

2025/26 Business Plan & Budget - Draft for Consultation

Tuesday, 22 April 2025
Special City Finance and Governance Committee

Strategic Alignment - Our Corporation

Program Contact:
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Public

Approving Officer:
Anthony Spartalis, Chief
Operating Officer

EXECUTIVE SUMMARY

This report seeks Council endorsement of the Draft 2025/26 Business Plan and Budget (BP&B) for public consultation in accordance with the provisions of the *Local Government Act 1999 (SA)*. Community engagement will be undertaken for the required three-week period, seeking input on the proposed priorities and projects and to ensure our community understands the proposed expenditure and services to be delivered in 2025/26. The feedback will then be used to inform the final BP&B, due to Council for consideration and adoption in June.

The BP&B outlines the priorities, programs, services and projects that we plan to deliver, our sources of revenue, financial levers, long term sustainability targets and how we propose to allocate our budget. It is the third BP&B for this term of Council and is set to continue to deliver on Council's Strategic Plan and other endorsed strategies, like the Economic Development Strategy, and Integrated Climate Strategy.

Highlights of the Draft BP&B include:

- Investing over \$39m in new and upgraded Capital projects including converting the previous Adelaide Aquatic Centre site into a community playing field, upgrading James Place, progressing the Central Market Arcade redevelopment and continuing greening throughout the city.
- Undertaking over \$67m maintenance and renewal for the \$2 billion plus Council owned assets (roads, footpaths, parks, buildings etc) in line with Council's endorsed Asset Management Plans
- Continuing our commitment to upgrading Park Lands Buildings, ensuring that sporting clubs and our community have the facilities they need now and for future generations, with works commencing at the sporting clubs at Golden Wattle Park / Mirnu Wirra (Park 21 West) and Mary Lee Park / Tulya Wardli (Park 27B), and design at Veale Park / Walyu Yarta.
- Implementing the Mainstreet Revitalisation Program, with construction works progressing in Gouger Street, Hindley Street, Hutt Street and Melbourne Street, and designing of O'Connell Street.
- Stimulating growth in the City's economy through the implementation of the Economic Development Strategy and the Adelaide Economic Development Agency's Strategic Plan.
- Improving active transport and safety, with a pedestrian crossing being installed at Franklin Street, traffic signal upgrades on Morphett Street and cycling path improvements along Peacock Road and the Adelaide Park Lands Trail.

In 2025/26 Council will support the continuing delivery of its Strategic Plan 2024-2028. Our diverse range of strategies will continue to focus on repairing our budget after continued financial pressures that have impacted our ability to renew assets, upgrade infrastructure and provide core community services. Council will continue to support our subsidiaries Kadaltilla / Adelaide Park Lands Authority, Adelaide Central Market Authority and the Adelaide Economic Development Agency by funding their strategic management plans. Council proposes to do this through:

- A focus on delivery of key projects and infrastructure upgrades within the Strategic Plan 2024-2028
- Delivery of core council services
- Delivery of a financially sustainable budget with an equitable approach to income generation, in line with our Long Term Financial Plan

- Delivery of an operating position to meet the ongoing cost requirements of our Asset Management Plans, working towards a target of 100% asset renewals
- A moderate rate increase based on CPI that supports businesses during this period of economic instability
- Prioritising our operational budget, grants and sponsorships and where there are opportunities to partner with other levels of Government to seek co-funding.

The Draft BP&B delivers a surplus budget position of \$8.541m. Total borrowings are projected to be \$49.329m at the end of the financial year; however, Council's financially sustainable decisions provide a structured pathway to repaying the debt required to deliver the new and upgraded capital program.

