LONG TERM FINANCIAL PLAN

2026/27 to 2035/36

CITY OF
ADELAIDE

ACKNOWLEDGEMENT OF COUNTRY

The City of Adelaide acknowledges the Kaurna People of the Adelaide Plains as the Traditional Custodians of the land on which we live, work and gather. We acknowledge and honour their spiritual and cultural stewardship of this country and recognise their deep and enduring relationship with its lands, waters, the sky, and all living things. We pay our respects to Kaurna Elders past and present and recognise the important role of emerging leaders in sustaining and strengthening culture.

City of Adelaide tampinthi, ngadlu Kaurna yartangka panpapanpalyarrinthi (inparrinthi). Kaurna Miyurna yaitya mathanya Wama Tarntanyaku. Parnaku yailtya, parnaku tapa purruna, parnaku yarta, ngadlu tampinthi.

Yalaka Kaurna miyurna ithu yailtya, tapa purruna, yarta, kawi, ngayirda kuma puru martinthi, puru warri-apinthi, puru tangka martulayinthi. Kumartarna yaitya miyurna iyangka yalaka ngadlu tampinthi.

TABLE OF CONTENTS

Contents

ABOUT THE PLAN

As the capital city council of South Australia, the City of Adelaide operates in a unique environment.

We provide infrastructure and services that support not only our residents, but a significantly larger daily population of workers, students, and visitors. We maintain assets of state importance and contribute to the economic, cultural, and civic life of the State. This broader role shapes both the scale of our responsibilities and the financial context in which we operate.

This Long Term Financial Plan (LTFP) sets out how Council will manage these responsibilities in a financially sustainable manner over the next ten years. It provides a framework for balancing service delivery, infrastructure investment, asset stewardship and financial capacity, ensuring that resources are allocated in a way that supports both current and future community needs.

The Plan recognises that demand for services, infrastructure and investment within the City consistently exceeds the revenue available through a rates-based funding model. As a result, the Council must continually make informed decisions about priorities, affordability, and value to ensure long-term sustainability.

The LTFP is a strategic planning tool that aligns projected revenue, expenditure, asset investment and borrowings with Council's objectives. It does not necessarily determine specific projects, services or annual budget decisions. Rather, it provides the financial framework within which those decisions can be made, allowing Council to assess future scenarios, understand financial risks and opportunities, and evaluate the long-term impacts of its decisions.

A number of significant challenges will shape Council's financial outlook over the coming decade, including renewing ageing infrastructure, responding to a growing and changing community, managing cost pressures, and ensuring the continued delivery of high-quality services. Addressing these challenges while maintaining a strong financial position is fundamental to Council's role as South Australia's capital city council.

To guide decision-making, the Plan is underpinned by a Financial Strategy focused on three key areas:

- **Sustainable Services:** ensuring services remain affordable, effective, and responsive to community needs.
- **Infrastructure Investment:** maintaining and renewing assets while supporting future growth and development.
- **Financial Position:** preserving Council's long-term financial capacity and resilience.

The Plan measures performance against a range of financial strategy parameters and industry benchmarks. While individual indicators may fluctuate in particular years, the overall objective is to maintain positive financial trends and achieve financial sustainability over the life of the Plan.

Importantly, the LTFP is a living document. It will be reviewed and updated regularly to reflect changes in economic conditions, legislative requirements, funding arrangements and community expectations. Through this process, Council will continue to ensure that financial sustainability remains at the centre of planning, investment and service delivery decisions, enabling the City of Adelaide to confidently meet the needs of current and future generations.

The Long Term Financial Plan provides the financial roadmap to support a vibrant, sustainable and resilient capital city for the future.

STRATEGIC CONTEXT

Council's financial planning is undertaken in an environment of increasing complexity. Community expectations continue to evolve, requiring investment in public infrastructure, environmental sustainability, city activation, community wellbeing and economic development. At the same time, rising costs, inflationary pressures, asset renewal requirements and uncertainty in the broader economic environment place increasing demands on Council's financial resources.

The City's infrastructure portfolio represents a significant community asset and includes roads, footpaths, parks, buildings, community facilities and public spaces. Maintaining and renewing these assets at appropriate service levels is essential to preserving community value and supporting the ongoing growth and vitality of the city.

The LTFP supports the delivery of Council's Strategic Plan 2024-28 by aligning financial capacity with strategic priorities. It provides a mechanism for assessing the long-term affordability of services and infrastructure, evaluating emerging opportunities and risks, and ensuring that decisions made today do not compromise future financial sustainability.

The Plan has been prepared on the principle of intergenerational equity, recognising that the cost of delivering services and investing in infrastructure should be shared fairly between current and future beneficiaries. It also seeks to balance investment needs with the capacity of the community to fund those investments through rates, fees, charges and other revenue sources.

Over the next ten years, Council will continue to face a range of strategic challenges and opportunities, including:

- Renewing and maintaining ageing infrastructure assets.
- Supporting population growth and economic development.
- Responding to changing community expectations and service demands.
- Managing financial impacts associated with inflation and cost escalation.
- Advancing environmental sustainability and climate resilience initiatives.
- Maintaining financial flexibility and resilience in an uncertain economic environment.

This Plan provides the framework through which Council can respond to these challenges while maintaining a strong and sustainable financial position. It supports responsible stewardship of community resources and the ongoing delivery of services and infrastructure that contribute to Adelaide's success as a thriving capital city.

Strategic Planning Framework

The Long Term Financial Plan forms part of Council's strategic planning framework and is closely aligned with:

- City Plan 2036
- Strategic Plan 2024-2028
- Long Term Financial Plan
- Suite of Asset Management Plans

Together, these plans ensure that Council's strategic objectives are supported by a financially sustainable and achievable funding pathway.

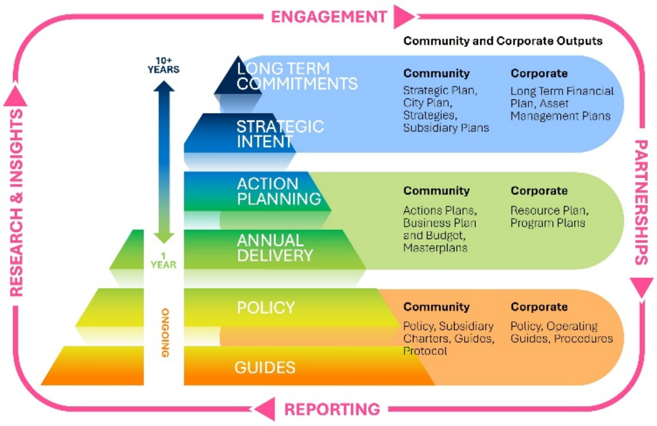


Figure 1: City of Adelaide Strategic and Corporate Planning Approach

BASIS OF PREPARATION

This Long Term Financial Plan (LTFP) presents Council's projected financial position for the ten-year period from 2026/27 to 2035/36.

The Plan has been prepared to support long-term decision-making and financial sustainability and forms part of Council's integrated planning framework. It has been developed based on the 2026/27 Business Plan and Budget, the City of Adelaide Strategic Plan 2024-2028, adopted Infrastructure and Asset Management Plans, and other relevant strategic and financial policies.

The LTFP has been prepared in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. It is reviewed and updated annually to reflect changes in Council priorities, financial performance, economic conditions and other relevant information.

As a long-term forecast, the Plan is based on assumptions and estimates about future events and conditions. Actual results will vary from those projected due to factors that cannot be known with certainty at the time of preparation. The LTFP should therefore be regarded as a strategic planning tool rather than a prediction of future financial outcomes.

In developing the financial projections, Council has considered:

- Strategic priorities contained within the City of Adelaide Strategic Plan.
- Infrastructure renewal, upgrade and new asset investment requirements identified through adopted Infrastructure and Asset Management Plans.
- Council's current financial position and long-term financial sustainability objectives.
- Population growth, economic activity, inflation, interest rates and other relevant economic assumptions.
- Current and anticipated service levels, reflecting community needs and expectations.
- Revenue and funding mechanisms available to Council, including rates, fees and charges, grants, borrowings and investment income.
- Council policies relating to rating, treasury management and financial governance.
- Opportunities, risks and emerging cost pressures, including the impacts of climate change and evolving service demands.

The assumptions underpinning the LTFP are reviewed annually to ensure the Plan remains relevant, realistic and responsive to changing circumstances.

FINANCIAL SUSTAINABILITY

The City of Adelaide's financial sustainability goal is to maintain the capacity to deliver services, manage and renew infrastructure, and invest in the future prosperity of the city without placing an unreasonable financial burden on current or future generations.

Financial sustainability is fundamental to Council's ability to fulfil its role as South Australia's capital city council. It requires balancing community expectations, service delivery and infrastructure investment with the financial resources available to support them, both now and over the long term.

Consistent with this objective, Council has adopted the Australian Local Government Association's definition of financial sustainability:

> *"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."*

This approach is underpinned by two key principles:

- **Intergenerational equity:** ensuring that the current generation contributes appropriately to the cost of the services and infrastructure it consumes.
- **Prudent investment:** ensuring that borrowings used to fund long-lived assets and infrastructure are managed responsibly and do not place an unreasonable burden on future generations.

Maintaining financial sustainability requires Council to generate sufficient operating surpluses, adequately fund the renewal of existing assets, responsibly manage debt and maintain the financial flexibility required to respond to future opportunities and challenges.

Financial Sustainability Context

Over recent years, Council has undertaken a deliberate program of budget repair to strengthen its financial position and address structural financial pressures that had impacted its ability to sustainably renew assets, invest in infrastructure and deliver services.

These actions have significantly improved Council's financial outlook. While important progress has been made, maintaining and building upon these gains remains critical to ensuring long term financial sustainability.

Council continues to operate in a challenging financial environment. Like households, businesses and governments across Australia, it faces ongoing cost pressures associated with inflation, construction escalation and increasing service delivery costs. At the same time, expectations for maintaining high-quality public infrastructure and services continue to grow.

In 2024, Council adopted six Infrastructure and Asset Management Plans (IAMPs), which identified a substantially higher level of investment required to maintain and renew Council's infrastructure assets.

Consistent with Council's financial principles and local government best practice, the funding required to renew existing assets is primarily sourced through operating revenue. This approach supports intergenerational equity by ensuring the cost of consuming infrastructure is borne by those who benefit from it.

Accordingly, the focus of this Long Term Financial Plan is not solely on achieving financial sustainability, but on maintaining it. The Plan provides a framework that supports continued investment in infrastructure and services while preserving Council's long-term financial resilience and capacity to respond to future opportunities and challenges.

Financial Principles

Council has adopted a set of financial principles that underpin this Long Term Financial Plan and guide financial decision-making across the organisation. These principles provide a framework for balancing community expectations, service delivery, infrastructure investment and financial sustainability.

The principles promote transparency in decision-making, equitable funding arrangements, responsible stewardship of community assets and the long-term financial capacity of the Council. They support a sustainable approach to rates, fees and charges, prudent use of borrowings, and investment in infrastructure and services that remains affordable over time.

Together, these principles form Council's Financial Strategy and provide the foundation for the Long Term Financial Plan. They guide the development of annual budgets, inform major financial decisions and support Council's objective of delivering sustainable outcomes for the community while maintaining a strong financial position.

