

Draft 2026/27 Business Plan & Budget

Friday, 22 May 2026

Audit and Risk Committee

Strategic Alignment - Our Corporation

Program Contact:

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Public

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EXECUTIVE SUMMARY

At its meeting on 28 April 2026, in accordance with the provisions of the *Local Government Act 1999* (SA), Council endorsed the Draft 2026/27 Business Plan and Budget (BP&B) for community consultation from 5 May 2026 to 26 May 2026.

Consultation is being undertaken for the required three-week period, seeking input on the proposed priorities, projects, rates and fees and charges, and to ensure our community understands the proposed expenditure and services to be delivered in 2026/27. The feedback will then be used to inform the final 2026/27 BP&B, due for Council 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 last BP&B for this term of Council and is set to continue to deliver on Council's Strategic Plan 2024-2028 and other endorsed strategies.

Highlights of the Draft 2026/27 BP&B include:

- Investing over \$29.7m into Capital new and upgrade projects - including a dedicated fund to ensure the right investment is provided to the future of our Community Sports and Park Lands facilities; delivering the revitalisation of our main streets; and continuing greening through the city
- Undertaking over \$68.8m in asset renewal - maintaining and improving the \$2 billion plus owned Council assets such as roads, buildings, footpaths, and the many hectares of Park Lands
- Co-delivering an investment in City living - working in partnership with the State Government and the community housing sector to progress the Flinders Street Housing Project to support housing supply, affordability and to deliver on our target of 50,000 residents
- Delivering \$11.3m of projects towards our Strategic Commitments - with funding to deliver on our strategies, including the Integrated Transport Strategy, Integrated Climate Strategy, Disability Access and Inclusion Plan, Stretch Reconciliation Action Plan, Homelessness Strategy, Property Strategy, Economic Development Strategy and our Strategic Plan
- Strengthening Community connection with Council - delivering best practices for awareness and participation in the upcoming Local Government Election and the implementation of our new Community Engagement Charter and Policy
- Opening the expanded Adelaide Central Market - strengthening the Market's diversity, vibrancy and strong sense of place through a once-in-a-generation expansion, including an additional 50 retail tenants, as part of Council's partnership with ICD Property to deliver the \$600m Market Square project, which also incorporates new residences, commercial offices and a hotel

- Building our Organisation's Digital Future - creating a high performing and customer centric organisation by investing \$2.7m in our Information Management Roadmap, as well as through spatial mapping, AI and cybersecurity enhancements
- Funding through responsible principles of financial sustainability incorporating a general rates revenue increase of 5.6%.

In 2026/27 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 the Adelaide Central Market Authority, Adelaide Economic Development Agency and Kadaltilla / Adelaide Park Lands Authority 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 funding target of 100% asset renewals
- A moderate rate increase based on CPI that supports the community and businesses during this period of economic instability
- Prioritising our operational budget, grants and sponsorships and opportunities to partner with other levels of Government to seek co-funding.

The Draft 2026/27 BP&B delivers a surplus budget position of \$4.976 m. Total borrowings are projected to be \$82.295m at the end of the financial year, and Council's financially sustainable decisions provide a structured pathway to repaying the debt required to deliver the new and upgraded capital program.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Draft 2026/27 Business Plan & Budget documents as contained in Attachments A, B, C and D to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 22 May 2026.
2. Notes the Draft 2026/27 Business Plan & Budget is currently out for consultation, which concludes at 11:59PM Tuesday 26 May 2026.
3. Receives the Draft 2026/27 Business Plan & Budget documents as contained in Attachments A, B, C and D to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 22 May 2026 and provides the following advice:
 - 3.1. _____

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. The approved public consultation will be undertaken in accordance with Council's Community Engagement Policy Link 1 .
Consultation	A public consultation process on the Draft 2026/27 BP&B commenced on Tuesday 5 May 2026 and concludes at 11:59PM on Tuesday 26 May 2026.
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), and sections 6 and 7 of the <i>Local Government (Financial Management) Regulations 2011</i> (the Regulations).
Opportunities	Community engagement 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.
25/26 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
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

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 2026/27 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 the development of the BP&B.
4. This is the last BP&B for this term of Council and is set to continue to deliver on Council's Strategic Plan and other endorsed strategies.
5. Council Members participated in a series of CEO briefings and workshops to understand and discuss the projects, priorities and budget for 2026/27:
 - 5.1. Three City Finance and Governance Committee workshop discussions
 - 5.2. Six CEO briefings (including two Saturday sessions)
 - 5.3. Presentation documents and pre-reading for discussions.

