

Our Corporation

2026/27 Long Term
Financial Plan (LTFP)

Roadmap including
Key Assumptions,
Parameters, Levers

12 June 2026
Chief Operating Officer



2026/27 LTFP Roadmap

Date	Forum	Role	Topic
12-Jun	ARC (Workshop)	Discuss	Building the LTFP Roadmap + High level parameters and projections (current LTFP)
7-Jul	Special CFG (Workshop)	Note	LTFP Roadmap, assumptions and Parameters
21-Jul	CFG (report)	Endorse	Draft LTFP for consultation
21-Jul	Special Council	Approve	Draft LTFP for consultation
24-Jul	Begin Public Consultation	Consultation	21 days begins(Strategic Management document)
14-Aug	ARC	Consultation	Draft LTFP for consultation feedback
14-Aug	End Public Consultation	Consultation	21 days ends (Strategic Management document)
18-Aug	CFG (Report)	Endorse	Draft LTFP
25-Aug	Council (Report)	Adopt	Adopt final 2025/26 LTFP

1. S122 of the *Local Government Act 1999 (SA)* requires Council to develop and adopt a 10-year LTFP and Asset Management Plans, which must be consistent
2. S122(4) requires the LTFP to be reviewed on an annual basis and that under s122(6) Council must undertake public consultation in relation to the review

Key Discussion Points

What are
Committee
Members'
views...

on the targeted
operating
surplus
approach?

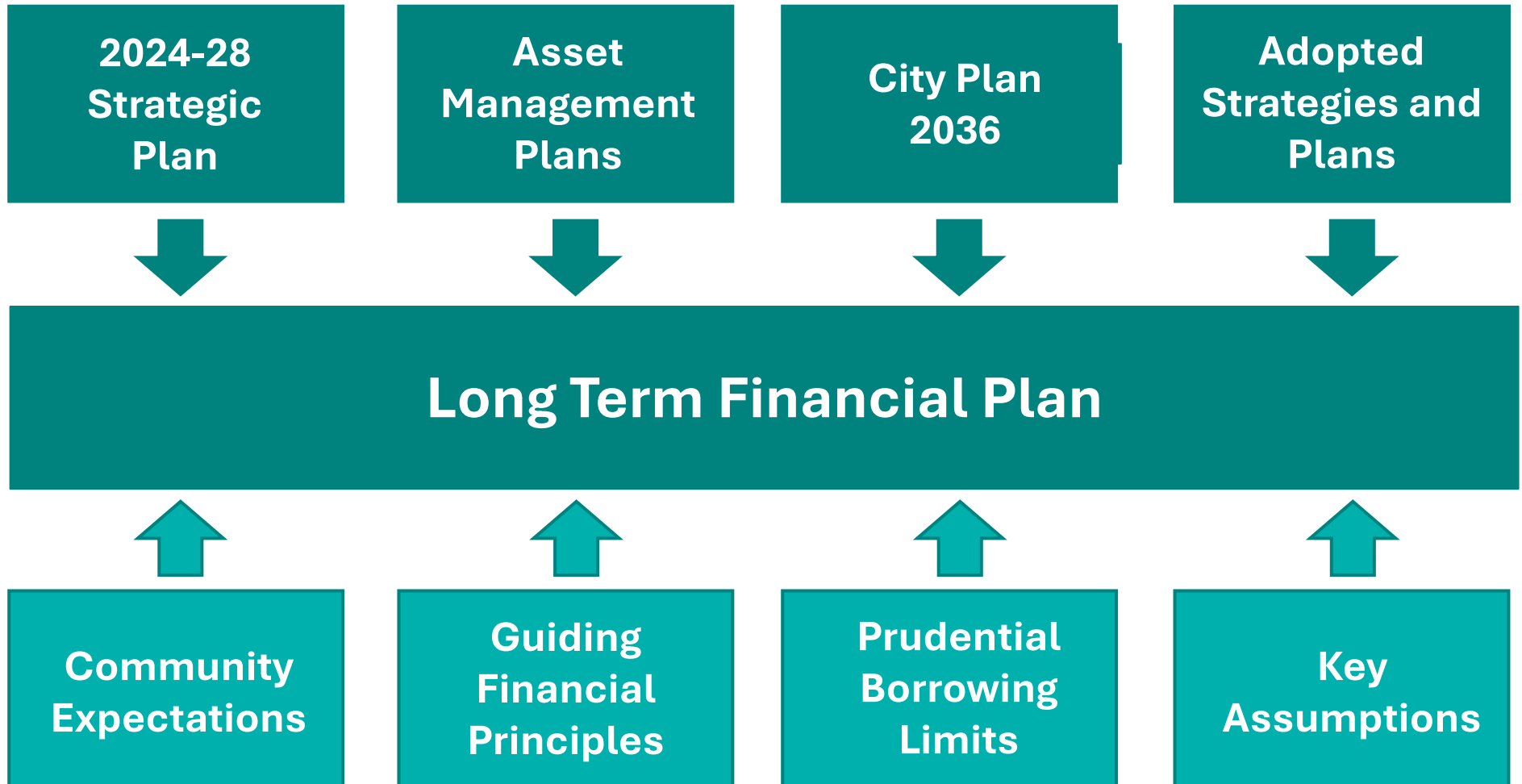
What are
Committee
Members'
views...

