

2025/26 Business Plan & Budget Q2 Review

Strategic Alignment - Our Corporation

Friday, 6 February 2026

Audit and Risk Committee

Public

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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 second quarter (October to December 2025) for the Audit and Risk Committee's consideration. 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 December 2025 is an operating surplus of \$12.515m, which is \$6.468m higher than the year-to-date budget of \$6.047m, for this 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 \$253.282m which is \$1.711m higher than the Q1 budget of \$251.571m. This is mainly due to additional commercial parking revenue of \$0.483m, including expiations, late payments and recoveries income of \$0.347m, Adelaide Town Hall of \$0.166m, external funding received for Library Materials and Operating Grants \$0.279m, State Bike Fund \$0.200m and funding for Strategic Projects of \$0.218m, and other movements of \$0.018m.

Total estimated operating expenditure (including depreciation) is forecast to be \$244.741m, which is \$1.711m higher than the Q1 budget of \$243.030m. This is due to additional funding for Strategic Projects \$1.069m, and permanent increases to the budget of \$0.642m including land holding costs associated with Tapanka – Franklin Street site \$0.462m, Adelaide Town Hall \$0.190m associated with an increase in revenue, remeasurement of a lease term on a lease liability resulting in depreciation reducing by \$1.755m and finance costs increasing by \$1.699m, and other movements of \$0.046m.

The year-to-date Capital Expenditure as at 31 December 2025 is \$33.516m, which is \$0.122m less than the approved budget of \$33.638m for the period to deliver the annual capital program.

The Capital Program is proposed to decrease by \$1.630m from \$122.293m to \$120.663m as a result of the reduction to new and upgraded projects of \$2.473m through retiming of 9 projects, the addition of 3 new projects, and accrued interest of \$0.019m from externally funded projects. The renewal program is proposed to increase by \$0.843m due to the addition of 1 new project, and a reallocation of Project Delivery Management costs of \$0.566m.

Council's forecasted borrowings as of 30 June 2026 has decreased by \$1.141m from \$51.818m forecast in the Q1 budget to \$50.677m.

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 AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Receives the City of Adelaide 2025/26 Business Plan and Budget Quarter 2 update as contained in Attachment A to Item 6.5 on the Agenda for the meeting of the Audit and Risk Committee held on 6 February 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 6.5 on the Agenda for the meeting of the Audit and Risk Committee held 6 February 2026.
3. Notes the year-to-date Operating (Financial Performance) for the quarter ending 31 December 2025, which includes:
 - 3.1. An operating surplus of \$12.515m (\$6.468m higher than the budget of \$6.047m, for the period)
 - 3.2. Total operating revenue of \$128.712m (\$1.667m higher than the budget of \$127.045m, for the period)
 - 3.3. Total operating expenses (including depreciation) of \$116.197m (\$4.801m lower than the budget of \$120.998m, for the period)
 - 3.4. Total Capital Expenditure of \$33.516m (\$0.122m less than the budget of \$33.638m, for the period)
 - 3.5. Net cash surplus position of \$9.803m.
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 \$253.282m (\$1.711m higher than the adopted budget of \$251.571m)
 - 4.3. Total operating expenses (including depreciation) of \$244.741m (\$1.711m higher than the Q1 budget of \$243.030m).
5. Approves total capital expenditure of \$120.663m for 2025/26 year (\$1.630m lower than the Q1 budget of \$122.293m).
6. Approves total borrowings of \$50.677m projected to 30 June 2026 (\$1.141m lower than the Q1 projected borrowings of \$51.818m to 30 June 2026).
7. Receives the Council Subsidiary Quarter 2 updates as contained as Attachments B, C, D and E to Item 6.5 on the Agenda for the meeting of the Audit and Risk Committee held on 6 February 2026.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation 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</i> (SA).
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 on 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 2, 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 December 2025 is an operating surplus of \$12.515m, \$6.468m higher than the budget of \$6.047m, for the period. The variance is driven by:
4. Total operating revenue of \$128.712m is \$1.667m higher than the budget of \$127.045m, for the period, and includes the following key movements:
 - 4.1. Additional rates revenue of \$0.520m mainly from interest and penalties applied to overdue rates balances
 - 4.2. Additional fees and charges of \$1.026m which includes positive movements in parking \$0.892m, expiations, late payments and recoveries \$0.183m and Adelaide Town Hall fees and charges \$0.246m
 - 4.3. Grants, subsidies and contributions are (\$0.523m) unfavourable due to the timing of the recognition of grants, largely due to the Financial Assistance Grants, where 50% of the annual contribution was received in the 2024/25 Financial Year
 - 4.4. Additional other income of \$0.644m due to reimbursements \$0.192m and insurance claims \$0.267m.
5. Total operating expenditure of \$116.197m is \$4.801m lower than the budget of \$120.998m for the period, and includes the following key movements:
 - 5.1. Employee costs \$3.054m favourable partially offset by temporary labour backfill of (\$2.687m)

