

Adoption of the 2025/26 - 2034/35 Long Term Financial Plan

Strategic Alignment - Our Corporation

Public

Tuesday 18 November 2025

City Finance and Governance
Committee

Program Contact:

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Approving Officer:

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Operating Officer

EXECUTIVE SUMMARY

This report seeks the Committee's recommendation for Council to adopt the 2025/26 - 2034/35 Long Term Financial Plan (Attachment B) in accordance with the provisions of the *Local Government Act 1999* (SA) (the Act).

The Act requires that a council must develop and adopt a Long Term Financial Plan (LTFP), for a period of at least 10 years (s122 (1a) (a)) which is reviewed annually (S122 (4) (a)).

The Act also requires that the financial projections in the LTFP are consistent with those in the Asset Management Plans (AMPs) adopted by the council (s122 (1b)).

The AMPs (assuming a 100% Asset Renewal Funding Ratio) have been reviewed and updated based on the projections within the LTFP to ensure consistency as follows:

- Considers emerging or unanticipated asset renewal risks, priorities and opportunities identified in 2024/25
- Assumes the adopted budgets in the 2025/26 Business Plan and Budget and adjusts the outer years of the Asset Management Plan to reflect those emerging risks, priorities and opportunities
- Removes renewal forecasts associated with assets located within the North Adelaide Golf Course (asset ownership transferred under legislation)
- Accounts for changes with the Main Street Revitalisation Program schedule in the 2025/26 Business Plan and Budget
- Accounts for cost escalations to reflect future expenditure based on 2025 dollars as the basis for estimates
- Adopts a "smoothed out" investment profile as per the principles adopted in the 2024/25 to 2033/34 LTFP, to enable sustainable resource planning and delivery
- Considers additional information and lifecycle management options identified through technical planning study / options analysis for Adelaide Bridge
- Considers additional information and lifecycle management options identified through technical investigation for Torrens Weir
- Assumes a \$15 million structural rehabilitation for the Rundle Street UPark to extend the useful life of the facility.

The updated AMPs are contained in **Attachment A**.

This LTFP takes the 2025/26 adopted Business Plan and Budget (BP&B) as the base for its projections, incorporating endorsed assumptions, building upon the work undertaken for the Asset Management Plans, and City of Adelaide 2024-28 Strategic Plan. It has been developed with regard to financial principles adopted by Council, Council decisions and the best available economic information. It is therefore a tool to guide decision-making in relation to future financial sustainability.

The Act also requires an annual report from the Chief Executive Officer on the sustainability of the council's long-term financial performance and position (**Attachment C**).

Key outcomes of the LTFP include:

- An operating surplus position over the life of the plan

- All Key Financial Indicators are within target ranges except for cashflows from operations between 2030/31 – 2032/33 due to an outlay on significant renewals
- Significant renewals are required in the mid-long term of the LTFP in accordance with our AMPs. These assets by nature are intergenerational, and as such it is intended to fund them from borrowings and continue to advocate for external funding contributions (the previous LTFP assumed unsecured external funding of \$42 million).
- A gradual return of the Asset Renewal Funding Ratio (ARFR) over 8 years to achieve 100% from 2031/32 onwards.
- Continuation of the Asset Renewal Repair Fund (ARRF) from 2025/26 to fund the annual increase of \$14.9 million associated with the recently adopted AMPs.

RECOMMENDATION

The following recommendation will be presented to Council on 25 November 2025 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Adopts the 2025 updates to the Asset Management Plans in Attachment A to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 18 November 2025.
 2. Adopts the 2025/26 to 2034/35 Long Term Financial Plan document in Attachment B to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 18 November 2025.
 3. Notes the long term financial sustainability of the Long Term Financial Plan 2025/26 to 2034/35 based on the adopted assumptions.
 4. Notes the 2025/26 CEO Sustainability Report in Attachment C to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 18 November 2025.
 5. Authorises the Chief Executive Officer to make any necessary changes to the updated Asset Management Plans and 2025/26 to 2034/35 Long Term Financial Plan document arising from this meeting, together with any editorial amendments and finalisation of the document's formatting and graphic design.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation The Asset Management Plans and Long Term Financial Plan form part of the City of Adelaide's Strategic documents. It is a fundamental part of responsible management and reporting of City finances, and underpins the City's financial sustainability.
Policy	The 2025/26 to 2034/35 Long Term Financial Plan has been prepared in accordance with the 2025/26 Business Plan and Budget and endorsed Financial Policies. The 2025 Asset Management Plans have been prepared in accordance with the 2025/26 Business Plan and Budget, decisions made in the 2024/25 to 2033/34 Long Term Financial Plan and latest technical investigations on Significant Asset Renewals.
Consultation	A public consultation on the Draft Long Term Financial Plan 2025/26 ran from Wednesday 15 October to Tuesday 4 November 2025. No substantive changes to the public consultation draft were suggested from feedback received.
Resource	The 2025 Asset Management Plans, 2025/26 Business Plan and Budget, and 2025/26 to 2034/35 Long Term Financial Plan identify how Council's resources will be allocated in meeting the 2025/26 deliverables and objectives of the Strategic Plan 2024-2028.
Risk / Legal / Legislative	Development of Asset Management Plans and the Long Term Financial Plan is a requirement of the <i>Local Government Act 1999</i> (SA).
Opportunities	Not as a result of this report
25/26 Budget Allocation	Not as a result of this report
Proposed 26/27 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
25/26 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