RECOMMENDATION

The following recommendation will be presented to Council on 29 April 2025 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Approves the Draft 2025/26 Business Plan and Budget document set out in Attachment A to Item 6.1 on the Agenda for the Special meeting of the City Finance and Governance Committee held 22 April 2025 for the purpose of public consultation commencing at 9.00am on Tuesday 6 May 2025 and concluding at midnight Tuesday 27 May 2025.
 2. Notes the 2025/26 Budget delivers an Operating Surplus of \$8.541m and forecast borrowings of \$49.329m at the end of 2025/26.
 3. Notes the Draft 2025/26 Budget delivers Capital expenditure of \$107.116m, including \$67.937m for the asset renewal program, and \$39.179 on new and upgraded assets.
 4. Notes the Draft 2025/26 Business Plan & Budget for Council's Subsidiary Adelaide Central Market Authority provided as Attachment B to Item 6.1 on the Agenda for the Special meeting of the City Finance and Governance Committee held 22 April 2025, which will be available as a reference document for the public consultation period commencing at 9.00am on Tuesday 6 May 2025 and concluding at midnight Tuesday 27 May 2025.
 5. Notes the Draft 2025/26 Business Plan & Budget for Council's Subsidiary Adelaide Economic Development Agency provided as Attachment C to Item 6.1 on the Agenda for the Special meeting of the City Finance and Governance Committee held 22 April 2025, which will be available as a reference document for the public consultation period commencing at 9.00am on Tuesday 6 May 2025 and concluding at midnight Tuesday 27 May 2025.
 6. Notes the Draft 2025/26 Business Plan & Budget for Council's Subsidiary Kadaltilla / Park Lands Authority provided as Attachment D to Item 6.1 on the Agenda for the Special meeting of the City Finance and Governance Committee held 22 April 2025, which will be available as a reference document for the public consultation period commencing at 9.00am on Tuesday 6 May 2025 and concluding at midnight Tuesday 27 May 2025.
 7. Authorises the Chief Executive Officer to make any necessary changes to the Draft 2025/26 Business Plan & Budget document arising from this meeting, together with any editorial amendments and finalisation of the document's formatting and graphic design.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Focus on budget repair and ensure responsible financial management through the principle of intergenerational equity while delivering quality services.
Policy	The Draft 2025/26 BP&B has been prepared in accordance with Council's current Long Term Financial Plan (LTFP) assumptions and endorsed Financial Policies. The approved public consultation will be undertaken in accordance with Council's Public Communication and Consultation Policy.
Consultation	A public consultation process on the Draft 2025/26 BP&B will commence at 9.00am on Tuesday 6 May 2025 and conclude at midnight Tuesday 27 May 2025.
Resource	The Draft 2025/26 BP&B identifies how Council's resources will be allocated in meeting the 2025/26 deliverables and objectives of the Strategic Plan and other related plans and strategies.
Risk / Legal / Legislative	Council's Draft 2025/26 BP&B is developed in accordance with section 123 of the <i>Local Government Act 1999 (SA)</i> , and sections 6 and 7 of the <i>Local Government (Financial Management) Regulations 2011</i> (the Regulations).
Opportunities	Public consultation is a key part of the BP&B providing the community with an opportunity to provide feedback on the draft. Community members can provide feedback on issues that affect them with the commitment of Council to provide pathways for their input.
24/25 Budget Allocation	Not as a result of this report
Proposed 25/26 Budget Allocation	The Draft 2025/26 BP&B provides the proposed budget for 2025/26 financial year.
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

Context

1. As the Capital City Council for all South Australians, the City of Adelaide plays a key role in ensuring that Adelaide continues to be a cultural, civic and economic hub where our residents, students, visitors, workers and businesses can thrive. To shape this future requires bold thinking, long-term planning and a vision. In December 2023, Council adopted the Strategic Plan 2024-2028 with a long-term vision of: “Our Adelaide. Bold. Aspirational. Innovative.”
2. The Draft 2025/26 Business Plan & Budget (BP&B) (**Attachment A**) has been developed to ensure that Council can deliver on this vision and the key actions outlined in the Strategic Plan 2024-2028.
3. Council’s suite of Strategic Management Plans – the Long Term Financial Plan, Asset Management Plans and City Plan, as well as recent Council decisions and endorsed Strategies, have also been taken into consideration in developing this plan and budget.
4. This is the third BP&B for this term of Council and continues the work undertaken in 2024/25, including such initiatives as Mainstreet revitalisation, greening and tree planting, and upgrading community buildings in the park lands.
5. Council Members participated in a series of briefings and workshops to further develop the projects, priorities and budget for 2025/26.

