Draft 2025/26
Business Plan & Budget



Our Adelaide.
Bold.
Aspirational.
Innovative.

CITY OF ADELAIDE

Kaurna Acknowledgement

City of Adelaide tampendi, ngadlu Kaurna yertangga banbabanbalyarnendi (inbarendi). Kaurna meyunna yaitya mattanya Womma Tarndanyako.

Parnako yailtya, parnuko tappa purruna, parnuko yerta ngadlu tampendi. Yellaka Kaurna meyunna itto yailtya, tappa purruna, yerta kuma burro martendi, burro warriappendi, burro tangka martulyaiendi.

Kumarta yaitya miyurna iyangka yalaka ngadlu tampinthi.

City of Adelaide acknowledges the traditional Country of the Kaurna People of the Adelaide Plains and pays respect to Elders past and present.

We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations.

Our City

The City of Adelaide is the heart of the state's civic, cultural and commercial life.

First shaped by the Kaurna People of the Adelaide Plains, then by Colonel William Light, Adelaide is known for being progressive, resilient, bold, trailblazing and enterprising.

From the Nationally Heritage Listed Adelaide Park Lands that breathe life into our city, to our culturally diverse neighbourhoods and unique and easy to get around precincts, with year-round events and activations, a vibrant dining scene and international recognition as a UNESCO City of Music, the City of Adelaide offers an unparalleled quality of life.

The City of Adelaide boasts a bustling business landscape, accommodating over 12,500 enterprises and fostering approximately 169,940 local jobs, contributing nearly 18% to the state's economic prosperity. Leading industries include financial and insurance services, professional and scientific sectors, health, education and public administration and safety, reflecting the city's economic vitality and diversity.

The city accommodates approximately 29,000 residents and over 390,000 daily visitors. Adelaide's allure extends globally, attracting over two million visitors annually. The city's vibrant atmosphere is unmistakable, nurturing inclusivity and connectivity within its diverse population, which includes individuals of all ages, from the young to the young-at-heart. Adelaide's appeal extends far and wide, inviting everyone to be a part of its rich tapestry of experience.

We aspire to strengthen what we know makes Adelaide one of the world's most liveable cities. The City of Adelaide's great liveability is created not just through our layout and world class infrastructure, but also through the breadth of our heritage, festivals, residents, businesses, students and visitors.

Our City at a glance:

12,500 + local businesses	**169,000+** local jobs	**$24 billion** contribution to State Economy (18%)
$4.18b local spend *(Feb 24 – Feb 25)*	**2.7 million** local and overseas visitors	**390,000+** people visit the city daily
29,118 + city residents *(ABS ERP 2024)*	**47%** aged 18 to 34 *(ABS Census 2021)*	**20%** aged 60 and over *(ABS Census 2021)*

Our Adelaide

Bold. Aspirational. Innovative.

The 2025/26 Business Plan and Budget is the key annual operational and financial planning document for the City of Adelaide. It describes the priorities, programs, services and projects that we plan to deliver, our sources of revenue, financial levers, long term sustainability and how we propose to allocate our budget in the coming year.

In 2025/26 Council will continue to support the 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 for our subsidiaries Kadaltilla / Adelaide Park Lands Authority, Adelaide Central Market Authority and the Adelaide Economic Development Agency.

This Business Plan and Budget sets out the Council's priorities, services, programs, projects and budget for 2025/26.

This plan delivers on Year 2 of the Strategic Plan 2024-2028 and Council has provided a list of priorities, highlights and measures for the year ahead (Our Strategies and Plans).

Council proposes to do this through:

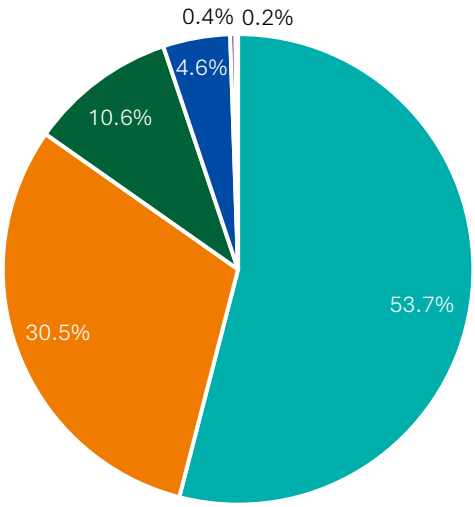
- A focus on delivery of the Strategic Plan 2024-2028 with key projects and infrastructure upgrades
- Delivery of core council services
- Delivery of a financially sustainable budget with an equitable approach to income generation, in line with our Long Term Financial Plan
- Delivery of an operating position to meet the ongoing cost requirements of our Asset Management Plans, working towards a target of 100% asset renewals
- A moderate rate increase based on CPI that supports businesses during this period of economic instability
- Prioritising our operational budget, grants and sponsorships and where there are opportunities to partner with other levels of Government to seek co-funding.

What the community can expect to see delivered throughout the year has been provided under each Program of the Organisation, alongside a Capital Works Program (Our Programs and Projects).

The financial information, including our financial framework and Resource Plan 2024-2028, that underpins this plan, is provided at the end of this document (Our Resources and Budget).

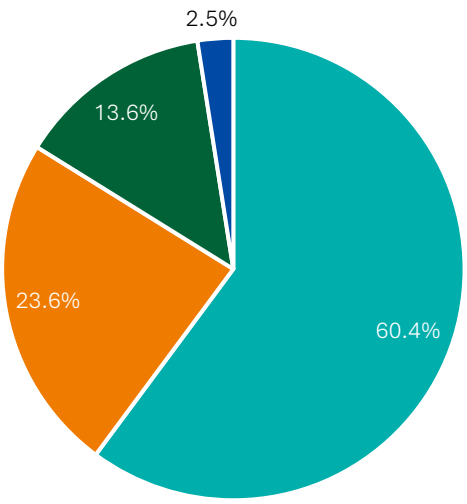
Further information, including a copy of Council's subsidiary plans and budgets, is available online at cityofadelaide.com.au/budget.

Where our funds come from:



●	Rates	$154.908m	(53.7%)
●	Fees and Charges (Statutory and User Charges)	$88.119m	(30.5%)
●	Borrowings	$28.956m	(10.6%)
●	External Funding	$13.224m	(4.6%)
●	Other	$1.047m	(0.4%)
●	Proceeds from the Sale of Assets	$0.500m	(0.2%)
	TOTAL	**$286.754m**	

How are funds are spent:



●	Service Delivery	$172.492m	(60.4%)
●	Renewal/ Replacement of Assets	$67.937m	(23.6%)
●	New and Upgraded Assets	$39.179m	(13.6%)
●	Strategic Projects	$7.146m	(2.5%)
	TOTAL	**$286.754m**	

Key Investments

Investing over $39m into Capital projects

including converting the previous Adelaide Aquatic Centre site into a community playing field, upgrading James Place, progressing the Central Market Arcade redevelopment and continuing greening through the city.

Undertaking over $67m in maintenance and renewal

for the $2 billion plus owned Council assets (roads, footpaths, parks, buildings etc).

Continuing our commitment to upgrading Park Lands Buildings

ensuring that sporting clubs and our community have the facilities they need now and for future generations, with works commencing at the sporting clubs at Golden Wattle Park / Mirnu Wirra (Park 21 West) and Mary Lee Park / Tulya Wardli (Park 27B), and further concept designs.

Implementing the Mainstreet Revitalisation Program

with construction works progressing in Gouger Street, Hindley Street, Hutt Street and Melbourne Street, and finalising the design of O'Connell Street.

Stimulating growth in the City's economy

through the implementation of the Economic Development Strategy and the Adelaide Economic Development Agency's Strategic Plan.

Improving active transport and safety

with a pedestrian crossing being installed at Franklin Street, traffic signal upgrades on Morphett Street and cycling path improvements along Peacock Road and the Adelaide Park Lands Trail.

Lord Mayor Introduction

Upgrading Park Lands sports facilities, planting more trees across city streets and revitalising our main streets will be the focus of this Council's third Budget.

The 2025/26 Business Plan & Budget continues this Council's strong track record of repairing not just our bottom line but major infrastructure across the city.

This Budget proposes spending more than $107 million on city infrastructure, including building new bikeways and walking trails through the Park Lands and a pedestrian crossing on Franklin Street.

Our bold plan to revitalise Gouger, Hindley, Hutt and Melbourne streets is a key pillar of this Budget, with more than $5 million earmarked for detailed design and construction to turn our plans into a reality.

Making sure our city is climate resilient is a key consideration in this Budget with our $2.2 million commitment to greening CBD streets.

Up to 200 trees will be planted over the next year across streets to increase shade, bring down temperatures and make our city more pedestrian friendly.

Community sport is a key attribute of our Adelaide Park Lands with more than 207 hectares of dedicated playing space.

This Council has committed 1.5 per cent of its rates revenue to upgrading community buildings in the Park Lands.

This Budget proposes spending more than $8 million to redevelop two rundown buildings in Golden Wattle Park/Mirnu Wirra (Park 21 West) and Mary Lee Park (Park 27B) used by footballers and cricketers; as well as drawing up concept designs for another Park Land building, to be determined during the year.

When it comes to housing, this Budget also proposes extending our successful Adaptive Reuse City Housing Initiative (ARCHI) program to larger empty buildings.

The latest Essential Services Commission of SA (ESCOSA) report confirmed this Council is on the right path after many years of waived fees and frozen rates.

While our finances remain fragile, this is a disciplined Budget that continues to make significant investments in improving the City of Adelaide.

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Frequently used terms within this document:

Budget views: Within this document we have presented operational budgets within each Portfolio and Program of Council (being the administrative structure). Each budget table presents two views, an operating view and an activity view. The operating view presents a summary of the nature of the income and expenditure consistent with the financial statements. The activity view provides the budget by the services and deliverables of each Program.
Note: the Operating View and Activity View is the same budget information of programs, shown in two different views.

Capital Projects: Support the delivery of Council's Strategic Plan and its Asset Management Plans. The delivery of projects is prioritised / reviewed annually to deliver on relevant financial and asset indicators.

FTE: Full Time Equivalent (1.0) employee.

Operating Activities: Deliver on Council decisions, partnerships and/or strategic projects that are ongoing in nature.

Program and Portfolio: A description of the structure of the organisation, consisting of a group of people responsible for specific policies, strategies, plans, functions and services. Multiple Programs make up a Portfolio. Each Portfolio is led by a Director, who is a member of Executive and reports to the Chief Executive Officer.

Service: Local government services that meet community need, expectation and legislated requirements.

Strategic Projects: Generally, 'one off' activities that have been prioritised to be delivered within a specific timeframe to meet strategic outcomes, often as a result of Council decisions and/or partnerships.

Subsidiaries: Established by Council under Section 42 of the *Local Government Act 1999 (SA)* that operate under independent boards or organisations that City of Adelaide either operates or supports.

Our Strategies and Plans

Strategic Drivers

How We Plan

Business Plan Priorities

Our Community

Our Environment

Our Economy

Our Places

Our Corporation

Performance

Grants and Partnerships

Strategic Drivers

The environment that Council is operating in to deliver for our community and city continues to evolve and is influenced by trends and challenges at a state, national and global level. We need to balance the City's growth with our changing community demographics as we expand the range of essential services delivered based on our community's expectations, whilst remaining financially responsible.

This means we are required to make the best of our available resources, diversify our revenue streams and plan for the changing expectations of our communities in an increasingly challenging environment.

State and Federal Government
Both the State and Federal Governments continue to influence the way Council operates, from grant funded projects and partnerships, to setting policy positions around immigration, transport, legislation, planning and development. The recently endorsed State Government Transport and Urban Greening Strategies, Cultural Policy, Greater Adelaide Regional Plan and State-led projects such as the New Women's and Children's Hospital, Aquatic Centre and LIV Golf, present opportunities and challenges for our Council. Upcoming Federal and State elections present opportunities to further advocate for our City and community.

Financial sustainability
The impacts of inflation on the cost to deliver services, combined with lower grant revenue and delivering COVID-19-influenced budgets has resulted in Council continuing to prioritise financial sustainability for current and future generations. This has been reflected by the Essential Services Commission of South Australia (ESCOSA) Review finding that the City of Adelaide is mostly sustainable. Council's response to these findings are found on page 83 of this document.

Infrastructure and resourcing
Our organisation has not been immune to local and global pressures on the physical and human resources required to deliver projects and asset renewals. During the COVID-19 pandemic, our Asset Renewal Funding Ratio fell below 90% with Council now focusing on record breaking investment to ensure that our assets and capital projects are appropriately funded and renewed.

Climate adaptation and resilience
Council has a vision for a resilient, protected and sustainable city. From transport and movement to the Adelaide Park Lands and biodiversity, Council is working towards building climate resilience, transitioning to a decarbonised city, and protecting natural ecosystems. As a world-class city, there is ample opportunity in accelerating the transition to a low carbon, green and electrified city.

Demographic changes
With a target to increase the City's population to 50,000 residents by 2036, Council will enable this growth while maintaining our residents' quality of life by ensuring services and infrastructure support a larger population. Most of the population growth for the city is likely to come from overseas migration, which is forecasted to peak between 2027 and 2031 to add another 2,000-plus residents to the city.

Domestic and global economic conditions

There is ongoing uncertainty in global trade and economic conditions with recent Federal Government Budget papers reflecting a potential flattening of western countries' gross domestic output. While Australia continues to be well placed for a 'soft-landing' from the economic pressures of the past two years, other western nations are expected to have minimal economic growth and will see an increase in trade barriers. This has the potential to impact investment and visitation but provides an opportunity to focus on supporting our local economy.

Locally, Adelaide continues to experience low commercial vacancy rates, 'return to offices' by workers, new commercial developments and with the South Australian Government's support, record breaking visitation trends due to an increase in investment in festivals such as the AFL Gather Round and LIV Golf.

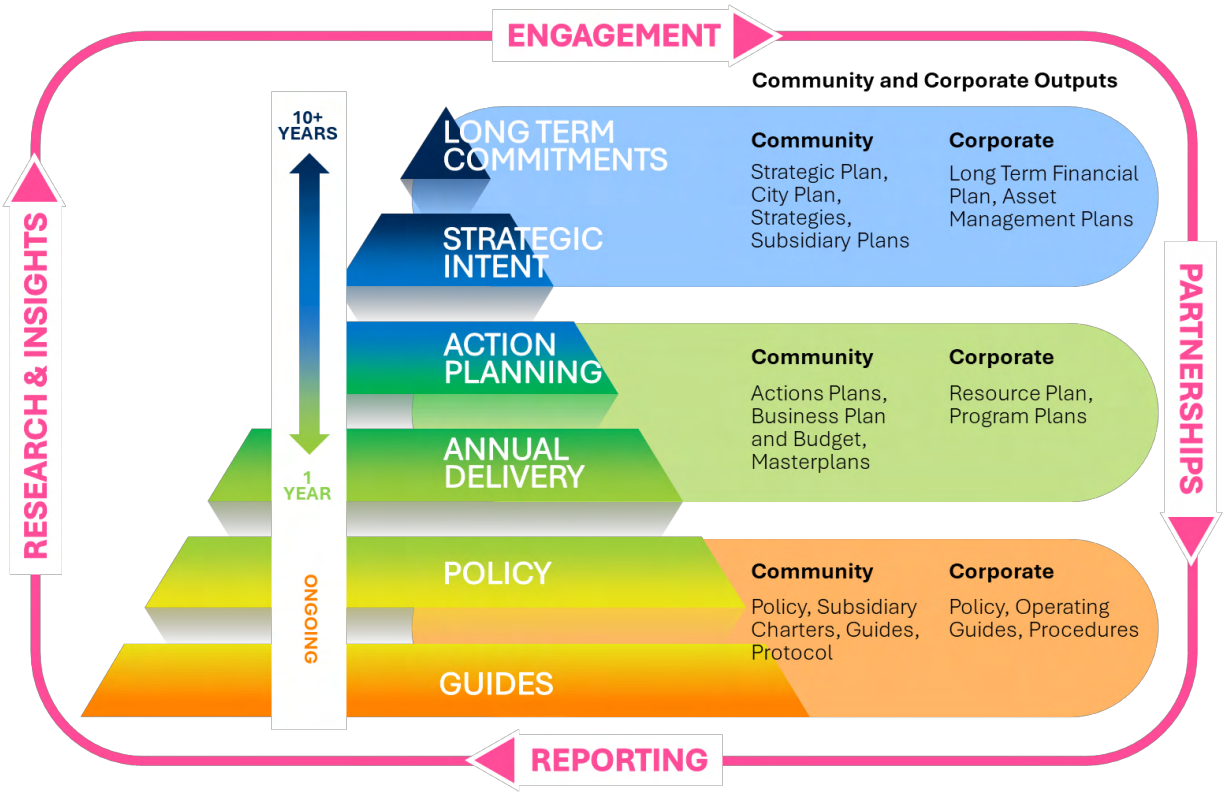
Nevertheless, there are ongoing challenges with retail spend in our City as a result of 'cost of living' pressures on our community over the past two years. This is further exacerbated as housing supply and affordability continues as one of the biggest challenges facing Australia, particularly in South Australia where median house prices continue to reach record levels. The increase in house values, while providing local government with extra income, is putting pressure on the liveability and vibrancy of our communities and neighbourhoods.

How We Plan

Strategic and corporate planning at the City of Adelaide articulates our vision for the future based on our community's expectations. It takes into account future operations, financial sustainability, resourcing, Council's views on issues and the 'grand challenges' we face.

Connecting this space is our research and insights, partnerships and advocacy, engagement with the community, and transparent reporting.

Council is committed to showing a clear line of sight and a holistic view of this work, as we connect program and service delivery with meeting community expectations and our vision for moving forward, as articulated below:



This approach provides a strong foundation that represents the interplay and cohesion between our vision and strategy, planning and delivery, policy, principles and guides.

Long Term Commitments

Under the *Local Government Act 1999 (SA),* Council must develop and adopt 'strategic management plans' which identify Council's objectives, how Council intends to achieve its objectives, how these fit with the objectives of other levels of government, performance measures and estimates of revenue and expenses. These plans must cover at least four years and are reviewed after every Council election. For the City of Adelaide these are:

Long Term Financial Plan (Financial): Ten-year plan, revised annually to ensure a ten-year view is maintained. Planning for long term financial sustainability.

Asset Management Plans (Infrastructure): Suite of ten-year plans. Planning for the sustainable renewal and maintenance of assets.

City Plan (Development): Ten-year spatial plan. Planning for future land uses and built form.

and

Strategic Plan (Community): Long term with a four-year delivery focus. Planning for vision and aspirations.

The Strategic Plan 2024-2028 presents a long-term vision of **Our Adelaide. Bold. Aspirational. Innovative.**

To deliver on this vision, the Strategic Plan focusses our long-term efforts against the following Aspirations:

Our Community	Vibrant, connected and inclusive
Our Environment	Resilient, protected and sustainable
Our Economy	Growing, innovative and responsive
Our Places	Interesting, purposeful and safe
Our Corporation	High performing, customer-centric and bold

Each Aspiration outlines Council's commitment over four years through key actions and indicators of success. The Strategic Plan is supported by a Resource Plan that identifies the financial, infrastructure, information management and people resources required to deliver on our long-term and short-term objectives.

Strategic Intent

Supporting our long-term commitments are a range of topic specific documents, which articulate Council's strategic intent. These strategies and plans align to the Strategic Plan 2024-2028 and have been developed to respond to legislation, community expectations, 'grand challenges' and Council decisions.

Strategy/Plan	Alignment
Active City Strategy (2013 – 2023)	Our Community
Adelaide Central Market Strategy	Our Economy
Adelaide Economic Development Agency Strategic Plan 2024/25 – 2028/29	Our Economy
Adelaide Park Lands Management Strategy (2015-2025)	Our Environment
Asset Management Plans	Our Places
City Plan (2024 - 2036)	Our Places
Community Land Management Plans	Our Places
Cultural Strategy	Our Community
Customer Experience Strategy	Our Corporation
Disability Access and Inclusion Plan (2024 – 2028)	Our Community
Dog and Cat Management Plan (2019 – 2024)	Our Places
Economic Development Strategy (2024-2028)	Our Economy
Heritage Strategy (2021-2036)	Our Places
Homelessness Strategy – everyone's business	Our Community
Housing Strategy – investing in our housing future	Our Community
Integrated Climate Strategy (2030)	Our Environment
International Relations Strategy	Our Community
Long Term Financial Plan	Our Corporation
Smart Move Transport and Movement Strategy (2012-2022)	Our Places
Spatial Vision	Our Places
Strategic Plan 2024-2028	Our Corporation
Wellbeing Plan (2020-2025)	Our Community

Annual Delivery

Council undertakes an annual plan and budget process, with a commitment to the community to deliver on the Strategic Plan and provide services and projects within our budget and resources to achieve:

- Responsible management of public funds to support community outcomes
- Council's commitment to the community and legislatively required priorities
- Deliverables for the year, showing how these align to our services, Strategic Plan, Asset Management Plans and other endorsed strategies and action plans
- Deliverables which respond to the challenges and opportunities of the current environment and show how we will manage these.

Business Plan Priorities

To ensure the delivery of the Strategic Plan's long-term vision and the short-term actions and measures, it is essential to embed these into the everyday business of Council, which is achieved annually through the Business Plan and Budget. This process also allows Council to identify our Key Actions from our 2024–2028 Strategic Plan to prioritise for the year ahead.

Our planning approach and commitments alongside the identified financial principles ensure that we are able to plan, budget and report on the 2025/26 Business Plan and Budget in alignment with the Strategic Plan, community expectations and operational challenges and opportunities.

To support our planning, we are committed to:

- Demonstrating bold capital city leadership and robust governance with community at the heart of our decisions
- Building strategic relationships and partnerships to improve access to funding opportunities that support community outcomes and encourage investment and development
- Investing in meaningful and authentic community engagement to build trusting relationships
- Focusing on continuous improvement and efficiencies in the planning and delivery of services, programs and assets, based on community need and meeting Council's strategic intent
- Pursuing revenue opportunities and grants which reduce the reliance on rates and improve our procurement lifecycle
- Undertaking research and collecting data, to ensure we are continuously understanding the environment we are working in and to be able to inform decision making and planning outcomes
- Presenting our plan and budget through our organisational structure (articulated Program Overviews within this document).

A summary of our 2025/26 Business Plan, aligned to the Strategic Plan aspirations, is presented on the following pages.

Our Community – vibrant, connected and Inclusive

Drive affordable, safe and quality housing outcomes that attract and retain residents in our city.

An interesting and engaging place to live, learn and visit.

An inclusive, equitable and welcoming community where people feel a sense of belonging.

Action to Prioritise

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

Projects that deliver on this aspiration:

- Bilingual Community Liaison Officer
- Social Planning Homelessness and Adelaide Zero Project – Partnership
- Future Libraries Business Case
- Implementation of the City of Adelaide Housing Strategy – vacancy assessment
- Positive Ageing Program – Pilot
- City Activation
- Rundle Mall Live Music Program
- Australia Day Partnership – Australia Day Council of South Australia Incorporated
- Flinders Street housing – Concept Planning
- Christmas Decorations – City-Wide, One Market and Rundle Mall
- Public Art Action Plan Deliverables
- Place of Courage

Measures within our Strategic Plan to deliver in 2025/26:

- Reduce the incidences of people sleeping rough or experiencing homelessness to functional zero by 2026 in line with Council's Homelessness Strategy
- Support 29 State Government housing outcomes per month in the City of Adelaide for people experiencing homelessness to 2026 in line with Council's Homelessness Strategy
- Review the Active City Strategy by 2025
- Review library and community centre service delivery model to better meet the evolving community's need by 2025
- Develop a Community Wellbeing Plan by 2026

Our Environment – Resilient, protected and sustainable

Leads as a Low Carbon Emissions City.

A sustainable city where climate resilience is embedded in all that we do.

The status, attributes and character of our green spaces and the Park Lands are protected and strengthened.

Action to Prioritise

- 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.
- Work with partners to create innovative ways to create or convert underutilised areas to green space.

Projects that deliver on this aspiration:

- Annual Cultural Burn in the Adelaide Park Lands
- National Heritage Management Plan Implementation
- Master Plan for Helen Mayo Park
- Key Biodiversity Area Management Plan for G S Kingston Park / Wirrarninthi (Park 23)
- Tentative List Submission for the World Heritage Bid for Adelaide and its Rural Settlement Landscapes
- Accelerated Greening Water Truck
- Aquatic Centre Community Playing Field- Denise Norton Park / Pardipardinyilla (Park 2)
- Brown Hill Keswick Creek (Financial Contribution)
- City Public Realm Greening Program
- London Road Depot Electrification (Stage 1)

Measures within our Strategic Plan to deliver in 2025/26:

- Develop a Sustainability Governance and Reporting Framework by 2025 and capture and share data and learnings
- All new dwellings built from 2025 are fully electric (no internal gas supply)

Our Economy – Growing, innovative and responsive

Adelaide's unique experiences and opportunities attract visitors to our city.

Achieve a critical mass of jobs and investment and attract and retain businesses by growing a dynamic, holistic economy.

Council is driving development opportunities for our community via diverse commercial activities.

Action to Prioritise

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

Projects that deliver on this aspiration:

- 88 O'Connell Project Delivery
- Adelaide Central Market Expansion Operational Readiness
- City Brand Development
- Tourism and Business Attraction
- Investment Attraction Program
- Partner Marketing – Winter Focus
- Federal Hall Trade Waste and Water Connections
- Central Market Arcade Redevelopment Options
- Central Market Arcade Redevelopment Major Project
- Market Expansion Capital Works – Ground Floor

Measures within our Strategic Plan to deliver in 2025/26:

N/A

Our Places – Interesting, purposeful and safe

Community Assets are adaptable and responsibly maintained.

Encourage bold, interesting and purposeful development that supports the changing needs of our community and city.

Create safe, inclusive and healthy places for our community.