- 5.2. Strategic Projects are \$1.750m favourable and include timing of Asset Condition Audits \$0.410m, Market Expansion \$0.258m, Social Planning Homelessness Resource \$0.215m, Resilient Flood Mapping \$0.151m, Helen Mayo Park Master Plan \$0.125m, and Cyber Security Enhancement \$0.110m
- 5.3. Materials, Contracts and Other Expenses is (\$0.462m) unfavourable due to temporary labour backfill (\$2.687m). This is offset by favourable variances in strategic projects including professional services \$0.541m, advertising \$0.404m, computer software maintenance \$0.298m and the timing of Strategic Projects \$1.244m (including Asset Condition Audits \$0.410m, Market Expansion \$0.258m, Resilient Flood Mapping \$0.151m, Helen Mayo Park Master Plan \$0.125m, and Cyber Security Enhancement \$0.110m)
- 5.4. Sponsorships, Contributions and Donations are \$1.030m favourable and include timing of Event and Festivals Sponsorships within AEDA \$0.746m, Social Planning Homelessness Resource \$0.215m and Community Impact Grants \$0.101m, offset by Heritage Incentive Scheme (\$0.194m)
- 5.5. Depreciation is \$2.044m favourable, due to prior year revaluations, and remeasurement of lease liabilities, offset by an increase in finance costs of (\$0.865m).
- 6. The year-to-date Capital Expenditure as at 31 December 2025 is \$33.516m, which is \$0.122m behind the Q1 budget of \$33.638m for the period.
- 7. As at 31 December 2025, Council had a cash surplus of \$9.803m, with \$2.517m in bank accounts and \$7.286m in deposits.

Projected Annual Financial Summary

- 8. The proposed Quarter 2 review delivers an end of year operating surplus of \$8.541m, (in line with the adopted budget):
 - 8.1. Total estimated operating revenue of \$253.282m (\$1.711m higher than the adopted budget of \$251.571).
 - 8.2. Total estimated operating expenses (including depreciation) of \$244.741m (\$1.711m higher than the adopted budget of \$243.030m).
- 9. Operating revenue has increased by \$1.711m from the Q1 budget of \$251.571m to the estimated income of \$253.282m. This is mainly due to additional commercial parking revenue of \$0.483m; expiations, late payments and recoveries income of \$0.347m, Adelaide Town Hall of \$0.166m, external funding received for Library Materials and Operating Grants \$0.279m, State Bike Fund \$0.200m and funding for Strategic Projects of \$0.218m, and other movements of \$0.018m.
- 10. Operating expenditure increased by \$1.711m from the Q1 budget of \$243.030m to the estimated expenditure of \$244.741m. This is due to additional funding for Strategic Projects \$1.069m, and permanent increases to the budget of \$0.642m including land holding costs associated with Tapanka – Franklin Street site \$0.462m, Adelaide Town Hall \$0.190m associated with an increase in revenue, remeasurement of a lease term on a lease liability resulting in depreciation reducing by \$1.755m and finance costs increasing by \$1.699m, and other movements of \$0.046m.
- 11. Total proposed Capital Expenditure for the year is \$120.663m (decrease of \$1.630m compared to Q1 budget of \$122.293) as a result of the reduction to new and upgraded projects of \$2.473m through retiming of 9 projects, the addition of 3 new projects, and accrued interest of \$0.019m from externally funded projects. The renewal program is proposed to increase by \$0.843m due to the addition of 1 new project, and a reallocation of Project Delivery Management costs of \$0.566m.
- 12. Grant funding to support capital expenditure on new and upgraded assets of \$14.121m (\$0.455m increase to Q1 budget of \$13.667m) through funding for the Flinders Street Housing project (City East)
- 13. Borrowings are proposed to decrease to \$50.667m as at 30 June 2026 (\$1.141m lower than the adopted budget of \$51.818) as a result of the changes above.
- 14. Updated financial statements are provided from page 53 in **Attachment A**.

PROJECT DELIVERY SUMMARY

Strategic Projects

- 15. In 2025/26, Council has a commitment of \$8.195m (\$7.172 net of grant funding) to deliver 50 Strategic Projects. At the end of this quarter 50% was committed or spent.

Capital Works Program

16. In 2025/26, Council has a commitment of \$122.293m to deliver 325 projects as part of its Capital Works Program. At the end of this quarter 19 New and Upgrade projects and 19 Renewal projects reached practical completion.