Background

1. The *Local Government Act 1999* (SA) (Act) requires that a council must develop and adopt a Long Term Financial Plan (LTFP), for a period of at least 10 years (s122 (1a) (a)) which is reviewed on an annual basis (S122 (4) (a)).
2. The LTFP forms part of Council's suite of Strategic Management Plans (SMPs), along with the City of Adelaide Strategic Plan 2024-2028, Asset Management Plans (AMPs), and City Plan 2036.
3. The Act requires a Council's SMPs to address:
 - 3.1. The sustainability of the Council's financial performance and position
 - 3.2. The maintenance, replacement or development needs for infrastructure within its area, and
 - 3.3. Identification of any anticipated or predicted changes that will have a significant effect upon the costs of the Council's activities/operations.
4. S122 (4a) (a) also requires an annual report from the Chief Executive Officer on the sustainability of the Council's long-term financial performance and position (CEO Sustainability Report). It is a summary of the Council's financial sustainability position and sets out each of the seven Long-Term Financial Sustainability indicators, and Council's performance against each.
5. At its 25 June 2025 meeting, Council adopted the 2025/26 annual Business Plan and Budget.

Asset Management Plans

6. The City of Adelaide is responsible for an extensive and diverse asset portfolio valued at more than \$2 billion, which represents a significant investment made over multiple generations. These assets play a vital role in providing essential services to our community and it is critical to ensure these assets continue to be effectively managed and maintained to enable ongoing service provision and benefits for current and future generations.
7. S122 (1a) (b) requires Council to develop Asset Management Plans (AMPs) for a period of at least 10 years, which includes information about the operation, maintenance, renewal, acquisition, expansion, upgrade and disposal for each infrastructure asset class under Council's care and control.
8. The City of Adelaide has six AMPs:
 - 8.1. Transport
 - 8.2. Urban Elements
 - 8.3. Buildings
 - 8.4. Park Lands and Open Space
 - 8.5. Public Lighting and Electrical Infrastructure
 - 8.6. Water Infrastructure
9. The current AMPs were adopted by Council in a staged approach between April and June 2024.
10. The 2024/25 to 2034/35 LTFP was reviewed with consideration of the 2024 Asset Management Plans and available long-term funding, and was adopted by Council on 25 October 2024. The updated LTFP "smoothed out" the forecast renewal requirements from the 2024 Asset Management Plans and adopted reduced annual budgets - varying between 92.5% and 100% of forecast renewal costs - for the 2024/25 to 2030/31 financial years. This approach ensured the general objectives of the Asset Management Plans could be sustainably resourced and implemented over the 10-year planning period, taking into consideration feedback from the community and their capacity to pay through sustainable rate rises.
11. S122 (4) (a) requires an annual review of strategic management plans. The AMPs 2025/26 update, Attachment A (set at 100% Asset Renewal Funding Ratio), have been reviewed and updated based on the projections within the LTFP to ensure consistency as follows:
 - 11.1. Considers emerging asset renewal risks, priorities and opportunities identified within the 2024/25 Financial Year
 - 11.2. Assumes the adopted budgets in the 2025/26 Business Plan and Budget for each asset class, and adjusts the outer years of the Asset Management Plan accordingly

- 11.3. Removes renewal forecasts associated with assets located within the North Adelaide Golf Course (asset ownership transferred under legislation)
 - 11.4. Accounts for changes within the Main Street Revitalisation Program schedule communicated through the 2025/26 Business Plan & Budget
 - 11.5. Accounts for cost escalations to reflect future expenditure based on 2025 dollars
 - 11.6. Adopts a “smoothed out” investment profile as per the principles adopted in the 2024/25 to 2033/34 LTFP, to enable sustainable resource planning and delivery
 - 11.7. Considers additional information and lifecycle management options identified through technical planning study / options analysis for Adelaide Bridge
 - 11.8. Considers additional information and lifecycle management options identified through technical investigation for Torrens Weir (final stage of planning study / options analysis to be undertaken in the 2025/26 FY to inform lifecycle management strategy to be adopted)
 - 11.9. Assumes a \$15 million structural rehabilitation for the Rundle Street UPark to extend the useful life of the facility (further engineering investigations are in progress to confirm the detailed scope, cost, and optimal timing of the works, including alignment with the strategic review of the asset).
12. The movement between the 2024 AMP and revised 2025 AMP for a comparative 9-year period from 2025/26 to 2033/34 is summarised below:

2025/26 to 2033/34 Asset Management Plans (\$'000s)	2024 AMP	2025 AMP	Movement
Buildings	161,347	114,521	46,826
Lighting & Electrical	47,741	47,741	0
Park Lands & Open Space	27,172	24,607	2,565
Transport	319,411	275,263	44,148
Urban Elements	46,309	46,309	0
Water Infrastructure	122,163	106,800	15,363
Total Infrastructure Asset Management Plans	724,143	615,241	108,902
Plant, Fleet & Equipment Replacement	32,916	32,916	0
Delivery Resources	56,775	56,772	0
Total 9-Year Asset Management Plan	813,834	704,929	108,902

Long Term Financial Plan

13. The LTFP is a tool to guide decision-making in relation to future financial sustainability.
14. This LTFP takes the 2025/26 adopted BP&B as the base for its projections and builds upon the work undertaken for the annual Business Plan and Budget, Strategic Plan and AMPs. It has been developed with regard to financial principles adopted by Council, Council decisions, and the best available economic information.
15. The 2025/26 to 2034/35 LTFP is modelled on certain trends and assumptions, particularly:
 - 15.1. The LTFP assumes rate revenue increases in line with the Consumer Price Index (CPI), combined with growth of 1% associated with new rateable properties
 - 15.2. Most expenses are escalated by CPI
 - 15.3. CPI, which is forecast by various bodies, is the preferred escalator over Local Government Pricing Index (LGPI), which is a lag indicator
 - 15.4. Current assumptions for CPI are based on SA Centre for Economic Studies forecasts, June 2025
 - 15.5. Enterprise Agreements are used as the basis for salaries and wages increases, noting the differing timeframes associated with each agreement, with CPI used beyond agreement expiry dates
 - 15.6. Interest rates are sourced from Reserve Bank of Australia Bond data – updated quarterly
 - 15.7. Capital renewal expenditure reflects activity programmed within the Asset Management Plans (AMPs), with a transition to 100% Asset Renewal Funding Ratio over an 8 year period from 2024/25

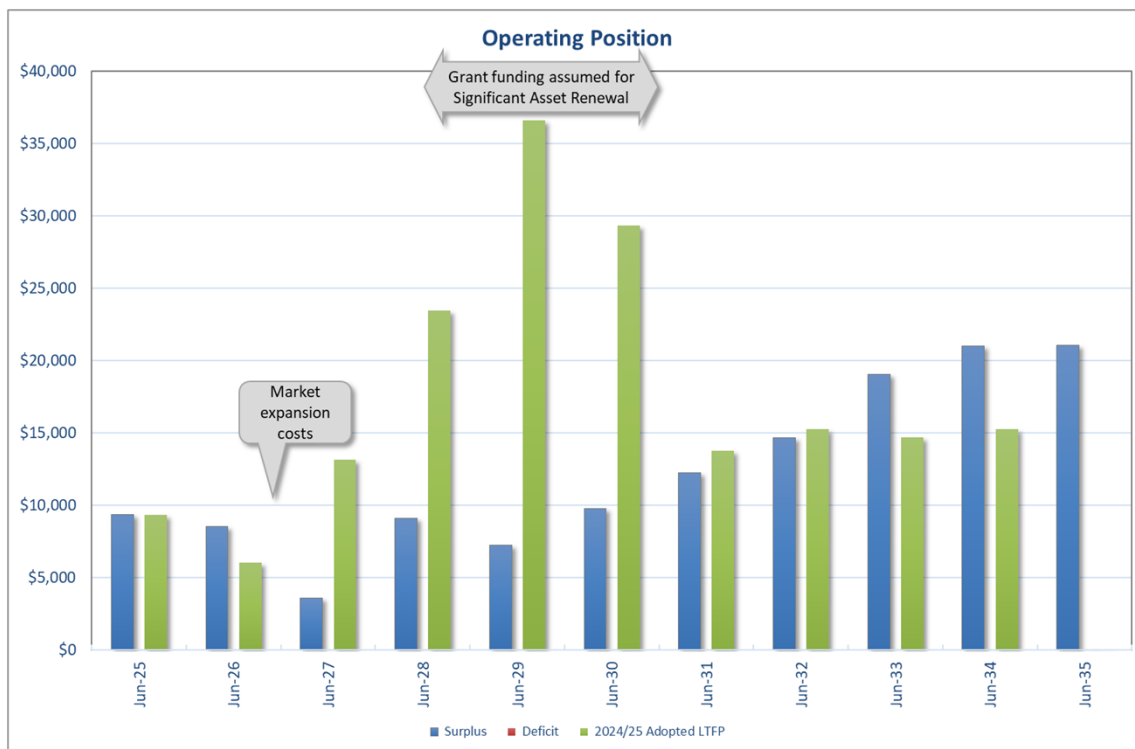
- 15.8. Capital enhancements (new and upgrade) reflect Council's current commitment to deliver on Mainstreet Upgrades over the current term. The funding for other existing council decisions remain consistent with the 2024/25 LTFP
- 15.9. Significant asset renewals contemplated in the LTFP include the Adelaide Bridge, and Torrens Weir structure and Rundle UPark which have been updated to rehabilitate the assets to extend their useful lives (previous LTFP assumed full replacement of the Adelaide Bridge and Torrens Weir).

