

Our Corporation

2026/27 Business **Plan and Budget**

Building the 2026/27 BP&B
Priorities, Parameters, Assumptions and
Current Position

6 February 2026

Anthony Spartalis, Chief Operating Officer

Introduction

Building a Business Plan and Budget



Proposed revised roadmap

Date	Forum	Type	Topic	
2-Dec	Spec CFG	Workshop	Building the 2026/27 BP&B – Process, Priorities, Objectives and Involvement	✓
9-Dec	Spec CFG	Workshop	Base position (LTFP) and AEDA allocation	✓
6-Feb	ARC	Presentation	2026/27 BP&B – priorities, parameters, assumptions and current position	
7-Feb	CEO Briefing	Presentation	2026/27 Base Operating Budget	
21-Feb	CEO Briefing	Presentation	2026/27 Capital Budget	
Further Council Member workshops and engagements will be confirmed with members				
24-Mar	Council	Report	Endorsement of 2026/27 Capital and Strategic Projects	
10-Apr	ARC	Presentation	Draft 2026/27 BP&B - update	
21-Apr 28-Apr	CFG Council	Report	Draft 2026/27 BP&B for public consultation	
5-26 May	N/A	Public	Community consultation (22 Days)	
15-May	ARC	Report	Draft 2026/27 BP&B	
26-May	Council	Public	Public Hearing	
9-Jun	Council	Report	Consultation results	
16-Jun 23-Jun	CFG Council	Report	Final 2026/27 BP&B for endorsement	

Process

To build the 2026/27 BP&B



- Maintain base budget: reflects existing services and service levels
- Identify and apply permanent changes: throughout the year - Council Decisions and known on-going cost/revenue impacts (e.g. North Adelaide Golf Course)
- Apply escalators: Enterprise Agreement, CPI (goods and services) and Other (including some revenue items)
- Incorporate one-off differences to base budget: temporary business changes (e.g. temporary closure of Central Market Arcade)
- Consider new initiatives: ↑↓ service levels or stop/start a service; or strategic projects, defined to be delivered within a scope and over a defined period of time to deliver on Council's Strategic Plan objectives
- Review consolidated position
- Set target surplus through adjusting levers: new debt servicing, projected growth, new initiatives, services provided, fees + charges and rate revenue

Priorities

Delivering on the Strategic Plan



Our Adelaide. Bold. Aspirational. Innovative.

Council is required to set objectives each financial year, referred to as Annual Priorities, which provide focus areas for the next 12 months. These drive decision-making with regard to prioritisation and funding of services, programs and projects.

Annual Priorities are aligned to Strategic Plan Key Actions. This approach helps us to deliver on a variety of expectations and major projects. It also provides opportunities to highlight projects and initiatives that are important to our community.

Administration has provided a potential list of priorities for the 2026/27 BP&B to Council Members for consideration (see pre-reading, slide 17).

Considerations for 2026/27 Priorities:

- Ongoing Major projects
- Decisions of Council
- Strategies and plans of Council
- Council Member feedback and insights
- Community Insights – surveys, engagements, customer interactions etc.
- State and Federal Government priorities
- STEEPLE (Social, Technological, Economic, Environmental, Political, Legal and Ethical) Assessment to determine risks and opportunities
- Opportunities identified through Program, Corporate and Service Planning
- Resourcing to deliver on priorities

Current Budget Position

As per the LTFP



The tables show the forecasted financial position for 2026/27, as per the adopted LTFP.

OUR BUDGET

(Income and Expenditure)

- Inflation Forecasts (CPI) of 2.5%
- Rates growth from new developments (1.0% assumed)
- Revenue increases linked to CPI
- Interest Rates for new borrowings
- Depreciation impacts from revaluations and New/Upgraded assets
- Planned investment – AMPs, Main Streets and Property Strategy
- Additional rate increases of:
 - 0.5% p/a to fund 94.5% Asset Renewal Funding Ratio (ARFR)
 - 2.1% p/a for Asset Renewal Repair Fund (ARRF – final year)

2026/27 Income Forecast (LTFP)	(\$'000)
Rates	164,079
Fees and Charges	90,321
Grants & Subsidies – Operating	4,349
Grants & Subsidies – Capital	2,631
Other	1,573
Borrowings	34,094
Total Income	297,047

2026/27 Expenditure Forecast (LTFP)	(\$'000)
Operating Expenditure	
Services (excluding Depreciation)	184,229
Strategic projects	7,325
Capital Expenditure	
New and Upgrade	34,553
Renewal/replace existing assets	70,940
Total Expenditure	297,047

