

Deputy Lord Mayor, Councillor Noon - MoN - Potential impact of escalating Middle East conflict

Tuesday, 14 April 2026
Council

Council Member
Deputy Lord Mayor Councillor
Carmel Noon

Public

Contact Officer:
Anthony Spartalis, Chief Operating
Officer

MOTION ON NOTICE

Deputy Lord Mayor, Councillor Carmel Noon will move a motion and seek a seconder for the matter shown below to facilitate consideration by the Council:

That Council

1. Requests the Chief Executive Officer to provide a report on scalable options for the 2026/27 Budget and Business Plan, having regard to the potential impact of escalating Middle East conflict, inflationary pressures, broader market disruption, cost-of-living pressures, business conditions and Council's long-term financial sustainability, including:
 - a. options to minimise any rate increase proposed for 2026/27;
 - b. options to prioritise core services, essential renewals and compliance works over non-essential capital upgrades or discretionary uplift projects;
 - c. measures to support city businesses, including temporary Outdoor Dining fee relief, moderated UPark pricing and other targeted support initiatives;
 - d. the feasibility and funding implications of a contingency business-support fund;
 - e. contingency options that could be activated if external conditions materially worsen; and
 - f. the use of relevant economic, visitation, trading, parking and market data, utilising data from AEDA and ACMA, to inform any recommended response.
2. Notes that this request is for prudent forward planning only, and not for immediate budget intervention, with any measures to be scalable, evidence-based, and capable of being activated, adjusted or withdrawn if conditions materially worsen and negatively affect the city, its businesses and ratepayers.
3. Requests that the report be brought back to Council as a matter of priority to inform finalisation of the 2026/27 Budget and Business Plan.

ADMINISTRATION COMMENT

1. A planned workshop presentation (2026/27 BP&B Inflation Assumption) was published for the 7 April 2026 Special City Finance and Governance Committee meeting. This included the City of Adelaide's assessment of the likely impacts and current responses related to the current Middle East conflict.
2. Impacts of the current Middle East conflict are largely limited to the inflationary effect of disrupted oil supplies and the flow on effects to other supplies. Inflation forecasts from some major banks suggest that the inflation rate could rise from the current level of circa 3.5% to "above 5%" on the back of the current oil shock.

3. Beyond a temporarily higher rate of inflation the economic impact will not be unmanageable or long-lasting. While these impacts may place pressure on businesses and city operations in the short term, Administration's assessment certainly does not suggest the scale of economic impact for example caused by the COVID pandemic and related safety measures during 2020-22.
4. The Administration has commenced an analysis of available data, scenario planning and options for further consideration should the Middle East conflict become prolonged and more impactful.

Is a City of Adelaide support package warranted?

5. The data currently available suggests a support package is not warranted at this time.
6. Information provided through Adelaide Economic Development Agency (AEDA) indicates card spending, forward hotel demand, foot traffic, parking revenue and public transport boardings, suggest city activity levels are currently holding. AEDA are actively monitoring across all available data streams and upcoming data analysis will provide a clearer picture in terms of potential impacts as the fuel crisis continues.
7. In relation to off- and on-street car parking, comparing March 2025 to March 2026, the current data suggests oil shock impacts are negligible:
 - 7.1. Off-street parking - overall transaction increase of 1.5% (decrease of 0.7% on weekdays and increase of 7.7% on weekends). Revenue has increased by 5.9%.
 - 7.2. On-street parking - overall transaction increase of 2.4%. Revenue increased by 4.8%.
8. Bank forecasts suggest the fuel shock is expected to slow labour demand (increasing unemployment by 0.2 – 0.5 percentage points to around 4.5%), not recreate a pandemic-style labour market collapse. By contrast with the COVID pandemic, between March and June 2020, SA lost around 37,000 jobs, with a headline unemployment rate of around 8.8%, and underemployment rate of 13-14%. (ABS)
9. Existing management and governance mechanisms allow us to monitor and manage circumstances as they evolve.
10. The oil shock will most likely cause temporary inflation and economic discomfort for a short time, for which existing hardship relief measures in relation to rating and fees and charges can be enacted case-by-case as appropriate.
11. Quarterly budget reviews also give flexibility to manage areas of demonstrated or forecast need.
12. A CoA support package however would certainly negatively impact service delivery in 2026/27, potentially displace investment from the city, and create a years-long tail of "catch up" activity.
13. It also risks causing market distortions through poorly targeted business support and disadvantage the broader community in the interests of partially understood economic support for local businesses - for example, if parking was subsidised by UPark operations, in contradiction of competitive neutrality principles.

Comparison with COVID response 2020

14. The onset of the COVID-19 Pandemic was the last time the City of Adelaide provided large-scale support to the community and businesses. At the start of COVID, Council approved on 23 March 2020 a support package of up to \$4 million which included temporary rent relief for CoA tenants, waiving the Rundle Mall Special Rate, making the city accessible by creating more flexibility regarding on street parking regulations, and facilitating access to hardship provisions advice with the Rates Hardship approach.
15. Commonwealth support measures in early 2020 were valued at around \$188 billion, and the SA Government launched a \$350 million stimulus package.
16. In comparison the main Commonwealth and State government initiatives in response to the current oil price shock have been to temporarily halve the fuel excise and remove the heavy vehicle Road User Charge for three months (foregoing around \$2.5 billion) and a GST offset to subsidise cheaper fuel prices (a further \$400 million).
17. The COVID-19 Pandemic was an unprecedented social and economic episode which triggered necessary support programs from three tiers of government. The relative economic impact of the COVID pandemic and current fuel shock cannot be compared.

Should the motion be carried, the following implications of this motion should be considered. Note any costs provided are estimates only – no quotes or prices have been obtained:	
Public consultation	The real cost/benefit and impacts of service reduction caused by a significant budget diversion would need to be publicly explained and highlighted in the consultation draft of the 2026/27 Business Plan and Budget.
External consultant advice	Not applicable
Legal advice / litigation (eg contract breach)	Not applicable
Impacts on existing projects	Not applicable
Budget reallocation	The real cost and impacts of service reduction caused by a significant budget diversion in Q4 of 2025/26 would be considerable.
Capital investment	The real cost and impacts of capital investment reduction caused by a significant budget diversion in Q4 of 2025/26 would be considerable.
Staff time in preparing the workshop / report requested in the motion	A wholesale rework of the 2025/26 Budget, and draft 2026/27 Business Plan and Budget to identify and prioritise areas to cut to scope a support package and plan the implementation of these service changes would take several weeks, involve 15-20 people, and likely delay the adoption process beyond 30 June.
Other	Not applicable
Staff time in receiving and preparing this administration comment	To prepare this administration comment in response to the motion on notice took approximately 6.5 hours.

- END OF REPORT -