Action to Prioritise

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

Projects that deliver on this aspiration:

- Asset Condition Audit
- Resilient Flood Planning
- Adaptive Reuse City Housing Initiative (ARCHI)
- Planning and Design Code Amendment Program
- Implementation of the Disability, Access and Inclusion Plan 2024-2028
- Main Street Revitalisation
  - Gouger Street (Detailed Design & Construction)
  - Hindley Street (Construction)
  - Hutt Street (Detailed Design & Construction)
  - Melbourne Street (Detailed Design & Construction)
  - O'Connell Street (Detailed Design)
- Community Sports Building Redevelopment – Golden Wattle Park / Mirnu Wirra (Park 21 West)
- Community Sports Building Redevelopment – Mary Lee Park / Tulya Wardli (Park 27B)
- Community Sports Building Redevelopment – Concept Design
- Rundle Mall Sound System
- James Place Upgrade
- Additional Park Safe Vehicle
- Adelaide Park Lands Trail – Sir Donald Bradman Drive
- Belair-City Bikeway / Adelaide Park Lands Trail – Glen Osmond Road
- Traffic Signal Safety upgrade
  - Morphett Street and Franklin Street Intersection
  - Morphett Street and Grote Street Intersection
- Peacock Road Cycle Route
- School Safety Implementation Project
- West Pallant Street Improvements
- Franklin Street Pedestrian Crossing

Measures within our Strategic Plan to deliver in 2025/26:

- Commence the design of the Melbourne Street upgrade project by 2025/26
- Review the heritage overlays to ensure our heritage places are known and accommodated during development by 2025
- Increase the number of dwellings in our city from 14,660 (2021) to 17,780 by 2026 and 22,770 by 2031
- Deliver conservation management plans for heritage assets by 2025
- Review the Wellbeing (Public Health) Plan by 2026
- Review and implement by-laws which respond to community needs by 2025
- Commence the design of the Hindley Street, Gouger Street, O'Connell Street, Hutt Street upgrade projects
- Review the Dog and Cat Management Plan

Our Corporation – high performing, customer centric and bold

Effective Leadership and Governance	Exceptional Customer Experience	Financial Sustainability
People Engagement	Strategy, Value and Efficiency	Technology and Information

Action to Prioritise

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

Projects that deliver on this aspiration:

- City of Adelaide Website Redevelopment
- Parking Coordinator – On-Street Paid Parking Control Changes
- Aboriginal Trainee and Cadet Program
- Talent Attraction and Retention
- City Plan Digital Tool (City of Adelaide Digital Explore – CoADE)
- On-Street Parking Compliance Technology and Customer Analytics Reform
- Minor Works Building – Safety Upgrades
- Aboriginal Employment and Inclusion Coordinator
- Cyber Security Enhancement
- UPark Central Market – Market Square Car Park
  - Car Park Hardware
  - Parking Guidance System
- Review of Property Management

Measures within our Strategic Plan to deliver in 2025/26:

- Review Emergency Management Plans and response by 2025
- Deliver a City of Adelaide Graduate Program by 2025
- Implement a Public Transparency Policy
- Review the Rating System to ensure optimum outcomes
- Deliver and maintain a Workforce Strategy

Performance

The Strategic Plan 2024-2028 includes a range of indicators of success to ensure Council is on a path to deliver our long-term vision. These were built based on conversations with Council, our community and consideration of external influences and other Government Strategies and Plans. While many of these are for the life of the Strategic Plan or beyond, a number of measures are specific to 2025/26.

The assessment of performance and progress against the Business Plan and Budget, including the services, projects, commercial businesses and budget of Council, are provided through quarterly updates. The updates also outline how events in the past quarter have shaped our financial forecast going forward and any changes in scope and budget to deliverables. Careful consideration is given to key financial indicators and ratios, and cash flow estimates to guide decision making that supports Council's financial sustainability through these updates. This reporting supports Council to respond to emerging challenges while continuing to support and deliver for our community. Quarterly reviews provide an opportunity for Council to re-prioritise services, projects and budgets as required.

At the end of each financial year the City of Adelaide also prepares an Annual Report which provides an update on the progress of Council's Strategic Plan and the extent to which the City of Adelaide achieved these actions and measures.

Council also monitors community feedback as well as key city, community and service indicators and measures to provide support in understanding indicators of achievement against our plans and identify risks and opportunities. These keep us on track and support transparency and accountability by ensuring our progress is communicated and shared in a consistent manner.

Grants and partnerships

The Strategic Plan 2024-2028 reflects Council's commitment to working with others to shape the future of our city for the benefit of the whole state.

To ensure that we can deliver on our long term vision and short term strategic plan actions, we need to be outward looking and work collaboratively with Federal, State and Local Governments to demonstrate excellence, innovation and exceptional service provision.

We will continue to advocate, build strong partnerships and leverage our relationships, to seek co-investment, grants and contributions for the benefit of the city and our community.

Key partnerships include those with the Federal, State and Local Government sectors and strategic non-government (private sector, community groups and not-for-profit) organisations.

These include:

Capital City Committee

The Capital City Committee is the main forum for the City of Adelaide and the State Government of South Australia to progress the strategic development of our city.

Council of Capital City Lord Mayors (CCCLM)

The Lord Mayor works with other leaders on the CCCLM to represent the special roles and interests of each Australian Capital City in relation to other spheres of government.

Local Government Collaboration

These collaborations typically support the delivery of sector-wide policies and best practice, improved community services, greater Council efficiency and sharing of resources.

Strategic Partnerships

While government partnerships provide a means for Council to jointly work on and fund major projects and address regional issues, strategic partnerships provide a greater opportunity for Council to work with the private sector, community and not-for-profit organisations.

External Funding 2025/26 ($'000)	Operating	Capital	Total
Federal Grant Funding			
Commonwealth Home Support Program (CHSP)	309	-	309
Financial Assistance – Roads to Recovery	409	-	409
Preparing Local Communities - Local Stream	100	-	100
Supplementary Local roads	133	-	133
State Government Funding			
Adaptive Reuse City Housing Initiative	303	-	303
Adelaide Park Lands Trail - Sir Donald Bradman Drive BPAC	-	1,200	1,200
Belair-City Bikeway / Adelaide Park Lands Trail - Glen Osmond Road	-	1,300	1,300
Community Sports Building Redevelopment – Mary Lee Park / Tulya Wardli (Park 27B)	-	1,368	1,368
DHS Community Neighbourhood Development	99	-	99
James Place Upgrade	-	500	500
Library Grant	219	-	219
Local Government Financial Assistance Grant	1,107	-	1,107
Master Plan for Helen Mayo Park	250	-	250
Melbourne Street Wombat Crossings	-	600	600
Mike Turtur Bikeway - Peacock Road Separated Bike Lanes	-	500	500
Park Lands Related Activity	2,058	-	2,058
School Immunisation Program	108	-	108
Vulnerable and Homeless People Project	46	-	46
Other			
Community Sports Building Redevelopment – Golden Wattle Park / Mirnu Wirra (Park 21 West)	-	2,550	2,550
Sponsorships and Donations	65	-	65
TOTAL	**5,206**	**8,018**	**13,224**

Our Programs and Projects

Our Organisation

2025/26 Budget

City Community Portfolio

City Infrastructure Portfolio

City Shaping Portfolio

Corporate Services Portfolio

Office of the Chief Executive

Office of the Lord Mayor

Capital Works

Our Organisation

The City of Adelaide will deliver the 2025/26 Business Plan and Budget through our Organisational Structure, including our Portfolios, Offices and Subsidiaries.

Each Portfolio has key focus areas which will support our priorities for the year. A detailed view of our supported functions, strategic projects and budgets across these Programs, Subsidiaries and Offices is provided in this section.

City Community	▪ Director City Community ▪ City Culture ▪ Customer and Marketing ▪ Regulatory Services
City Infrastructure	▪ Director City Infrastructure ▪ Infrastructure ▪ Strategic Property and Commercial
City Shaping	▪ Director City Shaping ▪ City Operations ▪ Park Lands, Policy and Sustainability ▪ Kadaltilla / Adelaide Park Lands Authority
Corporate Services	▪ Chief Operating Officer ▪ Finance and Procurement ▪ Governance and Strategy ▪ Information Management ▪ People ▪ Adelaide Central Market Authority (ACMA) ▪ Adelaide Economic Development Agency (AEDA)
Offices	▪ Office of the Chief Executive ▪ Office of the Lord Mayor

Notes for this section:

Where shown in finances tables, the below applies:

- FTE – Full Time Equivalent (1.0) - staffing levels
- Inc. – Incomes
- Exp. – Expenditure
- Total(N) – Total (net)
- Materials and other – Materials, contracts and other expenses
- Sponsorship – Sponsorship, contributions and donations
- Depreciation – Depreciation, Amortisation and Impairment

2025/26 Budget

The table below provides a snapshot of the City of Adelaide's Budget for 2025/26 compared against the previous financial year, across our organisational structure and outlining the proposed Strategic (non-Capital) Projects for each Portfolio:

	2024/25 Q2		Proposed 2025/26	
$'000	**Inc.**	**Exp.**	**Inc.**	**Exp.**
City Community				
Director City Community	-	(334)	-	(680)
City Culture	6,298	(20,316)	5,593	(19,556)
Customer and Marketing	2	(6,714)	1	(6,895)
Regulatory Services	16,712	(10,376)	17,625	(10,613)
Strategic Projects	124	(774)	-	(895)
City Infrastructure				
Director City Infrastructure	-	(699)	-	(709)
Infrastructure	488	(47,554)	-	(53,287)
Strategic Property and Commercial	57,240	(33,108)	58,837	(34,046)
Strategic Projects	966	(3,387)	270	(2,528)
City Shaping				
Director City Shaping	-	(697)	-	(715)
City Operations	2,720	(44,336)	2,935	(47,084)
Park Lands, Policy and Sustainability	79	(7,436)	46	(7,710)
Kadaltilla / Adelaide Park Lands Authority	328	(328)	323	(323)
Strategic Projects	784	(2,239)	553	(1,994)
Corporate Services				
Chief Operating Officer	-	(1,014)	-	(974)
Finance and Procurement	138	(4,821)	142	(4,853)
Governance and Strategy	-	(6,056)	-	(5,925)
Information Management	31	(14,001)	38	(15,227)
People	-	(4,660)	-	(5,082)
Corporate Activities	142,243	3,264	152,743	2,692
Adelaide Central Market Authority	5,343	(5,880)	5,645	(6,282)
Adelaide Economic Development Agency	4,417	(12,455)	4,528	(13,134)
Strategic Projects	-	(1,528)	-	(1,729)
Offices				
Office of the Chief Executive	-	(1,457)	-	(1,501)
Office of the Lord Mayor	-	(1,640)	-	(1,688)
Total	**237,913**	**(228,546)**	**249,279**	**(240,738)**
Operating Surplus/(Deficit)		**9,367**		**8,541**

City Community Portfolio

The City Community Portfolio strives to deliver exceptional experiences for our community and customers, providing opportunities for creativity, recreation and wellbeing in a city that is safe, accessible and supportive of all our communities.

The Portfolio contains: City Culture; Customer and Marketing; and Regulatory Services

Key Focus areas

- Strategic communication that keeps our community informed
- Support safer public spaces and keep the city moving
- Community led services that increase wellbeing, social connection and active lifestyles
- City activation, events, initiatives, grants and sponsorship
- Provide brilliant customer service to all city users
- Facilitation of high-quality built form outcomes through the assessment phase.

$'000	2024/25 Q2				2025/26			
Operating Budget	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	23,136	-	23,136	-	23,219	-	23,219
Employee costs	196.9	-	(24,436)	(24,436)	196.9	-	(25,268)	(25,268)
Materials and other*	-	-	(9,835)	(9,835)	-	-	(9,255)	(9,255)
Sponsorships**	-	-	(1,016)	(1,016)	-	-	(909)	(909)
Depreciation	-	-	(2,932)	(2,932)	-	-	(2,936)	(2,936)
Finance costs	-	-	(295)	(295)	-	-	(271)	(271)
TOTAL	**196.9**	**23,136**	**(38,514)**	**(15,378)**	**196.9**	**23,219**	**(38,639)**	**(15,420)**

Program Budget	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Office of the Director, City Community	3.0	-	(334)	(334)	3.0	-	(680)	(680)
City Culture	70.0	6,298	(20,316)	(14,018)	70.8	5,593	(19,556)	(13,963)
Customer and Marketing	40.1	2	(6,714)	(6,712)	40.1	1	(6,895)	(6,894)
Regulatory Services	82.0	16,712	(10,376)	6,336	81.0	17,625	(10,613)	7,012
Strategic Projects	1.8	124	(774)	(650)	2.0	-	(895)	(895)
TOTAL	**196.9**	**23,136**	**(38,514)**	**(15,378)**	**196.9**	**23,219**	**(38,639)**	**(15,420)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

	2024/25 (Q2 update)		*2025/26*	
Capital Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
New and Upgrade	105	(598)	3,918	(14,521)
Renewal	274	(291)	-	(196)
TOTAL	**379**	**(889)**	**3,918**	**(14,717)**

City Culture

City Community Portfolio

Strategic Plan link Our Community, Our Places

Creates brilliant experiences for all who choose to live in and enjoy our City. By activating and curating places and spaces, and providing opportunities for creativity, recreation, and wellbeing, we connect, support and inspire our diverse community, and draw more people to Adelaide to live, study, work and play.

Functions supported:

- Adelaide Town Hall
- BMX and Skate Parks
- City Activation
- Community Centres
- Community Development
- Positive Ageing Program
- Community Wellbeing
- Arts and Culture
- International and Sister City Relationships
- Libraries
- Major Event Facilitation
- Place Making
- Public Art and Monuments
- Sports and Recreation Initiatives
- Volunteers

Outputs for the year ahead

- Enable community-led services which increase wellbeing, social connections and participation in active lifestyles, leisure, recreation and sport
- Drive social change and strengthen communities through locally-led arts, cultural and recreational activities
- 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
- Lead and create opportunities for people to expand knowledge, learn, and master new skills
- Celebrate and elevate our community culture including the profiles of multicultural communities and create welcoming programs and services
- Support belonging through an inclusive and welcoming community that recognises diversity and enables people of all abilities living, working and visiting the city
- Create sustained, respectful, and inclusive opportunities that encourage full participation of people from diverse backgrounds in the cultural and social life of the City by ensuring our services and projects are accessible and inclusive for all.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	6,298	-	6,298	-	5,593	-	5,593
Employee costs	70.0	-	(9,365)	(9,365)	70.8	-	(9,538)	(9,538)
Materials and other*	-	-	(7,213)	(7,213)	-	-	(6,302)	(6,302)
Sponsorships**	-	-	(511)	(511)	-	-	(509)	(509)
Depreciation	-	-	(2,932)	(2,932)	-	-	(2,936)	(2,936)
Finance costs	-	-	(295)	(295)	-	-	(271)	(271)
TOTAL	**70.0**	**6,298**	**(20,316)**	**(14,018)**	**70.8**	**5,593**	**(19,556)**	**(13,963)**
Activity view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Associate Director (office)	2.0	-	(377)	(377)	2.0	-	(381)	(381)
Adelaide Town Hall	5.0	3,130	(3,265)	(135)	5.0	2,814	(3,136)	(322)
Aquatic Centre	-	194	(738)	(544)	0.0	-	-	-
City Experience	15.1	814	(4,249)	(3,435)	15.1	820	(4,138)	(3,318)
City Lifestyle	10.8	1,585	(3,747)	(2,162)	10.8	1,566	(3,879)	(2,313)
Creative City	11.6	33	(2,425)	(2,392)	12.4	137	(2,419)	(2,282)
Libraries	25.5	542	(5,515)	(4,973)	25.5	256	(5,603)	(5,347)
TOTAL	**70.0**	**6,298**	**(20,316)**	**(14,018)**	**70.8**	**5,593**	**(19,556)**	**(13,963)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
Aboriginal Protocol Grant	-	(41)	-	(41)
Adelaide's New Years Eve	63	(700)	65	(585)
Annual Delivery of Kaurna Initiatives	24	(81)	-	(27)
ANZAC Day Service - March & Related Activities	-	(61)	-	(57)
Arts and Cultural Grants	-	(262)	-	(39)
Christmas Festival Action Plan	-	(529)	-	(532)
City Activation - West End Precinct	-	(52)	-	(53)
City Activation – East End Unleashed	40	(294)	-	(291)
City Activation - Gouger Street Precinct	-	(52)	-	(53)
City Activation - Hutt Street Precinct	-	(79)	-	(81)
City Activation - North Adelaide Precinct	-	(106)	-	(109)
City Activation - Precinct Support	-	(118)	-	(121)
Community Capacity Development	-	(3)	-	(3)
Community Impact Grants	-	(372)	-	(550)
DHS Community Neighbourhood Development Funding - Minor Works	-	-	99	(99)
Homelessness Social and Affordable Housing	-	(301)	-	(310)
Live Music Industry and Venues Support	35	(93)	-	(59)
UNESCO Adelaide City of Music Ltd Partnership	-	(54)	-	(54)
Winter Weekends	-	(207)	-	-
TOTAL	**162**	**(3,405)**	**164**	**(2,511)**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Income**	**Expenditure**	**Income**	**Expenditure**
Annual Cultural Burn in the Park Lands	-	-	-	(25)
Australia Day Partnership - Australia Day Council of South Australia Incorporated	-	-	-	(100)
Bilingual Community Liaison Officer	-	-	-	(93)
City Activation	-	(502)	-	(300)
Future Libraries Business Case	-	-	-	(75)
Positive Ageing Program – Pilot	-	-	-	(50)
DHS Community Neighbourhood Development Funding	99	(99)	-	-
Social Work in Libraries	25	(25)	-	-
TOTAL	**124**	**(626)**	**-**	**(643)**

Capital Projects				
New and Upgrade	105	(598)	3,918	(14,454)
Renewal	274	(274)	-	(196)
TOTAL	**379**	**(872)**	**3,918**	**(14,650)**

Note: Some of the new and upgrade budget reflected in 2024/25 income and expenditure has been retimed into 2025/26 and is incorporated in the 2025/26 income and expenditure

Customer and Marketing

City Community Portfolio

Strategic Plan link Our Corporation

Supports extraordinary customer experiences, celebrates our city through the delivery of creative and digital services, and enhances our reputation by promoting our achievements and initiatives.

Functions supported:

- Customer Service
- Customer Advocacy
- Customer Process Review and Development
- Customer Sentiment Measurement
- Content Production
- Graphic Design
- Media and Public Relations
- Social Media Management
- Website Management
- Digital Experience and Journey
- Videography
- Strategic Communications
- Communications campaign implementation

Outputs for the year ahead

- Implementation of strategic communication approach that informs and educates our community on our progress against key Strategic Outcomes from our Business Plan and Budget, and Strategic Plan
- Support the organisation in the production and development of engaging marketing and advertising approaches that strengthens CoA's reputation, informs our community on key CoA initiatives and celebrates our achievements
- Development of content series that showcases our passionate staff and demonstrating the value we deliver to the community through our core services
- Supporting our commercial businesses through strategic marketing plans to drive revenue growth opportunities
- Support the development and delivery of data driven customer experience programs including a revised channel strategy, comprehensive customer surveying, consolidation of customer services processes and by effectively closing the communications loop with customers
- Support the improvement of customer experience for residents, businesses and city users by embedding the Customer Experience Strategy and measuring success through an expanded Voice of Customer Program
- Provide brilliant customer experiences through first point of contact resolution of Council enquiries and information through a variety of channels and in accordance with relevant legislative/regulatory requirements and council objectives.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	2	-	2	-	1	-	1
Employee costs	40.1	-	(4,832)	(4,832)	40.1	-	(4,974)	(4,974)
Materials and other*	-	-	(1,882)	(1,882)	-	-	(1,921)	(1,921)
Sponsorships**	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**40.1**	**2**	**(6,714)**	**(6,712)**	**40.1**	**1**	**(6,895)**	**(6,894)**
Activity view								
Associate Director (office)	1.0	-	(215)	(215)	1.0	-	(222)	(222)
Customer Experience	28.1	2	(4,280)	(4,278)	28.1	1	(4,411)	(4,410)
Marketing and Communications	11.0	-	(2,219)	(2,219)	11.0	-	(2,262)	(2,262)
TOTAL	**40.1**	**2**	**(6,714)**	**(6,712)**	**40.1**	**1**	**(6,895)**	**(6,894)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
N/A	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
City of Adelaide Website Redevelopment	-	-	-	(100)
TOTAL	**-**	**-**	**-**	**(100)**

Capital Projects				
New and Upgrade	-	-	-	-
Renewal	-	(17)	-	-
TOTAL	**-**	**(17)**	**-**	**-**

Regulatory Services

City Community Portfolio

Strategic Plan link Our Environment, Our Places

The Regulatory Services Program facilitates safer places for all to enjoy, provides easy access for those who visit and move around our City, and makes the experience of doing business with the City of Adelaide a pleasure.

Functions supported:

- Building Assessment
- Building Compliance
- Community Safety Compliance
- Environmental Health
- On-Street Parking Compliance
- Permits
- Planning Assessment

Outputs for the year ahead

- Facilitate high-quality built form outcomes through the assessment of Development Applications, engagement with SCAP and the Local Design Review pilot program
- Provide safer spaces through delivering Council's legislative obligations regarding public health, building compliance, permit management, related legislation and by-laws
- Enable access to on-street parking through monitoring compliance and encouraging kerbside turnover
- Enhance Council's use of data and intelligence in making evidence-based decisions to improve regulatory service delivery.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	16,712	-	16,712	-	17,625	-	17,625
Employee costs	82.0	-	(9,651)	(9,651)	81.0	-	(9,861)	(9,861)
Materials and other*	-	-	(725)	(725)	-	-	(752)	(752)
Sponsorships**	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**82.0**	**16,712**	**(10,376)**	**6,336**	**81.0**	**17,625**	**(10,613)**	**7,012**
Activity view								
Associate Director (office)	5.0	-	(867)	(867)	5.0	-	(899)	(899)
City Development	21.9	3,631	(2,791)	840	21.9	3,852	(2,897)	955
City Safety	13.0	521	(1,854)	(1,333)	13.0	538	(1,902)	(1,364)
On-Street Parking Compliance	42.1	12,560	(4,864)	7,696	41.1	13,235	(4,915)	8,320
TOTAL	**82.0**	**16,712**	**(10,376)**	**6,336**	**81.0**	**17,625**	**(10,613)**	**7,012**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
N/A	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
On-Street Parking Compliance Technology and Customer Analytics Reform	-	(148)	-	(152)
TOTAL	**-**	**(148)**	**-**	**(152)**

Capital Projects				
New and Upgrade	-	-	-	(67)
Renewal	-	-	-	-
TOTAL	**-**	**-**	**-**	**(67)**

City Infrastructure Portfolio

The City Infrastructure Portfolio is responsible for Council's infrastructure assets, strives to make it easier to conduct business in our City and leads the Council's property portfolio and commercial businesses to generate income.

The Portfolio contains: Infrastructure; and Strategic Property and Commercial

Key Focus areas

- Capital Works Program, including New and Significant Upgrades and Renewals
- Main street revitalisation and improvements
- Deliver initiatives as defined in the City of Adelaide Property Strategy
- Progress with approved property development projects including Market Square, 88 O'Connell, and the Former Bus Station site.

$'000	2024/25 Q2				2025/26			
Operating Budget	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	58,694	-	58,694	-	59,107	-	59,107
Employee costs	118.2	-	(12,153)	(12,153)	119.2	-	(12,709)	(12,709)
Materials and other*	-	-	(20,508)	(20,508)	-	-	(19,826)	(19,826)
Sponsorships**	-	-	(162)	(162)	-	-	(175)	(175)
Depreciation	-	-	(51,419)	(51,419)	-	-	(57,420)	(57,420)
Finance costs	-	-	(506)	(506)	-	-	(440)	(440)
TOTAL	**118.2**	**58,694**	**(84,748)**	**(26,054)**	**119.2**	**59,107**	**(90,570)**	**(31,463)**

Program Budget	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Office of the Director, City Services	3.0	-	(699)	(699)	3.0	-	(709)	(709)
Infrastructure	69.3	488	(47,554)	(47,066)	69.3	-	(53,287)	(53,287)
Strategic Property and Commercial	44.9	57,240	(33,108)	24,132	44.9	58,837	(34,046)	24,791
Strategic Projects	1.0	966	(3,387)	(2,421)	2.0	270	(2,528)	(2,258)
	118.2	**58,694**	**(84,748)**	**(26,054)**	**119.2**	**59,107**	**(90,570)**	**(31,463)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

$'000	*2024/25 (Q2 update)*		*2025/26*	
Capital Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
New and Upgrade	5,999	(49,956)	4,100	(12,804)
Renewal	487	(45,232)	-	(58,324)
TOTAL	**6,486**	**(95,188)**	**4,100**	**(71,128)**

Infrastructure

City Infrastructure Portfolio

Strategic Plan link Our Environment, Our Places

Provides effective whole of life planning, design, delivery and management of our diverse community infrastructure assets and seeks partnerships with government bodies to deliver on Council's strategic plans, supporting community needs and future growth.

Functions supported:

- Asset Planning and Management
- Geographic Information Systems
- Infrastructure Delivery Plans
- Park Lands and Open Space Management
- Road and Footpath Management
- Sustainable and Climate Resilient City
- Traffic and Transport Management

Outputs for the year ahead

- Develop and manage Asset Management Plans for Council's Infrastructure Assets, including reviews, revaluations, maintenance advice and condition audits
- Provide the community with the agreed levels of service, through the management and delivery of efficient and effective Infrastructure Assets at the lowest whole of life costs
- Provide excellent community outcomes through whole of project delivery of asset renewal, and new and upgrade projects
- Facilitate safe and efficient people movement through the development and implementation of key strategy and policy, designed public realm and strategic partnerships
- Support private development through the provision of advisory and coordination services.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	488	-	488	-	-	-	-
Employee costs	69.3	-	(3,941)	(3,941)	69.3	-	(3,990)	(3,990)
Materials and other*	-	-	(5,302)	(5,302)	-	-	(5,358)	(5,358)
Sponsorships**	-	-	(162)	(162)	-	-	(175)	(175)
Depreciation	-	-	(38,149)	(38,149)	-	-	(43,764)	(43,764)
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**69.3**	**488**	**(47,554)**	**(47,066)**	**69.3**	**-**	**(53,287)**	**(53,287)**
Activity view								
Associate Director (office)	1.9	-	(674)	(674)	1.9	-	(679)	(679)
Infrastructure Planning and Delivery	45.6	488	(46,216)	(45,728)	45.6	-	(51,894)	(51,894)
Technical Services	21.8	-	(664)	(664)	21.8		(714)	(714)
TOTAL	**69.3**	**488**	**(47,554)**	**(47,066)**	**69.3**	**-**	**(53,287)**	**(53,287)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
Free City Connector	-	(1,301)	-	(1,364)
TOTAL	**-**	**(1,301)**	**-**	**(1,364)**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
Asset Condition Audit	-	(539)	-	(1,200)
Resilient Flood Planning	966	(1,723)	100	(1,100)
Adelaide Park Lands Strategic Water Resources Study	-	(80)	-	-
Bridge Maintenance Program	-	(400)	-	-
City Speed Limit Review	-	(27)	-	-
Heritage Strategy 2021-2036	-	(41)	-	-
North Adelaide Golf Course Water Feasibility Study	-	(26)	-	-
SA Power Networks (SAPN) Luminaire Upgrades	-	(14)	-	-
School Safety Review	-	(12)	-	-
Transport Strategy	-	(295)	-	-
TOTAL	**966**	**(3,157)**	**100**	**(2,300)**
Capital Projects				
New and Upgrade	5,999	(26,002)	4,100	(10,764)
Renewal	487	(45,007)	-	(58,324)
TOTAL	**6,486**	**(71,010)**	**4,100**	**(69,088)**

Note: Some of the new and upgrade budget reflected in 2024/25 income and expenditure has been retimed into 2025/26 and is incorporated in the 2025/26 income and expenditure.