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 Community Engagement Policy to facilitate community feedback on the Draft 2026/27 BP&B.
7. The consultation process seeks feedback from the community including our residents, ratepayers, businesses and other key stakeholders.
8. Consultation opened on Tuesday 5 May 2026 and will conclude at 11:59pm on Tuesday 26 May 2026.
9. Notification of public consultation has been made through various channels, including a public notice in the 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 is received through Council's Our Adelaide online engagement platform, email, post and facilitated through a range of in person (face-to-face) opportunities.
11. Any feedback from the Audit and Risk Committee will be incorporated into the report to Council in June 2026, alongside other submissions received during the consultation period.

Priorities for 2026/27

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 2026/27:

Our Community

- 12.1. Enable community-led services which increase wellbeing, social connections and participation in active lifestyles, leisure, recreation and sport.
- 12.2. 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

- 12.3. Continue the support for the Kadaltilla/ Adelaide Park Lands Authority Subsidiary and the delivery of the Kadaltilla Charter and Business Plans.
- 12.4. Lead and advocate for the environmental value, productivity, quality and biodiversity of the Park Lands, squares, open space and streetscapes.

Our Economy

- 12.5. Continue the support for the Adelaide Central Market Authority (ACMA) Subsidiary and the delivery of the ACMA Charter and Business Plans.
- 12.6. Continue the support for the Adelaide Economic Development Agency (AEDA) Subsidiary and the delivery of the AEDA Charter and Business Plans.

Our Places

- 12.7. Maintain and improve disability, LGBTQIA+ and vulnerable or minority group access and inclusion.
- 12.8. Work with partners to support safer road user behaviour.

Our Corporation

- 12.9. Demonstrate bold capital city leadership and robust governance with our community at the heart of our decisions.
- 12.10. Work with local, national and international partners to deliver the outcomes of the Strategic Management Framework to move our city into the future.

Financial principles

- 13. The Draft 2026/27 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. Adopting fees and charges that are fair and equitable and reflect the cost of services provided.
 - 13.2. Continuing delivery of at least 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. 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.
 - 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, main street revitalisations and upgrades to Park Lands buildings.

Proposed Budget Position

- 14. Consistent with these principles of responsible financial management, the Draft 2026/27 BP&B delivers an operating surplus position of \$4.976m from our core operating budget, enabling the generation of sufficient cash flow from operations to fund our Asset Renewal Program at 94.5% of our Asset Management Plans, and allocating funding to upgrade Park Lands community buildings.
- 15. A proposed capital program of \$98.546m is outlined, inclusive of a \$68.825m asset renewal program, and \$29.721m 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 \$31.618m is required. The total projected borrowings to 30 June 2027 is \$82.295m.

Operational Budget 2026/27

- 17. The operating surplus of \$4.976m is \$3.565m lower than the forecast 2025/26 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 service increased maintenance in future years driven by growth from new developments.

Statement of Comprehensive Income (\$'000s)	2025/26 Q2	2026/27
Income		
Rates Revenues	154,908	165,626
Statutory Charges	18,854	21,049
User Charges	72,604	77,285
Grants, Subsidies and Contributions	5,641	4,717
Investment Income	171	165
Reimbursements	374	238
Other Income	731	701
Total Income	253,282	269,781
Expenses		
Employee Costs	90,868	97,796
Materials, Contracts and Other Expenses	88,707	98,155
Depreciation, Amortisation and Impairment	62,751	66,075
Finance Costs	2,416	2,779
Total Expenses	244,741	264,805
Operating Surplus / (Deficit)	8,541	4,976