on the
assumptions
proposed in the
LTFP?

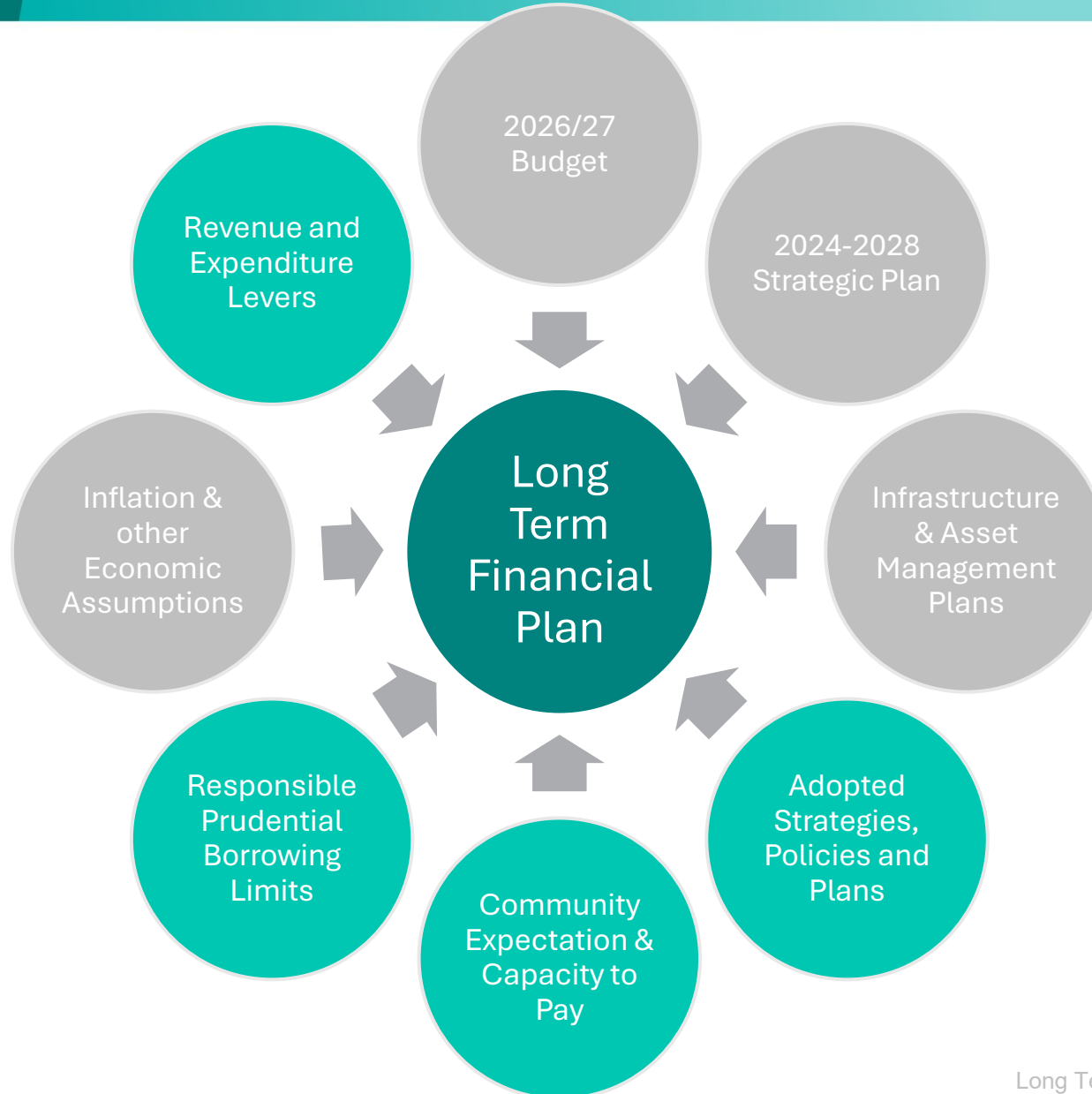
What are
Committee
Members'
views...

on the current
path to a
100% ARFR?