Strategic Property and Commercial

City Infrastructure Portfolio

Strategic Plan link Our Environment, Our Economy, Our Places

Leverages the development and management of Council's property assets and identifies opportunities in partnership with the private and public sectors, to generate income, create employment opportunities, and reinvigorate City precincts, building a prosperous City.

Functions supported:

- Commercial Leasing
- North Adelaide Golf Course
- Off Street Parking (UPark)
- On-Street Parking
- Property Development
- Property Management

Outputs for the year ahead

- Effectively manage Commercial Operations (Paid Parking and Golf) to grow visitation and net contribution
- Maintain ticketless, frictionless parking solutions across all UPark locations to deliver an improved customer experience
- Implement a best practice, ticketless, cashless on-street parking solution
- Deliver initiatives as defined in the City of Adelaide Property Strategy
- Progress with approved property development projects including Market Square, 88 O'Connell, and the Former Bus Station site
- Progress master planning of the Flinders Street land acquisition for future housing
- Effectively manage CoA property leasing portfolio.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	57,240	-	57,240	-	58,837	-	58,837
Employee costs	44.9	-	(7,390)	(7,390)	44.9	-	(7,753)	(7,753)
Materials and other*	-	-	(11,942)	(11,942)	-	-	(12,196)	(12,196)
Sponsorships**	-	-	-	-	-	-	-	-
Depreciation	-	-	(13,270)	(13,270)	-	-	(13,657)	(13,657)
Finance costs	-	-	(506)	(506)	-	-	(440)	(440)
TOTAL	**44.9**	**57,240**	**(33,108)**	**24,132**	**44.9**	**58,837**	**(34,046)**	**24,791**
Activity view								
Associate Director (office)	1.8	-	(431)	(431)	1.8	-	(443)	(443)
Commercial	4.0	308	(852)	(544)	4.0	300	(770)	(470)
Parking	17.8	45,304	(14,846)	30,458	17.8	46,152	(14,999)	31,153
North Adelaide Golf Course	13.1	4,950	(5,100)	(150)	13.1	5,455	(5,524)	(69)
Strategic Property Development	4.0	-	(821)	(821)	4.0	-	(840)	(840)
Strategic Property Management	4.2	6,678	(11,058)	(4,380)	4.2	6,930	(11,470)	(4,540)
TOTAL	**44.9**	**57,240**	**(33,108)**	**24,132**	**44.9**	**58,837**	**(34,046)**	**24,791**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
N/A	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
88 O'Connell Project Delivery	-	(80)	-	(50)
Parking Coordinator – On-Street Paid Parking Control Changes	-	-	170	(128)
Review of Property Management	-	-	-	(50)
218 - 232 Flinders Street Master Plan Investigations	-	(150)	-	-
TOTAL	**-**	**(230)**	**170**	**(228)**

Capital Projects				
New and Upgrade	-	(23,954)	-	(2,040)
Renewal	-	(225)	-	-
TOTAL	**-**	**(24,179)**	**-**	**(2,040)**

City Shaping Portfolio

The City Shaping Portfolio leverages and celebrates our role as a Capital City Council and delivers the services that protect our heritage, Park Lands and urban environment and demonstrate our environment leadership now and into the future.

The Portfolio contains: City Operations; and Park Lands, Policy and Sustainability

The Portfolio includes the Council subsidiary: Kadaltilla / Adelaide Park Lands Authority (embedded within Park Lands, Policy and Sustainability).

Key Focus areas

- Adelaide Park Lands greening, management and improvements
- Implementing the City Plan
- Implementing the Integrated Climate Strategy
- Kaurna heritage and voice and cultural mapping of the Park Lands
- Heritage promotion and protection
- Capital Works Program, including New and Significant Upgrades and Renewals
- Maintenance of public realm and city presentation
- Initiatives and projects included or associated with the Economic Development Strategy, Housing Strategy, and the Homelessness Strategy
- Continued delivery of the Adaptive Re-use City Housing Initiative (ARCHI).

$'000	2024/25 Q2				2025/26			
Operating Budget	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	3,911	-	3,911	-	3,857	-	3,857
Employee costs	269.8	-	(30,975)	(30,975)	273.2	-	(32,438)	(32,438)
Materials and other*	-	-	(20,091)	(20,091)	-	-	(21,358)	(21,358)
Sponsorships**	-	-	(2,183)	(2,183)	-	-	(1,902)	(1,902)
Depreciation	-	-	(1,787)	(1,787)	-	-	(2,128)	(2,128)
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**269.8**	**3,911**	**(55,036)**	**(51,125)**	**273.2**	**3,857**	**(57,826)**	**(53,969)**

Program Budget	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Office of the Director, City Shaping	3.0	-	(697)	(697)	3.0	-	(715)	(715)
Park Lands, Policy and Sustainability	35.6	79	(7,436)	(7,357)	35.6	46	(7,710)	(7,664)
City Operations	227.9	2,720	(44,336)	(41,616)	230.3	2,935	(47,084)	(44,149)
Kadaltilla	1.3	328	(328)	-	1.3	323	(323)	-
Strategic Projects	2.0	784	(2,239)	(1,455)	3.0	553	(1,994)	(1,441)
TOTAL	**269.8**	**3,911**	**(55,036)**	**(51,125)**	**273.2**	**3,857**	**(57,826)**	**(53,969)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

	2024/25 (Q2 update)		*2025/26*	
Capital Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
New and Upgrade	120	(4,171)	-	(2,582)
Renewal	-	(1,492)	-	(1,559)
TOTAL	**120**	**(5,663)**	**-**	**(4,141)**

City Operations

City Shaping Portfolio

Strategic Plan link Our Environment, Our Places

Ensures our City's assets, including streets, parks and other public spaces, are attractive, clean, well presented and maintained, so we all have a city to enjoy and to be proud of.

Functions supported:

- Green Waste Recycling and Mulch
- Kerbside Waste Collections and Recycling
- Monuments, Fountains and Public Art
- Park Lands and Open Space Management: Furniture and Fittings; Public Conveniences; Public Lighting; Roads and Footpaths; Stormwater; Tree Management
- Playground and Play Spaces
- Public Litter Bins
- Streets and Footpaths: Furniture and Fittings; Lighting; Public Conveniences; Signage and Line Marking; Stormwater; Streetscapes and Verges; Tree Management

Outputs for the year ahead

- Plan and deliver work for all Council's assets i.e. infrastructure, buildings, urban elements, horticulture, arboriculture, cleansing, waste and fleet through planned programs and responsive work
- Deliver on the Strategic Outcome of an increase in canopy cover through an accelerated greening program
- Deliver safer spaces and places in accordance with Council's legislative obligations regarding cleansing, waste collection and processing, building compliance, tree risk management and community lighting
- Deliver the review of plant and fleet resulting in the development of an Asset Management Plan to inform next step development towards Integrated Climate Strategy targets
- Deliver innovative trials across the city to improve customer experience in the City of Adelaide
- Deliver out of hours service to respond to emerging issues within the City of Adelaide
- Delivery of Minor Capital Works to support Councils capital works program
- Deliver on capturing data regarding the future operational impacts of projects handed over to City Operations. Ensuring informed decision-making, resource planning, and long-term sustainability of assets.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	2,720	-	2,720	-	2,935	-	2,935
Employee costs	227.9	-	(24,759)	(24,759)	230.3	-	(25,828)	(25,828)
Materials and other*	-	-	(17,790)	(17,790)	-	-	(19,128)	(19,128)
Sponsorships**	-	-	-	-	-	-	-	-
Depreciation	-	-	(1,787)	(1,787)	-	-	(2,128)	(2,128)
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**227.9**	**2,720**	**(44,336)**	**(41,616)**	**230.3**	**2,935**	**(47,084)**	**(44,149)**
Activity view								
Associate Director (office)	16.8	12	(2,977)	(2,965)	16.8	18	(3,312)	(3,294)
Mgr., City Maintenance	1.0	-	(200)	(200)	1.0	-	(202)	(202)
Mgr., City Presentation	1.0	-	(190)	(190)	1.0	-	(213)	(213)
Cleansing	48.5	7	(7,309)	(7,302)	48.0	10	(7,517)	(7,507)
Facilities	5.0	-	(3,169)	(3,169)	5.0	-	(3,408)	(3,408)
Horticulture	84.7	2,428	(15,182)	(12,754)	87.1	2,596	(16,409)	(13,813)
Infrastruct. Maintenance	33.0	-	(5,907)	(5,907)	33.0	-	(6,151)	(6,151)
Trades	25.0	253	(5,743)	(5,490)	24.0	261	(5,714)	(5,453)
Waste	2.5	20	(3,116)	(3,096)	3.0	50	(3,491)	(3,441)
Workshops	10.4	-	(543)	(543)	11.4	-	(667)	(667)
TOTAL	**227.9**	**2,720**	**(44,336)**	**(41,616)**	**230.3**	**2,935**	**(47,084)**	**(44,149)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
Safer City Program	-	(95)	-	(95)
TOTAL	**-**	**(95)**	**-**	**(95)**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
Feasibility Studies - Waste and Recycling Collection	-	(100)	-	-
TOTAL	**-**	**(100)**	**-**	**-**

Capital Projects				
New and Upgrade	-	-	-	(150)
Renewal	-	(1,492)	-	(1,559)
TOTAL	**-**	**(1,492)**	**-**	**(1,709)**

Park Lands, Policy and Sustainability

City Shaping Portfolio

Strategic Plan link Our Community, Our Environment, Our Economy, Our Places

Establishes clear and integrated policies and plans to shape a well designed, planned and developed City, to protect and enhance our unique Park Lands, and support a welcoming and resilient community that demonstrates environmental leadership.

Functions supported:

- Adelaide Park Lands Strategy and Planning
- Economic Development Policy
- Heritage Management and Promotion
- Housing and Homelessness Strategy
- Kadaltilla / Adelaide Park Lands Authority
- City Planning Policy
- Reconciliation
- Social Policy
- Disability Access and Inclusion
- Sustainability and Climate Action

Outputs for the year ahead

- Deliver meaningful climate action, circular economy and sustainability programs and embed environment, social and economic strategic policy objectives into City of Adelaide policy and processes
- Use the City Plan to inform the future urban form of Adelaide and advocacy to the State Government, including a rolling program of Council-led amendments to the State Government's Planning and Design Code
- Deliver heritage action and programs relating to local, state, national and world heritage
- Deliver reconciliation initiatives and maintain meaningful relationships with Kaurna people and other Aboriginal and Torres Strait Islander people
- Deliver Council policies and approaches for climate, homelessness, housing, disability access and inclusion and economic development
- Deliver the Adelaide Park Lands Management Strategy on behalf of Kadaltilla and maintain Community Land Management Plans for the Adelaide Park Lands.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	79	-	79	-	46	-	46
Employee costs	35.6	-	(5,113)	(5,113)	35.6	-	(5,387)	(5,387)
Materials and other*	-	-	(863)	(863)	-	-	(886)	(886)
Sponsorships**	-	-	(1,460)	(1,460)	-	-	(1,437)	(1,437)
Depreciation	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**35.6**	**79**	**(7,436)**	**(7,357)**	**35.6**	**46**	**(7,710)**	**(7,664)**
Activity view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Associate Director (office)	3.0	-	(485)	(485)	3.0	-	(501)	(501)
City Planning and Heritage	17.2	44	(4,034)	(3,990)	17.2	46	(4,185)	(4,139)
Low Carbon and Circular Economy	7.8	35	(1,674)	(1,639)	7.8	-	(1,735)	(1,735)
Park Lands, Policy and Sustainability	7.6	-	(1,243)	(1,243)	7.6	-	(1,289)	(1,289)
TOTAL	**35.6**	**79**	**(7,436)**	**(7,357)**	**35.6**	**46**	**(7,710)**	**(7,664)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
Integrated Climate Strategy - SIS	-	(226)	-	(233)
City of Adelaide Prize	-	(30)	-	-
Integrated Climate Strategy - Carbon Neutral	-	(353)	-	(484)
Integrated Climate Strategy - Sustainability	-	(106)	-	(124)
Economic Policy	-	(42)	-	-
Heritage Incentive Scheme	-	(1163)	-	(1,163)
Heritage Promotion Program	-	(182)	-	(187)
History Festival	-	(32)	-	(33)
Homelessness - Social and Affordable Housing	-	(160)	-	(165)
Homeless and Vulnerable People Project	44	(44)	46	(46)
NAIDOC Week Celebrations	-	(54)	-	(54)
Noise Management Program Incentive Scheme	-	(46)	-	(48)
Safer City Program	-	(197)	-	(254)
TOTAL	**44**	**(2,635)**	**46**	**(2,791)**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
Adaptive Re-use Housing Initiative Program (ARCHI)	250	(250)	303	(606)
City Plan Digital Tool (City of Adelaide Digital Explore - CoADE)	-	-	-	(140)
Implementation of the City of Adelaide Housing Strategy – Vacancy assessment	-	-	-	(200)
Implementation of the Disability Access and Inclusion Plan 2024-2028	-	(205)	-	(130)
Master Plan for Helen Mayo Park	-	-	250	(250)
National Heritage Management Plan Implementation	-	(100)	-	(100)
Planning and Design Code Amendment Program	-	(240)	-	(100)
Key Biodiversity Area Management Plan for G S Kingston Park / Wirrarninthi (Park 23)	-	-	-	(75)
Social Planning Homelessness and Adelaide Zero Project - Partnership	-	(208)	-	(215)
Tentative List Submission for the World Heritage Bid for Adelaide and its Rural Settlement Landscape	-	-	-	(178)
Reconciliation Action Plan 2024-2027 Implementation	-	(140)	-	-
Local Heritage Assessments – 20th Century Buildings	-	(50)	-	-
Homelessness Strategy Implementation	-	(40)	-	-
Historic Area Statement – Code Amendment	-	(112)	-	-
Economic Development Strategy Implementation	-	(106)	-	-
Botanic Creek Rehabilitation	34	(72)	-	-
Heritage Incentive Scheme – State Heritage Buildings	250	(250)	-	-
Evaluation of Park Lands Dry Areas Regulation	-	(115)	-	-
TOTAL	**534**	**(1,888)**	**553**	**(1,994)**
Capital Projects				
New and Upgrade	120	(4,171)	-	(2,432)
Renewal	-	-	-	-
TOTAL	**120**	**(4,171)**	**-**	**(2,432)**

Note: Some of the new and upgrade budget reflected in 2024/25 income and expenditure has been retimed into 2025/26 and is incorporated in the 2025/26 income and expenditure.

Kadaltilla / Adelaide Park Lands Authority

City Shaping Portfolio

Strategic Plan link Our Environment

To be the trusted voice on the Adelaide Park Lands which actively conserves, promotes, and enhances the environmental, economic, cultural, recreational, and social importance value of the Adelaide Park Lands.

Functions supported:

- Advocacy, advice and policy governance
- Adelaide Park Lands Management Strategy
- Stakeholder and intergovernmental relations
- Brand and Marketing

Outputs for the year ahead

- Promote the cultural values of the Park Lands including Kaurna culture, heritage, and wellbeing
- Maintain and improve climate resilience and the landscape values of the Park Lands
- Treat the Park Lands holistically with an adaptive future focused approach
- Function as the peak advisory body for policy, development, heritage, and management of the Park Lands based on sound data and evidence.

The following table provides a view of this Subsidiary's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	328	-	328	-	323		323
Employee costs	1.3	-	(175)	(175)	1.3		(180)	(180)
Materials and other*	-	-	(138)	(138)	-		(143)	(143)
Sponsorships**	-	-	(15)	(15)	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**1.3**	**328**	**(328)**	**-**	**1.3**	**323**	**(323)**	**-**
Activity view								
Kadaltilla	1.3	328	(328)	-	1.3	323	(323)	-
TOTAL	**1.3**	**328**	**(328)**	**-**	**1.3**	**323**	**(323)**	**-**

* materials, contracts and other expenses / ** sponsorships, contributions and donation

Operating Activities that this Subsidiary delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
N/A	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

Strategic and Capital Projects that this Subsidiary delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
N/A	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**
Capital Projects				
New and Upgrade	-	-	-	-
Renewal	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

Corporate Services Portfolio

(including Subsidiaries)

The Corporate Services Portfolio provides effective and efficient services and insights to strengthen and grow our organisational capability, and support a culture of accountability, transparency, and innovation.

The Portfolio contains: Finance and Procurement; Governance and Strategy; Information Management; and People Programs.

This Portfolio includes Council subsidiaries: Adelaide Central Market Authority; and the Adelaide Economic Development Agency.

Key Focus areas

- Update of the Long Term Financial Plan
- Continuous improvement of community engagement
- Cybersecurity uplift
- Workforce planning
- Transition to One Market (Adelaide Central Market)
- Support visitor economy, jobs and investment in the city

$'000	2024/25 Q2				2025/26			
Operating Budget	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	152,172	-	152,172	-	163,096	-	163,096
Employee costs	165.8	-	(14,212)	(14,212)	166.5	-	(18,525)	(18,525)
Materials and other*	-	-	(28,119)	(28,119)	-	-	(26,615)	(26,615)
Sponsorships**	-	-	(3,749)	(3,749)	-	-	(3,346)	(3,346)
Depreciation	-	-	(1,064)	(1,064)	-	-	(2,022)	(2,022)
Finance costs	-	-	(7)	(7)	-	-	(6)	(6)
TOTAL	**165.8**	**152,172**	**(47,151)**	**105,021**	**166.5**	**163,096**	**(50,514)**	**112,582**

Program Budget	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Office of the COO	5.0	-	(1,014)	(1,014)	5.0	-	(974)	(974)
Finance and Procurement	28.8	138	(4,821)	(4,683)	28.8	142	(4,853)	(4,711)
Governance and Strategy	23.3	-	(6,056)	(6,056)	23.3	-	(5,925)	(5,925)
Information Management	35.0	31	(14,001)	(13,970)	35.0	38	(15,227)	(15,189)
People^	28.8	-	(4,660)	(4,660)	28.8	-	(5,082)	(5,082)
Corporate Activities+	3.0	142,243	3,264	145,507	3.0	152,743	2,692	155,435
ACMA	9.8	5,343	(5,880)	(537)	9.8	5,645	(6,282)	(637)
AEDA	31.6	4,417	(12,455)	(8,038)	31.6	4,528	(13,134)	(8,606)
Strategic Projects	0.5	-	(1,528)	(1,528)	1.2	-	(1,729)	(1,729)
TOTAL	**165.8**	**152,172**	**(47,151)**	**105,021**	**166.5**	**163,096**	**(50,514)**	**112,582**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

+includes Rates Revenue, Corporation grants (e.g. Financial Assistance Grants), vacancy management Target, and capital overhead.

^ includes 10.0 FTE Graduates allocated in business units across the Administration

$'000	*2024/25 (Q2 update)*		*2025/26*	
Capital Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
New and Upgrade	3,954	(4,257)	-	(2,195)
Renewal	-	(3,632)	-	(1,960)
TOTAL	**3,954**	**(7,889)**	**-**	**(4,155)**

Finance and Procurement

Corporate Services Portfolio

Strategic Plan link Our Corporation

Ensures public resources are effectively managed to enable the delivery of Council's priorities and strategic plans, funding a long-term financially sustainable approach to delivery of services and infrastructure, and creating significant public value through sustainable procurement practices.

Functions supported:

- Procurement, Purchasing and Contract Management
- Financial Planning, Analysis and Reporting
- Ratings and Receivables

Outputs for the year ahead

- Deliver on the 2025/26 Business Plan and Budget
- Refine modelling for the 2025/26 update of the Long Term Financial Plan
- Implement findings of the 2025 rating review
- Undertake Phase 1 of the debtors and receipting system review
- Comprehensive review of Treasury Policy
- Comprehensive review of Future Fund Reserve Policy.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	138	-	138	-	142	-	142
Employee costs	28.8	-	(4,087)	(4,087)	28.8	-	(4,090)	(4,090)
Materials and other*	-	-	(734)	(734)	-	-	(763)	(763)
Sponsorships**	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**28.8**	**138**	**(4,821)**	**(4,683)**	**28.8**	**142**	**(4,853)**	**(4,711)**
Activity view								
Associate Director (office)	1.0	-	(288)	(288)	1.0	-	(283)	(283)
Financial Planning and Reporting	13.0	-	(1,984)	(1,984)	13.0	-	(2,044)	(2,044)
Procurement and Contract Management	7.8	-	(1,063)	(1,063)	7.8	-	(1,103)	(1,103)
Rates and Receivables	7.0	138	(1,486)	(1,348)	7.0	142	(1,423)	(1,281)
TOTAL	**28.8**	**138**	**(4,821)**	**(4,683)**	**28.8**	**142**	**(4,853)**	**(4,711)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
N/A	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
N/A	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**
Capital Projects	-	-	-	-
New and Upgrade	-	-	-	-
Renewal	**-**	**-**	**-**	**-**
TOTAL	-	-	-	-

Governance and Strategy

Corporate Services Portfolio

Strategic Plan link Our Corporation

The Governance and Strategy program is responsible for enabling robust, transparent and effective governance and risk management processes, and working collaboratively to create, maintain and integrate well researched strategies, polices, and plans which guide decision making and support our city and our community to thrive.

Functions supported:

- Business Planning and Reporting
- Community Engagement
- Compliance and Freedom of Information
- Council Governance and administration
- Corporate Governance
- Enterprise Risk
- Grants and Partnership Management
- Legal Services
- Policy Governance
- Project Delivery and Performance
- Research and Insights
- Security and Emergency Management
- Strategic and Service Planning

Outputs for the year ahead

- Provide advice and coordination on risk, legal services, insurance, council and corporate governance, emergency management, strategic and corporate planning, policy, research, project and grant management and community engagement
- Provide high-level support and advice to ensure Council Members fulfill their roles and responsibilities
- Monitor and maintain an appropriate suite of insurance and perform claims management
- Coordinate the delivery of the Business Plan and Budget and Strategic Plan
- Coordinate a review of Community Engagement approach
- Coordinate and support organisational research
- Deliver initiatives which support an organisational approach to risk management, internal audits and controls and legislative compliance, including the strategic internal audit plan
- Deliver Council's Resident and City User Profile surveys
- Deliver Council and Corporate reporting services
- Deliver agenda management for Council and Committee meetings
- Deliver Project Management, Policy Governance and Grant internal systems.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	-	-	-	-	-	-	-
Employee costs	23.3	-	(3,031)	(3,031)	23.3	-	(3,010)	(3,010)
Materials and other*	-	-	(3,025)	(3,025)	-	-	(2,915)	(2,915)
Sponsorships**	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**23.3**	**-**	**(6,056)**	**(6,056)**	**23.3**	**-**	**(5,925)**	**(5,925)**
Activity view								
Associate Director (office)	1.0	-	(343)	(343)	1.0	-	(255)	(255)
Corporate Governance	5.2	-	(3,183)	(3,183)	5.2	-	(3,074)	(3,074)
Council Governance	5.1	-	(1,110)	(1,110)	5.1	-	(1,133)	(1,133)
Legal Governance	-	-	-	-	-	-	-	-
Project Management Office	5.0	-	(258)	(258)	5.0	-	(262)	(262)
Strategy and Insights	7.0	-	(1,162)	(1,162)	7.0	-	(1,201)	(1,201)
TOTAL	**23.3**	**-**	(6,056)	(6,056)	**23.3**	**-**	**(5,925)**	**(5,925)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
N/A	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
ESCOSA review	-	(40)	-	-
TOTAL	**-**	**(40)**	**-**	**-**

Capital Projects				
New and Upgrade	-	-	-	-
Renewal	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

Information Management

Corporate Services Portfolio

Strategic Plan link Our Corporation

To enable delivery of customer focused services to our community IM delivers integrated technology solutions that improve access to information, streamline processes, safeguard our information and systems, and encourage collaboration across the organisation.

Functions supported:

- Archives and Civic Collection Management
- Corporate Records Management
- Cybersecurity
- Projects and partnering
- Service Desk
- Technology, Infrastructure and Platforms

Outputs for the year ahead

- Provide a customer-centric business partnering service with advice and guidance consistent with our enterprise architecture principles
- Support the delivery of business outcomes and making data-driven decisions through accessible and user-friendly systems, processes, and data
- Design and implement strategic and operational planning processes to ensure the ongoing management and safekeeping of corporate information and data assets
- Digitise records and archival materials to manage, find and store the backlog materials physically stored in the organisation more effectively
- Manage collecting and preserving historical and culturally significant Archive materials and artifacts
- Support and deliver enterprise records management systems and guidance
- Provide simple, modern, and efficient customer focussed service delivery capability
- Design and implement activities and initiatives from the cybersecurity roadmap to uplift the organisation's maturity in cyber resilience
- Deliver the planned initiatives of the business systems roadmap and data analytics roadmap.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	31	-	31	-	38	-	38
Employee costs	35.0	-	(4,657)	(4,657)	35.0	-	(5,461)	(5,461)
Materials and other*	-	-	(8,406)	(8,406)	-	-	(8,535)	(8,535)
Sponsorships**	-	-	-	-	-	-		-
Depreciation	-	-	(939)	(939)	-	-	(1,231)	(1,231)
Finance costs	-	-	-	-	-	-		-
TOTAL	**35.0**	**31**	**(14,002)**	**(13,971)**	**35.0**	**38**	**(15,227)**	**(15,189)**
Activity view								
Associate Director (office)	10.0	8	(1,420)	(1,412)	13.0	8	(2,055)	(2,047)
Project Delivery	11.0	-	(2,603)	(2,603)	10.0	-	(2,576)	(2,576)
Service Desk	6.0	23	(8,811)	(8,788)	5.0	30	(9,278)	(9,248)
Technology, Infrastructure and Platforms	8.0	-	(1,168)	(1,168)	7.0	-	(1,318)	(1,318)
TOTAL	**35.0**	**31**	**(14,002)**	**(13,971)**	**35.0**	**38**	**(15,227)**	**(15,189)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
Business Systems Roadmap	-	(1,600)	-	(1,600)
TOTAL	**-**	**(1,600)**	**-**	**(1,600)**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
Cyber Security Enhancement	-	(85)	-	(110)
Contact Centre Software Replacement	-	(450)	-	-
TOTAL	**-**	**(535)**	**-**	**(110)**

Capital Projects				
New and Upgrade	-	(233)	-	-
Renewal	-	(3,615)	-	(1,660)
TOTAL	**-**	**(3,848)**	**-**	**(1,660)**

People

Corporate Services Portfolio

Strategic Plan link Our Corporation

Strengthens our organisation's capability to lead and deliver essential services for our community, corporate services for our organisation, and brilliant experiences in our City, by co-creating an environment where our people thrive, live our values, reach their potential, and learn and grow.

