ANNUAL BUSINESS PLAN AND BUDGET 2026/27


PLANT4
BOWDEN

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ACKNOWLEDGEMENT OF COUNTRY

The City of Charles Sturt acknowledges that the land on which we work and live is the traditional Country of the Kaurna people of the Adelaide Plains.

We recognise and respect the Kaurna people's continuing cultural, spiritual and community connection to land, waters and culture. We pay our respects to Kaurna Elders past and present and acknowledge Aboriginal and Torres Strait Islander peoples from other Nations who live, work and contribute to the life of our City.


OUR
COMMUNITY
MEANS
THE WORLD

LEGISLATIVE CONTEXT

Under Section 123 of the Local Government Act 1999 (SA), councils must adopt an Annual Business Plan and Budget each financial year. This must align with the Council's long-term objectives as set out in published Strategic Management Plans and be adopted after 31 May but before 31 August each year.

Annual Business Plan and Budget Requirements

The Annual Business Plan and Budget must:

- Summarise the Council's long-term objectives
- Outline the objectives, planned activities, and performance measures for the financial year
- Assess financial requirements, including a summary of operating expenditure, capital expenditure, and revenue sources
- Detail the rating structure and policies and assess their impact on the community
- Align with the Long-Term Financial Plan and infrastructure needs.

Community Consultation

In accordance with legislative requirements, the Draft Annual Business Plan 2026/27 was made available for community consultation:

- **Opened:** Wednesday, 15 April 2026
- **Closed:** Friday, 8 May 2026

Feedback opportunities included:

Online

→ 'Your Say Charles Sturt', 15 April – 8 May 2026

Email or Post

→ Written submission to Council

Deputation

→ Council Meeting, Monday 27 April 2026, 7:15pm – 8:15pm, Civic Centre

Drop-in Session

→ Civic Centre – Wednesday, 6 May 2026, 4:00pm – 5:30pm

Community Engagement

→ Get your Garden On, Saturday 18 April 2026, Civic Centre

→ Ngutungka West Lakes Session, Wednesday 29 April 2026, 3:00pm – 4:30pm

The Draft Annual Business Plan was also available for public review at the Civic Centre during the community consultation period.

Adoption of the Plan

Following consideration of feedback received during consultation, the final 2026/27 Annual Business Plan and Budget was adopted by Council on 22 June 2026. The Act requires adoption of the 2026/27 Annual Business Plan before 31 August 2026.

A summary is included with the first rates notice issued for the 2026/27 year, with the full plan available online and at the Civic Centre.

CITY OF CHARLES STURT MEANS THE WORLD

The City of Charles Sturt is one of the largest metropolitan Council areas in South Australia. Covering 5,500 hectares and home to 130,000 diverse residents, our City combines cultural richness, opportunity, healthy living and recreation within the reach of beautiful beaches, the Adelaide CBD and essential facilities.

Our City stands at the forefront of Adelaide's sporting and entertainment sectors, featuring national sporting facilities, golf courses, and the River Torrens Linear Park among many other attractions. It's a beautiful place which offers a wide range of educational, healthcare, and community amenities to ensure a rich and inclusive experience for everyone.

Our population has a proportion of ageing residents, and fewer children aged 14 and under. While many households are family-occupied, we also have a relatively high proportion of people living alone. Our community is proudly diverse, with residents representing more than 105 cultures and speaking over 130 languages other than English.

Our City is also evolving, driven by steady population growth, major transport infrastructure upgrades and the goals of the 30-Year Plan for Greater Adelaide, which forecasts continuing population growth, particularly along key transport corridors.


SAMRUK
KAZYNA
ekoi
ASTANA
ASTANA

STRATEGIC CONTEXT

The Annual Business Plan and Budget 2026/27 outlines what we will deliver over the coming year, translating our long-term direction into practical actions and outcomes for our City.

It reflects community feedback, alongside independent insights from the Essential Services Commission of South Australia (ESCOSA), which provides advice on council financial sustainability.

ESCOSA has confirmed that we remain in a strong and sustainable financial position, supported by consistent operating surpluses and responsible financial management. This keeps essential services running while funding infrastructure upgrades and new initiatives.

Our planning reflects what matters most to our community, including well-maintained streets, quality parks and open spaces, strong community connections, and care for the environment.

We recognise that cost of living pressures are impacting many households. In response, we are focused on maintaining essential services and infrastructure while managing our finances responsibly. Together, these priorities support our Community Vision and guide the decisions and investments delivered through this Annual Business Plan and Budget.

Our Community Vision

The Community Vision sets the long-term direction for our City and has been shaped through extensive community consultation. It reflects the aspirations of our residents and is built around five key themes and four underpinning foundations.

To deliver on this vision, our Organisational Plan outlines the outcomes we will achieve over the next five years. It defines our priorities, guides decision-making, and ensures we measure progress in a consistent and meaningful way.

Financial Sustainability and Long-Term Planning

Our 10-Year Long-Term Financial Plan (LTFP) supports the delivery of our Community Vision while maintaining financial sustainability. It enables us to:

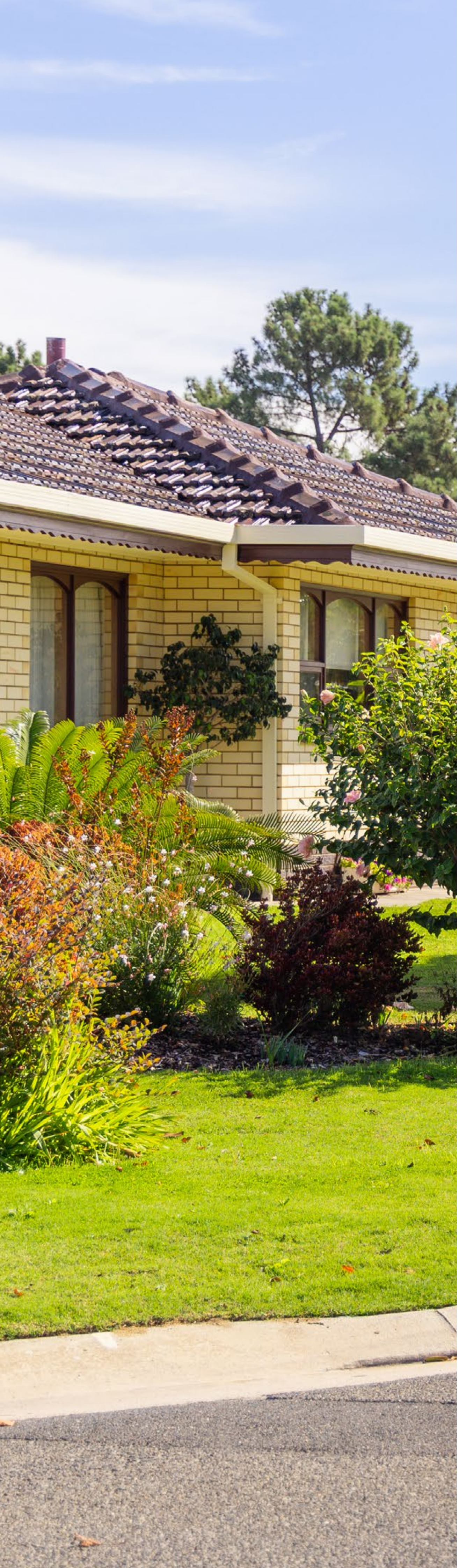
- Plan for future investment with certainty
- Spread the cost of infrastructure and services fairly across generations
- Make sound decisions about rates, services, and growth, informed by our community.

FIRST NATIONS

RESPONSIBLE GOVERNANCE

EXCELLENCE IN CUSTOMER EXPERIENCE AND SERVICE PROVISION

STORYTELLING AND CONNECTION



STRATEGIC PRIORITIES AND MEASUREMENT OF PERFORMANCE

Community Vision: Themes, Outcomes and Commitments

The Community Vision outlines our community's aspirations for our City, supported by clear outcomes and commitments.

Our Organisational Plan sets out the program of work over the next five years and is reviewed annually to support continuous improvement.

Measurement of Performance

We measure our performance through a comprehensive set of outcomes, objectives and indicators aligned to the Community Vision. This ensures we are delivering on our commitments and meeting our broader responsibilities as a local government organisation in a sustainable way.

We deliver a broad range of services, with more than 87 measurable functions. Key measures aligned to the Community Vision are outlined below.

We also undertake an annual Community Survey to understand how well we are meeting the needs and expectations of our community on a recurring basis.

Strategic Priorities 2026/27

Our strategic priorities focus on responding to key challenges and opportunities identified by our community, including climate resilience, community connection and wellbeing, and maintaining quality of life as our population grows. The Flagship initiatives introduced in 2024/25, including Tree Canopy, Local Centre Revitalisation, Your Neighbourhood Plan and Community Renewables, will be a continuing focus in the upcoming financial year.

Key priorities for 2026/27 include:

St Clair Recreation Precinct — new community facility and additional car parking

Jubilee Reserve Master Plan — dedicated senior soccer pitch and upgrades to Club West Lakes

Chief Street streetscape upgrade — new roads, lighting, landscaping, cycling and placemaking infrastructure

Woodville Town Hall upgrade — improved sound and lighting to support cultural and community use in its centennial year

Karrawirra Pari / Grange Creek Cultural Interpretation Project — Stage 1, including Kaurna-led governance and a design framework

Football Park open space project — landscaping, playground, running track and improved pedestrian connections

LOCAL NEIGHBOURHOODS


BROMPTON
PRIMARY SCHOOL

LOCAL NEIGHBOURHOODS

Under this theme, we aim to improve neighbourhood facilities, amenities, and public spaces so residents have easy access to services, feel connected, and take pride in their local areas.

OUR OUTCOMES

- Our local businesses know your name
- Our families, friends and neighbours create memories together
- Our neighbourhoods enable us to walk or ride to get what we need
- Our places appreciate and reflect their local history and culture
- We create local connection within and between neighbourhoods

OUR COMMITMENTS

- Revitalise our local centres
- Support community to connect, gather and build relationships
- Celebrate our unique history and neighbourhoods
- Foster and celebrate diverse community activities
- Connect people to their local neighbourhoods with improved infrastructure and streetscapes
- Assist business to adapt, innovate and grow through capacity building and grants

PROJECTS IN FOCUS

1	Local Centres Revitalisation — Flagship Initiative
2	St Clair Precinct Traffic and Pedestrian Safety
3	Seaton Renewal Area — Public Realm Improvement
4	Your Neighbourhood Plan — Areas A (Cheltenham, Pennington and St Clair) & B (Athol Park and Woodville North)

KEY MEASURES	
Number and participants in community events and programs delivered or supported by council	Community survey: Satisfaction with local roads, footpaths and shared use paths
Number of businesses supported through grants and advisory services	Community survey: Satisfaction with local roads, footpaths and shared use paths
Our neighbourhoods enable us to walk or ride to get what we need	Community survey: Council offers diverse experiences and is culturally rich
We create local connection within and between neighbourhoods	Delivery of key infrastructure and streetscape upgrades
Number of placemaking initiatives delivered	KMs of upgraded walking and cycling paths

UNDERPINNING THEME IMPACT

First Nations Partnerships shape how we design and improve our neighbourhoods. Our City is a proud partner to the Western Suburbs of Adelaide Place-Based-Partnership to Closing the Gap and commits to supporting our First Nations communities.

A focus on customer experience informs our approach to neighbourhood infrastructure, keeping paths, playgrounds and open spaces safe, accessible and inclusive so residents can confidently use the places they rely on most.

Neighbourhood improvements also deepen local identity, with streetscapes, public spaces and planning work that weave in local storytelling, celebrate community character, and encourage people to connect with one another.

Strong governance underpins Local Neighbourhoods, with roads, footpaths and lighting delivered in line with adopted Asset Management Plans to ensure neighbourhood infrastructure remains safe, coordinated and financially responsible.

VALUING NATURE

VALUING NATURE

Under this theme, we focus on protecting and enhancing our natural environment, reducing emissions, and building a greener, more sustainable City for future generations.

OUR OUTCOMES

- Our City is cool and green and filled with life
- Our beaches, open space and waterways invite reflection and wellbeing
- We work together with our community to protect the environment

PROJECTS IN FOCUS

1	Greening Grange Rail Corridor
2	Tracey Avenue Catchment Raingardens
3	Low Emissions Fleet Transitions Program
4	Blight Street Community Greening
5	Tree Canopy Additional Water Truck

OUR COMMITMENTS

- Retain and expand the tree canopy on both private and public land
- Deliver a Community Renewable Energy Program
- Protect our environment by being a leader in nature-based design
- Empower our community to reduce emissions and the impact of climate change
- Improve our biodiversity by maximising the opportunities for creation of green spaces
- Advocate and work with State Government to keep our beaches and waterways healthy
- Work together to reduce waste to landfill and promote a circular economy
- Advocate and work with State Government to keep our beaches and waterways healthy

KEY MEASURES	
Percentage of households within 300 metres of usable open space across the City	Engagement and participation in community renewable energy programs
Financial value of conservation grants to maintain and protect Significant and Regulated tress on private land	Community survey: Importance and satisfaction ratings of our City's playgrounds, parks, reserves, open spaces and beaches
Percentage of tree canopy coverage and number of trees planted	Community survey: Council and community work together to protect the environment
Participation in environmental and climate-related programs	Carbon emissions associated with Council operations

UNDERPINNING THEME IMPACT	
	Kaurna knowledge and connection to Country guide our environmental work. For example, the Grange Lakes Wetland Stewardship Project ensures meaningful integration of Kaurna knowledge into water-sensitive landscape management. This will happen in ways that honour Country and deepen the community's cultural and historical understanding of place.
	A strong customer focus shapes how we care for natural assets, from accessible reserves and healthy tree canopy to revitalised waterways and well-maintained open spaces that support everyday wellbeing.
	Environmental programs and greening projects also create opportunities to share local stories, highlight community participation and reinforce the collective responsibility we hold for protecting our natural places.
	Sound governance underpins all Valuing Nature investments, with climate adaptation, stormwater upgrades and long-term tree canopy planning delivered in line with Council strategies and asset management commitments.

VIBRANT PLACES

VIBRANT PLACES

Under this theme, we focus on creating lively spaces that foster community interaction, cultural expression, and local economic activity.

OUR OUTCOMES

Our spaces are unique, creative, interesting and engaging
Our City is recognised as a centre for sport, events and for bringing people together
Our businesses contribute to the vibe of the destination

PROJECTS IN FOCUS

1	Venue Upgrade — Woodville Town Hall
2	BMX Track in Grange
3	Arts & Cultural Grants Program
4	St Clair Community Precinct Facility
5	Business Support Program

OUR COMMITMENTS

Embrace community-led design
Activate and enhance public spaces in partnership with local traders and the creative sector
Attract and partner with major event organisers to ensure their success
Support arts and cultural groups to help shape our City
Encourage and support shop owners and traders to enhance customer and visitor experience

KEY MEASURES	
Number of public art assets across the City	Number of major events and festivals held
Number of outdoor dining seats and uptake of outdoor dining by businesses	Increase in spending at local businesses by residents and visitors
Number of events and attendance figures for Woodville Town Hall	Community survey: The City of Charles Sturt is culturally rich and offers diverse experiences
Number and value of Shop Local Improvement Grants	Community survey: There's always a lot to do in my community
Number of placemaking initiatives delivered	Value of Event Grants and Event Sponsorship

UNDERPINNING THEME IMPACT	
	Respect for Kaurna and First Nations culture brings meaning to our civic spaces, events and public places. The First Nations Names of Significance project reflects this, recognising First Nations peoples as foundational to the identity and vibrancy of our City.
	A strong focus on customer experience ensures venues, events and public spaces are safe, welcoming and well managed, encouraging participation and enjoyment for residents and visitors alike.
	We strengthen storytelling and connection by activating public spaces, arts, events and community venues that showcase local stories, foster pride and bring people together.
	Clear governance underpins Vibrant Places through transparent planning and responsible investment in cultural, sporting and civic infrastructure that supports activation while protecting long term value

OUR TRANSFORMING CITY

OUR TRANSFORMING CITY

Under this theme, we focus on investing in essential infrastructure and innovative projects that shape the future of our City, driving growth, connectivity, and accessibility.

OUR OUTCOMES

- We respect our heritage as we transform
- We support diverse housing and infrastructure for our evolving communities
- Our City is resilient to the impacts of climate change
- Our City is prosperous, diverse, and supported by innovative businesses with a variety of employment opportunities

PROJECTS IN FOCUS

1. Stormwater Drainage
2. Road Renewal Program
3. Graduate Program
4. Community Renewables Council Owned Sporting Clubs
5. Cybersecurity and Roadmap Delivery

OUR COMMITMENTS

- Develop a plan to improve liveability for the anticipated growth within the central precinct of our City
- Advocate for improved and expanded public transport services
- Advocate for a mixture of density and housing types to achieve housing affordability and liveability
- Advocate for improved and expanded public transport services
- Work to reduce the environmental impact of movement through the City
- Protect, maintain, and repurpose heritage buildings and structures
- Ensure our Asset Management Plans anticipate and respond to growth and climate change
- Work with State Government and developers to deliver high-quality and sustainable development
- Protect and create new job opportunities and assist people to prepare for meaningful jobs of the future
- Advocate for a diverse and adequate mix of education and training opportunities

KEY MEASURES

Number and value of heritage grants issued	Dwelling density and growth in dwelling numbers
Housing diversity mix (freestanding, terrace, unit, multi-storey)	Adaptive reuse of State and Local Heritage Properties
Investment in climate mitigation initiatives	Public transport patronage growth
Maintenance and expansion of Character/Area Overlays within our Land Use Policy Codes	Development and implementation of a climate risk and resilience investment framework
Affordable housing stock percentage	Percentage of employment rates
Number and percentage of dwellings using non-car ways for journeys to work	Local business success (growth in number of businesses, new/closure rates)
Percentage of residents employed locally	Vehicles per household/resident

UNDERPINNING THEME IMPACT

	We plan for growth on Kaurna Country with cultural respect, truth-telling and partnership at the centre. The Seaton Community Centre is one example, where First Nations-led design will create a visible expression of Aboriginal presence.
	We support excellence in customer experience by modernising systems, transport and infrastructure that enable residents, businesses and visitors to move easily, access services and adapt to a changing City.
	We strengthen storytelling and connection by shaping future places that respect heritage, reflect community identity and communicate how growth and change will benefit current and future generations
	We demonstrate responsible governance by guiding growth through evidence based planning, sound financial management and integrated infrastructure investment that supports sustainable, well managed urban transformation.

CONNECTING AND BELONGING

CONNECTING AND BELONGING

Under this theme, we focus on fostering a safe, inclusive City where everyone feels welcome, valued, and able to connect, engage, and thrive.

OUR OUTCOMES
Our communities have a voice and feel respected and valued
Our community has access to spaces, services, and support when needed
We create opportunities for communities to collaborate, engage, and connect
Our City is a place where everyone can be healthy and safe

PROJECTS IN FOCUS	
1	Karrawirra Pari / Grange Creek — Cultural Interpretation
2	Community Garden Access & Inclusion — DAIP
3	Hindmarsh Library Building Design
4	Universal Beach Access — Implementation Planning
5	Mobility as a Service (MAAS)

OUR COMMITMENTS
Involve, encourage, and listen to diverse perspectives of community
Be equitable with our decision-making and resource allocation
Bring people together and accommodate their diverse needs through universal design
Connect and support communities, community groups, and sporting clubs
Promote opportunity and build capacity for volunteering
Advocate for and deliver equitable services and infrastructure that keep our diverse community healthy and safe
Fulfil our commitments under the Public Health Act and Dog and Cat Management Act
Actively deliver, review, and refresh our Disability Access and Inclusion Plan (DAIP)
Ensure our older population is provided with care, support, and assistance
Celebrate and share the diverse cultures and backgrounds of our people

UNDERPINNING THEME IMPACT

The renewal of Inlet Reserve, Tennyson will create an inclusive space where people can gather, play and connect, strengthening community ties. Respectful incorporation of Kaurna culture and connection to Country will support a deeper sense of belonging for all who use the reserve.

Service excellence is reflected in accessible libraries, community centres and inclusive programs that support wellbeing, safety and connection for people of all ages and abilities.

Community programs and shared spaces create opportunities for storytelling, collaboration and everyday connection, helping people feel valued, supported and part of their community.

Good governance supports Connecting & Belonging through equitable access to facilities, transparent grant programs and fair decision making that responds to community needs.

CONNECTING AND BELONGING

Under this theme, we focus on fostering a safe, inclusive City where everyone feels welcome, valued, and able to connect, engage, and thrive.

KEY MEASURES

Projects adopt universal design principles	Community facing projects with consultation
Value of Event Grants and Event Sponsorships across our City	Sporting and community club membership numbers
Volunteer numbers and hours, along with visitor counts for our libraries and community centres	Sporting and community facilities offering open access and inclusion discounts
Community survey: Community feels safe in their home, neighbourhood, and public places	Households with access to key services within defined distances
Community survey: The City of Charles Sturt offers services and support when I need it	Delivery of Disability Access and Inclusion Plan (DAIP) outcomes
Community survey: The City of Charles Sturt is an inclusive and safe place for all people	Sporting and community facilities offering open access and inclusion discounts
Community survey: Our community feel that can have a say about what is happening in our City	Households with access to key services within defined distances
Community survey: Importance and satisfaction with public lighting across our City	Cultural diversity reflected in community activities


BOB SEGER

LONG-TERM FINANCIAL PLAN (LTFP)

The Long-Term Financial Plan (LTFP) guides Council's approach to responsible budgeting and financial planning over a 10-year period. It helps ensure that today's decisions support the ongoing delivery of services and infrastructure without compromising future community needs.

The LTFP outlines Council's high-level financial approach for the next 10 years. It was:

→ Reviewed by the Audit and Risk Committee on 25 February 2026

→ Reviewed by the Corporate Services Committee on 2 March 2026

→ Workshopped and adopted by Council on 10 March 2026

→ Informed by updated Asset Management Plans (AMPs) and Strategic Plans.

It helps guide how we:

- Set rates
- Invest in capital works
- Manage borrowings
- Deliver services to the community.

It provides a clear financial framework to meet current and future community expectations while maintaining financial sustainability.

How is the LTFP built?

The LTFP is developed using forecasts based on current economic conditions, expert advice, and strategies already endorsed by Council. It's reviewed and updated every year to reflect changes.

It considers the following key factors:

- Population and development growth (rateable property growth)
- Consumer Price Index (CPI) – to estimate future costs
- Infrastructure renewal schedules – when assets such as roads and footpaths need replacing
- Enterprise Bargaining (EB) wage agreements and wage forecasts - to account for staff cost increases
- Service demands and cost drivers – including waste collection, utilities, fuel and insurance.

Why it matters?

The LTFP provides a long-term financial framework to support the delivery of services, infrastructure and strategic priorities. It enables Council to respond to current community needs while planning for future growth in a financially sustainable way.

It includes forecasts across four main areas:

1. **Operating performance:** How we manage day-to-day income and expenses
2. **Capital investment:** How we fund renewal of existing assets and deliver new infrastructure
3. **Rates and revenue:** How we raise funds to support services and strategic priorities
4. **Borrowings:** How we responsibly manage debt to spread the cost of large projects.

Financial Sustainability Indicators

The LTFP includes key financial indicators to monitor performance and ensure Council remains financially sustainable. These indicators help track how we manage assets, fund infrastructure, and maintain service levels over time.

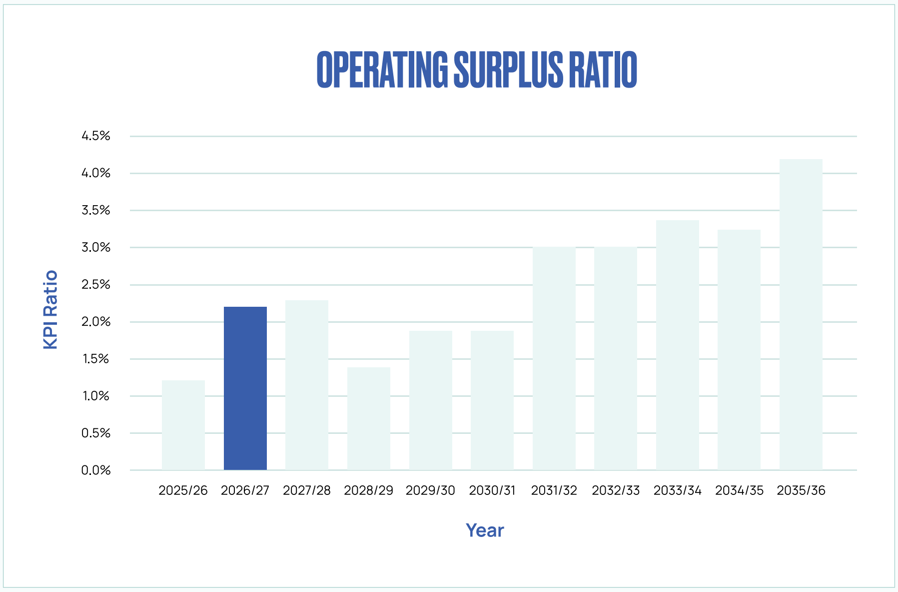
Ratio	Target Ranges	Endorsed LTFP 26/27	Comments
Operating Surplus Ratio	>0% and <10%	1.7%	Ensures intergenerational equity.
Net Financial Liabilities Ratio	<100%	43.8%	A measure of financial sustainability, demonstrating sufficient capacity to meet our financial commitments.
Asset Renewal Funding Ratio	>80%	100%	Ensures cost-effective management of asset renewals without compromising service.
Interest Cover Ratio	<10%	1.1%	A measure of our ability to service our debt obligations.

Table 1: Financial Sustainability Indicators

LONG-TERM FINANCIAL PLAN (LTFP)

Operating Surplus Ratio

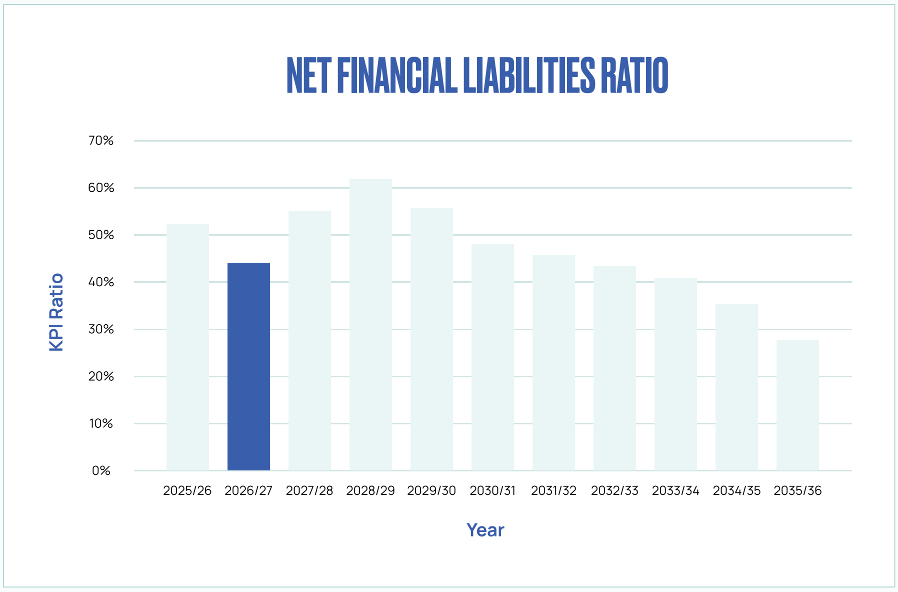
Council is forecasting a positive Operating Surplus Ratio across the outlook period, supporting the ongoing delivery of services while avoiding the need for sudden rate increases. The Operating Surplus is projected to grow from 1.7% in FY 2026/27 to 4.1% in FY 2035/36, with a 10-year average of 2.5%.



