

# 2025/26 Business Plan & Budget Q3 Review

Tuesday, 19 May 2026

City Finance and Governance Committee

Strategic Alignment - Our Corporation

**Program Contact:**

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Public

**Approving Officer:**

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## EXECUTIVE SUMMARY

This report presents the performance and delivery status of Council's commitments against the City of Adelaide's 2025/26 Business Plan and Budget (BP&B) for the third quarter (January to March 2026). The report will also be presented to the Audit and Risk Committee at its meeting scheduled for 22 May 2026. The report provides an overview of portfolio and project achievements, in addition to the performance of Council subsidiaries.

The year-to-date operating position as at 31 March 2026 is an operating surplus of \$20.684m, which is \$11.299m higher than the approved budget of \$9.385m for the period.

The projected year end operating position is an operating surplus of \$8.541m which remains consistent with the adopted budget.

Total estimated operating revenue is forecast to be \$255.864m which is \$2.582m higher than the Q2 budget of \$253.282m. This is due to external funding received through the Special Local Roads Program of \$1.000m for Jeffcott Street, additional commercial parking revenue of \$0.725m, expiations, late payments and recoveries income of \$0.300m, Adelaide Town Hall of \$0.333m, Strategic Projects of \$0.250m offset by other minor movements of (\$0.026m).

Total estimated operating expenditure (including depreciation) is forecast to be \$247.323m, which is \$2.582m higher than the Q2 budget of \$244.741m. This is due to additional funding for Strategic Projects \$1.469m, and permanent increases to the budget of \$1.113m including an increase in FTE and casual labour \$0.381m, Commercial Parking external costs \$0.355m and Adelaide Town Hall external costs \$0.320m associated with an increase in revenue and other movements of \$0.057m.

The year-to-date Capital Expenditure as at 31 March 2026 is \$54.389m, which is \$3.196m higher than the approved budget of \$51.193m for the period. This is a result of the continued effort to deliver the annual capital program.

The Capital Program is proposed to decrease by \$8.389m from \$120.663m to \$112.274m as a result of the reduction to new and upgraded projects of (\$12.876m) through retiming of 13 projects, the addition of nine new projects of \$2.935m, savings released from various projects (\$0.150m), new grant funded projects of \$0.683m, accrued interest of \$0.019m from externally funded projects and reallocation of (\$0.091m) project delivery management costs to the renewal program. The renewal program is proposed to increase by \$1.091m due to the addition of one new project, and a reallocation of project delivery management costs of \$0.091m from new and upgraded projects.

Council's forecasted borrowings as at 30 June 2026 has decreased by \$4.849m from \$50.677m forecast in the Q2 budget to \$45.828m.

Quarterly reports are provided to support Council in monitoring the integrity of Council's financial statements and reporting, as well as reviewing and overseeing progress on the BP&B. This process supports Council's commitment to transparency and accountability.

# RECOMMENDATION

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

### THAT COUNCIL

1. Receives the City of Adelaide 2025/26 Business Plan and Budget Quarter 3 Review as contained in Attachment A to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 19 May 2026.
  2. Approves adjustments for the 2025/26 Business Plan and Budget (BP&B) as identified in this report and contained in Attachment A to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 19 May 2026.
  3. Notes the year-to-date Operating (Financial Performance) for the quarter ending 31 March 2026, which includes:
    - 3.1. An operating surplus of \$20.684m (\$11.299m higher than the budget of \$9.385m, for the period)
    - 3.2. Total operating revenue of \$191.308m (\$2.865m higher than the budget of \$188.443m, for the period)
    - 3.3. Total operating expenses (including depreciation) of \$170.624m (\$8.434m lower than the budget of \$179.058m, for the period)
    - 3.4. Total Capital Expenditure of \$54.389m (\$3.196m higher than the budget of \$51.193m, for the period)
    - 3.5. Net cash surplus position of \$10.091m.
  4. Approves budgeted year end Operating Position, which includes:
    - 4.1. An operating surplus of \$8.541m (consistent with the adopted budget of \$8.541m)
    - 4.2. Total operating revenue of \$255.864m (\$2.582m higher than the Q2 budget of \$253.282m)
    - 4.3. Total operating expenses (including depreciation) of \$247.323m (\$2.582m higher than the Q2 budget of \$244.741m).
  5. Approves total capital expenditure of \$112.274m for 2025/26 year (\$8.389m lower than the Q2 budget of \$120.663m).
  6. Approves total borrowings of \$45.828m projected to 30 June 2026 (\$4.849m lower than the Q2 projected borrowings of \$50.677m to 30 June 2026).
  7. Receives the Council Subsidiary Quarter 3 Reviews as contained as Attachments B, C, D and E to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 19 May 2026.
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## IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	<a href="#">Strategic Alignment – Our Corporation</a> Quarterly reporting supports Council’s <i>financial sustainability</i> objective within the 2024-2028 Strategic Plan.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Quarterly reporting is an important part of monitoring the organisation’s performance and effectiveness against Council’s planned activities, which is required under Section 122 (1) of the <i>Local Government Act 1999 (SA)</i> .
Opportunities	Quarterly reporting enables Council to make informed and timely decisions to maintain or change its services, assets, and budgets to meet community expectations and needs, maintaining or improving Council’s financial position, and enabling Council to be responsive to risks and opportunities.
2025/26 Budget Allocation	Not as a result of this report
Proposed 25/26 Budget Allocation	Not as a result of this report.
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