The financial principles guiding this Long Term Financial Plan are:

- Transparency in decision making.
- Adopting an approach to rates, fees and charges that is fair and equitable.
- Reflecting the community's service delivery needs.
- Continuing delivery of at least the current suite of services and asset maintenance, indexed in line with Consumer Price Index (CPI).
- Adopting fees and charges that reflect the cost of services provided.
- Maintaining the current rating system.
- Maintaining an operating surplus.
- Capitalising on external funding opportunities and recognising the potential need for increased borrowings where matched funding delivers community benefit.
- Considering new and diversified revenue streams and the role of Council's commercial businesses to reduce reliance on existing revenue sources.
- Adjusting rate revenue after consideration of all other budget components, while recognising growth revenue as a contributor to servicing new rateable properties and borrowings.
- Funding new or enhanced services, assets and maintenance through reprioritisation, additional revenue or savings, rather than borrowings.
- Basing capital renewal expenditure on adopted Asset Management Plans and prioritising investment according to asset condition and risk.
- Provisioning a future fund from proceeds of underperforming asset divestments to support investment in future revenue-generating assets.
- Considering the disposal, acquisition and repurposing of property assets to unlock future value and prosperity for the City without incurring a financial loss.
- Using borrowings to fund new and upgrade projects, including major projects, rather than operating activities or asset renewal.
- Using short-term borrowings to support the Asset Renewal Repair Fund, enabling increased renewal expenditure to be spread over time and repaid through temporary sustainable rate increases.
- Generating a Cash Flow from Operations Ratio greater than 100 per cent to ensure sufficient operating cash is available to fund asset replacement and service debt obligations.

Measuring Financial Sustainability

The effectiveness of Council's Financial Strategy is assessed through a range of financial sustainability indicators. These indicators provide an objective measure of Council's capacity to fund services, maintain and renew infrastructure, and manage its financial obligations over the long term.

Financial sustainability is principally monitored through three key indicators:

- **Operating Surplus Ratio:** measures the affordability of Council's services by comparing operating revenue with operating expenditure.
- **Net Financial Liabilities Ratio:** measures the affordability of Council's borrowings and financial commitments relative to operating revenue.
- **Asset Renewal Funding Ratio:** measures the extent to which Council is funding the renewal of its existing assets relative to the level of renewal required.

These indicators are widely used across the local government sector and provide insight into Council's operating performance, financial capacity and asset sustainability.

In addition to these core indicators, Council monitors a broader suite of financial and operational measures to assess financial performance, resilience and long-term sustainability. Collectively, these measures provide a comprehensive view of Council's financial health and support informed decision-making.

The Long Term Financial Plan tracks these indicators over the ten-year planning horizon and compares performance against industry benchmarks. While individual indicators may fluctuate from year to year because of specific projects, economic conditions or strategic decisions, the overall objective is to maintain positive long-term trends and achieve sustainable financial outcomes over the life of the Plan.

KEY ASSUMPTIONS

The Long Term Financial Plan is based on a series of assumptions about future economic conditions, service delivery requirements, asset investment needs and funding sources. These assumptions provide the foundation for the financial projections contained within the Plan and are reviewed annually to reflect emerging information and changing circumstances.

The key assumptions underpinning the Plan relate to:

- Rate revenue growth.
- Fees and charges.
- Salaries and wages.
- Other operating revenue and expenditure.
- Inflation and interest rates.
- Capital investment and asset renewal requirements.

As a long-term forecasting document, actual financial outcomes will vary from those projected. The assumptions adopted represent Council's best estimate of future conditions at the time of preparing the Plan.

Forecast Inflation

Forecast inflation is a key driver of both Council's revenue and expenditure projections.

The South Australian Centre for Economic Studies (SACES) forecasts have been adopted for the 2026/27 Budget and the initial years of the Long Term Financial Plan where available. For later years, the Plan assumes inflation consistent with the midpoint of the Reserve Bank of Australia's long-term target range of 2.0% to 3.0%.

Using these recognised forecasting sources provides consistency across the planning horizon and ensures that assumptions reflect both local economic conditions and broader national economic expectations.

Rates

Rates are Council's primary source of recurrent revenue and play a critical role in supporting the financial sustainability objectives of this Plan.

Over the life of the Plan, rate revenue growth has been modelled to align broadly with forecast inflation, while also incorporating revenue growth from new developments and targeted increases required to support Council's infrastructure renewal and financial sustainability objectives.

The Plan includes:

- Growth from new developments and capital improvements of approximately 1.5% per annum.
- A temporary increase of 2.0% in the short term through to 2027/28 to support the transition from the budget repair phase while balancing community expectations and capacity to pay.
- An additional increase of approximately 0.4% to 0.5% per annum over eight years to progressively improve the Asset Renewal Funding Ratio and address identified infrastructure renewal funding requirements.

This approach reflects Council's commitment to maintaining service levels, sustainably funding asset renewal and preserving financial sustainability, while seeking to minimise the financial impact on ratepayers.

Rate revenue projections are reviewed annually and may be adjusted in response to changes in economic conditions, inflation forecasts, property valuations, growth trends and Council priorities.

Fees and Charges

Fees and charges represent an important source of revenue and are reviewed annually as part of the Business Plan and Budget process. Council seeks to ensure that fees appropriately reflect the cost of service delivery, market conditions and broader strategic objectives.

There are three principal types of fees charged by Council:

- General fees and charges set by statute (via the State Government)
- General fees and charges set by Council (or under delegation)
- Commercial fees and charges set under delegation.

Statutory charges, such as fees associated with services regulated under the *Road Traffic Act 1961*, the *Planning, Development and Infrastructure Act 2016*, the *South Australian Public Health Act 2011*, the *Food Act 2001* and the *Dog & Cat Management Act 1995* reflect dollar increments or percentage increases as specified by the respective authority or body.

Fees and charges set by Council or under delegation are reviewed each year in conjunction with the development of the Business Plan and Budget. The review ensures that the fees:

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

For the purposes of the LTFP, it is assumed that fees and charges will increase, on average, in line with CPI unless there are specific circumstances that will have a material impact on the quantum of fees and charges, such as changes in property tenancies associated with the Adelaide Central Market Arcade Redevelopment.

Fees for Council's commercial operations, including commercial properties and the UPark car parks will be subject to market conditions and commercial considerations on a year by year basis. However, for the LTFP, increases have been aligned to the movement in the price index.

Grants, Subsidies and Contributions

Ongoing grants, subsidies and contributions are assumed to continue for the life of the Plan unless existing agreements are known to expire, change or cease.

Where grants, subsidies and contributions are for specific projects or related to specific events, they will be recognised in the LTFP in line with the relevant accounting standards.

Employee Costs

Salaries and wages forecasts are based on current and/or expected enterprise agreement outcomes. Employee cost projections reflect the terms of existing enterprise agreements. Where there is no current agreement the increase assumption is based on CPI. Actual increases will be dependent upon future enterprise agreement negotiations, with new agreements reflected in the LTFP upon the completion of negotiations. Increases in the Superannuation Guarantee are consistent with Australian Taxation Office advice.

Contractual Expenditure and Materials (including Utilities)

Expenditure is generally increased by the price index unless there are specific costs of a material value that are known or forecast to vary significantly from the price index (e.g. electricity contract, hard waste levy).

Service Delivery

City of Adelaide is responsible for the delivery of a range of service offerings to its ratepaying community and visitors alike. Council delivers these services through its 17 Programs and three wholly owned subsidiaries (Adelaide Central Market Authority; Adelaide Economic Development Agency; Kadaltilla/Adelaide Park Lands Authority). The LTFP assumes that Council will continue to deliver services broadly consistent with the levels adopted in the 2026/27 Business Plan and Budget. Any future changes to service levels approved by Council will be reflected in subsequent updates to the Plan.

North Adelaide Golf Course

The South Australian Government enacted the *North Adelaide Public Golf Course Act 2025* to facilitate the development of a new North Adelaide Golf Course, ensure its ongoing use as a championship golf course and public facility, and provide for related purposes. In accordance with the Act, ownership of assets located within the project site transferred to the designated Minister on 27 April 2026.

Following the transfer of the project site to the Minister, the City of Adelaide has continued to provide limited golf course operations under an interim agreement with the State Government during the construction phase. The revised LTFP now assumes these interim operational arrangements will cease in 2027/28. The combined effect of these changes is a reduction in both capital renewal requirements and ongoing operating activity within the LTFP, aligning the City's long-term financial projections with its reduced asset ownership and operational responsibilities.

Asset Maintenance, Renewal and Upgrade

Forecast expenditure in the LTFP is presently based on the 2024 AMPs updated based on current condition and risk. Asset Renewal costs for the life of the LTFP are $849.1 million, with the majority of spend allocated to infrastructure of $714.5 million and the remainder on corporate or commercial based assets as detailed within the Key Assumptions (Capital) section.

City of Adelaide is responsible for the management, operation and maintenance of the city's infrastructure, a diverse property portfolio and plant, fleet and equipment.

Asset Management Plans (AMPs), which form part of Council's Strategic Management Plans, are reviewed in detail every four years to identify asset condition and consumption to assist in resource and maintenance planning. Detailed modelling enables Council to optimise maintenance and renewal expenditure to ensure optimal asset lifecycles and sustainability. The ten-year AMPs will also consider new infrastructure needs to meet future community service expectations in a sustainable manner.

AMPs are to be funded through operating revenue, and by recognising the need to balance the community's capacity to pay while ensuring community expectation is met, the LTFP represents a gradual return to 100% ARFR over eight years from 2024/25 to 2031/32, primarily as a result of the increased funding required through the recently adopted AMPs.

Whilst the AMPs include all forecast renewal expenditure, there are significant renewals identified within the AMP over the next ten years. This section and Table 3 illustrated within the 10 year capital program exclude them for the purposes of identifying funding pathways to ensure intergenerational equity.

Significant Renewals

The LTFP includes the renewal of three significant assets: Adelaide Bridge, Torrens Weir, and Rundle UPark. The current assumption within the LTFP is that Levels of Service associated with these assets will remain the same.

The renewal costs for these assets across the life of the LTFP totals $64.5 million as detailed within the 10 year capital program section. It is assumed that all significant renewals will be funded 100% by Council.

Adelaide Bridge

The 2024 Transportation AMP assumes that the Adelaide Bridge will be renewed on a like-for-like basis with existing load bearing. This once in a generation renewal will place substantial pressure on the existing ratepayer base. Structural audits have been undertaken in conjunction with an options analysis to provide more detailed approaches and costs.

Both the LTFP and AMPs are revised on an annual basis. Consistent with the 2025/26 LTFP, both the LTFP and AMP assume a rehabilitation of the bridge with an increase to the bridge load limit to 75% of SM1600 load, with Council funding 100%.

This position paves a way forward for continued advocacy with other levels of government to increase the load limit.

Torrens Weir Structure

The 2024 Water Infrastructure AMP assumes that the Torrens Weir Structure will be renewed on a like-for-like basis. This once in a generation renewal will place substantial pressure on the existing ratepayer base. As such, structural audits have been undertaken in conjunction with options analysis to provide more detailed information on potential approaches and costs.

Both the LTFP and AMPs are revised on an annual basis. Consistent with the 2025/26 LTFP, both the LTFP and AMP assume a rehabilitation of the global weir structure to extend the remaining economic life of the structure by 50 years, with Council funding 100%.

Rundle UPark

The Building 2024 AMP assumes that the UPark will be renewed on a like-for-like basis. The previous term of Council removed the like-for-like renewal from the LTFP on the basis that it would undertake an EOI process to explore joint venture opportunities that would realise the property's development potential, and that the EOI process would consider adaptable reuse opportunities.

Whilst the future of the site is still to be determined, Council resolved in 2025 to reinstate the renewal of the UPark and associated income and expenditure into the LTFP. The renewal is assumed to be an extension of its useful life, rather than a replacement. A structural condition audit will determine risks, timing and associated costs with extending the useful life of the building, however for the purpose of the both the LTFP and AMP, a $15 million allocation in today's dollars ($16.5 million indexed) has been included to extend its useful life to align to current lease/contract end dates.

Asset Renewal Repair Fund

Council recognises that maintaining an Asset Renewal Funding Ratio below 100% over an extended period represents an underinvestment in existing assets and infrastructure. Following the adoption of the 2024 Infrastructure and Asset Management Plans, Council identified an additional renewal funding requirement of approximately $14.9 million per annum compared with previous plans. This funding gap gave rise to the Asset Renewal Repair Fund (ARRF).