2026/27 Projected Budget Based on Current Assumptions

\$'000s	Draft 2026/27 Budget				2026/27 Adopted LTFF	Variance		2026/27 Targeted Position	Variance	
	Base Operating	Service Changes	Projects	Total Draft		\$	%		\$	%
Income										
Rates Revenues	164,019		0	164,019	164,079	(60)	0.0%	164,019	0	0.0%
Fees and Charges	96,376	1,436	0	97,812	90,321	7,491	8.3%	96,215	1,597	1.7%
Grants, Subsidies and Contributions	4,468	(27)	276	4,717	4,349	368	8.5%	4,441	276	6.2%
Other Income	1,103		0	1,103	1,072	31	2.9%	1,103	0	0.0%
Total Income	265,966	1,409	276	267,651	259,822	7,829	3.0%	265,778	1,873	0.7%
Expenses										
Employee Costs	96,423	0	0	96,423	94,142	(2,280)	-2.4%	94,666	(1,757)	-1.9%
Materials, Contracts & Other Expenses	87,596	2,747	1,286	91,629	84,450	(7,179)	-8.5%	90,649	(981)	-1.1%
Sponsorships, Contributions and Donations	6,427	0	0	6,427	6,490	63	1.0%	6,427	0	0.0%
Depreciation, Amortisation & Impairment	65,582	0	0	65,582	67,999	2,417	3.6%	65,582	0	0.0%
Interest Cost on borrowings	734	0	0	734	734	0	0.0%	734	0	0.0%
Finance costs - ROU Assets	2,437	0	0	2,437	2,422	(15)	-0.6%	2,437	0	0.0%
Total Expenses	259,199	2,747	1,286	263,232	256,239	(6,993)	-2.7%	260,495	(2,737)	-1.1%
Operating Surplus / (Deficit)	6,767	(1,338)	(1,010)	4,419	3,583	837	23.4%	5,283	(864)	-16.4%
Net Outlays on Existing Assets										
Capital Expenditure on Renewal & Replacement of Existing Assets			(70,656)	(70,656)	(70,940)	284	-0.4%	(70,940)	(284)	0.4%
Finance lease payments for right of use assets on existing assets			(3,314)	(3,314)	(3,314)	0	0.0%	(3,314)	0	0.0%
add back Depreciation, Amortisation and Impairment			65,582	65,582	67,999	(2,417)	-3.6%	65,582	0	0.0%
Proceeds from Sale of Replaced Assets			500	500	500	0	0.0%	500	0	0.0%
Net Outlays on Existing Assets	0	0	(7,888)	(7,888)	(5,754)	(2,134)	37.1%	(8,171)	(284)	3.5%
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets			(34,315)	(34,315)	(34,553)	238	-0.7%	(34,553)	(238)	0.7%
Amounts received specifically for New and Upgraded Assets			200	200	2,631	(2,431)	-92.4%	2,631	2,431	92.4%
Net Outlays on New and Upgraded Assets	0	0	(34,115)	(34,115)	(31,922)	(2,193)	6.9%	(31,922)	2,193	-6.9%
Net Lending / (Borrowing) for Financial Year	6,767	(1,338)	(43,013)	(37,584)	(34,094)	(3,490)	10.2%	(34,810)	2,773	-8.0%
Plus Opening Borrowings				(51,818)	(50,074)	(1,744)	3.5%	(51,818)	0	0.0%
Borrowings				(89,402)	(84,168)	5,234	-6.2%	(86,628)	2,773	-3.2%

Current Budget Position

Proposed Capital New and Upgrade Projects



Capital New and Upgrade projects

Proposed 2026/27 Capital New and Upgrade projects will be discussed with Council Members on 21 February 2026.

Portfolio	# of N/U Projects	2026/27* (\$'000)
City Community	8	3,402
City Infrastructure	35	19,726
City Shaping	7	7,390
Corporate Services	9	3,497
Office of the CEO	1	300
Total New and Upgraded Expenditure		34,315
Confirmed External Funding		200
Net New and Upgrade	62	34,115

*Inclusive of other project types with Capital N/U budget (total of \$120k)

Current Budget Position

As per the LTFP



Capital Renewal program

The targeted **Asset Renewal Funding Ratio (ARFR)** for 2026/27 is **94.5%** (as per decision of Council and reflected in the LTFP).

