

2025/26 Business Plan & Budget - Final for Approval

Strategic Alignment - Our Corporation

Public

Tuesday, 17 June 2026

City Finance and Governance Committee

Program Contact:

Rebecca Hayes, Associate
Director Governance & Strategy

Approving Officer:

Anthony Spatalis, Chief
Operating Officer

EXECUTIVE SUMMARY

This report seeks the Committee's recommendation for Council to adopt the 2025/26 Business Plan and Budget (BP&B) in accordance with the provisions of the *Local Government Act 1999* (SA) (the Act). A report for adoption of valuations and declaration of rates, and adoption of the BP&B, will be presented to Council for adoption at its meeting on 23 June 2025.

2025/26 Business Plan and Budget

The 2025/26 BP&B has been developed within the context of the City of Adelaide being South Australia's Capital City Council and a city in nationally heritage-listed Park Lands that welcomes over 390,000 visitors daily, supports over 12,500 local businesses and is home to 29,118 residents. It is the third BP&B for this term of Council and is set to continue to deliver on Council's Strategic Plan 2024-2028, Economic Development Strategy, Integrated Climate Strategy and other endorsed strategies.

The key focus of Council in developing the 2025/26 BP&B is budget repair and expenditure of over \$295 million to support city growth, investment, vibrancy and city-wide improvements, while protecting our Park Lands and greening our city. A \$114.298 million capital program ensures Council can deliver well maintained streets, parks and other vital assets for the community.

The 2025/26 BP&B reflects Council's recognition of the need to repair its budget position so it can make necessary investments in public infrastructure and deliver the services our community deserves now and in the future. Council has adopted financial principles and reviewed approaches to Council's core revenue bases which include rates, and fees and charges.

Total borrowings are projected to be \$50.074 million at the end of the financial year.

The budget delivers a surplus operating position of \$8.541 million.

RECOMMENDATION

The following recommendation will be presented to Council on 24 June 2025 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL
THAT COUNCIL

1. In accordance with Section 123 of the Act and Regulation 6 of the *Local Government (Financial Management) Regulations 2011* (the Financial Management Regulations), and
2. Having considered in accordance with Section 123(6) of the Act:
 - a. all submissions made to the Council during the public consultation period; and
 - b. the following new or revised information in the possession of the Council that is relevant to the material contained in the Draft Business Plan,

adopts the 2025/26 Business Plan set out in Attachment B to Item 7.6 on the Agenda for the meeting of the City Finance and Governance Committee held 17 June 2025 noting that there are no significant

changes to the 2025/26 Business Plan following internal review and public consultation throughout May 2025.

3. In accordance with Section 123 of the Act and Regulation 7 of the Financial Management Regulations, adopts the 2025/26 Budget set out in Attachment A to Item 7.6 on the Agenda for the meeting of the City Finance and Governance Committee held 17 June 2025 which the Council has considered in conjunction with and determined to be consistent with the Council's Business Plan.
 4. Approves the 2025/26 Budget delivering an operating surplus of \$8.541 million.
 5. Approves the 2025/26 Budget with projected borrowings of \$50.074 million at the end of 2025/26.
 6. Approves the 2025/26 Budget delivering a capital program of \$114.298 million of which \$67.937 million in renewal works will deliver an Asset Renewal Funding Ratio of 93.5%.
 7. Approves the 2025/26 Business Plan & Budget for Council's Subsidiary Adelaide Central Market Authority provided as Attachment B to Item 7.6 on the Agenda for the meeting of the City Finance and Governance Committee held 17 June 2025.
 8. Notes the 2025/26 Business Plan & Budget for Council's Subsidiary Adelaide Economic Development Agency provided as Attachment C to Item 7.6 on the Agenda for the meeting of the City Finance and Governance Committee held 17 June 2025. The final approved version will be provided for approval at the meeting of Council on 24 June 2025, following AEDA Board approval of their Business Plan and Budget on 18 June 2025.
 9. Approves the 2025/26 Business Plan & Budget for Council's Subsidiary Kadaltilla / Adelaide Park Lands Authority provided as Attachment D to Item 7.6 on the Agenda for the meeting of the City Finance and Governance Committee held 17 June 2025.
 10. Notes the 2025/26 Business Plan and Budget includes a capital allocation of \$0.320 million and \$0.175 million operating contribution for Brown Hill Keswick Creek Stormwater Board (Regional Subsidiary).
 11. Authorises the Chief Executive Officer to make any necessary changes to the 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 approved public consultation was undertaken in accordance with Council's Public Consultation Policy.
Consultation	Community consultation on the Draft 2025/26 BP&B commenced at 9.00am on Tuesday 6 May 2025 and concluded on midnight Tuesday 27 May 2025. Council received a report containing the results of the consultation at its meeting on 10 June 2025.
Resource	The 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 2025/26 BP&B is developed in accordance with section 123 of <i>the Local Government Act 1999</i> (SA), and sections 6 and 7 of <i>the Local Government (Financial Management) Regulations 2011</i> .
Opportunities	The BP&B process is a key way in which Council shares information and seeks the views and feedback of the community to inform its decision making, supporting transparent and accountable governance.
24/25 Budget Allocation	Not as a result of this report
Proposed 25/26 Budget Allocation	The 2025/26 BPB provides the budget for the 2025/26 financial year.
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

