

# Our Corporation

## 2026/27 Business Plan and Budget

Update to  
Audit and Risk Committee

17 April 2026

Anthony Spartalis, Chief Operating Officer



# Introduction

## Building a Business Plan and Budget

Date	Forum	Type	Topic	
2-Dec	Spec CFG	Workshop	Building the 2026/27 BP&B – Process, Priorities, Objectives and Involvement	✓
9-Dec	Spec CFG	Workshop	Base position (LTFP) and AEDA allocation	✓
6-Feb	ARC	Presentation	2026/27 BP&B – priorities, parameters, assumptions and current position	✓
7-Feb	CEO Briefing	Presentation	2026/27 Base Operating Budget	✓
21-Feb	CEO Briefing	Presentation	2026/27 Capital Budget	✓
12-Mar	CEO Briefing	Presentation	Mainstreet Revitalisation Projects – Update	✓
23-Mar	CEO Briefing	Presentation	AEDA Appropriation	✓
14-Apr	Spec CFG	Workshop	Draft 2026/27 BP&B – Inflation assumption	✓
17-Apr	ARC	Presentation	Draft 2026/27 BP&B – Update	
21-Apr	CEO Briefing	Presentation	Delivery Options for Mainstreet Projects	
21-Apr 28-Apr	CFG Council	Report	Draft 2026/27 BP&B – Operating Budget	
21-Apr 28-Apr	CFG Council	Report	Delivery Options for Mainstreet Projects	
28-Apr 28-Apr	Spec CFG Council	Report	Draft 2026/27 BP&B for public consultation	
5-26 May	N/A	Public	Community consultation (22 Days)	
15-May	ARC	Report	Draft 2026/27 BP&B	
26-May	Council	Public	Public Hearing	
9-Jun	Council	Report	Consultation results	
16-Jun 23-Jun	CFG Council	Report	Final 2026/27 BP&B for endorsement	

# Journey to Date

## Engagement with Council

**The development of the 2026/27 BP&B with Council commenced in December 2025.**

**Council Members have been engaged in the process through:**

- **Three** City Finance and Governance Committee workshop discussions
  - 2 December – Process, priorities, objectives and involvement
  - 9 December – Current position and AEDA budget allocation
  - 14 April – Revised budget position – inflation assumption
  
- **Five** CEO Briefings
  - 7 February – Base operating budget (including challenges, opportunities, Strategic Projects and Service Changes)
  - 21 February – Capital budget
  - 12 March – Mainstreet revitalisation projects update and approach (confidential)
  - 23 March – AEDA appropriation
  - 21 April - Delivery Options for Mainstreet Projects (confidential) – **to be delivered**
  
- Presentation documents and pre-reading for discussions

# Initial 2026/27 Operating Budget Projections

As presented at 7 February CEO Briefing

\$'000s	Draft Base Budget	Targeted Position	Available Funding for Proposed Changes	Proposed Changes		Revised Draft	Funding Shortfall
				Service Changes	Projects		
<b>Income</b>							
Rates Revenues	164,019			742	-	164,761	
Fees and Charges	97,486			636	-	98,122	
Grants, Subsidies and Contributions	4,468			(27)	276	4,717	
Other Income	1,103			-	-	1,103	
<b>Total Income</b>	<b>267,076</b>			<b>1,351</b>	<b>276</b>	<b>268,703</b>	
<b>Expenses</b>							
Employee Costs	96,698			-	-	96,698	
Materials, Contracts & Other Expenses	87,805			3,419	1,006	92,230	
Sponsorships, Contributions and Donations	6,563			-	-	6,563	
Depreciation, Amortisation & Impairment	65,582			-	-	65,582	
Interest Cost on borrowings	734			-	-	734	
Finance costs - ROU Assets	2,437			-	-	2,437	
<b>Total Expenses</b>	<b>259,819</b>			<b>3,419</b>	<b>1,006</b>	<b>264,244</b>	
<b>Operating Surplus / (Deficit)</b>	<b>7,257</b>	<b>5,283</b>	<b>1,974</b>	<b>(2,068)</b>	<b>(730)</b>	<b>4,459</b>	<b>(824)</b>

## Key Financial Principle:

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.