AMP Renewal Forecasts	2026/27 AMP (\$'000)
Buildings	10,092
Lighting & Electrical	5,138
Park Lands & Open Space	2,772
Transport	28,038
Urban Elements	5,138
Water Infrastructure	10,147
Total Infrastructure Renewals	61,326
Plant, Fleet & Equipment Replacement	3,504
Delivery Resources	6,110
Total Renewal & Replacement of Assets	70,940

Adelaide Economic Development Agency Allocation

Context



On 10 June 2025 Council resolved:

- The Administration to schedule a workshop for August 2025 as the first step in a process to formulate a proposal to provide annually a percentage of rates to the Adelaide Economic Development Agency (AEDA).
- The 26 August 2025 workshop centred on Administration's advice to fund AEDA based on deliverables outlined in CoA and AEDA Strategic Plans and the CoA Economic Development Strategy, rather than a fixed proportion of rates.

Key Drivers And Funding

AEDA provides services, through an appropriation of funds, on behalf of and funded by the City of Adelaide.

These services are directed and driven through:

- the AEDA Charter
- the City of Adelaide Strategic Plan 2024–2028
- the Economic Development Strategy 2024–2028
- the AEDA Strategic Plan 2024/25–2028/29

Note: Rundle Mall activities are fully funded through a Special Rate and are not part of the appropriation being discussed.

AEDA Allocation

Determining an appropriate funding level



- AEDA 2025/26 total funding of \$9.131m
- AEDA proposed 2026/27 base level funding of \$9.346m
- 4 scenarios developed to deliver varying degrees of the EDS attributed to AEDA, and its Strategic Plan (refer tables on slides 11-12)
- The scenarios reflect total funding increases of between \$0.575m to \$5.035m, above 2026/27 base level
- Allocation is a question of affordability, noting the need to balance delivery of the EDS with the delivery of other CoA strategies, which are yet to be fully costed.

Following slide presents scenario options for AEDA funding, for Council Members to consider

AEDA Allocation

Determining an appropriate funding level

Not funded

Discretionary spend

2026/27 AEDA Funding		Scenarios (\$'000)				
		Base	1	2	3	4
25/26 Operating Costs (25/26 BP&B)		8,606	8,606	8,606	8,606	8,606
Annual 2.5% Escalation (as per LTFP assumptions)		215	215	215	215	215
Budget Increases		-	-	-	70 (Marketing)	605 (Marketing, AFW and Partnerships)
26/27 Operating Costs		8,821	8,821	8,821	8,891	9,426
Strategic Projects						
Currently Being Delivered						
Rundle Mall Live Music		100	100	100	100	100
Tourism Attraction		150	150	150	150	150
Partner Marketing - Winter		75	75	75	75	75
City Brand Development		100	100	100	100	100
Investment Attraction		100	100	100	180	180
Additional Projects <i>Strategic alignment</i>						
Small Business Program	EDS Goal 2	-	250	520	680	750
Outward facing marketing	EDS Goals 1, 3 & 6	-	125	345	830	900
North Terrace Enhancement	CoA Strategic Plan: Our Community	-	200	200	250	300
Innovation Places	EDS Goals 3 & 6	-	-	500	500	500
Climatech Program	EDS Goal 2	-	-	500	600	650
SATC Partner Marketing	EDS Goal 1	-	-	-	100	200
Evening Economy	EDS Goal 2	-	-	-	450	450
Creative Industries Showcasing	EDS Goal 5	-	-	-	-	150
Supporting business activity (re main street upgrades)	AEDA Strat Plan Goal 4.2	-	-	-	-	450
Strategic Projects Total		525	1,100	2,590	4,015	4,955
TOTAL APPROPRIATION		9,346	9,921	11,411	12,906	14,381

AEDA Allocation

Funding proposal



- Fund AEDA based on scenario 2
- Increase overall funding (excluding RMML and Capital) to \$11.411m
- Approximately \$2.1m more than 2026/27 base level (including CPI escalation)
- Transition to new level of funding over 3 years (approximately \$700k additional base funding each year)
- Escalation annually thereafter (that is, linked to cost-of-service delivery, not rates revenue)
- AEDA Board has discretion to prioritise funding to ensure strategic alignment (noting Council still endorses the final budget), and prioritised recommendations must be defined by endorsed strategies
- AEDA will not be eligible to draw further funding from the wider CoA strategic projects budget (excluding special Capital projects)
- Agreed tangible economic outcomes (not outputs) demonstrating return on Council investment.

Next Steps

Roadmap

We will work with Council to ensure that a final BP&B is adopted in June, ready to be implemented in July.

Administration will have a Saturday CEO Briefing on 7 February 2026 with Council Members on the development of the BP&B. Further workshops will be confirmed with members after this date.

An update on the development of the 2026/27 BP&B will be presented to ARC on 15 May 2026.