Functions supported:

- Human Resource Management
- Internal Communications and Connection
- Organisational Development
- Payroll
- Safety and Wellbeing

Outputs for the year ahead

- Provide a customer centric business partnering service which provides expert advice and guidance consistent with terms and conditions of employment and applicable work health and safety, payroll and industrial relations legislation
- Design and implement initiatives which support an organisational environment and culture which is engaged, diverse and inclusive
- Support the delivery of business outcomes and the making of data driven workforce decisions through the availability of accessible and user-friendly workforce management systems, processes, and data
- Design and implement strategic and operational workforce planning processes to support the development of employees and enable the identification of future workforce needs
- Design and implement attraction and retention strategies and initiatives that strengthen CoA's employer brand and position CoA as an employer of choice
- Design and implement safety and wellbeing systems, processes and initiatives which provide a holistic approach to workplace safety and wellbeing
- Support knowledge share and connections across the organisation through internal communication channels and initiatives.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	-	-	-	-	-	-	-
Employee costs ^	28.8	-	(3,491)	(3,491)	28.8	-	(3,846)	(3,846)
Materials and other*	-	-	(1,169)	(1,169)	-	-	(1,236)	(1,236)
Sponsorships**	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**28.8**	**-**	**(4,660)**	**(4,660)**	**28.8**	**-**	**(5,082)**	**(5,082)**
Activity view								
Associate Director (office)	3.0	-	(576)	(576)	3.0	-	(596)	(596)
People Experience	15.8	-	(2,249)	(2,249)	15.8	-	(2,613)	(2,613)
People Safety and Wellbeing	4.0	-	(768)	(768)	4.0	-	(774)	(774)
People Services	6.0	-	(1,067)	(1,067)	6.0	-	(1,099)	(1,099)
TOTAL	**28.8**	**-**	**(4,660)**	**(4,660)**	**28.8**	**-**	**(5,082)**	**(5,082)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

^ includes 10.0 FTE Graduates allocated in business units across the Administration

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
Graduate Employment Program	-	(841)	-	(1,122)
TOTAL	**-**	**(841)**	**-**	**(1,122)**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
Aboriginal Employment and Inclusion Coordinator	-	-	-	(34)
Talent Attraction and Retention	-	-	-	(121)
TOTAL	**-**	**-**	**-**	**(155)**

Capital Projects				
New and Upgrade	-	-	-	-
Renewal	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

Adelaide Central Market Authority

Corporate Services Portfolio

Strategic Plan link Our Economy

Oversees the strategy, management and operation of the Adelaide Central Market as a commercially sustainable, diverse and iconic fresh produce market.

Functions supported:

- Market Operations (incl. Security, Cleaning, waste)
- Commercial Leasing
- Property management
- Trader engagement and support
- Customer Service and Visitor Information
- Events and Activations
- Marketing, Social Media, Website Management
- Media and Public Relations
- ACMA Board governance and support
- Online Market Operations
- Market Precinct partnerships

Outputs for the year ahead

- Ensure customer experiences are at the heart of all decisions every day
- Enable and partner with our traders to support them in the delivery of an exceptional shopping experience
- Implement the retail leasing strategy and transition to One Market, including securing new tenancies
- Plan and deliver programs that address the current and emerging needs of our customers and traders
- Take a responsible and sustainable approach to our business in pursuing positive long-term financial results
- Contribute to the economic, social and cultural wellbeing of our precinct and community.

The following table provides a view of this Subsidiary's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	5,343	-	5,343	-	5,645	-	5,645
Employee costs	9.8	-	(1,580)	(1,580)	9.8	-	(1,776)	(1,776)
Materials and other*	-	-	(4,262)	(4,262)	-	-	(4,461)	(4,461)
Sponsorships**	-	-	-	-	-	-	-	-
Depreciation	-	-	(36)	(36)	-	-	(42)	(42)
Finance costs	-	-	(1)	(1)	-	-	(3)	(3)
TOTAL	**9.8**	**5,343**	**(5,879)**	**(536)**	**9.8**	**5,645**	**(6,282)**	**(637)**
Activity view								
ACMA Operations	6.8	5,257	(5,245)	12	6.8	5,558	(5,449)	109
Market Expansion	3.0	-	(399)	(399)	3.0	-	(600)	(600)
Online Market Platform	-	86	(235)	(149)	-	87	(233)	(146)
TOTAL	**9.8**	**5,343**	**(5,879)**	**(536)**	**9.8**	**5,645**	**(6,282)**	**(637)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Subsidiary delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
N/A	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**

Strategic and Capital Projects that this Subsidiary delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
Adelaide Central Market Expansion Operational Preparedness	-	(220)	-	(939)
TOTAL	**-**	**(220)**	**-**	**(939)**

Capital Projects				
New and Upgrade	-	-	-	(1,225)
Renewal	-	-	-	-
TOTAL	**-**	**-**	**-**	**(1,225)**

Adelaide Economic Development Agency

Corporate Services Portfolio

Strategic Plan link Our Economy

Accelerate economic growth in the CoA by attracting investment, supporting businesses to grow, funding festivals, growing the visitor economy, supporting residential growth, managing Rundle Mall and marketing the city as a destination and 'magnet city'.

Functions supported:

- Business Support and Investment
- Economic Data and Insights
- Event and Festival Sponsorship
- Marketing the City
- Precinct Group Funding
- Residential Growth
- Rundle Mall Management, Activations and Marketing
- Funding for strategic partnerships
- Visitor Economy
- Visitor Information Services

Outputs for the year ahead

- Rundle Mall management, marketing, attraction of new brands, activation and implementation of the Rundle Mall Events and Marketing Strategy
- Provision of sponsorship to event organisers and strategic partner organisations
- Events and data that stimulate thinking about the City's economy and investment into the economy
- Initiatives that increase the number of workers in the City by supporting businesses to grow or locate in the City
- Marketing campaigns that position the City as a place to work, invest and visit
- Provision of Visitor Information Services, including the opening of a new Visitor Experience Centre
- Increasing tourism products to grow the visitor economy

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The following table provides a view of this Subsidiary's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	4,417	-	4,417	-	4,528	-	4,528
Employee costs	31.6	-	(4,676)	(4,676)	31.6	-	(4,769)	(4,769)
Materials and other*	-	-	(4,436)	(4,436)	-	-	(4,967)	(4,967)
Sponsorships**	-	-	(3,249)	(3,249)	-	-	(3,346)	(3,346)
Depreciation	-	-	(88)	(88)	-	-	(48)	(48)
Finance costs	-	-	(6)	(6)	-	-	(4)	(4)
TOTAL	**31.6**	**4,417**	**(12,455)**	**(8,038)**	**31.6**	**4,528**	**(13,134)**	**(8,606)**
Activity view								
General Manager AEDA (office)	2.0	-	(572)	(572)	2.0	-	(546)	(546)
Business and Investment	7.0	-	(2,618)	(2,618)	7.0	-	(2,787)	(2,787)
Marketing	8.0	-	(1,917)	(1,917)	8.0	-	(2,144)	(2,144)
Rundle Mall Management	9.6	4,398	(4,391)	7	9.6	4,518	(4,518)	-
Visitor Economy	5.0	19	(2,957)	(2,938)	5.0	10	(3,139)	(3,129)
TOTAL	**31.6**	**4,417**	**(12,455)**	**(8,038)**	**31.6**	**4,528**	**(13,134)**	**(8,606)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Operating Activities that this Program delivers (*cost embedded in the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
	Inc.	**Exp.**	**Inc.**	**Exp.**
Adelaide Fashion Week	-	(310)	-	(489)
Business Growth - Business Support	-	(172)	-	(232)
Data and insights	-	(198)	-	(412)
Event and Festival Sponsorship	-	(1,932)	-	(1,990)
General Marketing	-	(408)	-	(420)
Main streets Development Grants / Precinct Activation	-	(184)	-	(190)
Strategic Partnerships	-	(1,109)	-	(1,142)
Visitor Growth – Tourism Projects	-	(180)	-	(198)
TOTAL	**-**	**(4,493)**	**-**	**(5,487)**

Strategic and Capital Projects that this Program delivers (*cost in addition to the Program Budget*):

$'000	*2024/25 (Q2 update)*		*2025/26*	
Strategic Projects	**Inc.**	**Exp.**	**Inc.**	**Exp.**
Rundle Mall Live Music Program	-	(100)	-	(100)
Tourism and Business attraction	-	(133)	-	(150)
Partner Marketing – Winter Focus	-	-	-	(75)
City Brand Development	-	-	-	(100)
Investment Attraction Program	-	-	-	(100)
Commercial Events Funding Program	-	(500)	-	-
TOTAL	**-**	**(733)**	**-**	**(525)**

Capital Projects				
New and Upgrade	3,954	(4,024)	-	(970)
Renewal	-	-	-	(300)
TOTAL	**3,954**	**(4,024)**	**-**	**(1,270)**

Office of the Chief Executive / Office of the Lord Mayor

Supports the CEO to lead a sustainable, successful organisation, to make well informed decisions to deliver on Council's priorities, and to foster productive partnerships both with industry, and local government and other government bodies through the delivery of effective intergovernmental relations.

Supports the Lord Mayor and Council Members to foster productive relationships with peak bodies, other government bodies and the community, to deliver our strategic plan, and fulfill our Capital City leadership responsibilities.

Functions supported:

- Advocacy, partnerships and intergovernmental relations
- Capital city oversight
- Civic protocols and events
- Communication and public relations
- Executive support and administration
- Lord Mayor and Council administration

Outputs for the year ahead

- Participate and advocate to Federal, State and Local Governments
- Manage stakeholder relationships that support City, Community and Civic development
- Facilitate strong connections through Civic Events, Forums, Local, National and International partnerships
- Ensure that the organisation is providing transparent and professional advice and delivering statutory requirements
- Provide high-level administrative support and appropriate advice to ensure the Lord Mayor, Council Members and Executive fulfill their roles and responsibilities.

The following table provides a view of this Program's budget by both operations and activity:

$'000	*2024/25 (Q2 update)*				*2025/26*			
Operating view	**FTE**	**Inc.**	**Exp.**	**Total (net)**	**FTE**	**Inc.**	**Exp.**	**Total (net)**
Revenue	-	-	-	-	-	-	-	-
Employee costs	10.3	-	(1,808)	(1,808)	10.3	-	(1,853)	(1,853)
Materials and other*	-	-	(1,289)	(1,289)	-	-	(1,336)	(1,336)
Sponsorships**	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-
TOTAL	**10.3**	**-**	**(3,097)**	**(3,097)**	**10.3**	**-**	**(3,189)**	**(3,189)**
Activity view								
Office of the Chief Executive	4.0	-	(1,457)	(1,457)	4.0	-	(1,501)	(1,501)
Civic Events, Partnerships, and Other Events	-	-	(482)	(482)	-	-	(496)	(496)
Lord Mayor's Office Administration	6.3	-	(1,158)	(1,158)	6.3	-	(1,192)	(1,192)
TOTAL	**10.3**	**-**	**(3,097)**	**(3,097)**	**10.3**	**-**	**(3,189)**	**(3,189)**

* materials, contracts and other expenses / ** sponsorships, contributions and donations

Capital Works

Council owns and is responsible for the management, operations and maintenance of a diverse asset portfolio that provides services and facilities for city users.

To ensure existing assets are maintained, renewed and upgraded, and that we identify appropriate opportunities for new assets, capital projects are assessed and prioritised with asset sustainability and the organisation's capacity to deliver in mind. Whilst capital projects can be funded by borrowings, we consider asset depreciation, cost of the life of an asset and responsible borrowing capacity.

$'000	2024/25 Q2 Budget	2025/26 Budget
New and Upgrade	64,747	39,179
Renewal	56,296	67,937
TOTAL	**121,043**	**107,116**

A detailed breakdown of our Capital Works Program is provided on the following pages

We categorise our capital projects expenditure to provide a better understanding of what is being delivered as:

NEW AND UPGRADE

Works of a capital nature that are either introducing new assets or significantly upgrading existing assets. Usually by extending an asset or increasing the level of service the asset provides.

These projects are identified through Council's Strategies and Plans and defined as:

- complex in nature
- installation of new infrastructure
- upgrades to existing infrastructure

Note: Some projects have been retimed from 2024/25 and will continue to be delivered into 2025/26

RENEWALS

Works of a capital nature that are replacing an existing asset like for like or like for modern equivalent.

These projects are grouped against multiple categories and are directly aligned to maintenance service levels contained within Council's Asset Management Plans.

New and Upgrade

Past FY(s) Budget Expenditure on projects including, New and Upgrade, and Renewal components that occurred in previous financial years up to 2025/26.
Actual spend for financial years prior to 2024/25 and budgeted allocation for 2024/25.

New and Upgrade 2025/26 New and Upgrade budget component.

Renewal 2025/26 Renewal budget component. These are also included in the Renewal table on the following page.

WoP Budget Whole of Project cost (New and Upgrade, and Renewal), which is the anticipated budget required to deliver the entire project, regardless of financial year project delivered in.

$'000	Past FY(s) Budget	2025/26 Budget		WoP Budget
		New and Upgrade	Renewal	
City Community				
City Culture				
Aquatic Centre Community Playing Field – Denise Norton Park / Pardipardinyilla (Park 2)	3,589	5,658	-	9,247
Christmas Decorations – City Wide	-	200	-	200
Community Sports Building Redevelopment – Golden Wattle Park / Mirnu Wirra (Park 21 West)*>	235	4,313	680	5,908
Community Sports Building Redevelopment – Mary Lee Park / Tulya Wardli (Park 27B)*>	831	3,493	200	5,124
Community Sports Building Redevelopment – Concept Design	-	100	-	6,000
Public Art Action Plan Deliverables	-	450	-	450
Minor Works Building – Security Upgrades	-	50	-	450
Place of Courage **>	10	190	-	200
Regulatory Services				
Additional Park Safe Vehicle^	-	67	-	67
City Infrastructure				
Infrastructure				
Adelaide Park Lands Trail – Sir Donald Bradman Drive**	50	1,200	-	1,250
Belair-City Bikeway/Adelaide Park Lands Trail – Glen Osmond Road**	50	1,300	-	1,350
Brown Hill Keswick Creek (Financial Contribution)	2,266	320	-	5,600
Franklin Street Pedestrian Crossing	-	120	-	620
James Place Upgrade*	66	1,000	434	1,500
Main Street Revitalisation – Gouger Street (Detailed Design & Construction)>	837	2,209	1,629	27,058
Main Street Revitalisation – Hindley Street (Construction)>	1,929	480	1,000	30,195
Main Street Revitalisation – Hutt Street (Detailed Design & Construction)>	410	465	430	21,319
Main Street Revitalisation – Melbourne Street (Detailed Design & Construction)*	154	1,850	-	13,451
Main Street Revitalisation – O'Connell Street (Detailed Design)	1,059	612	388	23,614
Traffic Signal Safety Upgrade – Morphett Street and Franklin Street Intersection	-	270	-	270

$'000	Past FY(s) Budget	2025/26 Budget		WoP Budget
		New and Upgrade	Renewal	
Traffic Signal Safety Upgrade – Morphett Street and Grote Street Intersection	-	255	-	255
Peacock Road Cycle Route**	50	500	-	550
School Safety Implementation Project>	100	150	-	1,055
West Pallant Street Improvements>	81	33	-	749
Strategic Property and Commercial				
Central Market Arcade Redevelopment Options	3,173	300	-	3,473
Central Market Arcade Redevelopment Major Project	30,918	1,000	-	31,918
Flinders Street Housing – Concept Planning	-	250	-	250
UPark Central Market – Parking Guidance System	-	300	-	900
UPark Central Market – Car Park Hardware	-	190	-	190
City Shaping				
City Operations				
Accelerated Greening Water Truck	-	150	-	150
Park Lands, Policy and Sustainability				
City Public Realm Greening Program>	3,468	2,232	-	5,700
London Road Depot Electrification – Stage 1	-	200	-	200
Corporate Services				
Adelaide Central Market Authority (ACMA)				
Christmas Decorations – One Market	-	175	-	350
Federal Hall Trade Waste and Water Connections^	-	50	-	50
Market Expansion Capital Works – Ground Floor	-	1,000	-	1,000
Adelaide Economic Development Agency (AEDA)				
Christmas Decorations – Rundle Mall	-	200	-	200
Rundle Mall Sound System	99	770	300	1,169
Corporate Activities				
2025/26 Project Delivery Costs	-	7,077	-	7,077
Total New and Upgrade Program		**39,179**	**5,061**	

*partially grant funded **fully grant funded ^income generating >some/all budget retimed from 24/25

Renewals

$'000	2025/26 Budget
Buildings	15,115
Lighting & Electrical	4,960
Park Lands & Open Space	1,600
Plant, Fleet & Equipment*	3,715
Transport**	24,489
Urban Elements	3,624
Water Infrastructure	8,536
Delivery Resources	5,898
Total Renewal Program	**67,937**

*includes IT **includes bridges, roads, footpaths, kerb and water table, and traffic signal*

Our Resources and Budget

Resource Plan 2024-2028

How we Budget

Financial Framework and Indicators

Rates, Borrowings, Fees and Charges

Detailed Financial Overview

Financial Statements

Resource Plan 2024-2028

Council's Strategic Plan 2024 – 2028 includes a four year Resource Plan, which with the Long-Term Financial Plan (LTFP), Asset Management Plans and City Plan has informed the development of this business plan and budget.

The Resource Plan supports the delivery of the Strategic Plan and outlines the financial and nonfinancial resources required to deliver our objectives and actions over the next four years.

Financial

The financial aspect of the Resource Plan is based on principles to ensure that Council has the capacity to be financially sustainable in the medium and long term.

Financial sustainability also helps to ensure intergenerational equity so that costs associated with expenditure are equitably spread over time relevant to the communities that will draw benefit. Financial principles include but are not limited to:

- Fees and charges are equitable and respond to the community's needs
- Ensuring an effective rating system
- Considering new and different revenue streams
- Using borrowings to fund new and upgraded capital projects
- Fund operations and expenses from within the operating budget.

Council's LTFP has assumed existing service levels will be maintained, while seeking efficiency improvements in line with appropriate planning, measures and benchmarks. The four-year financial view embedded in the Resource Plan is taken from Council's adopted LTFP and provides the funding for the Strategic Plan.

This period sees significant investment in Council priorities, including upgrades to main streets, partnerships with the State Government on major projects, strategic property developments and ongoing delivery of core services. Rates will continue to be an important source of revenue, accounting for approximately 60% of total annual revenue. In line with the LTFP, over the four-year period Council assumes growth in future rate income aligned to CPI, in addition to rates from new properties, assumed at 1% per annum.

Factors that could impact Council's finances over the next four years include increased cost of goods and services used by the Local Government sector (measured through the Local Government Price Index), having a stronger focus on renewals and maintenance, changing service and infrastructure needs with a growing population, and interest rate impacts on Council's borrowings.

Infrastructure and Property

Asset Management Plans (AMPs) help Council to manage the assets that provide services and facilities for our community. The AMPs provide guidance for the effective management of Council's assets and are reviewed every three years to ensure we deliver the required levels of services and meet strategic and legislative requirements. The AMPs then inform Council's yearly Capital Works Program, as identified in the Business Plan and Budget.

The Resource Plan outlines the need to manage infrastructure (capital) expenditure in a way which avoids disruptive adjustments to activities, programs and event raising efforts. Over the life of the plan, the capital expenditure for Council is forecast to be approximately $300m (which is subject to an increase or decrease depending on each yearly review, through the Business Plan and Budget process).

The Strategic Property portfolio that Council manages seeks to address strategic objectives for growth in the City, while providing additional net revenue. It promotes a partnership approach to acquire or repurpose property assets with the private sector and other tiers of government.

Resources

We also need to ensure we have appropriate resourcing from a people perspective so that we can deliver on the Strategic Plan and be responsive to emerging challenges. Workforce planning enables the corporation to attract, develop and retain the skills, knowledge and experience required to meet our strategic objectives and create a high performing culture. A focus on efficiencies and continuous improvement will enable resourcing numbers to be maintained at current levels over the four-year period.

Delivery of the Strategic Plan will also be facilitated by integrated technology solutions that improve access to information, streamline processes, and safeguard information and systems. The Business Systems Roadmap sets out the program of works over the next four years with a focus on four key themes – customers at the centre, secure and reliable, data driven, and seamless.

How we Budget

Councils are often referred to as 'long-term businesses' with ongoing service provision obligations and long-life assets. From an overall community perspective, it is important that council rates are set at levels as low as sustainably possible while:

- **providing the standard and breadth of services that ratepayers value**
- **ensuring that council has robust, long-term asset management**
- **financing and operational plans which allow management of assets efficiently and effectively over the long term, so as to sustain the delivery of those services and minimise their lifetime cost.**

The LTFP is used as a base to guide Council's financial planning and includes a range of assumptions. In building the 2025/26 Business Plan and Budget the core assumptions from the LTFP were:

- Continue budget repair
- Rates revenue in line with forecast inflation (excludes growth from new developments)
- Fees and charges in line with forecast inflation
- Salaries and wages forecasts based on enterprise agreements; once expired, Wage Price Index (WPI) for SA applied
- Other revenue and expenditure growth, in general, in line with forecast inflation
- Interest rates relative to market expectations
- Capital renewal expenditure in line with Infrastructure and Asset Management Plans
- Capital enhancements (new and upgrade) in line with the Council decision to fund the Central Market Arcade Redevelopment, Main Street upgrades ($15m per year) in addition to other items identified as a priority.

For 2025/26, to make sure that the budget repair required is done in a financially sustainable manner, Council also used the following principles to guide the Business Plan and Budget build:

- Continue to deliver a minimum of the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI)
- Fees and charges reflect the cost of services provided
- Maintain an operating surplus
- 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
- Adjust rate revenue after consideration of all other budget components and use growth in rate revenue to partly fund servicing new rateable properties and to service new borrowings
- Capital renewal expenditure will be based on Asset Management Plans (AMPs)
- Changes to services, assets or maintenance requiring an increase in operating costs are to be funded from the adjustment of priorities, rate revenue or other revenue increases and/ or through savings
- Borrowings will be used to fund new and upgrade projects and not used to fund operations, expenses or renewal projects
- Short term borrowings will be used to fund the Asset Renewal Repair Fund, to ensure the increased spending required through the AMPs can be spread over a longer period to meet community expectation and their capacity to pay is managed over time through sustainable rate increases.

Financial framework and indicators

The budget process began by maintaining the 2024/25 Operating Budget throughout the year, updating the Base Budget to incorporate permanent changes to inform the following year's budget. The various parts of the organisation then built upon the Base Budget, from the ground up, to develop the budget required to deliver the same services at the same levels for the 2025/26 year. This effectively sets the required 2025/26 Base Budget, consistent with the approach of previous years.

Identified service changes, strategic projects and operating initiatives, based on delivering the priorities of Council within the Strategic Plan and associated Strategies were developed and presented to Council for endorsement and inclusion in the Budget. At the same time, revenue assumptions, particularly for Rates and Fees and Charges, were developed independently and applied to the revenue components within the Budget.

Council has also committed to a capital program of $107.116m of which $39.179m will deliver new and upgraded infrastructure. To do so, Council may have to utilise borrowings.

Council is budgeting to generate an operating surplus of $8.541m in the 2025/26 financial year. This operating surplus enables funding of Council's commitment of 1.5% rates revenue for upgrade of community buildings in the Park Lands, service borrowings for agreed capital projects, and accounts for future service and maintenance necessitated by growth from new developments.

Funding Pathway		Expenditure	
Operations ($000's)			
Rates	154,908	Services	172,492
Fees and Charges	88,118	Strategic Projects	7,146
Grants and Subsidies	5,206	Renewal or replacement of existing assets	67,937
Other	1,047		
Net Capital ($000's)			
Borrowings	28,956	New income generating assets	1,000
Capital Grants and Proceeds	8,018	New Community assets	38,179
Proceeds from the sale of assets	500		

Operating Budget

Council's operating budget provides for ongoing service delivery to the community across our community and corporate services and strategic projects to deliver on specific objectives. These costs are traditionally funded via Rates Revenues or other Fees and Charges. Grants and subsidies assist with this ongoing service delivery.

Capital Budget

Council's capital budget provides for project-based delivery of new/upgraded assets as well as renewal/replacement of existing city assets. Renewal costs are funded via cashflows generated from operations and new/upgraded costs are funded from operational cashflows and borrowings.

Borrowings are mainly utilised for major infrastructure projects and major city shaping projects such as the Main Street Upgrades and the Aquatic Centre Community Playing Field, or commercially focused projects with a financial return on investment.

Implications for Future Years

In developing the Business Plan and Budget, borrowings have been considered in relation to the budget principles and the maximum borrowing indicators as defined by our prudential limits specified in our Treasury Policy. All borrowing terms and conditions will be in accordance with the Treasury Policy and where possible, known costs for projects and other known variables have been included in the Business Plan and Budget in alignment with Council decisions.

Borrowings at the end of 2024/25 will be impacted by the timing of cash inflows and cash outflows, and timing of when projects are delivered. The projected year-end position, monitored through the quarterly review forecast process, flows through to form the 2025/26 opening balance for borrowings. Any impact affecting the year-end balance of borrowings and the cumulative funding position will be considered to ensure that borrowings remain within our current Prudential Borrowing Limits.

Financial indicators for 2025/26	Target	2024/25 Q2 Budget	2025/26
OPERATING SURPLUS RATIO Expresses the operating surplus as a percentage of operating revenue.	0%-20%	3.9%	3.4%
NET FINANCIAL LIABILITIES Expresses the financial liabilities as a percentage of operating income.	Less than 80%	13%	34%
ASSET RENEWAL FUNDING RATIO Expresses expenditure on asset renewals as a percentage of forecast expenditure required as per the asset management plans.	90%-110%	93.0%	93.5%
ASSET TEST RATIO Expresses borrowings as a percentage of saleable property assets.	Maximum 50%	7%	15.6%
INTEREST EXPENSE RATIO Interest expense as a percentage of General Rates Revenue (less Landscape Levy)	Maximum 10%	2.0%	1.5%
LEVERAGE TEST RATIO Expresses total borrowings relative to General Rates Revenue (less the Landscape Levy).	Maximum 1.5 years	0.14	0.32
CASH FLOW FROM OPERATIONS RATIO Expresses operating income as a percentage of operating expenditure plus expenditure on renewal/replacement of assets.	Greater than 100%	110%	103%
BORROWINGS Expresses borrowings as a percentage of the Prudential Borrowing Limit (50% of saleable property assets).	Within Prudential Limits	13%	31%
BORROWINGS Expresses Borrowings (Gross of Future Fund) as a percentage of the Prudential Borrowing Limit (50% of Saleable Property Assets).	Within Prudential Limits	35%	52%

Rates, Borrowings, Fees and Charges

Rate Structure

Our Rating Structure is developed in accordance with the requirements of the *Local Government Act 1999 (SA)*. Key considerations include:

- The taxation principles of equity, benefit, ability-to-pay, efficiency and simplicity have been identified and applied as guiding principles to our Rating Policy
- Our commitment to maintaining a transparent and equitable rating system. Accordingly, we undertake to manage the Rating Policy to ensure the greatest level of equity for ratepayers by maintaining a non-punitive rating structure
- Our continuing practice of identifying and valuing all land in the Council area. Once identified, each separate occupation of land will be assessed for rateability
- A Differential General Rate will be applied to all rateable land in accordance with Section 147 of the *Local Government Act 1999 (SA)*. Differentiation factors previously endorsed by Council are 'Residential', 'Non-Residential' and 'Vacant Land' land uses
- Residential properties identified as predominately used for short stay accommodation will incur the non-residential differential rate of Commercial-Other
- The application of a Differential General Rate is generally intended to alter the amount payable for particular land uses and approximate the benefit principle. For 2025/26, and consistent with prior years, it is expected non-residential rates will represent approximately 75% of general rates revenue
- To protect ratepayers from large movements in property valuations a 10% cap on annual increases in general rates payable specific to individual ratepayers will be applied, subject to specific criteria
- A $100 per household rebate for pensioners

Differential rates are allocated through varied Rates in the Dollar by the following categories: Residential, Non-Residential and Vacant Land. Further to this, separate rates will continue to be levied for the purposes of managing and marketing the Rundle Mall Precinct, and to recover funds on behalf of Landscape SA.