Background

1. The *Local Government Act 1999* (SA) (the Act) requires that an annual Business Plan and Budget (BP&B) must be drafted by Council, consulted on with the community and adopted annually by Council after 31 May for the ensuing financial year, and, except in a case involving extraordinary administrative difficulty, before 15 August for the financial year.
2. The 2025/26 BP&B has been developed within the context of the City of Adelaide being South Australia's Capital City Council and a city in nationally heritage-listed Park Lands that welcomes over 390,000 visitors daily, supports over 12,500 local businesses and that is home to 29,181 residents.
3. The 2025/26 BP&B is the third BP&B for this Council and the second BP&B that delivers on the City of Adelaide Strategic Plan 2024-2028, which was adopted by Council in December 2023, with the vision of "Our Adelaide. Bold. Aspirational. Innovative."
4. Once adopted, the Administration will commence delivery and implementation of the BP&B and will report progress and achievements to Council on a quarterly basis. This is an important transparency and accountability measure to ensure the community and Council have assurance on the outcomes for the community and that services continue to be delivered to expected standards.

Developing the 2025/26 BP&B

5. Council Members have given thorough and robust consideration to the Draft 2025/26 BP&B through a series of engagements, including briefings, workshops and reports.
6. The 2025/26 BP&B was built on agreed financial principles and prioritises the delivery of our services and infrastructure upgrades accordingly. The financial principles which underpin the 2025/26 BP&B are summarised below:
 - 6.1. Continue to deliver a minimum of the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI).
 - 6.2. Fees and charges reflect the cost of services provided.
 - 6.3. Maintain an operating surplus.
 - 6.4. 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.
 - 6.5. Capital renewal expenditure will be based on Asset Management Plans (AMP).
 - 6.6. Changes to 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.
 - 6.7. 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.
 - 6.8. Borrowings will be used to fund new and upgrade projects and not used to fund operations, expenses or renewal projects.
 - 6.9. Short-term borrowings will be used to fund the Asset Renewal Repair Fund (ARFR) to ensure the increased spending required through the AMPs can be spread over a longer period to meet community expectation and their capacity to pay is managed over time through sustainable rate increases.

Priorities for 2025/26

7. The 2025/26 BP&B focuses on delivering the City of Adelaide Strategic Plan 2024-2028 by prioritising the following Key Actions:
 - 7.1. Support increased residential growth and housing affordability through partnerships and advocacy.
 - 7.2. Celebrate and elevate our community culture and the profiles of multicultural communities and create welcoming programs and services.
 - 7.3. Make public electric vehicle (EV) charging available for all users, including micro-mobility, catalysing the uptake of EVs in Adelaide and improving Council and community performance on transport emissions.
 - 7.4. Work with partners to create innovative ways to create or convert underutilised areas to green space.

- 7.5. 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.
- 7.6. Provide services and information that contribute towards a high productivity economy.
- 7.7. 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.
- 7.8. Encourage repurposing, adaptive reuse and improvement of buildings and facilities.
- 7.9. Create, maintain and integrate plans and policies that reflect and guide decision making and support our city and our community to thrive.
- 7.10. Attract and retain people with skills and behaviours which align to our organisational objectives and values.

Repairing Council's Budget Position

- 8. To drive the delivery of the Strategic Plan 2024-2028 and our diverse range of strategies, there is a continued focus on budget repair after continued financial pressures that have impacted our ability to review assets, upgrade infrastructure and provide core community services.
- 9. For the 2025/26 BP&B, Council intends to address this through:
 - 9.1. A focus on delivery of the Strategic Plan 2024-2028 with key projects and infrastructure upgrades.
 - 9.2. Delivery of core council services.
 - 9.3. Delivery of a financially sustainable budget with an equitable approach to income generation, in line with our Long Term Financial Plan.
 - 9.4. Delivery of an operating position to meet the ongoing cost requirements of our Asset Management Plans, working towards a target of 100% asset renewals.
 - 9.5. A moderate rate increase based on CPI that supports businesses during this period of economic instability.
 - 9.6. Prioritising our operational budget, grants and sponsorships and where there are opportunities to partner with other levels of Government to seek co-funding.
- 10. In addition, Council has reviewed its fees and charges, and in this budget will undertake changes to the approach to administering some fees, while increasing other fees consistent with increased costs to deliver services and meet inflationary increases.