Consultation

6. In accordance with *section 123(3)(b) of the Local Government Act 1999 (SA)* (the Act), Council will follow the relevant steps in our public consultation policy to facilitate community feedback on the Draft 2025/26 BP&B.
7. The consultation process will seek feedback from the community including our residents, ratepayers, businesses and other key stakeholders.
8. Consultation will open at 9am on Tuesday 6 May 2025 and close at midnight on Tuesday 27 May 2025.
9. Notification of public consultation will be provided through various channels including but not limited to a public notice in the Government Gazette and Advertiser newspaper, advertisements through social media and in our Libraries, Community Centres and Customer Centre, and direct emails to key stakeholders and residents.
10. Feedback will be received through Council’s Our Adelaide online engagement platform, email, post and facilitated by a range of in person (face-to-face) opportunities.
11. Whilst ideally the Audit and Risk Committee feedback would occur prior to Council adopting the Draft BP&B, due to the timing and cycles of meetings, the feedback from the Audit and Risk Committee will be incorporated into the report to Council in June 2025, on the submissions received during the consultation period.

Priorities for 2025/26

12. *The Act* requires council to articulate priorities for the financial year within an Annual Business Plan and Budget. The Draft BP&B proposes the following priorities for 2025/26:
 - 12.1. Support increased residential growth and housing affordability through partnerships and advocacy.
 - 12.2. Celebrate and elevate our community culture and the profiles of multicultural communities and create welcoming programs and services.
 - 12.3. Make public electric vehicle charging available for all users, including micro-mobility, catalysing the uptake of electric vehicles in Adelaide and improving Council and community performance on transport emissions.
 - 12.4. Work with partners to create innovative ways to create or convert underutilised areas to green space.
 - 12.5. 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.
 - 12.6. Provide services and information that contribute towards a high productivity economy.
 - 12.7. 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.
 - 12.8. Encourage repurposing, adaptive reuse and improvement of buildings and facilities.

- 12.9. Create, maintain and integrate plans and policies that reflect and guide decision making and support our city and our community to thrive.
- 12.10. Attract and retain people with skills and behaviours which align with our organisational objectives and values.

Financial principles

13. The Draft 2025/26 BP&B was built on an agreed set of financial principles to ensure that the projects, services and budget repair are accomplished in a financially sustainable, fair and equitable manner:
 - 13.1. Approach to rates, fees and charges is fair and equitable with fees and charges reflecting cost of services provided.
 - 13.2. Continue to deliver a minimum of the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI).
 - 13.3. Maintain the current rating system and operating surplus.
 - 13.4. 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.
 - 13.5. New or enhanced services, assets or maintenance requiring an increase in operating costs are to be funded from the adjustment of priorities, rates or other revenues, and/or through savings – not from borrowings.
 - 13.6. Capital renewal expenditure will be based on asset management plans and prioritised based on audit condition and risk.
 - 13.7. Borrowings will be used to fund new and upgrade projects (which include major projects) and will not be used to fund operations, expenses or renewal projects.
 - 13.8. Short-term borrowings will be used to fund the Asset Renewal Repair Fund, to ensure the 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.
 - 13.9. Capital enhancements (new and upgrade) in line with Council decisions to fund Central Market Arcade redevelopment, mainstreets revitalisations, upgrades to Park Lands buildings, in addition to other items on the final list of New and Upgrade projects.
 - 13.10. New or enhanced services, assets or maintenance requiring an increase in operating costs are to be funded from the adjustment of priorities, rate revenue or other revenue increases and/or through savings.
 - 13.11. Adjust rate revenue after consideration of all other budget components and use growth in rate revenue to partly fund servicing new rateable properties, fund endorsed strategies of Council and to service new borrowings.

