

Draft 2026/27 Business Plan & Budget - Operating Budget

Tuesday, 21 April 2026
City Finance and Governance
Committee

Strategic Alignment - Our Corporation

Program Contact:
Rebecca Hayes, Associate
Director Governance & Strategy

Public

Approving Officer:
Anthony Spartalis, Chief
Operating Officer

EXECUTIVE SUMMARY

The purpose of this report is to seek Committee endorsement of Administration's recommendation of a final list of key inclusions, which reflect 2026/27 Business Plan and Budget (BP&B) workshops and CEO Briefing discussions to date.

The attached priorities and budget, outlined in **Attachment B**, will form part of the 'Our Strategies and Plans' and 'Our Programs' chapters of the Draft 2026/27 BP&B for public consultation to be presented to a Special City Finance and Governance Committee on 28 April 2026. It includes:

- Annual priorities
- Operating budgets (inclusive of service changes)
- Strategic Projects

The budget position proposed in this report and attachment delivers a balanced budget, including a \$5.283 million operating surplus. This operating surplus enables funding of Council's commitment of 1.5% rates revenue for upgrade of community buildings in the Park Lands, service borrowings for agreed capital projects, and accounts for future service and maintenance necessitated by growth from new developments.

A workshop discussing scheduling of Main Streets Capital commitments will be presented on 21 April 2026 to the City and Finance Governance Committee. Final capital budgets reflecting this discussion will be included in the Draft 2026/27 BP&B for public consultation presented to Council on 28 April 2026.

A list of suggestions for further budget savings not identified in Council Member budget review forums to date, were provided by a councillor after the 23 March 2026 CEO Briefing on the AEDA budget appropriation. These have been reviewed by the relevant program areas, noting some of these items had also been identified by Administration for removal from the most recent draft Budget. For the remainder, the benefits expected from the budget investment on balance outweigh the disbenefits of removing those items. This summarised advice is included as **Attachment A**.

RECOMMENDATION

The following recommendation will be presented to Council on 24 March 2026 for consideration

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

1. Notes Administration's responses to the list of further budget savings suggested since the 23 May 2026 CEO Briefing, outlined in Attachment A of Item 7.2, on the Agenda for the meeting of the City Finance and Governance Committee held on 21 April 2026.
2. Endorses the annual priorities, as outlined within the 'Our Strategies and Plans' in Attachment B of Item 7.2 on the Agenda for the meeting of the City Finance and Governance Committee held on 21 April 2026, for the development of the Draft 2026/27 Business Plan and Budget for the purpose of public consultation.

3. Endorses the operating budgets and program plans (inclusive of service changes) and Strategic Projects, as outlined within the 'Our Programs and Projects' in Attachment B of Item 7.2 on the Agenda for the meeting of the City Finance and Governance Committee held on 21 April 2026, for the development of the Draft 2026/27 Business Plan and Budget for the purpose of public consultation.
-

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 2026/27 BP&B has been prepared in accordance with Council’s current Long Term Financial Plan (LTFP) assumptions and endorsed Financial Policies.
Consultation	Not as a result of this report
Resource	The Draft 2026/27 BP&B identifies how Council’s resources will be allocated in meeting the 2026/27 deliverables and objectives of the Strategic Plan and other related plans and strategies.
Risk / Legal / Legislative	Council’s Draft 2026/27 BP&B is developed in accordance with section 123 of the <i>Local Government Act 1999</i> (SA) (the Act), 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.
26/27 Budget Allocation	Not as a result of this report
Proposed 26/27 Budget Allocation	The Draft 2026/27 BP&B provides the proposed budget for 2026/27 financial year.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
26/27 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