The Rating Policy by which Council raises rates and information on our rate in the dollar, is available at cityofadelaide.com.au/rates

Statement on Expected Rate Revenue

The 2022 Local Government reforms resulted in financial regulation changes requiring councils in South Australia to consistently show a statement on expected rate revenue. For the City of Adelaide, this information is provided on the following page. Approximately 75% of the City of Adelaide's rateable properties are non-residential (i.e., commercial), which results in a skewed average rateable amount, when compared to suburban and regional Local Governments.

Please note: *These figures represent a considered estimate of Expected Rate Revenue based on the most current information available at the time of going out to consultation on the Draft 2025/26 Business Plan and Budget. This information is updated regularly and therefore these figures may be subject to confirmation at the time of actual adoption of the 2025/26 Business Plan and Budget.*

Expected Rates Revenue ($000's)	2024/25 (as adopted)	2025/26 (estimated)	Change
General Rates Revenue			
General Rates (existing properties)	143,988	156,002	**5.6%**
General Rates (new properties)	3,772	1,926	**1.3%**
General Rates revenue (GROSS)	**147,760**	**157,928**	**6.9%**
Less: Mandatory Rebates (a)	(6,116)	(6,435)	
Total	**141,644**	**151,493**	**7.0%**

The percentage relates to the change in the total amount of General Rates revenue to be collected from all rateable properties, not from individual rateable properties (i.e. individual rates will not necessarily change by this figure).

Other Rates (including service charges)	2024/25 (as adopted)	2025/26 (estimated)	Change
General Rates Revenue (net of rebates)			
Regional Landscape Levy	1,873	1,881	0.4%
The Regional Landscape Levy is a State tax, it is not retained by council.			
Rundle Mall Management Levy	4,066	4,188	3.0%
The Rundle Mall Management Levy is collected for the management and marketing of the Rundle Mall Precinct			
	$147,583	**$157,562**	6.8%
Less: Discretionary Rebates	(4,151)	(3,093)	
Includes the special discretionary rebate of 10% cap on general rates payable (excluding growth)			
Expected Total Rates Revenue (b)	**141,559**	**152,588**	**7.8%**

Reconciliation to the Financial Statements			
Expected Total Rates Revenue	141,559	152,588	7.8%
Regional Landscape Levy	1,873	1,881	0.4%
Fines and Interest on overdue rates	886	399	(54.9)
Building Upgrade Finance	41	41	-
Total Rates Revenue	**144,359**	**154,908**	**7.3%**

Summary of rateable properties	2024/25 (as adopted)	2025/26 (estimated)	Change
Number of rateable properties	27,024	27,375	1.3%
Estimated average General Rates per rateable property	5,468	5,769	5.5%

The average per rateable property is calculated on all rateable properties from the different land use categories, and are therefore not reflective of the $ rate or % change that an individual ratepayer will experience.

Notes

(a) Councils are required under the Local Government Act 1999 (SA) to provide a rebate to qualifying properties under a number of categories: Health Services - 100 per cent; Community Services – 75 per cent; Religious purposes - 100 per cent; Public Cemeteries - 100 per cent; Royal Zoological Society of SA - 100 per cent; Educational purposes - 75 per cent. The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (i.e. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).

(b) Expected Total Rates Revenue excluding the Regional Landscape Levy as per the Local Government (Financial Management) Regulations 2011. This does not tie back to the Financial Statements as it excludes other items such as Fines and Interest on overdue rates.

Expected Rate Revenue ($000's)	Total expected revenue			Rateable properties		Average per rateable property				Rate in the $ 25/26
	24/25	25/26	change	24/25	25/26	24/25	25/26		change	
Land Use (General Rates - GROSS)										
Residential	$36,401	**$38,913**	**6.9%**	16,995	**17,216**	$2,142	**$2,260**	*(c)*	**$118**	**0.111646**
Commercial - Shop	$21,289	**$22,758**	**6.9%**	2,399	**2,430**	$8,874	**$9,365**	*(c)*	**$491**	**0.136813**
Commercial - Office	$47,942	**$51,250**	**6.9%**	3,871	**3,921**	$12,385	**$13,070**	*(c)*	**$685**	**0.136813**
Commercial - Other	$36,561	**$39,084**	**6.9%**	3,446	**3,491**	$10,610	**$11,196**	*(c)*	**$587**	**0.136813**
Industry - Light	$558	**$597**	**6.9%**	100	**101**	$5,580	**$5,888**	*(c)*	**$308**	**0.136813**
Industry - Other	$4	**$4**	**6.9%**	1	**1**	$4,000	**$4,221**	*(c)*	**$221**	**0.136813**
Vacant Land	$983	**$1,051**	**6.9%**	51	**52**	$19,275	**$20,340**	*(c)*	**$1,066**	**0.223293**
Other	$4,023	**$4,301**	**6.9%**	161	**163**	$24,988	**$26,369**	*(c)*	**$1,381**	**0.136813**
Total Land Use (gross)	**$147,761**	**$157,928**	**6.9%**	**27,024**	**27,375**	**$5,468**	**$5,769**	**(c)**	**$301**	
Grand Total (gross)	**$147,761**	**$157,928**	**6.9%**	**27,024**	**27,375**	**$5,468**	**$5,769**	**(c)**	**$301**	

The general rate increase is based on net rates, which is gross rates less rebates applied.

Notes
(c) Average per rateable property calculated as General Rates for category, including any fixed charge or minimum rate (if applicable) but excluding any separate rates, divided by number of rateable properties within that category in the relevant financial year.

Adopted valuation method

Council has the option of adopting one of two valuation methodologies to assess the properties in its area for rating purposes:

Capital Value – the value of the land and all improvements on the land;

Annual Value – a valuation of the rental potential of the property.

Council adopts the use of Annual Value as the basis for valuing land within the council area. This method is considered consistent with the equity, ability to pay, efficiency and simplicity principles of taxation. The majority of residential and non-residential properties in the City are leased (i.e. are not owner occupied), therefore it is a suitable valuation measure considering the ability to pay according to the income earning potential of the property.

Borrowings

Borrowing is undertaken in accordance with our Treasury Policy. This Policy guides our decision making in relation to funding our operations in the context of cash flow, budgeting, borrowings and investments. It is an important financial management tool and as such, links closely to our overall strategic management plans in the terms of:

- Strategic planning for the future of the City of Adelaide, covering short, medium and long term spending and investment issues
- Current and estimated future revenues and the ability to increase revenue through rating, user charges, additional grant funds or business activities
- Intergenerational equity considerations in terms of the ratepayers who contribute to and benefit from the related expenditure
- Current and future funding needs for both operating and capital expenditures
- Potential movements in interest rates
- Any other strategic imperative that is linked to revenue and expenditure capacities.

Fees and Charges

City of Adelaide's fees and charges are reviewed each year in conjunction with the development of the Business Plan and Budget. The review ensures that fees:

- Reflect (or move progressively toward) the cost of the services provided
- Are comparable with market rates, where appropriate
- Take into account benefit derived by users of community facilities
- Are consistent with directions articulated through our existing policies or plans
- Are consistent with our Financial Principles and related parameters

Fees and charges are consistently and fairly determined, in recognition of our policy direction, ratepayers' expectations and relevant legislation.

Statutory Fees, set by the State Government, will be updated in line with the State Government Gazette and included in the Fees and Charges Schedule available online and for public inspection at Council's Customer Centre, 25 Pirie Street.

Section 188 of the *Local Government Act 1999 (SA)* provides the legal context for fees and charges:

- Fees and charges are determined by resolution of Council either as a direct resolution, through a by-law or via delegation
- A council is unable to fix or vary fees or charges prescribed under other Acts
- In respect of fees for the use of facilities, services or works requests, a council need not fix fees or charges by reference to the cost to the council
- Council is required to keep the list of fees and charges on public display and provide updates where fees and charges are varied during the year.

Council, like any other organisation or household, has experienced a significant increase in costs in recent years and needs to respond accordingly.

Council recognises the need to repair its budget position if it is to invest in the required public infrastructure and delivery of services, which align to the Strategic Plan, that our community needs both now and into the future.

As such, Council has reviewed its fees and charges, and has changed 2 fee types, and increased and introduced 11 new fees, in line with other capital city and Adelaide metropolitan councils and consistent with increased costs to deliver services and meet inflation.

As a base position, Council is increasing fees by 3.0% in 2025/26 to meet rising costs and inflation. Fees reviewed include:

- A change to Parklet fees to simplify the model and introduce quarterly invoicing.
- Introduction of a daily charge for major road closures instead of a once-off fee
- Inclusion of Park Lands lease fees to provide consistency with other fees and charges
- Introduction of an application fee for Private Laneway Parking arrangements, once-off fee
- Introduction of an annual permit fee, ladder usage
- Introduction of animal impound fees recovery
- Introduction of fees for City Archives sales of digital maps and reports, cost recovery
- Introduction of Commercial watercraft fees on the River Torrens
- Introduction of a River Torrens permit licence fee
- Introduction of a new fee for Council documents, rates and rating information
- Introduction of a new fee for education institutions for Court, Green and Piste usage
- Change to Rundle Mall Zone B sizing and associated fee
- Introduction of Rundle Mall fee for decals and roaming fees.

A complete list of Council's fees and charges for 2025/26 is available online from July 2025.

Detailed Financial Overview

Income ($'000s)	2024/25 Q2 Budget	2025/26 Budget	Variance
Rates Revenues	144,359	154,908	10,549
Statutory Charges	16,893	17,809	916
User Charges	68,271	70,309	2,038
Grants, Subsidies and Contributions	6,568	5,206	(1,362)
Investment Income	715	171	(544)
Reimbursements	150	181	31
Other Income	956	695	(261)
Total Income	**237,913**	**249,279**	**11,366**

Rates revenue - $154.908m

In 2025/26 Council has determined that rates revenue increase of 5.6% is required (plus growth) compared to 2024/25. This increase incorporates an inflation assumption of 3.0%, 2.2% associated with the Asset Renewal Repair Fund introduced in the 2024/25 Long Term Financial Plan to fund the annual increase of $14.9 million associated with the recently adopted Infrastructure Asset Management Plans (AMPs) over 3 financial years, and 0.4% to fund the gradual return of the Asset Renewal Funding Ratio (ARFR) to 100% over an 8 year period.

Property revaluations have been undertaken for the purposes of rating; the result of this valuation will be finalised prior to the adoption of the Business plan and Budget and the Rate in the Dollar adjusted accordingly. This ensures Council generates the required level of rates revenue only.

Council anticipates 1.3% growth in revenue from new developments and additions.

For the Rundle Mall Separate Levy, the revenue generated is used to directly advertise, promote and manage the Rundle Mall Precinct. The expected revenue for 2025/26 will, on average, increase in line with the inflation assumption of 3.0%.

Statutory charges - $17.809m

Statutory charges are fees for the provision of regulatory services. They are associated with the granting of a permit or license or with the regulation of an activity, including Development Act fees, parking fines and dog registration fees. Most fees are set by State Government legislation and administered by Council.

User charges - $70.309m

User charges income is received from individuals, sporting groups and various other bodies that utilise user pay services and hire or lease Council-owned property. Fees have in general increased by 3.0%. Council also receives income from commercial aspects of the business through the operation of the UParks and Town Hall. The commercial revenue budgets have been based on historical performance overlayed with current market conditions and projections of activity.

Grants, subsidies and contributions - $5.206m

Grants, subsidies and contributions are income received from Federal and State governments. Operating grants, subsidies and contribution income has decreased due to a higher level of once-off grants received in 2024/25 associated with Strategic Projects of $1.874m including resilient flood planning and Heritage Incentive Scheme. In addition to these operating grants, the City is also expecting to receive capital grants and subsidies to fund the construction or purchase of new or upgraded assets. These are capital in nature and presented in a separate section of the Financial Statements.

Investment Income - $0.171m

Investment income is income derived from an asset, such as interest on bank accounts and investment properties. The 2025/26 budget has decreased by $0.544m due to the positive cash position in 2024/25.

Reimbursement - $0.181m

Reimbursement income consists of all reimbursements paid to Council by insurance companies, ratepayers, developers and other tiers of government.

Other income - $0.695m

Other income is comprised of income from commissions, and other miscellaneous receipts, and varies from year to year.

Expenses ($'000s)	2024/25 Q2 Budget	2025/26 Budget	Variance
Employee Costs	83,584	90,793	(7,209)
Materials, Contracts & Other Expenses	79,842	78,390	1,452
Sponsorships, Contributions and Donations	7,110	6,332	778
Depreciation, Amortisation & Impairment	57,202	64,506	(7,304)
Finance Costs	808	717	91
Total Expenses	**228,546**	**240,738**	**(12,192)**

Employee costs - $90.793m

Employee costs include base salary and all relevant on-costs, such as superannuation and work cover, as well as agency labour costs. The budget covers recurrent labour, project labour and externally funded labour. Employee costs are budgeted at $90.793m. The comparative increase of $7.209m primarily results from a high level of vacancies in the 24/25 Q2 Budget. The $90.672m assumes little to no vacant roles.

As a result of the expansion of services delivered to our community, an additional 5.1 FTE from 761.0 to 766.1, have been included in the 2025/26 budget.

Employee costs for 2025/26 also include the combined application of increases aligned with Enterprise Agreements, level changes required under the Enterprise Agreement and 0.5% increase in Superannuation Guarantee Charge.

Materials, contracts and other - $78.390m

Materials cover many different expenses of Council including utility payments for water and electricity, library books, and consumable materials. Contracts cover costs such as contractors, waste collection, equipment hire, software license fees and consultants.

Other Expenses include audit and legal fees, communication expenses, insurance and registration, levies paid to other organisations, elected member allowances, advertising, fringe benefits tax, training and travel expenses.

Materials, contracts and other expenses are budgeted to decrease by $1.452m from $79.842m. This is largely due to the use of external providers for temporary labour of $3.000m. Offsetting this decrease is the expansion of services delivered to our community including new strategies, maintenance, and greening.

The existing expenditure base is generally indexed by 3.0% (forecast CPI) with additional increases for expenditure imposed on Council such as waste management, gas, security services and operating leases.

Sponsorships, Contributions and Donations - $6.332m

Sponsorships, contributions and donations are paid to community groups and organisations. As Council considers a strategic view to partnerships, our funding allocation for 2025/26 has decreased by $0.778m from $7.110m largely due to once-off funding allocated in 2024/25.

Depreciation - $64.506m

Depreciation is a non-cash expense that recognises the systematic allocation of the service potential (cost or replacement value) of an asset over its useful life. Over the long term, depreciation represents the minimum amount which, on average, Council needs to allocate each year towards asset replacement. This is a different concept from maintenance expenditure, which is the amount Council needs to spend each year to ensure that its assets last as long as planned. Depreciation is increasing by $7.304m from the 2024/25 budgeted depreciation. This is a result of the revaluation of assets and the completion of key projects.

Finance costs - $0.717m

Finance costs include interest payable on borrowings and finance leases and other banking charges. Council is budgeting for a decrease of $0.091m in 2025/26 largely due to the impact of finance leases.

Note – Borrowings associated with the construction of new assets are capitalised against the assets during the construction phase.

Financial Statements

Cash flow statement

Proceeds from borrowings (new drawdowns) show $28.956m to be provided in 2025/26. This is a result of the delivery of new and upgraded capital program in 2025/26 offset by proceeds from surplus assets.

Balance sheet

Total Assets are projected to rise to $2,162.679m in 2025/26. This is an increase of $32.233m, largely the result of the capital expenditure program, contributed assets and revaluation of assets.

Total borrowings are projected to increase by $28.956m to $49.329m as at June 2026. This level of borrowings is within Council's Prudential Borrowing limits. Please see the financial indicator section for more information.

The Future Fund Reserve is a result of strategic property sales. This fund is to be utilised to purchase or construct income generating assets. The Future Fund is projected to decrease to $31.988m in 2025/26 as the result of the construction of income generating assets.

Uniform Presentation of Finances

Operating surplus / (deficit)

The operating surplus or deficit indicates the extent to which income is sufficient, or insufficient, to fund the cost of services. A surplus indicates Council is raising enough operating income to cover its operating expenses whereas a deficit indicates it is not.

Net outlays on existing assets

This is expenditure that returns the service potential of existing assets back towards their original level. Consistent negative outlays on existing assets indicate that, overall, existing assets may be deteriorating as expenditure on their renewal or replacement is less than the rate of depreciation.

Net outlays on new and upgraded assets

Outlays on new and upgraded assets indicate the net cost to Council of acquiring or creating new assets. Outlays on new or upgraded assets will increase depreciation and maintenance expenses in future periods.

Net lending / (borrowing) for financial year

Net lending, if a positive result, indicates that Council will reduce its level of borrowings over the period. Net borrowings, if a negative result, means Council is required to borrow additional funds increasing the level of net borrowings over the period.

Statement of Comprehensive Income

$'000s	2024/25 Q2 Budget	2025/26 Budget
Income		
Rates Revenues	144,359	154,908
Statutory Charges	16,893	17,809
User Charges	68,271	70,309
Grants, Subsidies and Contributions	6,568	5,206
Investment Income	715	171
Reimbursements	150	181
Other Income	956	695
Total Income	**237,913**	**249,279**
Expenses		
Employee Costs	83,584	90,793
Materials, Contracts and Other Expenses	86,952	84,722
Depreciation, Amortisation and Impairment	57,202	64,506
Finance Costs	808	717
Total Expenses	**228,546**	**240,738**
Operating Surplus / (Deficit)	**9,367**	**8,541**
Asset Disposal & Fair Value Adjustments	-	-
Amounts Received Specifically for New or Upgraded Assets	10,128	8,018
Net Surplus / (Deficit)	**19,495**	**16,559**
Changes in Revaluation Surplus - I,PP&E	-	-
Total Other Comprehensive Income	-	-
Total Comprehensive Income	**19,495**	**16,559**

Statement of Financial Position

$'000s	2024/25 Q2 Budget	2025/26 Budget
ASSETS		
Current Assets		
Cash and Cash Equivalents	800	800
Trade & Other Receivables	19,740	20,683
Inventories	804	804
Other Current Assets	27,000	0
Total Current Assets	**48,344**	**22,287**
Non-Current Assets		
Financial Assets	839	755
Equity Accounted Investments in Council Businesses	4,386	4,706
Investment Property	3,165	3,196
Infrastructure, Property, Plant and Equipment	2,073,713	2,131,735
Total Non-Current Assets	**2,082,103**	**2,140,392**
TOTAL ASSETS	**2,130,446**	**2,162,679**
LIABILITIES		
Current Liabilities		
Trade and Other Payables	24,059	21,939
Provisions	16,875	17,381
Other Current Liabilities	5,077	5,264
Total Current Liabilities	**46,011**	**44,584**
Non-Current Liabilities		
Trade and Other Payables		
Provisions	16,066	15,732
Borrowings	20,373	49,329
Other Non-Current Liabilities	2,048	2,109
Total Non-Current Liabilities	34,241	22,658
TOTAL LIABILITIES	**118,739**	**134,412**
Net Assets	**2,011,708**	**2,028,267**
EQUITY		
Accumulated Surplus	806,424	824,283
Asset Revaluation Reserves	1,171,995	1,171,995
Future Fund Reserve	33,288	31,988
Total Council Equity	**2,011,708**	**2,028,267**

Statement of Changes in Equity

$'000s	2024/25 Q2 Budget	2025/26 Budget
Balance at the end of previous reporting period	1,992,213	2,011,708
a. Net Surplus / (Deficit) for Year	19,495	16,559
b. Other Comprehensive Income	-	-
Total Comprehensive Income	19,495	16,559
Balance at the end of period	**2,011,708**	**2,028,267**

Statement of Cash flows

$'000s	2024/25 Q2 Budget	2025/26 Budget
Cash Flows from Operating Activities		
Receipts		
Operating Receipts	256,487	248,336
Payments		
Operating Payments to Suppliers and Employees	(176,879)	(173,592)
Net Cash provided by (or used in) Operating Activities	**79,608**	**74,744**
Cash Flows from Investing Activities		
Receipts		
Amounts Received Specifically for New/Upgraded Assets	5,773	8,018
Proceeds from Surplus Assets	18,500	-
Sale of Replaced Assets	500	500
Payments		
Expenditure on Renewal/Replacement of Assets	(56,296)	(67,937)
Expenditure on New/Upgraded Assets	(64,427)	(38,859)
Capital Contributed to Equity Accounted Council Businesses	(320)	(320)
Net Cash provided by (or used in) Investing Activities	**(96,270)**	**(98,598)**
Cash Flows from Financing Activities		
Receipts		
Proceeds from Borrowings	20,373	28,956
Payments		
Repayment from Borrowings	-	-
Repayment of Lease Liabilities	(4,989)	(5,102)
Net Cash provided by (or used in) Financing Activities	**15,385**	**23,854**
Net Increase (Decrease) in Cash Held	**(1,277)**	**-**
plus: Cash and Cash Equivalents at beginning of period	2,077	800
Cash & Cash Equivalents at end of period	**800**	**800**

Uniform Presentation of Finances

$'000s	2024/25 Q2 Budget	2025/26 Budget
Income		
Rates Revenues	144,359	154,908
Statutory Charges	16,893	17,809
User Charges	68,271	70,309
Grants, Subsidies and Contributions	6,568	5,206
Investment Income	715	171
Reimbursements	150	181
Other Income	956	695
Total Income	**237,913**	**249,279**
Expenses		
Employee Costs	83,584	90,793
Materials, Contracts and Other Expenses	86,952	84,722
Depreciation, Amortisation and Impairment	57,202	64,506
Finance Costs	808	717
Total Expenses	**228,546**	**240,738**
Operating Surplus / (Deficit)	**9,367**	**8,541**
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(56,296)	(67,937)
Finance lease payments for right of use assets on existing assets	(4,989)	(5,102)
add back Depreciation, Amortisation and Impairment	57,202	64,506
add back Proceeds from Sale of Replaced Assets	500	500
Net Outlays on Existing Assets	**(3,583)**	**(8,033)**
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(64,747)	(39,179)
add back Amounts received specifically for New and Upgraded Assets	5,773	8,018
add back Proceeds from Sale of Surplus Assets	18,500	0
Net Outlays on New and Upgraded Assets	**(40,474)**	**(31,161)**
Net Lending / (Borrowing) for Financial Year	**(34,690)**	**(30,653)**

Essential Services Commission SA (ESCOSA) Advice to Local Government

City of Adelaide Response

ESCOSA Findings Report

City of Adelaide response

In 2022, changes were made to the *Local Government Act 1999 (SA)* which introduced the Local Government Advisory Scheme. The purpose of scheme is to review and provide advice to councils on their financial sustainability and management of assets. These reviews are undertaken by the Essential Services Commission of South Australia (ESCOSA). Further information on the scheme and the work ESCOSA undertake, including their findings reports on reviewed councils, can be found on their website at escosa.sa.gov.au.

In 2024/25, ESCOSA undertook their review of the City of Adelaide, providing their final report to Council in February 2025 with seven recommendations:

ESCOSA Recommendations	City of Adelaide Response
Analyse the implications for long-term financial sustainability and timely renewal of assets before considering any rate freeze or valuation freeze in the future and disclose the analysis to ratepayers.	**Existing Council Practice.** Already managed through existing Council practices for strategic planning, developing the annual business plan and budget and quarter review processes.
Improve the disclosure of cost savings targets or productivity improvements in its Long-Term Financial Plans and Annual Business Plans (as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.	
Consider undertaking a detailed review, with its community, of the potential alternative options and the risk implications, from both the financial and service provision perspectives, of the proposed financing of its capital expenditure program.	
Upgrade its Asset Management Plans to more accurately reflect formal asset valuations, condition assessments, remaining useful lives and corresponding depreciation schedules, incorporate this information into the Asset Management Plans and include these expenditure forecasts in the annual budget and annual Long-Term Financial Plan update.	
Consider providing more clarity around the risks (and develop mitigation strategies) if the Council's expectations regarding its operational performance do not materialise and/or its financial strategy becomes stressed.	**Noted.** City of Adelaide notes this recommendation.
Consider the Future Fund applying a greater emphasis on asset disposals with the proceeds used to repay borrowings, or reduce the need for them, rather than the purchase of assets for commercial operations.	**Contrary to Council policy.** The Future Fund is used to offset debt, and fund purchase of revenue generating assets which increase City of Adelaide revenues
Develop a comprehensive and transparent strategy for its commercial assets, addressing for each class of assets and for each individual asset how to optimise value for ratepayers, including: in-depth analysis in its Long-Term Financial Plan of the Council's approach to revenue generation from commercial operations and whether asset rationalisation would improve financial outcomes for ratepayers. This analysis could include whether the Council continues to own each asset, whether it operates each asset or leases it out for private operation and the extent to which any ratepayer subsidisation is appropriate and if so, why. (refer 5.1.3.2 User Charges); publication of separate financial statements for each of the Council's commercial operations, clearly identifying the allocation of costs to each asset and the asset values attributed to each separately (refer 5.1.3.2 User Charges), and completion of the proposed review of the Rundle Street UPark and addressing the approved option in the Long-Term Financial Plan (refer 4.1 Changes to operating performance).	**Existing commercial in confidence.** This does not acknowledge the existing City of Adelaide Property Strategy which due to the commercial nature of our assets, is held in confidence and therefore is not publicly available.

ESCOSA Findings Report



Enquiries concerning this advice should be addressed to:

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OFFICIAL

The Corporation of the City of Adelaide
AT A GLANCE

OVERVIEW

The Essential Services Commission finds the Corporation of the City of Adelaide's current financial performance mostly **sustainable** and projected financial performance **potentially unsustainable**, taking into account that the Council has an estimated $150.0 million of funding requirements needed to implement its Asset Management Plans, proposes three significant asset renewals during a period of construction cost escalation, is reliant on as yet unsecured grants and is forecast to reach the council-set prudential borrowing limits.

FINANCIAL PERFORMANCE



Past 10 years
Operated Unsustainably



Current
Mostly Sustainable



Projected
Potentially Unsustainable

RISKS IMPACTING SUSTAINABILITY

⚠ The Council lacks a strategy for the capital renewal liabilities for its extensive commercial assets, combined with a lack of transparency regarding whether the assets each deliver a net positive or net negative result for ratepayers.