Basis of Preparation



Basis of Preparation



The 4 Funding Elements

FEEDBACK

Four areas to be funded, consistent with the budget:

- Operating Budget
- Strategic Projects
- Asset Renewal Capital Program
- New and Upgrade Capital Program

**The LTFP sets the parameters for the
Annual Business Plan & Budget**

Operating Budget

\$'000s	2026-27 Draft Budget for consultation			2026-27 per Adopted LTFP			Variance
	Operating	Projects	Total Adopted Budget	Operating	Projects	Total LTFP	
Income							
Rates Revenues	165,626	0	165,626	164,079	0	164,079	1,547
Fees and Charges	98,334	0	98,334	90,321	0	90,321	8,013
Grants, Subsidies and Contributions	4,441	276	4,717	4,349	0	4,349	368
Other Income	1,104	0	1,104	1,072	0	1,072	32
Total Income	269,505	276	269,781	259,822	0	259,822	9,959
Expenses							
Employee Costs	97,040	756	97,796	94,142	0	94,142	(3,654)
Materials, Contracts & Other Expenses	81,947	9,338	91,285	77,125	7,325	84,450	(6,835)
Sponsorships, Contributions and Donations	5,676	1,194	6,870	6,490	0	6,490	(380)
Depreciation, Amortisation & Impairment	66,075	0	66,075	67,999	0	67,999	1,924
Interest Cost on borrowings	317	0	317	734	0	734	417
Finance Costs - ROU Assets	2,462	0	2,462	2,422	0	2,422	(40)
Total Expenses	253,517	11,288	264,805	248,914	7,325	256,239	(8,566)
Operating Surplus / (Deficit)	15,988	(11,012)	4,976	10,908	(7,325)	3,583	1,393
Net Outlays on Existing Assets							
Capital Expenditure on Renewal & Replacement of Existing Assets		(68,825)	(68,825)		(70,940)	(70,940)	2,115
Finance lease payments for right of use assets on existing assets		(5,224)	(5,224)		(3,314)	(3,314)	
<i>add back</i> Depreciation, Amortisation and Impairment		66,075	66,075		67,999	67,999	(1,924)
<i>add back</i> Proceeds from Sale of Replaced Assets		500	500		500	500	0
Net Outlays on Existing Assets		(7,474)	(7,474)		(5,754)	(5,754)	190
Net Outlays on New and Upgraded Assets							
Capital Expenditure on New and Upgraded Assets		(29,721)	(29,721)		(34,553)	(34,553)	4,832
<i>add back</i> Amounts received specifically for New and Upgraded Assets		1,805	1,805		2,631	2,631	(826)
Net Outlays on New and Upgraded Assets		(27,916)	(27,916)		(31,922)	(31,922)	4,006
Net Lending / (Borrowing) for Financial Year	15,988	(46,402)	(30,414)	10,908	(45,001)	(34,094)	5,590
Borrowings			(82,295)			(84,168)	(1,873)

Key assumptions:

- Maintaining existing service delivery (as per 2026/27 draft budget)
- Maintaining appropriate operating surplus
- Aligning rate revenue increases with expenditure growth
- Inflation & interest charges
- Asset depreciation

Inflation & Interest Rates

FEEDBACK

Adopted LTFP

Rate %	2026-27 Budget	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan	2033-34 Plan	2034-35 Plan	2035-36 Plan
CPI (SA)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Interest Rate	4.65%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	

Current Assumption

Rate %	2026-27 Budget	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan	2033-34 Plan	2034-35 Plan	2035-36 Plan
CPI (SA)	3.50%	2.80%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest Rate	5.85%	5.60%	5.35%	5.10%	4.85%	4.75%	4.75%	4.75%	4.75%	4.75%

Source: CPI (South Australia Centre for Economics and RBA Inflation target midpoint), Interest Rate (Official Cash Rate forecast plus LGFA margin)

Targeted Operating Surplus

FEEDBACK

The Targeted Operating Surplus incorporates funding:

- Operations, Strategic Projects, and Asset Renewals
- Debt Servicing – new and existing
- 1.5% funding for community buildings in the parklands (renewal and new and upgrade)

Rate revenue growth from new developments contributes to the surplus and forms part of the targeted position.