1. Council's Draft 2026/27 Business Plan & Budget (BP&B) is guided by Council's Strategic Plan 2024-2028, Long Term Financial Plan (LTFP) and Asset Management Plans (AMPs), other adopted strategies and plans, community feedback, interactions with partners, and Council decisions.
2. The purpose of the BP&B is to demonstrate responsible management of public funds to support community outcomes and represents Council's commitment to the community through annual priorities and proposed deliverables for the year. It also demonstrates how we align these to our services, strategies and action plans and articulates the challenges and opportunities of the current environment.
3. Several workshops and CEO Briefings have been held with Council Members to discuss the following:
 - 3.1. The process, priorities and objectives for the development of the 2026/27 BP&B (Workshop, Special CFG, 2 December 2025)
 - 3.2. Base position reflecting the current adopted Long Term Financial Plan and allocation to AEDA (Workshop, Special CFG, 9 December 2025)
 - 3.3. Overview of the functions, operating budgets, challenges and opportunities, and proposed service changes and strategic projects, by portfolio (CEO Briefing, 7 February 2026)
 - 3.4. Overview of the capital budget encompassing new and upgrade projects (already committed and proposed), and the asset renewal program (CEO Briefing, 21 February 2026)
 - 3.5. Update on the Main Street Revitalisation Projects, including impacts to the timing of delivery of the projects to the AMPs and asset renewal program (CEO Briefing, 12 March 2026)
 - 3.6. Overview of the Adelaide Economic Development Agency (AEDA) 2026/27 base budget and strategic outcomes, including funding 2 scenarios outlining additional initiatives and outcomes delivered under each (CEO Briefing, 23 March 2026)
 - 3.7. Overview and update of the inflation assumptions applied in the development of the 2026/27 budget (Workshop, Special CFG, 7 April 2026, reconvened 14 April 2026)
4. The principles of the LTFP underpin the development of the Draft 2026/27 BP&B and ensure responsible financial management, including:
 - 4.1. Continuing delivery of at least a minimum of the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI)
 - 4.2. Adopting fees and charges that are fair and equitable and reflect the cost of services provided
 - 4.3. Capitalising on external funding, fast-tracking projects that attract such funding, and recognising the potential need for increased borrowings in order to respond to external funding opportunities which require matched funding
 - 4.4. Adjusting 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
 - 4.5. Funding new or enhanced services, assets or maintenance that require an increase in operating costs from the adjustment of priorities, rate or other revenues, and/or through savings – not from borrowings
 - 4.6. Basing capital renewal expenditure on asset management plans and prioritised based on audit condition and risk
 - 4.7. Using borrowings to fund new and upgrade projects (including major projects) and not to fund operations, expenses or renewal projects
 - 4.8. Using short term borrowings to fund the Asset Renewal Repair Fund to ensure the increased spending required through recently revised AMPs is spread over a longer period, balancing community expectation and its capacity to pay, repaid through temporary sustainable rate rises over a fixed period.
5. The financial assumptions underpinning the development of the Draft 2026/27 BP&B include:
 - 5.1. Inflation forecasts (CPI) of 3.5%
 - 5.2. Revenue increases linked to CPI (Fees and Charges)
 - 5.3. General Rates Revenue increase of 5.6% for existing ratepayers driven by inflation of 3.5%, final year of Asset Renewal Repair Fund of 2.1%, an increase to the Asset Renewal Funding Ratio of 0.5%

transitioning to 100% over 8 years, **offset by a rate reduction from imposed efficiencies across the organisation of (0.5%)**.

- 5.4. Estimated rate revenue growth of 1.5% (from new properties).
- 5.5. Interest rates for new borrowings are currently forecast at 5.85% based on the current Local Government Finance Authority (LGFA) rate.
- 5.6. Depreciation impacts from revaluations and New/Upgraded assets.
- 5.7. Net Strategic Project allocation of \$10.665m.

OPERATING BUDGET

6. Consistent with the principles and assumptions above, the Draft 2026/27 BP&B delivers an operating surplus position of \$5.283 million from our core operating budget. This operating surplus enables funding of Council's commitment of 1.5% rates revenue for upgrade of community buildings in the Park Lands, service borrowings for agreed capital projects, and accounts for future service and maintenance necessitated by growth from new developments.

(\$'000s)	2025/26 Q2	Draft 2026/27
Income		
Rates Revenue	154,908	165,626
Fees and Charges	91,458	98,334
Grants, Subsidies and Contributions	5,640	4,717
Other Income	1,276	1,104
Total Income	253,282	269,781
Expenses		
Employee Costs	90,868	97,661
Materials, Contracts & Other Expenses	82,344	91,435
Sponsorships, Contributions and Donations	6,362	6,548
Depreciation, Amortisation & Impairment	62,751	66,075
Interest Cost on Borrowings	-	317
Finance Costs	2,416	2,462
Total Expenses	244,741	264,498
Operating Surplus / (Deficit)	8,541	5,283*