Short term borrowings have been used to fund the ARRF (from 2025/26 to 2027/28), to ensure the increased spending required through the revised Asset Management Plans are smoothed through sustainable rate increases, mitigating the immediate burden that would otherwise be incurred by current ratepayers.

The AMPs, in line with adopted principles, are funded through operating revenue. The 2026/27 LTFP continues to recognise the need to balance the community's capacity to pay while ensuring community expectation is met. As a result, Council has resolved to transition to a 100% ARFR over an eight-year period, reaching 100% in 2031/32.

New and Upgraded Assets

New and Upgraded Assets, including property transactions and developments such as Central Market Arcade redevelopment and Mainstreet Upgrades, have been incorporated in the LTFP where a Council decision or commitment to progress the project has been made.

The total spend on identified new and significant upgrades for the life of the LTFP is $141.7 million, as detailed within the Key Assumptions (Capital) section.

New and Upgraded Assets allocations are subject to a Business Case approved by Council and should align to adopted strategies and plans. They are funded through borrowings where no external funding or excess cash flow from operations is available.

In previous adopted LTFPs, Council adjusted the Capital Program in the outer years to fit within its current Prudential Borrowing Limits (after considering all other LTFP components), identifying a $23.2 million forward allocation. This resulted in a limited "financial cushion" available to Council and was a focus area identified within the Essential Services Commission SA (ESCOSA) Advice to Local Government provided in 2024/25.

The 2026/27 to 2035/36 LTFP has reduced the forward allocation to $17.5 million as a result of Council decisions to fund New and Upgraded assets not previously identified. Regardless of its reduction, this allocation continues to create capacity within the current Prudential Borrowing Limits and provide a "financial cushion".

Council's commitment to invest 1.5% of Rates Revenue to renew and upgrade buildings within the Park Lands has been maintained, equating to a total investment of $27.9 million from 2027/28, of which $18.0 million is allocated to New and Significant Upgraded Assets. Refer to the detail within the 10 year capital program section.

Where capital expenditure is in excess of $4 million (escalated in line with the Prudential Management Policy), prior to commencement, approval is subject to a prudential report being presented and considered by Council to understand the impact on the LTFP.

Depreciation, Amortisation and Impairment

Depreciation is informed by Asset Management Plans and reflects increases in valuations and new asset additions.

Amortisation and impairments are determined by condition audits and revaluations. No specific forward assumptions have been factored into the LTFP but any adjustments will be incorporated into the base budget and LTFP each year, if and when necessary.

Interest and Borrowings

Council's services, projects and infrastructure works are predominantly funded through rates, fees and charges, grants and subsidies. Borrowings are principally utilised for new and upgrade infrastructure projects, including city shaping projects such as the redevelopment of Central Market Arcade, significant community infrastructure and commercially focused projects with a financial return on investment.

For significant renewals, such as Adelaide Bridge and the Torrens Weir, debt may have to be utilised to deliver these projects. The LTFP assumes that Council funds these projects by drawing on debt. As such, Council's debt is set to increase significantly in the years in which this expenditure is forecast to occur. To mitigate the significant financial impact of these two projects, Council will actively seek funding assistance with these projects.

City of Adelaide has utilised the Reserve Bank of Australia data as a source for projecting interest rates for the purposes of the LTFP. The rates are reviewed quarterly and are based on the latest information and indicators.

Council's Subsidiaries

City of Adelaide has three wholly owned subsidiaries: Adelaide Central Market Authority; Adelaide Economic Development Agency; and Kadaltilla/Adelaide Park Lands Authority, and an equity share in Brownhill & Keswick Creeks Stormwater Board.

The LTFP assumes that service delivery of the subsidiaries will remain unchanged and is delivered at the same, consistent levels assumed in the 2026/27 annual budget.

Capital, funding and operating costs required for the Adelaide Central Market Authority expansion have been assessed for amounts and timing from 2026/27 onwards and have been incorporated into the LTFP. Increased operating revenues and expenses are assumed once the expanded Market begins to operate in 2026.

RISKS AND OPPORTUNITIES

The Long Term Financial Plan has been prepared using the best information available at the time of adoption. As a forward-looking document, however, it is subject to uncertainty and cannot fully anticipate future economic, legislative, environmental, technological or market changes.

The Plan should therefore be considered a strategic planning tool that enables Council to evaluate financial impacts, assess alternative scenarios and support informed decision-making. Regular review of the LTFP ensures that emerging risks and opportunities can be incorporated into future financial planning.

Revenue and Funding Risk: Rates Revenue Growth

Rates are Council's primary source of recurrent income and are critical to maintaining long-term financial sustainability. Changes in growth assumptions have a material impact on the LTFP as they become embedded in Council's revenue base over time.

The 2026/27 financial year saw overall rates revenue growth of 7.1 per cent, including growth from development, Asset Renewal Repair Fund (ARRF) funding and Asset Renewal Funding Ratio (ARFR) improvements. This increase has strengthened Council's capacity to fund services and infrastructure over the life of the Plan.

Maintaining alignment between revenue growth and cost growth remains essential to ensuring Council can continue to deliver services and maintain infrastructure at expected levels.

Council Action:

- Monitor market indicators, valuation trends and development activity to inform future rate revenue forecasts.
- Review rates assumptions annually to reflect the latest available information.
- Balance future rate increases against community affordability while maintaining financial sustainability and service levels.
- Utilise borrowings where appropriate to spread the cost of significant infrastructure investments across current and future beneficiaries.

Revenue and Funding Risk: Legislative and Regulatory Changes

Local government operates within a changing legislative environment. Recent reforms, including the introduction of the Rates Oversight Scheme administered by the Essential Services Commission of South Australia (ESCOSA), may influence Council's ability to respond to future financial pressures through rates revenue.

While the long-term impacts of the scheme are still emerging, future regulatory changes may affect the flexibility of councils to respond to changing circumstances.

Council Action

- Continue engagement with ESCOSA, the Local Government Association of South Australia and the State Government regarding regulatory reform.
- Ensure Council's financial planning remains evidence-based, transparent and aligned with legislative requirements.
- Maintain a sustainable rating approach that supports community outcomes and long-term financial sustainability.

Revenue and Funding Risk: Fees, Charges and Commercial Revenue

Fees and charges represent a significant component of Council's revenue base, accounting for approximately 36 per cent of total operating income. Revenue generated from parking, commercial property and other user-pays services remains influenced by economic conditions, visitation levels and market demand.

The COVID-19 pandemic demonstrated the extent to which Council is exposed to fluctuations in these revenue streams.

Council Action:

- Continue to optimise and diversify fee and charge revenue streams.
- Align pricing structures with service utilisation and cost recovery principles.
- Monitor performance quarterly and update projections as required.

- Reduce reliance on any single source of revenue over time.

Revenue and Funding Risk: Interest Rates and Borrowing Costs

Interest rates continue to influence Council's borrowing costs and investment returns. While inflationary pressures have somewhat moderated, future movements in interest rates remain uncertain and will continue to affect the affordability of debt-funded projects.

As Council's investment and infrastructure program progresses, debt levels are expected to increase relative to historical levels, increasing sensitivity to interest rate movements.

Council Action:

- Regularly review interest rate forecasts and market conditions.
- Manage borrowings in accordance with Council's Treasury Policy.
- Monitor debt affordability through the Net Financial Liabilities Ratio and other sustainability measures.
- Maintain flexibility within Council's borrowing capacity to respond to emerging opportunities and risks.

Revenue and Funding Risk: External Funding

The LTFP has been prepared on a conservative basis, assuming that Council will fund its operating activities and asset renewal requirements primarily through its own revenue sources unless external funding has already been confirmed.

Many strategic projects may benefit from contributions from the Australian Government, South Australian Government or other funding partners. Failure to secure external funding could increase pressure on Council's own resources.

Council Action:

- Continue advocacy with other levels of government on projects of regional and state significance.
- Seek grant and funding opportunities that reduce the burden on ratepayers.
- Position projects to maximise eligibility for future funding programs.
- Ensure funding assumptions are updated as certainty improves.

Asset and Cost Risk: Inflation and Cost Escalation

Although supply chain disruptions have largely eased, Council continues to face cost pressures associated with labour, construction materials, utilities, specialist services and infrastructure delivery.

These pressures have the potential to increase both operating expenditure and capital project costs beyond current forecasts.

Council Action:

- Maintain robust procurement and contract management practices.
- Seek value-for-money outcomes through competitive procurement processes.
- Monitor construction and service delivery markets.
- Identify efficiency opportunities to offset cost increases where possible.

Asset and Cost Risk: Employee Costs

Employee expenses represent one of Council's largest areas of expenditure. Future enterprise agreement outcomes and labour market pressures have the potential to increase employee costs beyond current forecast assumptions.

Council Action:

- Maintain workforce planning aligned with service delivery requirements.
- Monitor labour market trends and enterprise agreement negotiations.
- Pursue productivity improvements through process improvement and technology adoption.

Asset and Cost Risk: Asset Valuations and Renewal Costs

Asset valuations influence both depreciation expense and long-term renewal requirements. Increases in replacement costs can result in higher depreciation and greater future asset renewal funding needs.

Given the scale of Council's infrastructure portfolio, changes in valuation assumptions may have a material impact on long-term financial forecasts.

Council Action:

- Undertake regular asset valuation reviews and annual indexation assessments.
- Maintain Asset Management Plans that reflect current construction costs and asset condition information.
- Ensure asset renewal requirements remain appropriately funded through the LTFP.

Strategic Opportunity: Property Strategy and Future Fund

Council's Property Strategy and Action Plan provide an opportunity to strengthen long-term financial sustainability through the active management of Council's property portfolio.

The Strategy establishes a framework for assessing assets and determining whether they should be retained, redeveloped, repurposed or divested to maximise community, strategic and commercial outcomes.

Where appropriate, proceeds from the sale of underperforming assets are allocated to Council's Future Fund in accordance with the Future Fund and Investment Policy. The Future Fund provides a mechanism to invest in strategic projects, revenue-generating opportunities and initiatives that strengthen Council's long-term financial position.

The successful delivery of the Property Strategy is influenced by market conditions, investment opportunities and the timing of transactions. As such, the financial outcomes associated with property initiatives may vary over time.

Council Action:

- Regularly review the performance of Council's property portfolio.
- Identify opportunities to improve strategic, community and commercial outcomes.
- Undertake detailed business case assessments before any property transaction or Future Fund investment.
- Utilise the Future Fund to support strategic investments that enhance financial resilience and diversify revenue sources.

Strategic Opportunity: Artificial Intelligence and Digital Transformation

Artificial Intelligence (AI) and digital technologies present significant opportunities to improve service delivery, increase organisational productivity and support long-term financial sustainability.

As technology capabilities evolve, Council expects to progressively integrate AI and automation into key business processes including finance, procurement, customer service, asset management, planning and corporate services.

Potential benefits include:

- Reduced administrative effort and manual processing.
- Faster customer response times.
- Improved forecasting and decision-making through data analytics.
- Enhanced procurement and contract management.
- Improved risk management and compliance monitoring.
- More effective asset maintenance and lifecycle planning.
- Greater workforce productivity and capacity.

Over time, technology-enabled productivity improvements are expected to help offset a portion of future expenditure growth, supporting service delivery while moderating future rates increases.

Council Action:

- Adopt AI and digital technologies in a responsible and governed manner.
- Invest in employee capability, data management and supporting systems.
- Maintain strong cybersecurity, privacy and ethical oversight frameworks.
- Realise productivity gains that can be redirected towards service delivery, infrastructure investment and improved affordability for the community.

Council will continue to monitor these risks and opportunities as part of its annual review of the Long Term Financial Plan, ensuring that financial strategies remain responsive, sustainable and aligned with the long-term interests of the City and its community.

SENSITIVITY ANALYSIS

The Long Term Financial Plan is based on a range of assumptions relating to economic conditions, revenue growth, expenditure levels, interest rates and asset investment requirements. Given the long-term nature of the Plan, actual results will vary from those projected.