ADJUSTMENTS TO THE 2025/26 BUSINESS PLAN AND BUDGET

Operating Program

17. 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):
 - 17.1. Permanent changes to the budget of \$0.651m net increase in revenue including commercial parking revenue of \$0.483m, expiation revenue of \$0.347m, library grant of \$0.279m, offset by an increase in expenditure associated with finance cost of (\$1.699m), land holding cost of (\$0.462m), employee cost of (\$0.174m), net decrease in Adelaide Town Hall of (\$0.024m), depreciation reduction of \$1.755m, materials reduction of \$0.115m and other minor changes of \$0.031m.
 - 17.2. Adjustments to Strategic Projects (temporary in nature) for the quarter total (\$0.651m) increase in net expenditure (\$1.069m increase in gross expenditure), consisting of:
 - 17.2.1. Inclusion of 7 new strategic projects: 2025 Resident Survey Analysis (\$0.020m), Tree Martin Management - 2026 Migratory Season (\$0.150m), National Heritage Management Plan First Nations Heritage (\$0.207m), ACMA Traders Sustainability Program Stage 2 (\$0.050m), Strategic Property Investigations (\$0.200m), Market Expansion Site Management (\$0.080m), Park 21 West SAPN Transformer (\$0.450m)
 - 17.2.2. Increase in funding for Election 2026 (\$0.090m), National Heritage Management Plan Implementation (\$0.039m)
 - 17.2.3. Savings identified in projects: Asset Condition Audit Project \$0.200m, City Plan Digital Tool (CoADE) \$0.039m
 - 17.2.4. Partial funding received projects: National Heritage Management Plan First Nations Heritage \$0.168m, ACMA Traders Sustainability Program Stage 2 \$0.050m
 - 17.2.5. Final costs associated Supplementary Election 2025 (\$0.102m)
 - 17.2.6. Reallocation of funding in Adelaide Central Market Expansion Operational Preparedness \$0.080m

18. Further detailed information on these changes is from page 47 (Operating Program - Adjustments) in **Attachment A**.

Capital Program

19. Capital expenditure is proposed to decrease to \$120.663m for the year, which is lower than the adopted budget of \$122.293m.
 - 19.1. New and Upgrade projects has decreased by \$2.473m from the Q1 budget of \$54.356m to a proposed budget as at Quarter 2 of \$51.883m.
 - 19.2. The Renewals budget has increased by \$0.843m from the Q1 budget of \$67.937m to a proposed budget as at Quarter 2 of \$68.780m.
20. Adjustments to the Capital program include:
 - 20.1. Re-timing of 9 projects into future years of \$6.081m
 - 20.2. City Library relocation (\$2.500m)
 - 20.3. A bring forward of the construction of the Glen Osmond Shared Use path and lighting project planned for 2026/27 of (\$1.200m)
 - 20.4. A new grant to support the development of the Housing solution at Flinders Street (\$0.455m)
 - 20.5. Accrued grant interest in Quarter 2 of (\$0.019m)
 - 20.6. The reduction in the New/Upgrade component of the Project Delivery Management cost of \$0.566m with a corresponding increase in the Renewal component.
21. Further detailed information on these changes is available from page 39 in Attachment A.

COUNCIL SUBSIDIARIES SUMMARY

22. 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.
23. 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

24. The year-to-date operating position as at 31 December 2025 is an operating deficit of (\$0.063m), which is \$0.587m favourable when compared to the Q1 budget of (\$0.650m) deficit for this period.
 - 24.1. Total operating revenue of \$2.770m
 - 24.2. Total operating expenditure of \$2.833m (comprised of Existing Marketing Operations Expenditure of \$2.726m and Market Expansion Expenditure of \$0.107m)
25. The proposed changes for ACMA in Quarter 2 is the recognition of the ACMA Traders Sustainability Program Stage 2 (100% grant funded), and a reduction in the Adelaide Central Market Expansion Operational Preparedness project of \$0.080m to reallocate to fund the site manager, noting that funds will be required next financial year to continue with the project.

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

26. The year-to-date operating position as at 31 December 2025 is an operating deficit of (\$0.343m), which is \$0.322m favourable when compared to the approved budget of (\$0.665m) deficit for this period.
 - 26.1. Total operating income of \$6.662m
 - 26.2. Total operating expenditure of \$7.005m.
27. The proposed change for AEDA in Quarter 2 is an adjustment to recognise the Right of Use Asset for the storage lease for Rundle Mall, net impact of \$0.002m increase to expenditure. This is funded by a \$0.002m increase to the appropriation of funds through the City of Adelaide.

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

28. The year-to-date operating position as at 31 December 2025 is an operating deficit of (\$0.075m), which is \$0.070m favourable when compared to the approved budget of (\$0.145m) deficit for this period.
 - 28.1. Total operating income of nil
 - 28.2. Total operating expenditure of \$0.075m.

There are no proposed changes to the Kadaltilla budget in Quarter 2.

DATA AND SUPPORTING INFORMATION

Nil

ATTACHMENTS

Attachment A – 2025/26 Business Plan and Budget Q2 Update

Attachment B – Adelaide Central Market Authority Q2 Update

Attachment C – Adelaide Economic Development Agency Q2 Update

Attachment D – Kadaltilla / Adelaide Park Lands Authority Q2 Update

Attachment E - Brown Hill Keswick Creek Stormwater Board Update

- END OF REPORT -