* As presented at Special CFG 14th April 2026

7. Administration's recommendation on the proposed 2026/27 program budgets (inclusive of service changes) and lists of projects reflect the discussions with Council Members to date. This position is presented in the 'Our Programs' chapter of the BP&B (**Attachment B**), and includes:
 - 7.1. Service changes proposed to be introduced as part of the Draft 2026/27 BP&B, with a net increase to operating expenditure of \$1.746m, are included within the operating budgets (in **Attachment B**). These service changes include:
 - 7.1.1. Increases to FTEs relating to Transport, Temporary Parking Controls, legislative maintenance of defibrillators, public safety, parking compliance and heritage.
 - 7.1.2. Increased budget allocation relating to city cleansing, asset condition audit and revaluations, and the City of Adelaide Resident and Business Surveys.
 - 7.1.3. Feedback received heard throughout the 2025/26 and 2026/27 BP&B process indicates a desire to increase the current appropriation of funds allocated to AEDA. This allocation will support the operating costs of the subsidiary and will fund Strategic Projects that support the delivery of the City of Adelaide's Economic Development Strategy and AEDA's Strategic Plan. The proposed draft budget includes an increase to the base operating budget of \$0.742m (equivalent to 0.5% rates growth from new properties), with a further 0.5% of rates growth to be allocated in the 2027/28 and 2028/29 financial years, subject to budget adoption in those

financial years. This will increase the overall AEDA funding allocation by to \$2.1m over 3 financial years.

- 7.2. Strategic Projects are one-off, non-capital initiatives that support the delivery of Council's adopted strategies. The Draft 2026/27 BP&B includes 39 projects with a total net cost of \$10.058m, representing a \$0.868m increase compared with the LTFP allocation within the Base Budget (inclusive of the \$1.865m ACMA LTFP allocation).
8. A suite of financial indicators (KFIs) is used to measure Council's financial performance, to guide decision making on major projects and significant components within the LTFP, and to secure continued financial sustainability.
9. The Operating Surplus Ratio KFI represents the percentage by which total revenue varies from day to day operating expenses. Council has adopted a target KFI of an average operating surplus ratio between 0% and 20% over any five-year period. The Draft 2026/27 operating position delivers an operating surplus ratio of 2.0%.
10. Financial sustainability is indicated where a council consistently achieves operating surpluses and has soundly based projections showing it can do so in the future, having regard to asset management and the service level needs of its community.
11. The program of Council workshops and CEO Briefings convened to support the development of the 2026/27 Business Plan and Budget has encouraged robust discussion between Council Members and Administration. This has allowed identification of savings opportunities with minimal or acceptable levels of service reduction impact, which have been incorporated into the draft Business Plan and Budget.
12. A list of suggestions for possible further budget savings not previously identified in Council Member budget review forums to date, were provided by a councillor after the 23 March 2026 CEO Briefing on the AEDA budget appropriation. Some of these had also been identified by Administration and removed from the most recent draft.
13. The remainder have been reconsidered by the relevant program areas, and none have been recommended for removal from the budget. On balance the benefits expected from the budget investment outweigh the disbenefits of removing those items.
14. The summarised advice and those items identified removed from the most recent draft is included as **Attachment A**.

ANNUAL PRIORITIES

15. Key Actions from the City of Adelaide Strategic Plan 2024-2028 have been identified as the 2026/27 BP&B Annual Priorities, in accordance with section 123 of the *Local Government Act 1999* (SA), as below:
 - Our Community
 - 15.1. Enable community-led services which increase wellbeing, social connections and participation in active lifestyles, leisure, recreation and sport
 - 15.2. Elevate the City's reputation for exceptional and unique arts and cultural experiences by encouraging and providing arts, culture and events partnerships, grants and sponsorship opportunities
 - Our Environment
 - 15.3. Continue the support for the Kadaltilla/ Adelaide Parklands Authority Subsidiary and the delivery of the Kadaltilla Charter and Business Plans
 - 15.4. Lead and advocate for the environmental value, productivity, quality and biodiversity of the Park Lands, squares, open space and streetscapes
 - Our Economy
 - 15.5. Continue the support for the Adelaide Central Market Authority (ACMA) Subsidiary and the delivery of the ACMA Charter and Business Plans
 - 15.6. Continue the support for the Adelaide Economic Development Agency (AEDA) Subsidiary and the delivery of the AEDA Charter and Business Plans
 - Our Places
 - 15.7. Maintain and improve disability, LGBTQIA+ and vulnerable or minority group access and inclusion
 - 15.8. Work with partners to support safer road user behaviour

Our Corporation

- 15.9. Demonstrate bold capital city leadership and robust governance with our community at the heart of our decisions
- 15.10. Work with local, national and international partners to deliver the outcomes of the Strategic Management Framework to move our city into the future
16. These Annual Priorities have been provided for the BP&B, as shown in **Attachment B**, alongside the Strategic Projects that deliver on, and the annual measures to be delivered for, each aspiration.
17. Updates on delivery of annual priorities are highlighted in Quarterly BP&B Updates and the Annual Report.

ATTACHMENTS

Attachment A – Suggested budget savings list (Cr Cabada) - Program advice

Attachment B – Draft 2026/27 Program Plans (Our Programs)

- END OF REPORT -