⚠ The Council's revenue includes a relatively high proportion of user charges. The Council must hold the assets and cover the expenses associated with providing these services, which are only sustainable if a suitable return is made on each of these more commercially orientated operations.

⚠ The Council is proposing to engage in significantly more capital expenditure than it has historically. This represents a considerable financial, practical and logistical challenge.

⚠ There is a risk of a higher borrowings requirement and higher rates if the Council is unable to secure external grant funding and/or it has underestimated the costs of its proposed capital program.

⚠ Replacement costs for Adelaide Bridge and Torrens Weir were derived prior to COVID and could be understated as a result of market, price and supply chain changes since that time.

KEY FACTS

- Population was **27,901** as of 30 June 2023.
- The Council covers **15.6 square kilometres.**
- **26,725** rateable properties as of 30 June 2023.
- **$125.0 million** of rate income in 2022-23.
- Value of assets held in 2022-23 was **$1.9 billion.**

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit www.escosa.sa.gov.au.

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1 Executive summary

The Essential Services Commission of South Australia (**Commission**) finds the Corporation of the City of Adelaide's (**Council**) current financial performance and position mostly sustainable and projected financial performance potentially unsustainable. The Essential Services Commission has set out in this advice various findings and recommendations aimed at assisting the Council to improve its performance in the future, along with general advice as to behavioural changes which will improve its approach to asset and cost management.

If these are considered seriously and, as a result, either implemented (or not adopted for good reason), then the Commission's view is that the Council should be able to move to a better position. Continued focus and successful delivery by the Council on the matters raised in this advice should allow it to further improve its future potential position.

At the same time, the Commission has recognised areas in which the Council has already started improving its practices, and where it has existing strengths. Those include achieving an $8.5 million operating surplus, as reported in its 2023-24 financial reports, its community and stakeholder engagement work and its transparency around matters such as the annual review and disclosure of inflation assumptions, as well as its estimated average annual changes in land use categories and resultant revenues. The Council is encouraged to maintain and build on those improvements and strengths.

1.1 Context

As South Australia's capital city, Adelaide is the centre of economic activity for the state, with rates income strongly supplemented by user charges from commercial activities and extensive daily visitation by non-ratepayers.

Over the 10 years to 2022-23, the Council accumulated an operating deficit of $24.6 million, generally reflecting a below-breakeven performance over the period. The Council recorded operating deficits in four of the last six years to 2022-23, and its average annual operating surplus ratio was negative 1.2 percent over the 10 years to 2022-23. The Commission also acknowledges the Council has recently begun improving its operating surplus ratio (0.5 percent for 2021-22, 0.8 percent for 2022-23 and 3.6 percent for 2023-24). However, this should also be considered in context of the Council's proposal to engage in significantly more capital expenditure than it has historically. This represents a considerable financial, practical and logistical challenge.

That operating performance has been materially driven by the Council's previous decisions in relation to the setting of rates: the Council decided to freeze the rate in dollar from 2013-14 to 2023-24, and to freeze property valuations for five years from 2018-19. Those periods included the COVID-19 pandemic and its aftermath. While likely intended to benefit ratepayers in the short run, the decisions had a direct impact on the Council's – and hence ratepayers' - long-term financial position. It is not clear on the materials available to the Commission that the long-term risks and impacts of the decisions were explained to ratepayers and the community at the time they were taken.

The direct effects of the decision were to:

- reduce available rate revenue, requiring greater reliance on more variable user charges revenue streams (commercial operations) that are demand dependent, increasing revenue risk at a time when demand was constrained due to COVID-19-related impacts in the economy and in society, and

- lessen the Council's capability to provide services, due to difficulties in funding the necessary asset maintenance and renewal programs, leading to infrastructure erosion and an underspend on the renewal and replacement needs of its asset stock.[1]

Of note, the underspend on asset renewals relative to its Asset Management Plans was created during a period in which construction costs were generally lower, and logistics were generally easier, than is now the case. As a result, the impact of the underspend is having to be addressed at a time of general construction cost escalation, with longer lead times, and in circumstances where the Council is also needing to undertake three significant asset renewal projects: the Adelaide Bridge (on King William Road near the Festival Centre), the Torrens Weir and the Rundle Street carpark.

Further, the successful delivery of the Council's Long-Term Financial Plan is reliant on being awarded grant funding to manage its current challenges, whereas the Council does not appear to recognise the opportunity to improve the financial contribution of its commercial assets. If the anticipated funding does not eventuate, then unless the Council shifts its focus to value extraction or some other mitigating actions, either rates will need to increase or community services/service levels will need to be reduced. Ultimately, significant reliance on contingent events such as grant funding creates both short and long-term risks for the community.

The Commission's advice, given the nature of the Council's operations, is that it needs to be able to identify and mitigate risks such as these in a more robust, timely and transparent fashion. This will require it to review and consider its current practices, processes and controls in the short term, to identify opportunities for improvement, to embed effective change for the long term.

Ultimately, it is the community and ratepayers who bear and will continue to bear the burden of these prior decisions and the resultant current operating performance of the Council.

1.2 Challenges

With that background, the Council faces considerable challenges over the period of the Long-Term Financial Plan. The three main risks the Council's financial strategy faces are:

1. Low to medium confidence levels in the cost estimates for critical capital projects.
2. Reliance on unsecured grant financing.
3. Increasing exposure to interest rate and financial structure risk, as debt levels increase.

Additionally, the Council has no financial cushion. Its Long-Term Financial Plan is designed so that each year cash inflows and outflows net out to zero, resulting in cash reserves remaining at $0.8 million throughout the Long-Term Financial Plan. Further, for periods of the Long-Term Financial Plan, the Council is at its own prudential borrowing limit, which is set at 50.0 percent of saleable property assets. That is, the Council has no contingency, while operating close to what it considers, its financial limits, despite the clear risks.

This situation can be attributed to the history of rates and valuation freezes, which have led to deferral and compression of asset renewal and replacement and an issue of intergenerational inequity in terms of the underspend on asset renewals.

[1] Between 2013-14 and 2022-23, the Council averaged 73.9 percent on its asset renewal funding ratio, whereas the suggested LGA target range for the ratio is 90.0 to 110.0 percent (LGA SA Financial Indicators Paper, p. 9). The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan.

To effectively take on and overcome those challenges, the Council will need to realise behavioural change in its approach to financial sustainability. While it is presently making progress on that front, as evidenced by its decision to cease its rates freezing policy and its acknowledgment of the importance of asset renewal, there remain key areas in which behavioural change could deliver material benefits for the Council and hence its ratepayers and community.

For example, seeking to mitigate the risks associated with the Council's grant funding reliance in its Long-Term Financial Plan, improving its focus on the profitability of commercial assets and developing and maintaining a stronger focus on cost management and productivity gains, are some of the more challenging but necessary behavioural changes.

As shown below in the discussion of each of those areas, the Council is more recently showing welcome signs of positive change in that regard; however, embedding, maintaining and building on that behaviour will need to be an ongoing focus for the Council. Effective change delivery will underpin the Council's future success and sustainability for the benefit of its ratepayers and community and assist in mitigating the risk of rate increases needing to be higher than those forecast in the Long-Term Financial Plan.

1.3 Commercial assets

The Council has a range of commercial operations, including off-street car parking (UPark), on-street car parking, property management and the North Adelaide Golf Course. The Commission is unable to form a view about how well the Council is managing the commercial assets, due to a lack of clear strategy for the holdings and a lack of financial information about asset classes and individual assets.

The Council's asset stock per rateable property is high at $68,224 in 2022-23. While the commercial assets generate revenues, they also generate a stream of future liabilities, risks for ratepayers and management risks.

A comprehensive strategy for commercial assets that focuses on asset classes and each asset individually would help the Council to ensure it is delivering optimal value for ratepayers. The proceeds of any resultant asset rationalisation could assist in renewing the Council's core operating assets, particularly in the context of the Council's forthcoming expenditure on asset renewals and replacement of three major assets.

A greater focus on transparency around the performance of its commercial operations by separating them out from the overall accounts would assist in discussions with the community.

1.4 Cost and revenue management

A challenge for the Council is to continually seek to improve the quality and reliability of the information upon which it bases its Strategic Management Plan, ensuring that cost estimates are accurate and complete and that the Long-Term Financial Plan is well aligned with relevant Asset Management Plans.

In terms of Asset Management Plans, the Commission notes that the Council reviews asset lives in conjunction with asset class revaluations every four to five years. While this is not an unreasonable practice, the Council has confirmed that, up until 2023-24, its asset values were not annually indexed through desktop valuations between those four to five yearly revaluations. Given, for example, the effects of changes in inflation, failing to index annually can result in out-of-date asset valuations, which in turn may lead to inaccurate depreciation charges being used for strategic planning purposes, project costing and rate setting.

At a time when the Council is facing significant asset renewal, consistently understanding the cost associated with asset consumption and the implications that this can have for the operating surplus

and asset renewals ratios is relevant. The change in the Council's behaviour in moving to annual indexation is therefore a positive sign and one that should be maintained.

The Commission notes indications of improvement in the Council's strategic planning and governance, with a more comprehensive and appropriate updating of Asset Management Plans being completed in 2024. The Council has also begun to address its asset renewals, with the introduction of the Asset Renewal Repair Fund to fund the $14.9 million annual increase required under those Asset Management Plans.

An area that would benefit from a greater focus by the Council is whether its approach to forecasting growth in rateable properties remains appropriate. Growth forecasts are a critical element of the Strategic Management Plan, as they impact asset need and usage, forecast growth in average rates per property and expected rates income growth. The Council's current forecast annual average growth in rateable properties is one percent for the 10 years to 2033-34, whereas actual growth was 2.5 percent in the 10 years to 2022-23. It is not clear from the materials available to the Commission why the Council expects a significant slowdown in growth. If the Council's actual property growth trends more towards the historical level, then its rates income will be higher than it is assuming under the one percent growth assumption. The Council might be underestimating its rates revenue for the forecast period.

1.5 Grant funding

The 2024-25 Long-Term Financial Plan shows an estimated renewal expenditure for the Torrens Weir of $40.0 million allocated across the 2028-29 and 2029-30 financial years, with $60.0 million allocated for the Adelaide Bridge across the 2027-28 and 2028-29 financial years. These cost estimates were developed prior to COVID-19 and have since been inflated to 2024-25 dollars. The Council has advised the Commission that it has low to medium confidence in those estimates, reflecting post-COVID market changes. The implication is that the actual costs might be materially higher than those which have been assumed in the Long-Term Financial Plan.[2]

At the same time, the Long-Term Financial Plan assumes it will need to fund 33.0 percent of the renewal cost for the Torrens Weir and 75.0 percent of renewal cost for the Adelaide Bridge, with the remainder funded by grants that are yet to be secured.

Further, the Council's Asset Management Plan for buildings forecasts expenditure of $60.0 million for the Rundle Street carpark asset to be renewed on a like-for-like basis across 2029-30 and 2030-31; however, the 2024-25 Long-Term Financial Plan only allocates $15.0 million, with the funding for the difference not being specified.

If the Council is unable to fulfill its external funding strategy of using grants funding programs, then it risks a greater burden shifting to its ratepayers, unless it takes steps to generate revenue in other ways, such as by rationalising its commercial operations or generating more revenue from them, while also becoming more efficient and productive across all its activities.

1.6 Summary

While the Commission has above focussed on three key areas in which behavioural changes will assist the Council, as explained in the rest of this advice, other specific areas should assist the Council in its future intentions to return to financial sustainability.

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[2] The Council advises that it is currently working through options for the Torrens Weir, Adelaide Bridge and Rundle Street carpark which will consider full replacement, extension of life or upgrade. This may result in a lesser requirement; however, for full transparency, the Council has included the 2024-25 costs for full like-for-like replacement.

The Council has a range of sound practices in its strategic planning and asset management, including:

- regularly reviewing inflation forecasts in its budget and forward projections
- exploring funding sources from the State Government to assist in the renewal and maintenance of the Park Lands
- identifying and disposing of assets that have reached the end of their useful lives or are excess to requirements, to reduce debt and exposure to future liabilities, and
- reporting in its Annual Business Plan the estimated average annual change for its categories of land use, together with the quantum of annual revenue it expects to collect from these different categories of rates.

To further strengthen the Council's sustainability, the Commission recommends that the Council:

1. **Analyse** the implications for long-term financial sustainability and timely renewal of assets before considering any rate freeze or valuation freeze in the future and disclose the analysis to ratepayers.
2. **Improve** the disclosure of cost savings targets or productivity improvements in its Long-Term Financial Plans and Annual Business Plans (as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.
3. **Consider** undertaking a detailed review, with its community, of the potential alternative options and the risk implications, from both the financial and service provision perspectives, of the proposed financing of its capital expenditure program.
4. **Consider** the Future Fund applying a greater emphasis on asset disposals with the proceeds used to repay borrowings, or reduce the need for them, rather than the purchase of assets for commercial operations.
5. **Upgrade** its Asset Management Plans to more accurately reflect formal asset valuations, condition assessments, remaining useful lives and corresponding depreciation schedules, incorporate this information into the Asset Management Plans and include these expenditure forecasts in the annual budget and annual Long-Term Financial Plan update.
6. **Consider** providing more clarity around the risks (and develop mitigation strategies) if the Council's expectations regarding its operational performance do not materialise and/or its financial strategy becomes stressed.
7. **Develop** a comprehensive and transparent strategy for its commercial assets, addressing for each class of assets and for each individual asset how to optimise value for ratepayers, including:
   - in-depth analysis in its Long-Term Financial Plan of the Council's approach to revenue generation from commercial operations and whether asset rationalisation would improve financial outcomes for ratepayers. This analysis could include whether the Council continues to own each asset, whether it operates each asset or leases it out for private operation and the extent to which any ratepayer subsidisation is appropriate and if so, why. (refer 5.1.3.2 User Charges)
   - publication of separate financial statements for each of the Council's commercial operations, clearly identifying the allocation of costs to each asset and the asset values attributed to each separately (refer 5.1.3.2 User Charges), and
   - completion of the proposed review of the Rundle Street UPark and addressing the approved option in the Long-Term Financial Plan (refer 4.1 Changes to operating performance).

2 About the advice

2.1 Background

The State Parliament has tasked the Essential Services Commission of South Australia (the **Commission**), South Australia's independent economic regulator and advisory body, to provide advice on material changes proposed by local councils in relation to elements of their Strategic Management Plans (**SMPs**), and on the proposed revenue sources, including rates, which underpin those plans.[3]

A primary purpose of the Local Government Advice Scheme (**Advice** or **the Scheme**) is to support councils to make financially sustainable strategic decisions in their annual business plans and budgets, in the context of their Long-Term Financial Plans (**LTFP**) and Infrastructure and Asset Management Plans (**IAMP**).[4] IAMPs are commonly referred to as Asset Management Plans (**AMP**). The LTFP and the IAMP are both required as part of a council's SMP.[5] Financial sustainability encompasses intergenerational equity,[6] program (service level) and rates stability in this context.[7] The other main purpose is for the Commission to consider ratepayer contributions in the context of all revenue sources, as outlined in the LTFP.[8] In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.[9]

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the third year (2024-25) of the Scheme, including the Corporation of the City of Adelaide.

This report provides the Local Government Advice for the Council in 2024-25.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2025-26 Annual Business Plan (**ABP**) (including any draft ABP) and in subsequent plans until the next cycle of the Scheme.[10] The Council is not compelled under the LG Act to follow the advice.

The Commission thanks the Council for meeting with Commission staff and for providing information to assist the Commission in preparing this advice.

2.2 The Commission's approach

In providing the Advice for the Council, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**).[11]

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3 Amendments to the LG Act (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).

4 Commonly referred to as asset management plans.

5 The objectives of the advice with reference to a council's LTFP and IAMPs are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMPs.

6 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.

7 Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

8 LG Act s122(1f)(a) and (1g)(a)(ii).

9 LG Act s122(1f)(b) and (1g)(b).

10 LG Act s122(1h).

11 Commission, *Framework and Approach – Final Report*, August 2022, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

The Commission has considered the Council's SMP documents (set out in the box below), with a particular focus on its performance and outlook against three financial indicators: the Operating Surplus Ratio (**OSR**), the Net Financial Liabilities Ratio (**NFLR**) and the Asset Renewal Funding Ratio (**ARFR**).[12] Analysis of these three indicators captures financial and service sustainability, in addition to cost control and affordability risk.[13]

- City of Adelaide Long-Term Financial Plan 2024-25 to 2033-34 (October 2024)
- City of Adelaide Long-Term Financial Plan 2023-24 to 2032-33 (September 2023)
- City of Adelaide Annual Business Plan and Budget 2024-25 (June 2024)
- City of Adelaide Annual Business Plan and Budget 2023-24 (June 2023)
- City of Adelaide Annual Business Plan and Budget 2022-23 (June 2022)
- City of Adelaide Strategic Plan 2024-28 (December 2023)
- City of Adelaide Annual Report 2022-23 (October 2023)
- City of Adelaide Annual Report 2021-22 (October 2022)
- City of Adelaide Annual Report 2020-21 (August 2021)
- City of Adelaide Buildings Asset Management Plan (August 2024)
- City of Adelaide Transportation Asset Management Plan (August 2024)
- City of Adelaide Urban Elements Asset Management Plan (August 2024)
- City of Adelaide Water Infrastructure Asset Management Plan (August 2024)
- City of Adelaide Park Lands and Open Space Asset Management Plan (August 2024)
- City of Adelaide Public Lighting and Electrical Infrastructure Asset Management Plan (August 2024)
- City of Adelaide Future Fund & Investment Policy (January 2022)
- City of Adelaide Acquisition & Disposal of Land & Assets Policy (January 2022), and
- City of Adelaide State of the City (December 2023).

The Commission notes that most of the Council's infrastructure asset base is covered by its existing AMPs (with condition assessments and asset valuations for those assets).

Given that the Commission must, in providing its advice, have regard to the objective of councils maintaining and implementing their IAMPs and LTFPs,[14] it has also considered the Council's

[12] The three financial indicators are specified in the Local Government (Financial Management) Regulations 2011. Since 2011, each council has been required to refer to these three indicators in its plans, annual budget, mid-year budget review and annual financial statements. The councils can adopt their own target range for each ratio, but the Commission has adopted the previously suggested Local Government Association (**LGA**) target ranges as a basis for its analysis, which were established and agreed during the development of the LGA Financial Sustainability Papers (2006-2011).

[13] The F&A listed 29 analytical questions that the Commission has answered in assessing the Council's performance against these indicators to determine affordability, cost control and other sustainability risks.

[14] *Local Government Act 1999* (**LG Act**) s122(1g)(a)(i).

performance in that context. Findings regarding the content of the Council's AMPs, and the alignment between its LTFP and AMPs,[15] are discussed in section 5.

The Commission has also reviewed the Council's template data, which include its 2024-25 LTFP forecasts for 2024-25 to 2033-34, as well as its 2023-24 LTFP forecasts, historical financial data, the number of rateable properties and Council staff (Full Time Equivalent (**FTE**)) numbers from 2013-14 onwards.[16] [17] The charts and tables in the Advice are primarily sourced from these datasets. In addition, the Commission has reviewed the Council's audit committee reports and other public information as appropriate.

The Commission has reported estimates in nominal terms, for consistency with the Council's plans and actual rate levels, and it has compared estimated inflation impacts to these trends as a guide to identifying 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (**CPI**) line shows the cumulative growth in the CPI (Adelaide) series from 2013-14, and then projections of this series from 2024-25 based on the Reserve Bank of Australia (**RBA**) (Australia-wide) inflation forecasts (to the December quarter 2026), and the midpoint of the RBA target range (2.5 percent) from 2026-27 and thereafter.

Finally, in formulating this Advice, the Commission has had regard to all discussions and engagement with the Council, including the face-to-face onsite meeting at the Council offices and the individual circumstances of the Council, consisting of:

- its location as an Urban City Centre Council
- its income level ($215.5 million), and
- the size of its rates base (around 26,725 ratepayers[18]).

Throughout this Advice the Commission has identified key points and assigned the following risk category to those points.

Legend: Low-risk Moderate-risk High-risk

[15] As required under s122(1b) of the LG Act.
[16] The Council's results for the 2023-24 financial year, relied on at the time of preparing this advice, were audited.
[17] Sourced from the Local Government Grants Commission (including data reported by the Office of the Valuer-General) and the Council's data.
[18] Based on the estimated number of property assessments on 30 June 2023.

3 Council profile

The City of Adelaide is classified as an 'Urban – Capital City'.[19] It is both a local government body and a statutory capital city (as defined in the *City of Adelaide Act, 1998*) at the centre of a metropolitan area of 1.45 million residents. The Council comprises approximately 15.6 square kilometres and has an estimated resident population of 27,901 (at 30 June 2023)[20] and approximately 26,725 rateable properties (at 30 June 2023).[21] The Council was formed in 1840 and was the first municipality authority in Australia.[22]

Figure 1: Council Area



The City of Adelaide is characterised by the following attributes:

- Nearly 400,000 people visit the city on an average day.[23] Of this group 46.0 percent come into the city for reasons other than work or study, 20.0 percent for work, 18.0 percent for study, 13.0 percent are tourists, and nine percent are city residents[24]
- An established commercial and residential area, covering 15.6 square kilometres and a population density of 1,792 person per square kilometre[25]
- Its largest employment sector is Health Care and Social Assistance, followed by Professional, Scientific and Technical Services[26], and Accommodation and Food Services.

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19 According to the Australian Classification of Local Governments (**ACLG**), determined by the Australian Bureau of Statistics (**ABS**), which classifies all Australian councils based upon population and population density within 22 different categories.

20 Refer to Australian Bureau of Statistics, Data by region, available at https://dbr.abs.gov.au/region.html?lyr=lga&rgn=40070

21 Refer to the Department of Infrastructure and Transport - Local Government Grants Commission, *2022-23 Database Reports*, available at: https://www.dit.sa.gov.au/local-government/grants-commission/publications#database

22 Refer to the City of Adelaide website available at https://www.cityofadelaide.com.au/about-council/your-council/past-lord-mayors-and-mayors/

23 City of Adelaide, *2023-24 Annual Report*, page 8.

24 City of Adelaide, *2022 City User Profile Survey*, page 5 https://d31atr86jnqrq2.cloudfront.net/docs/12279-CoA-City-User-Profile-2022-Full-Report.PDF

25 Footnote 19 applies.

26 Footnote 19 applies.

- A higher level of properties that are rented (residential) or leased (commercial) compared to other South Australian councils, and
- A median population age of 32 years.[27]

[27] Footnote 19 applies.

4 Material plan amendments in 2024-25

This section sets out and generally describes the 'material' amendments to the Council's plans. The more detailed analysis of those amendments forms the basis of the Commission's advice and is set out in subsequent sections.

The Council has made several amendments to its 2024-25 budget and forward projections compared with 2023-24, partly to account for changes in inflation and partly for other revenue and spending initiatives. The material amendments to its main financial forecasts are listed in the table below (in nominal terms).[28]

To ensure a comparable analysis of estimates between the 2023-24 and 2024-25 LTFPs, the Commission has reviewed the nine overlapping years' statistics, 2024-25 to 2032-33, and identified material amendments accordingly.

Table 1: Historical and forecast financial items

Selected Financial Item	Sum of 2024-25 to 2032-33 estimates in 2023-24 LTFP ($ million)	Sum of 2024-25 to 2032-33 estimates in 2024-25 LTFP ($ million)	Change in 2024-25 estimates ($ million)	Change in 2024-25 estimates (%)
Total Operating Income	2,331.3	2,554.9	+223.6	+9.6
Grants, subsidies and contributions operating income	42.2	87.1	+44.9	+106.6
Rates	1,459.6	1,572.6	+113.0	+7.7
User Charges	671.2	714.5	+43.3	+6.5
Total Operating Expenses	2,308.9	2,393.2	+84.3	+3.7
Finance Costs	50.3	73.3	+23.0	+45.7
Depreciation, amortisation and impairment expenses	603.9	623.5	+19.5	+3.2
Borrowings – Non Current	1,112.5	1,409.6	+297.1	+26.7
Trade and other payables	168.4	240.0	+71.6	+42.5
Capital expenditure on renewal of assets[29]	594.0	795.2	+201.1	+33.9

[28] This table shows only selected financial items to demonstrate the material amendments made by the Council in its 2023-24 estimates. It excludes various financial items, and individual items do not sum to totals.

[29] The capital expenditure estimates are based on the 2024-25 LTFP estimates provided by the Council to the Commission (in an Excel template).

4.1 Changes to operating performance

The Council has forecast in its 2024-25 LTFP an increase in total operating income of $223.6 million (or 9.6 percent) across the nine year comparative period to 2032-33, compared to the 2023-24 LTFP (as shown in the table above). This reflects a range of changes to its income forecasts, notably:

- 7.7 percent increase in rates income,
- 6.5 percent increase in user charges, and
- 106.6 percent increase in grants, subsidies and contributions.

The forecast 7.7 percent increase in rate revenue partially reflects the Council increasing its CPI projection in its 2024-25 LTFP, but also accounts for additional factors, such as an increase in rates to fund the Asset Renewal Repair Fund (**ARRF**). The Council says it has introduced the ARRF to finance the forecast $150.0 million funding requirement to implement its revised AMPs it adopted in June 2024. By contrast, the 2023-24 LFTP rate revenue increase was in line with the Council's CPI forecast (excluding growth) at that time.

Forecast user charges from the Council's commercial operations increased by a cumulative $43.3 million (6.5 percent) over the nine year comparative period. In the 2023-24 LTFP, income associated with Rundle UPark was removed due to a decision to not provide for the renewal of Rundle UPark (due for renewal in 2030-31). The Council determined to remove that income while it evaluated the asset to determine its feasibility for operation, or redevelopment, aiming to address community needs and optimise revenue potential.[30] The 2024-25 LTFP includes part of the renewal cost of Rundle UPark (to extend its useful life) and reinstates the associated income and expenditure.[31]

The forecast of grants, subsidies and contributions increased by $44.9 million (106.6 percent) as a result of the Council's assumption that it would receive grant funding in 2027-28 to 2029-30 for significant renewals of the Adelaide Bridge and Torrens Weir. However, the Council has also advised that this funding had not been secured at the time that the 2024-25 LTFP was drafted.

Forecast operating expenses have also increased, with finance expenses increasing by a cumulative $23.0 million (45.7 percent), due to the Council using debt (alongside rate increases) to co-fund significant asset renewals and the ARRF. Forecast depreciation expenses also increased by a cumulative $19.5 million (3.2 percent). The Council's historical and projected operating performance are discussed further in section 5.1.