Statement of Comprehensive Income

16. The current and following ten years Statement of Comprehensive Income is included in **Attachment B**. The next four years are summarised below:

Statement of Comprehensive Income				
\$'000s	2025-26 Budget	2026-27 Plan	2027-28 Plan	2028-29 Plan
Income				
Rates Revenues	154,908	164,079	174,823	181,556
Statutory Charges	17,809	18,254	18,710	19,178
User Charges	70,309	72,067	73,869	75,716
Grants, Subsidies and Contributions	4,896	4,349	4,458	4,569
Investment Income	171	175	179	184
Reimbursements	181	186	190	195
Other Income	694	712	729	748
Total Income	248,969	259,822	272,959	282,146
Expenses				
Employee Costs	90,792	94,142	96,496	98,908
Materials, Contracts & Other Expenses	84,413	90,941	93,203	95,918
Depreciation, Amortisation & Impairment	64,506	67,999	69,610	72,661
Interest Cost on borrowings	-	734	2,120	4,951
Finance costs - ROU Assets	717	2,422	2,422	2,422
Total Expenses	240,428	256,239	263,851	274,860
Operating Surplus / (Deficit)	8,541	3,583	9,108	7,285

17. The projected operating result for 2025/26 is a surplus of \$8.541 million, an increase of \$2.471 million compared to the 2024/25 adopted LTFP projections for the same period.



- 17.1. The surpluses across the LTFP reflect a robust statement of financial sustainability derived from a positive underlying structural budget, which has been achieved through sound financial management and improved efficiency and performance in the provision of all services and asset management plans.
- 17.2. Underlying increases in operating revenue are greater than those in operating expenditure, contributing to the growth in surpluses.
- 17.3. Three key operational impacts affect the operating position throughout the life of the LTFP, namely:
- 17.3.1. The assumptions surrounding preparedness for the Adelaide Central Market Authority expansion resulting in a reduced operating position in 2026/27
 - 17.3.2. Returning revenue from re-opening of the redeveloped Central Market Arcade during 2026/27
 - 17.3.3. Depreciation and interest costs associated with borrowings as Council continues to invest in new and upgraded projects (to meet the emerging needs of the community).

Statement of Financial Position

18. The Statement of Financial Position is from page 27 in **Attachment B**.
19. Net Council assets are forecast to increase from \$2.028 billion at June 2026 to \$2.177 billion in June 2035.

Statement of Cash Flows

20. The Statement of Cash Flows is at page 32 in **Attachment B**. The next four years are summarised below:

Statement of Cash flows				
\$'000s	2025-26 Budget	2026-27 Plan	2027-28 Plan	2028-29 Plan
Cash Flows from Operating Activities				
<u>Receipts</u>				
Operating Receipts	247,861	258,914	271,860	281,377
<u>Payments</u>				
Finance Payments	(2,913)	(847)	(2,389)	(5,320)
Operating Payments to Suppliers and Employees	(171,901)	(183,689)	(189,495)	(194,956)
Net Cash provided by (or used in) Operating Activities	73,047	74,379	79,976	81,102
Cash Flows from Investing Activities				
<u>Receipts</u>				
Amounts Received Specifically for New/Upgraded Assets	8,018	2,631	4,669	-
Proceeds from Surplus Assets	18,500	-	-	-
Sale of Replaced Assets	500	500	500	500
<u>Payments</u>				
Expenditure on Renewal/Replacement of Assets	(67,937)	(70,940)	(72,165)	(74,657)
Expenditure on New/Upgraded Assets	(46,041)	(35,861)	(37,550)	(5,797)
Net Purchase of Investment Securities	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	(320)	(999)	(320)	(320)
Net Cash provided by (or used in) Investing Activities	(87,280)	(104,669)	(104,866)	(80,274)
Cash Flows from Financing Activities				
<u>Receipts</u>				
Proceeds from Borrowings	19,335	35,514	29,411	3,690
<u>Payments</u>				
Repayment from Borrowings	-	-	-	-
Repayment of Lease Liabilities	(5,102)	(5,224)	(4,521)	(4,518)
Net Cash provided by (or used in) Financing Activities	14,233	30,290	24,890	(828)
Net Increase (Decrease) in Cash Held	-	-	-	-
plus: Cash & Cash Equivalents at beginning of period	800	800	800	800
Cash & Cash Equivalents at end of period	800	800	800	800

