2025/26 Business Plan & Budget: Q4 Update

Strategic Alignment - Our Corporation

Public

Tuesday, 18 August 2026

City Finance and Governance Committee

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Approving Officer:
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EXECUTIVE SUMMARY

The purpose of this report is to present the City of Adelaide's 2025/26 Business Plan and Budget (BP&B) preliminary financial performance (Q4 update). The report provides an overview of portfolio and project achievements, as well as the performance of Council subsidiaries. The financial results contained within this report are preliminary and remain subject to completion of external audit procedures.

Preliminary results indicate an operating surplus that is favourable to the approved Quarter 3 budget position. Revenue performance has exceeded budget projections, primarily due to parking and regulatory income, property revenues, and other operational recoveries. Operating expenditure was unfavourable to budget as a result of Capital Works-In-Progress provision for write off, Heritage Incentives Scheme delivery, higher utility spend, and other expenditure across a range of operational activities.

Preliminary capital expenditure for the year totalled $89.194 million, representing an expenditure level below the approved budget but still delivering an Asset Renewal Funding Ratio within target range.

Council's cash and borrowing position remains favourable to forecast, reflecting both the improved operating result and reduced capital funding requirements. As at 30 June 2026, Council held borrowings of $9.600 million and cash investments of $0.730 million.

Quarterly reporting supports Council in monitoring financial sustainability, tracking delivery of Strategic Plan priorities and ensuring transparency and accountability in organisational performance.

RECOMMENDATION

<u>THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL</u>

<u>THAT COUNCIL</u>

1. Receives the City of Adelaide 2025/26 Business Plan and Budget Quarter 4 Update as contained in Attachment A to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 18 August 2026.
2. Receives the Council Subsidiary Quarter 4 updates as contained as Attachments B, C, and D to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 18 August 2026.
3. Notes results presented are estimates only and subject to completion of the external audit.
4. Notes the audited annual financial statements will be presented to the Audit and Risk Committee meeting on 23 September 2026.
5. Notes the audited financial statements will be presented to the City Finance and Governance Committee at its meeting scheduled for 20 October 2026 and the Council at its meeting scheduled for 27 October 2026.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Quarterly reporting supports Council's financial sustainability 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	Routine reporting supports Council's compliance with the *Local Government Act 1999* (SA) and contributes to sound governance, accountability, and risk management practices.
Opportunities	Supports informed decision-making, effective resource allocation, and financial sustainability.
26/27 Budget Allocation	Not as a result of this report
Proposed 27/28 Budget Allocation	Not as a result of this report. Project re-timings will be considered in a future forecast presented to Council in 2026/27.
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

2025/26 BUSINESS PLAN PRIORITIES

1. Council continues to make good progress delivering on its Strategic Plan 2024-2028 and the Key Actions prioritised in the 2025/26 Annual Business Plan and Budget (more detail is provided in the Spotlight on Strategic Plan Priorities and Projects section of **Attachment A**).
2. Council continued delivery of the Strategic Plan 2024-2028 through its five strategic themes:

   Our Community

   2.1. Relocation and opening of the new City Library in partnership with the State Library of South Australia.

   2.2. Delivery of community events, cultural programs and activations.

   2.3. Progression of housing strategy initiatives and affordable housing advocacy.

   2.4. Delivery of multicultural and community wellbeing initiatives.

   Our Environment

   2.5. Delivery of 205 street trees through the Public Realm Greening Program.

   2.6. Completion of Key Biodiversity Area Management Plans.

   2.7. Continued rollout of electric vehicle charging infrastructure.

   2.8. Progression of climate resilience initiatives.

   Our Economy

   2.9. AEDA participation in national and international tourism and investment initiatives.

   2.10. Progression of the Adelaide Place Brand project.

   2.11. Advancement of the Experience Adelaide Visitor Centre.

   Our Places

   2.12. Main Street Revitalisation projects progressing across Gouger Street, Hindley Street, Hutt Street, Melbourne Street and O'Connell Street.