## 2025/26 BUSINESS PLAN PRIORITIES

1. Council continues to make good progress in delivering on its Strategic Plan 2024-2028 and is well progressed with the Key Actions prioritised in the 2025/26 Annual Business Plan and Budget (for more detail, please see 'Spotlight on Strategic Plan Priorities and Projects' section of **Attachment A**).
2. As at Quarter 3, all Annual Priorities from the 2025/26 Business Plan and Budget have commenced and are on track to be completed by the end of the financial year and are detailed below.

### Our Community

- 2.1. Support increased residential growth and housing affordability through partnerships and advocacy.
- 2.2. Celebrate and elevate our community culture and the profiles of multicultural communities and create welcoming programs and services.

### Our Environment

- 2.3. Make public electric vehicle charging available for all users, including micro-mobility, catalysing the uptake of electric vehicles in Adelaide and improving Council and community performance on transport emissions.
- 2.4. Work with partners to create innovative ways to create or convert underutilised areas to green space.

### Our Economy

- 2.5. 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.
- 2.6. Provide services and information that contribute towards a high productivity economy.

### Our Places

- 2.7. 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.
- 2.8. Encourage repurposing, adaptive reuse and improvement of buildings and facilities.

### Our Corporation

- 2.9. Create, maintain and integrate plans and policies that reflect and guide decision making and support our city and our community to thrive.
- 2.10. Attract and retain people with skills and behaviours which align with our organisational objectives and values.

## FINANCIAL SUMMARY

### Year-to-Date

3. The year-to-date operating position as at 31 March 2026 is an operating surplus of \$20.684m, which is \$11.299m favourable to the adopted budget of \$9.385m, for the period. The variance is driven by higher total operating revenue and lower operating expenditure:
4. Total operating revenue of \$191.308m is \$2.865m higher than the budget of \$188.443m, for the period, and includes the following key movements:
  - 4.1. Additional rates revenue of \$0.792m mainly from interest and penalties applied to overdue rates balances
  - 4.2. Additional fees and charges of \$2.247m which includes positive movements in parking \$2.025m, expiations, late payments and recoveries \$0.233m, city events \$0.203m and Adelaide Town Hall fees and charges \$0.301m, Strategic Property Management \$0.130m, Temporary Parking Controls \$0.135m and Rundle Mall concessions \$0.104m offset by Golf (\$0.621m) and City Works Permits (\$0.402m)
  - 4.3. Grants, subsidies and contributions are (\$1.160m) unfavourable due factors including Financial Assistance Grants (\$0.541m), where 50% of the annual contribution was received in 2024/25, timing of recognition for Library Materials Grant (\$0.277m) and Helen Mayo Master Plan (\$0.188m)
  - 4.4. Additional other income of \$0.986m due to reimbursements from private works \$0.430m, insurance claims \$0.343m, interest received \$0.138m and other reimbursements \$0.125m offset by unfavourable commissions and other revenue (\$0.050m).

5. Total operating expenditure of \$170.624m is \$8.434m lower than the budget of \$179.058m for the period, and includes the following key movements:
  - 5.1. Employee costs \$5.500m favourable partially offset by temporary labour backfill of (\$4.156m)
  - 5.2. Materials, Contracts and Other Expenses is \$2.254m favourable mainly due to variances in strategic projects of \$1.954m (key variances include Asset Condition Audit \$0.274m, Resilient Flood Mapping \$0.251m, Market Expansion \$0.221m, Helen Mayo Park Master Plan \$0.188m, Election 2026 \$0.115m, Cyber Security Enhancement \$0.110m, NHMP First Nations Heritage \$0.103m and Strategic Property Investigations \$0.100m), advertising \$1.723m, professional services \$0.899m, Business Systems Roadmap \$0.505m, consumables \$0.398m and Free City Connector \$0.169m.
  - 5.3. Sponsorships, Contributions and Donations are \$0.250m favourable and include timing of Event and Festivals Sponsorships \$0.156m in AEDA
  - 5.4. Depreciation is \$0.469m favourable, due to the timing of capital delivery and revaluations, as well as the remeasurement of lease liabilities, offset by an increase in finance costs of (\$0.039m).
6. The year-to-date Capital Expenditure as at 31 March 2026 is \$54.389m, which is \$3.196m higher than the approved budget of \$51.193m for the period.
7. As at 31 March 2026, Council had a cash surplus of \$10.091m, with \$1.296m in bank accounts and \$8.795m in deposits.

