

Our Corporation

2025/26 Business Plan and Budget

Business Plan and Budget
update with ESCOSA findings
and Rating Review overview

11 March 2025

Anthony Spartalis, Chief Operating Officer

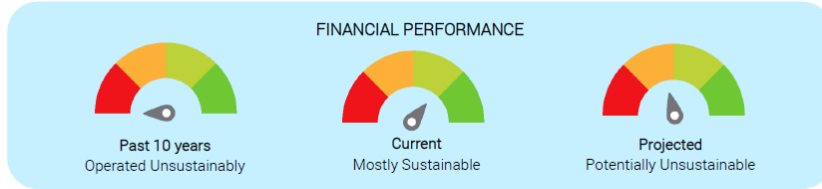
Introduction

Building a Business Plan and Budget

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

ESCOSA Findings – “Mostly Sustainable”

Key Findings



[ESCOSA Advice online](#)

*“The Essential Services Commission finds the Corporation of the City of Adelaide’s current financial performance **mostly sustainable** and projected financial performance potentially unsustainable, taking into account that the Council has an estimated \$150.0 million of funding requirements needed to implement its Asset Management Plans, proposes three significant asset renewals during a period of construction cost escalation, is reliant on as yet unsecured grants and is forecast to reach the council-set prudential borrowing limits.”*

RISKS IMPACTING SUSTAINABILITY

- ⚠ The Council lacks a strategy for the capital renewal liabilities for its extensive commercial assets, combined with a lack of transparency regarding whether the assets each deliver a net positive or net negative result for ratepayers.
- ⚠ The Council’s revenue includes a relatively high proportion of user charges. The Council must hold the assets and cover the expenses associated with providing these services, which are only sustainable if a suitable return is made on each of these more commercially orientated operations.
- ⚠ The Council is proposing to engage in significantly more capital expenditure than it has historically. This represents a considerable financial, practical and logistical challenge.
- ⚠ There is a risk of a higher borrowings requirement and higher rates if the Council is unable to secure external grant funding and/or it has underestimated the costs of its proposed capital program.
- ⚠ Replacement costs for Adelaide Bridge and Torrens Weir were derived prior to COVID and could be understated as a result of market, price and supply chain changes since that time.

✗ **Not Accepted**

✓ **Noted**

✓ **Noted**

✓ **Noted**

✗ **Not Accepted**

ESCOSA Recommendations

To further strengthen the Council's sustainability, the Commission recommends that the Council:

- | | | |
|---|---|---|
| ✓ | <p>1. Analyse the implications for long-term financial sustainability and timely renewal of assets before considering any rate freeze or valuation freeze in the future and disclose the analysis to ratepayers.</p> | <p>Existing Council practice</p> |
| ✓ | <p>2. Improve the disclosure of cost savings targets or productivity improvements in its Long-Term Financial Plans and Annual Business Plans (as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.</p> | <p>Existing Council practice</p> |
| ✓ | <p>3. Consider undertaking a detailed review, with its community, of the potential alternative options and the risk implications, from both the financial and service provision perspectives, of the proposed financing of its capital expenditure program.</p> | <p>Existing Council practice</p> |
| ✗ | <p>4. Consider the Future Fund applying a greater emphasis on asset disposals with the proceeds used to repay borrowings, or reduce the need for them, rather than the purchase of assets for commercial operations.</p> | <p>Contrary to Council policy</p> |
| ✓ | <p>5. Upgrade its Asset Management Plans to more accurately reflect formal asset valuations, condition assessments, remaining useful lives and corresponding depreciation schedules, incorporate this information into the Asset Management Plans and include these expenditure forecasts in the annual budget and annual Long-Term Financial Plan update.</p> | <p>Existing Council practice</p> |
| ✓ | <p>6. Consider providing more clarity around the risks (and develop mitigation strategies) if the Council's expectations regarding its operational performance do not materialise and/or its financial strategy becomes stressed.</p> | <p>Noted</p> |
| ✗ | <p>7. Develop a comprehensive and transparent strategy for its commercial assets, addressing for each class of assets and for each individual asset how to optimise value for ratepayers.</p> | <p>Existing commercial in confidence</p> |