Proposed Budget Position

14. Consistent with these principles of responsible financial management, the Draft 2025/26 BP&B delivers an operating surplus position of \$8.541m from our core operating budget, enabling the generation of sufficient cash flow from operations to fund our Asset Renewal Program at 93.5% of our Asset Management Plans and allocate funding to upgrade community Park Lands Buildings.
15. A proposed capital program of \$107.116m is outlined, inclusive of a \$67.937m asset renewal program, and \$39.179m on New and Upgraded Assets which will deliver on the priorities set by Council.
16. In order to fund the New and Upgraded assets, additional borrowings of \$28.956m is required. The total projected borrowings to 30 June 2026 is \$49.329m.

Operational Budget 2025/26

17. The operating surplus of \$8.541m is \$0.826m lower than the forecast quarter 2 2024/25 operating surplus. This is representative of the need to generate adequate cash flow from operations to fund the Upgrade to Community Buildings in the Park Lands, service new borrowings, and account for growth from new developments to service increase in maintenance in future years.

Statement of Comprehensive Income (\$'000s)	2024/25 Q2	2025/26
Income		
Rates Revenues	144,359	154,908
Statutory Charges	16,893	17,809
User Charges	68,271	70,309
Grants, Subsidies and Contributions	6,568	5,206
Investment Income	715	171
Reimbursements	150	181
Other Income	956	695
Total Income	237,913	249,279
Expenses		
Employee Costs	83,584	90,672
Materials, Contracts and Other Expenses	86,952	84,843
Depreciation, Amortisation and Impairment	57,202	64,506
Finance Costs	808	717
Total Expenses	228,546	240,738
Operating Surplus / (Deficit)	9,367	8,541

18. Borrowings are projected to cap at \$49.329m for 2025/26 as a result of the capital program delivery. This remains within prudential limits articulated through the suite of ratios Council uses to attest prudential borrowings being:
- 18.1. Net Financial Liabilities below 80% (2025/26 budget 34%)
 - 18.2. Asset Test ratio below 50% (2025/26 budget 15.6%)
 - 18.3. Interest Expense ratio below 10% (2025/26 budget 1.5%)
 - 18.4. Leverage Test ratio below 1.5 years (2025/26 budget 0.32 years)
19. The projected borrowings of \$49.329m are \$45.505m favourable to the 2024/25 to 2033/34 LTFP projections for the same period. A reconciliation of the movement has been provided in the following table.

Borrowings Reconciliation \$000's	2025/26 Draft budget	2025/26 LTFP	Movement
Opening Borrowings (2024/25 Forecast Position)	(20,373)	(53,677)	33,304
Operating Surplus	8,541	6,070	2,471
Net outlays on Renewal of Assets	(8,033)	(8,077)	44
Net outlays on New and Upgraded Assets	(31,161)	(39,119)	7,958
Movement in Net Payables and Receivables	1,697	(31)	1,728
Forecast Borrowings as at 30 June 2026	(49,329)	(94,834)	45,505

Rates Revenue

20. Income from rates is forecast to increase by \$10.549m which equates to a 5.6% increase for existing properties, plus a further 1.3% from growth from new developments. This rate revenue will be generated through the revaluation of properties, combined with amendment to the Rate in the Dollar.