#### Projected Annual Financial Summary

8. The proposed Quarter 3 review delivers an end of year operating surplus of \$8.541m, (in line with the adopted budget):
  - 8.1. Total estimated operating revenue of \$255.864m (\$2.582m higher than the adopted budget of \$253.282m). This is mainly due to external funding received through the Special Local Roads Program of \$1.000m for Jeffcott Street, additional commercial parking revenue of \$0.725m, expiations, late payments and recoveries income of \$0.300, Adelaide Town Hall of \$0.333m, Strategic Projects of \$0.250m offset by other minor movements of (\$0.026m).
  - 8.2. Total estimated operating expenses (including depreciation) of \$247.323m (\$2.582m higher than the adopted budget of \$244.741m). This is due to additional funding for Strategic Projects \$1.469m, and permanent increases to the budget of \$1.113m including an increase in FTE and casual labour \$0.381m, Commercial Parking external costs \$0.355m and Adelaide Town Hall external costs \$0.320m associated with an increase in revenue and other movements of \$0.057m.
9. Total proposed Capital Expenditure for the year is \$112.274m (decrease of \$8.389m compared to Q2 budget of \$120.663m) as a result of the reduction to new and upgraded projects of \$12.876m through retiming of 13 projects, the addition of nine new projects of \$2.935m, New grant funded projects of \$0.683m, and accrued interest of \$0.019m from externally funded projects. The renewal program is proposed to increase by \$1.091m due to the addition of one new project, and a reallocation of Project Delivery Management costs of \$0.091m from new and upgraded projects.
10. Grant funding to support capital expenditure on new and upgraded assets of \$6.104m (\$8.017m decrease compared to Q2 budget of \$14.121m). This is due to the retiming of projects into 2026/27 including Experience Adelaide Visitor Centre, Golden Wattle Park/Mirnu Wirra (Park 21 West) Community Sports Building.
11. Borrowings are proposed to decrease to \$45.828m as at 30 June 2026 (\$4.849m lower than the adopted budget of \$50.677m) as a result of the changes above.
12. Updated financial statements are provided from page 60 in **Attachment A**.

#### **PROJECT DELIVERY SUMMARY**

##### Strategic Projects

13. In 2025/26, Council has a commitment at Q2 of \$9.264m (\$8.022m net of grant funding) to deliver 50 Strategic Projects. At the end of this quarter 62% was committed or spent. The proposed Q3 budget of Strategic Projects is \$10.748m (\$9.257m net of grant funding) to deliver 56 projects.

##### Capital Works Program

14. In 2025/26, Council has a commitment of \$120.663m to deliver 364 projects as part of its Capital Works Program. At the end of this quarter four New and Upgrade projects and 19 Renewal projects reached practical completion.

## ADJUSTMENTS TO THE 2025/26 BUSINESS PLAN AND BUDGET

### Operating Program

15. Adjustments to program deliverables and budgets for the quarter (permanent changes to BAU which will flow through to the 2026/27 budget) are offset by adjustments to 2025/26 Strategic Projects (which are once-off in nature):
  - 15.1. Permanent changes to the budget of \$0.235m net increase in revenue including commercial parking net revenue of \$0.370m, expiation revenue of \$0.300m, Adelaide Town Hall net revenue \$0.013m, and Event income \$0.076m, offset by an increase in net expenditure associated with employee cost of (\$0.381m), security (\$0.088m), and other minor changes of (\$0.055m).
  - 15.2. Temporary changes to the budget of \$1.000m net increase in revenue through the recognition of the Special Local Roads Program Funding.
  - 15.3. Adjustments to Strategic Projects (temporary in nature) for the quarter total (\$1.235m) increase in net expenditure (\$1.485m increase in gross expenditure) to a proposed budget of \$10.748m (\$9.257m net of grant funding), consisting of:
    - 15.3.1. Inclusion of four new strategic projects: City Library (\$0.556m), John E Brown contaminated soil removal (\$0.135m), Workforce Management Project (\$0.026m), and Traffic Monitoring on Lohrman Street and George Street (\$0.015m)
    - 15.3.2. Increase in funding for Election 2026 (\$0.477m), Future Libraries Business Case (\$0.030m), Tree Martin Management (\$0.150m) and World Heritage Bid for the Park Lands (\$0.080m)
    - 15.3.3. Savings identified in projects: City Plan Digital Tool \$0.034m, Partner Marketing – Winter Focus \$0.075m, Key Biodiversity Area Management Plans \$0.010m, Housing Strategy Implementation \$0.006m, Planning and Design Code Amendment Program Delivery \$0.020m, Transport Strategy \$0.021m, School Safety Review \$0.018m and Review of Property Management \$0.050m
    - 15.3.4. New project for Rundle Mall 50<sup>th</sup> Anniversary \$0.250m, funded by an external grant.
16. Further detailed information on these changes is from page 54 (Operating Program - Adjustments) in **Attachment A**.