25-26 Projections Based on Current Assumptions

\$'000	25-26 Base	Strategic Projects	Capital Projects	Service Changes	Identified Savings / opportunities	Revised Base	Adopted LTFP	Variance
Income								
Rates Revenues	154,908	-	-	-	-	154,908	154,896	12
Fees and Charges	87,368	170	328	-	319	88,185	86,341	1,844
Grants, Subsidies and Contributions	4,454	653	-	99	-	5,206	4,646	560
Other Income	1,047	-	-	-	-	1,047	1,218	(171)
Total Income	247,777	823	328	99	319	249,346	247,101	2,245
Expenses								
Employee Costs	89,394	1,249	-	605	-	91,248	88,853	(2,395)
Materials, Contracts & Other Expenses	79,978	(2,204)	78	164	(387)	77,629	77,757	128
Sponsorships, Contributions and Donations	5,600	1,778	-	-	(112)	7,266	6,334	(932)
Depreciation, Amortisation & Impairment	64,506	-	-	-	-	64,506	64,462	(44)
Finance Costs	717	-	-	-	-	717	3,626	2,909
Total Expenses	240,195	823	78	769	(499)	241,366	241,031	(335)
Operating Surplus / (Deficit)	7,582	-	250	(670)	818	7,980	6,070	1,910
Capital Program								
Renewal/Replacement of Assets	67,936	-	-	-	-	67,936	67,936	-
New and Upgraded Assets	39,119	-	(60)	-	-	39,059	39,119	60
Amounts received specifically for New and Upgraded Assets	-	-	(3,918)	-	-	(3,918)	-	3,918
Net outlays on Capital	107,055	-	(3,978)	-	-	103,077	107,055	(3,978)
Borrowings	58,245	-	(4,228)	670	(818)	53,869	94,834	40,965

* Targeted Position represents the funding surplus required to fund the Upgrade to Community Buildings in the Park Lands, service the borrowings, and account for growth on new developments to service increase in maintenance in future years

25-26 Impact (shown as % of Rates Revenue)

	Operating Position	\$'000	Rates Equivalent Revenue & Increase*
1	25-26 Base Operating Position	7,582	5.6%
	Proposed Strategic Projects	-	
	Proposed Capital Projects impact on Operating Position	250	
	Proposed Service Changes	(670)	
2	Total proposed adjustments for consideration	(420)	
3	Proposed Identified Savings / Opportunities	818	
4	Revised Base Operating Position	7,980	5.3%
5	Targeted Operating Position	8,541	5.7%
6	Shortfall	(561)	0.4%

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

- Base Operating Position incorporates Q2 adjustments, and LTFP assumptions (CPI of 3.0% applied)
- The following slides contain the adjustments for consideration. Funding these equates to a 0.3% increase to Rates Revenue.
- Administration has identified Savings and Opportunities for consideration. These equate to an 0.6% reduction to Rates Revenue.
- The revised operating position having taken into consideration 2 and 3 above.
- Targeted Operating Position Upgrade to fund Community Buildings in the Park Lands, service the borrowings, and account for growth on new developments to service increase in maintenance in future years.
- Difference between 4 and 5, which equates to an additional 0.4% increase to Rates revenue .

Proposed Service Changes

Item	FTE	(\$'000)	
		Income	Expenditure
Service Changes			
Accelerated Greening On-going Service Change and FTE requirement	1.4		197
Conversion of Videography Content Creator to permanent within Marketing & Communications Team	1.0		65
DHS Community Neighbourhood Development Funding - Minor Works Building Community Centre	0.8	99	99
Noise Monitoring & Compliance	-		40
Resource Recovery Education Officer to deliver Circular Economy Service Transition to City Operations	0.5		248
Tree Protection Officer	1.0		120
TOTAL ONGOING SERVICE CHANGES	4.7	99	769
NET INCREASE	4.7	670	