Council's Budget Position

- 11. Consistent with these principles of responsible financial management, the 2025/26 BP&B delivers an operating surplus position of \$8.541 million from our core operating budget, as follows:
 - 11.1. Total operating income of \$248.969 million
 - 11.2. Total operating expenditure (including depreciation) of \$240.428 million
- 12. A proposed capital program of \$114.298 million is outlined within the plan, inclusive of a \$67.937 million asset renewal program (up from \$56.296 million in the 2024/25 financial year), to deliver on many of the priorities set by Council.
- 13. A suite of key financial sustainability indicators (KFIs) is used to measure Council's financial performance, to guide decision making on major projects and to secure its continued financial sustainability. Three nationally recognised financial sustainability indicators have been adopted in principle by local government in Australia and are utilised by City of Adelaide, being:
 - 13.1. The Operating Surplus Ratio between 0% and 20% (2025/26 budget 3.4%)
 - 13.2. The Net Financial Liabilities Ratio less than 80% (2025/26 budget 35%)
 - 13.3. The Asset Renewal Funding Ratio between 90% and 110% (2025/26 93.5%)
- 14. All KFIs in the 2025/26 Business Plan and Budget are within the approved targets.
- 15. Borrowings are projected to increase at \$50.074 million for 2025/26 as a result of the capital program delivery. This remains within prudential limits (the suite of ratios Council uses to assess prudential borrowings) being:
 - 15.1. Asset Test Ratio below 50% (2025/26 budget 15.9%)

- 15.2. Interest Expense Ratio below 10% (2025/26 budget 1.5%)
- 15.3. Leverage Test Ratio below 1.5 years (2025/26 budget 0.33 years)

Opportunities and Risks

- 16. The 2025/26 BP&B presents a compelling investment program to deliver for our city and community. Appropriate consideration has been given to a range of risks to delivery. Although not an exhaustive list, such risks include:
 - 16.1. Challenging procurement market
 - 16.2. Challenging recruitment market
 - 16.3. Challenging materials and contractor availability
 - 16.4. Capacity of existing resources to address an infrastructure focus

Subsidiary Budget

- 17. Council owns and operates three subsidiaries as a part of its operations. They are included in the business plan and budget as follows:
 - 17.1. Adelaide Central Market Authority (ACMA) has prepared a budget with an overall operating deficit of \$1.576 million (inclusive of Strategic Projects of \$0.939 million). The deficit comprises a business as usual operating deficit of \$0.637m, in addition to investment of \$0.939m in activities preparing for the market expansion. Further detail on the activities and detailed budget can be found in ACMA's 2025/26 Business Plan and Budget (**Attachment B**).
 - 17.2. Adelaide Economic Development Agency (AEDA) has prepared a budget to deliver a range of programs designed to stimulate the city's economic growth. The budgeted income of \$4.518 million 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. AEDA has prepared a budget with an overall operating expenditure of \$13.659 million (inclusive of Strategic Projects of \$0.525 million). Further detail on the activities and detailed budget can be found in AEDA's 2025/26 Business Plan and Budget (**Attachment C**).
 - 17.3. The final AEDA 2025/26 Business Plan and Budget will be presented to the AEDA Board for approval on 18 June 2025.
 - 17.4. Kadaltilla / Adelaide Park Lands Authority has prepared a break-even budget, largely funded through an external grant. Further detail on the activities and detailed budget can be found in Kadaltilla's 2025/26 Business Plan and Budget (**Attachment D**).
 - 17.5. In addition to the owned and operated subsidiaries, contributions to the Brown Hill Keswick Creek Stormwater Board include minor operational \$0.175 million and capital \$0.320 million budgets.

Public Consultation

- 18. At its meeting on 29 April 2025, Council approved the Draft 2025/26 BP&B for the purpose of public consultation, which commenced 6 May 2025 and concluded 27 May 2025.
- 19. The public consultation activities undertaken exceeded statutory requirements and offered a range of engagement methods for our community to consider Council's 2025/26 Draft BP&B and provide feedback.
- 20. During the consultation period, Council received:
 - 20.1. 110 Our Adelaide survey responses received online or via hard copy
 - 20.2. 99 written submissions via emails or letters
 - 20.3. One verbal submission
 - 20.4. Five representations to Council at its public hearing on 27 May 2025
 - 20.5. Approximately 95 attendees at the four in-person sessions at the Adelaide Central Markets, Meander Market – North Adelaide, Rundle Mall and the City Library.
- 21. Key themes of the submissions and responses related to:
 - 21.1. Rates (including proposed introduction of a minimum rate)
 - 21.2. Transport and parking
 - 21.3. Fees and charges (including parklet, outdoor dining and event road closures)

- 21.4. Budget (including sponsorship to the Australia Day Council of South Australia)
 - 21.5. Projects
 - 21.6. Park Lands
 - 21.7. Subsidiaries
 - 21.8. Priorities
 - 21.9. Greening and environment
 - 21.10. Economy and businesses
22. Further detail is available within the report considered by Council at its meeting on 10 June 2025 [\[Link 1\]](#).
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DATA AND SUPPORTING INFORMATION

Link 1: [Council Report - 2025/26 Business Plan & Budget - Receipt of Consultation Submissions](#)

ATTACHMENTS

Attachment A - 2025/26 Business Plan & Budget

Attachment B - 2025/26 ACMA Business Plan & Budget

Attachment C - 2025/26 AEDA Business Plan & Budget

Attachment D - 2025/26 Kadaltilla / Adelaide Park Lands Authority Business Plan & Budget

- END OF REPORT -