### Capital Program

17. Capital expenditure is proposed to decrease to \$112.274m for the year, which is lower than the adopted budget of \$120.663m.
  - 17.1. New and Upgrade projects has decreased by \$9.480m from the Q2 budget of \$51.883m to a proposed budget as at Quarter 3 of \$42.403m.
  - 17.2. The Renewals budget has increased by \$1.091m from the Q2 budget of \$68.780m to a proposed budget as at Quarter 3 of \$69.871m.
18. Adjustments to the Capital program include:
  - 18.1. Re-timing of 13 projects into future years of (\$12.876m)
  - 18.2. Nine new projects of \$2.935m originally planned for 2026/27
  - 18.3. Savings of (\$0.150m) across various projects released to fund Integrated Transport Strategy projects
  - 18.4. New grant funded projects of \$0.683m for New and Upgrade, and \$1.000m in Renewal projects
  - 18.5. Accrued grant interest in Quarter 3 of \$0.019m
  - 18.6. The reduction in the New and Upgrade component of the Project Delivery Management cost of \$0.091m with a corresponding increase in the Renewal component.
19. Further detailed information on these changes is available from page 42 in Attachment A.

## COUNCIL SUBSIDIARIES SUMMARY

20. The Adelaide Central Market Authority, Adelaide Economic Development Agency and Kadaltilla / Adelaide Park Lands Authority have provided updates as contained in **Attachments B, C and D**, respectively.
21. The Brown Hill Keswick Creek Stormwater Board (Regional Subsidiary), which Council is a member of, has provided an update as contained in **Attachment E**.

### Adelaide Central Market Authority (ACMA) – Year to Date Financial Summary

22. The year-to-date operating position as at 31 March 2026 is an operating deficit of (\$0.170m), which is \$0.801m favourable when compared to the Q2 budget of (\$0.971m) deficit for this period.
  - 22.1. Total operating revenue of \$4.243m
  - 22.2. Total operating expenditure of \$4.413m (comprised of Existing Marketing Operations Expenditure of \$3.836m and Market Expansion Expenditure of \$0.577m).
23. The proposed changes for ACMA in Quarter 3 are a reduction in merchandise sales (\$0.061m) and associated cost of goods sold \$0.061m, and a reallocation of \$0.080m from City Infrastructure to ACMA of a site manager role.

### Adelaide Economic Development Agency (AEDA) – Year to Date Financial Summary

24. The year-to-date operating position as at 31 March 2026 is an operating deficit of (\$6.663m) prior to the appropriation of funds from the City of Adelaide, which is \$1.320m favourable when compared to the approved budget of (\$7.983m) deficit for this period.
  - 24.1. Total operating income of \$3.550m.
  - 24.2. Total operating expenditure of \$10.213m.
  - 24.3. Total CoA appropriation of funds \$6.586m.
  - 24.4. Net Deficit of \$0.077m.
25. The proposed change for AEDA in Quarter 3 is the recognition of a new project for the Rundle Mall 50<sup>th</sup> Anniversary Celebration \$0.250m (100% grant funded), superannuation on sitting fees \$0.009m, offset by the release of the Partner Marketing - Winter Focus as the program was delivered by City Community \$0.075m. This is offset by a \$0.066m reduction to the appropriation of funds through the City of Adelaide.

### Kadaltilla / Adelaide Park Lands Authority – Year to Date Financial Summary

26. The year-to-date operating position as at 31 March 2026 is an operating deficit of (\$0.140m), which is \$0.083m favourable when compared to the approved budget of (\$0.223m) deficit for this period.
  - 26.1. Total operating income of nil
  - 26.2. Total operating expenditure of \$0.140m.

There are no proposed changes to the Kadaltilla budget in Quarter 3.

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## ATTACHMENTS

**Attachment A** – 2025/26 Business Plan and Budget Q3 Review

**Attachment B** – Adelaide Central Market Authority Q3 Review

**Attachment C** – Adelaide Economic Development Agency Q3 Review

**Attachment D** – Kadaltilla / Adelaide Park Lands Authority Q3 Review

**Attachment E** - Brown Hill Keswick Creek Stormwater Board Review

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