Operating Surpluses need to be maintained

Rate revenue increases are based on the following:

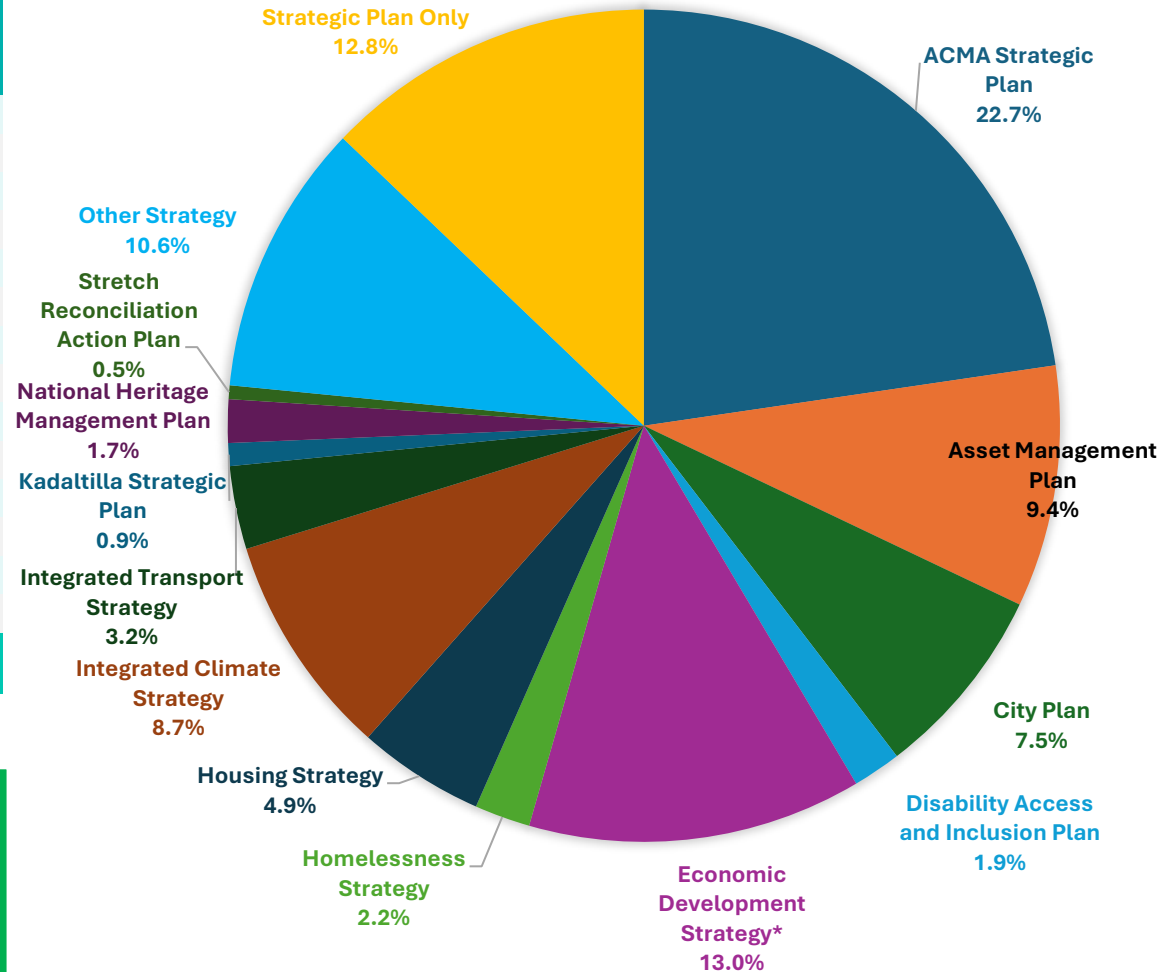
- CPI
- Growth from new developments
- Asset Renewal Funding Ratio increase (over 8 years to 2031/32)
- Asset Renewal Repair Fund (over 3 years to 2027/28)

Rate revenue increases are needed to sustainably fund asset renewals and services

Strategic Projects

Endorsed Strategies/Plans	Expenditure (\$'000)	% of Pool
ACMA Strategic Plan	2,560	22.7%
Asset Management Plan	1,060	9.4%
City Plan	850	7.5%
Disability Access and Inclusion Plan	212	1.9%
Economic Development Strategy*	1,464	13.0%
Homelessness Strategy	244	2.2%
Housing Strategy	556	4.9%
Integrated Climate Strategy	980	8.7%
Integrated Transport Strategy	365	3.2%
Kadaltilla Strategic Plan	100	0.9%
National Heritage Management Plan	190	1.7%
Stretch Reconciliation Action Plan	60	0.5%
Other Strategy	1,195	10.6%
Strategic Plan Only	1,452	12.8%
Total	11,288	