Graph 1: Operating Surplus Ratio

Net Financial Liabilities Ratio

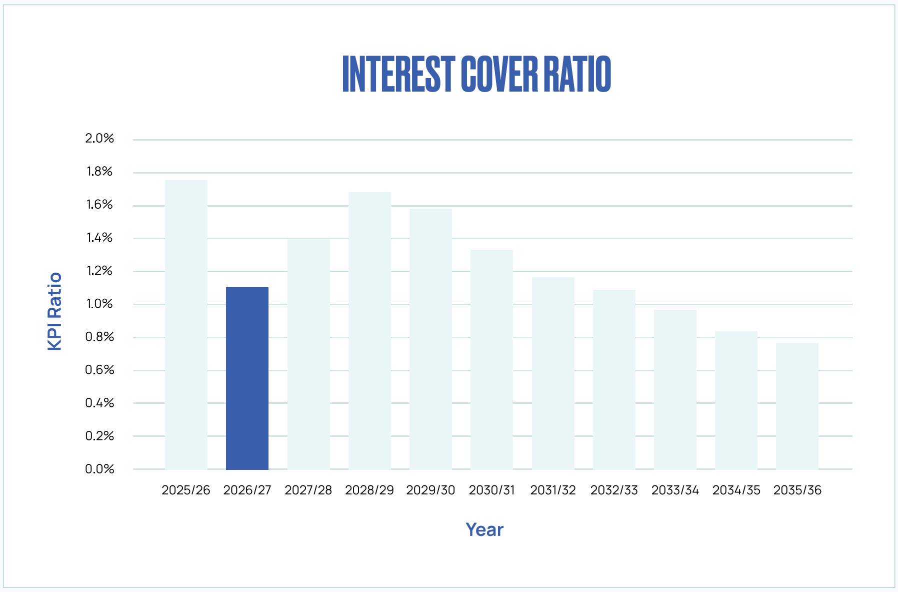
Council's debt remains within the target range throughout the forecast period, with the Net Financial Liabilities Ratio expected to reduce to 28.9% by FY 2035/36. As years progress, the certainty of projects diminishes, and this is also reflected in the outer years of **Graphs 2 and 3**.



Graph 2: Net Financial Liabilities Ratio

Interest Cover Ratio

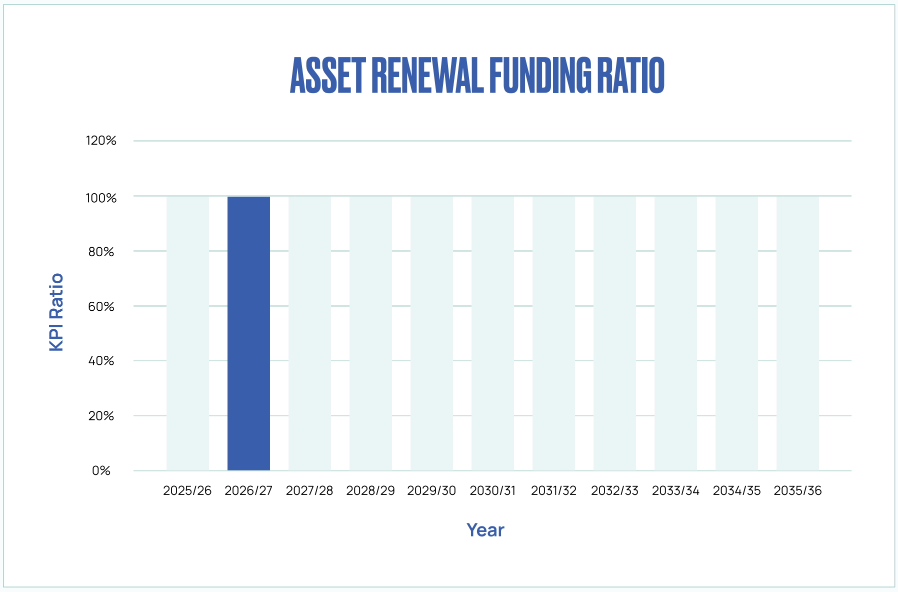
Interest costs remain manageable, with the projected Interest Cover Ratio remaining below the 10% target across the forecast period.



Graph 3: Interest Cover Ratio

Asset Renewal Funding Ratio

Council is meeting its asset renewal targets, maintaining infrastructure in line with adopted Asset Management Plans.



Graph 4: Asset Renewal Funding Ratio

LONG-TERM FINANCIAL PLAN (LTFP)

LTFP Summary Snapshot

Key FY 2026/27 financial outputs from the LTFP are noted below:

Key Forecast	Budget ($'M)	YOY Growth (%)
Total Rates Increase (vs FY 25/26 Budget)	$8.7M	5.11% plus 1.10% growth
Operating Surplus	$3.0M	1.7%
Total Annual Operating Projects	$4.914M	N/A
Capital Renewal Works	$27.415M	N/A
New/Upgrade Capital	$41.556M	N/A
Forecast Borrowings	$37.7M	N/A

Table 2: LTFP Summary Snapshot

Key Influences and Strategic Decisions

The LTFP outlines our approach to responsible financial management, balancing essential services, asset renewal and future investment.

We understand many households are facing cost-of-living pressures. In response, we are focused on delivering services and projects while keeping rate increases as low as possible. Regular reviews ensure our approach remains responsive to changing community needs.

The Essential Services Commission of South Australia (ESCOSA) completed an independent review in 2024/25. They recognised our consistent financial management and our ability to maintain measured operating surpluses, even as demand for services and infrastructure continues to grow.

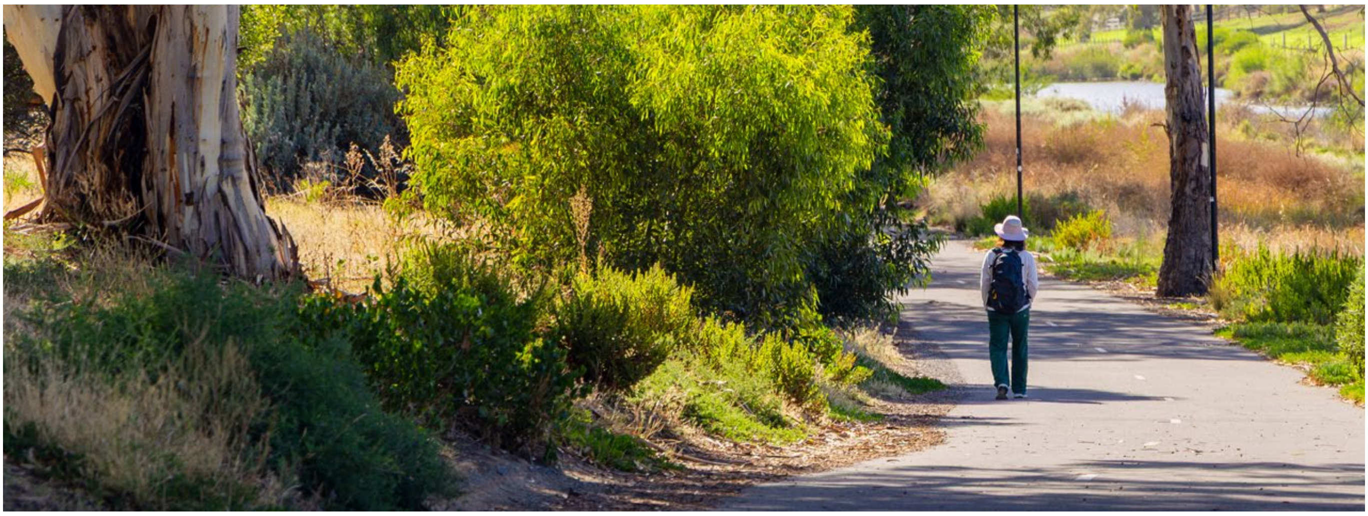
The review identified seven recommendations. Six of these were to continue with current practices. Recommendation three was to 'Improve the disclosure of cost savings targets or productivity improvements in its long-term financial plans and annual business plans (as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.'

In response we have implemented a Savings and Productivity Framework that has been endorsed by Council (refer CL 11/5/2026, item 2.2.2/4.1). This Framework provides a documented and consistent method to identify, validate, record, apply and report savings, income, productivity improvements and broader value arising through Council operations.

The Framework is intended to strengthen traceability, transparency and planning integration, including where material impacts inform the Annual Business Plan, Budget, LTFP and Asset Management Plans. **Appendix E** shows this Framework. This provides confidence that we remain financially sustainable and continue to respond to what matters most to our community.

Further detail from the LTFP for FY 2026/27 – FY 2035/36 and ESCOSA findings are available in **Appendix A and E**, respectively.

SIGNIFICANT INFLUENCES ON THE DEVELOPMENT OF THE BUDGET FOR 2026/27



External Influences

Council has considered a range of external factors that are expected to influence the cost of delivering essential services and projects. These reflect broader economic, regulatory and operating conditions, including:

- Local government election costs associated with the periodic four-year electoral cycle
- Consumer Price Index (CPI) movements and forecast increases, affecting the cost of goods and services, including fuel and bitumen
- Broader economic conditions impacting the cost of living, including interest rates impacting borrowings and investment returns
- Rising insurance premiums, including the ongoing impact of cyber risk
- The increasing operational and asset management impacts of climate change
- Ongoing supply chain disruption and global market volatility affecting materials, contractors and service delivery.

Internal Influences

Council has considered a range of internal factors that reflect Council's strategic priorities, approved initiatives and organisational commitments, and have been incorporated into the budget settings for 2026/27, including:

- Employee cost movements, including salary and wage increases in accordance with Enterprise Bargaining Agreements (EBAs) covering both our Administration and Operations employees
- Council's continued focus on maintaining an operating surplus to support long-term financial sustainability
- Additional operating expenditure associated with approved Annual Operating Projects
- Continued collaboration with the Cities of Marion and Port Adelaide Enfield to support shared initiatives and service efficiencies
- Ongoing initiatives to reduce carbon emissions.

BUDGET SNAPSHOT 2026/27

Following community consultation on the Draft Annual Business Plan 2026/27 and alignment with the endorsed LTFP, key financial metrics from the final adopted budget are outlined in **Table 3**.

The 2026/27 budget and LTFP support a balanced approach to financial management, ensuring the ongoing delivery of essential services while investing in infrastructure renewal and growth.

We recognise that cost-of-living pressures continue to affect many households. In developing this year's budget, Council has balanced the need to maintain essential services and infrastructure to keep the rate increase as low as possible.

The Essential Services Commission of South Australia (ESCOSA) has independently reviewed Council's financial position and acknowledged our consistent financial management and capacity to maintain measured operating surpluses. This provides assurance that Council remains financially sustainable while continuing to respond to increasing service and infrastructure demands.

A detailed copy of the LTFP 2026–2036 and ESCOSA findings are available in **Appendix A and D**, respectively.

Key Forecast	Budget ($'M)	YOY Growth (%)
Total Rates Increase (FY 2026/27 vs FY 2025/26 Budget)	$9.0m	4.50% Residential 5.11% Commercial, Industrial and Other land use types 1.42% Property Growth
Operating Surplus	$2.587m	1.5%
Total Annual Operating Projects	$4.909m	N/A
Capital Renewal Works	$26.36m	N/A
New/Upgrade Capital	$30.36m	N/A
Forecast Borrowings	$28.95m	N/A

Type of Ratio	Operating Surplus Ratio	Net Financial Liabilities Ratio	Asset Renewal Funding Ratio	Interest Cover Ratio
Budget Ratio	1.5%	39.1%	100%	1.1%

Table 3: Budget Snapshot

KEY CHANGES SINCE THE DRAFT BUDGET

Statement of amendments made to Draft Annual Business Plan Pursuant to section 123(6a) of the Local Government Act 1999, Council advises that the following significant amendments have been made to the Draft Annual Business Plan 2026/27 following completion of the public consultation process.

1. Rating Strategy

The adopted Rating Strategy differs from that included in the Draft Annual Business Plan.

Following consultation, and after considering the feedback received from our Community, updated information became available to Council, including higher than anticipated property growth, the re-timing of a number of capital projects into multi-year delivery programs, and the securing of grant funding for the Trimmer Parade Stormwater Project. These changes enabled Council to adopt a rating strategy that balances community expectations, service levels, infrastructure delivery and long-term financial sustainability.

2. Sporting and Community Clubs and Solar and Battery Program

The adopted Annual Business Plan includes a $2.5 million capital investment in solar and battery infrastructure for Council-owned sporting and community club facilities that was not included in the Draft Annual Business Plan.

Following consultation, Council received updated commercial information which demonstrated that direct Council investment would deliver a stronger long-term financial outcome than the delivery models previously under consideration. The project includes a cost recovery mechanism that is expected to recover Council's capital investment over time and generate ongoing financial benefits over the life of the assets.

Council also considered that Commonwealth battery rebates reduce over time and that deferring the project would materially reduce the financial viability and community benefit of the initiative.

3. Grange Recreation Bowling Club Acquisition and Upgrade

The adopted Annual Business Plan does not include the $5.7 million project for the acquisition and upgrade of the Grange Recreation Bowling Club that was included in the Draft Annual Business Plan.

Following consideration of updated project circumstances, including the outcomes of member voting at the relevant clubs, Council determined not to proceed with the proposed acquisition and upgrade at this time and has removed the project from the 2026/27 program.

4. Deferral of Part Capital Projects

The adopted Annual Business Plan includes deferring of approximately $5.8 million in capital expenditure from 2026/27 to future years. This adjustment reflects a considered approach to optimise project delivery sequencing and maintain the Council's strong financial position.

Deferrals have been implemented following a review of delivery capacity, market conditions, and funding opportunities. This approach enables Council to:

- Better manage the capital works program and construction market constraints
- Align major projects with grant funding opportunities and resource availability
- Continue delivering core service and infrastructure investment while ensuring long-term financial sustainability.

WHAT SERVICES WE WILL DELIVER TO OUR COMMUNITY

All councils have basic responsibilities under the Local Government Act 1999 and other relevant legislation.

These responsibilities include:

- Local infrastructure and asset management, including roads, footpaths, parks, public open space, stormwater and street lighting
- Waste, recycling, verge and street maintenance services
- Planning, development assessment and compliance functions
- Environmental health, public health and regulatory services
- Animal management and local law enforcement
- Civic governance, elections, democratic representation and support for the elected Council
- Financial management, including rates, annual budgeting and long-term strategic and financial planning
- Community leadership, engagement and advocacy on local needs and priorities.

In response to local priorities and community expectations, we also provide a range of discretionary services beyond our core legislative responsibilities.

These services include:

Libraries

Community Centres

Community Programs

Events and Festivals

Arts and Cultural Grants and Partnerships

Business Support Programs and Grants

Sport, Recreation and Community Club Sport

Justice of the Peace Services

Verge Mowing

WHAT SERVICES WE WILL DELIVER TO OUR COMMUNITY

Annual Recurrent Budget

The Annual Recurrent Budget funds the day-to-day services our community relies on, together with the ongoing costs of operating and maintaining Council facilities, infrastructure and programs.

In preparing the 2026/27 budget, managers reviewed expenditure from the ground up to ensure each budget allocation is supported by current service needs, expected demand and delivery requirements. This approach strengthens budget discipline, helps identify efficiencies and savings where appropriate, and ensures that rising costs, employee expenses and service improvements are carefully managed within the financial settings of our LTFP.

Table 4 shows how the 2026/27 recurrent operating budget is distributed across the main categories of day-to-day expenditure:

Recurrent Operating Expenditure	
Spending area	Share of total
Employee costs	37%
Materials, contracts and services	35%
Asset costs (depreciation)	26%
Borrowing costs	1%
Total	**100%**

Table 4: Recurrent Operating Expenditure

ANNUAL OPERATING PROJECTS

Each year, alongside our essential day-to-day services, we invest in a targeted program of Annual Operating Projects that responds to emerging priorities, community feedback and Council's strategic direction.

These projects provide flexibility within the annual budget to address current needs, deliver service improvements and support the implementation of longer-term plans.

The proposed 2026/27 program reflects the priorities we have heard through community engagement and the areas where additional investment will deliver the greatest benefit. Together, these projects support practical improvements across the City while contributing to the outcomes set out in our Community Vision and LTFP.

The following tables outline the full list of proposed Annual Operating Projects for 2026/27, including their anticipated costs, any associated income and how they align with our vision:

VIBRANT PLACES

Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Arts & Cultural Grants Program	00002617	$120,000	$0	$120,000
Arts & Culture Partnerships	00002609	$30,000	$0	$30,000
Business Support Program	00002605	$160,000	$0	$160,000
City Plan 2026 – Stage 2	00002583	$100,000	$0	$100,000
Online Community Grants Platform	00002612	$75,000	$0	$75,000
Public Art Assessment Management Project	00002606	$20,000	$0	$20,000
SAASL – Portable Goals – SAASL – Co-contribution	00002648	$9,390	$0	$9,390
Shop Local Facade Improvement Grants	00002619	$70,000	$0	$70,000
Tour Down Under 2027	00002530	$228,277	$0	$228,277
Woodville Town Hall – 0.4FTE Operational Support	00002664	$0	$0	$0
Woodville Town Hall – Programming Fund	00002666	$75,000	$75,000	$150,000
Your Neighbourhood Plan - Consultation Areas C (Seaton North, Woodville West and South) & D (Seaton and Findon)	00002557	$45,000	$0	$45,000

ANNUAL OPERATING PROJECTS

OUR TRANSFORMING CITY

Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
CiA Supply Chain Management System Upgrade	00002592	$85,000	$0	$85,000
Cyber Security Roadmap Commitments	00002631	$383,000	$0	$383,000
Cyber Security Roadmap Delivery	00002632	$100,000	$0	$100,000
Records & Workflow Year 2	00002643	$483,789	$0	$483,789
AI Efficiency Improvements	00002674	$50,000	$0	$50,000
AI in Asset Maintenance – Review	00002627	$34,000	$0	$34,000
Build Big – Big Smart – Preliminary Set Up Procurement initiative	00002688	$75,000	$0	$75,000
Council Properties Highest & Best Use Study	00002620	$130,000	$0	$130,000
Developing Employment Pathways in the Community – Engineering Apprenticeship	00002499	$26,000	$0	$26,000
Digital Records Destruction	00002628	$45,000	$0	$45,000
Discretionary Ward Allowance (DWA)	00002625	$88,000	$0	$88,000
Graduate Program	00002608	$370,000	$0	$370,000
Local government elections	00002642	$1,000,000	$0	$1,000,000

CONNECTING AND BELONGING

Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Ageing Well Program	00002623	$331,000	$0	$331,000
Karrawirra Pari / Grange Creek – Cultural Interpretation	00002611	$0	$0	$0
Mobility as a Service (MAAS)	00002633	$100,000	$0	$100,000

VALUING NATURE

Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Expansion of 'Hard to Recycle' Collection Stations	00002663	$43,000	$0	$43,000
Support for Circular Economy and Emission Reduction Community Groups	00002665	$80,000	$0	$80,000
AdaptWest	00002622	$50,000	$0	$50,000
Breakout Creek FTE	00002639	$307,544	$0	$307,544
Tree Asset Tool and Data Collection	00002638	$120,000	$0	$120,000

TOTAL

Budget Bid Name	Net Budget	Income	Expenditure
All Community Visions	$4,834,000	$75,000	$4,909,000

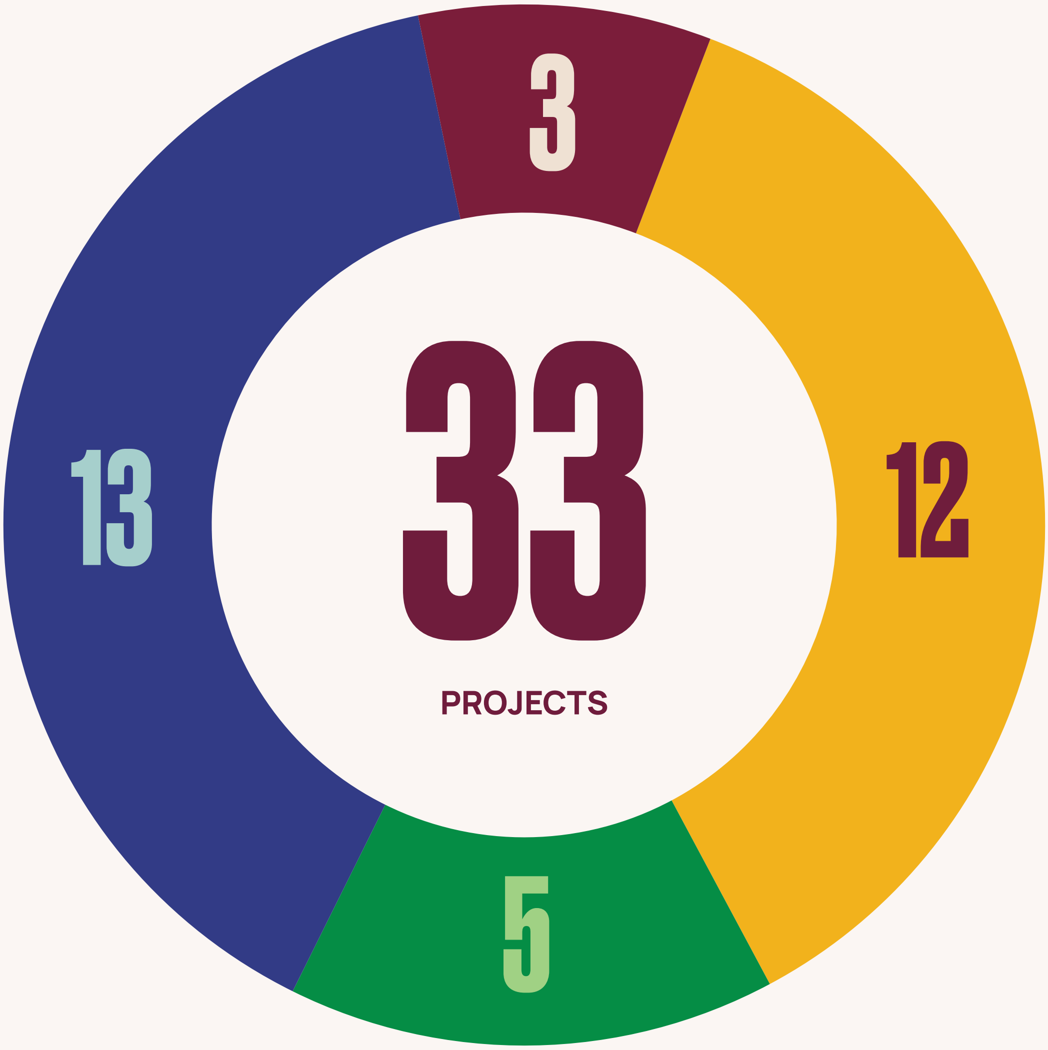
ANNUAL OPERATING PROJECTS

Theme Alignment	Net Budget	Income	Expenditure
Our Transforming City	$2,869,789	$0	$2,869,789
Connecting and Belonging	$431,000	$0	$431,000
Vibrant Places	$932,667	$75,000	$1,007,667
Valuing Nature	$600,544	$0	$600,544
Total AOP Budget	**$4,834,000**	**$75,000**	**$4,909,000**
Total AOP LTFP	**$4,914,000**	**$0**	**$4,914,000**

Table 5: Annual Operating Projects Total

On 10 March 2026, Council endorsed $4.9m towards Annual Operating Projects (refer CL 10/03/2026, Item 2.2.2/4.01). Key changes to projects since the Draft Annual Business Plan was made available for consultation are noted on **Table 5**, with a net AOP budget of $4.8m.

NUMBER OF AOP PROJECTS BY COMMUNITY VISION THEME



OUR TRANSFORMING CITY

VIBRANT PLACES

CONNECTING AND BELONGING

VALUING NATURE

CAPITAL PROJECTS

Council manages more than $3.1 billion of community assets, from roads and footpaths to parks, stormwater systems and community buildings.

Each year, we invest in maintaining and upgrading this infrastructure to ensure it continues to meet the needs of our transforming City. Our Capital Projects for 2026/27 are guided by our Asset Management Plans, which assess the condition and lifecycle of each asset to help us prioritise what needs to be renewed, and when. Updated regularly, these plans help ensure we're making responsible, long-term decisions.

There are two main types of capital projects in our program:

- **Renewal Projects**: Replacement or rehabilitation of existing infrastructure based on age, condition and / or performance in accordance with existing Council-endorsed Asset Management Plans (AMP's). Refer to **Appendix C** for a full listing of the planned Capital Renewal projects for 2026/27
- **New and Upgrade Projects:** Include the creation of new or improvement of existing assets.

In 2026/27, our $56.721 million capital program includes:

- **$26.361 million** for asset renewals
- **$30.360 million** (net of income) for new and upgraded assets.

These projects are informed by long-term strategies such as our Your Neighbourhood Plans and Asset Management Plans, and reflect what our community values most.