18. Borrowings are projected to cap at \$82.295m for 2026/27 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% (2026/27 budget 41%)
 - 18.2. Asset Test ratio below 50% (2026/27 budget 26.1%)
 - 18.3. Interest Expense ratio below 10% (2026/27 budget 1.9%)
 - 18.4. Leverage Test ratio below 1.5 years (2026/27 budget 0.50 years)
19. The projected borrowings of \$82.295m are \$3.077m lower than the 2025/26 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	2026/27 Draft budget	2026/27 LTFP	Movement
Opening Borrowings (2025/26 Forecast Position)	(50,677)	(50,074)	(603)
Operating Surplus	4,976	3,583	1,393
Net outlays on Renewal of Assets	(7,473)	(5,754)	(1,719)
Net outlays on New and Upgraded Assets	(27,916)	(31,922)	4,006
Forecast Borrowings as at 30 June 2026	(81,091)	(84,167)	3,076

Rates Revenue

20. Income from rates is forecast to increase by \$10.718m which equates to a 5.6% increase for existing properties, plus a further 1.5% 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.
21. The Minimum Rate was introduced in 2025/26 at \$400. It is proposed within the 2026/27 BP&B to increase this to \$415, representing an inflation increase of 3.5%. This funding is within the overall forecast rates increase.

Fees and charges

22. 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 3.5% in 2026/27 to meet rising costs and inflation.
23. Total proposed fees and charges increases are expected to be \$6.876m in 2026/27, compared to the 2025/26 forecast of \$91.458m. This is driven by an increase in price and volume. In addition, the Central Market Arcade Redevelopment is forecast to complete with partial leasing revenue generated of \$2.5m compared to the 2025/26 budget.
24. A review has been undertaken, with a range of changes to, or introduction of, fees and charges. The fees and charges reviewed include:
 - 24.1. Introduction of a new fee for After Hours Security Callouts at City of Adelaide Libraries and Community Centres.
 - 24.2. Introduction of a permit fee for commercial advertising on static displays on approved low impact facilities.
 - 24.3. Introduction of Rundle Mall fee for static outdoor advertising.
 - 24.4. Introduction of a 12 month fee-free outdoor dining permit for new or spaces which have not been activated for 12 months.
 - 24.5. Introduction of a 12 month fee-free outdoor dining permit for businesses who converted fixed to moveable furniture (including screens).

Capital Budget 2026/27

25. The draft budget includes a capital budget of \$98.546m (net \$96.741m after external funding), including:
 - 25.1. \$68.825m for asset renewal for the \$2 billion plus owned Council assets (roads, footpaths, parks, buildings etc).
 - 25.2. \$29.721m of new and upgrade capital projects.
 - 25.3. Grant funding confirmed to be received specifically for new and upgrade capital projects is \$0.295m, with a further \$1.510m in unconfirmed funding.

\$'000s		Proposed Draft Position
Capital Expenditure		
1	Capital Expenditure on Renewal & Replacement of Existing Assets	68,825
2	Capital Expenditure on New and Upgraded Assets	29,721
Total Capital Expenditure		98,546
3	Amounts received specifically for New and Upgraded Assets	1,805
Net Capital Expenditure		96,741

Key Financial Indicators 2026/27

26. 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 2026/27 expressed in the table below are within target ranges, indicating the Council is financially sustainable for 2026/27.