## Assumptions:

- Incorporates Q2 adjustments, and LTFP assumptions (CPI of 2.5% applied).
- General Rates Revenue average increase of 5.1% driven by inflation of 2.5%, Asset Renewal Repair Fund of 2.1% and an increase to the Asset Renewal Funding Ratio of 0.5%.
- Rates growth of 1.5% (from new properties).
- Interest Rates for new borrowings are currently forecast at 5.10% based on the current Local Government Finance Authority (LGFA) rate.
- Depreciation impacts from revaluations and New/Upgraded assets.

# Initial 2026/27 Capital Budget – LTFP and Impacts of Q2

As presented at 21 February CEO Briefing

New and Upgraded Assets \$'000s	2025-26 (Q2)	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total 10 Years
Adopted LTFP position	46,361	34,553	37,123	5,104	5,187	4,199	4,174	9,455	9,632	4,084	159,873
Plus net changes in projects approved	3,622	-	(913)	3,752	-	-	-	-	-	-	6,461
Plus projects retimed from previous year(s)	7,981	4,574	17,546	23,207	-	-	-	-	-	-	53,308
Less projects retimed into future years	(6,081)	(15,356)	(23,207)	-	-	-	-	-	-	-	(44,644)
<b>Total</b>	<b>51,883</b>	<b>23,771</b>	<b>30,549</b>	<b>32,063</b>	<b>5,187</b>	<b>4,199</b>	<b>4,174</b>	<b>9,455</b>	<b>9,632</b>	<b>4,084</b>	<b>174,998</b>

- Net changes in projects approved relate to new projects (e.g. City Library Capital Fit Out (State Library), Glen Osmond Road / Hutt Road and Carriageway Park / Tuthangga (Park 17) Improvements) as well as the impact on Project Delivery Costs in 2027/28 and 2028/29
- Projects retimed from previous year(s) reflects projects continuing from 2024/25 across the LTFP, as well as Administration's recommendation on the timing of the delivery of existing committed projects (e.g. Mainstreets)
- Projects retimed into future years reflect Administration's recommendation on the timing of the delivery of existing committed projects (e.g. Mainstreets)

# Proposed 2026/27 Budget

## Discussions with Council

### Discussions with Council Members during the Briefings included:

- Functions across the organisation
- Proposed base operating budgets
- Challenges and opportunities
- Proposed Strategic Projects and Service Changes
- Delivery and current position of in progress capital new and upgrade projects, as per the LTFP (including impacts of Q2)
- LTFP implications in adopting additional new and upgrade projects (in addition to those already in progress)
- Approach in delivering the Mainstreet Revitalisation projects
- Exploring an increase to the AEDA funding appropriation
- A revised operating budget position based on recommended changes to budget assumptions (i.e. CPI, fuel prices and inflation), and potential rate increase scenarios.