The following section provides a full list of Capital Projects for 2026/27, including budget allocations and project categories:

LOCAL NEIGHBOURHOODS

Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
St Clair Precinct — Traffic and Pedestrian Safety — Investigations, Consultation and Design	00002657	$15,000	$0	$43,000
Local Centres Revitalisation — Flagship initiatives (Kilkenny)	00002607	$200,000	$0	$80,000
Seaton Renewal Area — Public Realm Improvement Contribution 26/27	00002563	$680,000	$0	$50,000
Your Neighbourhood Plan - Capital Works Areas A (Cheltenham, Pennington and St Clair) & B (Athol Park and Woodville North)	00002685	$75,000	$0	$307,544
Tree Asset Tool and Data Collection	00002638	$120,000	$0	$120,000

CAPITAL PROJECTS

VALUING NATURE

Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Blight Street Community Greening	00002670	$30,000	$0	$30,000
Euston Terrace and Malcolm Street, West Croydon – Intersection artwork and tree planting; Euston Terrace Greening and consultation and tree planting in Phillip Street	00002655	$50,000	$0	$50,000
South Road Tree Canopy Retrofit – (Between Port Road and Torrens Road, eastern side)	00002662	$80,000	$0	$80,000
Alternative Water Network Expansion Program 26/27	00002519	$100,000	$0	$100,000
Bulahdelah Reserve – Enhancing Biodiversity	00002555	$100,000	$100,000	$200,000
Community Rail Corridor and Community Open Space Projects	00002603	$72,000	$0	$72,000
Greening Grange Rail Corridor	00002534	$129,375	$120,625	$250,000
Horticulture Truck – Breakout Creek	00002579	$185,000	$0	$185,000
Low emissions fleet transition program	00002554	$150,000	$0	$150,000
Tracey Ave Catchment Raingardens	00002527	$118,600	$0	$118,600
Tree Canopy – Additional Planting Trailer 26/27	00002573	$30,000	$0	$30,000
Tree Canopy – Additional Water Truck 26/27	00002572	$275,000	$0	$275,000
Water Proofing the West – Expansion – Pumps, Pipes, Bores & Treatment	00002581	$400,000	$0	$400,000
Water Proofing the West – New/Upgrade – Capacity and Efficiency 26/27	00002550	$150,000	$0	$150,000

VIBRANT PLACES

Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
New shelter and seating at Carnegie North Reserve	00002660	$35,000	$0	$35,000
Ray Street Reserve New Shelter and Seating	00002667	$35,000	$0	$35,000
Sparrow Reserve – Tennis Court Improvements	00002672	$160,000	$0	$160,000
BMX track in Grange	00002529	$60,000	$0	$60,000
Cheltenham Community Centre Upgrade – Stage 1	00002578	$150,000	$0	$150,000
FK Beograd – Media Platform	00002652	$73,230	$0	$73,230
Football Park – New Open Space	00002551	$1,330,000	$0	$1,330,000
New shade structures at playgrounds 26/27	00002564	$100,000	$0	$100,000
St Clair Community Precinct Facility 26/27	00002536	$4,443,000	$0	$4,443,000
St Clair Memorial Reserve - Design & Consultation	00002684	$25,000	$0	$25,000
Venue Upgrade – Woodville Town Hall – Sound, lighting and audio visual	00002559	$1,400,000	$0	$1,400,000
Venue Upgrade – Woodville Town Hall – internal infrastructure upgrade	00002690	$329,000	$0	$329,000
West Lakes Tennis – Court & Fencing Upgrade – Co-contribution	00002646	$300,000	$0	$300,000
Western Little Athletics – Long Jump Pit	00002645	$194,500	$0	$194,500
Woodville DCC – Sightscreens & Nets Remediation – Co-contribution	00002650	$28,520	$0	$28,520
Woodville Oval – New Play Space Development	00002544	$290,000	$0	$290,000
Woodville West Reserve – Open Space Improvements	00002640	$200,000		$200,000

CAPITAL PROJECTS

OUR TRANSFORMING CITY

Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Carnegie Reserve Sporting Precinct – Design and Consultation for New Public Toilet and Dog Park	00002673	$15,000	$0	$15,000
Outer Harbor Greenway – Shared Use Path Modification – Day Terrace, Croydon – Planning and Design	00002682	$15,000	$0	$15,000
Rowley Park, Brompton – Additional play equipment and landscaping	00002669	$60,000	$0	$60,000
School Safety – Whitefriars Catholic School – Consultation and Design	00002656	$15,000	$0	$15,000
Beverley Depot Redevelopment – Construction 26/27	00002561	$500,000	$0	$500,000
Chief Street Brompton - Streetscape Upgrade – Port Road to Hawker Street	00002584	$4,500,000	$0	$4,500,000
Community Renewables Council Owned Sporting Clubs	00002693	$2,500,000	$0	$2,500,000
Connecting the Coast - Active Transport Masterplan	00002569	$100,000	$0	$100,000
Grange Lakes Shared Use Path Upgrade Program – Construction of Stage 8	00002565	$685,000	$600,000	$1,285,000
Jubilee Reserve Master Plan Implementation (Formal funding application reflecting Federal Government election pledge of $5M has been submitted)	00002570	$800,000	$0	$800,000
Local Area Flood Mitigation Program 26/27	00002549	$107,500	$0	$107,500
Woodville Rugby – New Storage Shed	00002649	$25,500	$0	$25,500

OUR TRANSFORMING CITY

Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Major Streetscape Projects – Masterplan Package (Beverley and Pennington Living streets, Hawker Street, Brompton/Bowden, West Beach Road, West Beach, Turner Drive, West Lakes, Pedlar Street, Seaton, Wilpena Tce, Kilkenny)	00002580	$400,000	$0	$400,000
Midcourse Reserve - New Shelter, Seating and Drinking Fountain	00002676	$25,000	$0	$25,000
New Minor Open Space Infrastructure 26/27	00002524	$30,000	$0	$30,000
New Public Lighting 26/27	00002516	$125,000	$0	$125,000
Open Space Acquisition	00002509	$1,200,000	$0	$1,200,000
Road Safety and Traffic Management Program 26/27	00002541	$100,000	$0	$100,000
Sam Johnson Reserve Clubrooms Design - Whole of building renewal	00002654	$851,353	$0	$851,353
Sports Clubrooms – Shovel-Ready Design	00002590	$1,190,000	$0	$1,190,000
Stormwater Drainage New & Upgrade 26/27	00002548	$1,300,000	$0	$1,300,000
Street Lighting Infill and Improvement Program 26/27	00002520	$400,000	$0	$400,000
Street Lighting Infill and Improvement Program 26/27 Up Lift	00002689	$400,000	$0	$400,000
Trimmer Parade Stormwater Drainage Renewal - Stages 1 & 2 Construction	00002538	$1,600,000	$1,400,000	$3,000,000

CAPITAL PROJECTS

CONNECTING AND BELONGING

Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Adelaide Titans — Sports Lighting Upgrade	00002644	$200,000	$0	$200,000
Croydon Playground Reserve — New shade structure and public art	00002668	$90,000	$0	$90,000
Community Garden Access & Inclusion — DAIP	00002582	$38,000	$0	$38,000
Fitzroy Community Club — Electronic Scoreboard — Co-contribution	00002651	$35,000	$0	$35,000
Hindmarsh Library Building Design	00002585	$75,000	$0	$75,000
Local Community Access School Ovals Lights & Ancillary Infrastructure	00002680	$750,000	$0	$750,000
Memorial Infrastructure at Henley & Grange Jetties	00002691	$15,000	$15,000	$30,000
Universal Beach Access — Implementation Planning	00002574	$28,108	$0	$28,108
West Lakes Shore Oval Batting Tunnel	00002533	$150,000	$0	$150,000
Woodville Bowling — Northern Shelter	00002647	$42,000	$0	$42,000

TOTAL

Budget Bid Name	Net Budget	Income	Expenditure
All Community Visions	$30,360,686	$2,235,625	$32,596,311

TOTAL CAPITAL NEW AND UPGRADE PROJECTS

Theme Alignment	Net Budget	Income	Expenditure
Connecting and belonging	$1,423,108	$15,000	$1,438,108
Local Neighbourhoods	$970,000	$0	$970,000
Our Transforming City	$16,944,353	$2,000,000	$18,944,353
Valuing Nature	$1,869,975	$220,625	$2,090,600
Vibrant Places	$9,153,250	$0	$9,153,250
Total	**$30,360,686**	**$2,235,625**	**$32,596,311**

CAPITAL PROJECTS

	Net Budget	Income	Expenditure
Capital New and Upgrade Total	**$30,360,686**	**$2,235,625**	**$32,596,311**
Capital Renewal Total	**$26,361,302**	**$0**	**$26,361,302**
Net Capital Program Total	**$56,721,988**	**$2,235,625**	**$58,957,613**
LTFP Capital Total	**$68,971,613**	**$0**	**$68,971,613**

Table 6: Capital Projects Total

The 2026/27 LTFP included funding for $52.34 million towards Capital New and Upgrade Projects and a further $27.42 million to deliver the Capital Renewals program, totalling $68.97 million in Capital Projects for the year (refer CL 10/03/2026, Item 2.2.2/4.01).

At the Council meeting on 9 June 2026 (refer CL 9/6/26, item 2.2.1, $58.96 million toward Capital Projects was adopted for delivery (before the application of any grants or other income). This represents a total reduction versus the LTFP of over $10 million. A summary of key updates reflected in the 2026/27 Budget compared to the LTFP as presented within the Draft Annual Business Plan is provided in the 'Key Changes Since the Draft Budget' section above.

NUMBER OF NEW & UPGRADE PROJECTS BY COMMUNITY VISION THEME

OUR TRANSFORMING CITY

CONNECTING AND BELONGING

LOCAL NEIGHBOURHOODS

VIBRANT PLACES

VALUING NATURE

HOW WILL WE FUND OUR PROGRAM?

Council funds the services, projects, infrastructure and outlined in this Annual Business Plan and Budget through a range of revenue sources.

Rates are Council's primary source of income and play a key role in funding local services, facilities and infrastructure. Additional revenue is generated through grants, user charges, statutory fees and charges, investment income and borrowings.

Other sources of revenue include:

- **Statutory fees and charges:** Fees and fines set by legislation, such as parking fines, animal registrations and development-related fees.
- **User charges:** Fees paid by people who use specific Council facilities or services, such as hall hire and waste services.
- **Grants:** Funding provided by State and Federal Governments to support specific projects and services.
- **Investment income:** Interest earned on Council investments.
- **Reimbursements:** Income received to recover specific costs associated with Council activities and private works.
- **Other income:** Revenue from a range of smaller sources that do not fall within the main categories.
- **Funding for new and upgraded assets:** Contributions and grants received specifically to help fund capital projects.
- **Sale of replaced assets:** Income received from the sale of plant and equipment that has been replaced.

Borrowings

Borrowings are used to help fund major capital works and infrastructure projects, particularly where it is appropriate to spread the cost of long-life assets over time.

Council uses cash advance debenture (CAD) facilities in accordance with its Borrowings Policy and treasury management practices to manage temporary cash flow requirements arising from the timing of cash inflows and expenditure.

These facilities provide flexible access to funds when required and can be repaid in part or in full as Council's cash position allows. No charges are incurred unless funds are drawn. As at June 2026, Council has access to $66.5 million in CAD facilities that can be drawn and repaid as needed.

Over 84% of Council's 2026/27 revenue is to be generated through rates. While Council receives income from grants, statutory charges, user charges and interest income, these sources, with support from borrowings do not provide the same scale or consistency as rates revenue as demonstrated in **Table 7**.

Source of Income	Operating Income	% of Total Funding
Rates (incl. Regional Landscape Levy, net of rebates)	$156.79m	84.1%
Grants, Subsidies & Contributions	$9.74m	5.2%
Statutory Charges	$5.93m	3.2%
User Charges	$4.83m	2.6%
Other	$0.63m	0.3%
Total Income	**$177.85m**	**95.4%**
Proceeds from Cash Advance Facilities	$8.66m	4.6%
Total Funding Sources	**$186.50m**	**100%**

Table 7: Source of Income and % of Total Funding

COUNCIL'S OPERATING EXPENDITURE

Categories of operating expenditure are described below:

Employee expenses

Employee expenses include all labour-related expenditure such as salaries wages and on costs, including allowances, leave entitlements and superannuation. Salaries and wages costs are based on the endorsed base establishment of FTE. Increases to the base establishment of staff occur through endorsed annual operating and/or capital projects or council endorsed resolutions.

The current Enterprise Agreements for both Administration and Operations Staff expire in August 2026. At the time of preparing the 2026/27 budget, agreement negotiations were ongoing and as such, a Wages Price Index of 3.2% was assumed, consistent with the LTFP assumption.

Material, Contractual Services and Other

Examples of items reported within Materials are electricity, water, fuel, grounds maintenance supplies, library books and printing and stationery costs. Council services provided by external contractors are the principal item reported within Contractual Services and include agency costs, waste collection and contractors. Rents, lease costs and repairs and maintenance are also classified within this expense category.

All remaining operating expenses are reported as Other Expenses, including insurance costs, payment of the Regional Landscape Levy and contributions to community groups.

Finance Costs

Finance costs relate to interest charged by financial institutions on borrowed funds. In accordance with endorsed Borrowings Policy, Council borrows funds through the Local Government Finance Authority (LGFA) in the first instance unless Council deems it appropriate to go to tender via a Council Resolution. Council effectively uses Cash Advance Debentures (CADs) which allow Council to have access to funds when required and which they can repay in part or in full at any time as Council's cash position allows. No charges are incurred on these Cash Advance facilities if the funds are not drawn.

Depreciation

Depreciation reflects the consumption of Council's property, plant and equipment over the useful life of those assets, including major infrastructure such as roads, footpaths, stormwater assets and buildings. Council is responsible for infrastructure assets valued at more than $3.1 billion, with depreciation of these assets accounting for approximately 26% of total operating expenditure.

A summary of Council's budgeted expenditure for 2026/27 is shown in **Table 8.** Recurrent expenditure refers to the expenses required to support ongoing activities unrelated to project activities.

Operating Expenditure	Recurrent	Annual Operating Projects	Total Operating Costs	% of Total Operating Costs
Employee Expenses	$63.73m	$1.46m	$65.20m	37.2%
Materials, Contractual Services & Other	$59.56m	$3.45m	$63.01m	35.9%
Finance Costs	$1.98m	-	$1.98m	1.1%
Depreciation	$45.14m	-	$45.14m	25.7%
Total Operating Costs	**$170.42m**	**$4.909m**	**$175.33m**	**100%**

Table 8: Operating Expenditure

WHAT DOES THIS MEAN FOR RATES?

Rates are our main source of revenue and help fund the services, facilities and infrastructure our community uses every day.

For 2026/27, Council has adopted a budget that balances essential services, asset renewal, new projects, cost pressures and long-term financial sustainability.

The adopted budget includes an average residential rate increase of 4.50% which reflects the cost of delivering the Annual Business Plan and Budget while continuing to invest in our City.

How Rates are Calculated

Rates are calculated using each property's capital value, as determined by the State Valuer General, and the rate in the dollar as set by Council.

Each year, a zero-based or bottom-up budgeting method is applied to determine the costs to maintain essential services and deliver projects to the community. This budgeting methodology ensures that only the costs required in the upcoming year are included in the budget – there are no costs from prior years carried over unnecessarily. Each cost has been assessed and challenged as part of the budget review process. This then drives the revenue Council will need to collect through rates.

The revenue required to deliver services and projects is then shared across rateable properties based on property valuations, to determine the 'rate in the dollar'. The process to determine an individual property's rate is outlined in the diagram.

1

DETERMINATION OF CAPITAL VALUE

Capital value is set by the Valuer-General for each individual property

2

COUNCIL DETERMINES REVENUE REQUIRED

Council works out the revenue needed to maintain essential services and deliver community projects

New property growth contributes to this revenue target, reducing the amount needed from existing ratepayers

3

CALCULATE 'RATE IN THE DOLLAR'

The revenue required is divided by the total capital value of all properties

Including the capital value of new growth properties in this calculation helps reduce the overall 'Rate in the Dollar'

4

DETERMINE THE RATES CONTRIBUTION FOR THAT PROPERTY

Rates are calculated using each property's capital value multiplied by the 'Rate in the Dollar'

Why This Matters

If property values increase, this does not mean Council receives more revenue. Instead, the 'Rate in the Dollar' is adjusted so that only the required amount of rates is collected.

Property Valuation x Rate in the Dollar = Rates Payable


THRIVE
MINISTRIES
HITACHI
ROAD CLOSED

WHAT DOES THIS MEAN FOR RATES?

Rates and Your Property

The amount each property owner pays depends on their property's capital value and the rate in the dollar for their land use type. Land use types include Residential, Commercial, Industrial and Vacant Land.

This means your rates may not change by the same percentage as the average rate increase. What matters is not only how your property's value has changed, but how that change compares with the average change in property values across the Council area.

If your property's capital value has increased more than the average across the Council area, your rates may increase by more than the average. If your property's value has increased by less than the average, your rates may increase by less than the average. In some cases, if a property's value has changed very little relative to others, the rate change may also be lower.

The growth in the number of rateable properties also influences the rates paid by an existing ratepayer. With additional properties in the City to spread the required revenue to maintain essential services and deliver projects, the calculated rate in the dollar will decrease for the established ratepayer.

Why This System?

Under the Local Government Act 1999, councils can choose from different ways to apply rates.

At Charles Sturt, we use:

- **A differential rate:** This means properties used for different purposes (e.g. residential or commercial) are charged different rates.
- **A minimum rate:** This ensures that all properties contribute at least a base level toward services and facilities.

If you think your property valuation is too high, you can lodge an objection with the Valuer-General within 60 days of receiving your notice.

Using property values provides a fair and transparent way to distribute the cost of services. It reflects key principles of taxation, including fairness, simplicity and ability to pay.

We recognise that property values don't always reflect individual circumstances. To support our community, we offer a range of relief options for those who may need assistance.

Proposed Rates Relief

We're committed to supporting residents, especially during times of financial pressure. This year's proposed relief options include:

- Rate Capping
- Residential Construction Rebate
- Postponing Rates for Seniors and
- Hardship Support.

UNDERSTANDING THIS YEAR'S RATE INCREASE

We know many households are continuing to feel the impact of rising living costs, and this was front of mind throughout the development of the 2026/27 Annual Business Plan and Budget.

When the Draft Annual Business Plan and Budget was released for consultation, it included a proposed average residential rate increase of 5.11%. Following community consultation and updated financial information, we listened to feedback from our community and have worked to reduce the adopted average residential rate increase to 4.50%.

This reduction was made possible through updated property growth data from Land Services South Australia, which indicated higher than anticipated growth in rateable properties across our City. This means the total rates required can be shared across a larger number of properties.

We also confirmed the re-timing of some capital projects into multi-year delivery programs and received confirmation of grant funding for the Trimmer Parade Stormwater Project.

Together, these changes have allowed us to lower the forecast average residential rate increase while continuing to maintain service levels, deliver important infrastructure and support long-term financial sustainability.

This year's budget continues to fund the services our community relies on every day, including roads, waste, open spaces, stormwater, libraries, community facilities and local programs. It also supports investment in projects that help keep our City liveable, connected and prepared for the future.

AVERAGE RESIDENTIAL INCREASE 4.50%, PLUS FROM NEW DEVELOPM

Rate Type	2025/26 Cents in $	2025/26 Average Rate
Residential	0.181141064	$1,767.51
Commercial	0.6556939550	$9,467.28
Industrial	0.6724583810	$13,033.88
Primary Production	0.3348509485	$3,089.00
Vacant Land	0.527839727	$4,412.74
Other	0.3401438670	$8,060.45
Total/City Average	**N/A**	**$2,090.48**

Minimum Rate	
% on Minimum	

Table 9: Rating Structure 2026/27

RATE
GROWTH
ENT

A MEASURED INCREASE TO SUPPORT ESSENTIAL SERVICES

No. of Rateable roperties	Rates Income 2025/26	2026/27 Cents in $	2026/27 Average Rate	2026/27 Average % Increase	No. of Rateable Properties	No. on Min Rate	Rate Income 2026/27
57,850	$102,250,433	0.170947733	$1,847.01	4.50%	58,716	21,459	$108,449,003
3,459	$32,747,315	0.6447867390	$9,950.61	5.11%	3,521	212	$35,036,115
455	$5,930,415	0.6533230370	$13,700.23	5.11%	455	1	$6,233,605
2	$6,178	0.5503389830	$3,247.00	5.11%	1	N/A	$3,247
907	$4,002,357	0.530469271	$4,638.15	5.11%	877	107	$4,067,656
320	$2,579,345	0.3287773770	$78,472.24	5.11%	319	75	$2,702,645
62,993	**$147,516,043**	**N/A**	**$2,449.44**	**4.60%**	**63,889**	**21,855**	**$156,492,271**

2025/26	2026/27	% Change
$1,350	$1,410	4.44%
34.57%	34.21%	N/A

A MESSAGE FROM THE CEO

Our focus remains on delivering the services, infrastructure and projects that support our community every day, at the same time ensuring we are delivering responsibly for the future of our City.

The adopted 2026/27 Annual Business Plan and Budget reflects a considered approach to balancing affordability, service delivery and long-term financial sustainability. It supports the day-to-day services our community relies on, while continuing to invest in roads, footpaths, lighting, stormwater infrastructure, parks, open spaces, community facilities and local neighbourhoods.

Throughout this year's budget process, we have been mindful of the rising costs being felt by households, as well as the cost pressures Council is experiencing across construction, materials, energy, labour, insurance and service delivery.

Following community consultation and updated financial information, we have adopted a lower average residential rate increase than originally proposed in the draft budget. This reflects updated property growth, now at 1.42%, along with the re-timing of some capital projects into multi-year delivery programs and confirmed grant funding for the Trimmer Parade Stormwater Project.

Importantly, this revised approach allows us to continue delivering essential services and progressing important infrastructure, while reducing the average residential rate increase from 5.11% in the draft budget to 4.50% in the adopted budget.

Thank you to everyone who took the time to provide feedback during consultation. Your input helps inform the decisions we make and ensures we continue to focus on the services, projects and places that matter to our community.

Paul Sutton
Chief Executive Officer

APPENDIX A – LONG-TERM FINANCIAL PLAN (LTFP)

Executive Summary

Endorsed in March 2026, the LTFP details the City of Charles Sturt's financial outlook to 2035/36 and is used as a guide in the development of the 2026/27 annual budget.

The key focus of the LTFP estimates are:

- A strong alignment with Council's Community Vision and Corporate Plan
- Achievement of an ongoing sustainable operating surplus position
- An ongoing commitment to asset rehabilitation and replacement to ensure the proper management of the community's infrastructure assets
- A commitment to the long-term financial sustainability of Council operations by ensuring all key financial indicator benchmarks are met for key ratios such as operating surplus, net financial liabilities, asset renewal funding ratio and the interest cover ratio
- The use of debt as a means of funding new asset and upgrade works. Debt levels will be within the constraints of ensuring Council's net financial liabilities (Council's total indebtedness, which includes all of Council's obligations including provisions for employee entitlements and creditors) is less than 100% of Council's total operating revenue and/or council's net interest expense is less than 10% of council's total operating revenue.

The LTFP forecast has been prepared using anticipated CPI movements over the outlook period as provided by Deloitte Access Economics in February 2026.

LTFP

In developing a forecast, assumptions are required which are detailed in **Schedule A.**

The LTFP and the associated assumptions were endorsed by Council on 10 March 2026 (CL 10/03/2026, item 4.1)

The LTFP estimates are presented as a series of reports comprising the following:

- Estimated Statement of Comprehensive Income
- Estimated Statement of Financial Position
- Estimated Statement of Cashflows
- Estimated Statement of Changes in Equity
- Estimated Uniform Presentation of Finances.

These are detailed in **Schedule B.**

Schedule A – Long Term Financial Plan Assumptions

The LTFP provides a forecast outlook of the Council's financial information, which includes a set of best estimate assumptions as to future events which Council expects are likely to take place. These assumptions include (but are not limited to) the percentage growth of new rateable property numbers, salaries and wages increases, CPI and interest rate changes. This document describes these assumptions and associated risks derived from information known as of February 2026.

Assumptions

Rateable properties: Rates income to Council is a product of price and quantity. The number of rateable properties has risen by an average of 1.28% over the past seven financial years. Prior to 2025/26, a 1.0% growth across the City was assumed. Last year, 1.3% was initially assumed and 1.1% growth achieved.

The assumption for growth across the City used in the development of the 2026/27 LTFP was 1.1%. Noting that new developments and current forecast of proposed future properties will contribute to achieving the 1.1%. **Table 10** shows the Rateable Property growth rate over the past seven years.

Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
1.28% Seven-Year Average							
Ratable Properties	58,593	59,213	60,279	61,040	61,683	62,300	62,993
Increase %	1.77%	1.05%	1.77%	1.25%	1.04%	0.99%	1.10%

Table 10: Rateable Properties

APPENDIX A – LONG-TERM FINANCIAL PLAN (LTFP)

Salaries and Wages

Each year the Salary and Wages forecasts for the next 10 years are based on an Enterprise Bargaining Agreement (EBA) where it exists, and a Wages Price Increase (WPI) based on Deloitte Access Economics SA average weekly earnings growth projections where it doesn't.

The current Enterprise Agreements for both Administration and Operations Staff expire in August 2026. Given negotiations are currently underway the Wages Price Index of 3.2% has been used, this is consistent with the previous LTFP budget figure.

For Superannuation, in 2025/26, the final legislative increase of 0.5% increase was applied for all staff as per Federal Legislation resulting in superannuation for all employees at 12.0%. 12.0% has been applied for 2026/27 and beyond.

Cost Price Index (CPI)

Cost Price Index (CPI) forecasts used are the South Australian CPI projections. Current inflation indicators highlight ongoing market volatility. Deloitte Access Economics estimates CPI at 3.71%, while the Reserve Bank of Australia forecasts inflation to reach approximately 4.2% by June. Over the past five years, average CPI has been 4.48%, reflecting a sustained period of elevated price pressures compared to the RBA's long-term target range of 2–3%.

Unique Indices	2025/26	2026/27	2027/28	2028/29
CPI Deloitte Access Economics	2.80%	3.71%	2.81%	2.56%
Wages EB/WPI	3.20%	3.20%	3.21%	3.22%
Maintenance	4.80%	5.71%	4.81%	4.56%
Waste	4.85%	4.46%	3.56%	3.31%
Insurance	4.30%	5.21%	4.31%	4.06%

Table 11: Rateable all uplift indices used in the LTFP is provided below for costs which are forecast to increase other than by the CPI forecast from DAE of 2.80%.

Deloitte Access Economics

The indices used in Council LTFP are purchased from Deloitte Access Economics (DAE), providing independence and expertise in the field, providing a scale of forward estimates that this LTFP model is based on.

Deloitte Access Economics (DAE) forecast a CPI of 3.71% over the 2026/27 budget development process. This is against a current December 2025 CPI of 3.3% for Adelaide and 3.8% for Australia. The forecast then shows CPI reduces to high and mid 2% (Min 2.49%, Max 2.81%) for the duration of the plan period. This forecast is shown in **Table 11.** This is the basis on which the LTFP has been developed.

Interest

Interest is calculated on the outstanding balance of the loans. In 2025/26 the 10-year, $10m loan was settled. The Local Government Financing Authority (LGFA) provide Cash Advance Debentures (CAD) which are at a competitive variable interest rate. Council's variable funding rate is the Reserve Bank of Australia (RBA) cash rate plus a modest margin which for the LTFP was forecast at 5.35% for 2026/27 and decreasing over time. This is compared to 5.5% for 2025/26.

Where knowledge exists of a change in price or quantity of either a revenue or expense that Council incurs in the provision of services to the community, that change is factored into the LTFP.

2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
2.49%	2.58%	2.56%	2.53%	2.52%	2.50%	2.49%
3.16%	3.11%	3.14%	3.16%	3.07%	3.06%	3.16%
4.49%	4.58%	4.56%	4.53%	4.52%	4.50%	4.49%
3.24%	3.33%	3.31%	3.28%	3.27%	3.25%	3.24%
3.99%	4.08%	4.06%	4.03%	4.02%	4.00%	3.99%

APPENDIX A – LONG-TERM FINANCIAL PLAN (LTFP)

Annual Operating Projects (AOP)

Annual Operating Projects (AOP) of $5.024m are planned for 2026/27. This budgeted allocation is increased by forecast CPI each year of the plan and includes a $1.0 million allocation to fund the Local Government Election, as determined and advised by the Electoral Commission of South Australia. This represents a significant increase from the $650k forecast in the 2025/26 LTFP and reflects cost impacts being experienced across all councils. Last year's projects (2025/26) undertaken by council has been factored into the budget with $308k of recurrent expenditure arising from those initiatives.