* Inclusive of AEDA Strategic Plan



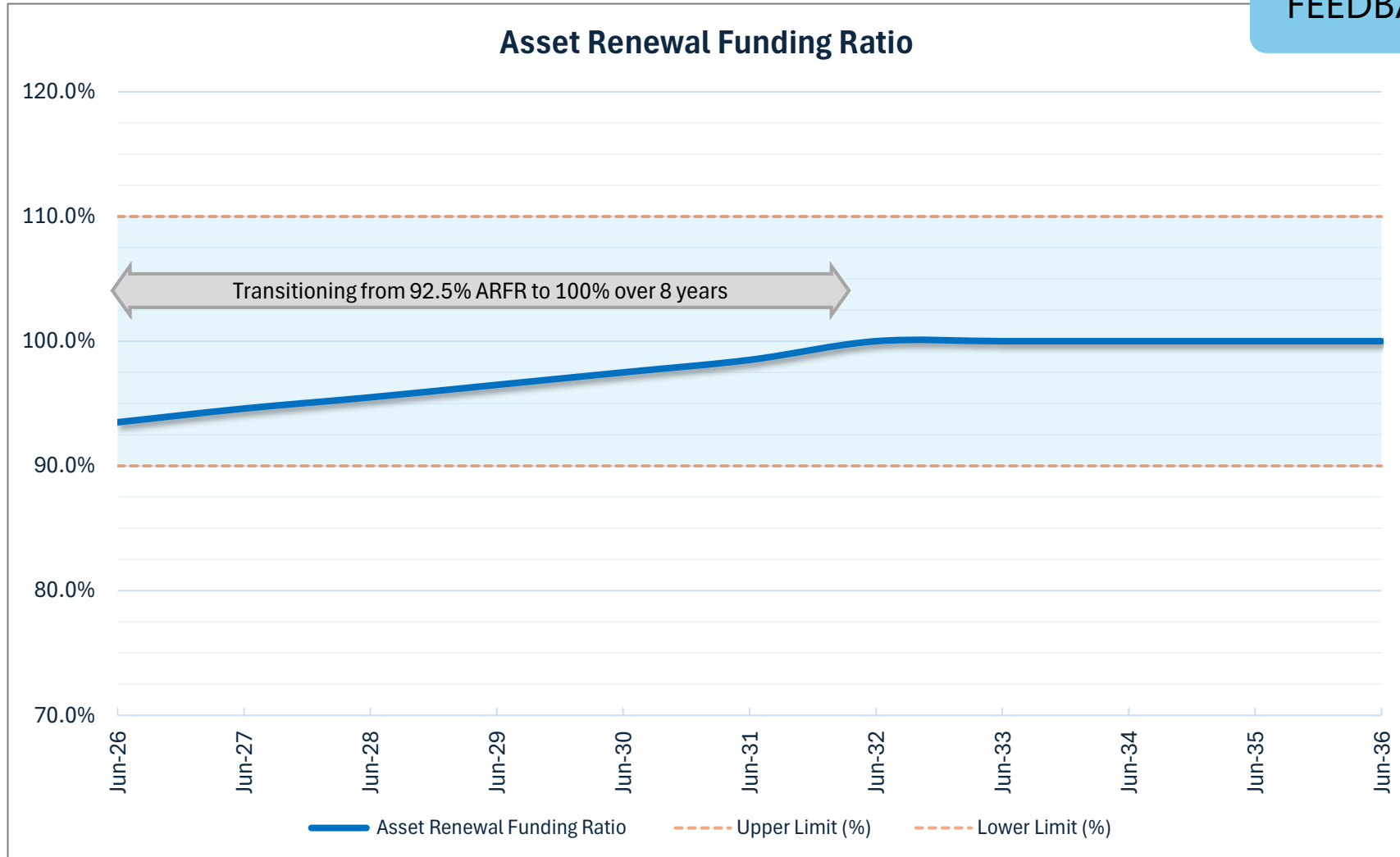
Balance needed to equitably fund initiatives for adopted strategies

Key considerations:

- Continue transitioning Asset Renewal Funding Ratio (ARFR) to 100% over an 8-year period ending in 2031/32
- Update Asset Management Plans to incorporate timing of Main Streets and asset conditions
- Confirm funding assumptions for significant renewals

Asset Renewal Funding Ratio (ARFR)