	Target	2025/26 Q2 budget	2026/27
OPERATING SURPLUS RATIO Expresses the operating surplus as a percentage of operating revenue.	0%-20%	3.4%	1.8%
NET FINANCIAL LIABILITIES Expresses the financial liabilities as a percentage of operating income.	Less than 80%	35%	41%
ASSET RENEWAL FUNDING RATIO Expresses expenditure on asset renewals as a percentage of forecast expenditure required as per the asset management plans.	90%-110%	94.7%	94.6%
ASSET TEST RATIO Expresses borrowings as a percentage of saleable property assets.	Maximum 50%	16.0%	26.1%
INTEREST EXPENSE RATIO Interest expense as a percentage of General Rates Revenue (less Landscape Levy)	Maximum 10%	1.5%	1.9%
LEVERAGE TEST RATIO Expresses total borrowings relative to General Rates Revenue (less the Landscape Levy).	Maximum 1.5 years	0.34 years	0.50 years
CASH FLOW FROM OPERATIONS RATIO Expresses operating income as a percentage of operating expenditure plus expenditure on renewal/replacement of assets.	Greater than 100%	102%	101%
BORROWINGS Expresses borrowings as a percentage of the Prudential Borrowing Limit (50% of saleable property assets).	Less than 100% of Prudential Limit	32%	52%
BORROWINGS Expresses Borrowings (Gross of Future Fund) as a percentage of the Prudential Borrowing Limit (50% of Saleable Property Assets).	Less than 100% of Prudential Limit	52%	72%

Opportunities and Risks

27. The Draft 2026/27 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:
- 27.1. Challenging procurement market
 - 27.2. Challenging recruitment market
 - 27.3. Materials and contractor availability
 - 27.4. Capacity of existing resources to address an infrastructure focus.
28. It is also important to note the Draft 2026/27 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:
- 28.1. Building strategic relationships and partnerships to improve access to funding opportunities that support community outcomes.
 - 28.2. Investing in community engagement to build trusting relationships.
 - 28.3. Continuous improvement and efficiencies in the planning and delivery of services, programs and assets and improve our procurement lifecycle.

- 28.4. Service reviews to identify service changes based on community need and meeting Council's strategic intent.
- 28.5. Pursuing revenue opportunities and grants which reduce the reliance on rates.
- 28.6. Attracting businesses, workers and visitors to the city through economic opportunities, arts, culture and events.
- 28.7. Encouraging investment and development through partnerships.

Subsidiaries

29. Council owns and operates three subsidiaries as a part of its operations. They are included in the draft business plan and budget as follows:
 - 29.1. Adelaide Central Market Authority (ACMA) has prepared a budget with an overall operating deficit of \$3.383m. Further details on the activities and budget can be found in ACMA's Draft 2026/27 Business Plan and Budget (**Attachment B**).
 - 29.2. 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.
 - 29.3. The AEDA budget incorporates an appropriation of funds (effectively a contribution) from the City of Adelaide of \$10.088m. Further details on the activities and budget can be found in AEDA's Draft 2026/27 Business Plan and Budget (**Attachment C**).
 - 29.4. Kadaltilla / Adelaide Park Lands Authority has prepared a break-even budget, funded through a contribution from the City of Adelaide. Further details on the activities and budget can be found in Kadaltilla's Draft 2026/27 Business Plan and Budget (**Attachment D**).
 - 29.5. In addition to the owned and operated subsidiaries, contributions to the Brown Hill Keswick Creek Stormwater Board include minor operational \$0.140m and capital \$0.320m budgets.

Next Steps

30. Council will receive copies of the community feedback on the Draft 2026/27 BP&B at its meeting scheduled for 9 June 2026. This report will also include any feedback provided by the Audit and Risk Committee.
31. At a Council meeting proposed for 23 June 2026 (and presented to the City Finance and Governance Committee 16 June 2026), Council will be asked to adopt:
 - 31.1. The City of Adelaide 2026/27 BP&B
 - 31.2. Adelaide Central Market Authority 2026/27 BP&B.
 - 31.3. Adelaide Economic Development Agency 2026/27 BP&B
 - 31.4. Kadaltilla 2026/27 BP&B
 - 31.5. Rating Policy, Valuations, Declaration of Rates and Rundle Mall Special Rate.

DATA AND SUPPORTING INFORMATION

Link 1- [Community Engagement Policy](#)

ATTACHMENTS

Attachment A – Draft 2026/27 Business Plan & Budget

Attachment B – Draft 2026/27 ACMA Business Plan & Budget

Attachment C – Draft 2026/27 AEDA Business Plan & Budget

Attachment D – Draft 2026/27 Kadaltilla / Park Lands Authority Business Plan & Budget

- END OF REPORT -