Depreciation

Depreciation increases as new infrastructure is completed and as existing infrastructure is revalued to contemporary replacement costs. Depreciation is a non-cash-flow item that represents an allocation of historical costs over the useful lives of the assets. Depreciation isn't a proxy for future asset replacement costs, however the endorsed Asset Management Plans indicate future funding requirements.

Asset Sales

Council's Budget Principles and Policy do not support the reliance on gains made from asset sales to fund core services.

Operating Cash Surplus

Operating cash surpluses are used to fund Capital Expenditure on Renewal, New and Upgraded Assets. The balance of available surplus funds is used to pay down debt or offset the use of new debt.

Capital Expenditure

Capital expenditure for asset renewal is determined by Council's adopted Asset Management Plans (AMPs). The AMPs are reviewed every four years and presented to Council for review and endorsement.

All AMPs will be reviewed within two years of the Local Government Elections as per LG Act 1999. These reviews will include a more comprehensive response and updated projections to the delivery of Council's Climate Change Response Strategy.

New and Upgrade forecasts are based on current Strategic Management Plans and Council in principle adopted projects via a Council resolution.

Capital Renewal, New and Upgrade expenditure over the 10-year duration has increased by $25.9m since the last iteration of the LTFP. This increase is due to additional New and Upgrade projects identified, which is supported by the Capital Renewal program remaining relatively constant.

Loans outstanding are due to the increased level of new and upgrade capital expenditure. Borrowings increase as significant projects are undertaken. As with previous years' experience on project delivery a consistent amount of Works In Progress (WIP) is assumed (20%) and reflected in level of borrowings forecast.

Capital Write Backs

An annual exercise of identifying costs that are unable to be capitalised so expensed into operating expenditure. Reasons for this could be that the project did not go ahead, or the costs are not capable of being capitalised under AASB 116 Property, Plant and Equipment (para 19) such as advertising, promotional, training, administration and general overhead costs.

Key Risks Relating to Assumptions

Interest Rates: The interest rate risk is significant with Total Financial Liabilities of approximately $95.0m (10-year average) such that a 1.0% interest rate rise would require approximately an additional 0.33% increase in rate revenue.

Wage Growth Index Forecast: With employee costs comprising approximately 37% (10-year average) of total operating expenditure, a 1.0% error in anticipated wage growth can result in a $0.62m misstatement in the 2026/27 operating result.

CPI Forecast Risk: The 2026/27 Operating Surplus is sensitive to the level of CPI rate used during the year. A 1.0% increase in CPI, after rates have been struck, will have a $0.72m unfavourable impact on the Operating Surplus.

Market Capacity and Infrastructure Delivery Risk: South Australia is currently experiencing an unprecedented pipeline of major infrastructure projects, including the $15.4 billion T2D Tunnel, the $6 billion Osborne submarine construction yard (AUKUS stage 1), the $3.2 billion Women's and Children's Hospital, and SA Water's $3.3 billion capital program.

While these projects deliver significant economic benefits, they are also placing significant pressure on local government through workforce constraints, material availability and supply chain disruptions.

Key workforce impacts include shortages in civil engineers, project managers, corporate services professionals, trades, and heavy vehicle drivers and heavy plant operators. Material costs and availability, particularly concrete, steel, road base and asphalt are also affected. In addition, supply chain delays are impacting on procurement timeframes.

Collectively, these factors present risks to Council's capacity to deliver services, projects and initiatives to the community in a timely and cost-effective manner.

Schedule B: Long-Term Financial Plan

City of Charles Sturt
10 Year Financial Plan for the Years ending 30 June 2036
STATEMENT OF COMPREHENSIVE INCOME - GENERAL FUND

	Actuals	Current Year	
	2024/25	2025/26	2026/27
	$'000	$'000	$'000
Income			
Rates	139,187	147,874	156,537
Statutory Charges	6,812	5,928	6,239
User Charges	5,232	4,969	5,427
Grants, Subsidies and Contributions - operating	11,468	10,338	10,238
Grants, Subsidies and Contributions - capital	5,219	200	-
Investment Income	647	97	101
Reimbursements	3,083	385	399
Other Income	66	66	74
Net gain - equity accounted Council businesses	-	-	-
Total Income	**171,714**	**169,858**	**179,016**
Expenses			
Employee Costs	60,227	63,558	64,667
Materials, Contracts & Other Expenses	59,057	57,956	64,573
Depreciation, Amortisation & Impairment	41,406	43,050	44,712
Finance Costs	1,878	1,580	2,062
Net loss - Equity Accounted Council Businesses	1,745	-	-
Total Expenses	**164,313**	**166,144**	**176,014**
Operating Surplus / (Deficit)	**7,401**	**3,714**	**3,001**
Asset Disposal & Fair Value Adjustments	(6,360)	-	-
Amounts Received Specifically for New or Upgraded Assets	6,480	715	100
Physical Resources Received Free of Charge	10,332	200	200
Operating Result from Discontinued Operations	-	-	-
Net Surplus / (Deficit)	**17,853**	**4,629**	**3,301**
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	391,167	38,813	39,337
Share of Other Comprehensive Income - Equity Accounted Council Businesses	302	-	-
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	-	-	-
Transfer to Accumulated Surplus on Sale of Revalued I,PP&E	-	-	-
Net assets transferred - Council restructure	-	-	-
Other	-	-	-
Total Other Comprehensive Income	**391,469**	**38,813**	**39,337**
Total Comprehensive Income	**409,322**	**43,442**	**42,638**

Projected Years								
2027/28	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**	**2034/35**	**2035/36**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
164,284	171,447	177,551	184,137	190,824	197,696	204,797	212,232	219,793
6,176	6,334	6,492	6,659	6,830	7,003	7,179	7,359	7,542
5,199	5,332	5,465	5,606	5,750	5,895	6,044	6,195	6,349
10,100	10,302	10,559	10,831	11,108	11,389	11,676	11,968	12,266
-	-	-	-	-	-	-	-	-
103	106	109	112	114	117	120	123	126
391	401	411	422	433	444	455	466	478
76	78	80	82	84	86	89	91	93
-	-	-	-	-	-	-	-	-
186,331	**194,001**	**200,667**	**207,850**	**215,143**	**222,631**	**230,360**	**238,435**	**246,648**
67,493	70,034	72,060	74,546	76,931	79,694	82,194	85,176	87,933
65,795	68,666	70,669	73,929	74,939	77,186	79,227	82,396	83,597
47,033	49,340	50,786	52,418	54,196	56,531	58,813	61,078	63,330
2,702	3,374	3,300	2,909	2,630	2,538	2,361	2,075	1,556
-	-	-	-	-	-	-	-	-
183,022	**191,415**	**196,814**	**203,802**	**208,696**	**215,949**	**222,595**	**230,724**	**236,415**
3,309	**2,586**	**3,854**	**4,047**	**6,447**	**6,682**	**7,765**	**7,710**	**10,232**
-	-	-	-	-	-	-	-	-
100	100	100	100	100	100	100	100	100
200	200	200	200	200	200	200	200	200
-	-	-	-	-	-	-	-	-
3,609	**2,886**	**4,154**	**4,347**	**6,747**	**6,982**	**8,065**	**8,010**	**10,532**
39,263	37,482	36,049	37,079	39,525	40,578	40,741	41,012	41,151
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
39,263	**37,482**	**36,049**	**37,079**	**39,525**	**40,578**	**40,741**	**41,012**	**41,151**
42,872	**40,368**	**40,202**	**41,427**	**46,272**	**47,559**	**48,806**	**49,022**	**51,684**

Schedule B: Long-Term Financial Plan

City of Charles Sturt
10 Year Financial Plan for the Years ending 30 June 2036
STATEMENT OF FINANCIAL POSITION - GENERAL FUND

	Actuals 2024/25 $'000	Current Year 2025/26 $'000	2026/27 $'000
ASSETS			
Current Assets			
Cash & Cash Equivalents	3,079	500	500
Trade & Other Receivables	13,407	5,337	5,600
Other Financial Assets	-	-	-
Inventories	171	203	226
Other Current Assets	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-
Total Current Assets	16,657	6,040	6,326
Non-Current Assets			
Financial Assets	-	-	-
Equity Accounted Investments in Council Businesses	2,690	2,690	2,690
Investment Property	-	-	-
Infrastructure, Property, Plant & Equipment	3,109,087	3,162,020	3,223,696
Intangible Assets	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-
Other Non-Current Assets	29,414	29,414	29,414
Total Non-Current Assets	3,141,191	3,194,124	3,255,800
TOTAL ASSETS	**3,157,848**	**3,200,164**	**3,262,126**
LIABILITIES			
Current Liabilities			
Cash Advance Debenture	23,575	20,295	37,681
Trade & Other Payables	27,587	30,957	32,894
Borrowings	1,652	-	-
Provisions	10,523	10,731	10,731
Other Current Liabilities	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-
Total Current Liabilities	63,337	61,982	81,306
Non-Current Liabilities			
Cash Advance Debenture	-	-	-
Trade & Other Payables	-	-	-
Borrowings	1,129	1,566	1,566
Provisions	1,833	1,625	1,625
Liability - Equity Accounted Council Businesses	-	-	-
Other Non-Current Liabilities	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-
Total Non-Current Liabilities	2,962	3,191	3,191
TOTAL LIABILITIES	**66,299**	**65,173**	**84,497**
Net Assets	**3,091,549**	**3,134,991**	**3,177,629**
EQUITY			
Accumulated Surplus	554,942	559,571	562,872
Asset Revaluation Reserves	2,536,607	2,575,420	2,614,757
Available for Sale Financial Assets	-	-	-
Other Reserves	-	-	-
Total Equity	**3,091,549**	**3,134,991**	**3,177,629**

Projected Years								
2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
500	500	500	500	500	500	500	500	500
5,714	5,924	6,109	6,319	6,507	6,712	6,921	7,150	7,360
-	-	-	-	-	-	-	-	-
230	240	247	259	262	270	277	288	292
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
6,444	6,665	6,856	7,078	7,269	7,483	7,698	7,938	8,152
-	-	-	-	-	-	-	-	-
2,690	2,690	2,690	2,690	2,690	2,690	2,690	2,690	2,690
-	-	-	-	-	-	-	-	-
3,291,366	3,347,473	3,380,960	3,409,474	3,456,174	3,500,978	3,545,660	3,587,312	3,623,723
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
29,414	29,414	29,414	29,414	29,414	29,414	29,414	29,414	29,414
3,323,470	3,379,577	3,413,064	3,441,578	3,488,278	3,533,082	3,577,764	3,619,416	3,655,827
3,329,915	**3,386,242**	**3,419,920**	**3,448,656**	**3,495,547**	**3,540,564**	**3,585,462**	**3,627,354**	**3,663,979**
61,706	76,517	69,100	55,236	55,094	51,539	46,643	38,280	22,350
33,786	34,934	35,826	37,001	37,761	38,774	39,761	40,994	41,866
-	-	-	-	-	-	-	-	-
10,731	10,731	10,731	10,731	10,731	10,731	10,731	10,731	10,731
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
106,223	122,182	115,657	102,968	103,585	101,044	97,135	90,005	74,947
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566
1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191
109,414	**125,373**	**118,848**	**106,159**	**106,776**	**104,235**	**100,326**	**93,196**	**78,138**
3,220,501	**3,260,869**	**3,301,071**	**3,342,498**	**3,388,770**	**3,436,330**	**3,485,136**	**3,534,158**	**3,585,842**
566,481	569,366	573,520	577,867	584,615	591,596	599,662	607,672	618,204
2,654,020	2,691,503	2,727,551	2,764,630	2,804,156	2,844,733	2,885,474	2,926,486	2,967,637
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,220,501	**3,260,869**	**3,301,071**	**3,342,498**	**3,388,770**	**3,436,330**	**3,485,136**	**3,534,158**	**3,585,842**

Schedule B: Long-Term Financial Plan

City of Charles Sturt
10 Year Financial Plan for the Years ending 30 June 2036
STATEMENT OF CASH FLOWS - GENERAL FUND

	Actuals 2024/25 $'000	Current Year 2025/26 $'000	2026/27 $'000
Cash Flows from Operating Activities			
Receipts:			
Rates Receipts	-	150,858	157,060
Statutory Charges	-	7,263	6,205
User Charges	-	5,948	5,377
Grants, Subsidies and Contributions (operating purpose)	-	12,018	10,241
Investment Receipts	647	243	100
Reimbursements	-	1,184	398
Other	166,043	78	73
Payments:			
Payments to Employees	-	(63,703)	(64,646)
Payments for Materials, Contracts & Other Expenses	(114,631)	(57,791)	(63,437)
Finance Payments	(1,878)	(1,580)	(2,062)
Net Cash provided (or used in) Operating Activities	50,181	54,517	49,309
Cash Flows from Investing Activities			
Receipts:			
Amounts Received Specifically for New/Upgraded Assets	1,906	2,614	143
Grants utilised for capital purposes	5,219	1,755	14
Sale of Replaced Assets	1,644	1,650	1,920
Sale of Surplus Assets	4,500	-	-
Payments:			
Expenditure on Renewal/Replacement of Assets	(30,220)	(38,257)	(27,215)
Expenditure on New/Upgraded Assets	(21,581)	(20,363)	(41,556)
Net Cash provided (or used in) Investing Activities	(38,532)	(52,601)	(66,695)
Cash Flows from Financing Activities			
Receipts:			
Proceeds from CAD	-	-	17,386
Proceeds from Borrowings	-	-	-
Receipt of Funds from Leases	-	-	-
Proceeds from Aged Care Facility Deposits	1,029	-	-
Proceeds from Bonds & Deposits	332	-	-
Receipts from Other Financing Activities	-	-	-
Payments:			
Repayments of CAD	-	(3,280)	-
Repayments of Borrowings	(13,249)	(1,215)	-
Repayment of Principal Portion of Lease Liabilities	(622)	-	-
Repayment of Aged Care Facility Deposits	-	-	-
Net Cash Flow provided (used in) Financing Activities	(12,510)	(4,495)	17,386
Net Increase/(Decrease) in Cash & Cash Equivalents	(861)	(2,579)	-
plus: Cash & Cash Equivalents - beginning of year	3,940	3,079	500
Cash & Cash Equivalents - end of the year	**3,079**	**500**	**500**
Cash & Cash Equivalents - end of the year	3,079	500	500
Investments - end of the year	-	-	-
Cash, Cash Equivalents & Investments - end of the year	**3,079**	**500**	**500**

Projected Years								
2027/28	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**	**2034/35**	**2035/36**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
164,752	171,879	177,919	184,534	191,227	198,111	205,225	212,681	220,249
6,183	6,317	6,475	6,641	6,811	6,984	7,160	7,339	7,522
5,224	5,318	5,451	5,591	5,734	5,879	6,027	6,178	6,332
10,109	10,289	10,542	10,813	11,090	11,371	11,658	11,949	12,247
103	106	109	111	114	117	120	123	126
392	401	411	421	432	443	454	465	477
76	78	80	82	84	86	88	91	93
(67,438)	(69,985)	(72,020)	(74,498)	(76,885)	(79,641)	(82,146)	(85,118)	(87,879)
(65,585)	(68,174)	(70,325)	(73,369)	(74,765)	(76,801)	(78,877)	(81,852)	(83,391)
(2,702)	(3,374)	(3,300)	(2,909)	(2,630)	(2,538)	(2,361)	(2,075)	(1,556)
51,115	52,854	55,341	57,418	61,212	64,012	67,350	69,782	74,220
100	100	100	100	100	100	100	100	100
-	-	-	-	-	-	-	-	-
1,920	2,020	1,686	1,423	1,787	2,376	1,074	1,707	1,418
-	-	-	-	-	-	-	-	-
(29,800)	(30,008)	(30,982)	(28,384)	(31,083)	(31,070)	(33,354)	(32,011)	(32,014)
(47,360)	(39,777)	(18,727)	(16,692)	(31,874)	(31,864)	(30,274)	(31,215)	(27,794)
(75,140)	(67,665)	(47,924)	(43,554)	(61,070)	(60,458)	(62,454)	(61,418)	(58,290)
24,025	14,811	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	(7,417)	(13,864)	(142)	(3,555)	(4,896)	(8,364)	(15,930)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
24,025	14,811	(7,417)	(13,864)	(142)	(3,555)	(4,896)	(8,364)	(15,930)
-	-	-	-	-	-	-	-	-
500	500	500	500	500	500	500	500	500
500	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**
500	500	500	500	500	500	500	500	500
-	-	-	-	-	-	-	-	-
500	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**

Schedule B: Long-Term Financial Plan

City of Charles Sturt
10 Year Financial Plan for the Years ending 30 June 2036
STATEMENT OF CHANGES IN EQUITY - GENERAL FUND

	Actuals 2024/25 $'000	Current Year 2025/26 $'000	2026/27 $'000	2
Opening Balance	2,682,227	3,091,549	3,134,991	3,1
Net Surplus / (Deficit) for Year	17,853	4,629	3,301	
Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	391,167	38,813	39,337	
- Available for Sale Financial Instruments: change in fair value	-	-	-	
- Impairment (loss) reversal relating to I,PP&E	-	-	-	
- Transfer to Accumulated Surplus on Sale of I,PP&E	-	-	-	
- Transfer to Acc. Surplus on Sale of AFS Financial Instruments	-	-	-	
- Share of OCI - Equity Accounted Council Businesses	302	-	-	
- Other Equity Adjustments - Equity Accounted Council Businesses	-	-	-	
- Other Movements	-	-	-	
Other Comprehensive Income	391,469	38,813	39,337	
Total Comprehensive Income	409,322	43,442	42,638	
Transfers between Equity	-	-	-	
Equity - Balance at end of the reporting period	**3,091,549**	**3,134,991**	**3,177,629**	**3,2**

			Projected Years					
2027/28	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**	**2034/35**	**2035/36**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
77,629	3,220,501	3,260,869	3,301,071	3,342,498	3,388,770	3,436,330	3,485,136	3,534,158
3,609	2,886	4,154	4,347	6,747	6,982	8,065	8,010	10,532
39,263	37,482	36,049	37,079	39,525	40,578	40,741	41,012	41,151
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
39,263	37,482	36,049	37,079	39,525	40,578	40,741	41,012	41,151
42,872	40,368	40,202	41,427	46,272	47,559	48,806	49,022	51,684
-	-	-	-	-	-	-	-	-
20,501	**3,260,869**	**3,301,071**	**3,342,498**	**3,388,770**	**3,436,330**	**3,485,136**	**3,534,158**	**3,585,842**

Schedule B: Long-Term Financial Plan

City of Charles Sturt 10 Year Financial Plan for the Years ending 30 June 2036 UNIFORM PRESENTATION OF FINANCES - GENERAL FUND	Actuals 2024/25 $'000	Current Year 2025/26 $'000	2026/27 $'000
Income			
Rates	139,187	147,874	156,537
Statutory Charges	6,812	5,928	6,239
User Charges	5,232	4,969	5,427
Grants, Subsidies and Contributions - operating	11,468	10,338	10,238
Grants, Subsidies and Contributions - capital	5,219	200	-
Investment Income	647	97	101
Reimbursements	3,083	385	399
Other Income	66	66	74
Net gain - equity accounted Council businesses	-	-	-
Total Income	**171,714**	**169,858**	**179,016**
Expenses			
Employee Costs	60,227	63,558	64,667
Materials, Contracts & Other Expenses	59,057	57,956	64,573
Depreciation, Amortisation & Impairment	41,406	43,050	44,712
Finance Costs	1,878	1,580	2,062
Net loss - Equity Accounted Council Businesses	1,745	-	-
Total Expenses	**164,313**	**166,144**	**176,014**
Operating Surplus / (Deficit)	**7,401**	**3,714**	**3,001**
Timing adjustment for grant revenue	(2,582)	**-**	**-**
Less: Grants, subsidies and contributions – Capital	(3,639)	(200)	-
Adjusted Operating Surplus / (Deficit)	**1,180**	**3,514**	**3,001**
Net Outlays on Existing Assets			
Capital Expenditure on Renewal and Replacement of Existing Assets	(30,220)	(38,257)	(27,215)
Finance Lease payments for Right of Use Assets	-	(203)	(183)
add back Depreciation, Amortisation and Impairment	41,406	43,050	44,712
add back Grants, subsidies and contributions – Capital Renewal	-	200	-
add back Proceeds from Sale of Replaced Assets	1,644	1,650	1,920
Total Net Outlays on Existing Assets	**12,830**	**6,440**	**19,234**
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(21,581)	(20,363)	(41,556)
Finance lease payments for Right of Use Assets	-	-	-
add back Grants, subsidies and contributions – Capital New/Upgraded	3,639	-	-
add back Amounts Received Specifically for New and Upgraded Assets	1,906	2,614	143
add back Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments & non-current assets held for sale)	4,500	-	-
Total Net Outlays on New and Upgraded Assets	**(11,536)**	**(17,750)**	**(41,414)**
Annual Net Impact to Financing Activities (surplus / (deficit))	**2,474**	**(7,796)**	**(19,178)**

				Projected Years				
2027/28	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**	**2034/35**	**2035/36**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
164,284	171,447	177,551	184,137	190,824	197,696	204,797	212,232	219,793
6,176	6,334	6,492	6,659	6,830	7,003	7,179	7,359	7,542
5,199	5,332	5,465	5,606	5,750	5,895	6,044	6,195	6,349
10,100	10,302	10,559	10,831	11,108	11,389	11,676	11,968	12,266
-	-	-	-	-	-	-	-	-
103	106	109	112	114	117	120	123	126
391	401	411	422	433	444	455	466	478
76	78	80	82	84	86	89	91	93
-	-	-	-	-	-	-	-	-
186,331	**194,001**	**200,667**	**207,850**	**215,143**	**222,631**	**230,360**	**238,435**	**246,648**
67,493	70,034	72,060	74,546	76,931	79,694	82,194	85,176	87,933
65,795	68,666	70,669	73,929	74,939	77,186	79,227	82,396	83,597
47,033	49,340	50,786	52,418	54,196	56,531	58,813	61,078	63,330
2,702	3,374	3,300	2,909	2,630	2,538	2,361	2,075	1,556
-	-	-	-	-	-	-	-	-
183,022	**191,415**	**196,814**	**203,802**	**208,696**	**215,949**	**222,595**	**230,724**	**236,415**
3,309	**2,586**	**3,854**	**4,047**	**6,447**	**6,682**	**7,765**	**7,710**	**10,232**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
3,309	**2,586**	**3,854**	**4,047**	**6,447**	**6,682**	**7,765**	**7,710**	**10,232**
(29,800)	(30,008)	(30,982)	(28,384)	(31,083)	(31,070)	(33,354)	(32,011)	(32,014)
(165)	(148)	-	-	-	-	-	-	-
47,033	49,340	50,786	52,418	54,196	56,531	58,813	61,078	63,330
-	-	-	-	-	-	-	-	-
1,920	2,020	1,686	1,423	1,787	2,376	1,074	1,707	1,418
18,989	**21,204**	**21,489**	**25,457**	**24,899**	**27,837**	**26,533**	**30,775**	**32,733**
(47,360)	(39,777)	(18,727)	(16,692)	(31,874)	(31,864)	(30,274)	(31,215)	(27,794)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
100	100	100	100	100	100	100	100	100
-	-	-	-	-	-	-	-	-
(47,260)	**(39,677)**	**(18,627)**	**(16,592)**	**(31,774)**	**(31,764)**	**(30,174)**	**(31,115)**	**(27,694)**
(24,963)	**(15,887)**	**6,716**	**12,912**	**(427)**	**2,755**	**4,124**	**7,370**	**15,272**

APPENDIX B – 2026/27 BUDGETED FINANCIAL STATEMENTS

Schedule 1: Statement of Comprehensive Income

	2026/27 $'000	2025/26 $'000
Revenue		
Rates	156,789	147,874
Statutory Charges	5,931	5,928
User Charges	4,829	4,969
Grants, Subsidies and Contributions – operating	8,344	10,338
Grants, Subsidies and Contributions – capital	1,400	200
Investment Income	101	97
Reimbursements	386	385
Other revenues	141	66
Total Revenues	**177,920**	**169,857**
Expenses		
Employee Costs	65,195	63,558
Material contract and other expenses	63,012	57,956
Finance Costs	1,984	3,094
Depreciation	45,143	43,049
Total Expenses	**175,333**	**167,657**
Operating Surplus / (Deficit)	**2,587**	**2,200**
Capital Amounts		
Physical resources received free of charge	0	200
Amounts specifically for new or upgraded assets	0	715
	0	**915**
Net Surplus/(Deficit)	**2,587**	**3,115**
Other Comprehensive Income		
Changes in Revaluation Surplus – I,PP&E	**39,337**	**21,931**
Total Comprehensive Income	**41,924**	**25,046**

Schedule 2: Statement of Cash Flows

	2026/27 $'000 Inflows (outflows)	2025/26 $'000 Inflows (outflows)
Cash Flows from Operating Activities		
Operating receipts	177,028	169,913
Investment receipts	100	99
Operating payments to suppliers and employees	(127,177)	(121,147)
Finance payments	(1,800)	(3,094)
Net Cash Flows provided by (used in) Operating Activities	**48,151**	**45,771**
Cash Flows from Financing Activities		
Receipts		
Proceeds from Borrowings	8,658	9,716
Payments		
Repayment of Borrowings	(183)	(596)
Net Cash provided for (used in) Financing Activities	**8,475**	**9,120**
Cash Flows from Investment Activities		
Receipts		
Sale of replaced assets	1,920	1,650
Grants specifically for new and upgraded assets	143	860
Other investing activity receipts	1,317	189
	3,380	2,699
Payments		
Expenditure on renewal/replacement of assets	(26,161)	(38,257)
Expenditure on new /upgraded assets	(33,826)	(19,148)
	(59,988)	(57,405)
Net Cash used in Investment Activities	**(56,608)**	**(54,706)**
Net Increase (Decrease) in Cash Held	**18**	**185**
Cash and cash equivalents at Beginning of Reporting Period	**500**	**315**
Cash and cash equivalents at End of Reporting Period	**518**	**500**

Schedule 3: Statement of Financial Position

	2026/27 $'000	2025/26 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	518	500
Trade and other Receivables	5,461	5,011
Inventories	223	210
Total Current Assets	**6,202**	**5,721**
Non-Current assets		
Equity-accounted invest. in Council businesses	2,690	2,584
Infrastructure, Property, Plant and Equipment	3,195,832	3,185,270
Other non-current assets	29,414	18,441
Total Non-Current Assets	**3,227,936**	**3,206,295**
Total Assets	**3,234,138**	**3,212,016**
LIABILITIES		
Current Liabilities		
Trade and other Payables	32,743	28,523
Provisions	10,731	10,519
Borrowings	165	183
Total Current Liabilities	**43,639**	**39,225**
Non-Current Liabilities		

Long-Term Borrowings	30,354	54,603
Long-Term Provisions	1,625	1,593
Total Non-Current Liabilities	**31,979**	**56,196**
Total Liabilities	**75,618**	**95,421**
NET ASSETS	**3,158,520**	**3,116,595**
EQUITY		
Accumulated Surplus	566,468	563,881
Reserves	2,592,051	2,552,714
TOTAL EQUITY	**3,158,519**	**3,116,595**

Note: the 2025/26 budget comparative has been updated to reflect the fixed asset revaluation adjustment (reflected as a change in the Q1 budgeted financials – refer CSC 3/11/25 Item 4.4) and corresponding updates to equity.