# Proposed Operating Budget

## AEDA Appropriation

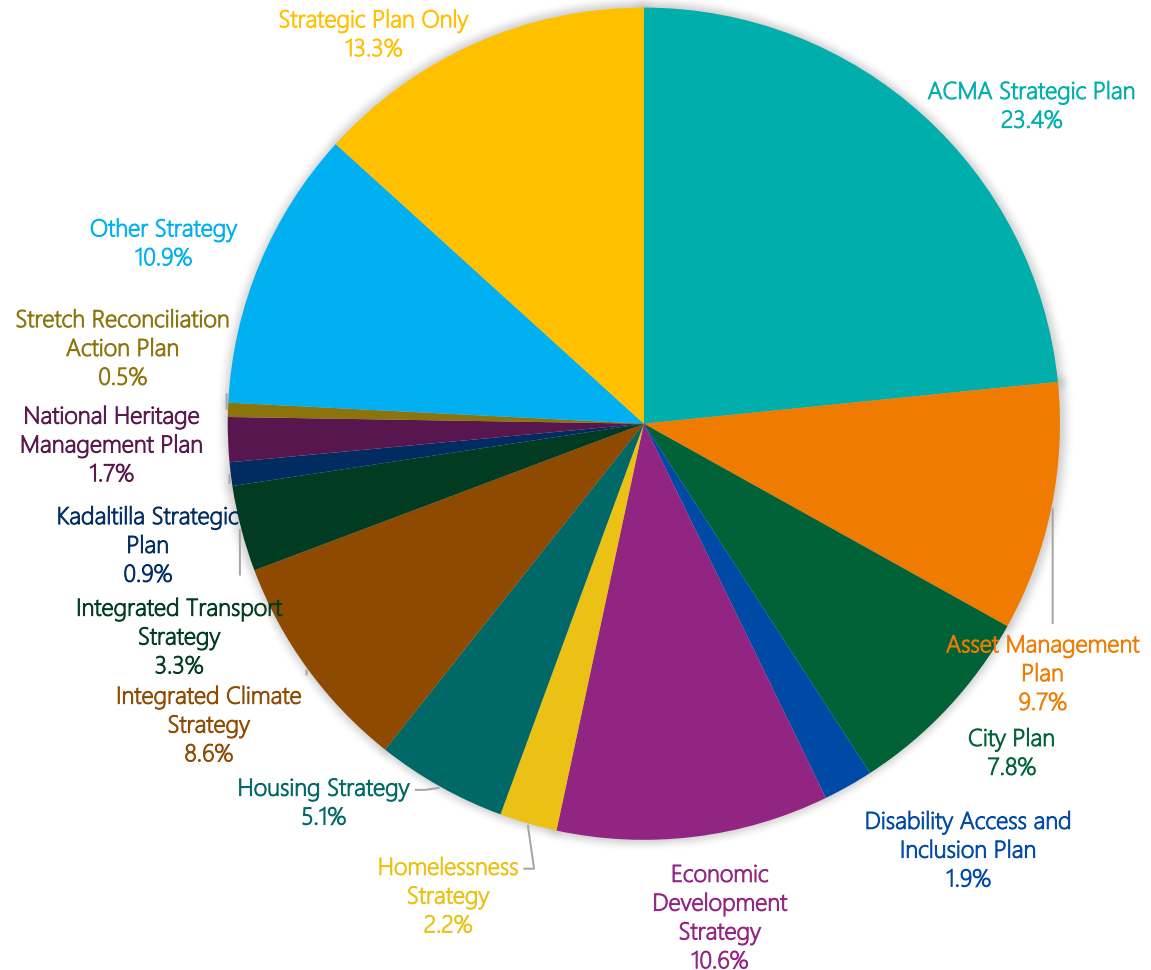
	2025/26 Q2 Budget	Currently proposed for 2026/27
Operating Costs (Base Budget)	(8,607)	(9,039)
Service change increases (Data & VEC)	-	(135)
<b>Total Operating Costs</b>	<b>(8,607)</b>	<b>(9,174)</b>
<b>Strategic Projects</b>		
<b>Currently Being Delivered</b>		
Rundle Mall Live Music	(100)	-
Tourism Product Attraction	(150)	-
Partner Marketing - Winter	(75)	-
Black Friday marketing	(50)	-
City Brand	(100)	(150)
Investment Attraction	(100)	(200)
<b>Additional Projects</b>	<i>Strategic alignment</i>	
Rundle Mall 50th Anniversary	<i>AEDA SP</i>	(257)
<b>Strategic Projects Total</b>	<b>(575)</b>	<b>(607)</b>
<b>Total Operating Deficit</b>	<b>(9,182)</b>	<b>(9,781)</b>
<b>Appropriation of Funds from CoA</b>	<b>9,182</b>	<b>9,781</b>
<b>Net Position</b>	<b>-</b>	<b>-</b>

- Total proposed budget is \$0.742 million higher than the 2026/27 Base Budget of \$9.039m.
- Proposed 2026/27 AEDA base operating budget is \$9.039m (\$9.174m including service changes)
  - \$0.567m (6.6%) more than AEDA Q2 2025/26 base operating budget of \$8.607m
- A \$0.742m total increase comes from Strategic Projects and service changes:
  - \$0.135 million service changes
  - \$0.607 million strategic projects
- Total proposed budget is \$9.781m, \$0.6m increase on 2025/26 Q2 Budget (6.1% more).
- At its November 2025 meeting, the AEDA Board prioritised this funding envelope to investment attraction, Rundle Mall's 50th anniversary, Visitor Experience Centre, data & insights and City brand implementation.