Proposed Identified Savings / Opportunities

Item	(\$'000)	
	Income	Expenditure
Savings Identified		
Reduction in Adelaide Town Hall cleaning, security and advertising		45
Removal of CPI increases to services. No impact to service delivery		42
Reduction in consumables/purchases		19
Consolidation of procurement related memberships		10
Reduction in legal fees – no CPI increase		18
Reduction in Fines Enforcement and Recovery Unit costs		20
Reduction in external contractors & consultancy		66
Reduction in City Operations advertising and external contractors		100
Infrastructure Design and Engineering software		20
Reduction in council catering and Councillors support at events to align to historical actuals		10
Reduction in software subscriptions		37
City of Adelaide Prize – removal of sponsorship		30
History Festival Sponsorship – removal of sponsorship		32
Grants and Sponsorships – No CPI increase (Aboriginal Protocol Grant, Community Impact Grants, Arts & Culture and City Policy Grants)		50
Income Opportunities		
Increase in ACMA property rental	67	
Increase in Commercial Parking revenue – on-street and off-street	125	
Increase in Adelaide Town Hall room hire revenue	13	
Increase in E-Scooter revenue	50	
Increase in Road Event Fee and Income - City Events	40	
Increase in Temporary Parking Controls revenue	20	
Increase in Development Assessments revenue	4	
TOTAL SAVINGS AND OPPORTUNITIES	319	499
NET DECREASE	818	0.6% Rate Revenue Decrease

Program Level View

key assumptions

Council-adopted financial principles:

- Continue to deliver a minimum of the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI)
- Approach to rates, fees and charges is fair and equitable with fees and charges reflecting cost of services provided
- Maintain the current rating system and operating surplus

Where budget increases are proposed these largely reflect:

- CPI indexation (3.0%)
- Scheduled Enterprise Agreement increases (salary costs)
- Contracted costs increasing beyond our control (eg insurance costs)

* Strategic projects are presented as an aggregated figure (\$6.694m) within Corporate Services while decisions about project priority and allocation are being finalised.

	2024/25 Q2		2025/26 Base Operating Position		
	\$'000	Income	Expenditure	Income	Expenditure
City Community					
Director City Community			(334)		(680)
City Culture	6,298		(20,316)	5,441	(19,684)
Regulatory Services	16,712		(10,376)	17,261	(10,627)
Customer and Marketing	2		(6,714)	1	(6,912)
Strategic Projects	124		(774)		
City Shaping					
Director City Shaping			(697)		(715)
Park Lands, Policy and Sustainability	79		(7,436)	46	(7,820)
City Operations	2,720		(44,336)	2,935	(46,874)
Kadaltilla / Adelaide Park Lands Authority	328		(328)	338	(338)
Strategic Projects	784		(2,239)		
City Infrastructure					
Director City Infrastructure			(699)		(714)
Infrastructure	488		(47,554)		(53,373)
Strategic Property and Commercial	57,240		(33,108)	58,712	(34,064)
Strategic Projects	966		(3,387)		
Corporate Services					
Chief Operating Officer			(1,014)		(974)
Finance and Procurement	138		(4,821)	142	(4,862)
Governance and Strategy			(6,056)		(5,961)
Information Management	31		(14,001)	38	(15,186)
People			(4,660)		(5,098)
Corporate Activities	142,243		3,264	152,727	2,710
Adelaide Central Maret Authority	5,343		(5,880)	5,608	(6,349)
Adelaide Economic Development Agency	4,417		(12,455)	4,528	(12,791)
Strategic Projects			(1,528)		(6,694)*
Offices					
Office of the CEO			(1,457)		(1,501)
Office of the Lord Mayor			(1,640)		(1,688)
Total	237,913		(228,546)	247,777	(240,195)
Operating Surplus/(Deficit)			9,367		7,582

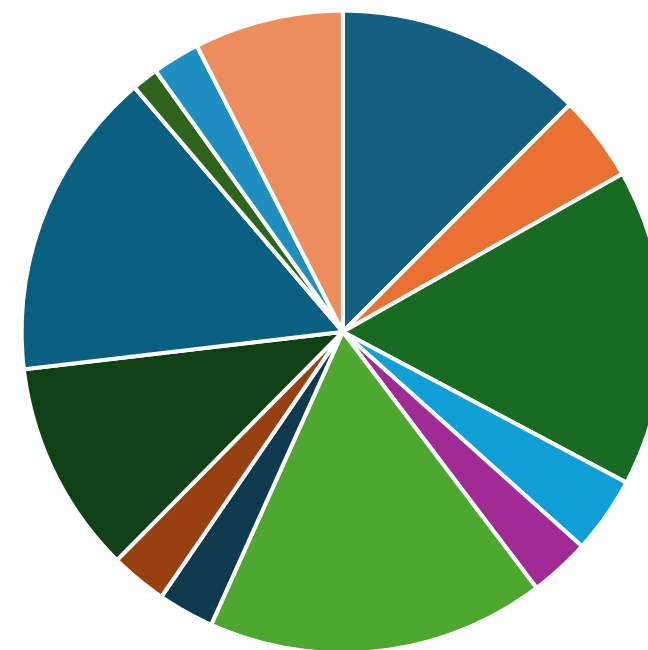
Rating Review

A 2024-2028 Strategic Plan success indicator is to “Review the rating system to ensure optimum outcomes by 2024”