Fees and charges

21. Council has reviewed its fees and charges consistent with increased costs to deliver services and meet inflation. As a base position, Council is increasing fees by 3% in 2025/26 to meet rising costs and inflation.
22. Total proposed fees and charges increases are expected to be \$2.954m in 2025/26, compared to the quarter 2 2024/25 forecast.
23. A review has been undertaken, with a range of changes to, or introduction of, fees and charges. The fees and charges reviewed include:

- 23.1. A change to 2025/26 Parklet fees to simplify the model and introduce quarterly invoicing. This fee is recommended to be applied from 1 July 2025.
- 23.2. Daily charge for major and minor road closures instead of a one-off fee. This fee is now charged for all road closure applications, not just commercial applications, but continues the exemption for Not-for-profits and Charities.
- 23.3. Inclusion of Park Lands lease fees into the schedule for Council endorsement, noting Park Lands lease fees are currently set by the Park Lands Leasing and Licensing policy. This schedule inclusion enables fees to be annually indexed and provides consistency with other fees and charges.
- 23.4. Introduction of a once-off application fee for Private Laneway Parking arrangements, once off fee.
- 23.5. Introduction of an annual permit fee, ladder usage.
- 23.6. Introduction of recovery of animal impound fees.
- 23.7. Introduction of fees for City Archives sales of digital maps and reports, at cost recovery.
- 23.8. Introduction of Commercial watercraft fees on the River Torrens.
- 23.9. Introduction of a River Torrens permit licence fee.
- 23.10. Introduction of a new fee for Council documents, rates and rating information.
- 23.11. Introduction of a new fee for education institutions for Court, Green and Piste usage to align with current fees currently being charged to the Community.
- 23.12. Change to Rundle Mall Zone B fee schedule.
- 23.13. Introduction of Rundle Mall fee for decals and roaming fees to the schedule.

Capital Budget 2025/26

- 24. The draft budget includes a capital budget of \$107.116m (net \$99.098m after external funding), including:
 - 24.1. \$67.937m for asset renewal for the \$2 billion plus owned Council assets (roads, footpaths, parks, buildings etc).
 - 24.2. \$39.179m of New and Upgrade capital projects.
 - 24.3. Grant funding confirmed to be received specifically for New and Upgrade capital projects is \$8.018m.

\$'000s		Proposed Draft Position
Capital Expenditure		
1	Capital Expenditure on Renewal & Replacement of Existing Assets	(67,937)
2	Capital Expenditure on New and Upgraded Assets	(39,179)
Total Capital Expenditure		(107,116)
3	Amounts received specifically for New and Upgraded Assets	8,018
Net Capital Expenditure		(99,098)

Key Financial Indicators 2025/26

- 25. A suite of financial sustainability indicators (KFIs) is used to measure Council's financial performance, to guide decision-making on major projects and significant components in the LTFP, and to secure its continued financial sustainability. The KFIs for 2025/26 expressed in the table below are within target ranges, indicating the council is financially sustainable for 2025/26.

	Target	2024/25 Q2 budget	2025/26
OPERATING SURPLUS RATIO Expresses the operating surplus as a percentage of operating revenue.	0%-20%	3.9%	3.4%
NET FINANCIAL LIABILITIES Expresses the financial liabilities as a percentage of operating income.	Less than 80%	13%	34%
ASSET RENEWAL FUNDING RATIO Expresses expenditure on asset renewals as a percentage of forecast expenditure required as per the asset management plans.	90%-110%	93.0%	93.5%
ASSET TEST RATIO Expresses borrowings as a percentage of saleable property assets.	Maximum 50%	7%	15.6%
INTEREST EXPENSE RATIO Interest expense as a percentage of General Rates Revenue (less Landscape Levy)	Maximum 10%	2.0%	1.5%
LEVERAGE TEST RATIO Expresses total borrowings relative to General Rates Revenue (less the Landscape Levy).	Maximum 1.5 years	0.14	0.32
CASH FLOW FROM OPERATIONS RATIO Expresses operating income as a percentage of operating expenditure plus expenditure on renewal/replacement of assets.	Greater than 100%	110%	103%
BORROWINGS Expresses borrowings as a percentage of the Prudential Borrowing Limit (50% of saleable property assets).	Within Prudential Limits	13%	31%
BORROWINGS Expresses Borrowings (Gross of Future Fund) as a percentage of the Prudential Borrowing Limit (50% of Saleable Property Assets).	Within Prudential Limits	35%	52%