Schedule 4: Statement of Changes in Equity

	2026/27 $'000	2025/26 $'000
Opening Balance	3,116,595	3,091,549
Net Surplus / (Deficit) for year	2,587	3,115
Gain (Loss) on Revaluation of I,PPE	39,337	21,931
Other Comprehensive income	0	0
Equity – Balance at end of the reporting period	**3,158,519**	**3,116,595**

Note: The 2025/26 budget comparative has been updated to reflect the fixed asset revaluation adjustment (reflected as a change in the Q1 budgeted financials – refer CSC 3/11/25 Item 4.4) and corresponding updates to equity.

Schedule 5: Summary of Operating and Capital Investment Activities
Uniform Presentation of Finances

	2026/27 $'000	2025/26 $'000
Income		
Rates	156,789	147,874
Statutory Charges	5,931	5,928
User Charges	4,829	4,969
Grants, subsidies and contributions – operating	8,344	10,338
Grants, subsidies and contributions – capital	1,400	200
Investment Income	101	97
Reimbursements	386	385
Other income	141	66
Total Income	**177,920**	**169,857**
Expenses		
Employee costs	65,195	63,558
Material, Contracts, Other	63,012	57,956
Depreciation, Amortisation and Impairment	45,143	43,049
Finance costs	1,984	3,094
Total Expenses	**175,333**	**167,657**
Operating Surplus/Deficit	**2,587**	**2,200**
Less Grants, subsidies and contributions – capital	**(1,400)**	**(200)**
Adjusted Operating surplus	**1,187**	**2,000**
Less: Net Outlays on Existing Assets		
Capital expenditure on renewal and replacement of existing assets	26,161	38,257
Finance Lease payments for Right of Use Assets	183	203
Less Depreciation, Amortisation and Impairment	(45,143)	(43,049)
Less Grants subsidies and contributions – renewal	0	(200)
Less proceeds from sale of Replaced Assets	(1,920)	(1,650)
	(20,719)	**(6,439)**
Less: Net Outlays on new and Upgraded Assets		
Capital expenditure on New and Upgraded assets	33,826	19,148
Less amounts received specifically for New and Upgraded assets	(1,400)	(860)
Less proceeds from Sale of Surplus Assets	0	0
	32,426	**18,288**
Equals: Annual Net Impact to Financing activities	**12,895**	**13,849**

Schedule 6: Statement of Financial Indicators

	2026/27 $'000	2025/26 $'000
Operating surplus/deficit - $'000	2,587	2,200
Operating surplus ratio	1.5%	1.3%
Adjusted Operating surplus ratio	0.7%	1.2%
Net Financial Liabilities ratio	39.1%	52.9%
Interest cover ratio	1.1%	1.7%
Asset Renewal funding ratio (AMP)	100%	100%

APPENDIX C –
CAPITAL RENEWAL PROJECTS

Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Responsible Governance	Active and Sustainable Transport Program 26/27	00002553	$600,000		$600,000
Responsible Governance	Asset Breakdown - Contingency Fund 26/27	00002539	$203,600		$203,600
Responsible Governance	Automated External Defibrillators - Renewals	00002588	$90,000		$90,000
Responsible Governance	AV Refresh - Rooms & Community Centre 26/27	00002562	$94,000		$94,000
Responsible Governance	Carpark Renewal Program 26/27	00002506	$230,000		$230,000
Responsible Governance	Desktop & Laptop Replacement 26/27	00002558	$320,500		$320,500
Responsible Governance	Fences, Walls & Bollard Renewals 26/27	00002513	$200,890		$200,890
Responsible Governance	Footpath & Kerb & Gutter Defect Program 26/27	00002567	$1,000,000		$1,000,000
Responsible Governance	Heavy Fleet Replacement Program 26/27	00002508	$2,897,995		$2,897,995
Responsible Governance	Inlet Reserve Renewal Public Amenities	00002543	$50,000		$50,000
Responsible Governance	Irrigation Renewals 26/27	00002518	$1,093,250		$1,093,250
Responsible Governance	Light Fleet Replacement Program 26/27	00002512	$254,000		$254,000
Responsible Governance	Minor Plant Replacement Program 26/27	00002504	$103,800		$103,800
Responsible Governance	Network Infrastructure Replacement	00002575	$186,500		$186,500
Responsible Governance	Office Fit-out Modifications 26/27	00002507	$46,000		$46,000
Responsible Governance	Path & Access Ramp Renewal Program 26/27	00002556	$4,200,000		$4,200,000
Responsible Governance	Public Lighting Renewal Program 26/27	00002515	$500,000		$500,000
Responsible Governance	Road Renewal Program 26/27	00002577	$9,000,000		$9,000,000
Responsible Governance	Server & Storage Array Replacement	00002505	$67,000		$67,000
Responsible Governance	Stormwater Drainage Renewal Program 26/27	00002547	$443,750		$443,750
Responsible Governance	Structured Cabling System Replacement	00002511	$144,250		$144,250

Responsible Governance	Western Strikers FC – Sports Lighting Project	00002537	$145,000		$145,000
Responsible Governance	Waterproofing the West - Pump Station Renewals	00002542	$50,000		$50,000
Responsible Governance	Concept Planning - Trust Reserve Changeroom Upgrades	00002526	$101,800		$101,800
Responsible Governance	Council Building Renewal 26/27	00002531	$1,431,874		$1,431,874
Responsible Governance	Open Space Furniture Renewals 26/27	00002523	$179,119		$179,119
Responsible Governance	Playground Renewals 26/27	00002528	$840,508		$840,508
Responsible Governance	Point Malcolm Train Track – Semaphore Tourist Railway	00002589	$99,000		$99,000
Responsible Governance	Sport Accessories Renewals 26/27	00002532	$261,466		$261,466
Responsible Governance	Sporting Club Changeroom Renewal - Grange Hockey Clubrooms	00002522	$1,527,000		$1,527,000
Total			**$26,361,302**	**$0**	**$26,361,302**

APPENDIX D – ESCOSA REPORT

Advice

Local Government Advice

City of Charles Sturt

February 2025

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
ADELAIDE SA 5001

Telephone:	(08) 8463 4444
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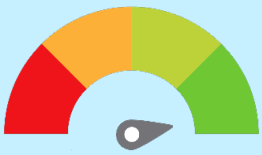
City of Charles Sturt

AT A GLANCE

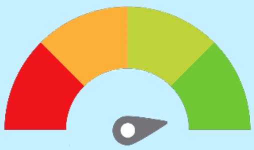
OVERVIEW

The Essential Services Commission finds the City of Charles Sturt's current and projected financial performance **mostly sustainable,** noting that annual Long-Term Financial Plans do not fully reflect current asset values and the Council forecasts average growth in operating expenses per property of 2.1 percent per annum over the next 10 years, without showing how it will achieve cost growth below inflation. Rectification of these issues will improve transparency and confidence in the long-term sustainability of this well-managed council.

FINANCIAL PERFORMANCE



Past 10 years
Sustainable



Current
Sustainable

Projected
Mostly Sustainable

RISKS IMPACTING SUSTAINABILITY

⚠ Not appropriately sequencing the asset management plan updates to ensure that the long-term financial plan is informed by current values (including for updated asset valuations and depreciation projections).

⚠ The outcomes of planned cost savings targets and productivity improvements not being reported and possibly not achieved.

⚠ The expansion or acceleration of new services and the development of new assets, which may increase affordability risk for ratepayers.

KEY FACTS

▶ Population in 2023 was **127,440** (1) residents

▶ Council covers **54.8 square kilometres** (1)

▶ **61,545** rateable properties in 2022-23 (2)

▶ **$119.3 million of rates income** in 2022-23 (2)

▶ Value of assets held in 2022-23 equals **$1,579.0 million** (2)

Source: (1) Australian Bureau of Statistics, *Data by region*, available at https://dbr.abs.gov.au/ (2) The Council's Financial Reporting Template provided to the Commission.

Table of contents

1 Executive summary

1.1 Summary of observations

In general, the Essential Services Commission of South Australia finds the City of Charles Sturt's current financial performance and position sustainable. Over the last 10 years, the City of Charles Sturt has consistently run operating surpluses, indicating that the operating income it collects generally exceeds its operating expenses by a moderate margin.

The City of Charles Sturt has demonstrated some constraint in its budgeting, with a target operating surplus ratio of between 2.5 percent and 5.0 percent per annum over the next 10 years, and it is not considered to be accumulating excessive surpluses. At the same time, it is budgeting off a higher cost base but is aiming to maintain average rate levels consistent with long-term inflation expectations.[1] To assist in achieving this, the Essential Services Commission considers that the City of Charles Sturt should improve the disclosure (and quantification) of its cost savings or outcomes of productivity targets. Further, its average residential rates are broadly consistent with similar councils, and the socio-economic ranking for the community is also considered average among South Australian councils, suggesting that the community's capacity to pay for higher rates might be more limited than in other communities.

Community service levels appear to have been maintained, largely through the City of Charles Sturt's focus on renewing its asset base, while it has also been adding to its asset base, with an accompanied expansion of service levels through investment in new projects and initiatives.

The City of Charles Sturt's strategic planning processes appear robust and well developed. There is, however, potential risk to the Council's sustainability (compared to the projections presented in the Essential Service Commission's Advice) as several updates to the infrastructure and asset management plan and material asset revaluations were carried out after the Council's long-term financial plan was reviewed in February 2024. This may necessitate material changes to subsequent long-term financial plans that result in higher rate increases, in the absence of cost reductions and/or slowing the provision of new assets or asset upgrades.[2]

The Essential Services Commission notes the City of Charles Sturt's current good practice of consulting with stakeholders and its community on its strategic management plans and recommends that it continues to understand the community's preferences on service provision, service levels and funding appetite. A summary of the Commission's recommendations is provided below.

1 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.

2 For example, if significant asset revaluations are needed to accurately reflect forward looking asset costs, the Council's LTFP may be unsustainable, based upon the Council seeking to keep the same asset stock and provide the same services. This is because the depreciation charge will increase, placing more pressure on the operating surplus ratio, and the Council will have less capacity to build cash reserves or finance additional borrowings.

1.2 Summary of Recommendations

The Commission recommends that the City of Charles Sturt:

1. Continue the good practice of annually updating and developing its strategic management plans, in consultation with stakeholders and the community.
2. Update its asset valuation assumptions to accurately reflect the current and long-term asset values (and associated depreciation) in its long-term financial plans each year.
3. 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.
4. Consider its pace of repayment of debt, balancing financial costs, the program of development of new assets and intergenerational equity.
5. Adhere to the principles underpinning its long-term financial plan projections, to appropriately allocate funding to the renewal of its assets, relative to prioritising initiatives for new or upgraded infrastructure.
6. Continue to review its long-term asset base assumptions, including asset valuations, and asset lives, as necessary, informing its forecast rate of asset consumption and depreciation expenses and asset renewal needs in its long-term financial plan and asset management plans.
7. Continue the good practice of consulting with the community on its strategic management plans and on proposed rate increases.

2 About the advice

2.1 Background

The State Parliament has tasked the Essential Services Commission of South Australia (**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 (**ABP**) and budgets, in the context of their Long-Term Financial Plans (**LTFP**) and Infrastructure and Asset Management Plans (**IAMP**). 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.[4] Financial sustainability encompasses intergenerational equity,[5] program (service level) and rates stability in this context.[6] The other main purpose is for the Commission to consider ratepayer contributions in the context of all revenue sources, as outlined in the LTFP.[7] 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.[8]

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 City of Charles Sturt (**Council**).

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 ABP (including any draft ABP) and in subsequent plans until the next cycle of the Scheme.[9] 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 its Advice for the Council, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**).[10]

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**).[11]

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3 Amendments to the *Local Government Act 1999* (**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 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.

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

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

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

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

9 LG Act s122(1h).

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

11 The 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

Analysis of these three indicators captures financial and service sustainability, in addition to cost control and affordability risk.[12]

City of Charles Sturt – Strategic Management Plan Documents

- Draft Water Infrastructure, Asset Management Plan, 2024-2034 (July 2024)
- Annual Business Plan and Budget 2024/25, including CEO Statement on Financial Sustainability; and LTFP Assumptions and Forecasts 2024-2034 (June 2024)
- Fleet, Plant and Equipment, Asset Management Plan, 2024-2034 (May 2024)
- Transport Assets, Asset Management Plan, 2024-2034 (April 2024)
- Public Lighting, Asset Management Plan, 2024-2034 (April 2024)
- Council Buildings, Asset Management Plan, 2024-2034 (April 2024)
- Open Space and Recreation Infrastructure, Asset Management Plan (April 2024)
- Audit and Risk Committee Meeting (Agenda and Minutes), Item 4.03 - Review of LTFP Assumptions and Framework for Development of the Annual Budget 2024/25 (February 2024)
- Annual Business Plan and Budget 2023/24, including CEO Statement on Financial Sustainability; and LTFP 2023-2033 (June 2023)
- Water Infrastructure, Asset Management Plan, 2021 (November 2021)
- Information Technology, Asset Management Plan (January 2019)

The Commission notes that most of the Council's infrastructure asset base is covered by its existing AMPs. Some of the recent updates to its AMPs are not fully reflected in the Council's current LTFP (as presented in this Advice), as they were completed after the LTFP was adopted. Additionally, the Council advised that some of its assets were revalued in 2023-24 and this uplift is not reflected in its current LTFP.

Given that the Commission must, in providing advice, have regard to the objective of councils maintaining and implementing their IAMPs and LTFPs,[13] it has also considered the Council's performance in that context. Findings regarding the content of the Council's AMPs, and the alignment between its LTFP and AMPs,[14] are discussed in section 5.

The Commission has also reviewed the Council's template data which contains 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 or **FTE**) numbers from 2013-14 onwards.[15] [16] The charts and tables in the Advice are primarily sourced from these datasets. In addition, the Commission has reviewed the Council's Audit and Risk 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, but it has compared estimated inflation impacts to these trends as a guide to identify 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (**CPI**) line shows the

basis for its analysis, which were established and agreed during the development of the LGA Financial Sustainability Papers (2006-2011).

12 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.

13 LG Act s122(1g)(a)(i).

14 As required under s122(1b) of the LG Act.

15 The Council's estimates for the 2023-24 financial year, relied on at the time of preparing this advice, were unaudited.

16 Sourced from the Local Government Grants Commission (including data reported by the Office of the Valuer General) and the Council's data.

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) 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's offices and the following individual circumstances of the Council, consisting of:

- its location as an urban council
- its income level (a total of $145.3 million in 2022-23), and
- the size of its rates base (61,545 rateable properties as at 2022-23[17]).

Throughout this paper the Commission has identified key points and assigned the following risk category to those points:

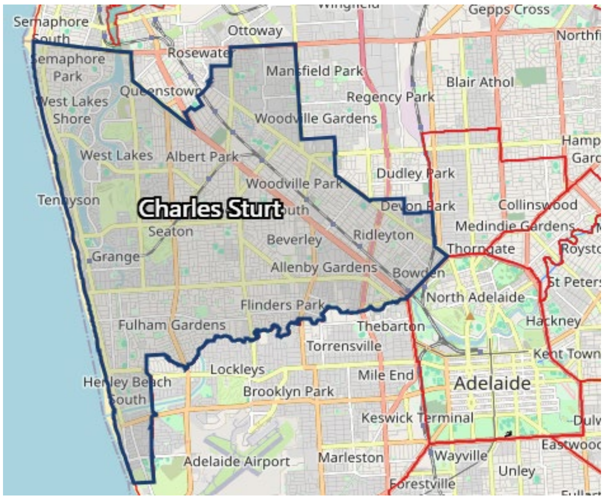
Legend: ✅ Low-risk ⚠ Moderate-risk 🛑 High-risk

[17] Based on the estimated number of property assessments in 2022-23.

3 Council profile

The City of Charles Sturt is classified by the Commission as an 'Urban Development and Urban City Centre' council, and is one of 16 in this category in South Australia.[18] The Council is located in the Western suburbs of Adelaide between the Adelaide CBD and the coast, comprising 54.8 square kilometres and 12 kilometres of coastline.[19] It has an estimated resident population of 127,440 (at 30 June 2023),[20] and 61,545 rateable properties (2022-23).[21]

The Council was proclaimed on 1 January 1997, joining together the former City of Hindmarsh Woodville and the City of Henley and Grange.[22]



The Council region also has the following attributes:

- stable rateable property growth of approximately 1.0 percent per annum[23]
- population density of 2,326 persons per square kilometre (at 30 June 2023)[24]
- 593 kilometres of sealed roads and laneways, with minimal unsealed roads (at 30 June 2023)[25]
- largest employment sectors are in health care and social assistance (15.7 percent), retail trade (9.7 percent), education and training (8.9 percent), and construction (8.4 percent) (at 30 June 2021),[26] and
- a median population age of 40.3 years.[27]

18 Commission, *Fact Sheet - Local Government Advice Scheme – Schedule of Councils*, May 2023, available at https://www.escosa.sa.gov.au/ArticleDocuments/21947/20240731-Advice-ScheduleOfCouncils-FactSheet.pdf.aspx?Embed=Y.
19 Department of Infrastructure and Transport, *Councils in Focus*, available at https://councilsinfocus.sa.gov.au/councils/city_of_charles_sturt.
20 Australian Bureau of Statistics, *Data by region*, available at https://dbr.abs.gov.au/region.html?lyr=lga&rgn=41060.
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 City of Charles Sturt website available at https://www.charlessturt.sa.gov.au/council/about-our-city.
23 Based on the Council's Financial Reporting template provided to the Commission.
24 Footnote 20 applies.
25 Footnote 21 applies.
26 Footnote 20 applies.
27 Footnote 20 applies.

4 Material plan amendments in 2024-25

The Council has made various amendments to its 2024-25 budget and forward projections, partly for inflation and partly for other revenue and spending initiatives. The material amendments to some of 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 LTFP projections (included in the Council's Annual Business Plans (ABPs)), the Commission has reviewed the nine overlapping years' statistics: 2024-25 to 2032-33 and identified material amendments accordingly.[29]

4.1 Key points

- ✅ Good practise of annually updating and developing its strategic management plans in consultation with its stakeholders and community.
- 🛑 Current long-term financial plan may not accurately reflect current and projected asset valuation assumptions.
- ⚠ Increased forecast capital expenditure by 25.6 percent (or $88.3 million) in its 2024-25 LTFP estimates.

Table 1: Summary of Plan Amendments

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 (percent)
Rates income*	1,396.7	1,450.0	+53.3	+3.8
Statutory charges	46.7	50.2	+3.5	+7.5
User charges	36.0	40.7	+4.7	+13.2
Reimbursements	5.6	4.9	-0.7	-12.5
Total operating income*	1,570.6	1,634.3	+63.7	+4.1
Employee costs*	578.3	601.7	+23.4	+4.1
Depreciation, amortisation and impairment*	390.6	374.3	-16.3	-4.2
Capital expenditure on renewal of assets[30]	256.4	305.1	+48.7	+19.0
Capital expenditure on new and upgraded assets[31]	89.1	128.7	+39.6	+44.4

* These items may not indicate a material amendment.

28 This table shows only selected financial items to demonstrate the material amendments made by the Council in its 2024-25 estimates. It excludes various financial items, and individual items may not sum to totals.
29 The Council's updated LTFP projections are contained in its ABPs.
30 The capital expenditure estimates are based on the 2024-25 LTFP projections provided by the Council to the Commission (in an Excel template).
31 Footnote 30 applies.

4.2 General observations on the LTFP, ABP and IAMP

Through early discussions with the City of Charles Sturt, the Commission has observed that the Council has a structured and consultative process when developing its strategic management plans and budgets. Each year in January, the Council undertakes a review and update of its LTFP, which is considered by the Council's Audit and Risk Committee, with recommendations further considered by the Corporate Services Committee and Council.[32] The first year of the adopted LTFP provides the high-level framework for the development of the Council's annual budget. Both the LTFP and Annual Business Plan (and Budget) are developed within the Council's overall planning framework, which includes the 20-year Community Plan and Corporate Plan. The Corporate Plan details the strategies and actions that will align to the first 4 years of the Community Plan.

From July to October each year, the Council's AMPs are reviewed and updated, having regard to any forecast expenditure changes resulting from changed circumstances. The Council advises that all major AMPs have had a major revision in 2023-24, in line with legislative requirements to review these within two years of council elections.[33] The Council has established a rolling schedule for asset condition assessment and asset revaluations for all major asset classes; and has allocated a recurrent budget to ensure adequate funding for this rolling program.

In October 2024, the Council advised the Commission that it had undertaken significant asset revaluations, with land representing the largest increase by $867 million on 30 June 2024, and some assets had not been revalued since 2018.[34] This is discussed further in section 5.3 below. Overall, the Commission considers that the Council's approach to updating and developing its SMPs, and annual business plans and budgets represents good practice. However, there is scope to improve the sequencing of updates to asset valuation assumptions (and resulting depreciation) included in its LTFP. Accordingly, the Commission recommends that the Council:

1. Continue the good practice of annually updating and developing its SMPs, in consultation with stakeholders and the community.
2. Update its asset valuation assumptions to accurately reflect the current and long-term asset values (and associated depreciation) in its LTFPs each year.

4.3 Changes to operating performance

The Council has projected in its 2024-25 LTFP (also included in its 2024-25 ABP) an increase in total operating income of $63.7 million (or 4.1 percent) across the nine-year comparative period to 2032-33 compared to the 2023-24 LTFP (also included in its 2023-24 ABP and as shown in Table 1 above).[35] This reflects a range of changes to its income forecasts, notably:[36]

- The rates revenue increase reflects the rate increase of 2.0 percent in 2024-25 to fund its Tree Canopy project, costing $51.1 million over 20 years (commencing from 2024-25). The Council proposes to increase rates by a further 2.5 percent, phased between 2024-25 and 2027-28, to address increased capital expenditure for asset renewals and new assets of $67 million.[37]

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32 Under s.122(4)(a)(i) of the LG Act the Council must undertake a review of its long-term financial plan on an annual basis.

33 LG Act s122(4)(a) and (b). General elections were last held for SA councils on 11 November 2022.

34 City of Charles Sturt, *Email to the Commission*, 8 October 2024.

35 This is generally consistent with the Adelaide (All groups) CPI increase of 4.3 percent in the year to March 2024 quarter. Available at https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release#data-downloads. The Council uses a range of indexation assumptions, and for its baseline rates projections applies the Deloitte Access Economics South Australian CPI forecasts (which for the year to June 2025, was 2.75 percent).

36 Based on the Council's Financial Reporting template (including its reasons for material amendments) provided to the Commission.

37 These increases are in nominal terms and are inclusive of CPI increases.

- Statutory charges reflect an increase in parking expiations by $0.2 million in 2024-25 due to an increase in resourcing, which results in a $2.2 million increase over 10 years. In addition, increases in planning and development fees, dog fees and permits will contribute to a $3.5 million increase over 10 years.
- User charges reflect increased revenue associated with the Woodville Town Hall and Climate Adaption reimbursement from collaborating councils (City of West Torrens and Port Adelaide Enfield). The impact of these changes is an additional $4.7 million over nine years.

For operating expenses, the Council has provided some explanations to the Commission, summarised below:

- Employee costs reflect an increase of $2.5 million per annum due to indexation, and an increase of $1.4 million associated with annual operating projects in 2024-25 (Tree Canopy project salaries are $0.8 million in 2024-25). In total these impacts contribute to an increase of $23.4 million (or 4.1 percent) across the nine-year comparative period.
- Depreciation expenses reflect the changes in the Council's LTFP assumptions (most recently updated in February 2024), which projects that depreciation will decrease by $16.2 million (or 4.2 percent) across the nine-year comparative period. The Council states this is due to the:
  - sale of the 'JetVac' truck and 'cameravan' used for unblocking drains and stormwater pipes, which reduces depreciation by approximately $0.08 million per annum (or $0.8 million over 10 years), and
  - reduction in the projected rate of depreciation in the LTFP to better align with the rate of depreciation in the asset register, which reduces average depreciation by 1.7 percent over 10 years (or a decrease of $6.6 million over 10 years).

Additionally, the Council has foreshadowed that it expects depreciation expenses to increase by $3 - $5 million in 2024-25 following a 30 June 2024 internal revaluation of its infrastructure assets (stormwater, roads, footpaths and bridges). These revaluations were undertaken after the Council's current LTFP was finalised and adopted; and could present a material risk to the Council's operating performance and a potential burden on ratepayers. This is because the asset revaluation and associated depreciation changes are not fully reflected in the Council's current LTFP, which projects operating surpluses across its forecast horizon to 2033-34. The Commission assessment of how this issue relates to the Council's financial sustainability is discussed in section 5.

4.4 Changes to capital expenditure estimates

The Council's 2023-24 LTFP projections (included in its ABP) indicate a material increase in capital expenditure for asset renewals (by $48.7 million or 19.0 percent) and for new and upgraded assets (by $39.6 million or 44.4 percent), compared to the previous years' LTFP projections (for the period from 2024-25 to 2032-33). The Council advises that the proposed spend on both renewals and new and upgraded assets is projected to be higher due to:

- higher procurement costs on asset renewals, which comprise an additional $30.7 million
- increases in the pricing and scope for new assets, which comprises an additional $36.6 million, and
- higher indexation applied from 2028-29 onwards (the Council uses Deloitte Access Economics projections), which comprises an additional $19.6 million in capital expenditure.

The Council's transport assets (that is roads, footpaths, and bridges), and stormwater represent its largest asset classes and are a major focus of its renewal, investment and operating and maintenance budgets. The Council's capital expenditure outlook is discussed further (in the context of its asset renewal funding) in section 5.3.

5 Financial sustainability

5.1 Operating performance

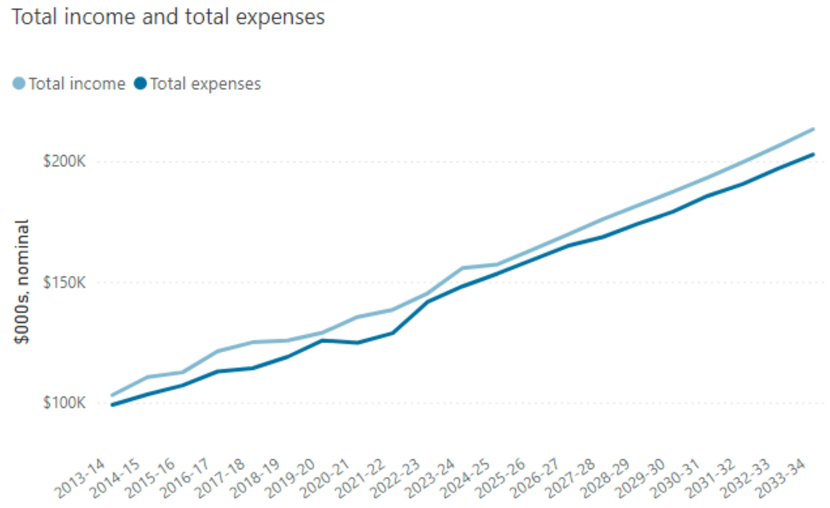
5.1.1 Key points

- Operating surpluses were consistently achieved between 2013-14 and 2022-23, with the operating surplus ratio averaging 5.6 percent over this period.
- In its forward projections, the operating surplus ratio is forecast to average 3.8 percent per annum from 2024-25 to 2033-34.
- From 2013-14 to 2022-23, there were average annual increases of 4.3 percent in employee costs and 3.6 percent in 'materials, contracts and other' expenses, above CPI.
- Expenses per property are projected to increase by 2.1 percent per annum over the period from 2024-25 to 2033-34, below current inflation projections.