Rating Options	Opportunity
Introduction of a minimum rate or fixed charge, in addition to a waste levy	<ul style="list-style-type: none"> ▪ A minimum rate - everyone as a minimum contributes no less than the minimum amount set ▪ Fixed charge - Equal 'base' contribution, from all ratepayers, toward funding expenditure
Systematically reviewing validity of existing property exemptions and mandated rebates	<ul style="list-style-type: none"> ▪ Review and reassess current recipients through a targeted approach ▪ Consolidate evidence base
Lifting or removing the 10% cap (Especially for commercially rated properties)	<ul style="list-style-type: none"> ▪ Investigate the ongoing need ▪ Reduce rebate by increasing tolerance ▪ Tailor rebate to support Council strategic objectives ▪ Provide support to hardship customers
Review the approach to discretionary rebates	<ul style="list-style-type: none"> ▪ Update process / eligibility ▪ Annual check ▪ Council endorsement prior to Budget adoption
Increasing Commercial-Other rates to specifically target short-stay accommodation properties	<ul style="list-style-type: none"> ▪ Lever for housing change – convert short stay to traditional rental properties
Separate rate to fund a Hindley Street Tenancy Mix Manager	<ul style="list-style-type: none"> ▪ A separate rate levied to properties in a targeted area to deliver a specific beneficial community outcome
Rating Incentives	<ul style="list-style-type: none"> ▪ Using rate rebates to target council strategic initiatives

Proposed Strategic Project Allocation to Endorsed Strategies/Plans

Endorsed Strategies/Plans	Expenditure \$'000	% of Project Pool
ACMA Strategic Plan	939	12%
Adelaide Park Lands Management Strategy	325	4%
Asset Management Plan	1,200	16%
City Plan	290	4%
Disability Access and Inclusion Plan	230	3%
Economic Development Strategy	1,280	17%
Heritage Strategy and Action Plan	213	3%
Homelessness Strategy	215	3%
Housing Strategy	806	11%
Integrated Climate Strategy	1,175	16%
Kadaltilla Strategic Plan	-	-
National Heritage Management Plan	100	1%
Stretch Reconciliation Action Plan	180	2%
Other Strategies	565	8%
Total (net of related revenue)	6,694	100%



- ACMA Strategic Plan
- Adelaide Park Lands Management Strategy
- Asset Management Plan
- City Plan
- Disability Access and Inclusion Plan
- Economic Development Strategy*
- Heritage Strategy and Action Plan
- Homelessness Strategy
- Housing Strategy
- Integrated Climate Strategy
- Kadaltilla Strategic Plan
- National Heritage Management Plan
- Stretch Reconciliation Action Plan
- Other Strategies

Proposed Strategic Projects for Draft 25/26 BP&B

Project	FTE	(\$'000)	
		Income	Expenditure
ACMA Strategic Plan			
Adelaide Central Maret Expansion Operational Readiness	-	-	939
<i>Total</i>	-	-	939
Adelaide Park Lands Management Strategy			
Master Plan for Helen Mayo Park – External funding support	-	250	250
Prepare key Biodiversity Area Management Plan for G S Kingston Park / Wirrarininthi (Park 23)	-	-	75
<i>Total</i>	-	250	325
Asset Management Plan			
Asset Condition Audit and Revaluation	-	-	1,200
<i>Total</i>	-	-	1,200
City Plan			
88 O'Connell	-	-	50
Planning and Design Code Amendment Program (Year 2)	-	-	100
City Plan Digital Tool (City of Adelaide Digital Explore - CoADE), Software license and public website	-	-	140
<i>Total</i>	-	-	290
Disability Access and Inclusion Plan			
Positive Ageing Program – Pilot	0.8	-	100
Implementation of the Disability Access and Inclusion Plan 2024-2028 (Year 2), Employee training and scoping for a sensory-friendly space	-	-	130
<i>Total</i>	0.8	-	230