Sensitivity analysis has been undertaken to assess the potential impact of changes in key assumptions on Council's financial position and long-term sustainability. This analysis assists Council in understanding areas of financial risk and informs future decision-making.

A range of scenarios were tested as part of the development of the LTFP. While changes in assumptions such as inflation and interest rates influence projected results, the analysis demonstrated that these variations do not materially alter the long-term financial position of Council. Accordingly, the sensitivity testing presented below focuses on those variables with the greatest potential impact on financial sustainability.

Rates Revenue

Rates revenue is Council's primary source of operating income and a key driver of long-term financial sustainability. The LTFP assumes that rates revenue growth broadly aligns with forecast inflation, supplemented by growth from new developments, capital improvements and targeted increases associated with Council's financial sustainability objectives.

A fundamental principle underpinning the Plan is that revenue growth must generally keep pace with increases in the cost of delivering services, maintaining infrastructure and meeting community expectations. Where rates revenue grows at a slower rate than expenditure over an extended period, structural funding gaps emerge, placing increasing pressure on operating performance, cash flows, asset renewal programs and service delivery.

Council recognises the need to balance financial sustainability with affordability for the community. During periods of cost-of-living pressure, there can be strong expectations for rates increases to remain below inflation. While this approach may reduce short-term impacts on ratepayers, ongoing revenue growth below inflation is not sustainable in the long term unless accompanied by reductions in expenditure, service levels or capital investment.

The sensitivity analysis presented in Table 1 demonstrates the impact of alternative rates growth assumptions on Council's key financial indicators. The results highlight the importance of maintaining a revenue base that is sufficient to support the long-term delivery of services and infrastructure.

The sensitivity analysis in Table 1 demonstrates that ongoing rates revenue growth below inflation is not financially sustainable over the long term without corresponding reductions in expenditure, service levels, or capital investment. The results reinforce the importance of maintaining revenue growth that at least keeps pace with underlying cost escalation.

Table 1: Rate revenue impact on Key Financial Indicators

Rate Revenue Impact	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Average
Operating Surplus Ratio (Scenario)	1.8%	4.1%	2.2%	1.3%	0.9%	0.8%	0.2%	0.0%	(0.2%)	(0.3%)	**1.1%**
Net Financial Liabilities Ratio (Scenario)	36.2%	46.4%	54.5%	60.6%	64.9%	75.7%	85.0%	88.2%	91.3%	94.4%	**69.7%**
Asset Renewal Funding Ratio (Scenario)	94.6%	95.5%	96.5%	97.5%	98.5%	100.0%	100.0%	100.0%	100.0%	100.0%	**98.3%**
Cash Flow from Operations (Scenario)	101%	100%	100%	99%	97%	91%	92%	98%	98%	98%	**97.3%**
Operating Surplus Ratio (Current LTFP)	1.8%	4.7%	3.3%	3.0%	3.2%	3.6%	3.7%	4.0%	4.5%	5.0%	**3.7%**
Net Financial Liabilities Ratio (Current LTFP)	36.2%	45.6%	52.2%	56.2%	57.2%	65.3%	70.6%	69.5%	67.8%	65.6%	**58.6%**
Asset Renewal Funding Ratio (Current LTFP)	94.6%	95.5%	96.5%	97.5%	98.5%	100.0%	100.0%	100.0%	100.0%	100.0%	**98.3%**
Cash Flow from Operations (Current LTFP)	101%	101%	101%	101%	100%	93%	95%	102%	103%	103%	**100%**

Significant Renewals

The LTFP includes a number of significant asset renewals identified through Council's Infrastructure and Asset Management Plans, including the Adelaide Bridge and Torrens Weir Structure. These assets provide benefits across multiple generations and are therefore proposed to be funded primarily through borrowings, consistent with the principle of intergenerational equity.

The Plan currently adopts a conservative assumption that Council will fully fund these projects unless external funding has been formally confirmed. This approach ensures that future funding requirements are transparent and that Council remains financially capable of delivering the projects should third-party contributions not be secured.

Securing funding assistance from other levels of government would significantly improve Council's financial capacity by reducing borrowing requirements and creating additional flexibility for future infrastructure investment. This would also reduce financial pressure on future ratepayers and improve several of Council's key financial indicators.

The sensitivity analysis presented in Table 2 illustrates the impact of securing external funding equal to 50 per cent of the renewal cost of both the Adelaide Bridge and Torrens Weir Structure. The analysis demonstrates a noticeable improvement in Council's cash flow performance and overall financial resilience over the life of the Plan while maintaining the planned delivery of these strategically important assets.

Key Findings

The sensitivity analysis highlights that:

- Revenue growth assumptions have the most significant influence on Council's long-term financial sustainability.
- Sustained rates revenue growth below underlying cost escalation is not financially sustainable without corresponding reductions in expenditure, service levels or infrastructure investment.
- External funding for significant asset renewals provides a material improvement in Council's financial position and borrowing capacity.
- Council's long-term financial sustainability is strengthened through a combination of prudent revenue growth, disciplined expenditure management and successful advocacy for external funding contributions.

This analysis reinforces the importance of maintaining a balanced approach that protects affordability for the community while ensuring Council has the financial capacity to continue delivering services, renewing infrastructure and investing in the future prosperity of the City of Adelaide.

Table 2: Securing External Funding for Significant Renewals

Securing External Funding For Significant Renewals Impact	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Average
Operating Surplus Ratio (Scenario)	1.8%	4.7%	3.3%	3.2%	3.5%	6.7%	6.7%	4.0%	4.5%	5.0%	**4.3%**
Net Financial Liabilities Ratio (Scenario)	36.2%	45.6%	52.2%	55.5%	55.8%	55.4%	54.6%	56.1%	54.9%	53.2%	**51.9%**
Asset Renewal Funding Ratio (Scenario)	94.6%	95.5%	96.5%	97.5%	98.5%	100.0%	100.0%	100.0%	100.0%	100.0%	**98.3%**
Cash Flow from Operations (Scenario)	100.6%	100.7%	101.4%	101.7%	100.7%	99.2%	101.9%	102.4%	102.8%	103.4%	**101.5%**
Operating Surplus Ratio (Current LTFP)	1.8%	4.7%	3.3%	3.0%	3.2%	3.6%	3.7%	4.0%	4.5%	5.0%	**3.7%**
Net Financial Liabilities Ratio (Current LTFP)	36.2%	45.6%	52.2%	56.2%	57.2%	65.3%	70.6%	69.5%	67.8%	65.6%	**58.6%**
Asset Renewal Funding Ratio (Current LTFP)	94.6%	95.5%	96.5%	97.5%	98.5%	100.0%	100.0%	100.0%	100.0%	100.0%	**98.3%**
Cash Flow from Operations (Current LTFP)	101%	101%	101%	101%	100%	93%	95%	102%	103%	103%	**100%**

KEY FINANCIAL INDICATORS

The Long Term Financial Plan uses a suite of Key Financial Indicators (KFIs) to assess Council's financial performance, monitor long-term sustainability and support informed decision-making. Together, these indicators provide an objective measure of Council's capacity to deliver services, maintain infrastructure, manage debt and invest in the future needs of the city.

The indicators assist Council in evaluating the financial implications of strategic decisions and provide an early warning of emerging financial pressures or risks. They also enable performance to be assessed against established industry benchmarks and Council's long-term financial objectives.

Three nationally recognised financial sustainability indicators are widely used across the local government sector and have been adopted by the City of Adelaide as the primary measures of financial sustainability:

- Operating Surplus Ratio
- Net Financial Liabilities Ratio
- Asset Renewal Funding Ratio.

In addition, Council monitors a further set of indicators that provide insight into its borrowing capacity (Prudential Borrowing Limit), financial resilience and ability to fund future investment:

- Asset Test Ratio
- Interest Expense Ratio
- Leverage Test Ratio
- Cashflow from Operations Ratio.

The indicators should not be considered in isolation. No single indicator, nor the result achieved in any one year, determines Council's financial sustainability. Financial sustainability is best assessed by considering trends over time and the performance of the indicators as a whole.

It is therefore possible for an individual indicator to fall outside its preferred range in a particular year without indicating financial distress. This may occur because of deliberate strategic decisions, major capital investments, one-off events or changes in economic conditions. Accordingly, the LTFP focuses on achieving sustainable long-term outcomes and maintaining performance broadly within target ranges over the life of the Plan rather than in every individual year.

Operating Surplus Ratio

Definition: Operating surplus as a percentage of operating revenue

What is being measured: This indicator represents the percentage by which total revenue varies from day to day operating expenses. Financial sustainability is indicated where a council consistently achieves operating surpluses and has soundly based projections showing it can continue to do so in the future, having regard to asset management and the service level needs of its community.

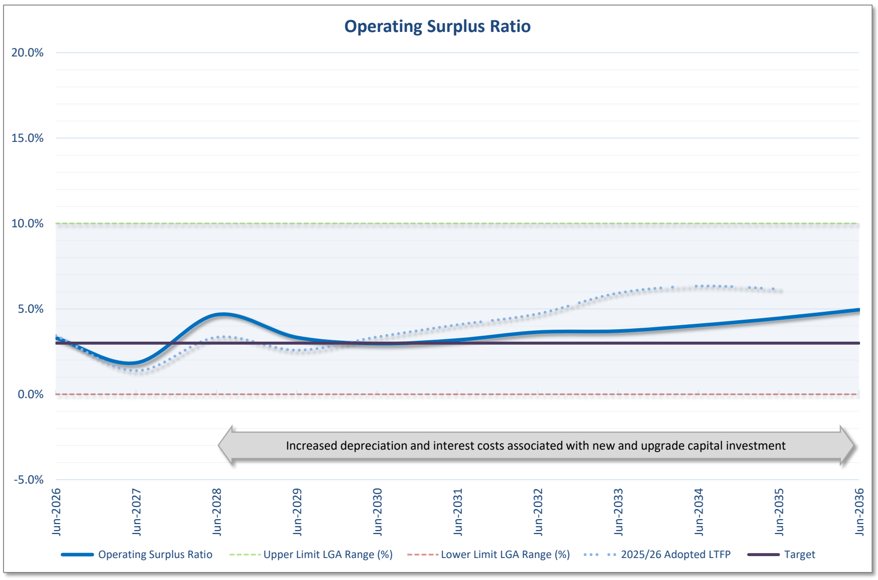
Target: The Financial Sustainability Information Paper (FSIP) No. 9 recommends the target is to achieve an average operating surplus ratio between 0% and 10% over any five-year period. However, as a Capital City Council, the City of Adelaide has significant responsibilities in improving its public realm and considers that maintaining an average operating surplus ratio greater than 3% is a more appropriate target.

A target of greater than 3% for the City of Adelaide is to achieve a surplus to fund:

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

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

Generating an operating surplus ratio below 3% is not sustainable or equitable in the long term as this results in services consumed by current ratepayers being paid for by future ratepayers. A fair and equitable tax system is one in which taxes paid by each generation is in proportion to the benefits each generation receives.

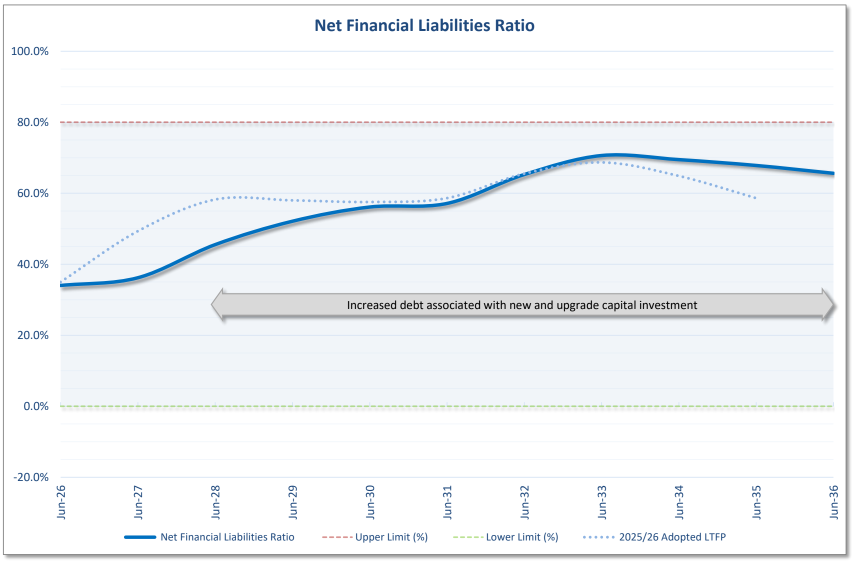


Explanation of LTFP Projected Results: Other than 2026/27, the ratio sits above the 3% target, and is within the LGA target ranges over the life of the LTFP, reflecting sustainable surpluses based on an increase to base rating revenue to fund renewals, followed by CPI increases thereafter. The underlying structural budget is sustainable over the life of the LTFP.

