weir – Component Renewal
- Torrens Lake Weir Seal Design
- Torrens embankment failure – adjacent Red Ochre
- Park Lands and Streetscape Renewals
- Gawler Place Redevelopment
- Hazardous Material Program
- UPark Topham Fire Safety
- Town Hall Program
- Building Renewal and Compliance Program
- Lounders Boat House
- Park 11 – Torrens Path Renewal and Gladstone Street Footpath Renewal
- Brougham Place and Cardell lane Road Renewal
- Bridges Renewal Program

Re-Time

Commitments have been made to external contractor, funding agreement, Council Decision however we control construction timeframes

- Hindley Street
- Decorative Lighting Program
- Union Street Streetscape
- Place of Reflection
- Grote Street (Morphett Street to West Tce)
- Whitmore Square Safety Improvements
- City Greening
- City Bikeways (North South)
- City Bikeways (East West)
- Wattle Grove Memorial and Tree Planting
- Events Infrastructure Rundle Park
- LED Conversion
- Brownhill Keswick Creek
- Colonel Light Centre Renewals
- UPark Buildings – Rundle UPark
- North Terrace Footpath (King William to Kintore)
- Market to Riverbank – Bentham and Leigh Street Construction
- Gawler UPark Façade
- Jeffcott Street Stage 2

Reprioritise

Timing of delivery is risk based and can be managed

- North Terrace Public Realm Upgrade
- Blackspot Funding – War Memorial Drive
- Angas Street Reseal
- Angas Street Intersection Upgrade
- Francis Street Stormwater
- Community and Recreation Design Project
- Public Art Refurbishment
- Electronic Bus Signs Rectification
- Methodist Meeting Hall
- Public Conveniences – Park 27b
- Town Hall Chiller Design
- Wyatt St UPark Façade Design
- Victoria Park Gates Seismic Upgrade Design
- Road Renewal Program
- Footpath Renewal Program