5.1.2 Operating Surplus Ratio

Figure 1: Operating surplus ratio – historical and forecast

Figure 2: Total income and expenses – historical and forecast



The Council has consistently achieved annual operating surpluses ranging from $3.2 million to $10.8 million. Over the last 10 years, the Council's operating surplus ratio[38] has averaged 5.6 percent, around the mid-point of the suggested Local Government Association of South Australia (LGA) target range of between zero and 10.0 percent.

The Council has maintained annual operating surpluses, with growth in operating income averaging 3.9 percent per annum from 2013-14 to 2022-23, and growth in operating expenses averaging 4.1 percent per annum.[39] Both operating revenue and operating expenses have increased at a rate higher than historical CPI, however these increases should be viewed in the context of the Council's growth in rateable properties, which has been 1.0 percent average annual growth over the same period (this is discussed further below).

Over the forecast period, the Council's operating surplus ratio is projected to increase progressively from a budgeted 2.4 percent (2024-25) to 4.9 percent (2033-34), which is consistent with the Council's target ratio between 2.5 percent and 5.0 percent over 10 years (see Figure 1). This appears to be a reasonable target since it appears to provide the Council funding for new mandates or initiatives (as well as allow for contingency). However, the Commission's view is that achievement of this target should come from Council efficiency or productivity improvements rather than increases in rates above inflation.

5.1.3 Operating Income

The Council's primary source of income over the period from 2013-14 to 2022-23 was from rates, which on average accounted for 84 percent of total operating income. Rates revenue has increased on average by 3.3 percent per annum from 2013-14 to 2022-23 (when growth in the number of rateable properties was averaging 1.0 percent and CPI growth averaged 2.6 percent). Over the same period, 'user charges' (accounting for 2.6 percent of total operating income) increased by an average of 5.6 percent per annum, and 'grants, subsidies and contributions' (accounting for 8.2 percent of total operating income) increased by an average of 7.6 percent per annum.

[38] The operating surplus ratio 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 (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised,* May 2019 (LGA SA Financial Indicators Paper), p. 6).

[39] Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice).

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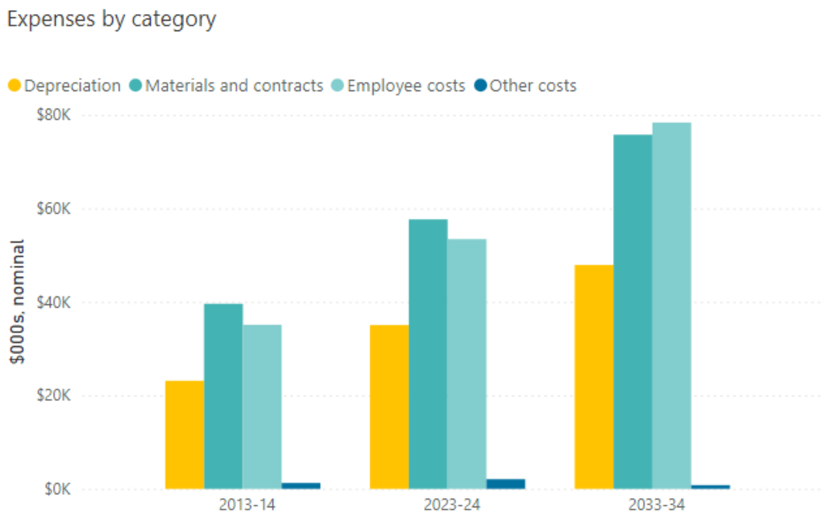
Grants income has been 'lumpy' from year to year.[40] The three-year average of $148 per ratepayer in 2015-16 is compared with the three-year average of $202 per ratepayer in 2022-23, reflecting an increase in value in real terms (or 4.6 percent increase per annum in nominal terms).

The Council is projecting average annual rates revenue growth of 3.6 percent to 2033-34, which is above the projected long-term inflation rate,[41] a real increase in rates revenue. The Council's projected average annual growth in the number of rateable properties is 1.0 percent per annum, so its growth in rate revenue (on a per rateable property basis) is projected to average 2.6 percent per annum, which is consistent with projected long-term inflation. Rates are discussed in more detail in section 6.

5.1.4 Expenditure

From 2013-14 to 2022-23, the Council's operating expense growth was primarily due to an average annual increase of 4.3 percent in employee costs[42], 4.4 percent in 'depreciation, amortisation and impairment' expenses, and 3.6 percent in 'materials, contracts and other' expenses (see the changes by expense type in Figures 3 and 4).

Figure 3: Expenses by category – historical and forecast

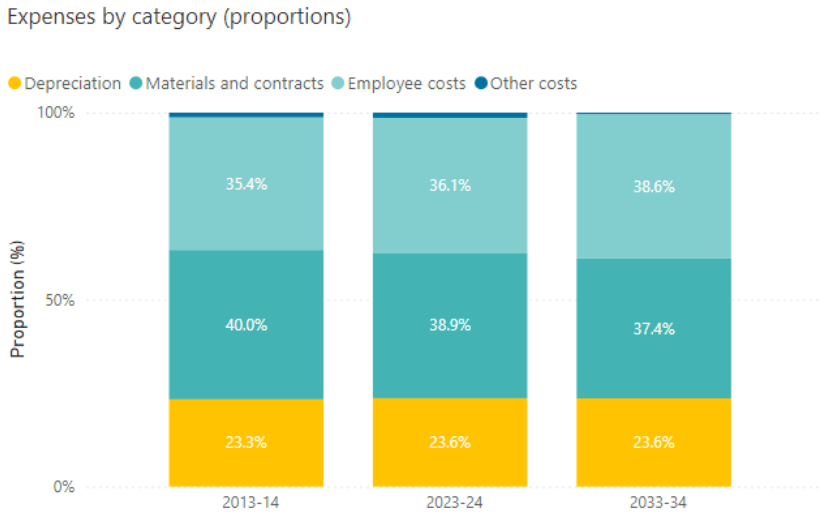


40 Due to the timing of different grants and sometimes advance grant payments (as for the 2023-24 grant allocation, which was received and accounted for in 2022-23).

41 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.

42 The Council's template data shows that employee numbers increased by 9 FTEs over this period. In 2023-24 the Council's unaudited data shows a material increase in FTEs to 496 (an increase of 25 FTEs). Long term planning projections assumes it will remain constant at current levels of 496 FTEs.

Figure 4: Expenses by category - proportions



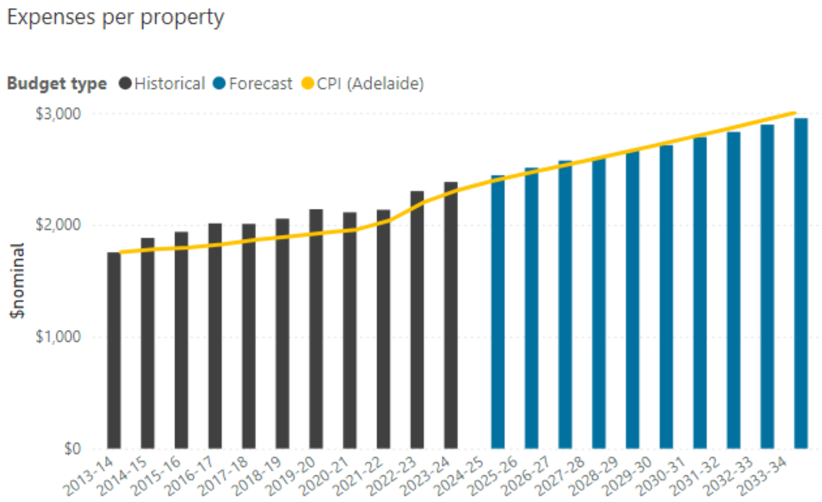
For the forecast period (from 2024-25 to 2033-34), the Council projects a 3.1 percent average expense growth, which is lower than the annual average growth of 4.1 percent for the nine years to 2022-23, and is higher than the RBA-based forecast inflation growth.[43] It is noted that the Council reported higher year-on-year increases in 2022-23 across most of its cost categories by approximately 10.0 percent (compared to the previous year),[44] however long-term forecast operating cost trends remain consistent with its historical growth rates.[45] The expenses per property metric, which takes account of growth, is expected to increase by an average of 2.1 percent per annum (from 2024-25 to 2033-34), which is below inflation projections (see Figure 5).

43 Footnote 41 applies.

44 The notable percentage increases in the Council's operating costs were attributable to Employee leave expense (by 63 percent), Contractors (by 24 percent), Energy (by 25 percent), and Levies paid to Government (inc. Regional Landscape Levy) (by 16 percent). See City of Charles Sturt, *General Purpose Financial Statements for the year ended 30 June 2023*, Note 3(a) and 3(b), p. 20, available at https://www.charlessturt.sa.gov.au/council/council-documents/annualreport.

45 The Council states that changes in 'materials, contracts, and other' expenses and employee costs also reflect insourcing activities subject to a business case, for example related to irrigation construction and public litter bins.

Figure 5: Expense by rated property - historical and forecast



The Commission's analysis of the Council's financial information shows that it has incurred higher operating costs, particularly in the last two years from 2022-23 to 2023-24 (compared to 2021-22), and that it has maintained financial sustainability largely through higher rates, statutory charges, and user charges. While the Council has considered cost savings in it budgets and forecasts (notably in 'materials, contracts and other' expenses), there is a risk that this higher cost trend continues. For example, over a cumulative 3-year period to 2026-27, the Commission observes:

- 17.0 percent cumulative increase in employee costs (accounting for 37.9 percent of total operating expenses), and
- 11.9 percent cumulative increase in 'depreciation, amortisation and impairment' expenses (accounting for 23.8 percent of total operating expenses).

The increase in employee costs represents an expansion of employee numbers to 496 FTEs (from 471 FTEs in 2022-23), with some of this attributable to the Council's proposed Tree Canopy project. Higher costs associated with enterprise bargaining agreements are also contributing to these increases. The depreciation expense increase appears logical due to revaluation of assets, however there is some uncertainty around the proposed changes on account of recent revaluation of assets to be reflected in subsequent LTFPs (this is discussed in Section 5.3).

5.1.5 Commission's recommendations on operating performance

The Commission has observed the Council's current good practice of regularly updating its strategic planning documents and presenting a range of long-term financial planning scenarios that are supported by a range of assumptions.[46] However, in reviewing the Council's LTFP and ABP (applicable from 2024-25 and onwards), the Commission found little evidence of cost savings or productivity targets that could assist the Council to reduce its cost growth and exposure to inflationary pressures. A focus on savings and productivity targets would also assist the Council to minimise rates increases for its community or avoid a reduction in service levels. Therefore, the Commission recommends that the Council:

[46] City of Charles Sturt, *Corporate Services Committee, Agenda and Reports – 4 March 2024, Item 4.07 Long Term Financial Plan and Framework for the 2024/25 Budget,* p. 5, available at https://www.charlessturt.sa.gov.au/__data/assets/pdf_file/0023/1553360/AGENDA-Corporate-Services-Committee-Meeting-4-March-2024.pdf.

3. 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.

5.2 Net financial liabilities

5.2.1 Key points

- Net cash flows after operating and investing (that is, capital-related) activities has averaged negative $1.8 million per annum between 2013-14 and 2022-23.
- Between 2013-14 and 2022-23 the net financial liabilities ratio averaged 41.1 percent; and is projected to be within the LGA target range from 2024-25 to 2033-34.
- Total borrowings are forecast to peak in 2025-26 (to $72.6 million) and then fall towards the end of the Council's planning horizon in 2033-34 (to $11.7 million), materially increasing debt servicing costs in the latter half of its LTFP.

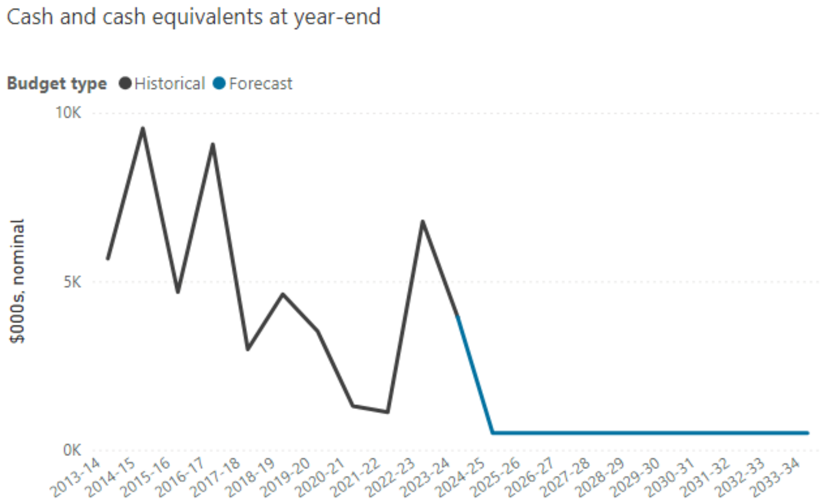
Despite the Council's frequent operating surpluses over the last 10 years, its net cash flows after operating and investing (that is, capital-related) activities have averaged negative $1.8 million annually between 2013-14 and 2022-23.[47] These are the cash flows generally available for debt repayments (and are after interest payments) and indicate the Council has been effectively utilising its cash reserves to repay borrowings. This indicator is different to Figure 6, which shows cash held by the Council at the end of each year, including financing activities, which has averaged $4.9 million per annum over the same period.

The Council has predominantly used borrowings from the Local Government Finance Authority of South Australia (LGFA) to finance new and upgraded assets, consistent with its commitment to avoid unacceptable rates increases over the short-term and as a way of achieving inter-generational equity.[48] In its 2024-25 LTFP, the Council is forecasting an increase in borrowings to $51.2 million (in 2024-25) and to $72.6 million (in 2025-26), representing forecast (net) proceeds from borrowings of $31.8 million.

47 This figure provides a general indication on whether the Council has a capacity to repay borrowings or has an emerging cash flow sustainability issue. A negative or relatively small figure should be viewed in the context of the Council's revenue base and existing cash balances, and it may be able to service cash flow deficits for a long period of time.

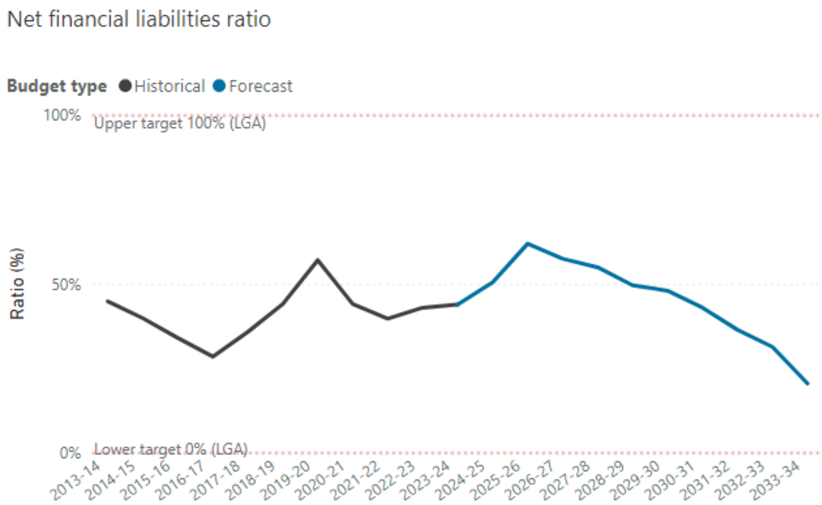
48 City of Charles Sturt, *Annual Business Plan and Budget 2024/25,* June 2024, p.14.

Figure 6: Cash and cash equivalents at year end – historical and forecast



The Council's net financial liabilities ratio has been relatively consistent and has averaged 41.1 percent over the 10-year period from 2013-14 to 2022-23 (see Figure 7). This is within the suggested LGA target range for the indicator of between zero and 100 percent and is at a level which demonstrates that the Council is only accumulating liabilities that its operating income can reasonably service (see Figure 8).[49]

Figure 7: Net financial liabilities ratio – historical and forecast

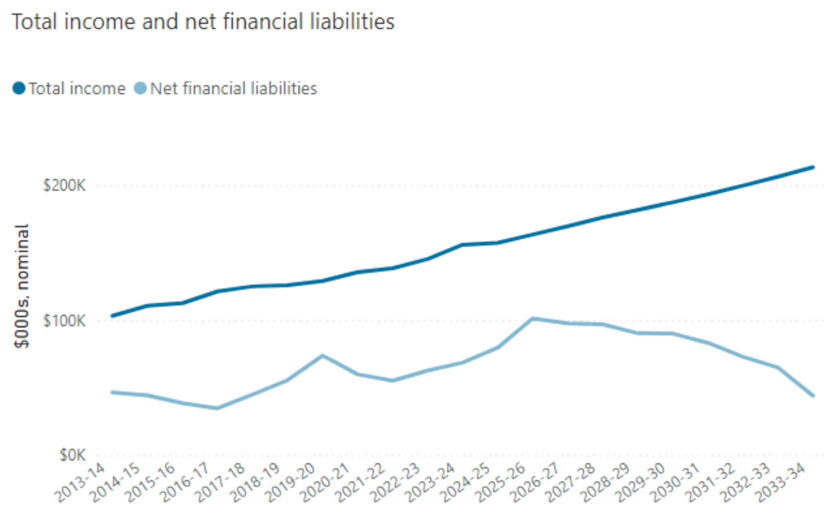


The Council has estimated that the NFLR will peak at 62.0 percent in 2025-26,[50] with borrowings forecast to peak at $72.6 million in 2025-26. Over the remaining period of the LTFP, the Council is projecting net borrowing repayments totalling $60.9 million, and the net financial liabilities ratio is projected to decline to 20.6 percent in 2033-34 (when borrowings are projected to total $11.7 million).

49 The net financial liabilities ratio 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 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

50 Based on the Council's Excel template provided to the Commission.

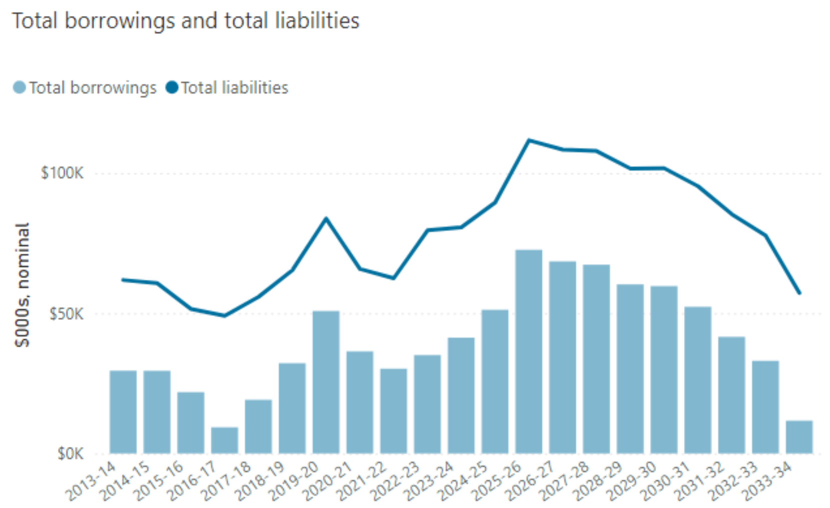
Figure 8: Total income and net financial liabilities – historical and forecast



The Council has a relatively conservative attitude towards debt, and its strategic use. It has endorsed the suggested LGA measure being the net financial liabilities ratio of between 0 percent and 100 percent. The Council also uses the interest cover ratio, which measures the serviceability of the Council's net interest expense (as a percentage of operating revenues), with a target range being less than 10 percent. These ratios remain comfortably within the Council's upper policy limits.[51]

In addition to these metrics, the Council targets a long-term net financial liabilities ratio (in year 10) of no greater than 25 percent of revenue, which the Council believes will ensure that it is positioned to respond to future opportunities or challenges, while ensuring it can deliver its repayment program for capital work infrastructure borrowings. The Council's debt amortisation profile (depicted in Figure 9), shows that its debt servicing increases materially in the latter half of its LTFP.[52]

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



51 City of Charles Sturt, *Annual Business Plan and Budget 2024/25,* June 2024, p.14.

52 The Council's projections shows that it will achieve its 25 percent net financial liabilities ratio through a relatively large borrowing repayment of $21.4 million in year 10 (2033-34) of its LTFP.

5.2.2 The Commission's recommendations on financial liabilities

As noted previously, the Commission observes that the Council is generally conservative in its use of debt and manages its financial risks through the use and reporting of several metrics (among other things). This is a favourable management approach, however, given the Council's proposed increase in borrowings (in 2024-25 and 2025-26) along with its interest rate exposure, it may be appropriate for it to spread the repayment of borrowings (and debt servicing) across a longer timeframe, consistent with the principle of intergenerational equity.[53] Accordingly, the Commission recommends that Council:

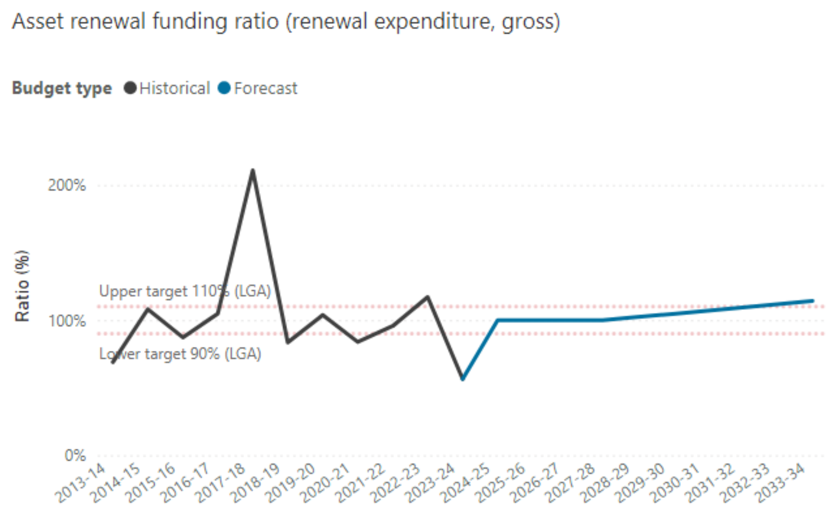
4. **Consider** its pace of repayment of debt, balancing financial costs, the program of development of new assets and intergenerational equity.

5.3 Asset renewals expenditure

5.3.1 Key points

- Between 2013-14 and 2022-23, the asset renewal funding ratio averaged 106.4 percent, with an average renewal expenditure of $26.4 million per annum.
- The forecast asset renewal funding ratio over the next 10 years is projected to align with its previous AMPs; however recently adopted AMP projections are not reflected in the Council's LTFP and present a risk to its sustainability.
- Over the last five years, spending on new or upgraded assets accounted for approximately half of total capital expenditure.
- Recent asset revaluations indicate that the projected asset base and depreciation do not reflect the current values, increasing financial and asset sustainability risks.

Figure 10: Asset renewal funding ratio (renewal expenditure gross) – historical and projected



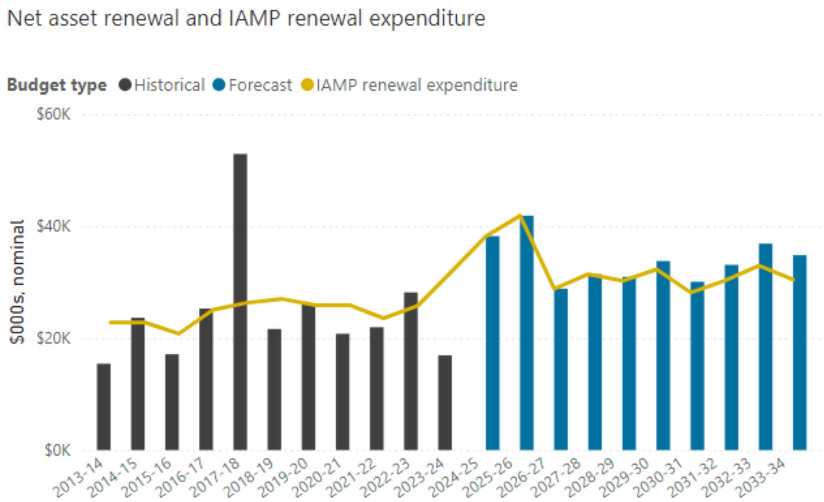
53 'Intergenerational equity' relates to fairly sharing of services and the revenue generated to fund the services between current and future ratepayers.

Historically, the Council has generally met the suggested LGA target range for its asset renewal funding ratio[54] between 2013-14 and 2022-23, achieving an average of 106.4 percent over this period,[55] albeit with some volatility in the period between 2016-17 and 2018-19 (see Figure 10). Overall, this suggests that the Council has generally met the renewal and rehabilitation needs of its asset stock and on average its renewal capital expenditure was $26.4 million per annum over this period.[56]

The Council's updated projections in its 2024-25 ABP indicate it will continue to focus on its asset renewal spending priorities over the longer term (see also Figure 11). From 2024-25 to 2033-34, the ratio is forecast to average 104.9 percent, reflecting the Council's intention to align to AMP projections. Average annual spending on renewal or replacement of assets is projected to increase to $34.8 million (in nominal terms) (See Figure 12).

In April 2024, the Council reviewed and updated several of its AMPs, which were adopted after its current LTFP was adopted, and therefore these are not fully reflected in its LTFP projections (or the financial information presented in this Advice). At this stage, the Commission is unable to fully assess the implications of this change (or its materiality) and whether there is an accurate picture of asset renewal needs.

Figure 11: Net asset renewal and IAMP renewal expenditure – historical and projected

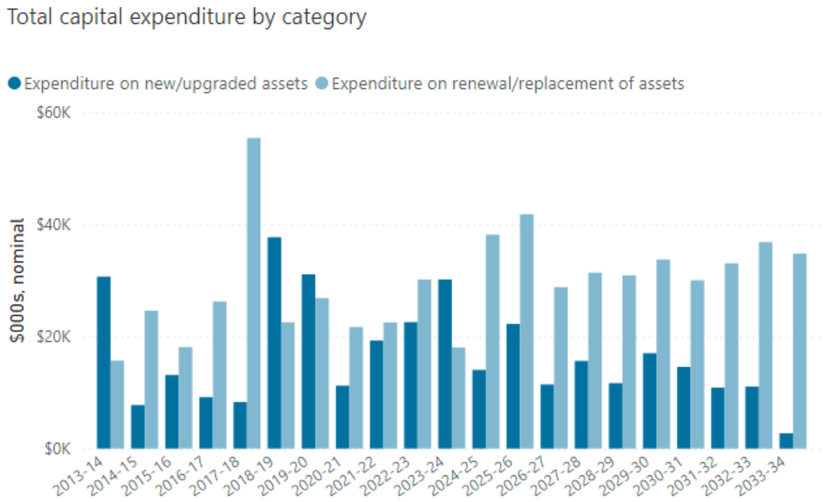


54 The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested LGA target range for the ratio is 90.0 to 110.0 percent (LGA SA Financial Indicators Paper, p. 9).