In particular assumptions relating to preparedness for the Adelaide Central Market expansion result in a reduced operating position in 2026/27 in addition to the assumption to continue to invest in new and upgraded projects (to meet the emerging needs of the community) results in a higher level of assets, and related borrowings.

As such, increased depreciation (from a higher asset base) and interest costs (from higher borrowings) see expenses growing at a faster rate than revenue (which is largely based on CPI increases).

Underpinning current and future sustainability, Council projects operating surpluses over the life of the LTFP.



Net Financial Liabilities

This indicator represents the money owed to others less money held, invested or owed to Council.

A council's indebtedness should be managed to ensure its liabilities and associated costs can be met without the prospect of disruptive service cuts and/or excessive rate increases (ie without impinging on financial sustainability). There is in essence no right or wrong target level for net financial liabilities (defined as total liabilities less financial assets) as this depends on infrastructure plans. The ideal target is that net financial liabilities are no greater than annual operating revenue and not less than zero.

Net Financial Liabilities Ratio

Definition: Financial liabilities as a percentage of operating income

What is being measured: This indicator represents the significance of the net amount owed compared with operating revenue. It measures the extent to which Council is managing its debt and highlights that borrowings are often an effective means of financial sustainability, rather than trying to fund all assets from operating income. A steady ratio means Council is balancing the need to borrow against their affordability of debt. An excessive ratio means Council is borrowing beyond its means and cannot generate the income required to service assets and operations.

Target: The LGA recommends that the target for Net Financial Liabilities should be greater than zero (and less than 100%, that is, the amount owed is equal to or less than total annual income). A target below zero indicates that Council places a higher priority on accumulated financial assets than applying funds generated from ratepayers to the provision of services and/or infrastructure renewal. This could leave a council open to accusations that it is overcharging ratepayers relative to its funding needs.

The more conservative target set by City of Adelaide is that liabilities as a percentage of total operating revenue will not exceed 80%.

Explanation of LTFP Projected Results: City of Adelaide's net financial liabilities are within the prescribed target for the life of the plan. Lower ratios in the short term highlight low levels of debt, steadily increasing over the life of the LTFP reflecting increased borrowings to deliver on Council's commitment to invest in new and upgraded assets and fund the significant renewals.

Note that Council's new and upgrade capital program includes an allocation which is not yet committed and can be adjusted within existing prudential limits to respond to emerging needs.

Any increase in contributions towards the significant renewals will allow Council to either maintain a lower level of debt and/or invest more in new and upgrade projects.

The level of borrowings is projected to be within acceptable prudential limits, assisting Council to maintain long-term sustainability. Typical prudential limits set by financial institutions as part of covenants associated with loans are around 80% of asset values. Council has therefore set a conservative limit of 50% of saleable property assets (see below), providing additional comfort in excess of generally accepted banking norms.

It should be noted that the Council has created a Future Fund that 'ring fences' proceeds from the sale of surplus or underperforming assets, to reinvest into revenue generating assets. The funds generated from asset sales effectively offset the level of borrowings Council would otherwise incur had the assets not been disposed. Accordingly, Council pays less interest over time, incurring interest on a lower 'offset' balance of borrowings.

Note that, were Council to fully draw on the Future Fund, its level of borrowing would still fall within prudential limits.

Chart 1: Net Financial Liabilities Ratio

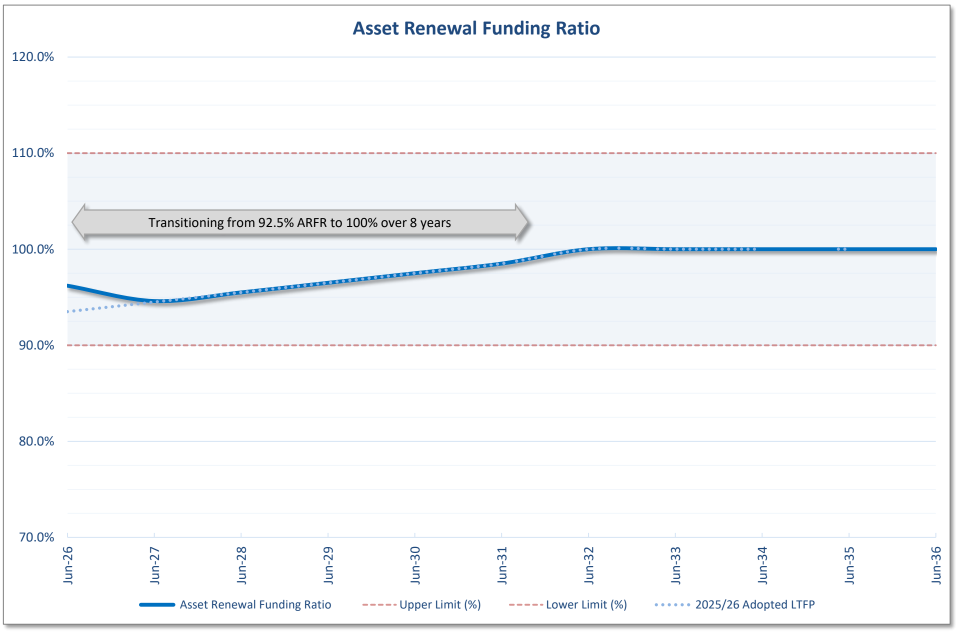
Asset Renewal Funding Ratio (ARFR)

Definition: Expenditure on asset renewals as a percentage of forecast expenditure required as per the asset management plans.

What is being measured: This indicator expresses expenditure on asset renewals as a percentage of the projected funding required. 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 Asset Management Plans.

Target: A ratio lower than 100% suggests that Council is not maintaining assets and infrastructure in order to optimise asset lives. A ratio higher than 100% suggests that Council is replacing assets earlier than needed or at a level in excess of that set in the asset management plans. Adoption of a target ratio between 90% and 110%, is in line with the *Local Government Act 1999* (SA).

Explanation of LTFP Projected Results: It is assumed that over the life of the LTFP, asset renewals will be funded



in line with the Infrastructure & Asset Management Plans. In the previous term, Council resolved to set the ARFR (previously the Asset Sustainability Ratio) at 90%. This term of Council recognises the potential impact of this decision and the possible under-investment in assets and infrastructure and, as such, the LTFP assumes transitioning the ARFR from 90% to 100% over eight years. Averages for asset renewal reflect an even performance over the life of the plan. The ratio from 2031/32 onwards represents the transition from 90% to 100%. This ratio should be continually monitored as asset management plans are reviewed and updated.

The ARFR trajectory in this LTFP is consistent with the previously adopted LTFP.

Prudential Limits (Borrowings)

Definition

- Asset Test Ratio: Borrowings as a percentage of total saleable property assets
- Interest Expense Ratio: Annual interest expense relative to General Rates Revenue (less Landscape Levy)
- Leverage Test Ratio: Total borrowings relative to General Rates Revenue (less Landscape Levy) expressed as the number of years of General Rates Revenue required to repay borrowings

What is being measured: The maximum level of debt is prescribed by Council by way of prudential limits. While Council does not place a monetary limit on the level of borrowings: an upper limit is determined through its financial indicators. When borrowing, Council will consider these indicators in terms of total borrowings, and the ability to service the interest incurred and debt repayments.

Target: The Treasury Policy reviewed in 2025 ensures Council's ability to manage cash and borrowings in accordance with prescribed limits.

The Prudential limits set by the Treasury Policy are:

- Asset Test Ratio: Maximum of 50%
- Interest Expense Ratio: Maximum of 10%
- Leverage Test Ratio: Maximum 1.5 Years

Prudential limits are breached when one of the ratios fall outside the targets stipulated in the policy. The breach must be reported with remediation actions to the CEO immediately.

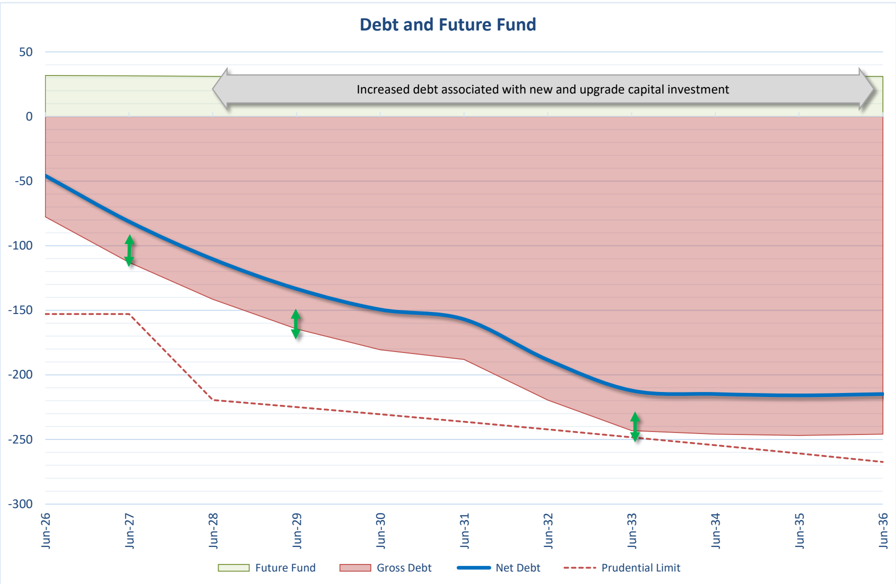
Explanation of LTFP Projected Results: City of Adelaide's borrowings are within target levels across the period of the Long Term Financial Plan.

The Asset Test Ratio shows that Council has capacity within its total saleable assets to be able to meet the repayment of borrowings should the assets need to be sold in order to repay debt.

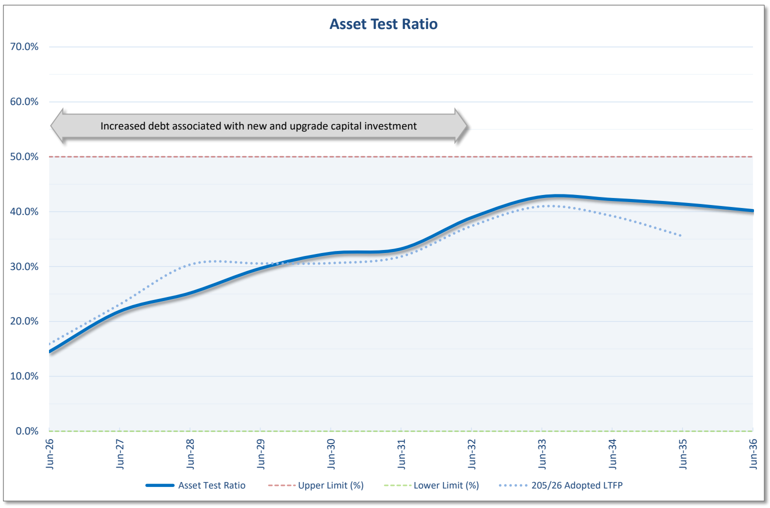
The increasing ratio illustrated below reflects the cumulative impact of utilising debt to deliver on Council's commitment to invest in the City, in addition to debt required to fund significant renewals (that is, the Torrens Weir, Adelaide Bridge and Rundle UPark). This has limited the ability to deliver new and upgraded assets from 2031/32 and still remain within the target ratio. The sale and development of property assets will impact prudential limits, and hence the Asset Test Ratio, in periods where transactions occur.