FEEDBACK



Asset Management Plans

Asset Class *	Revised AMP 2026/27		Adopted LTFP 2026/27 Period		Draft 2026/27 Budget		Variance
	Budget	ARFR	Budget	ARFR	Budget	ARFR	Budget
Buildings	14,329	100%	10,092	94.5%	13,541	94.5%	3,449
Lighting & Electrical	5,675	100%	5,138	94.5%	5,363	94.5%	225
Park Lands & Open Space	1,670	100%	2,772	94.5%	1,578	94.5%	(1,194)
Transport	25,036	100%	28,038	94.5%	23,659	94.5%	(4,379)
Urban Elements	4,693	100%	5,138	94.5%	4,435	94.5%	(703)
Water Infrastructure	6,797	100%	10,147	94.5%	6,423	94.5%	(3,724)
Total Infrastructure Renewals	58,200	100.0%	61,325	94.5%	54,999	94.5%	(6,326)
Plant, Fleet & Equipment Replacement	5,276	100%	3,504	94.5%	4,986	94.5%	1,482
Delivery Resources	8,053	100%	6,110	94.5%	7,610	94.5%	1,500
Total Renewal & Replacement of Assets	71,529	100%	70,940	94.5%	67,595	94.5%	(3,344)

* Excludes Significant Renewals

Significant Renewals

Current assumptions based on options analysis*:

- Strengthen the Adelaide Bridge (rehabilitate and increase the load capacity for vehicles only e.g. no tram) extending its life by 25-100 years
- Rehabilitate the Torrens Weir Structure and extend its life by 50 years
- Extend Rundle UPark life to 2029/30
- Now external grant funding assumed

Significant Renewals	Financial Year	Total Expenditure (\$'000s)	External Funding (\$'000s)	Net Expenditure (\$'000s)
Adelaide Bridge	2025/26 & 2029/30 - 2032/33	17,502	0	17,502
Torrens Weir Structure	2025/26-2026/27 & 2029/30 - 2032/33	24,640	0	24,640
Rundle UPark	2030/31 – 2031/32	15,000	0	15,000
Total Significant Renewals		57,142	0	57,142

* Outlined in Confidential CEO Briefing to Council 9 September 2025

Significant Renewals

- These significant renewals are “once in a generation” projects - funding levers beyond operating revenue alone should be considered:
 - Advocacy and external grant funding
 - Asset ownership
 - Borrowings (fixed principal and interest structure)

**Confirm current assumptions to extend,
renew, replace or upgrade**

New and Upgraded Assets

Council's current adopted LTFP has committed funding to:

- Main Street Revitalisation Upgrades
- Greening Program
- Flinders Street Housing
- 1.5% rates revenue to upgrade buildings in the Park Lands (inclusive of Renewals)
- Assumed forward borrowing commitment of \$23.2m
- Brownhill and Keswick Creek - \$320k annual commitment

The levers available to Council to deliver New and Upgraded Assets are:

- Surplus cash from operating and renewal activities
- External grant funding
- Borrowings
- Prioritising commitment

Confirm current assumptions for new and upgraded assets

Risks and Opportunities

- Council rate revenue growth
- Government priorities (State and Commonwealth)
- Interest rates
- Inflationary pressures - wages and materials
- Securing external funding
- Delivery of Property Strategy and Action Plan
- Delivery of prioritised actions of endorsed Strategies
- Asset valuations
- Prudential Borrowing Limits
- Ongoing impacts of Fuel Supply/Distribution Issues

2026/27 LTFP Roadmap

Date	Forum	Role	Topic
12-Jun	ARC (Workshop)	Discuss	Building the LTFP Roadmap + High level parameters and projections (current LTFP)
7-Jul	Special CFG (Workshop)	Note	LTFP Roadmap, assumptions and Parameters
21-Jul	CFG (report)	Endorse	Draft LTFP for consultation
21-Jul	Special Council	Approve	Draft LTFP for consultation
24-Jul	Begin Public Consultation	Consultation	21 days public consultation ends (Strategic Management document)
14-Aug	ARC	Consultation	Draft LTFP for consultation feedback
14-Aug	End Public Consultation	Consultation	21 days public consultation ends (Strategic Management document)
18-Aug	CFG (Report)	Endorse	Draft LTFP
25-Aug	Council (Report)	Adopt	Adopt final 2025/26 LTFP

Key Discussion Points

What are
Committee
Members'
views...

on the targeted
operating
surplus
approach?

What are
Committee
Members'
views...

on the
assumptions
proposed in the
LTFP?

What are
Committee
Members'
views...

on the current
path to a
100% ARFR?

**Thank you –
questions or comments?**

What is the LTFP?