4.2 Indexation adjustments

In the 2024-25 LTFP, the Council stated that it used the South Australian Centre for Economic Studies' (**SACES**) projected CPI for its 2024-25 Business Plan and Budget.[32] The 2023-24 LTFP uses Deloitte Access Economics as the source data for its projected CPI 2.5 percent[33]. The 2024-25 LTFP forecast is higher than the previous year's CPI forecast as shown in the following table:

[30] City of Adelaide Council, *2023-24 to 2032-33 Long-Term Financial Plan*, page 15.
[31] City of Adelaide Council, *2024-25 to 2033-34 Long-Term Financial Plan*, page 14.
[32] City of Adelaide Council, *2024-25 to 2033-34 Long-Term Financial Plan*, page 11.
[33] City of Adelaide Council, *2023-24 to 2032-33 Long-Term Financial Plan*, page 11

Table 2: Indexation adjustments

Forecast CPI in each year	2023-24 LTFP	2024-25 LTFP[34]
2024-25	2.6%	3.3%
2025-26	2.5%	3.0%
2026-27	2.5%	2.5%
2027-28 and onwards	between 2.3% and 2.5%	2.5%

The revised 2024-25 LTFP forecast, although higher, is not significantly different from the forecast average annual growth in the CPI from 2024-25 to 2033-34 which is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide).

It would appear that the updated inflation assumptions drive the forecast increase of up to 2.3 percent per annum by 2032-33 in cost and revenue estimates,[35] compared with the same estimates in the 2023-24 LTFP. Of note, however, the Council has adjusted its operating income forecasts by amounts higher than its adjusted inflation forecasts (increase of 9.6 percent on 2023-24 estimates[36]).

The Council's assumptions for indexation in its 2024-25 LTFP are transparent and based on an annual review of forecasts. The Commission considers that such annual reviews of assumptions reflect best practice and supports the Council continuing to do so.

4.3 Increase to capital expenditure estimates

The 2024-25 LTFP indicates an increase in capital expenditure for renewal of assets by $201.1 million for the period from 2024-25 to 2032-33, compared to the previous year's LTFP. The increase is partly due to the Council creating the ARRF to fund the average annual capital expenditure increase of $14.9 million, which is associated with the recently adopted AMPs.[37]

The Council has also included two large intergenerational renewals in its capital expenditure forecasts: the Adelaide Bridge and Torrens Weir. The Council's estimated renewal expenditure for the Torrens Weir is $40.0 million (allocated across the 2028-29 and 2029-30 financial years) and $60.0 million for the Adelaide Bridge (allocated across the 2027-28 to 2028-29 financial years).[38]

Those forecast costs were derived prior to COVID-19 and have since been escalated to reflect 2024-25 dollars;[39] however, the Council has advised that it has a low-medium confidence level in its estimates[40][41] and the Commission is concerned that even the escalated costs could be under-estimated.

The 2024-25 LTFP has also allocated $15.0 million[42] towards the asset renewal of the Rundle UPark across 2029-30 and 2030-31, with further detailed structural assessments required to understand the extent of the works required. However, the buildings AMP forecasts expenditure of $60.0 million across

[34] City of Adelaide Council, *2024-25 to 2033-34 Long-Term Financial Plan*, page 37.
[35] The set of nine years forecast in both the 2023-24 and 2024-25 LTFP projections.
[36] Based on the overlapping forecast period in both LTFPs (2023-24 to 2032-33 and 2024-25 to 2033-34).
[37] City of Adelaide, *2024-25 to 2033-34 Long-Term Financial Plan*, page. 5.
[38] City of Adelaide, *2024-25 to 2033-34 Long-Term Financial Plan*, page. 14.
[39] The Torrens Weir has been indexed to $44.7 million and the Adelaide Bridge has been indexed to $65.6 million in the 2024-25 LTFP.
[40] City of Adelaide, Email to the Commission, 11 November 2024.
[41] Footnote 2 applies.
[42] This figure has been indexed to $17,138 million in the 2024-25 LTFP

that same period for the Rundle UPark asset to be renewed on a like-for-like basis. Asset renewal funding gaps of this nature are highly risky; the Council should seek to understand the nature and scope of the gap, its implications and the need to and means by which it might avoid future gaps. The Council's capital expenditure outlook is discussed further in section 5.3.

4.4 Increase in total liabilities

The Council's forecast cumulative total liabilities are $369.0 million (21.5 percent) higher than forecast in the previous year's plan (for the period from 2024-25 to 2032-33).

Within this, the Council's forecast cumulative current liabilities increased by $72.2 million (19.7 percent), mostly due to an increase in trade and other payables of $71.6 million (42.5 percent) for the period from 2024-25 to 2032-33. The Council's forecast cumulative non-current liabilities increased by $296.9 million (22.0 percent) compared to the previous year's LTFP, predominantly due to long-term borrowings increasing by $297.1 million (26.7 percent) to fund increased capital works for that same period.

The Council's borrowings and net financial liabilities are forecast to be higher in the 2024-25 LTFP than the previous year's LTFP for 2024-25 to 2032-33. As a result, the Council's NFLR forecast is an average rate of 73.0 percent for the period. This is compared to an average NFLR of 53.8 percent in the previous LTFP (for the period from 2024-25 to 2032-33). The Council's net financial liabilities outlook is discussed further in section 5.2.

5 Financial sustainability

5.1 Operating performance

5.1.1 Key points

⚠ The Council's policy decision to freeze both the rate in the dollar and property valuations for differing periods historically caused it to become more reliant on less certain forms of user charge revenue through its commercial operations, increasing revenue risk. Over the 10 years to 2022-23, the Council accumulated an operating deficit of $24.6 million and an annual average ARFR of 73.9 percent, signifying an underspend on asset renewals.

⚠ While the Council has now ceased these policies, its revenue remains more reliant on user charges than other councils. The Council must hold the assets and cover the expenses associated with providing these services. Because it does not publish separate accounts for commercial operations, it is not possible to assess their profitability and therefore the extent to which each asset either lessens or increases costs for ratepayers. The associated financial sustainability risk could be reduced through the sale of assets and exiting the market for these services that could be provided by the private sector, if there is genuine demand for them at prices that provide a suitable commercial return.

⚠ While the Council is forecasting an operating surplus in each of the ten years to 2033-34, that is based on increasing rates revenue and an assumption of significant grant funding, rather than considering whether any rationalisation of the Council's commercial operations is appropriate, along with significantly improving the productivity of its core operations. As it stands, the only contingency in place if the grant funding does not occur, and/or the costs associated with the Council's considerable asset renewal program increase by more than forecast, is higher rates rises, either as a direct contribution or to finance additional debt.

5.1.2 Operating Surplus Ratio

The operating surplus ratio (**OSR**) is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent.

The Council experienced some volatility in its operating performance between 2013-14 to 2022-23 and, in the three years to 2019-20, reported operating deficits of $17.4 million, $21.2 million and $18.3 million respectively. Over the 10-years to 2022-23, the Council accumulated a $24.6 million operating deficit, generally reflecting a below breakeven performance. Notwithstanding this, the Commission notes the Council has started to improve this performance achieving an $8.5 million operating surplus in 2023-24. Historical growth in operating income averaged 2.3 percent per annum from 2013-14 to 2022-23, below the annual inflation growth of 2.6 percent over this period (see Figure 3).[43] The rate of growth in operating expenses averaged 2.8 percent per annum (see Figure 3).

The OSR[44] fluctuated over the historical period and was negative (below the LGA-suggested target range) in four of the 10 years to 2022-23 (see Figure 2). On average, the OSR was negative 1.2 percent

[43] CPI (all groups). Average annual growth in the Local Government Price Index (**LGPI**) published by the SACES was similar (at 2.5 percent). Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index

[44] Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised*, May 2019, p. 6.

over the period from 2013-14 to 2022-23, indicating that the Council was generally not operating sustainably.

Figure 2: Operating surplus ratio – historical and forecast

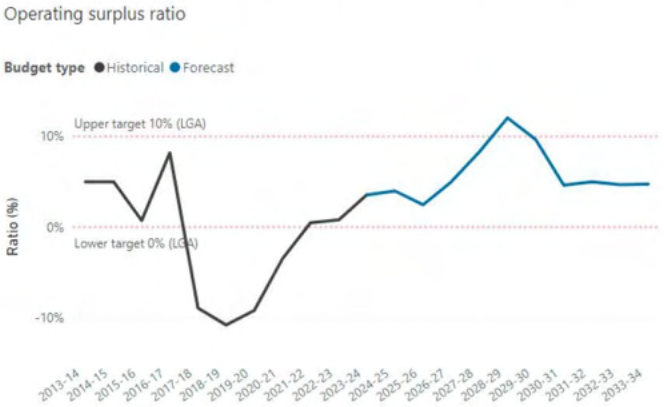


Figure 3: Total income and expenses – historical and forecast



The main reason for this performance is the Council's decision to freeze the rate in the dollar (from 2013-14 to 2023-24) and to freeze property valuations for five years from 2018-19, while expenses continued to increase. The revenue risk implications of these polices were exacerbated through COVID-19, as the Council's revenue from user charges declined sharply, due to less demand for these services. It is not clear what analysis the Council did to understand the cost-benefit trade-off and risks of the policy; however, the main outcome of the policy was the creation of an underspend on asset renewals and replacements needs of its asset stock, which will have long-term impacts on the Council and the community.

5.1.3 Income

The Council's main income streams are discussed in further detail below.

5.1.3.1 Rates Income

In 2022-23, income from rateable properties accounted for 58.0 percent of the Council's total income. The Council's decision to freeze the rate in the dollar from 2013-14 to 2023-24 and to freeze property valuations for five years from 2018-19 contributed to the Council's average annual increase in rate revenue of 3.5 percent from 2013-14 to 2022-23 (when the growth in number of rateable properties averaged 2.5 percent and CPI growth averaged 2.6 percent).

The Council is projecting average annual rates per property growth of 2.8 percent to 2033-34, slightly above the forecast long-term inflation of 2.6 percent, which will represent a real increase in rates. That average annual growth is also projected to be higher than the expected expense per property growth of 2.4 percent for the same period (rates are discussed in more detail in section 6). This largely reflects the Council ceasing with its rate in the dollar and property valuation freezing policy and seeking to gain additional funding to address the forecast $150.0 million funding requirement to implement its revised AMPs.

This is indicative of the type of action the Commission supports the Council considering, to allow it to deliver future financial sustainability for the benefit of ratepayers and community and assist in mitigating the risk of rate increases needing to be higher than ought to be the case.

However, if the Council were to use its revenue-raising powers excessively to manage its financial strategy, it would risk reputational damage, low community trust and concerns regarding perceived competency at both community level and across South Australia. There is also the fact that the Council's proposed financial strategy comes after implementing one which resulted in an underspend on its asset renewals relative to its AMPs, the effects of which are being felt now - and will continue to be felt into the future.

This suggests that the Council's revenue raising powers can only partially offset financial management risks. This leaves the options of reducing the scope of the capital program and/or selling off assets to provide a financial cushion, as the asset renewal of core services progresses. The former is complicated by the fact that the Council has forecast $150.0 million in funding requirements to implement its revised AMPs and two critical renewal projects for core services, with the latter possible if the Council has business operations that will be of interest to the commercial sector. This seems plausible (refer to user charges section), with asset sales not only generating revenue, but also reducing future asset renewals.

5.1.3.2 User Charges

In 2022-23, income from user charging services accounted for 31.1 percent of the Council's total operating income. Excluding the Adelaide Aquatic Centre, which ceased operations on 1 August 2024,[45] four of these services contributed 81.8 percent of the user charges income.[46] These are property leases, North Adelaide Golf Course charges, on-street parking fees and off-street parking fees (UPark – refer section 5.3 for discussion of asset renewal expenditure required for the off-street car parking operation).

[45] The Adelaide Aquatic centre closed its operation on 1 August 2024, with the State Government intending to build a new $135.0 million facility, that will be owned and operated by the State. The Council has committed up to $20.0 million towards demolishing the existing facility and reinstating park lands and community sports grounds.

[46] City of Adelaide, *2022-23 Annual Report*, note 2 pg. 72.

The Council identifies these four services as commercial operations, including them in the Strategic Property and Commercial function within its 2024-25 Business Plan and Budget.

Annual budgeted operating income and expenses for Strategic Property and Commercial are provided in the Business Plan and Budget, with an operating profit of approximately $23.1 million projected. The income relates to user charges, but the manner in which the expenses have been derived for each of the four functions outlined above is not clear in the materials available to the Commission. It is therefore not possible to assess the performance of each commercial operation, the adequacy of the allocation of costs to the business operations and the extent to which it may or may not be subsidised by ratepayers.

Overall, the Commission considers there would be merit in separate financial statements being prepared for each of these services (and any subsequent commercial operations entered), clearly identifying any cost/asset allocation approaches adopted and the asset values attributed to each separately. This would reflect sound internal financial practices with the Council and would allow for a complete financial picture of these services to be available to ratepayers.

Further, as the commercial operations could generally be provided by the private sector, in the Commission's view each of them should be capable of functioning without subsidisation from general rates, while also not accruing excessive or unduly low rates of return, extracting monopoly rents or discouraging potential competitors. These factors broadly reflect the Council's existing competitive neutrality obligations, a central component of which is separated accounts.[47]

The Commission also notes that the Council has stated that debt may be required to fund significant renewals, such as the Rundle UPark.[48] Similar consideration applies to the property leasing and North Adelaide Golf Course operations, albeit at a lesser scale. This may be an opportune time for the Council to consider the optimal strategy for ratepayers - should it continue to operate the businesses within the Council, lease or sell the assets and/or operations to the private sector. Decisions made on that front will have direct impacts on user charges.

For example, if the Council proceeds with any asset rationalisation, the proceeds could offset any rates rises and debt required to fund the Council's forecast $150.0 million funding requirement to fund its AMPs, or the cost of the Torrens Weir or Adelaide Bridge (see Section 5.3).

5.1.3.3 Adelaide Park Lands

In addition to the business operations included in the Strategic Property and Commercial function, the Council also provide services via the Adelaide Park Lands. During the 2024-25 budget planning and budget process, the Council made a commitment to invest 1.5 percent of rates revenue to upgrade buildings within the park lands, equating to $25.2 million in today's dollars over the life of the LTFP.[49]

5.1.3.4 Statutory Charges

In 2022-23, income from statutory charges accounted for 5.6 percent of the Council's total operating income. In recent years, the Council has waived or frozen the rate on several fees and charges. The intent of these decisions was to provide targeted support to the community and stakeholders during a particular period, most notably throughout the COVID-19 pandemic.[50] The fees associated with permits

[47] For further information on competitive neutrality and associated matters, refer the Department of Premier and Cabinet website available at Competitive Neutrality | Department of the Premier and Cabinet

[48] City of Adelaide, *2024-25 to 2033-34 Long-Term Financial Plan*, p. 26.

[49] City of Adelaide, *2024-25 to 2033-34 Long-Term Financial Plan*, p. 16.

[50] City of Adelaide, *2024-25 Business Plan and Budget*, April 2024, p. 7, available at: https://d31atr86jnqrq2.cloudfront.net/docs/business-plan-budget.pdf

for Outdoor Dining and Park Lands rentals were reintroduced in the 2023-24 Business Plan and Budget after being waived for five years.[51]

As noted above, while there may be sound short-term reasons for such decisions, they will necessarily have longer-term consequences. The Council should therefore ensure that it always considers such longer-term impacts when making decisions of that nature and should make its reasoning clear to ratepayers and the community.

5.1.4 Expenditure

The growth in operating expense from 2013-14 to 2022-23 was 2.8 percent, slightly above the average annual inflation of 2.6 percent over this period.[52] During that period, there was an average annual increase in depreciation charges of five percent, an increase of 2.5 percent for 'materials, contracts and other' expenses and an increase of 1.7 percent for employee expenses (see the changes by expense type in Figures 4 and 5). The predominant reason for depreciation growing at a much faster rate than the other expenses categories was the growth in the Council's asset base (infrastructure, property, plant and equipment), which increased at four percent over the same period.[53]

Looking ahead, the Council has forecast higher average expense growth, at 3.5 percent per annum which is above the RBA-based forecast of average annual inflation of 2.6 percent over the same period.[54] This appears to reflect a worsening of the Council's cost control, relative to past performance (with average annual growth of 2.8 percent in the 10 years to 2022-23).

Employee numbers are forecast to increase to 761 FTEs in 2024-25, up from 716 in 2023-24,[55] with employee expenses forecast to increase by an average of 2.6 percent per annum over the period to 2033-34. 'Materials, contracts and other' expenses are forecast to increase by an average of 2.8 percent per annum, from 2024-25 to 2033-34. The Commission notes that these forecasts broadly align with the RBA's forecast rate of CPI over the same period of 2.6 percent. Depreciation and finance costs are increasing at 3.7 percent and 37.7 percent per annum over the same period, which is causing the Council's total expenses to increase by 3.5 percent per annum from 2024-25 to 2033-34.

51 City of Adelaide, *2023-24 Business Plan and Budget*, April 2024, p. 59.

52 CPI (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 2.5 percent). Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index

53 Based on the annual average growth rate between 2013-14 and 2022-23.

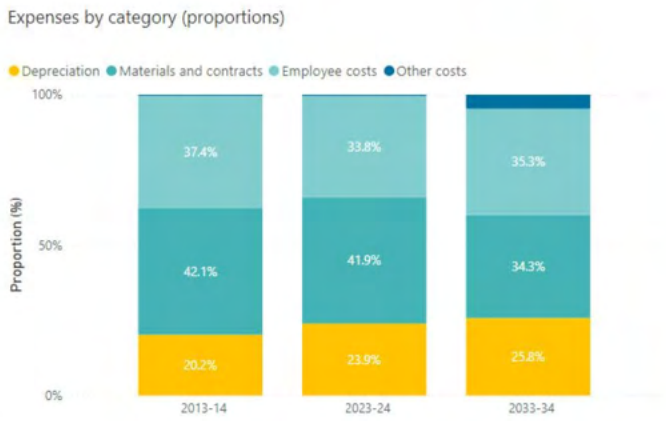
54 The forecast average annual growth in the CPI from 2024-25 to 2033-34 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2026 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2026-27.

55 Based on the Council's Financial Reporting template provided to the Commission.

Figure 4: Expenses by category – historical and forecast



Figure 5: Expenses by category - proportions



Incorporating the growth in number of rateable properties, the total forecast expenses per property increases by an average of 2.4 percent per annum over the period (see Figure 6): a slight real terms reduction (based on current inflation projections). At the same time, average total income per property is forecast to increase by 2.5 percent (nominally), below forecast inflation.

Figure 6: Expense by rated property - historical and forecast



5.1.5 Commission's recommendations on operating performance

Overall, the forecast growth in income and expenses broadly align for the 10 years to 2033-34. The Commission notes that, if the growth forecasted in the Council's expense categories is exceeded, there is a risk that ratepayers could incur unexpected higher rate increases.

In that context, the Commission has observed that the latest available comprehensive set of asset condition assessments and valuations, upon which the Council's AMPs, asset renewal costs and depreciation profiles are based, appear to be out of date.

Further, the Council has advised that, up until 2023-24, it did not apply indexation annually to asset valuations between these comprehensive assessments. The risk inherent in such a practice is that the Council's already-challenging asset renewal plans understate the true costs associated with them, with the annual depreciation charge therefore also understated. This would mean that the forecast operating surplus would be overstated and expose the Council, ratepayers and the community to future financial risks.

The Commission notes that the Council has recently introduced the good practice of indexing asset valuations in 2023-24 to some of its assets classes and will continue to roll out this practice to various other classes in 2024-25 and 2025-26.[56] This should be supplemented, however, with much more robust understanding and consideration within the Council of the importance of asset condition assessments.

Having regard to these risks, coupled with the Council's existing expenses projections that suggest a worsening in its cost control (as explained above), the Commission advises that the Council should adopt a stronger focus on cost control and productivity improvement, and reflecting this in its future strategic planning.

[56] City of Adelaide, Email to the Commission, 27 November 2024.

Therefore, the Commission recommends that the Council:

1. **Analyse** the implications for long-term financial sustainability and timely renewal of assets before considering any rate freeze or valuation freeze in the future and disclose the analysis to ratepayers.
2. **Improve** the disclosure of cost savings targets or productivity improvements in LTFPs and ABPs (as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

5.2 Net financial liabilities

5.2.1 Key points

- ⚠ Net cash flows after operating and investing (that is, capital-related) activities averaged $2.7 million per annum between 2013-14 and 2022-23 and decrease to average annual negative $15.2 million from 2024-25 to 2033-34.
- ✓ Between 2013-14 and 2022-23 the NFLR averaged 29.1 percent. It is projected to be within the LGA target range from 2024-25 to 2033-34, but trending towards the upper limit and reaching the Council's own prudential limits for a number of years. This reflects the use of higher debt levels to finance the Council's capital expenditure program.
- ⚠ If the Council is unable secure external grant funding, and/or it has underestimated the costs of the capital program, it might be necessary to increase debt or further defer asset renewal and replacement.

The NFLR is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100.0 percent of total operating income, but possibly higher in some circumstances. [57]

The Council's NFLR trended between negative 5.4 and positive 57.0 percent between 2013-14 and 2022-23 (see Figure 7). This is mostly within the suggested LGA target range for the indicator of between zero and 100.0 percent (averaging 29.1 percent over this period).

The Council has forecast its NFLR to be positive throughout to 2033-34 and to remain within the suggested LGA target range.[58] The annual average forecast for the NFLR from 2024-25 to 2033-34 is 74.1 percent, reaching a high of 88.6 percent in 2030-31.[59]

The Council's calculation of NFLR excludes calculations of long-term lease liabilities. The Commission has included long-term lease liabilities in its calculation of NFLR (see Figure 8). The Commission's analysis shows that net financial liabilities get very close to total income towards the end of the forecast period. Under that analysis, the Council's net financial liabilities are forecast to increase from $85.9 million in 2024-25 to $268.3 million in 2033-34 (see Figure 8), more than a three-fold increase.[60] The main driver of this is a near four-fold rise in borrowings to $225.7 million by 2033-34 (see Figure 9).

[57] LGA SA Financial Indicators Paper, pp. 7-8.
[58] The Council's NFLR was 21.7 percent in its reported 2023-24 financial results
[59] The Commission has included the Council's lease liabilities in its calculation but notes that the Council excluded this category in its 2024-25 LTFP.
[60] The Council's lease liabilities have been included in the net financial liabilities figure.

Figure 7: Net financial liabilities ratio – historical and forecast

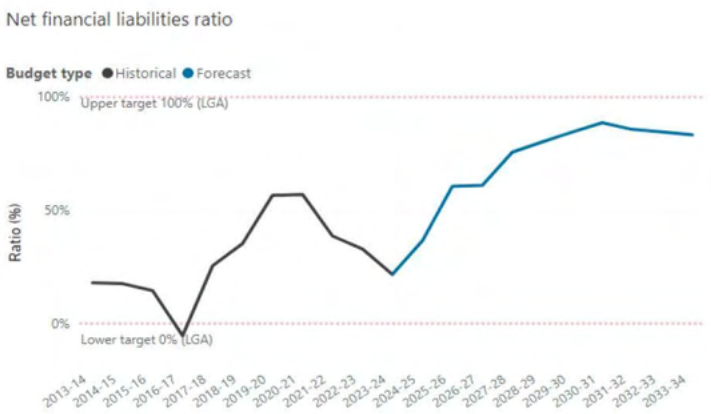
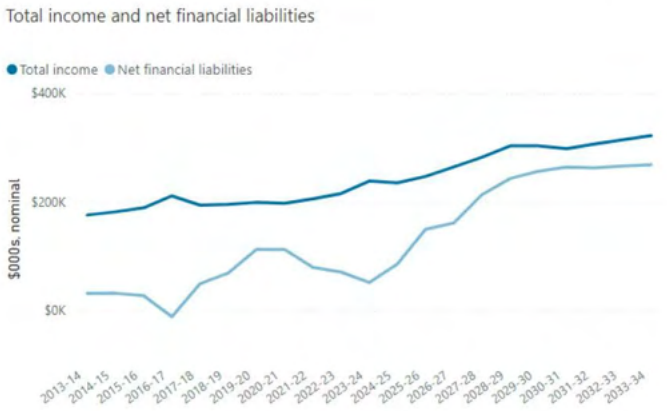


Figure 8: Total income and net financial liabilities – historical and forecast

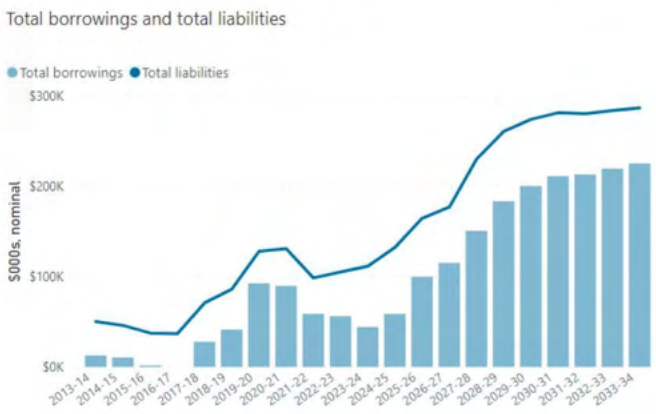


The steady increase in borrowings in the Council's 10-year forecast (see Figure 9) is partly associated with its $14.9 million per annum capital expenditure for new and upgraded projects.[61] In addition, the Council has stated that significant renewals (Torrens Weir, Adelaide Bridge and Rundle UPark) are likely to be funded by a component of debt.[62]

[61] City of Adelaide, *2024-25 to 2033-34 Long-Term Financial Plan*, p. 14. Available at: https://ouradelaide.sa.gov.au/draft-long-term-financial-plan

[62] City of Adelaide, *2024-25 to 2033-34 Long-Term Financial Plan*, p. 14

Figure 9: Total borrowings and total liabilities – historical and forecast



The Council's renewal forecasts associated with the Torrens Weir and Adelaide Bridge assume a like-for-like asset renewal of the existing structures. The Council is preparing further analysis to provide more detailed information on potential options and costs. Its estimated renewal expenditure for the Torrens Weir is $40.0 million allocated for the 2028-29 and 2029-30 financial year and $60.0 million for the Adelaide Bridge allocated in 2027-28 and 2028-29.[63] [64]

The Council has advised the Commission that it has a low to medium confidence level in these estimates.[65] Should the Council be faced with higher replacement costs for these two projects, unless it can secure commensurately higher grants, the burden on ratepayers would increase, either directly or through covering increased debt servicing costs. Alternatively, the Council might decide to defer elements of asset renewal and replacement, which could impact service standards.

Further, the Council is assuming in its LTFP that it funds 33.0 percent of the renewal for the Torrens Weir and 75.0 percent of the renewal for the Adelaide Bridge.[66] The remainder proposed to be funded by yet-to-be-secured grants.[67]

The three main risks the Council's financial strategy faces are:

1. Low to medium confidence levels in the cost estimates for critical capital projects.
2. Reliance on unsecured grant financing.
3. Increasing exposure to interest rate and financial structure risk, as debt levels increase.