# Proposed Operating Budget (current)

## Strategic Project - Allocation to Endorsed Strategies/Plans

Endorsed Strategies/Plans	Expenditure (\$'000)	% of Pool
ACMA Strategic Plan	2,560	23.4%
Asset Management Plan	1,060	9.7%
City Plan	850	7.8%
Disability Access and Inclusion Plan	212	1.9%
Economic Development Strategy	1,157	10.6%
Homelessness Strategy	244	2.2%
Housing Strategy	556	5.1%
Integrated Climate Strategy	940	8.6%
Integrated Transport Strategy	365	3.3%
Kadaltilla Strategic Plan	100	0.9%
National Heritage Management Plan	190	1.7%
Stretch Reconciliation Action Plan	60	0.5%
Other Strategy	1,195	10.9%
Strategic Plan Only	1,452	13.3%
<b>Total</b>	<b>10,941</b>	



# Operating Budget

## Initial Budget Position (7 April)

\$'000s	Draft Base Budget
<b>Income</b>	
Rates Revenues	164,761
Fees and Charges	98,267
Grants, Subsidies and Contributions	4,717
Other Income	1,103
<b>Total Income</b>	<b>268,848</b>
<b>Expenses</b>	
Employee Costs	97,661
Materials, Contracts & Other Expenses	90,603
Sponsorships, Contributions and Donations	6,548
Depreciation, Amortisation & Impairment	65,582
Interest Cost on borrowings	734
Finance costs - ROU Assets	2,437
<b>Total Expenses</b>	<b>263,565</b>
<b>Operating Surplus / (Deficit)</b>	<b>5,283</b>

### Key Assumptions:

- CPI indexation of **2.5%**
- General Rates Revenue increase of **5.1%**
  - CPI 2.5%
  - Asset Renewal Repair Fund 2.1%
  - Asset Renewal Funding Ratio 0.5%
- Growth from new developments of **1.5%**
- Fees & Charges increases linked to CPI
- 39 Strategic Projects funded to deliver on Council's adopted strategies, with a total net cost of \$9.418 million
- Service changes embedded with a total net cost of \$1.746 million
- Targeted Operating Position is achieved

# Proposed changes to Key Assumptions and Challenges

## CPI Forecast, Fuel and Inflation

An assumption of 2.5% CPI for 2026/27 was based on the SACES Forecast used in Council's LTFP update back in December 2025. The current economic environment suggests this key assumption should be reviewed:

- December 2025 Adelaide Annual CPI increase (ABS) – **3.3%**
- January 2026 Adelaide Annual CPI Increase (ABS) – **3.5%**
- February 2026 Adelaide Annual CPI increase (ABS) – **3.4%**
- Banks predicting Australian 2025/26 CPI of **~5.0%**
- LGPI 2026/27 Forecast (SACES) – **3.4%**

### Proposed Changes

The following changes to the Key Assumptions embedded in the current base budget include:

- Increase to inflation forecasts (CPI) from 2.5% to 3.5% impacting:
  - Rates Revenue
  - Fees and Charges
  - Materials, Contracts & Other Expenses (where contracts link to CPI increases)
  - Depreciation (through an uplift in the valuation of our Assets)
- Current targeted operating position assumes borrowings are serviced in line with the adopted LTFP. Current forecast indicates a reduction in borrowings to 30 June 2026, resulting in a revision to the principal and interest requirement for 2026/27.

### Challenges

- 60% increase in current fuel costs (Feb 26 – **175.0 cents/L** - Mar 26 – **280.6 cents/L**)
- Banks' economists inflation forecasts:
  - "Headline inflation could hit 5% for Q2 (NAB)
  - "The effect of higher oil prices on headline inflation is large" (Westpac)
  - "Inflation could peak above 5% if oil prices persist" (NAB)
  - "Oil shocks risk unmooring inflation expectations" (RBA)