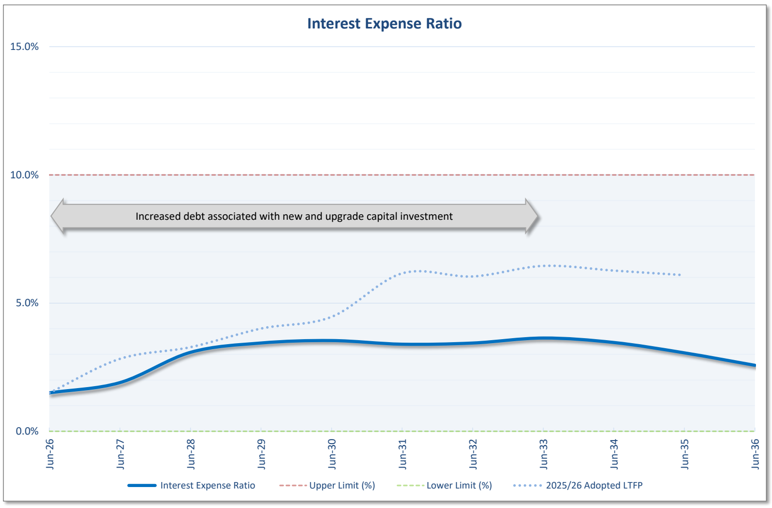
Note however, an improvement in current borrowing levels, creating a financial cushion in mid to long-term, addressing one of the concerns in the ESCOSA review.

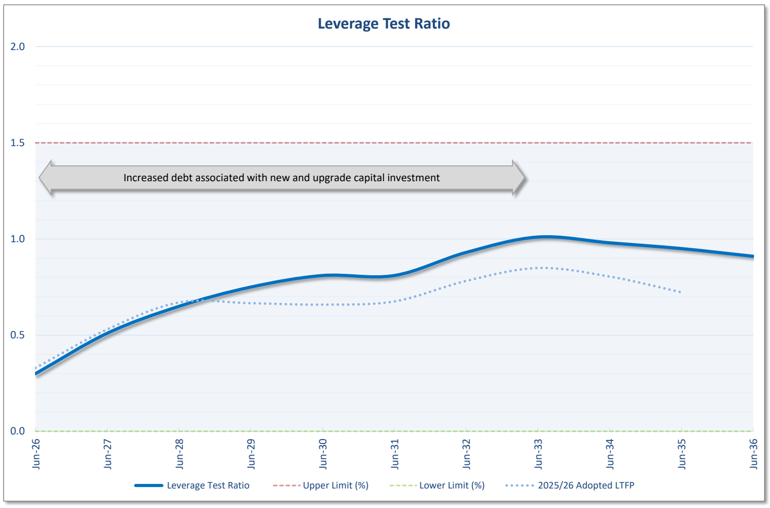
Similarly, the steady increase in borrowings sees the Interest Expense Ratio for the life of the plan increasing, albeit sitting comfortably within the target range, and an improvement compared to the previous LTFP, beginning to reduce from 2032/33.



The Leverage Test Ratio indicates the time it would take to repay borrowings from general rates revenue. The plan supports Council's ability to repay the debt if called upon from less than 1½ year's rates revenue in any year of the plan, and tracks in line with the other two prudential borrowing indicators.







Cashflow from Operations Ratio

Definition: Operating Income as a percentage of Operating Expenditure plus expenditure on renewal/replacement of assets. It demonstrates whether we are generating sufficient cash flow to fund our ongoing operations and asset renewals.

What is being measured: This ratio measures Cash Flow from Operations as a percentage of forecast expenditure in the asset management plans, in addition to expenditure on delivering services.

This indicator shows whether Council is generating adequate cash from its operations to cover the replacement of assets over time.

A lower ratio indicates that Council is not generating enough cash from operations to cover asset replacement (less than 100%). As a result, Council will need to fund the replacement of assets from unsustainable sources of income resulting in increased levels of borrowings over time.

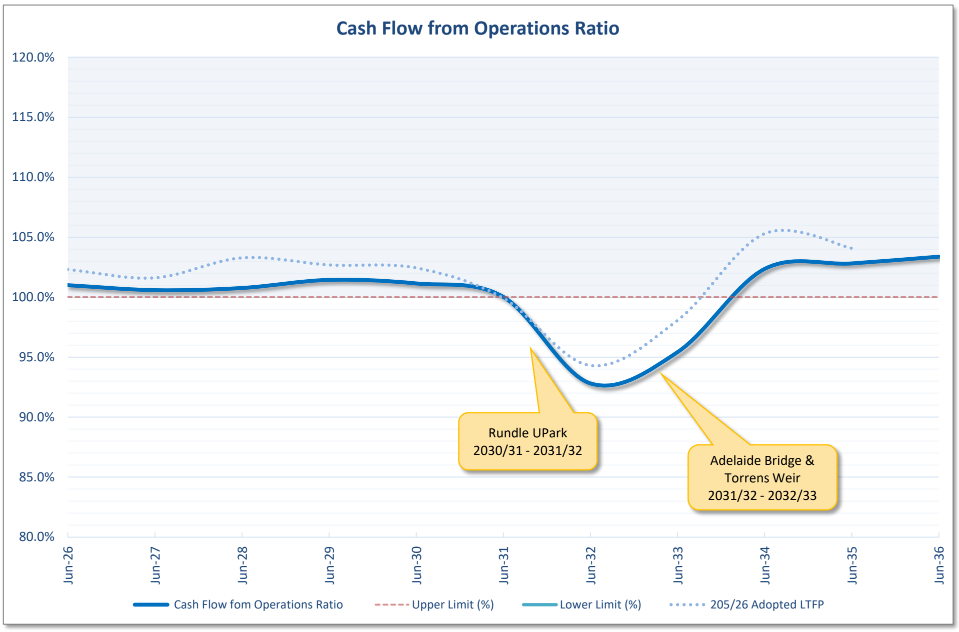
Target: A result greater than 100% suggests Council's operations will generate enough cashflow to support the funding of asset replacement over time.

Explanation of LTFP Projected Results: Most years of the LTFP project a positive result. Years five to seven of the plan reflect the significant renewals required in these years.

This ratio highlights the risk in Council's ability to fully fund the larger renewals that are identified in the LTFP. This is not to suggest deficiency in renewal, but rather highlights the opportunity in advance to seek alternative funding sources such as State or Federal grants to assist with the funding of significant asset renewal projects which benefit the wider State and Adelaide metropolitan area.

The underlying structural cashflow (adjusting for expenditure on significant renewals) delivers an average projection between 100% and 105%, suggesting Council's cashflow is sustainable.

Notably, the latest investigations on the Weir and Bridge suggest a lower level of expenditure and at a later date. Notwithstanding the removal of grant funding associated with funding these assets, the impact of reduced outlay sees a similar ratio minimum maintained, becoming more positive at a later date.



FINANCIAL STATEMENTS

Explanation of the Financial Statements

The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity and are used by a wide range of stakeholders in making economic decisions. To meet this objective, financial statements provide information about an entity's:

- Assets
- Liabilities
- Equity
- Income and expenses, including gains and losses
- Cash flows.

Statement of Comprehensive Income

The Statement of Comprehensive Income provides information about the financial performance of Council. It provides a summary of all the sources of operating revenue and expenditure; the difference is known as the Operating Surplus / (Deficit).

The Net Surplus / (Deficit) represents the operating position with the inclusion of asset disposal and fair value adjustments, being the gain or loss on the sale of replaced assets, assets surplus to requirement, and fair value adjustments for investment property. Any amounts received for new and upgraded assets are also included in the Net Surplus.

Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss and include items such as changes in the valuation of infrastructure, property, plant & equipment, and any actuarial gains on the defined benefit plan.

Statement of Financial Position

The Statement of Financial Position presents the financial position of Council at a given date. It comprises three main components: assets, liabilities and equity.

The difference between the assets and liabilities is known as the net assets or equity of Council.

Current Assets and Liabilities are short-term and due within one year. Non-Current Assets and Liabilities represent longer term amounts that are due beyond 12 months.

Statement of Changes in Equity

The Statement of Changes in Equity reflects the movement in equity reserves during the period, being the financial performance of the year plus any other comprehensive income gains.

Statement of Cash Flows

The Statement of Cash Flows represents the amount of cash and cash equivalents entering and leaving the Council. It measures how well Council manages its cash position, meaning how well it generates cash to pay its debt obligations and fund its operating expenses and capital investments.

The main components of the cash flow statement are:

- Cash from operating activities, being the sources and uses of cash to fund Council operations and deliver services
- Cash from investing activities, being the capital investment on the renewal / replacement of existing assets and new / upgraded assets, as well as any sale proceeds and amounts received for the new / upgraded assets
- Cash from financing activities, which includes the proceeds and repayment of borrowings.

Uniform Presentation of Finances

The primary objective of the Uniform Presentation of Finances is to ensure that all councils provide a consistent set of core financial information in their financial statements, enabling meaningful comparisons of each council's position.

The statement highlights:

- The Operating Surplus / (Deficit) measure which is considered a critical indicator of a Council's financial performance

- The Net Outlays on Existing Assets represents the capital investment on the renewal and replacement of existing assets adjusted for all depreciation, amortisation and impairment from the operating surplus / (deficit), given its non-cash nature. Depreciation is defined as the cost of an asset spread over the useful life of the asset, and is an indication of what Council should be spending on renewing or replacing assets annually. If depreciation is higher than capital investment, it suggests that our assets are not being replaced at the same level that they are being utilised, and could indicate that a higher investment may be required in future years.

Note that significant renewals are allowed for in the annual depreciation however the expenditure made in the periods required will see a significant mismatch between depreciation and annual expenditure in that period.

Net Outlays on Existing Assets also includes proceeds from the sale of replaced assets (e.g. plant and fleet).

The Net Outlays on New and Upgraded Assets represents the capital investment on new and upgraded assets (including investment property) and amounts received specifically for new and upgraded assets (e.g. Grant funding).

It also includes proceeds from the sale of surplus assets. This includes investment property and non-current assets held for sale.

The Net Lending / (Borrowing) for Financial Year result is a measure that takes account of both operating and capital activities for the financial year.

A Net Lending position indicates that Council has repaid debt or increased reserves from activities.

A Net (Borrowing) position indicates that Council has required additional debt to fund its activities.

A zero result in any one year means that Council has covered all its expenditure (both operating and capital) from the current year's income.