55 The quoted averages for the ratio are based on 'gross asset renewal expenditure' (before the sale of replaced assets) rather than 'net asset renewal expenditure'.

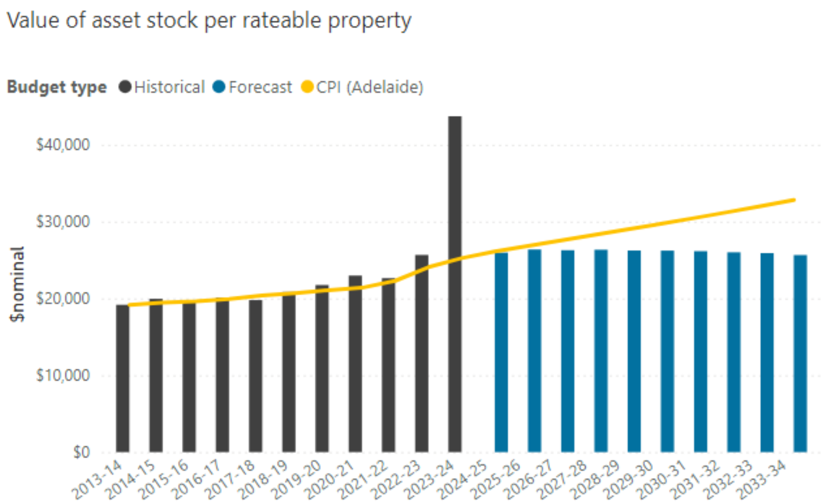
56 The Council targets greater than 80.0 percent for its asset renewal funding ratio. City of Charles Sturt, *Annual Business Plan and Budget 2024/25,* June 2024, p.5.

Figure 12: Total capital expenditure by category – historical and projected



The Council has grown its asset base, particularly over the last five years (from 2018-19 to 2022-23), with total capital expenditure averaging $49.2 million per annum, of which approximately half is allocated to new or upgraded asset expenditure. Over the 10-year historical period (from 2013-14 to 2022-23), this had led to an average increase in the value of asset stock per property of $721 or 3.3 percent for each year over this period to 2022-23 (see Figure 13). This indicates the Council's asset stock has been growing in real terms at 0.7 percent per annum.[57] On average, the Council has allocated 42.0 percent of its capital expenditure budget on new and upgraded assets over the last 10 years to 2022-23. It is observed that this allocation reduces to 27.9 percent over the 10 years to 2033-34.

Figure 13: Value of asset stock per rateable property – historical and projected



Going forward, the value of asset stock is forecast to decrease in real terms and potentially indicates the Council's projections of asset valuations (and associated depreciation) are unreliable or require further updates (as foreshadowed by the Council). It is also unclear whether the increase in the Council's capital expenditure over the 10 years to 2033-34 is accurately factored into its asset base.

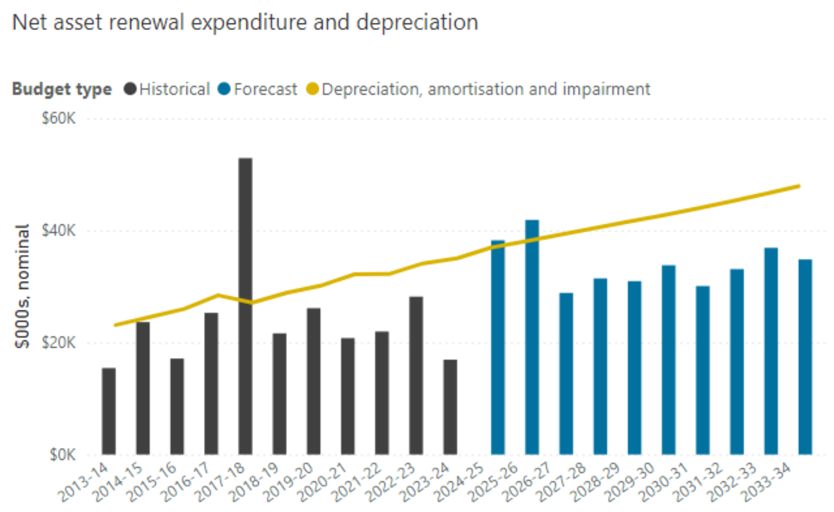
57 The value of Council land (last valued at 1 July 2018) is included in this calculation which represents 20.0 percent of the total value of 'Infrastructure, Property, Plant and Equipment' as of 30 June 2023. City of Charles Sturt, *General Purpose Financial Statements for the year ended 30 June 2023* (included in its 2022-23 Annual Report), Note 7 Infrastructure, Property, Plant and Equipment, p.23.

This uncertainty presents a risk to the Council's financial and asset sustainability as it is not clear whether the asset base is being maintained or if the rate of asset consumption is at an appropriate level.

Based on email correspondence with the Council in October 2024, it has advised that a recent revaluation exercise (on 30 June 2024) has increased the value of its infrastructure asset base by approximately $1.1 billion (or 72.0 percent), with approximately $0.9 billion of this increase attributable to land revaluation (a non-depreciable asset). The Council states that stormwater, road and footpaths were internally revalued using the Australian Bureau of Statistics (ABS) indices for construction, and that some of its assets had not been revalued since 2018. Further, as the revaluation was undertaken after its current LTFP was finalised, the impacts of this revaluation will only be shown in the next iteration of its LTFP. The Council has advised the Commission that its 2025-26 LTFP will incorporate its recently adopted AMPs.

Asset renewals can also be evaluated by the depreciation-based asset renewal funding ratio,[58] which is projected to be below the recommended minimum level (for the IAMP-based ratio) of 90.0 percent, and is projected to average 81.2 percent per annum in the 10 years to 2033-34 (see Figures 14 and 15). This ratio shows that depreciation expenses outpace renewal capital expenditure. Based on previous council advices prepared by the Commission, some variables that can impact on the appropriateness of depreciation levels (relative to renewal expenditure) include the extent and timing of asset revaluations, understating of recorded assets lives (thereby overstating depreciation), the scale of new and upgraded assets, and whether appropriate estimates are being made within Council's AMPs.

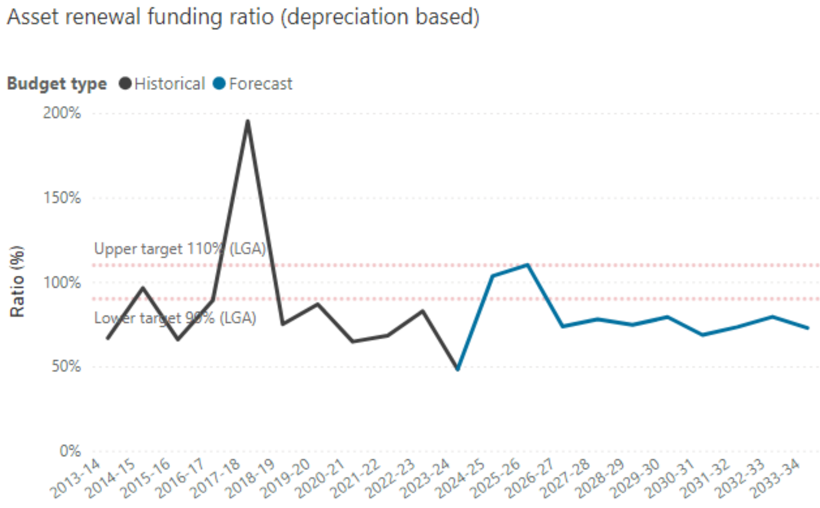
Figure 14: Net asset renewal expenditure and depreciation – historical and projected



Figures 14 and 15 could indicate that a potential shortfall exists in renewal expenditure (relative to depreciation), with the risk being that Council may not be able to adequately maintain its infrastructure asset base and associated service levels to the community may reduce.

58 The Council's asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses). This ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the estimated rate at which these assets are used or consumed. Prior to 2013, the calculation of the ratio in the sector was based on the 'depreciation method' and was known as the asset sustainability ratio until 2018.

Figure 15: Asset renewal funding ratio (depreciation based) – historical and projected



The Council currently has AMPs for all major asset classes and has implemented a rolling schedule to update its plans in line with legislative commitments.[59] The Council advises that, following the community consultation phase, most of its AMPs were reviewed and updated, and were endorsed by its Asset Management Committee and the Council during calendar year 2024.[60]

The Council has a rolling schedule for condition assessment and revaluation (in subsequent years) for all major asset classes. The Council has allocated a recurrent budget to ensure adequate funding for this rolling program. Its current schedule includes:

- buildings and land revaluation completed on 1 July 2024
- footpath revaluation to be completed in 2024-25 (following the condition audit in 2023-24), and
- road asset revaluation to be completed in 2025-26 (following the condition audit in 2024-25).

The Council advises that as part of its asset management planning (and end of year financial reporting) processes, it annually reviews the useful life of its assets, and that these lives are additionally reviewed when major asset revaluations occur (normally every five years for major asset classes).

5.3.2 The Commission's advice on asset renewals funding

Against this background, the Commission considers that the Council could be better positioned from a financial and asset sustainability perspective if it were more focused on the renewal of its existing asset stock, rather than increasing investment in new and upgraded assets, particularly until the Council better integrates the asset values, asset conditions, and implications of the revised AMPs into its overall strategic planning. It is also considered that some restraint in expenditure on new and upgraded assets will contribute towards lower increases in rates for its community.

For this reason, the Commission recommends that the Council:

5. Adhere to the principles underpinning its long-term financial plan projections, to appropriately allocate funding to the renewal of its assets, relative to prioritising initiatives for new or upgraded infrastructure.

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59 Under s.122(1a)(b) of the LG Act the Council must in effect develop and adopt an IAMP, relating to the management and development of infrastructure and other major asset classes for a period of at least 10 years.

60 These include individual AMPs cover transport assets, public lighting, open space and recreation infrastructure, council buildings, fleet, plant and equipment, information technology, and water infrastructure.

The Commission believes there is also a need for the Council to review its depreciation and its long-term asset base assumptions and modelling, to ensure that the current cost of assets is reflected in its strategic management plans. As previously discussed, the Commission has also observed that the Council effectively projects a real-term decline in its asset base per rateable property (see Figure 13) and suggests an update is needed to minimise the risk to its financial forecasts, and an incorrect assessment of its operating performance, asset renewal needs and financial position. Accordingly, the Commission recommends that the Council:

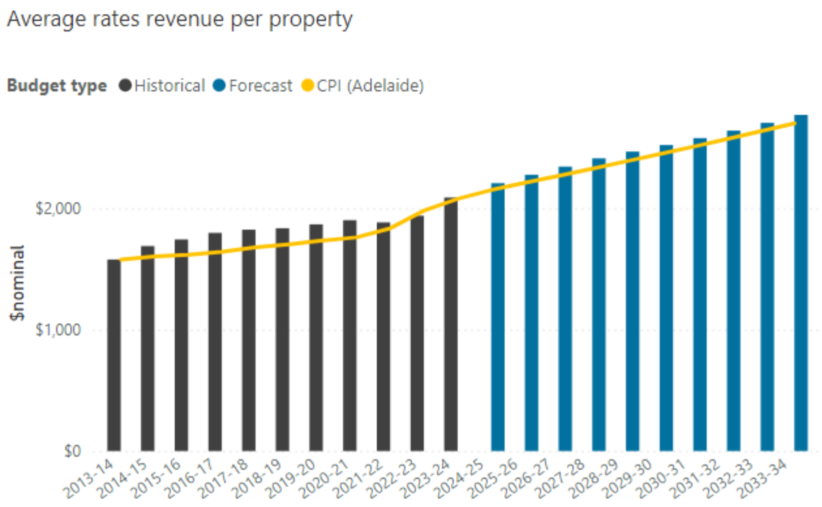
6. Continue to review its long-term asset base assumptions, including asset valuations, and asset lives, as necessary, informing its forecast rate of asset consumption and depreciation expenses and asset renewal needs in its LTFP and AMPs.

6 Advice on current and projected rate levels

6.1 Key points

- Growth in rate revenue per property averaged 2.3 percent or $40 per annum for each property between 2013-14 and 2022-23, which is 0.3 percent below average CPI for the same period.
- The forecast rate increase for 2024-25 is 6.25 percent per property, which is higher than it anticipated charging in previous forecasts.
- The forecast rate increases per property from 2024-25 to 2033-34 are projected to be an average of 2.6 percent per annum or a cumulative increase of $563 over this period, which is consistent with the RBA-based inflation forecast of an average of 2.6 percent per annum.
- 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.

Figure 16: Average rates revenue per property – historical and projected



6.2 Historical rates growth

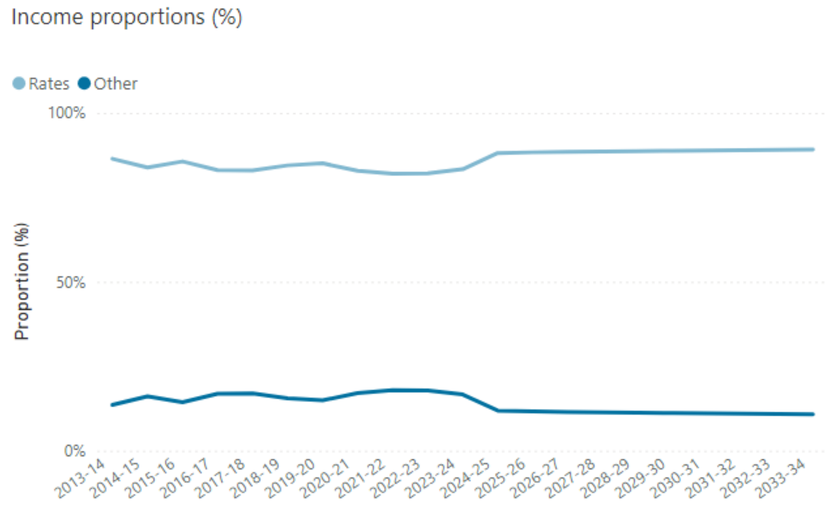
Over the past 10 years,[61] the Council's rate revenue per property has increased at an average annual rate of 2.3 percent, equating to $40 per property per year, reaching an estimated $1,939 per property in 2022-23 (see Figure 16). This growth rate was less than the average CPI increase of 2.6 percent annually during the same period,[62]. The increase in rate revenue per property reflects both the increase in rates and growth in rateable properties of 1.0 per annum over the same period.

Current rate levels generally reflect the Council's ongoing costs of service provision and spending growth in operating and capital expenditure (particularly in employee costs, and depreciation charges, which have increased in real terms).

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

[62] CPI Adelaide (all groups) increased by 2.6 percent per annum on average over the period from 2013-14 to 2023-24, based on historical ABS statistics. Available at https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/.

Figure 17: Income proportions (%)



The majority of the Council's income comes from ratepayers (approximately 83.8 percent on average over the period 2013-14 to 2022-23, see Figure 17), and therefore the Council predominantly remains reliant on its rate base for its operating sustainability. Income from grants is the second largest funding source for the Council, accounting for approximately 8.2 percent on average over the same historical period.

The Council has relatively average 'general rates' compared to similar councils; however, this also reflects its relatively low rate-levels for residential ratepayers, and higher average rates for non-residential ratepayers.[63]

6.3 Projected rate increases for 2024-25

The Council has budgeted for an average rate increase of 6.25 percent or $99 per residential property, and $551 per commercial property in 2024-25,[64] including 2.0 percent to expand the Council's tree canopy coverage. These proposed rate increases are higher than the Council anticipated charging for the year 2024-25 in its 2023-24 ABP projections of 2.9 percent.[65]

The rates increase (and forecast variations) are based on revisions to Deloitte Access Economics CPI forecasts (for Adelaide) as well as the additional rates imposts levied by the Council (which incorporate funding for specific projects and cost pressures).[66] The Commission also notes that the macroeconomic environment has tempered somewhat compared to the previous 12 months, and while these were not generally unexpected at the time, CPI has been above the RBA's long-term target range (of 2.0 – 3.0 percent per annum).[67]

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63 Refer to Councils in Focus rates data for 2021-22 available at: https://councilsinfocus.sa.gov.au/councils/city_of_charles_sturt. The Commission is not relying on these rate comparisons for its advice; the data source provides one indicator, among many, which has informed its advice on the appropriateness of the rate levels. Other rate charges such as for waste management and the regional landscape levy do not form part of this comparison.

64 City of Charles Sturt, *Annual Business Plan 2024-25,* June 2024, pp. 41 and 44. Individual rate level changes may be higher or lower depending on the rates category and property value.

65 City of Charles Sturt, *Annual Business Plan 2023-24,* June 2023, p. 23.

66 Based on the Council's 2024-25 Draft ABP and previous 2023-24 ABP, and comparing the anticipated rate increases for 2024-25. The Council's final 2024-25 ABP has the same rate increases proposed in its draft ABP.

67 CPI Adelaide (All groups) increased by 4.8 percent and 4.3 percent in the year to December 2023 and year to March 2024 quarter, respectively. Available at https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release#data-downloads.

The Council's rates increase in 2024-25 of 6.25 percent reflects the following:[68]

- the Deloitte Access Economics CPI forecast of 2.75 percent
- a 0.5 percent rates impost for the previously adopted Digital Futures project
- a 1.0 percent rates impost for rising technology and infrastructure costs, and
- a 2.0 percent increase to fund the 'Tree Canopy' initiative adopted by the Council in October 2023.[69]

The Council has also assumed 1.0 percent growth in rateable properties (consistent with its historical average and Valuer-General estimates) for the purposes of its current planning period (and its required rates revenue). The Council states these growth forecasts are verified by its planning and development department annually and are expected to continue into the foreseeable future.[70]

Different (or differential) rate categories apply to ratepayers based on the land use category of rateable property;[71] with the Council seeking to ensure that the rate burden (or increases from year-to-year) remains relatively constant between classes of properties. As such, most ratepayers' categories are expected to experience the same or similar average increases in 2024-25 (of 6.25 percent).[72]

On a proportional revenue basis, residential ratepayers account for around 70.0 percent of 2024-25 budgeted rates revenue, followed by commercial (21.8 percent), and industrial (4.2 percent). The Council regularly updates its rating structure (and rating policy) to account for changes in capital valuations (through changes in the 'rate in the dollar').[73] This policy appears to ensure the Council maintains the relative rates revenue contributions from each category. However, the reasons (or bases) for the Council's current differential rating policy are not clear, and the Commission considers there might be some benefit in setting out for ratepayers the principles it has adopted for its rating structure.

Other than 'general rates' revenue (which represents around 96.9 percent of total rates revenue in 2022-23),[74] the Council collects income from the Regional Landscape Levy (around 2.7 percent of total rates revenue respectively), though it does not retain these funds.

6.4 Projected further rate increases

Over the forward years of its LTFP, the Council has projected average rates increases for its existing ratepayers of approximately 2.6 percent per annum from 2024-25 to 2033-34,[75] slightly higher than its average historical increases (of 2.3 percent per annum), but in line with projected CPI increases of 2.6 percent per annum. Council has considered several long-term planning assumptions as part of its annual review. The Council appears to incorporate appropriate indexation forecasts, which influence the Council's costs projections and rates revenue projections. As previously indicated, the Council has not projected any operating deficits over the period to 2033-34.[76]

The Council's 2024-25 LTFP effectively projects a cumulative increase of $563 per existing ratepayer (to $2,770 per annum) by 2033-34, which is consistent with the RBA-based inflation forecast of an average

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68 City of Charles Sturt, *Draft Annual Business Plan 2024-25,* April 2024, p. 68. Available at https://www.yoursaycharlessturt.com.au/annual-business-plan-202425.

69 The Council has an objective to increase the amount of shade to 25 percent across the City by 2045 with an additional 3,000 trees in 2024-25 being funded by a 2.0 percent rate increase in 2024-25. See City of Charles Sturt, *Annual Business Plan 2024-25,* April 2024, pp. 6 and 18.

70 City of Charles Sturt, *Annual Business Plan 2024-25,* June 2024, p. 53.

71 'Land use' categories consist of residential, commercial, industry, primary production, vacant land, and other.

72 The Commission notes a council can use a range of charging structures, however our advice generally relates to all financial contributions made by ratepayers.

73 Section 152(1) of the LG Act provides that a general rate may be a rate based on the value of the land subject to the rate (commonly referred to as the 'rate in the dollar').

74 Before discretionary rebates.

75 Based on the Council's Financial Reporting template provided to the Commission. This appears in line with the Council's forecast rate increase assumptions published in its 2024-25 ABP (including its LTFP), indicating annual rate increases ranging from 3.3 percent (in 2025-26) to 2.5 percent (in 2033-34).

76 City of Charles Sturt, *Annual Business Plan and Budget 2024-25,* June 2024, p. 15.

of 2.6 percent per annum[77] (refer to Figure 16).[78] As a result of further rate increases, the percentage of the Council's total income contributions from ratepayers is projected to average around 88.8 percent, which is marginally higher than its historical average of around 83.8 percent, indicating there is not a material shift in funding required from ratepayers relative to the Council's other sources of income (such as grants, subsidies and contributions, statutory charges, and user charges).

6.5 Affordability risk

Affordability risk among the community for these further rates increases appears to be moderate, on balance, when considering:

- the Council's relative average socio-economic indexes for areas (SEIFA) economic resources ranking for the Council area[79]
- the effect of cumulative increases in rates per existing ratepayer of approximately 2.6 percent per annum to the period 2033-34, which is in line with the forecast rate of inflation, and
- a number of community concerns, with various written submissions received during the 2024-25 budget process; some expressing concerns about the 2024-25 rate rise of 6.25 percent and suggesting that the funding for the Tree Canopy initiative be spread across multiple years.[80]

Affordability risk can also be viewed in the context of the Council's asset sustainability risks, evident from uncertainty around the valuation of its assets and any further updates to its asset management planning and LTFP projections. The associated implications for depreciation, renewals expenditure and the relevant ratios could mean that the community is exposed to further rate increases.

6.5.1 The Commission's advice on affordability risk

The Council's community consultation processes appear comprehensive and transparent, and it regularly seeks community feedback on proposed projects and initiatives.[81] The Council has used a range of approaches and media channels to inform its community on its proposed plans and, as a result, receives a high level of engagement.[82] In general, the written responses showed that a significant proportion of respondents are supportive of the Council's budget bids (such as the Flinders Park Tennis Club Court and Lighting Upgrade; and St. Clair Oval No 2 – Contribution towards Community Facility and Sports Lighting), but also raised concern for the suggested rate increase and seeking more savings.

77 The forecast average annual growth in the CPI from 2025-26 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.

78 The CPI forecasts in the chart are based on RBA forecasts and then a return to long term averages (2.5 percent per annum), and this can be different to Council's own inflation and rate increase assumptions.

79 The City of Charles Sturt area is ranked 32 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.

80 See City of Charles Sturt, *Corporate Services Committee Agenda and Reports – 3 June 2024, Item 4.20 Corporate Services Committee Agenda and Reports*, p. 8, available at https://www.charlessturt.sa.gov.au/__data/assets/pdf_file/0025/1611961/Corporate-Services-Committee-Meeting-3-June-2024-UPDATE.pdf.

81 See City of Charles Sturt, *Public Consultation Policy*, available at https://www.charlessturt.sa.gov.au/__data/assets/pdf_file/0018/162306/Public-Consultation-Policy.pdf.

82 The Council sought community engagement through online and written submissions; community drop-in event; and through verbal submissions at Council meetings (in total 110 submissions were received by the Council). Further details are available at https://www.yoursaycharlessturt.com.au/annual-business-plan-202425.

Overall, the Commission recommends that the Council:

7. **Continue** the good practice of consulting with the community on its SMPs and on proposed rate increases.

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 LTFP estimates and how it has incorporated updates to asset valuations and depreciation, including the sequencing of the plan updates to ensure that the LTFP is informed by current values
- the identification and reporting of cost savings and operating efficiencies
- capital expenditure programs, including how it has continued to provide funding to the renewal of its assets, and
- updates to its asset management plans, and associated updates to its capital expenditure projections and asset condition assessments.

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	City of Charles Sturt
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 Paper 9 - Financial Indicators Revised May 2019
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
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
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
The scheme or advice	Local Government Advice Scheme

The Essential Services Commission
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APPENDIX E –
SAVINGS AND PRODUCTIVITY FRAMEWORK

HOW THE FRAMEWORK IS STRUCTURED

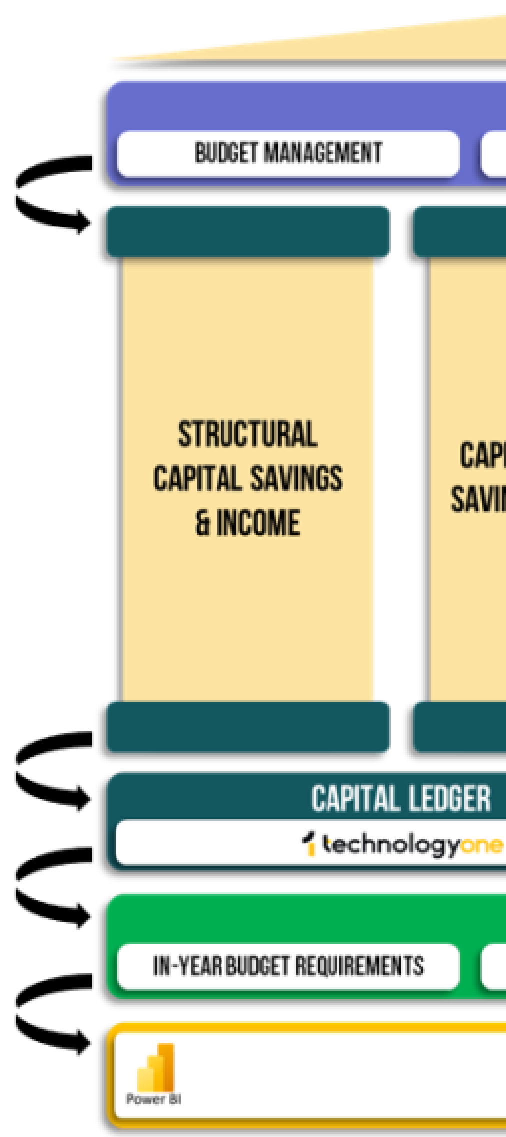
Council already identifies and uses savings, income, productivity improvements and broader value through normal budget management, project delivery, operational improvement, service reviews and income activity. This architecture provides the documented structure that makes that practice more consistent, traceable and better connected to planning over time.