- The Long Term Financial Plan (LTFP) is a 10 year forecast of Council's financial performance and position based on its strategic plans, anticipated service levels and social, economic and political indicators.
- It provides guidance to support Council decision-making and confirm Council's financial capacity to deliver services, maintain assets and achieve its strategic objectives in a financially sustainable manner.
- The LTFP is a projected report based on information known at the time. As such the review process of the LTFP is iterative and will change as new or updated information is presented.
- Legislatively, Council must adopt a LTFP within the first two years of being appointed. CoA's approach is to develop and adopt the LTFP in consultation with Council each year, and review it quarterly to reflect the latest available information.
- Key outputs include a comprehensive set of financial indicators and forecast financial statements in accordance with legislative requirements.

Financial Sustainability

PRE- READING

The Australian Local Government Association's definition of financial sustainability is as follows:

- "A council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."

It is based on the premise that:

- The current generation are able to 'pay their way' by funding the services and infrastructure they utilise, and
- Investments in new infrastructure and assets funded through borrowings will not over burden future generations.

Basis of Preparation

Projecting forward, the LTFP considers:

- The 2025/26 budget, which forms the 'base' year, with assumptions applied to subsequent years, adjusted for known structural changes
- Council's 2024-2028 Strategic Plan, Infrastructure and Asset Management Plans, and adopted Strategies, including planned investment in new projects and infrastructure
- The social, economic and political environment, including indicators such as population growth, inflation and interest rates
- Anticipated changes in future service levels that reflect the needs and expectations of the community
- Funding and expenditure levers available to Council, including revenue and financing guidelines, such as Council's Rating Policy and Treasury Policy
- Revenue opportunities and cost drivers, including the impact of climate change and other factors on the city
- A rigorous assessment of Council's current financial position and financial sustainability

Financial Principles

Council has endorsed the following Financial Principles:

- Transparency in decision making
- Continue to deliver a minimum of the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI)
- Fees and charges reflect cost of services provided
- Maintain the rating system
- Maintain an operating surplus
- Capitalise on external funding, fast-tracking projects that attract such funding, recognising the potential need for increased borrowings in order to respond to external funding opportunities
- Consider new and different revenue streams and the approach to commercial businesses to reduce reliance on existing revenue sources
- Adjust rate revenue after consideration of all other budget components and use growth in rate revenue to partly fund servicing new rateable properties and to service new borrowings

Financial Principles cont...

PRE- READING

- Capital renewal expenditure will be based on asset management plans
- Borrowings will be used to fund new and upgrade capital projects and not used to fund operations, expenses or capital renewal projects
- Short term borrowings will be used to fund the Asset Renewal Repair Fund (ARFR)
- Generate cash flow from operations ratio above 100% to generate adequate cash flow to replace assets over time and to service the principal and interest associated with borrowings
- New or enhanced services, assets or maintenance requiring an increase in operating costs are to be funded from the adjustment of priorities, rate revenue or other revenue increases and/or through savings
- Consider the disposal, purchase and /or repurposing of property assets to unlock the potential and future prosperity of the City, without incurring a financial loss

Key Assumptions

Underpinning this LTFP

PRE- READING

The current adopted LTFP incorporates the following assumptions and parameters:

- Rates Revenue increases in line with forecast inflation (excluding growth from new developments)
- Fees and charges increased in line with forecast inflation
- Salaries and wages forecasts based on enterprise agreements; once expired, forecast inflation applied
- Other revenue and expenditure growth, in general, in line with forecast inflation
- Interest rates relative to market expectations
- Capital renewal expenditure in line with Infrastructure and Asset Management Plans (IAMPs), returning to 100% Asset Renewal Funding Ratio (ARFR) by 2027-28
- Capital enhancements (new and upgrade) in line with Council Decision to fund \$15m over current term of council and assumed continuation.

Asset Renewal & Asset Management Plans

PRE- READING

- Infrastructure and Asset Management Plans (IAMPs), part of Council's suite of Strategic Management Plans, are reviewed in detail every four years to identify asset condition and consumption to assist in resource and maintenance planning
- A desktop update is completed on an annual basis between the four-year cycle to ensure price escalation and asset condition is kept up-to-date
- Detailed modelling enables Council to optimise maintenance and renewal expenditure to ensure asset sustainability.