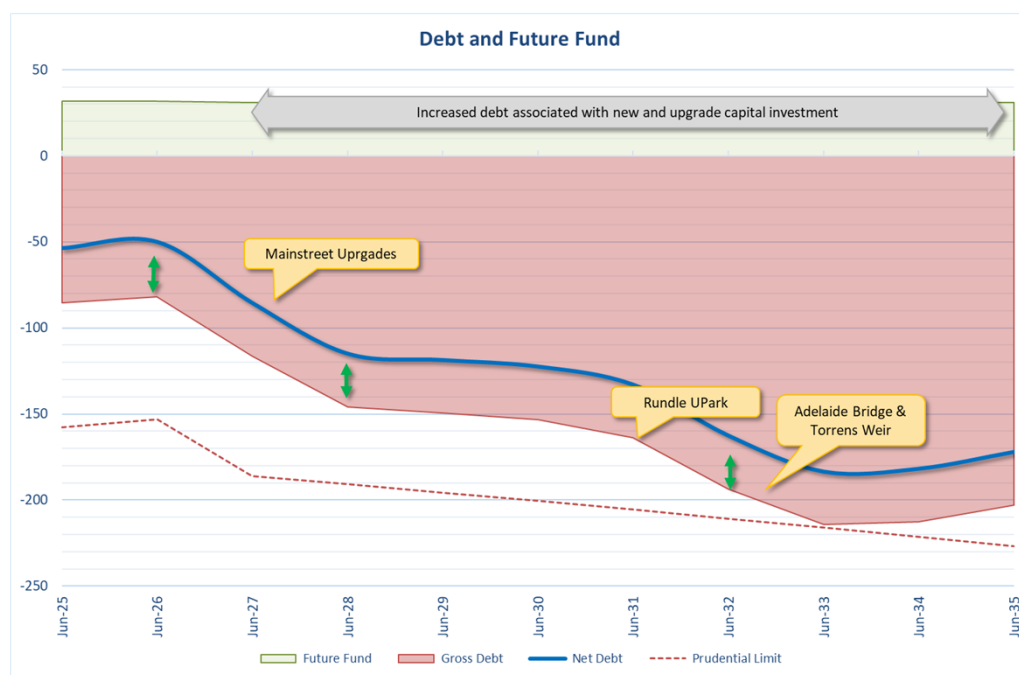
21. Of note are the Proceeds from Sale of Surplus Assets, allocated to the Future Fund which offsets the need to draw the full debt required to fund new and upgraded projects.
- 21.1. Note that when funds in the Future Fund are required to invest in future projects, borrowing levels will reflect the level of debt that would have been carried by Council had it not been offset by the Future Fund.
22. The Cash Flow from Operations is positive over the life of the LTFP, indicating that Council operations will generate enough cashflow to cover ongoing expenses and support the funding of asset replacement over time. Borrowings may be required however to fund significant renewal projects - the Torrens Weir, Adelaide Bridge and Rundle UPark.
23. Given the investment preferences of the Council and the commitment to Mainstreet Upgrades over the next four years (new and upgraded projects), it is appropriate to focus on the balance of borrowings rather than the cash balance.

24. The net funding requirement at the end of 2025/26 as contained within the Uniform Presentation of Finances in **Attachment B** (page 33) is \$19.355 million, increasing our forecast borrowings to \$50.074 million.
25. The 2024/25 LTFP forecast borrowings of \$94.834 million as at 30 June 2026, has the revised LTFP presenting an improvement of \$44.760 million. The movement is summarised below:

Borrowings Reconciliation	2024/25 Adopted Budget (\$'000's)	2024/25 Q3 Budget (\$'000's)	Movement (\$'000's)
Opening Cash/(borrowings) – Reconciliation provided via E-News (26/8/24)	(23,593)	1,635	25,228
Operating Surplus	9,367	9,367	0
Net outlays on Renewal of Assets	1,335	(4,812)	(6,147)
Net outlays on New and Upgraded Assets	(32,283)	(50,840)	(18,557)
Receipt of Long term lease extension payment	0	16,400	16,400
Cash payment for rental properties	(4,989)		4,989
Movement in Net Payables and Receivables	(3,514)	(2,489)	1,025
Forecast Borrowings as at 30 June 2025	(53,677)	(30,739)	22,938

Borrowings Reconciliation	2025/26 Adopted LTFP (\$'000's)	2025/26 Adopted Budget (\$'000's)	Movement (\$'000's)
Opening Cash/(borrowings)	(53,677)	(30,739)	22,938
Operating Surplus	6,070	8,541	2,471
Net outlays on Renewal of Assets	(2,975)	(2,931)	44
Net outlays on New and Upgraded Assets	(39,119)	(19,843)	19,276
Movement in Net Payables and Receivables	(5,133)	(5,102)	31
Forecast Borrowings as at 30 June 2026	(94,834)	(50,074)	44,760

26. A chart of the net funding position showing the gross debt, future fund and net debt (“offset balance”) over the LTFP is shown below.



27. Borrowings are steadily increasing in subsequent years principally due to utilising borrowings to fund the new and upgraded capital program (noting that Council uses operating revenue to fund the renewal capital program).
28. Also note the increase in borrowings in years 6 to 8 where it is assumed that Council will fund the renewal costs associated with the Adelaide Bridge, Torrens Weir and Rundle UPark. Given the size of these significant renewals, the LTFP proposes funding them using borrowings to avoid large rate or other revenue increases to fund the works.
29. The LTFP also assumes transitioning from a 92.5% (2024/25) Asset Renewal Funding Ratio (ARFR) to 100% over eight years from 2024/25. This results in less operating revenue required to offset debt payments, contributing to an overall increase in the net funding position.