   2.13. Continued delivery of active transport and road safety infrastructure.

   2.14. Expansion of the ARCHI program and recognition through national planning awards.

   Our Corporation

   2.15. Completion of the 2026/27 Business Plan and Budget process.

   2.16. Cyber security and technology improvements.

   2.17. Enterprise agreement implementation.

   2.18. Workforce capability and leadership development initiatives.

FINANCIAL SUMMARY

3. Preliminary end of year operating position for 2025/26 presents an operating surplus of $8.769m, which is $0.228m favourable to the approved Q3 budget of $8.541m. The surplus is comprised of:

   3.1. Total operating income of $258.104m.

   3.2. Total operating expenses (including depreciation) of $249.335m.

4. Operating revenue increased by $2.240m, from the Q3 budget of $255.864m to a total income of $258.104m. Of that increase:

   4.1. Rates revenue slightly adverse to budget ($0.146m) due to objections

   4.2. Additional fees and charges of $0.828m were recorded, with major contributors being positive movements in parking $1.978m, city events and recoveries $0.355m, Rundle Mall concessions $0.150m and Adelaide Town Hall fees and charges $0.108m, Strategic Property Management $0.130m, Temporary Parking Controls $0.135m and offset by Golf ($1.297m), expiations and late payment recoveries ($0.488m) and City Works Permits ($0.236m)

4.3. Grants, subsidies and contributions are ($0.148m) unfavourable, primarily driven by the timing of recognition for Library Helen Mayo Master Plan ($0.250m), Rundle Mall 50th anniversary ($0.250m), Biodiversity maintenance program ($0.214m), National Heritage Management Plan – First Nations Heritage ($0.169m), and Adaptive Re-Use Housing Initiative ($0.098m), offset by Resilient Flood Planning $0.070m, additional Park Lands Related Activity Grant $0.209m, the Financial Assistance Grants $0.406m, where 80% of the 2026/27 annual contribution was received in June 2026.

4.4. Additional other income of $1.706m due to reimbursements from private works $1.050m, insurance claims $0.356m, other reimbursements $0.153m, interest received $0.148m and Investment Property revaluation $0.099m, offset by unfavourable commissions and other revenue ($0.100m).

5. Operating expenditure increased by $2.012m from the Q3 budget of $247.323m to a total expenditure of $249.335m. The increase is due to:

5.1. Employee costs $4.999m favourable offset by temporary labour backfill of ($6.452m)

5.2. Materials, Contracts and Other Expenses is ($1.275m) unfavourable. Key variances include Works-In-Progress provision for write-off ($1.398m), IM software subscriptions ($0.516m), higher provision for doubtful debt ($0.463m), offset by net favourable variances in strategic projects of $1.493m (key variances include Helen Mayo Park $0.250m, $0.249m Rundle Mall 50th Anniversary, Adaptive Re-use Housing Initiative $0.216m, Strategic Property Investigations $0.183m, NHMP First Nations Heritage $0.165m, Election 2026 $0.159m offset by Resilient Flood Mapping ($0.107m)).

5.3. Sponsorships, Contributions and Donations are ($0.569m) unfavourable. Significant drivers include Heritage Incentive Scheme ($0.540m), Australia Day ($0.100m), Renew Adelaide ($0.100m), partly offset by $0.222m timing of the Adaptive Re-use Housing initiative

5.4. Depreciation is $1.300m 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 ($0.015m).

6. The preliminary year end Capital Expenditure as at 30 June 2026 is $89.194m, which is $23.080m lower than the Q3 budget of $112.274m. This figure reflects a lower spend in New and Upgrade projects, which will be incorporated into the 2026/27 budget in a future quarterly review as required. The Renewal spend is $5.793m lower than budget and will be managed through the Asset Management Plans.

7. The Asset Renewal Funding Ratio to be reported within the Financial Statements is 94.1% which is within the target range.