Statement of Comprehensive Income										
$'000s	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
Income										
Rates Revenues	165,626	176,443	184,080	192,043	200,321	209,280	217,538	226,123	235,048	244,327
Statutory Charges	21,049	21,638	22,179	22,734	23,302	23,885	24,482	25,094	25,721	26,364
User Charges	77,285	76,021	78,110	80,258	82,467	84,737	87,072	89,473	91,941	94,479
Grants, Subsidies and Contributions	4,717	4,993	4,818	4,273	4,379	4,489	4,601	4,716	4,834	4,955
Investment Income	165	169	174	178	182	187	192	197	201	206
Reimbursements	238	245	251	257	264	270	277	284	291	298
Other Income	701	721	739	758	776	796	816	836	857	879
Total Income	**269,781**	**280,231**	**290,352**	**300,500**	**311,691**	**323,644**	**334,977**	**346,722**	**358,894**	**371,509**
Expenses										
Employee Costs	97,796	96,046	99,019	101,495	104,032	106,633	109,299	112,031	114,832	117,703
Materials, Contracts & Other Expenses	98,156	95,181	99,815	104,605	109,617	114,796	120,212	125,720	131,660	137,706
Depreciation, Amortisation & Impairment	66,075	70,402	73,283	76,472	79,114	81,023	82,971	84,968	87,027	89,163
Interest Cost on borrowings	317	3,070	6,096	6,539	6,551	6,941	7,628	7,554	6,940	6,073
Finance costs - ROU Assets	2,462	2,462	2,462	2,462	2,462	2,462	2,462	2,462	2,462	2,462
Total Expenses	**264,805**	**267,161**	**280,675**	**291,573**	**301,776**	**311,855**	**322,571**	**332,736**	**342,921**	**353,108**
Operating Surplus / (Deficit)	**4,976**	**13,070**	**9,677**	**8,928**	**9,915**	**11,789**	**12,406**	**13,986**	**15,973**	**18,401**
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Asset Disposal & Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	10,783	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**15,759**	**13,070**	**9,677**	**8,928**	**9,915**	**11,789**	**12,406**	**13,986**	**15,973**	**18,401**
Changes in Revaluation Surplus - I,PP&E	74,972	68,105	71,409	62,105	64,295	66,372	69,143	71,810	74,061	76,380
Total Other Comprehensive Income	74,972	68,105	71,409	62,105	64,295	66,372	69,143	71,810	74,061	76,380
Total Comprehensive Income	**90,731**	**81,175**	**81,086**	**71,033**	**74,210**	**78,161**	**81,549**	**85,796**	**90,033**	**94,781**

Statement of Financial Position										
$'000s	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
ASSETS										
Current Assets										
Cash and Cash Equivalents	800	800	800	800	800	800	800	800	800	800
Trade & Other Receivables	36,483	37,896	39,264	40,636	42,149	43,765	45,298	46,886	48,532	50,238
Inventories	750	600	600	600	600	600	600	600	600	600
Total Current Assets	38,033	39,296	40,664	42,036	43,549	45,165	46,698	48,286	49,932	51,638
Non-Current Assets										
Trade & Other Receivables	755	755	755	755	755	755	755	755	755	755
Equity Accounted Investments in Council Businesses	5,705	6,025	6,345	6,665	6,985	7,305	7,625	7,945	8,265	8,585
Investment Property	4,870	5,006	5,131	5,259	5,391	5,526	5,664	5,805	5,951	6,099
Infrastructure, Property, Plant & Equipment	2,270,169	2,380,293	2,484,215	2,571,809	2,654,861	2,765,713	2,872,382	2,962,433	3,055,186	3,150,707
Right-of-Use Assets	44,451	41,923	39,086	36,080	32,900	29,538	25,988	22,242	18,292	14,131
Total Non-Current Assets	2,325,950	2,434,002	2,535,532	2,620,569	2,700,892	2,808,838	2,912,414	2,999,180	3,088,449	3,180,277
TOTAL ASSETS	2,363,983	2,473,298	2,576,196	2,662,604	2,744,441	2,854,003	2,959,112	3,047,466	3,138,381	3,231,915
LIABILITIES										
Current Liabilities										
Trade & Other Payables	22,384	24,312	26,205	28,716	32,013	35,243	38,297	41,309	44,276	47,195
Provisions	14,363	14,945	15,486	15,873	16,270	16,677	17,094	17,521	17,959	18,408
Lease Liabilities	3,314	3,314	3,314	3,314	3,314	3,314	3,314	3,314	3,314	3,314
Total Current Liabilities	40,061	42,571	45,005	47,904	51,597	55,234	58,704	62,144	65,549	68,918
Non-Current Liabilities										
Trade & Other Payables	15,398	15,064	14,730	14,396	14,062	13,728	13,394	13,060	12,726	12,392
Borrowings	81,344	110,542	133,510	149,577	157,099	188,451	212,126	214,829	215,888	214,853
Provisions	2,183	2,264	2,321	2,379	2,438	2,499	2,561	2,625	2,691	2,758
Lease Liabilities	47,252	43,938	40,624	37,310	33,996	30,682	27,368	24,054	20,740	17,426
Total Non-Current Liabilities	146,177	171,808	191,184	203,662	207,595	235,360	255,450	254,568	252,045	247,429
TOTAL LIABILITIES	186,238	214,378	236,190	251,565	259,192	290,593	314,154	316,712	317,594	316,347
Net Assets	**2,177,745**	**2,258,920**	**2,340,006**	**2,411,039**	**2,485,249**	**2,563,409**	**2,644,958**	**2,730,754**	**2,820,787**	**2,915,568**
EQUITY										
Accumulated Surplus	838,615	852,185	861,862	870,790	880,705	892,494	904,900	918,886	934,858	953,259
Asset Revaluation Reserves	1,307,609	1,375,714	1,447,122	1,509,228	1,573,523	1,639,895	1,709,037	1,780,847	1,854,908	1,931,287
Future Reserve Fund	31,521	31,021	31,021	31,021	31,021	31,021	31,021	31,021	31,021	31,021
Total Council Equity	**2,177,745**	**2,258,920**	**2,340,006**	**2,411,039**	**2,485,249**	**2,563,409**	**2,644,958**	**2,730,754**	**2,820,787**	**2,915,568**

Statement of Changes in Equity										
$'000s	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
Balance at the end of previous reporting period	2,087,014	2,177,745	2,258,920	2,340,006	2,411,039	2,485,249	2,563,409	2,644,958	2,730,754	2,820,787
a. Net Surplus / (Deficit) for Year	15,759	13,070	9,677	8,928	9,915	11,789	12,406	13,986	15,973	18,401
b. Other Comprehensive Income	74,972	68,105	71,409	62,105	64,295	66,372	69,143	71,810	74,061	76,380
Total Comprehensive Income	90,731	81,175	81,086	71,033	74,210	78,161	81,549	85,796	90,033	94,781
Balance at the end of period	2,177,745	2,258,920	2,340,006	2,411,039	2,485,249	2,563,409	2,644,958	2,730,754	2,820,787	2,915,568

Statement of Cash flows										
$'000s	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
Cash Flows from Operating Activities										
Receipts										
Rates - general & other	156,564	167,621	174,876	182,441	190,304	198,816	206,661	214,816	223,295	232,111
Fees & other charges	21,555	20,556	21,070	21,597	22,137	22,690	23,258	23,839	24,435	25,046
User charges	77,946	72,220	74,205	76,245	78,343	80,500	82,718	84,999	87,344	89,756
Grants utilised for operating purposes	4,232	4,993	4,818	4,273	4,379	4,489	4,601	4,716	4,834	4,955
Investment receipts	165	169	174	178	182	187	192	197	201	206
Reimbursements	238	245	251	257	264	270	277	284	291	298
Other revenues	701	721	739	758	776	796	816	836	857	879
Payments										
Payments to Employees	(96,172)	(90,383)	(93,421)	(96,050)	(98,576)	(101,165)	(103,820)	(106,540)	(109,328)	(112,187)
Payments for Materials, Contracts & Other Expenses	(92,603)	(90,122)	(96,551)	(100,601)	(104,781)	(109,294)	(114,328)	(119,236)	(124,376)	(129,510)
Finance Payments	(2,779)	(2,549)	(3,200)	(3,699)	(4,001)	(4,478)	(4,999)	(4,957)	(4,554)	(3,989)
Net Cash provided by (or used in) Operating Activities	69,847	83,472	82,961	85,399	89,029	92,812	95,376	98,955	103,000	107,564
Cash Flows from Investing Activities										
Receipts										
Amounts Received Specifically for New/Upgraded Assets	10,783	-	-	-	-	-	-	-	-	-
Grants Utilised for Capital Purposes	-	-	-	-	-	-	-	-	-	-
Proceeds from Surplus Assets	-	-	-	-	-	-	-	-	-	-
Sale of Replaced Assets	500	500	500	500	500	500	500	500	500	500
Payments										
Expenditure on Renewal/Replacement of Assets	(68,825)	(82,044)	(79,527)	(82,655)	(89,457)	(117,053)	(111,191)	(91,856)	(94,152)	(96,506)
Expenditure on New/Upgraded Assets	(42,277)	(26,285)	(22,064)	(15,003)	(4,012)	(3,947)	(4,696)	(6,638)	(6,742)	(6,859)
Capital Contributed to Equity Accounted Council Businesses	(320)	(320)	(320)	(320)	(320)	(320)	(320)	(320)	(320)	(320)
Net Cash provided by (or used in) Investing Activities	(100,139)	(108,149)	(101,411)	(97,478)	(93,289)	(120,820)	(115,708)	(98,313)	(100,714)	(103,185)
Cash Flows from Financing Activities										
Receipts										
Proceeds from Borrowings	35,516	29,198	22,968	16,067	7,522	31,352	23,676	2,703	1,059	-
Payments										
Repayment from Borrowings	-	-	-	-	-	-	-	-	-	(1,035)
Repayment of Lease Liabilities	(5,224)	(4,521)	(4,518)	(3,989)	(3,262)	(3,344)	(3,344)	(3,344)	(3,344)	(3,344)
Net Cash provided by (or used in) Financing Activities	30,292	24,677	18,450	12,079	4,260	28,007	20,331	(641)	(2,286)	(4,379)
Net Increase (Decrease) in Cash Held	-	-	-	-	-	-	-	-	-	-
plus: Cash & Cash Equivalents at beginning of period	800	800	800	800	800	800	800	800	800	800
Cash & Cash Equivalents at end of period	800	800	800	800	800	800	800	800	800	800

Uniform Presentation of Finances										
$'000s	**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**
Income										
Rates Revenues	165,626	176,443	184,080	192,043	200,321	209,280	217,538	226,123	235,048	244,327
Statutory Charges	21,049	21,638	22,179	22,734	23,302	23,885	24,482	25,094	25,721	26,364
User Charges	77,285	76,021	78,110	80,258	82,467	84,737	87,072	89,473	91,941	94,479
Grants, Subsidies and Contributions - Capital	-	-	-	-	-	-	-	-	-	-
Grants, Subsidies and Contributions - Operating	4,717	4,993	4,818	4,273	4,379	4,489	4,601	4,716	4,834	4,955
Investment Income	165	169	174	178	182	187	192	197	201	206
Reimbursements	238	245	251	257	264	270	277	284	291	298
Other Income	701	721	739	758	776	796	816	836	857	879
Total Income	**269,781**	**280,231**	**290,352**	**300,500**	**311,691**	**323,644**	**334,977**	**346,722**	**358,894**	**371,509**
Expenses										
Employee Costs	(97,796)	(96,046)	(99,019)	(101,495)	(104,032)	(106,633)	(109,299)	(112,031)	(114,832)	(117,703)
Materials, Contracts & Other Expenses	(98,156)	(95,181)	(99,815)	(104,605)	(109,617)	(114,796)	(120,212)	(125,720)	(131,660)	(137,706)
Depreciation, Amortisation & Impairment	(66,075)	(70,402)	(73,283)	(76,472)	(79,114)	(81,023)	(82,971)	(84,968)	(87,027)	(89,163)
Finance Costs	(2,779)	(5,532)	(8,558)	(9,001)	(9,013)	(9,403)	(10,090)	(10,016)	(9,402)	(8,535)
Total Expenses	**(264,805)**	**(267,161)**	**(280,675)**	**(291,573)**	**(301,776)**	**(311,855)**	**(322,571)**	**(332,736)**	**(342,921)**	**(353,108)**
Operating Surplus / (Deficit)	**4,976**	**13,070**	**9,677**	**8,928**	**9,915**	**11,789**	**12,406**	**13,986**	**15,973**	**18,401**
Net timing adjustment for General Purpose Grant Funding	-	-	-	-	-	-	-	-	-	-
Less Grants, Subsidies and Contributions - Capital	-	-	-	-	-	-	-	-	-	-
Net Other Abnormal Unmatched Income or Expenditure	-	-	-	-	-	-	-	-	-	-
Adjusted Operating Surplus / (Deficit) before Capital Amounts	**4,976**	**13,070**	**9,677**	**8,928**	**9,915**	**11,789**	**12,406**	**13,986**	**15,973**	**18,401**
Net Outlays on Existing Assets										
Capital Expenditure on Renewal & Replacement of Existing Assets	(68,825)	(82,044)	(79,527)	(82,655)	(89,457)	(117,053)	(111,191)	(91,856)	(94,152)	(96,506)
Finance Lease Payments for Right of Use Assets (Principal)	(5,224)	(4,521)	(4,518)	(3,989)	(3,262)	(3,344)	(3,344)	(3,344)	(3,344)	(3,344)
add back Depreciation, Amortisation and Impairment	66,075	70,402	73,283	76,472	79,114	81,023	82,971	84,968	87,027	89,163
Grants, Subsidies and Contributions - Capital Renewal	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Replaced Assets	500	500	500	500	500	500	500	500	500	500
Net Outlays on Existing Assets	(7,474)	(15,662)	(10,262)	(9,672)	(13,104)	(38,874)	(31,065)	(9,731)	(9,969)	(10,187)
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	(42,597)	(26,605)	(22,384)	(15,323)	(4,332)	(4,267)	(5,016)	(6,958)	(7,062)	(7,179)
add back Amounts received specifically for New and Upgraded Assets	10,783	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
Net Outlays on New and Upgraded Assets	(31,814)	(26,605)	(22,384)	(15,323)	(4,332)	(4,267)	(5,016)	(6,958)	(7,062)	(7,179)
Net Lending / (Borrowing) for Financial Year	**(34,312)**	**(29,198)**	**(22,968)**	**(16,067)**	**(7,522)**	**(31,352)**	**(23,676)**	**(2,703)**	**(1,059)**	**1,035**