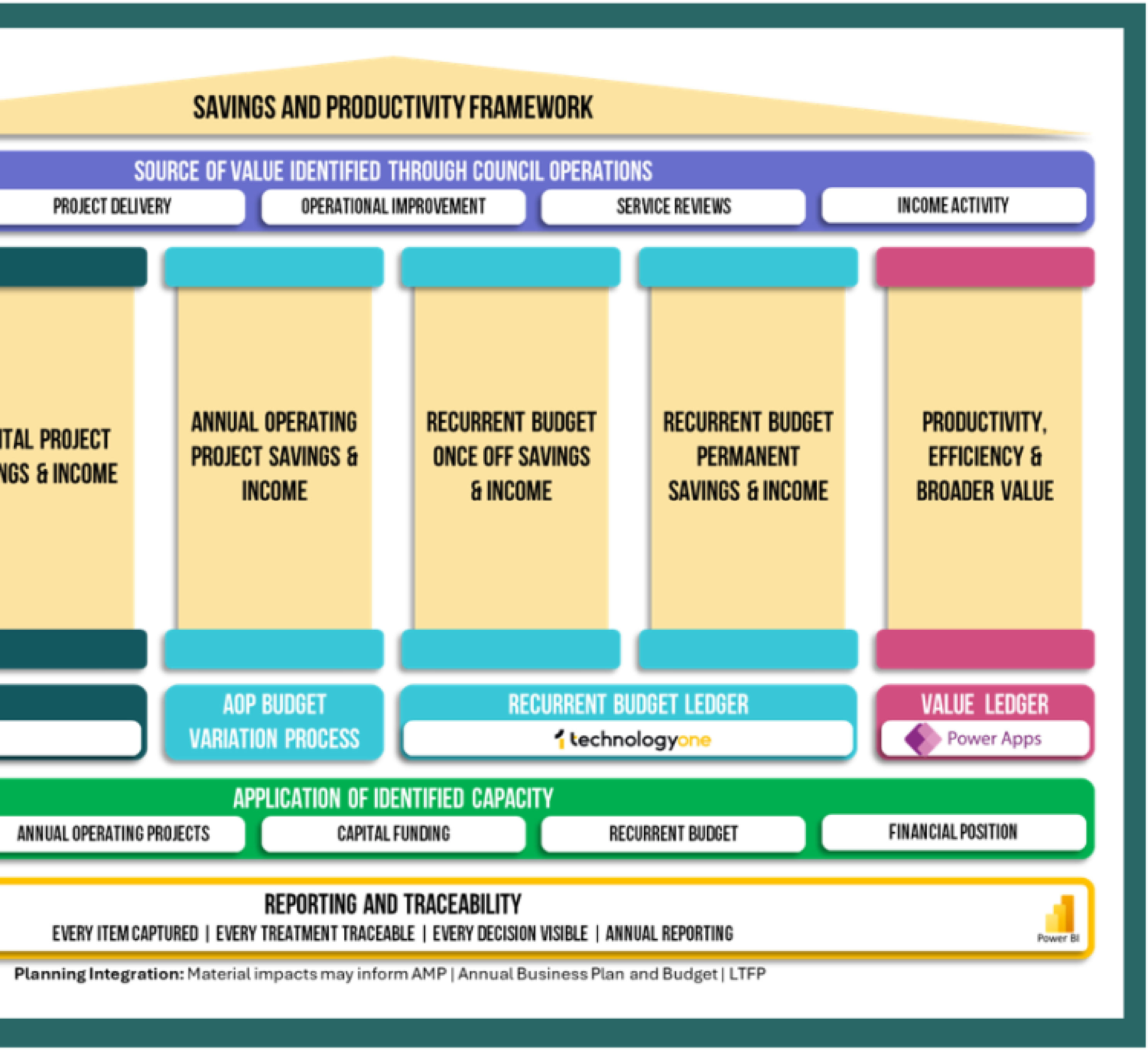
WHAT CHANGES IN PRACTICE

The framework does not create a new savings program or replace normal budget management. It formalises existing practice by classifying items consistently, distinguishing current-year, temporary and enduring impacts, reflecting material impacts in AMP, Annual Business Plan and Budget and LTFP treatment, and reporting savings, income and productivity improvements through the Annual Report, Annual Business Plan, Budget and LTFP.

HOW THE VISUAL SHOULD BE READ

The visual shows the full sequence of the framework: where value comes from, how it is categorised, where it is recorded, how identified capacity may be applied, how it is traced and reported, and where it informs planning.




SAVINGS AND PRODUCTIVITY FRAMEWORK
SOURCE OF VALUE IDENTIFIED THROUGH COUNCIL OPERATIONS
PROJECT DELIVERY
OPERATIONAL IMPROVEMENT
SERVICE REVIEWS
INCOME ACTIVITY
ITAL PROJECT
NGS & INCOME
ANNUAL OPERATING PROJECT SAVINGS & INCOME
RECURRENT BUDGET ONCE OFF SAVINGS & INCOME
RECURRENT BUDGET PERMANENT SAVINGS & INCOME
PRODUCTIVITY, EFFICIENCY & BROADER VALUE
AOP BUDGET VARIATION PROCESS
RECURRENT BUDGET LEDGER
technologyone
VALUE LEDGER
Power Apps
APPLICATION OF IDENTIFIED CAPACITY
ANNUAL OPERATING PROJECTS
CAPITAL FUNDING
RECURRENT BUDGET
FINANCIAL POSITION
REPORTING AND TRACEABILITY
EVERY ITEM CAPTURED | EVERY TREATMENT TRACEABLE | EVERY DECISION VISIBLE | ANNUAL REPORTING
Power BI
Planning Integration: Material impacts may inform AMP | Annual Business Plan and Budget | LTFP

APPENDIX F — RATING POLICY

Reference Number:	4.5
Type	Council
Category	Finance Policy
Relevant Community Vision Outcome	**Responsible Governance** We will manage our city in a sustainable and affordable way with responsible governance
Responsible Officer(s)	Manager Financial Services
First Issued/Approved	June 2001
Minutes Reference	CL 22/06/2026, Item 6.x
Last Reviewed	June 2026
Next Review Due	June 2027
Applicable Legislation:	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
Related Policies:	Nil
Related Procedures:	Nil

1. Purpose

This document sets out the Policy of the City of Charles Sturt for setting and collecting rates from the community. The Policy covers:

- Methodology to value land
- Payment of rates
- Adoption of valuations
- Rate rebates
- Business impact statement
- Rate capping
- Council's revenue raising powers
- Remission of rates
- Differential general rates
- Postponement of rates
- Minimum rate
- Late payment of rates
- Regional Landscape Levy (the Council's collection role)
- Sale of land for non-payment of rates
- Pensioner concessions
- Changes to assessment record
- Self-funded retirees concession and
- Disclaimer.

2. Scope

Stategic Focus

This document sets out the Policy of the City of Charles Sturt for setting and collecting rates from the community. The Policy covers:

- Community Vision 2040 – A Place to Call Home, A Place Where We Belong
- Long-Term Financial Plan Estimates 2026–2036
- Budget development principles
- Current economic climate
- Specific issues facing our community
- Annual Business Plan and Budget for the 2026/27 financial year
- Impact of rates on the community
- Impact of rates on businesses
- Relationship between Council objectives and rating strategy
- Council's debt strategy
- Funding required for future asset replacement
- Impact of differential changes in property valuations across the City
- Where relevant, issues of consistency and comparability across council areas in the imposition of rates on sectors of the community, including business and
- Issues of equity arising where ratepayers provide or maintain infrastructure that might otherwise be provided or maintained by Council, and whether discretionary rebates should be granted.

Copies of Council's **Community Vision and Annual Business Plan and Budget** are available for inspection at the Charles Sturt Civic Centre, 72 Woodville Road, Woodville or on our website at: **www.charlessturt.sa.gov.au.**

APPENDIX F – RATING POLICY

3. Policy Statement

3.1 Communication of the Policy

Section 123 of the Local Government Act 1999 requires a Council to prepare an Annual Business Plan and Budget. As per Section 123(2)(d), the annual plan must set out the rates structure and polices for the financial year. A summary of the Annual Business Plan must be included with the first rates notice.

3.2 Method Used to Value Land

Councils may adopt one of three valuation methodologies to value the properties in their areas:

- **Capital Value:** The value of the land and all the improvements on the land
- **Site Value:** The value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements
- **Annual Value:** The valuation of the rental potential of the property.

The City of Charles Sturt uses Capital Value as the basis for valuing land within the Council area. Council considers this to be the fairest method of distributing the rate burden across ratepayers, as capital value is a reasonable indicator of a property's overall value and closely reflects market value.

3.3 Adoption of Valuations

To determine the capital value, a Council may:

(a) Employ or engage a valuer to value the land in the area

(b) Use the valuations provided by the Valuer-General (a statutory officer appointed by the Governor); or

(c) Use a combination of both (subject to certain restrictions).

The City of Charles Sturt has adopted the most recent valuations made by the Valuer-General.

3.4 Objection to Valuation

If a ratepayer is dissatisfied with the valuation made by the Valuer-General, they may object to the Valuer-General in writing, within 60 days of receiving the notice of the valuation, explaining the basis for the objection, provided they have not previously:

(a) Received a notice of this valuation under the Local Government Act, in which case the objection period is 60 days from the receipt of the first notice; or

(b) Had an objection to the valuation considered by the Valuer-General.

Notwithstanding the 60-day period for lodging an objection, the Valuer-General may accept an objection lodged out of time if satisfied that there is good reason to do so.

A person may object to a valuation by lodging a written notice with the Valuer-General, setting out the grounds of objection. If the person then remains dissatisfied with the decision, they may apply for a review within 21 days of receiving notice of that decision, together with the prescribed fee. The Valuer-General will then refer the matter to an independent Valuer for review. If the person remains dissatisfied following the review, they may appeal to the South Australian Civil and Administrative Tribunal (Section 24, 25A, 25B & 25C of the Valuation of Land Act 1971).

The address of the Office of the Valuer General is 101 Grenfell Street, Adelaide SA 5000 (GPO Box 1354, Adelaide SA 5001) and the telephone number is **1300 653 346** (general enquiries).

Council has no role in the process of considering an objection to a valuation. The lodgement of an objection does not change the due date for the payment of rates.

3.5 Notional Values

A notional value is a value determined under the Valuation of Land Act 1971 for certain eligible land in place of its ordinary value for rating purposes. It may apply in limited circumstances, including certain principal places of residence associated with primary production land and certain heritage land.

An owner who believes their land may qualify for a notional value should apply in writing to the office of the Valuer-General.

3.6 Business Impact Statement

Council has considered the impact of rates on businesses in the Council area, including primary production. In considering the impact, Council assessed the following matters:

- Elements of the Council's strategic management plans relating to business development
- Economic outlook, including Consumer Price Index (CPI) movements
- Operating and capital projects for the coming year that will principally benefit industry and business development within the City
- Valuation changes in commercial and industrial properties across the City as compared with valuation changes in residential properties across the City.

APPENDIX F – RATING POLICY

3.7 Rates, Charges and Other Amounts

All land within the Council area is rateable unless it is exempt under the Local Government Act 1999, including land exempt under Section 147.

Under the Act, Council may impose a general rate on rateable properties, or differential general rates that apply to different classes of properties. Council may also impose separate rates for specific parts of the Council area, and service rates or service charges for prescribed services in accordance with the Act.

Council also sets fees and charges for a range of services and activities, having regard to the cost of providing the service and other relevant considerations, including equity. The current schedule of fees and charges is available at the Charles Sturt Civic Centre, 72 Woodville Road, Woodville or on our website at **www.charlessturt.sa.gov.au**. A Goods and Services Tax will apply to fees and charges where required by law.

3.8 Differential General Rates

At its meeting on 22 June 2026 Council endorsed the 2026/27 budget which included rate revenue of $156,492,271 in a total operating revenue budget of $176,445,452.

The Council has set the following differential general rates:

Rateable Land Category	Cents in the Dollar
Residential	0.170947733
Commercial – Shop, Office & Other Use	0.6447867390
Industry – Light & Other	0.6533230370
Primary Production	0.5503389830
Vacant Land	0.530469271
Other	0.3287773770

Table 12: Rateable Land Category

Land use is a factor in the application of differential general rates. If a ratepayer believes the land use attributed to their property is incorrect, they may object to the Council within 60 days of receiving notice. The objection must be in writing and set out the grounds of objection and the land use that, in the ratepayer's opinion, should apply. The Council will determine the objection and notify the ratepayer of its decision. A ratepayer may appeal the Council's decision to the South Australian Civil and Administrative Tribunal.

Objections to Council's land use decision must be lodged in writing with the City of Charles Sturt, 72 Woodville Road, Woodville SA 5011. Ratepayers may contact Council on **8408 1111** to discuss the process. Council will provide, on request, a copy of section 156 of the Local Government Act 1999.

Lodgement of an objection does not change the due date for the payment of rates.

3.9 Minimum Rate

A council may impose a minimum rate if it has not imposed a fixed charge. If two or more adjoining properties are owned by the same owner and occupied by the same occupier, only one minimum rate is payable. A minimum rate must not apply to more than 35% of rateable properties in the council area. Council has imposed a minimum rate of $1,410 to ensure that all ratepayers make a reasonable contribution to the cost of basic services provided across the Council area.

3.10 Regional Landscape Levy

The City of Charles Sturt is within the area of the Green Adelaide Board and is required under the Landscape South Australia Act 2019 to collect a separate rate to fund the Board's operations. For 2026/27, the levy is 0.00588000 cents in the dollar based on the capital value of rateable land in the Council area. Council collects this levy on behalf of the Green Adelaide Board. The revenue is not retained by Council and Council does not determine how it is spent.

3.11 Pensioner Concessions

Eligible pensioners may be entitled to a Cost-of-Living Concession administered by the State Government. The concession is paid directly into the applicant's nominated bank account and may be used towards household expenses, including council rates.

Application information is available from the ConcessionsSA Hotline on **1800 307 758** or on the State Government concessions website.

Applications are administered by the State Government. Rates must not be withheld while an application is being assessed, as penalties may apply to overdue amounts.

3.12 Concessions for Self-Funded Retirees

The State Government has determined that self-funded retirees meeting certain conditions may also be entitled to cost of living concession. This concession is paid directly into the individual's bank account and can be used towards either electricity, gas, water bills or council rates.

Application forms are available by contacting the Concession Hotline on **1800 307 758** or at **www.sa.gov.au/concessions**.

Payment of rates must not be withheld pending assessment of an application by the State Government as penalties apply to unpaid rates.

APPENDIX F – RATING POLICY

3.13 Payment of Rates

As required by Section 181 (1) of the Local Government Act 1999, ratepayers may pay their rates in four approximately equal instalments, payable in the months of September, December, March and June of the financial year for which the rates are declared.

In cases where the initial account requiring payment of rates is not sent at least 30 days prior to this date, or an amended account is required to be sent, the Chief Executive Officer has the authority to fix the date by which rates must be paid for these assessments.

The Chief Executive Officer also has the authority to enter into agreements with principal ratepayers relating to the payment of rates in any case where they consider it necessary or desirable to do so.

Rates may be paid in person by cash, EFTPOS or credit card (except Diners Card and American Express), at the following Council Service Centres:

- **Charles Sturt Civic Centre**, 72 Woodville Road, Woodville
- **Ngutungka West Lakes**, 9 Charles Street West Lakes*
- **Hindmarsh Library**, 149 Port Road, Hindmarsh*
- **Findon Library,** Cnr Grange and Findon Roads*

or at

- Any **Australia Post outlet**

***Note:** For security reasons cash payments are only accepted at the Charles Sturt Civic Centre and Australia Post outlets.

By telephone using:

- BPay and Bpay view through your participating bank
- Phone NAB **1300 609 653**

By mail:

- Addressed to City of Charles Sturt, PO Box 1 Woodville SA 5011

By internet:

- Through Council's website at **www.charlessturt.sa.gov.au**
- or Australia Post at **www.postbillpay.com.au**

By Direct Debit:

- Quarterly
- Fortnightly

Any ratepayer who may or is likely to experience difficulty with meeting the standard payment arrangements is invited to contact Council's Rate Enquiries on **8408 1111** to discuss alternative payment arrangements. Such enquiries are treated confidentially by the Council. Late payment fines and interest may still apply.

3.14 Late Payment of Rates / Debt Recovery

Under the Local Government Act 1999, a 2% penalty applies to any rates amount not paid by the due date. If the amount remains unpaid, interest is then charged monthly at the prescribed rate set under the Act. Interest applies to the overdue rates and any accrued interest. These charges are intended to encourage payment by the due date and to recover the administrative and financing costs associated with overdue rates.

The prescribed interest rate for the 2026/27 financial year has not yet been declared. Once declared, Council will publish the rate on its website.

The City of Charles Sturt applies late payment penalties in accordance with the Local Government Act 1999. Council may remit penalties, in whole or in part, and each request will be considered on its merits based on the information provided.

3.15 Debt Recovery

Council applies prudent debt recovery practices for overdue rates in accordance with the Local Government Act 1999. Outstanding amounts are monitored on an ongoing basis and managed through a systematic recovery process.

If rates are not paid by the due date shown on the rates notice, Council will commence the following recovery process:

1. A 2% late payment penalty and interest under the Act will be applied
2. An overdue notice will be issued within 7 days after the late payment penalty is applied
3. If payment is not made, or a payment arrangement is not entered into, within 10 days, the debt may be referred to a debt collector. The debt collector will then issue a notice of intention to commence a claim
4. Court proceedings may be commenced if the amount remains unpaid after 21 days.

All fees and court costs are recoverable from the ratepayer.

When Council receives payment towards overdue rates, the amount is applied in the following order:

1. To satisfy any costs awarded in connection with court proceedings
2. To satisfy any interest costs
3. In payment of any fines imposed; and
4. In payment of rates, in date order of their imposition (starting with the oldest account first).

APPENDIX F — RATING POLICY

3.16 Rebate of Rates

3.16.1 Under the Act: The Local Government Act 1999 requires Council to grant rebates on certain land. These include land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions. The rebate available varies from 25% to 100%, depending on the circumstances, and is applied on application or verification of eligibility.

3.16.2 Discretionary: Council may grant discretionary rebates of up to 100% under section 166 of the Act. In considering such rebates, Council recognises the need to balance support for community organisations with the impact on overall rate revenue. To support a transparent and consistent approach, Council has adopted a separate Rate Rebate Policy. A copy of that policy is available at the Charles Sturt Civic Centre or on Council's website at www.charlessturt.sa.gov.au.

Discretionary rebates are granted on application.

3.16.3 Residential Construction: Under section 166(1)(a) of the Act, and for the purpose of securing the proper development of the area, Council will grant a general rates rebate for the 2026/27 financial year for an assessment classified as vacant land in Council's Assessment Book where the land is in a Residential Zone or Residential Historic (Conservation) Zone under the Development Plan, or any replacement zone created through a Plan Amendment Report applying to the Council area, if:

(a) If the Principal Ratepayer of the Assessment applies to the Council for the rebate prior to 30 June 2026; and

(b) a dwelling has been substantially commenced on the property by 30 June 2026; and

(c) the Council is satisfied that the intention of the Principal Ratepayer is to reside in that dwelling upon completion for at least one year.

The rebate amount is based on when the footings are poured. If the footings are poured before 31 December 2026, a full rebate applies. If they are poured after 31 December 2026, a 50% rebate applies. The rebate is the difference between the rates that would have applied if the assessment had been used for residential purposes at the date rates were declared and the actual rates paid, after deducting any other rebate granted in the rating period.

This rebate is intended to apply to one dwelling only and to the ratepayer who will live in Charles Sturt. Where multiple dwellings are proposed on the land, whether or not the land is divided, the rebate will apply to one dwelling only on a pro-rata basis. For example, if four dwellings are being constructed on the land, and the above criteria are met, the owner will be entitled to 25% of the applicable rebate, based on when the footings are poured.

If the principal ratepayer is a body corporate, the rebate will only apply if one of its directors or office holders will reside in the dwelling for at least one year following completion.

3.16.4 Rate Capping: To provide relief where a rapid change in valuation would otherwise result in a substantial increase in rates, Council will grant a general rates rebate for the 2026/27 financial year under section 166(1)(l) of the Act. The rebate may be granted by Council on its own initiative where sufficient information is available, or on application by the principal ratepayer. It applies where the increase in general rates for an assessment between the 2025/26 financial year and the 2026/27 financial year is greater than 12.5%, after considering any rebate applied in 2025/26. The rebate amount is the difference between the general rates imposed for 2026/27 and the amount payable for 2025/26, after any rebate was applied but before any concessions, plus 12.5% of that 2025/26 amount.

The rebate will not apply where:

- The increase is due, in whole or in part, to improvements to the land with a value greater than $20,000; or
- The land use category is commercial, industrial, primary production, vacant land or other; or
- The increase is due, in whole or in part, to a change in the land use applying for rating purposes between the date Council declared its general rates for 2025/26 and the date Council declared its general rates for 2026/27; or
- Ownership of the rateable property has changed since 1 July 2025.

3.16.5 Postponement of Rates for Seniors: Council may grant a postponement of rates to a person who meets the requirements of Section 182A(1) of the Act. For this purpose, a senior is a person who holds a current State Seniors Card, or who is eligible for a card and has applied for one. A postponement is available to a senior, or the spouse of a senior, in respect of rates payable on their principal place of residence where the property is owned only by the senior or by the senior and their spouse. An application must be made to Council. If the eligibility criteria are met, all rates above $500 will be postponed. Interest applies to the postponed amount.

3.16.6 Applications: All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, City of Charles Sturt, 72 Woodville Road, Woodville SA 5011 and include sufficient details to identify the relevant property and support the application.

Application forms are available from council's website at: **www.charlessturt.sa.gov.au.**

Further information on rebates is available from a Customer Contact Officer at the Council Offices, 72 Woodville Road, Woodville or on telephone **(08) 8408 1111**.

3.17 Sale of Land for Non-Payment of Rates

Under the Local Government Act 1999, Council may sell land if rates have been in arrears for three years or more. Before doing so, Council must give the principal ratepayer and the owner, if different, written notice of the outstanding amount and its intention to sell the land if payment is not made within one month. The City of Charles Sturt may exercise this power in accordance with the Act.

Council will not proceed with the sale of land in circumstances where the Local Government Act 1999 prevents or restricts that action, including where Section 185 applies.

3.18 Changes to Assessment Records

All changes to postal address or name of a ratepayer/owner and changes of ownership of a property must be notified promptly to Council in writing, letter, or email.

3.19 Disclaimer

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to properly apply this policy it should raise the matter with the Council. In the first instance contact a Customer Contact Officer at the Council Offices or on **telephone 8408 1111** to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Charles Sturt, 72 Woodville Road, Woodville SA 5011 **(email: council@charlessturt.sa.gov.au)** explaining the nature of their concern.

4. Definitions

Nil.

Appendix A — Summary of Legal Position relating to the Setting and Collection of Rates

Local Government Act 1999

A Council may impose general rates, separate rates, service rates and service charges on land in its area (Section 146). Generally, all land within a Council area is rateable unless it is specifically exempt by section 147 of the Act. Such exemptions include crown land, land used for public educational purposes and Council occupied land. A Council must adopt an annual business plan each year which amongst other things sets out the Council's objectives for the year and the broad rates structure and policy framework within which the Council rates its area. A summary of the Annual Business Plan must accompany the first rates notice.

A rate is to be based on the value of the land multiplied by a 'rate in the dollar' set each year by the Council. The basis of valuation is to be capital value, site value or annual value (Section 151). Land must be valued by either the Valuer-General or a valuer engaged or employed by the Council (Section 167). Objections may be lodged against a valuation made by a valuer engaged or employed by the Council (Section 169) or by the Valuer-General (Valuation of Land Act). Differential general rates can be declared for land according to the location or the specific use (eg residential) of the land.

As part of the general rate a fixed charge may apply which means that the same amount is payable irrespective of the value, use or location of the property. The fixed charge may only be imposed against the whole of an allotment and only one fixed charge may be imposed against two or more pieces of contiguous land owned by the same owner and occupied by the same occupier or a single farm enterprise (Sections 148 & 152).

A Council may fix a minimum amount payable by way of rates or it may alter the amount to be paid by properties within a specific range of values but may not do so if it has imposed a fixed charge. The minimum rate may only be imposed against the whole of an allotment (which can include land under a separate lease or licence) and only one minimum rate is payable by two or more pieces of contiguous land owned by the same owner and occupied by the same occupier. The minimum rate must not be applied to supported accommodation or independent living units within the same group or complex of units. The minimum rate and altered rates must not apply to more than 35% of the properties in a Council area (Section 158).

A Council may declare either a general rate or differential general rates based on the use of the land, the locality of the land, the locality and the use of the land or (where particular circumstances apply) some other basis determined by the Council (Sections 153 & 156). A Council may declare a separate rate (or differential separate rates) on rateable land where a specific project is being undertaken to benefit the land or the occupiers of the land, which can be only a portion of the land in a Council area (Section 154). A Council may impose service rates and/or charges against land for any prescribed service it provides or makes available to the land.

A service charge is also payable in relation to non-rateable land. Prescribed services are the treatment or provision of water, the collection, treatment or disposal (including by recycling) of waste and television transmission (or retransmission) services (Section 155).

APPENDIX F – RATING POLICY

Rates are a charge against the land (Section 177). The owner of the land (unless the Council is advised otherwise) is the principal ratepayer and rates may be recovered as a debt against the principal ratepayer. In certain cases the occupier of the land may be classed as the principal ratepayer.

All ratepayers may pay rates in four quarterly instalments and a Council may grant discounts or incentives to encourage early or prompt payment of rates (Section 181). A Council may also make arrangements with ratepayers for other instalment provisions to apply (Section 181). If an instalment of rates is not paid by the due date then the Act provides for a Council to impose a fine of 2% on the unpaid instalment and, if the instalment continues to be unpaid, to charge a prescribed interest rate (set each year by a formula in the Act) on the unpaid instalment (including interest previously charged), on a monthly basis. The Council may remit such penalties in whole or in part (Section 181). Where rates become unpaid for a period of more than three years a Council may sell the land to recover the unpaid rates (Section 184).

A Council may remit or postpone the payment of rates, on the application of the ratepayer, if the payment of the rates would impose hardship on the ratepayer (Section 182).

A Council must rebate the payment of rates for land used for various purposes – health services, community services, religious purposes, public cemeteries, the Royal Zoological Society, educational institutions – as provided in Sections 159 to 165 of the Act. A Council may also provide discretionary rebates on the payment of rates (up to 100% of the rate for a period of up to ten years) on land used for a range of purposes, including for the securing the proper development of the land, for the preservation of buildings or places of historic interest, for the provision of facilities or services for children or young persons and for the provision of accommodation for the aged or disabled (Section 166).

A Council must also postpone all rates over $500, on application by a 'senior' who satisfies the various criteria set out at Section 182A of the Act.

Note: A copy of the Local Government Act 1999 is available for inspection at the Charles Sturt Civic Centre, 72 Woodville Road, Woodville or on the SA State Government website at: **www.legislation.sa.gov.au.**

City of Charles Sturt

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