8. As of 30 June 2026, Council had borrowings of $9.600m, and $0.730m cash held in bank accounts for a net borrowing position of $8.870m.

9. These results are preliminary and contain estimates. There are a number of items still to be completed which may impact the final results presented in the audited financial statements. Audited financial statements will be presented to the City Finance and Governance Committee meeting on Tuesday 20 October 2026.

PROJECT DELIVERY SUMMARY

Strategic Projects

10. At the end of the 2025/26 financial year, including the adjustments outlined in this report, Council spent $9.103m to deliver 58 Strategic Projects. At the end of this quarter:

10.1. 42 projects were on track to deliver on time and on budget.

10.2. 5 projects are at risk to deliver either on time or on budget and are being managed; these may exceed estimated time and adopted budget.

10.3. 11 projects have been completed, 9 of which were completed this quarter.

11. For information on these projects refer to the Strategic summary from page 48 in **Attachment A**.

Capital Works Program

12. At the end of the 2025/26 financial year, including the adjustments outlined in this report, Council spent $89.194m to deliver 421 projects as part of its Capital Works Program. To the end of this quarter:

12.1. 75 new and upgrade projects were on track to deliver on time and on budget.

12.2. 28 new and upgrade projects are at risk to deliver either on time or on budget and are being managed; these may exceed estimated time and adopted budget.

12.3. 6 new and upgrade projects are at risk to deliver on time but are on budget, experiencing delays that will exceed estimated delivery time.

12.4. 39 new and upgrade projects have been completed.

13. For information on these changes refer to the Capital New and Upgrade summary from page 42 and Capital Renewal summary from page 46 in **Attachment A**.

COUNCIL SUBSIDIARIES SUMMARY

14. The Adelaide Central Market Authority, Adelaide Economic Development Agency and Kadaltilla / Adelaide Park Lands Authority have provided updates as provided at **Attachments B, C** and **D**.

15. The Brown Hill Keswick Creek Stormwater Board (Regional Subsidiary), of which Council is a member, has provided an update as contained in **Attachment E**.

<u>Adelaide Central Market Authority (ACMA) - Preliminary Financial Summary</u>

16. The 2025/26 preliminary year end result for AMCA is an operating deficit of $1.391m, which is $0.185m favourable when compared to the Q3 budget of an operating deficit of $1.576 million.

    16.1. Total operating revenue of $5.641m.

    16.2. Total operating expenditure of $7.032.

17. The existing Market generated an operating surplus of $0.023m, which is $0.060m favourable to the Q3 budget. The market expansion incurred an operating deficit of ($1.414m), which was $0.125m favourable to the Q3 budget.

<u>Adelaide Economic Development Agency (AEDA) - Preliminary Financial Summary</u>

18. The 2025/26 preliminary year end result for AEDA is an operating deficit of $8.440m, which is $0.678m favourable when compared to the Q3 budget of an operating deficit of $9.118 million.

    18.1. Total operating revenue of $4.774m.

    18.2. Total operating expenditure of $13.214m.

19. Rundle Mall generated an operating surplus of $0.262m, which will be retained for future expenditure. The City of Adelaide provided an appropriation of funds of $8.072m to the Agency in 2025/26.

<u>Kadaltilla / Adelaide Park Lands Authority - Preliminary Financial Summary</u>

20. The 2025/26 preliminary year end result for Kadaltilla is a break even result which is in line with the Q3 budget.

    20.1. Total operating revenue of $0.242m.

    20.2. Total operating expenditure of $0.242m.

ATTACHMENTS

Attachment A – 2025/26 Business Plan and Budget Q4 Update

Attachment B – Adelaide Central Market Authority Q4 Update

Attachment C – Adelaide Economic Development Agency Q4 Update

Attachment D – Kadaltilla / Adelaide Park Lands Authority Q4 Update

Attachment E – Brownhill and Keswick Creek Q4 Update

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