# Operating Budget

## Proposed Revised Budget Position - 5.6% rates increase

General Rates (Net of rebates)	Current Base (5.1%)		Proposed Budget (5.6%)	
	\$'000s	%	\$'000s	%
General Rates Revenue – 2025/26	148,400		148,400	
General Rates Increase (CPI)	3,710	2.50%	5,194	<b>3.50%</b>
Asset Renewal Repair Fund (exc ARFR Increase)	3,110	2.10%	3,110	2.10%
Asset Renewal Funding Ratio Increase	705	0.50%	705	0.50%
Imputed Rate Relief Provided			(742)	(0.50%)
<b>General Rates Revenue for existing properties</b>	<b>155,925</b>	<b>5.10%</b>	<b>156,667</b>	<b>5.60%</b>
<b>Rates Growth</b>				
Growth – from new properties	2,226	1.50%	2,226	1.50%
<b>Total Rates Growth</b>	<b>2,226</b>	<b>1.50%</b>	<b>2,226</b>	<b>1.50%</b>
<b>Total General Rates (including Growth)</b>	<b>158,151</b>	<b>6.60%</b>	<b>158,893</b>	<b>7.10%</b>
<b>Other Levies</b>				
Regional Landscape Levy	1,928		1,893	
Rundle Mall Management Levy	4,232		4,232	
<b>Total Other Levies</b>	<b>6,160</b>		<b>6,125</b>	
<b>Other</b>				
Fines and Interest on Overdue Rates	409		567	
Building Upgrade Finance	41		41	
<b>Total Other</b>	<b>450</b>		<b>608</b>	
<b>Total Rates Revenue</b>	<b>164,761</b>		<b>165,626</b>	

### Key Assumptions:

- Maintain targeted Operating Position
- CPI indexation of **3.5%**
- General Rates Revenue increase of **5.6%**
  - CPI 3.5%
  - Asset Renewal Repair Fund 2.1%
  - Asset Renewal Funding Ratio 0.5%
  - Imputed Rate relief provided (0.5%)
- Growth from new developments of **1.5%**

# Capital Budget

## LTFP and Impacts of Q2

\* All or part of the project has been retired between Financial Years

^ One-off projects delivered in 2025/26 only

New and Upgraded Assets \$'000s	2025-26 (Q2)	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total 10 Years
Central Market Arcade Redevelopment	1,425	-	-	-	-	-	-	-	-	-	1,425
Hindley Street Upgrade *	552	511	1,000	12,053	-	-	-	-	-	-	14,116
Gouger Street Upgrade *	854	7,499	6,297	-	-	-	-	-	-	-	14,650
O'Connell Street Upgrade *	1,163	2,000	5,669	5,669	-	-	-	-	-	-	14,501
Melbourne Street Upgrade *	1,440	900	4,761	-	-	-	-	-	-	-	7,101
Hutt Street Upgrade *	269	972	5,485	5,485	-	-	-	-	-	-	12,211
Brown Hill Keswick Creek	329	320	320	320	320	320	320	320	320	320	3,209
School Safety Implementation Project	180	805	-	-	-	-	-	-	-	-	985
Franklin Street Pedestrian Crossing	128	500	-	-	-	-	-	-	-	-	628
Minor Works Building – Security Upgrades	55	100	300	-	-	-	-	-	-	-	455
West Pallant Street Improvements	37	60	-	-	-	-	-	-	-	-	97
Public Realm Greening Program*	4,787	-	45	-	-	-	-	-	-	-	4,832
UPark Central Market – Parking Guidance System	300	600	-	-	-	-	-	-	-	-	900
Flinders Street Housing *	740	250	500	-	-	-	-	-	-	-	1,490
Community Sports Building Redevelopment - Park 21 West *	4,382	-	-	-	-	-	-	-	-	-	4,382
Community Sports Building Redevelopment - Park 27B *	982	2,800	-	-	-	-	-	-	-	-	3,782
Upgrade to Park Lands Buildings (1.5% Rates Revenue)	106	100	2,047	1,854	1,926	926	889	2,070	2,237	3,262	15,418
Melbourne Street Public Art Commission *	-	180	-	-	-	-	-	-	-	-	180
Place of Courage *^	7	190	-	-	-	-	-	-	-	-	197
Public Art Action Plan Deliverables *	125	150	-	-	-	-	-	-	-	-	275
Public Art - Kaurua Welcome Art Installation *	20	-	140	-	-	-	-	-	-	-	160
Torrens Lake Earth Retaining Structure *	140	968	-	-	-	-	-	-	-	-	1,108
Project Delivery Costs	5,454	4,866	3,985	4,182	441	453	465	476	486	502	21,310
<b>Assumed forward Commitment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>6,589</b>	<b>6,589</b>	<b>-</b>	<b>23,178</b>
Aquatic Centre Community Playing Field	5,758	-	-	-	-	-	-	-	-	-	5,758
Experience Adelaide Visitor Centre^	3,905	-	-	-	-	-	-	-	-	-	3,905
City Library Capital Fit Out (State Library)	2,500	-	-	-	-	-	-	-	-	-	2,500
South West Community Centre	1,521	-	-	-	-	-	-	-	-	-	1,521
Belair-City Bikeway/Adelaide Park Lands Trail – Glen Osmond Road^	1,390	-	-	-	-	-	-	-	-	-	1,390
Adelaide Park Lands Trail – Sir Donald Bradman Drive^	1,288	-	-	-	-	-	-	-	-	-	1,288
Glen Osmond Road / Hutt Road and Carriageway Park / Tuthangga (Park 17) Improvements	1,200	-	-	-	-	-	-	-	-	-	1,200
James Place Upgrade	1,083	-	-	-	-	-	-	-	-	-	1,083
Market Expansion Capital Works – Ground Floor	1,026	-	-	-	-	-	-	-	-	-	1,026
Other ^	8,737	-	-	-	-	-	-	-	-	-	8,737
<b>Total New and Upgraded Expenditure</b>	<b>51,883</b>	<b>23,771</b>	<b>30,549</b>	<b>32,063</b>	<b>5,187</b>	<b>4,199</b>	<b>4,174</b>	<b>9,455</b>	<b>9,632</b>	<b>4,084</b>	<b>174,998</b>