Capital Investment

30. The Asset Renewal Funding Ratio is shown in **Attachment B** (page 34). An ARFR of 100% is forecast to be achieved from 2031/32 onwards, ensuring that assets are being replaced at the same rate as they are wearing out, supporting Council's long term financial sustainability.
31. The adopted 2024/25 LTFP assumed forward allocation of \$23.2 million on new and upgraded assets to balance the delivery of infrastructure within prudential borrowing limits. The revised LTFP maintains this forward allocation at the same level.
32. AMPs are funded through operating revenue but in recognition of the need to balance the community's capacity to pay while ensuring community expectations are met, this LTFP continues the 2024/25 LTFP assumption regarding the use of short term borrowings to fund the Asset Renewal Repair Fund.
33. The Essential Services Commission SA (ESCOSA) Advice to Local Government provided in 2024/25 reported that Council has no 'financial cushion' for periods within the 2024/25 LTFP, with Council borrowing to its prudential borrowing limit. The revised LTFP projects that Council will operate within its prudential borrowing limit across the 10 years, including any spend associated with the Future Fund.

Sensitivity Analysis

34. In order to test the LTFP assumptions, sensitivity analyses have been undertaken. Only those with material impacts have been included, noting the sensitivities related to CPI and interest rate variations are immaterial in relative terms.
35. Asset Renewal Funding Ratio (ARFR)

- 35.1. The draft 2025/26 LTFP assumes a transition to 100% ARFR over eight years from 2024/25, primarily to reduce the short term impact on rate payers of the increased funding required through the recently adopted AMPs. The following table compares the ARFR transition by 2031/32 against funding 100% in 2026/27, showing the relative impact on rates revenue. The impact of increasing the ARFR to 100% in 1 year is a 2.8% increase to rates revenue above CPI.

Renewal Impact on Rate Revenue	2026-27		2027-28		2028-29		2029-30		20230-31		2031-32		Total Increase	
\$000's	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
ARFR Transition over 1 year	4096	0.0276	0	0	0	0	0	0	0	0	0	0	4,096	2.8%
ARFR Transition over 8 years	705	0.5%	704	0.4%	704	0.4%	705	0.4%	704	0.4%	1,058	0.6%	4,581	2.7%
Variance	3,391	2.3%	(704)	(0.4%)	(704)	(0.4%)	(705)	(0.4%)	(704)	(0.4%)	(1,058)	(0.6%)	(485)	0.1%

36. Significant Renewals

- 36.1. The LTFP reflects significant renewals required in accordance with our AMPs in the mid-long term. These assets by nature are intergenerational, and as such, it is intended to fund them through borrowings. This will eliminate the burden on existing rate payers, and smooth the cost over those who will benefit from the assets.
- 36.2. The 2024/25 LTFP assumed the significant renewals are funded through external contributions, in addition to borrowings. Based on the current investigations undertaken on these assets, the assumptions in the 2025/26 LTFP have reduced the funding requirement and removed the unsecured external grant contributions.
- 36.3. If external funding is secured to renew these significant assets, either a reduction in borrowings will occur, and / or additional funding will be available for other new and upgraded assets.

37. Mainstreet Upgrades

- 37.1. In the 2023/24 Budget, Council committed to funding the delivery of five Mainstreet upgrades in the current term of Council. The LTFP allocation is \$62.6 million for new and upgraded assets, constraining the funding available to deliver on other new and upgraded non-Mainstreets projects.
- 37.2. The option to defer the delivery of these upgrades to one Mainstreet at a time is available, while planning and designing the next upgrade as the current upgrade is delivered. This will provide capacity to deliver other priorities in the short to medium term in Council's adopted strategies, including the Strategic Plan and Integrated Climate Strategy.

\$000's	Previous Year's Budget	2025-26 Budget	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan	2033-34 Plan	2034-35 Plan	Total 10 years
Current Mainstreet Allocation												
Hindley Street Upgrade	460	480	6,640	6,640	-	-	-	-	-	-	-	14,220
Gouger Street Upgrade	126	2,209	9,001	3,164	-	-	-	-	-	-	-	14,500
O'Connell Street Upgrade	1,000	612	4,135	9,203	-	-	-	-	-	-	-	14,950
Melbourne Street Upgrade	100	1,850	1,683	2,867	-	-	-	-	-	-	-	6,500
Hutt Street Upgrade	(29)	465	4,330	7,684	-	-	-	-	-	-	-	12,450
Total Current Mainstreet Allocation	1,657	5,616	25,789	29,558	-	-	-	-	-	-	-	62,620
Deferral Option												
Hindley Street Upgrade	460	-	-	480	6,640	6,640	-	-	-	-	-	14,220
Gouger Street Upgrade	126	-	-	-	2,209	9,001	3,164	-	-	-	-	14,500
O'Connell Street Upgrade	1,000	-	-	-	-	-	612	4,135	9,203	-	-	14,950
Melbourne Street Upgrade	100	-	-	-	-	-	-	1,850	1,683	2,867	-	6,500
Hutt Street Upgrade	(29)	465	4,330	7,684	-	-	-	-	-	-	-	12,450
Total Deferral Option		465	4,330	8,164	8,849	15,641	3,776	4,135	11,053	1,683	2,867	62,620
Variance		5,151	21,459	21,394	(8,849)	(15,641)	(3,776)	(4,135)	(11,053)	(1,683)	(2,867)	-