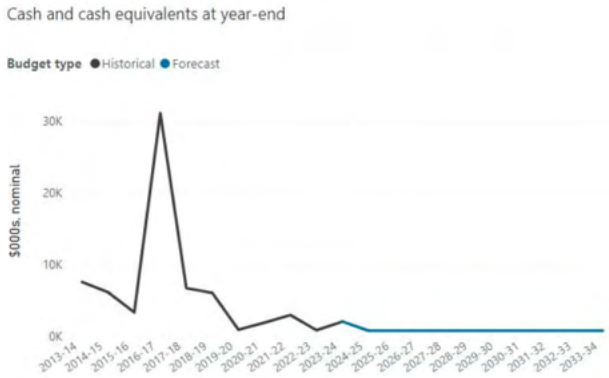
Additionally, the Council has no financial cushion. Its LTFP is designed so that each year cash inflows and outflows net out to zero, resulting in cash reserves remaining $0.8m throughout the LTFP (see Figure 10). Further, for periods of the LTFP, the Council is at its own prudential borrowing limit, which is set at 50.0 percent of the Council's saleable assets.[68] That is, the Council has no contingency, while operating close to what it considers, its financial limits, despite the clear risks.

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63 City of Adelaide, *2024-25 to 2033-34 Long-Term Financial Plan*, p. 14.
64 The Torrens Weir has been indexed to $44.7 million and the Adelaide Bridge has been indexed to $65.6 million in the *2024-25 Long-Term Financial Plan*.
65 City of Adelaide, Email to the Commission, 11 November 2024.
66 City of Adelaide, *2024-25 to 2033-34 Long-Term Financial Plan*, p. 14.
67 City of Adelaide, *2024-25 to 2033-34 Long-Term Financial Plan*, p. 14.
68 City of Adelaide, *2024-25 to 2033-34 Long-Term Financial Plan*, p. 24.

This situation can be attributed to the Council's history of rates and valuation freezes, which have led to deferral and compression of asset renewal and replacement and an issue of intergenerational inequity.

Figure 10: Cash and cash equivalents at year end – historical and forecast



These risks could lead to increased borrowings and interest risk exposure. Also, as borrowings increase, interest rates on debt levels can rise because of greater debt exposure within the financial structure. This could result in further cost escalation.

5.2.2 The Commission's recommendations on financial liabilities

The Commission considers that the Council should undertake a detailed review, with its community, of the potential alternative options and the risk implications, from both the financial and service provision perspective, of the proposed financing of its capital expenditure program. The Commission also suggests this include the role that asset sales can have in managing the Council's transition towards more effective asset management strategies and their implementation, which is discussed in the subsequent section of this advice.

In this respect, the Commission notes the potential role of the Council's Future Fund in this process, provided this is focused on asset disposal, rather than the purchase of assets for commercial operations, given the Council's anticipated financial exposure. It also notes that the Council undertook a Strategic Property review to consider the acquisition and disposal of assets, and that the proceeds from disposals could also be used to repay borrowings or reduce the need for them. In that context, the Council's 2024-25 LTFP has factored in the proceeds from the sale of surplus assets of $18.5 million in 2024-25. The Commission, however, notes this is relatively minor in comparison to the Council's commercial operations (refer to user charges in section 5.1.3.2).

The Commission recommends that the Council develop a strategy to optimise the value to ratepayers of the Council's commercial assets, taking into consideration any subsidies, the profitability and future liabilities of each asset.

Finally, the Commission notes the Council does not fully disclose the assumptions underpinning its borrowing forecasts in its LTFP (such as loan facilities and/or terms, if applicable) although the Commission notes that the Council is in the process of reviewing its Treasury policy, which will include how borrowings will be utilised.[69] The Council does undertake the good practice of disclosing its interest rate assumptions for its borrowing facilities, along with sensitivity analysis through a 10 year forecast of the Council's interest expense ratio and leverage test ratio.

[69] City of Adelaide, Email to the Commission, 11 November 2024.

For the Council to achieve and maintain financial sustainability, the Commission recommends that the Council:

3. **Consider** undertaking a detailed review, with its community, of the potential alternative options and the risk implications, from both the financial and service provision perspectives, of the proposed financing of its capital expenditure program.
4. **Consider** the Future Fund applying a greater emphasis on asset disposals with the proceeds used to repay borrowings, or reduce the need for them, rather than the purchase of assets for commercial operations.

5.3 Asset renewals expenditure

5.3.1 Key points

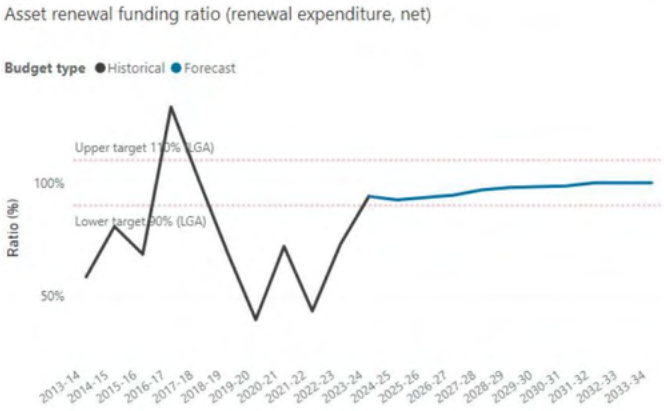
- Between 2013-14 and 2022-23, the net ARFR averaged 73.9 percent, with an average annual spend of $26.8 million per annum (below its asset renewal requirements).
- The Council's forecast $150.0 million funding requirement required to implement its recently adopted AMPs is being addressed at a time of construction cost escalation, long lead times and three significant asset renewal projects.
- In 2024 the Council separated and adopted six AMPs.

A long-term consequence of the Council's policy of freezing the rate in the dollar and property valuations for varying periods of time is an underspend on its asset renewals and replacement needs relative to its AMPs. This is illustrated by the fact that, between 2013-14 and 2022-23, the Council averaged 73.9 percent on its ARFR[70] (under the 'IAMP-based' net expenditure approach),[71] (see Figures 11 and 12). The Council's net spending on renewal and replacement of assets averaged $26.8 million each year over the period.

[70] The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a Council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested LGA target range for the ratio is 90.0 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

[71] The quoted averages for the ratio are based on 'net asset renewal expenditure' (taken from the Council's cash flow statements) (after the sale of replaced assets) rather than 'gross asset renewal expenditure'.

Figure 11: Asset renewal funding ratio (renewal expenditure net) – historical and projected



Between 2013-14 and 2022-23, alongside its rating policy, the Council also chose to allocate nearly half, approximately $254.4 million, of its capital expenditure towards new and upgraded assets, requiring future ratepayers to bear the cost of the renewal expenditure foregone and the potential intergenerational inequity caused.

The Council's recently adopted AMP's[72] identified that an average annual increase in funding of $14.9 million was required for the 10 year life of its 2024-25 LTFP (approximately $150.0 million over the term of the plan in 2024 dollar terms). To manage this, and the asset renewal of Torrens Weir, Adelaide Bridge and the Rundle UPark, its LTFP includes less capital expenditure on new/upgraded assets.

Over the 2024-25 to 2033-34 period, capital expenditure on new/upgraded assets is forecast to be 16.6 percent of capital expenditure. The Council has also introduced the ARRF to fund the $14.9 million per year needed. This will be financed through rate increases, either explicitly, or implicitly, through covering the costs associated with any required borrowings.

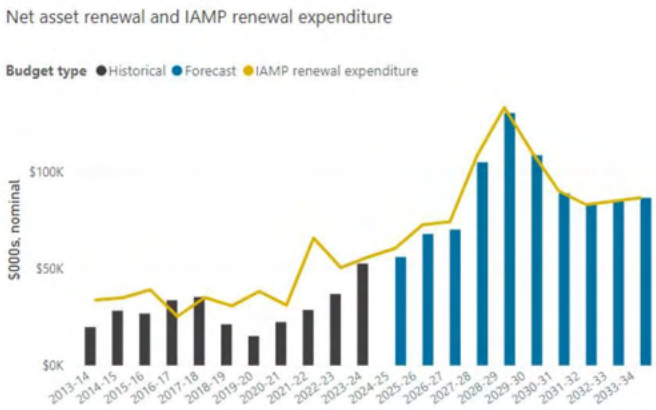
Going forward, from 2024-25 to 2033-34, the ARFR (under the 'IAMP-based' net expenditure approach) is forecast to be within the appropriate range, at an average of 97.2 percent (see Figure 11). Average annual spending on renewal or replacement of assets is projected to increase to $88.2 million (in nominal terms) (see Figures 12 and 15).

That is, the Council's intention is to fundamentally change its approach towards asset stewardship – which would be a positive and appropriate change in behaviour. The Commission notes the Council has started to improve its approach achieving an ARFR of 94.0 percent in 2023-24 financial results.

At the same time, the Commission also notes that this change is being initiated at a time when the Council is proposing to undertake significantly more capital expenditure than it has historically. Between 2013-14 and 2023-24, the Council's average annual capital expenditure was in the region of $53.0 million, while for the 2024-25 to 2033-34 period it is forecast to almost double to annual average of $105.7 million (see Figure 15).

[72] In 2024, the Council reverted to individual AMPs for the following asset classes: buildings, lighting and electrical, park lands and open spaces, transport, urban elements and water infrastructure. These individual AMPs were adopted by the Council in 2024.

Figure 12: Net asset renewal and IAMP renewal expenditure – historical and projected



Further, its approach to its AMPs, asset valuation and asset condition assessments, may heighten the risk that it faces.

In 2024, the Council reverted to individual AMPs for the following asset classes: buildings, lighting and electrical, park lands and open spaces, transport, urban elements and water infrastructure. These AMPs were adopted by the Council in 2024 and provide a breakdown of the assets within each respective asset class and the proposed capital works that will be fed into the Council's LTFP. Some of these AMPs, however, do not appear to be based upon current asset valuations and asset condition assessments.

The Council reviews asset lives, so asset condition, in conjunction with asset class revaluations every four to five years. The Commission notes that some of the valuations of these assets were carried out some time ago[73], for example:

- Roads, valued as at 30 June 2024.
- Kerb and water table, valued as at 30 June 2024.
- Footpaths, valued as at 30 June 2022.
- Traffic signals, valued as at 30 June 2020.
- Bridges, valued as at 30 June 2024.
- Buildings, valued as at 30 June 2021.
- Land excluding park lands and lands under roads, valued as at as at 1 July 2020.
- Park lands & open space, stage 2 - sports fields and water features valued as at 30 June 2023.
- Urban elements, valued as at 30 June 2021.
- Public lighting & electrical, valued as at 30 June 2020.
- Public art, valued as at 30 June 2022.

[73] The revaluation dates are based on the City of Adelaide's *2023-24 Annual Report, General Purpose Financial Statements Note 7* (pp. 28, 29 and 30).

- Stormwater drainage, valued as at 30 June 2024.
- Ticket machines, valued as at 30 June 2022.

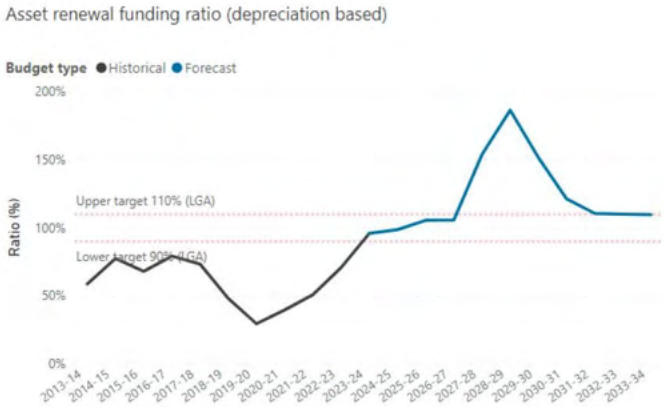
The Council also confirmed that up until 2023-24, its asset valuations were not indexed through desktop valuations on an annual basis between revaluations. The Commission notes that the Council is implementing this strategy going forward, which is a positive step. The Commission also considers that undertaking a comprehensive revaluation every four to five years could be too long a time interval between revaluations and asset condition assessments, given the current the macroeconomic environment and the challenges of the Council's asset renewal program.

Overall, the Commission considers that the recently published set of AMPs produced by the Council may benefit from being updated as soon as possible, to more accurately reflect detailed engineering studies of asset valuation and condition, and the implications of this for the Council's ambitious asset renewal program. The Commission also considers there to be benefit in reflecting the outcome of this in a revised LTFP, to fully understand the implications for the Council's baseline financial strategy and the potential benefits of alternative approaches (see previous section).

The Commission also notes that the Council's approach to understanding the value and condition of its asset stock may be causing its depreciation expense to be lower than suggested - if it were based upon the current cost of the Council's assets, at any given time. In addition, this could cause an overstatement of the Council's operating surplus ratio.

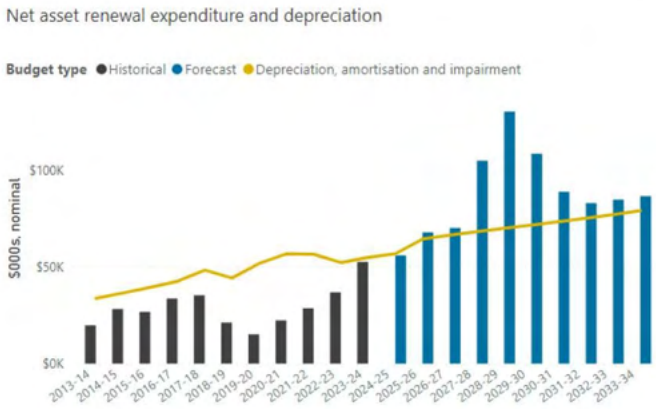
The Council's approach to asset valuation and condition results regarding the depreciation charges, both historically and forecast, could also impact the reliability of the depreciation-based ARFR.[74] Historically (between 2013-14 to 2022-23) the annual average value was 59.4 percent which is below the recommended minimum level (for IAMP-based ratio) of 90.0 percent (see Figures 15 and 16). It is projected to track above the recommended range (for the IAMP-based ratio) of 90.0 -110.0 percent, averaging 125.2 percent per annum to 2033-34 (see charts below).

Figure 13: Asset renewal funding ratio (depreciation based) – historical and projected



[74] Where asset renewal/replacement expenditure is divided by depreciation expenses.

Figure 14: Net asset renewal expenditure and depreciation – historical and forecast



Finally, the Commission also notes that the Council's asset stock per rateable property was $68,224 in 2022-23 (see Figure 16) but also notes that this is likely based upon outdated asset valuations, which impacts the forward-looking projections in the LTFP. This is high relative to other councils and is likely to be challenging for the Council to effectively manage over the longer term.

The Commission notes the Council will need to assess the risk of maintaining its current level of infrastructure in the context of the stream of future liabilities associated with each asset. This, again, points to the need for the Council to keep its knowledge of the value of the assets it holds and their condition up to date and understand the risks (and develop mitigation strategies) if the Council's expectations regarding its operating surpluses do not materialise and/or its financial strategy becomes stressed.

Figure 15: Total capital expenditure by category – historical and projected

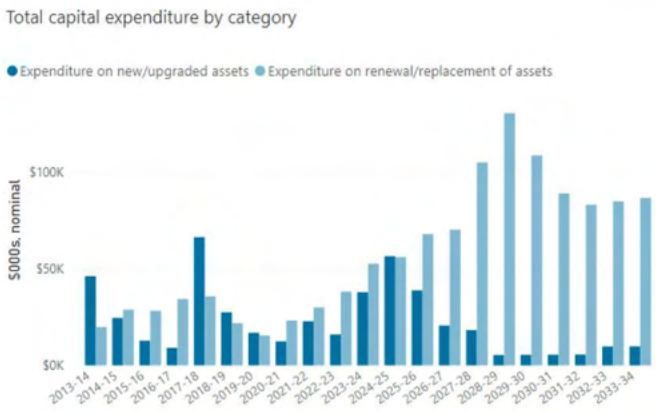


Figure 16: Value of asset stock per rateable property – historical and projected



These factors may create risk for the Council, and represent a considerable financial, practical and logistical challenge, alongside the challenge of rapidly developing a behaviour that places greater emphasis and value on asset renewal.

Successful risk mitigation and delivery of change will require close attention and management by the Council, and this should be articulated in future LTFP and AMPs.

5.3.2 The Commission's recommendations re asset renewals expenditure

The Commission recommends the Council consider the following regarding its approach to its AMPs and asset information. The objective of the recommendations is to support the behavioural change and information needed to assist it in achieving its challenging asset renewal program, and understanding and mitigating the associated risks, as well as those associated with the accompanying financial strategy.

The Commission recommends that the Council:

5. **Upgrade** its AMPs to more accurately reflect formal asset valuations, condition assessments, remaining useful lives and corresponding depreciation schedules, incorporate this information into the AMPs and include these expenditure forecasts in the annual budget and annual LTFP update.
6. **Consider** providing more clarity around the risks (and develop mitigation strategies) if the Council's expectations regarding its operational performance do not materialise and/or its financial strategy becomes stressed.

5.3.3 The Commission's recommendations on commercial assets

The Council holds extensive commercial assets that have been discussed in several sections of this Advice. The Commission recommends that the Council:

7. **Develop** a comprehensive and transparent strategy for its commercial assets, addressing for each class of assets and for each individual asset how to optimise value for ratepayers, including:

   - in-depth analysis in its LTFP of the Council's approach to revenue generation from commercial operations and whether asset rationalisation would improve financial outcomes for ratepayers. This analysis could include whether the Council continues to own each asset, whether it operates each asset or leases it out for private operation and the extent to which any ratepayer subsidisation is appropriate and if so, why. (refer 5.1.3.2 User Charges)
   - publication of separate financial statements for each of the Council's commercial operations, clearly identifying the allocation of costs to each asset and the asset values attributed to each separately (refer 5.1.3.2 User Charges), and
   - completion of the proposed review of the Rundle Street UPark and addressing the approved option in the LTFP (refer 4.1 Changes to operating performance).

6 Advice on current and projected rate levels

6.1 Key points

- The Council maintained the rate in the dollar at the same level for the ten years to 2023-24 and held property valuations at 2019 levels until the 2022-23 budget. As a result, the Council's rate revenue per property growth averaged 0.9 percent over this period.
- The forecast rate increase between 2024-25 to 2033-34 is 2.8 percent per property per annum, which is generally in line with the RBA inflation forecast over the period.
- Affordability risk among the community for the further rate increases appears to be moderate, based on a range of factors including an assessment of the economic resources available to the community and community feedback.

The Council maintained the rate in the dollar at the same level for the ten years to 2023-24 and held property valuations at 2019 levels until the 2022-23 budget. As a result, growth in average rate revenue per property averaged 0.9 percent, or $42 per annum over the past 10 years,[75] reaching an estimated $4,675.66 per property in 2022-23 (see Figure 17). This is, however, below CPI growth of 2.6 percent per annum over the same period,[76] resulting in average rates per rateable property decreasing in real terms.

Figure 17: Average rates revenue per property – historical and projected



The Council remains more reliant on its rate base for its operating sustainability as that source is more certain than is its income from user charges, although the Commission notes that the Council's rates revenue is a lesser proportion compared to other suburban and regional local councils. Rates revenue accounts for 58.0 percent of operating income in 2022-23, compared with 52.2 percent of income in 2013-14 (see Figure 18).

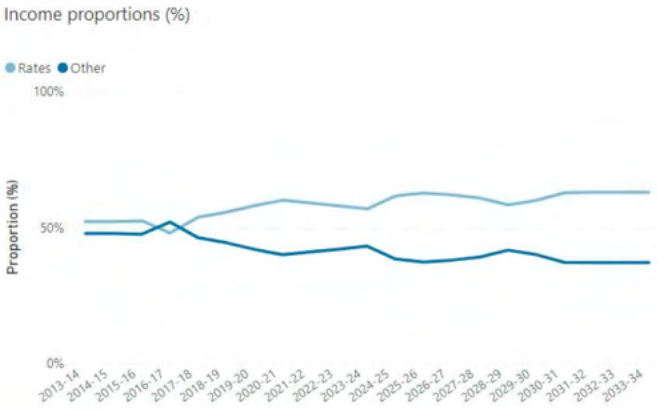
[75] From 2013-14 to 2022-23.

[76] CPI Adelaide (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 2.5 percent). Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index

The Commission notes that, in the Council's 2024-25 ABP, it has recorded a total of 27,024 rateable properties, of which 16,995 (62.9 percent) are residential and 9,716 (36.0 percent) properties are classified as commercial.[77]

The Council expects to receive around 71.6 percent of its rate revenue from commercial operations, which have a higher rate in the dollar, relative to the residential sector (around 22.5 percent higher in 2024-25). In the 2024-25 LTFP Roadmap document the Council noted that it had considered increasing its rate revenue, as well a shift in the rate burden from business to residential.[78]

Figure 18: Income proportions (%)



6.2 Proposed rate increases for 2024-25

The Council adopts a differential general rate applicable to all rateable land in accordance with section 147 of the LG Act. The differential rates in the dollar are based on the following categories: Residential, Non-Residential and Vacant Land. The Council expects that approximately 75.4 percent of general rates revenue will come from non-residential rates, similar to previous years.[79]

In 2024-25, the Council undertook valuations of rateable properties, which increased property values. As a result, the Council reduced the rate in the dollar to only collect the required level of rate revenue consistent with its financial strategy (rates and income are discussed further section 5.1.3 above). As a result, rate revenue has increased by 5.9 percent plus one percent in growth in revenue from new developments and additions.

As noted above, the Council has 16,995 residential rateable properties. Rate revenues from those properties contributes 24.6 percent of total rate revenue. The average residential rate per property is expected to increase to $2,142 per property from $2,090 per property in 2023-24 (an increase of $52 or 2.5 percent).

'Commercial – shop' rates increased to $8,874 per property from $8,510 per property (an increase of $365 or 4.3 percent). 'Commercial – office' rates increased to $12,385 per property from $11,055 per

[77] The Council also has a small number of rateable properties (313 in total or one percent of total rateable properties) that are classified as either industry, vacant land or other.
[78] City of Adelaide, *2024-25 Long-Term Financial Plan road map*, slide 32.
[79] City of Adelaide, *2023-24 Business Plan & Budget*, p. 56

property (an increase of $1,330 per property or 12 percent). 'Commercial – other' rates increased to $10,610 per property from $9,846 per property (an increase of $764 or 7.8 percent).

The Commission notes that, in 2024-25, the Council changed how it rates properties that are used as, or made available for, short-stay accommodation for more than 90 days in the previous financial year. Going forward, these properties will be rated as 'Commercial – other'. The Council does not state how many properties will be impacted by the change or the expected increase in rate revenue it expects to receive.

Other than 'general rates' income, the Council collects the Regional Landscape Levy on behalf of Green Adelaide and is forecasting to collect $1.9 million (net of rebates) in 2024-25.[80] In addition, it applies a separate rate for the Rundle Mall Management levy. These funds are collected on rateable land in Rundle Mall Precinct for the purpose of managing and marketing the Rundle Mall Precinct.

The Commission notes that, in its 2024-25 ABP, the Council adopted the good practice of reporting the estimated average annual change for its categories of land use, together with the quantum of annual revenue it expects to collect from these different categories of rates. This provides greater clarity and transparency to its ratepayers.

6.3 Projected further rate increases

Between 2024-25 and 2033-34, the average rate per property across all categories is forecast to increase from $5,362 to $6,862[81] a cumulative increase of $1,500 per property. This equates to a 2.8 percent average annual increase (between 2024-25 and 2033-34), just above the RBA-based forecast average inflation of 2.6 percent per annum.[82]

6.4 Affordability risk

On balance, the affordability risk for the community in respect of these further increases appears to be low to moderate. As stated previously, the Council has not increased the rate in the dollar in 10 years and froze property valuations for five years (from 2018-19). In addition, it waived outdoor dining permits and park land events fees for five years, with the stated aim of supporting businesses and the community.

The Council's community consultation processes appear comprehensive and transparent, and it regularly seeks community feedback on proposed projects and initiatives.[83] The Council has used a range of approaches to inform its community on its proposed plans and, as a result, receives a high level of engagement.[84] In general, the majority of respondents agreed with the approach of the draft 2024-2025 to 2033-2034 LTFP (73.0 percent of the respondents were ratepayers).

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80 City of Adelaide, *2024-25 Business Plan & Budget*, p. 85.

81 This includes rates growth of 3.8 percent expected each year.

82 The forecast average annual growth in the CPI from 2024-25 to 2033-34 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2026 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2026-27.

83 See City of Adelaide, *Public Consultation Policy*, available at https://d31atr86jnqrq2.cloudfront.net/docs/policy-public-communication-consultation.pdf

84 The Council sought community engagement through online and written submissions and quick poll on Our Adelaide website; (in total over 70 submissions were received by the Council). Available at https://ouradelaide.sa.gov.au/draft-long-term-financial-plan

6.4.1 The Commission's advice regarding affordability risk

Overall, the Commission notes the Council's relative average socio-economic indexes for areas (SEIFA) economic resources ranking for the Council area is low.[85] However the population mix is somewhat different to other typical metropolitan councils, due to its student population that reside within the City of Adelaide. The Commission does not regard the Council as deriving a rates affordability risk from its socio-economic profile.

[85] The Corporation of the City of Adelaide area is ranked 5th among 71 South Australian '*local government areas*' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, available at https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/2021

7 The Commission's next advice and focus areas

In the next cycle of the scheme, the Commission will review and report upon the Council's:

- ongoing performance against its current LTFP estimates
- the identification of opportunities for cost savings, including the disposal of assets that are surplus to requirements to reduce debt and exposure to future liability streams
- progress on meeting its capital expenditure plans for identified costs
- greater reporting transparency, including more in-depth discussions in its LTFP of its approach to revenue generation from user charges and to rates, and how these relate to asset/service rationalisation
- greater transparency on the performance of its commercial operations
- current AMPs that are aligned to the Council's budget and LTFP, and
- progress in keeping to its projections for rate increases.

8 Appendix: Glossary of terms

Item	Explanation
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
ARFR	Asset Renewal Funding Ratio Since 2013, the asset renewal funding ratio has been defined as: Asset Renewal Expenditure ÷ IAMP Renewal Expenditure Where IAMP Renewal Expenditure is that required according to the IAMP.
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
CPI	Consumer Price Index (Adelaide, All Groups)
Council	The Corporation of the City of Adelaide
ESC Act	*Essential Services Commission Act 2002*
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	*Local Government Act 1999*
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Pa per 9 - Financial Indicators Revised May 2019
LTFP	Long-term financial plan
NFLR	Net Financial Liabilities Ratio Net Financial Liabilities are defined as: Total Liabilities LESS Current Assets (Cash and Cash Equivalents) LESS Current Assets (Trade and Other Receivables) LESS Current Assets (Other Financial Assets) LESS Non-Current Assets (Financial Assets - excluding equity accounted investments in council businesses) The net financial liabilities ratio is: Net financial liabilities ÷ Total Operating Income
OSR	Operating Surplus Ratio The Operating Surplus (Deficit) is defined as: Total Operating Income LESS Total Operating Expenses

Item	Explanation
	The Operating Surplus Ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income
Regulations	*Local Government (Financial Management) Regulations 2011*
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
Advice or the Scheme	Local Government Advice Scheme

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