Asset Renewal Funding Ratio

- The Asset Renewal Funding Ratio (ARFR) represents expenditure on asset renewals as a percentage of forecast expenditure required as per the asset management plans.
- It illustrates whether existing assets are being replaced or renewed at the rate they are being consumed and ensures consistent service delivery as determined by the Infrastructure and Asset Management Plans.
- The revised AMPs determine the renewal requirement based on condition of the asset as well as the service levels approved by Council.
- The Local Government Act 1999 (SA) recommends a target ratio between 90% and 110%. That is, council needs to renew between 90-110% of what is required within the AMPs for that given year
- The current adopted LTFP assumes a gradual ARFR increase from 93.5% in 2025/26 to 100% by 2030/31

Borrowings

- Council must maintain and upgrade existing infrastructure, and provide new infrastructure to meet changing community needs
- To deliver these important projects and infrastructure, council utilises money from Local Government Financing Authority (a State-backed entity), which creates a debt, or money owed, to be repaid over a period of time (similar in concept to a housing loan)
- If council were to fund infrastructure via rates only, rates would be higher than they are now and have been in the past - the current community would foot the bill for this infrastructure, which has a significant lifespan and will be utilised and benefited by not only the current community that paid for it, but by future communities that have not contributed to it
- Debt assists with funding new infrastructure and upgrades to existing infrastructure without severely increasing rates to do so - this is what is known as intergenerational equity, where everyone contributes equitably over time to the infrastructure they utilise

Prudential Limits

The maximum level of debt is prescribed by way of **prudential limits**. The upper limit is determined through financial indicators. When borrowing, Council will consider the following financial indicators:

Indicator	Asset Test Ratio	Interest Expense Ratio	Leverage Test Ratio
Calculation	Borrowings as a percentage of total saleable property assets	Interest expense as a percentage of General Rates Revenue (less Landscape Levy)	Total borrowings relative to General Rates Revenue (Less Landscape Levy)
Target	Maximum 50%	Maximum 10%	Maximum 1.5 years
Explanation	<p>Similar to the Debt to Value Ratio (LVR) in that it compares the amount of borrowings against the value of assets, which are often used as security for loans.</p> <p>As many of council's assets are not able to be sold, the calculation only includes the market value of building assets which can be sold</p>	<p>This ratio measures the affordability of Council's debt.</p> <p>The ratio indicates the percentage of rates revenue attributed to servicing the debt on an annual basis.</p>	<p>Similar to a debt-to-income ratio (DTI), it compares the amount of debt to overall income.</p> <p>The Ratio indicates the time it would take to repay borrowings through council's controllable revenue source, general rates revenue.</p>

Council is conservative in setting the prudential limit. The appetite of the chamber for debt will be explored through the development of the LTFP and prudential limit settings.

Treasury Policy

Council's Treasury Policy sets out the level of overall borrowing that Council can sustain, and considers the following:

- Strategic planning for the future, covering short, medium and long-term spending and investment requirements
- Current and estimated future revenues and the ability to increase the revenue stream through rates growth, user charges, additional grant funds or commercial activities
- That borrowings can be a critical component of the funding mix to enable Council to respond to immediate, unforeseen pressures, and to leverage future opportunities, including matching external grant funding for revenue generating assets, strategic infrastructure works, and non-revenue generating projects
- That the use of borrowings to fund capital expenditure can be effective in linking the payment for an asset to the successive ratepayer base who will benefit over the life of that asset - this user pays matching concept is known as intergenerational equity
- Current and future funding needs for both operating and capital expenditures

Treasury Policy cont...

PRE- READING

- The 'risk appetite' of Council, as defined by Council's prudential limits
- That the achievement of a low level of debt or even debt free status should not be primary goals in and of themselves, rather that long-term financial strategies should aim for a financial structure where annual operational expenditure and asset renewals are met from annual funding sources such as rates, fees and charges or operating grants

Risks and Opportunities

PRE- READING

- The LTFP, whilst based upon latest available information, is a future projection and subject to change and risk
- The LTFP is a tool for Council to assess the long-term financial impact of its decisions
- Council has endorsed several new Strategies and Plans during its current term - these need to be costed and prioritised for inclusion in the LTFP
- Inherent risks, such as unforeseen economic, political, environmental and market changes, are difficult to anticipate - on this basis, key risks should be considered to guide future actions and opportunities

Key risks

Examples of key risks include:

- Interest Rate Risk: interest rate movements can impact council's ability to sustain and repay borrowings
- Inflationary pressures on materials: movement in materials costs, especially for infrastructure, can impact delivery cost, and the value of our assets and renewal commitments
- Inflationary pressures on wages: cost of living pressures may result in higher wage increases through Enterprise Agreements in the medium to long term
- Community capacity to pay: ability to generate required rate revenue increases to meet funding demands
- Growth aspirations: operational and capital cost pressures to provide necessary hard and soft infrastructure for a higher number of residents

Opportunities

PRE- READING

Examples of opportunities include:

- Growth aspirations: increased rate revenue (spread across more residents), boost to local businesses (through higher local spend) and shift in rate burden from business to residential properties
- Commercial initiatives: parking?
- Parking changes across the city: boost access to businesses through behavioural change
- Grant and co-contributions funding from external providers including State and Federal Government