KEY FINANCIAL INDICATOR FORECAST

Financial Indicator	Explanation	Target	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	5 Year Average	10 Year Average
Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%	1.8%	4.7%	3.3%	3.0%	3.2%	3.6%	3.7%	4.0%	4.5%	5.0%	3.2%	3.7%
Net Financial Liabilities	Financial liabilities and a percentage of operating income	Less than 80%	36%	46%	52%	56%	57%	65%	71%	69%	68%	66%	49%	59%
Asset Renewal Funding Ratio	Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans	90%-110%	94.6%	95.5%	96.5%	97.5%	98.5%	100.0%	100.0%	100.0%	100.0%	100.0%	97%	98%
Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%	22%	25%	30%	32%	33%	39%	43%	42%	41%	40%	28%	35%
Interest Expense Ratio	Annual interest expense relative to General Rates Revenue (less Landscape Levy)	Maximum 10%	1.9%	3.1%	3.4%	3.5%	3.4%	3.4%	3.6%	3.5%	3.1%	2.6%	3.1%	3.2%
Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less Landscape Levy)	Maximum 1.5 years	0.5	0.7	0.8	0.8	0.8	0.9	1.0	1.0	1.0	0.9	0.7	0.8
Cash Flow fom Operations Ratio	Operating income as a percentage of Operating Expenditure plus expenditure on renewal/replacement of assets	Greater than 100%	101%	101%	101%	101%	100%	93%	95%	102%	103%	103%	101%	100%
Borrowings	Borrowings as a percentage of the Prudential Borrowing Limit	Prudential Limit $m	152.9	219.4	224.9	230.5	236.3	242.2	248.2	254.5	260.8	267.3	212.8	233.7
		Borrowings $m	81.3	110.5	133.5	149.6	157.1	188.5	212.1	214.8	215.9	214.9	126.4	167.8
		%	53%	50%	59%	65%	66%	78%	85%	84%	83%	80%	59%	71%
Borrowings (gross of the Future Fund)	Borrowings (Gross of the Future Fund) as a percentage of the Prudential Borrowing Limit	%	74%	65%	73%	78%	80%	91%	98%	97%	95%	92%	74%	84%

10 YEAR CAPITAL PROGRAM

Table 3: 10-Year Asset Renewal Program

Renewal Forecasts ($'000s)	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total
Buildings	13,541	10,870	11,314	11,717	12,133	12,625	12,941	13,265	13,596	13,936	**125,938**
Lighting & Electrical	5,363	5,380	5,600	5,799	6,005	6,249	6,405	6,565	6,729	6,898	**60,993**
Park Lands & Open Space	1,578	2,925	3,044	3,153	3,264	3,397	3,482	3,569	3,658	3,750	**31,820**
Transport	23,659	29,696	30,907	32,008	33,145	34,491	35,353	36,237	37,143	38,071	**330,710**
Urban Elements	4,435	5,326	5,543	5,740	5,944	6,185	6,340	6,499	6,661	6,828	**59,500**
Water Infrastructure	6,270	9,601	9,993	10,349	10,716	11,152	11,430	11,716	12,009	12,309	**105,547**
Total Infrastructure Renewals	**54,846**	**63,798**	**66,400**	**68,766**	**71,208**	**74,099**	**75,952**	**77,851**	**79,797**	**81,792**	**714,508**
Plant & Fleet	3,749	3,904	3,024	1,908	1,976	2,056	2,108	2,161	2,215	2,270	**25,371**
IT Equipment	1,237	1,785	1,858	1,924	1,993	2,074	2,125	2,179	2,233	2,289	**19,697**
Plant, Fleet & Equipment Replacement	4,986	5,689	4,882	3,833	3,969	4,130	4,233	4,339	4,448	4,559	**45,068**
Delivery Resources	7,610	7,921	8,244	8,538	8,841	9,200	9,430	9,666	9,908	10,155	**89,515**
Total Renewal & Replacement of Assets	**67,442**	**77,409**	**79,527**	**81,136**	**84,018**	**87,430**	**89,615**	**91,856**	**94,152**	**96,506**	**849,091**

Table 4: Significant Renewal Costs and Timing Unindexed

Significant Renewals (unindexed) $'000s	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total
Adelaide Bridge	-	-	-	900	900	8,000	8,000	-	-	-	**17,800**
Torrens Weir Structure	1,751	-	-	500	1,000	10,600	10,600	-	-	-	**24,451**
Rundle UPark	-	4,500	-	-	3,000	7,500	-	-	-	-	**15,000**
Total Significant Renewals	**1,751**	**4,500**	**-**	**1,400**	**4,900**	**26,100**	**18,600**	**-**	**-**	**-**	**57,251**

Table 5: Significant Renewal Costs and Timing Indexed

Significant Renewals (indexed) $'000s	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total
Adelaide Bridge	-	-	-	977	999	9,080	9,280	-	-	-	**20,336**
Torrens Weir Structure	1,751	-	-	543	1,110	12,031	12,296	-	-	-	**27,731**
Rundle UPark	-	4,635	-	-	3,330	8,513	-	-	-	-	**16,478**
Total Significant Renewals	**1,751**	**4,635**	**-**	**1,519**	**5,439**	**29,624**	**21,576**	**-**	**-**	**-**	**64,544**

Table 6: New and Significant Upgrade Projects

Projects $'000s	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total
Community Sports Building Redevelopment - Golden Wattle Park / Mirnu Wirra (Park 21 West)	4,422	-	-	-	-	-	-	-	-	-	**4,422**
Community Sports Building Redevelopment – Mary Lee Park / Tulya Wardli (Park 27B)	4,041	-	-	-	-	-	-	-	-	-	**4,041**
Community Sports Building Redevelopment – Concept Design	119	-	-	-	-	-	-	-	-	-	**119**
Upgrade to Park Lands Buildings (1.5% Rates Revenue)	-	1,901	1,476	1,692	848	820	1,457	3,146	3,272	3,403	**18,015**
Public Art Action Plan Deliverables	178	458	349	255	95	66	81	80	45	16	**1,623**
Brown Hill Keswick Creek (Financial Contribution)	320	320	320	320	320	320	320	320	320	320	**3,200**
Melbourne Street Public Art Commission	214	-	-	-	-	-	-	-	-	-	**214**
Main Street Revitalisation – Gouger Street	8,912	6,297	-	-	-	-	-	-	-	-	**15,209**
Main Street Revitalisation – Hindley Street	607	1,000	6,000	6,053	-	-	-	-	-	-	**13,660**
Main Street Revitalisation – Hutt Street	1,155	5,485	5,485	-	-	-	-	-	-	-	**12,125**
Main Street Revitalisation – Melbourne Street	1,545	160	2,500	2,500	-	-	-	-	-	-	**6,705**
Main Street Revitalisation – O'Connell Street	3,963	6,669	3,334	-	-	-	-	-	-	-	**13,966**
City Public Realm Greening Program	2,377	45	-	-	-	-	-	-	-	-	**2,422**
Minor Works Building – Security Upgrades	119	300	-	-	-	-	-	-	-	-	**419**
Flinders Street Housing – Concept Planning	297	500	-	-	-	-	-	-	-	-	**797**
Other ^	14,328	-	-	-	-	-	-	-	-	-	**14,328**
Project Delivery Costs	-	3,470	2,920	1,999	565	557	654	908	921	936	**12,929**
Assumed forward Commitment	-	-	-	2,504	2,504	2,504	2,504	2,504	2,504	2,504	**17,528**
Total New and Upgraded Expenditure	**42,597**	**26,605**	**22,384**	**15,323**	**4,332**	**4,267**	**5,016**	**6,958**	**7,062**	**7,179**	**141,722**
Confirmed Extarnal Funding	10,783	-	-	-	-	-	-	-	-	-	**10,783**
Net Capital Contribution	**31,814**	**26,605**	**22,384**	**15,323**	**4,332**	**4,267**	**5,016**	**6,958**	**7,062**	**7,179**	**130,939**

^ one-off funding for New and Upgraded Assets in 2026/27

Table 7: Renewal and Upgrade of Buildings within the Park Lands

1.5% Rates Revenue to Renew and Upgrade Buildings within the Park Lands ($'000s)	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total
Renewal Allocation	1,797	482	1,067	963	1,924	2,074	1,568	-	-	-	**9,875**
New and Upgrade Allocation	-	1,901	1,476	1,692	848	820	1,457	3,146	3,272	3,403	**18,015**
Total Allocation	**1,797**	**2,383**	**2,543**	**2,655**	**2,772**	**2,894**	**3,025**	**3,146**	**3,272**	**3,403**	**27,890**

KEY ASSUMPTIONS (INDICES)

Consumer Price Index (SA)

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)	3.5%	2.8%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
LGPI - Capital (SA)	3.5%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Interest Rates

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
Interest Rate	5.85%	5.60%	5.35%	5.10%	4.85%	4.75%	4.75%	4.75%	4.75%	4.75%

GLOSSARY

Asset

Assets are future economic benefits controlled by the Council as a result of past transactions or other past events.

Asset Renewal Funding Ratio
(also known as the Asset Sustainability Ratio)

Expenditure on asset renewals as a percentage of forecast required expenditure in the infrastructure asset management plans.

Asset Test Ratio

Borrowings as a percentage of total saleable property assets.

Consumer Price Index (CPI)

The Consumer Price Index (CPI) is a measure of changes, over time, in retail prices of a constant basket of goods and services representative of consumption expenditure by resident households in Australian metropolitan areas. The simplest way of thinking about the CPI is to imagine a basket of goods and services comprising items typically acquired by Australian households. As prices vary, the total price of this basket will also vary. The CPI is simply a measure of the changes in the price of this basket as the prices of items in it change.

Equity

Equity is the residual interest in the assets of the Council after deduction of its liabilities.

Leverage Test Ratio

Total borrowings relative to rates revenue (less landscape levy)

Liability

Liabilities are the future sacrifices of economic benefits that the Council is presently obliged to make to other entities or organisations as a result of past transactions or other past events

Interest Expense Ratio

Proportion of Council's general rate income that is being used to service debt (interest).

Liquidity

Measure of the Council's ability to cover its immediate and short-term debts and obligations.

Net Financial Liabilities

Financial liabilities as a percentage of operating surplus.

Operating Surplus Ratio

Operating surplus as a percentage of operating revenue.