Date	Forum	Topic	
2-Dec	Spec CFG	Building the 2026/27 BP&B – Process, Priorities, Objectives and Involvement	✓
9-Dec	Spec CFG	Base position (LTFP) and AEDA allocation	✓
6-Feb	ARC	2026/27 BP&B – priorities, parameters, assumptions and current position	✓
7-Feb	CEO Briefing	2026/27 Base Operating Budget	
21-Feb	CEO Briefing	2026/27 Capital Budget	
Further Council Member workshops and engagements will be confirmed with members			
24-Mar	Council	Endorsement of 2026/27 Capital and Strategic Projects	
10-Apr	ARC	Draft 2026/27 BP&B - update	
21-Apr 28-Apr	CFG Council	Draft 2026/27 BP&B for public consultation	
5-26 May	N/A	Community consultation (22 Days)	
15-May	ARC	Draft 2026/27 BP&B	
26-May	Council	Public Hearing	
9-Jun	Council	Consultation results	
16-Jun 23-Jun	CFG Council	Final 2026/27 BP&B for endorsement	



PRE-READING

Council Member Involvement | Types of revenue levers | AEDA allocation budget components | Priorities

Involvement

Council Member involvement through the process



Whilst there are numerous opportunities to discuss the development of the 2026/27 BP&B, there is a great deal to cover. **To maintain a focused discussion on priority areas**, it is proposed that engagements with Council Members will concentrate on key aspects of the development.

Area of BP&B Development	Informed By
Reviewed Base Budgets (including non-reviewed fees and Charges)	25/26 Extrapolation
Renewal Program	AMPs
Assumptions (e.g. CPI)	External environment / trends
Existing Council Commitments	Decisions of Council
Rates Growth	LTFP
Asset Renewal Repair Fund	Decision of Council
Asset Renewal Funding Ratio 2026/27 Target	Decision of Council

Area of BP&B Development	Focused Discussion
Annual Priorities	✓
AEDA allocation	✓
Capital Projects	✓
Strategic Projects	✓
Service Changes	✓
Fees & Changes Reviews	✓
Rates Revenue	✓
Results of Consultation	✓
Endorsement of Documents	✓
Sponsorships, Grants and Contributions	✓

Current Budget Position

As per the LTFP



The LTFP sets the parameters for developing the Business Plan and Budget. This ensures that our 2026/27 budget is in line with our long-term financial planning, which has a focus on financial sustainability.

The four key components to be funded through building the Business Plan and Budget are:

OPERATING

Operating Budget

*Business as usual
budget for services.*

Some discretion in the short term

Strategic Projects

*Projects delivering on
our Strategic Plan and Strategies.*

Full discretion in the short term

CAPITAL

Asset Renewal Program

*Replacement of assets
like-for-like (or modern equivalent).*

Limited discretion in the short term

New and Upgrade

*Projects that create
new or upgrade existing assets.*

Some/full discretion in the short term

AEDA Allocation

Budget components



The current budget appropriation provided to AEDA funds the following budget components:

Operating Budget

Business as usual budget for services

Indexed annually (reflected in the LTFP), the operating budget maintains the regular services/service levels and includes specific ongoing activities (Operating Activities), such as Adelaide Fashion Week, Events and Festival Sponsorship, Strategic Partnerships, etc.

Identified permanent changes to operating budget amounts, services and service levels are identified separately and incorporated into the operating budget in the outer years (e.g. permanent changes to Adelaide Fashion Week budget amount, above indexation).

Strategic Projects

Projects delivering our Strategic Plan and Strategies

Prioritised funding, to deliver objectives of the City of Adelaide Strategic Plan, EDS and AEDA Strategic Plan. The Strategic Projects funded in 2025/26 were:

- Rundle Mall Live Music Program
- Tourism and Business attraction
- Partner Marketing – Winter Focus
- City Brand Development
- Investment Attraction Program

Note: capital funding attributed to AEDA (in the BP&B), are for City of Adelaide owned assets (i.e. Christmas decorations, Rundle Mall sound system), administering grant funding (i.e. the Experience Adelaide Visitor Centre), or delivered by City of Adelaide (i.e. renewal budget). This is in **addition to** the appropriation being discussed.

Priorities

Delivering on the Strategic Plan



These Key Actions from the Strategic Plan are potential Annual Priorities for Council to consider in 2026/27:

Our Community:

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

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

Annual Priorities provide guidance in developing the budget and prioritising projects. Updates on delivery will be highlighted in Quarterly BP&B Updates and the Annual Report.

Our Economy:

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

Our Places:

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

Our Corporation:

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