38. Upgrade to Park Lands Buildings

- 38.1. During the 2024/25 BP&B process, Council made a commitment to invest 1.5% of Rates Revenue to Upgrade buildings within the Park Lands, equating to \$25.5 million in today's dollars from year 2-10 of the LTFP. This funding allocation was in addition to the Renewal of the buildings contained within the AMPs.
- 38.2. Table below compares a 1.5% of Rates Revenue against a 1.0% of Rates Revenue over the same period.

Upgrade to Park Land Buildings Impact on Rate Revenue	2026-27		2027-28		2028-29		2029-30		2030-31		2031-32		2032-33		2033-34		2034-35		Total Increase	
\$000's	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
1.5% Rates Revenue	2,361	1.5%	2,520	1.5%	2,619	1.5%	2,721	1.5%	2,827	1.5%	2,942	1.5%	3,045	1.5%	3,151	1.5%	3,262	1.5%	25,447	13.50%
1.0% Rates Revenue	1,574	1.0%	1,680	1.0%	1,746	1.0%	1,814	1.0%	1,885	1.0%	1,961	1.0%	2,030	1.0%	2,101	1.0%	2,174	1.0%	16,965	9.00%
Variance	787	0.5%	840	0.5%	873	0.5%	907	0.5%	942	0.5%	981	0.5%	1,015	0.5%	1,050	0.5%	1,087	0.5%	8,482	4.50%

Financial Indicators

39. The key financial indicators (KFIs) required to be reported by councils are the:
- 39.1. Operating Surplus Ratio
 - 39.2. Net Financial Liabilities Ratio
 - 39.3. Asset Renewal Funding Ratio (ARFR)
40. In addition to the required KFIs, Council has adopted additional KFIs to measure its long term sustainability. These are the:
- 40.1. Asset Test Ratio
 - 40.2. Interest Expense Ratio
 - 40.3. Leverage Test Ratio
 - 40.4. Cashflow from Operations Ratio
41. The KFIs shown in **Attachment B** demonstrate an improving financial position in the short term and maintaining a sustainable financial position in key components throughout the 10 year period of the plan. However, the following should be noted:

- 41.1. The Operating Surplus Ratio fluctuates in the short term as a result of the Central Market Arcade Expansion. Over the mid-long term, the ratio steadily improves.
- 41.2. Increased borrowings from continued investment in the City increases the Net Financial Liabilities and Asset Test Ratio indicators. In the 2024/25 LTFP, the Prudential Borrowing Limit was forecast to be reached in 2031/32. This suggested that the investment in new and upgraded capital could not be sustained without changes in other parts of the LTFP (for example, additional assistance to fund the significant renewal projects). The 2025/26 LTFP has seen a significant improvement, with both ratios maintained within target limits.
- 41.3. The ARFR is transitioning to 100% over 8 years from 2024/25, achieving 100% from 2031/32 onwards.
- 41.4. Cash Flow from Operations are negatively impacted by the funding of significant renewal projects – the Adelaide Bridge, Torrens Weir and Rundle UPark from 2030/31.

42. The next four years are summarised below:

Financial Indicator	Explanation	Target	2025-26	2026-27	2027-28	2028-29
Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%	3.4%	1.3%	3.2%	2.5%
Net Financial Liabilities	Financial liabilities and a percentage of operating income	Less than 80%	35%	49%	58%	58%
Asset Renewal Funding Ratio	Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans	90%-110%	94%	95%	96%	97%
Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%	16%	23%	30%	30%
Interest Expense Ratio	Annual interest expense relative to General Rates Revenue (less Landscape Levy)	Maximum 10%	1.5%	2.8%	3.3%	4.0%
Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less Landscape Levy)	Maximum 1.5 years	0.3	0.5	0.7	0.7
Cash Flow from Operations Ratio	Operating income as a percentage of Operating Expenditure plus expenditure on renewal/replacement of assets	Greater than 100%	102%	102%	103%	103%
Borrowings	Borrowings as a percentage of the Prudential Borrowing Limit	Prudential Limit \$m	152.9	186.2	190.9	195.6
		Borrowings \$m	50.1	85.6	115.0	118.7
		%	33%	46%	60%	61%
Operating Position	Operating Income less Expenditure	\$2m - \$10m	8.5	3.5	8.8	6.9
Future Fund	Proceeds from the sale of Council assets to fund new income generating assets or new strategic capital projects	N/A	31.8	30.9	30.9	30.9

CEO Sustainability Report

43. In addition to the Long Term Financial Plan, the CEO Financial Sustainability Report is also attached at **Attachment C**.
44. The CEO Financial Sustainability Report is a summary of the Council's financial sustainability position. It sets out each of the seven Long-Term Financial Sustainability indicators, along with the Council's performance against each.
45. For each of the indicators there is brief description, the Council target, and the Council's result.
46. A graph shows the previous year's actual figure, the current year's budget figure and the projected Long Term Financial Plan's figures for the next nine years.