# Capital Budget

## Issues for Council

The following issues were presented to Council Members at the CEO Briefing on 21 February 2026:

- Current commitments (*projects in progress*) and potential new projects fully commit New and Upgrade allocation over the life of the LTFP, with limited capacity for incoming Councils.
- Constrained ability to further implement endorsed Council strategies into the future.
- A number of significant projects reduces the capacity to deliver other New and Upgrade projects.
- Direction required regarding existing commitments i.e. Mainstreets, street greening and Park Lands buildings.
- The use of assumed forward commitments to fund new projects will exhaust the financial cushion, removing flexibility to respond to unknown/unplanned future impacts or events.
- Higher levels of borrowings earlier than previously anticipated will require a larger surplus to service i.e. increase in rates.
- Delivery of major projects concurrently will constrain and constrict the functions of a capital city.

### Mainstreet Projects

- The confidential CEO Briefing held on 12 March provided more information on Administration's recommendation on the timing of the Mainstreet projects going forward.
- A range of views were discussed regarding an appropriate approach to timing and staging of the program. These views related to scope, staging, timing and prioritisation.
- A further confidential CEO Briefing and a confidential CFG report are scheduled for 21 April to determine the Mainstreet projects delivery approach, which will inform the 2026/27 capital budget.

# Capital Budget

## Renewal

\$000s	Asset Management Plans (AMPs)		Renewal Program	
	Adopted AMP	Revised AMP	LTFP	Draft Budget
Buildings	10,680	14,329	10,092	13,541
Lighting & Electrical	5,437	5,675	5,138	5,363
Park Lands & Open Space	2,934	1,670	2,772	1,578
Transport	29,670	25,036	28,038	23,659
Urban Elements	5,437	4,693	5,138	4,435
Water Infrastructure *	10,587	7,985	10,147	7,653
<b>Total Infrastructure Renewals</b>	<b>64,744</b>	<b>59,388</b>	<b>61,326</b>	<b>56,229</b>
Plant, Fleet & Equipment Replacement	3,708	5,276	3,504	4,986
Delivery Resources	6,466	8,053	6,110	7,610
<b>Total Renewal &amp; Replacement of Assets</b>	<b>74,918</b>	<b>72,717</b>	<b>70,940</b>	<b>68,825</b>
<b>Asset Renewal Funding Ratio</b>				<b>94.6%</b>

- The AMPs and associated Renewal Program are reviewed on an annual basis based on current condition audit, risk, and the delivery of upgrades to existing assets.
- Based on Administration's recommendation on the timing of the delivery of existing committed projects, the AMPs and Draft Renewal Program have been revised.

\* Includes funding for the Torrens Weir Structure (Significant Renewal)

# Next Steps

## Roadmap

**We will work with Council to ensure that a final 2026/27 BP&B is adopted in June, ready to be implemented in July.**

Council will have a CEO Briefing and receive two reports on 21 April:

- Approach for delivering the Mainstreet Revitalisation projects (2026/27 budget allocations for these projects) – *Confidential CEO Briefing and Confidential Report*
- Revised operating budget, including Strategic Projects, for inclusion in the Draft 2026/27 Business Plan and Budget – *Report*

Council will then receive a report on 28 April, seeking endorsement on the Draft 2026/27 BP&B for community consultation.

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