CAPITAL + INFRASTRUCTURE²⁹

Short term infrastructure cashflow

CO1712
CORPORATE

Considerations / Assumptions

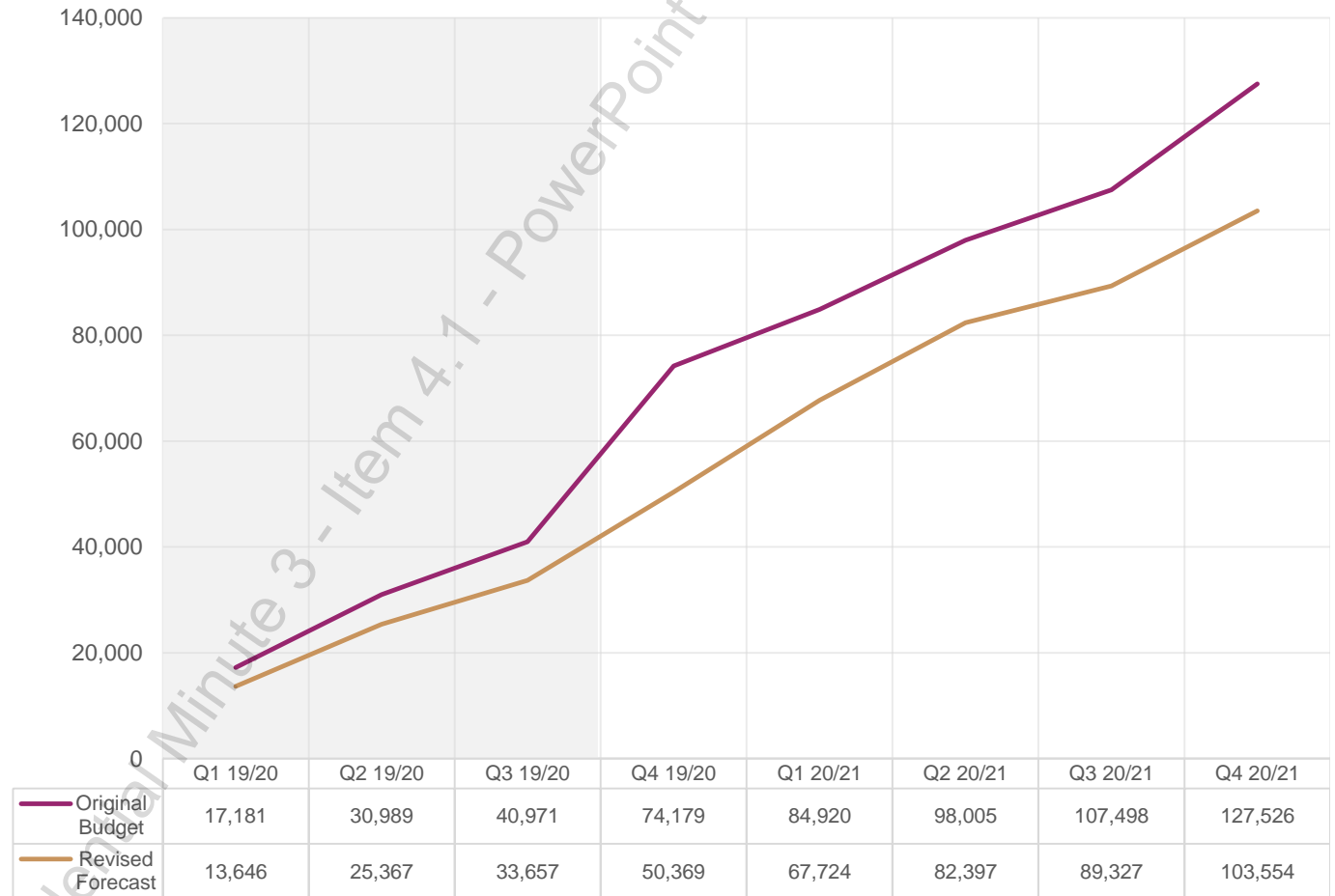
- 20/21 Renewal Program Reprioritised
- 20/21 Maintenance cost increased
- Minimal to no new/upgrade works in 20/21

19/20 cashflow reduction:

- \$23.810m

20/21 cashflow reduction:

- \$23.972m

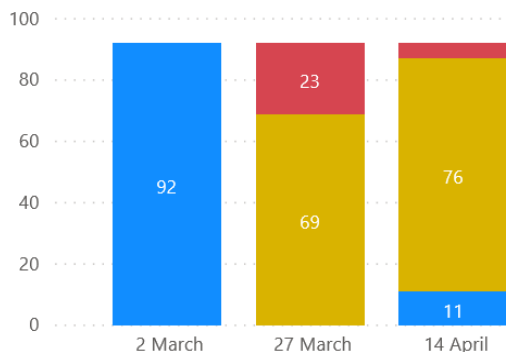


COVID-19 UPDATE BUSINESS CONTINUITY PLAN

Klinton Devenish

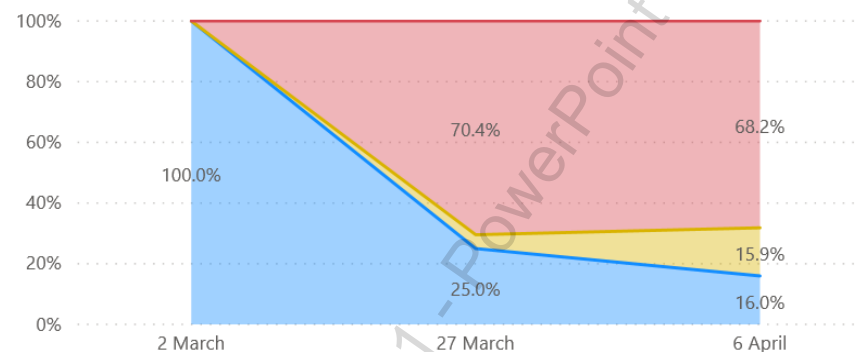
Business Continuity Dashboard

Services Provided



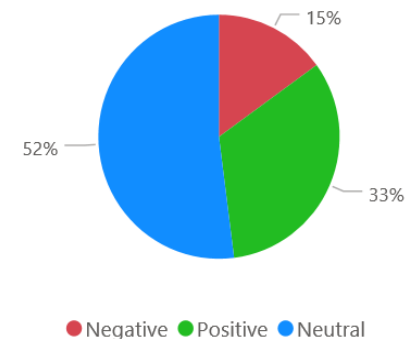
Capacity ● Full ● Reduced ● Stopped

Staff Location



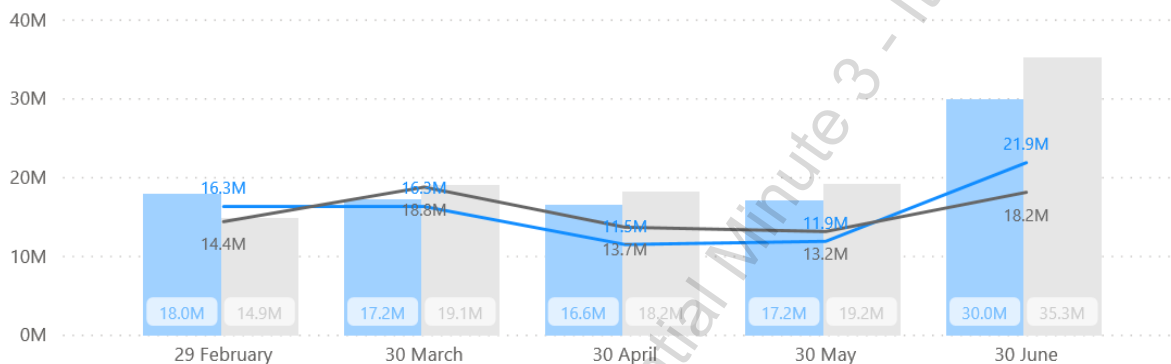
● At Work % ● WFH % ● Non Working Staff %

Customer Sentiment



● Negative ● Positive ● Neutral

Income v.s. Expenditure



● Original Budgeted Income ● Original Budgeted Expenditure ● Revised Forecast Income ● Revised Forecast Expenditure

Top Customer Enquiries

Rank	Category	Description
1	Parking	<ul style="list-style-type: none"> - COVID-19 Hardship claims - financial difficulties to pay Expiration Notices - "Are you still expiating on-street and can I overstay?" - Comments and questions on providing free parking for medical workers
2	Upark Plus Product (\$8 deal)	<ul style="list-style-type: none"> - "How do I sign up?" - "When can I collect my card" - Reserved Parkers asking to cancel or get a refund for the discounted rate
3	Rate Relief	<ul style="list-style-type: none"> - COVID-19 hardship claims for rates relief
4	Waste Collection	<ul style="list-style-type: none"> - How to arrange hard waste collection and what can be included - "Which bin does 'this' go in?" - Requests & Issues - Replacement bin/new bin/not collected
5	Libraries	<ul style="list-style-type: none"> - "When are you re-opening them?" - "Can I still collect books somehow?"

r Staff % Complete - 100

24 April : Increase Working From Home Capacity % Complete - 25

24 April : Non-critical staff leave ends % Complete - 0

25 March : BCP Er

Special Meeting of Council – Next Week

To outline in more detail the COVID-19 response levers, scenarios and immediate decisions Council will need to make (Public)

Quarter 3 Finance Report - May

Further modelling on the financial impact of COVID-19 will be presented in the Quarter Three Finance report to Audit Committee, Committee and Council in May (Public)

Council will have an opportunity to consider the response levers in this context

2020 / 2021 Budget - TBC

Request to re-time delivery of the budget to align with Federal and State budgets is currently with the Minister