47. Importantly as part of the 2024/25 annual budget process, Council adopted a suite of financial principles to assist and guide in making informed decisions. Should Council adhere to these principles, it is probable that Council will be financially sustainable now and into the future.
48. With regard to the KFI, Council remains within each relevant indicator except for the Cashflow from Operations ratio between 2030/31 – 2032/33, due to the outlay on significant renewals.
49. The analysis indicates that the City of Adelaide is currently financially sustainable and can remain so for the forecast period covered by the 2025/26 to 2034/35 Long Term Financial Plan.
50. The results highlight matters where a Council decision is required to ensure future financial sustainability. Long term financial sustainability is therefore subject to ongoing decisions and effort, in particular (but not limited to):
 - 50.1. Ensuring decisions are consistent with Council's adopted financial principles
 - 50.2. Continued growth in revenue, through both rates and commercial activities, at or above the rate of growth in expenses
 - 50.3. Commitment to investment in new and upgrade assets in line with prudential borrowing limits
 - 50.4. Use of the Future Fund for particular projects and initiatives.

Consultation Process

51. At its meeting on 14 October 2025, Council approved the Draft 2025/26 to 2034/35 LTFP for the purpose of public consultation, which commenced 15 October and concluded 4 November 2025.
52. The consultation sought feedback from City of Adelaide ratepayers and residents, community and key stakeholders.
53. The consultation was advertised through general channels, including:
 - 53.1. Legislatively required public notice in the South Australian Government Gazette, The Advertiser public notices and the City of Adelaide website.
 - 53.2. Notifications and displays at Council's Customer Centre, libraries, and community centres.
 - 53.3. Council's social media, with 4 posts published across the City of Adelaide Facebook, Instagram and LinkedIn accounts – generating 23,870 views, with 629 engagements through likes, shares, comments, and 39 people clicking to follow through to the link.
 - 53.4. Council's digital assets, including external TV displays and Council's consultation platform Our Adelaide.
54. The public consultation activities undertaken exceeded statutory requirements and offered a range of engagement methods for our community to consider Council's 2025/26 Draft BP&B and provide feedback.
55. During the consultation period, there were:
 - 55.1. 679 total visits (553 unique visitors) to the Draft 2025/26 to 2034/35 LTFP project page on Council's consultation platform, Our Adelaide.
 - 55.2. 180 downloads of the draft LTFP document
 - 55.3. 31 survey forms received, either online via Our Adelaide or as a hard copy
 - 55.4. One written submission via email. Written submissions are defined as any feedback received in writing that does not follow the survey format
 - 55.5. Three verbal submissions received.
56. The number of consultation responses do not constitute a statistically significant outcome, however indicative results are summarised below:
 - 56.1. In broad terms 55% were in agreement or neutral to the overall financial approach proposed in the LTFP, and 45% disagreed
 - 56.2. The current condition of our assets are good to excellent (74% agreed, 26% disagreed)
 - 56.3. Spreading increased renewal investment (Asset Renewal Funding Ratio) over eight years was supported by 52% of respondents. Support for an immediate rate increase to achieve 100% renewal funding received 6%, while 42% preferred not to increase investment in asset renewal
 - 56.4. The approach to funding major upgrades, including the Adelaide Bridge, Torrens Weir and Rundle Street UPark, was supported by 32% of respondents, not supported by 45%, with 23% neutral

- 56.5. To manage the significant cost of upgrading the Adelaide Bridge and Torrens Weir, 36% of respondents supported funding through borrowings, while 64% supported a combination of rate increases and borrowings.
- 56.6. The proposed funding approach for Park Lands community buildings was supported by 35.5% of respondents, not supported by 35.5%, and 29% were neutral.
57. Based on this feedback, and the absence of substantive alternatives proposed, no changes to the financial projections are recommended to the draft LTFP for adoption.
58. Further detail is available in the report considered by Council at its meeting on 11 November 2025 [\[Link 1\]](#).

DATA AND SUPPORTING INFORMATION

Link 1 - [Council Report 11 November 2025](#)

ATTACHMENTS

Attachment A – Asset Management Plans 2025/26 Update

Attachment B – 2025/26 to 2034/35 Long Term Financial Plan

Attachment C – 2025/26 CEO Sustainability Report

- END OF REPORT -