Proposed Strategic Projects for Draft 25/26 BP&B

Project	FTE	(\$'000)	
		Income	Expenditure
Economic Development Strategy			
Bilingual Community Liaison Officer	1.0	-	93
City Activation - City-Wide Experiences and City Leveraging & Response	-	-	300
2025 Australia Day Partnership - Australia Day Council of South Australia Incorporated	-	-	100
City of Adelaide website redevelopment	-	-	150
AEDA Allocation	-	-	637
<i>Total</i>	<i>1.0</i>	<i>-</i>	<i>1,280</i>
Heritage Strategy and Action Plan			
Tentative List Submission for the World Heritage Bid for Adelaide and its Rural Settlement Landscape	1.0	-	213
<i>Total</i>	<i>1.0</i>	<i>-</i>	<i>213</i>
Homelessness Strategy			
Homelessness Partnership with the Australian Alliance to End Homelessness for the Adelaide Zero Project (One year agreement)	-	-	215
<i>Total</i>	<i>-</i>	<i>-</i>	<i>215</i>
Housing Strategy			
Implementation of the City of Adelaide, Housing Strategy (Year 2) – Vacancy assessment	-	-	200
Adaptive Reuse City Housing Initiative (ARCHI) Incentives Scheme (Year 2) and management	1.5	303	606
<i>Total</i>	<i>1.5</i>	<i>303</i>	<i>806</i>
Integrated Climate Strategy			
Update Climate Risk Assessment in line with public disclosure reporting requirements	-	-	75
Resilient Flood Planning - Visual Inspection and Survey and SMP	1.0	100	1,100
<i>Total</i>	<i>1.0</i>	<i>100</i>	<i>1,175</i>

Proposed Strategic Projects for Draft 25/26 BP&B

Project	FTE	(\$'000)	
		Income	Expenditure
National Heritage Management Plan			
Implementing the National Heritage Management Plan (Year 2) – Document views and vistas	-	-	100
	<i>Total</i>	-	100
Stretch Reconciliation Action Plan			
Annual Cultural Burn in the Park Lands	-	-	25
Aboriginal Trainee and Cadet Program	1.0	-	34
Adelaide City Connector Bus Promotion	-	-	50
	<i>Total</i>	1.0	109
No alignment to other Strategies			
Cyber Security Uplift Phase 2	-	-	110
Future Libraries Business Cases - facilities and delivery model review	-	-	75
Internal Audit Finding - Review of Property Management	-	-	50
On-Street Parking Analytics	1.0	-	152
Parking Coordinator - On Street Paid Parking Control Changes	1.0	170	128
Talent Acquisition Resourcing	1.0	-	121
	<i>Total</i>	3.0	636
	TOTAL	9.3	823
	NET		6,694

Note: Some rounding occurs.

Budget Ideas from Members

Description (condensed)	Project type	Budget (\$'000)	Funding source
Blue Plaques increase funding <i>submitted by Lord Mayor</i>			
Council could engage a more proactive focus on installation of plaques with the commemoration of more contemporary references.	Service Change	25	Repurpose some funds from CPI increase in Heritage Grants
Extending ARCHI above 5 levels <i>submitted by Lord Mayor</i>			
In view of the success of ARCHI in its present form for low scale projects and the interest shown by commercial property owners in extending the scheme to larger scale buildings. Noting their current exclusion from the current pilot there is appetite amongst property owners to make office upgrades and conversions to both housing and student accommodation and a need to support property owners through the various regulatory regimes.	Strategic	200	Repurpose some funds from circular economy and community development grants.
Interpretive signs, plaques or QR codes <i>submitted by Lord Mayor</i>			
In view of the popularity of the Corporation's weekly informative flash back posts and the material generated by Keith Conlon, Council could build on this enthusiasm and protect our heritage with on site interpretive material. This would take several years but could begin with a project to plan the installations.	Strategic	50	Repurpose some funds from CPI increase in Heritage Grants
Total		275	

Note: A member's budget item proposal via Motion on Notice (Adelaide clipper ship funding) on 11 March will be included in this list if resolved by Council.

Next Steps

Timeline and process

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

Administration is currently undertaking refinement across all budget bid types.

After tonight's presentation an updated list of projects will be provided and discussed as Part of the following Workshops:

- 18 March
Strategic Projects
- 25 March
Capital Projects

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