Opportunities and Risks

26. The Draft 2025/26 BP&B presents an investment program to deliver for our city and community. Appropriate consideration has been given to a range of delivery risks. A non-exhaustive list of risks includes:
 - 26.1. Challenging procurement market
 - 26.2. Challenging recruitment market
 - 26.3. Materials and contractor availability
 - 26.4. Capacity of existing resources to address an infrastructure focus
27. It is also important to note the Draft 2025/26 BP&B does not list every item Council will focus on in the coming year. To ensure effective delivery and community value, Council will continue to focus on:
 - 27.1. Building strategic relationships and partnerships to improve access to funding opportunities that support community outcomes.
 - 27.2. Investing in community engagement to build trusting relationships.
 - 27.3. Continuous improvement and efficiencies in the planning and delivery of services, programs and assets and improve our procurement lifecycle.
 - 27.4. Service reviews to identify service changes based on community need and meeting Council's strategic intent.
 - 27.5. Pursuing revenue opportunities and grants which reduce the reliance on rates.

- 27.6. Attracting businesses, workers and visitors to the city through economic opportunities, arts, culture and events.
- 27.7. Encouraging investment and development through partnerships.

Subsidiaries

- 28. Council owns and operates three subsidiaries as a part of its operations. They are included in the draft business plan and budget as follows:
 - 28.1. Adelaide Central Market Authority (ACMA) has prepared a budget with an overall operating deficit of \$1.576m. Further details on the activities and budget can be found in ACMA's Draft 2025/26 Business Plan and Budget (**Attachment B**).
 - 28.2. Adelaide Economic Development Agency (AEDA) has prepared a budget to deliver a range of programs designed to stimulate the city's economic growth. The income generated from Rundle Mall will be utilised specifically to support and promote the Rundle Mall Precinct. The remaining services delivered by AEDA are funded through the City of Adelaide through an appropriation of funds.
 - 28.3. Feedback heard throughout the development of the 2025/26 BP&B process showed a desire to provide an allocation of funding to AEDA, based on a percentage of rate revenue. This allocation will support the operating costs of the subsidiary and will fund Strategic Projects that support the delivery of the Economic Development Strategy and AEDA's Strategic Plan. The proposed draft budget includes a 7% allocation.
 - 28.4. Further details on the activities and budget can be found in AEDA's Draft 2025/26 Business Plan and Budget (**Attachment C**).
 - 28.5. Kadaltilla / Adelaide Park Lands Authority has prepared a break-even budget, largely funded through an external grant. Further details on the activities and budget can be found in Kadaltilla's Draft 2025/26 Business Plan and Budget (**Attachment D**).
 - 28.6. In addition to the owned and operated subsidiaries, contributions to the Brown Hill Keswick Creek Stormwater Board include minor operational \$0.175m and capital \$0.320m budgets.

Next Steps

- 29. Council will receive copies of the community feedback on the Draft 2025/26 BP&B at its meeting scheduled for 10 June 2025.
- 30. At a Council meeting proposed for 24 June 2025 (and presented to the City Finance and Governance Committee 17 June 2025), Council will be asked to adopt:
 - 30.1. The City of Adelaide 2025/26 BP&B
 - 30.2. Adelaide Central Market Authority 2025/26 BP&B.
 - 30.3. Adelaide Economic Development Agency 2025/26 BP&B
 - 30.4. Kadaltilla 2025/26 BP&B
 - 30.5. Rating Policy, Valuations, Declaration of Rates and Rundle Mall Special Rate

DATA AND SUPPORTING INFORMATION

[Public Consultation Policy](#)

ATTACHMENTS

Attachment A – Draft 2025/26 Business Plan & Budget

Attachment B – Draft 2025/26 ACMA Business Plan & Budget

Attachment C – Draft 2025/26 AEDA Business Plan & Budget

Attachment D – Draft 2025/26 Kadaltilla / Park Lands Authority Business Plan & Budget