

Annual Business Plan and Budget 2026-27

Working towards the
Community Vision 2034





Acknowledgement of Country _____

We acknowledge the Kurna Nation and its people as the Traditional Owners and Custodians of the land in the area now known as the City of Onkaparinga.

We recognise that this local living culture has developed over tens of thousands of years and that in today's contemporary context, Kurna and other Aboriginal people are actively engaged in community life and bring their rich cultural heritage to the connected community and sustainable future we aspire to.

We are mindful of Kurna people's spiritual relationship with Country when we make decisions about this region and that protecting places of importance to Kurna culture has an impact on the wellbeing and prosperity of Kurna and other Aboriginal people.

We recognise our important opportunity to facilitate positive change in the way the community works together across Aboriginal communities, non-Aboriginal communities, local businesses, and service agencies, by actively engaging in a shared journey towards reconciliation.

In delivering projects, programs and services it is important to fulfil this acknowledgment through real action to achieve community outcomes that are informed by Kurna perspectives.

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Connected communities,
sustainable future.

Common terms

Term	Definition
The Act	Refers to the <i>Local Government Act 1999</i> .
Annual Report	A report of the council's operations of the previous financial year and contains a report of operations, audited financial statements and an audited performance statement.
Budget	A financial plan setting out the organisation's projected income and expenditure required to deliver services and projects for the financial year.
Community Vision 2034	A community plan prepared by the council under section 122 of the <i>Local Government Act 1999</i> . This document sets out the community's 10 year vision and sits at the top of the council's strategic planning framework.
Capital works	Significant construction, renovation or maintenance projects aimed at creating or improving long-term assets.
CPI	Consumer price index
Directorate	Work areas within the council.
ESCOSA	Essential Services Commission of South Australia
Financial sustainability	The ability to consistently manage the organisation's financial resources, ensuring long-term stability and the continued provision of services without impacting negatively on ratepayers.
Financial year	Twelve month reporting period from 1 July to 30 June.
Infrastructure	Property, plant and equipment, excluding land.
ICT	Information and Communications Technology
Key activities	Forward goals assigned for the following financial year in line with the community vision goals.
LTFP	Long Term Financial Plan
Rating Policy	The process by which the council's rate structure is established and how the total income – generated through rates and charges – is allocated across properties in the municipality.
SAMP	Strategic Asset Management Plan

From the mayor

On behalf of the elected members, I present the Annual Business Plan and Budget for 2026–27.

At a time when residents and businesses face challenges including cost of living pressures, it has never been more important to invest carefully in infrastructure and services that connect and support the community, and help to build resilience.

With this in mind, aligned with the Community Vision 2034 we have kept our promise to deliver a sustainable and responsible budget of \$265.59 million, and a plan that includes the following.

- A general rate rise of 4.9 per cent aligned to the March 2026 consumer price index (CPI*) for Adelaide, plus growth in keeping with our Long Term Financial Plan principles.
- Provision of programs, services and community assets aligned to the Community Vision 2034 themes of Community, Liveability, Environment, and Leadership.
- Key initiatives that respond to the community's priority areas of environment and coastal management; open spaces, parks and natural resources; road resealing and maintenance; waste collection and recycling; and community services, programs and grants.
- New approaches to attracting funding, building partnerships and optimising opportunities to increase non-rate revenue.

Delivering services in community and with our community partners – from safety to libraries, from waste collection to open space and so much more – you can see our proposed key activities for delivery in 2026–27 on page 24.

Project highlights include:

- opening of the refurbished Noarlunga Aquatic Centre
- delivering 3 major road renewal projects and resealing approximately 24km of roads
- renewing and replacing 5 playgrounds
- developing the STRYKR driving range at Port Noarlunga (together with GreenSpace Management)
- upgrading the Moana Surf Life Saving Club.

The council is committed to transparency and accountability. As you read and consider this budget, you can access explainers on our website for questions we frequently receive about how rates are calculated, what 'growth' means and how house values affect rates.

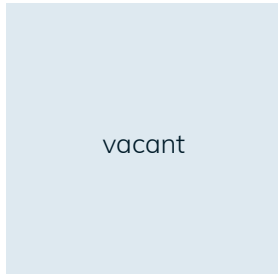
The Onkaparinga region is truly very special, and our efforts at the council aim to enhance the lives of those who live, work, play, study or run a business here. Through this budget and the services, community centres, libraries, open parks and play spaces, events, grants and more that it supports, our goal is to ensure that everyone has a chance to participate in this wonderful, diverse community of which we are all a part.

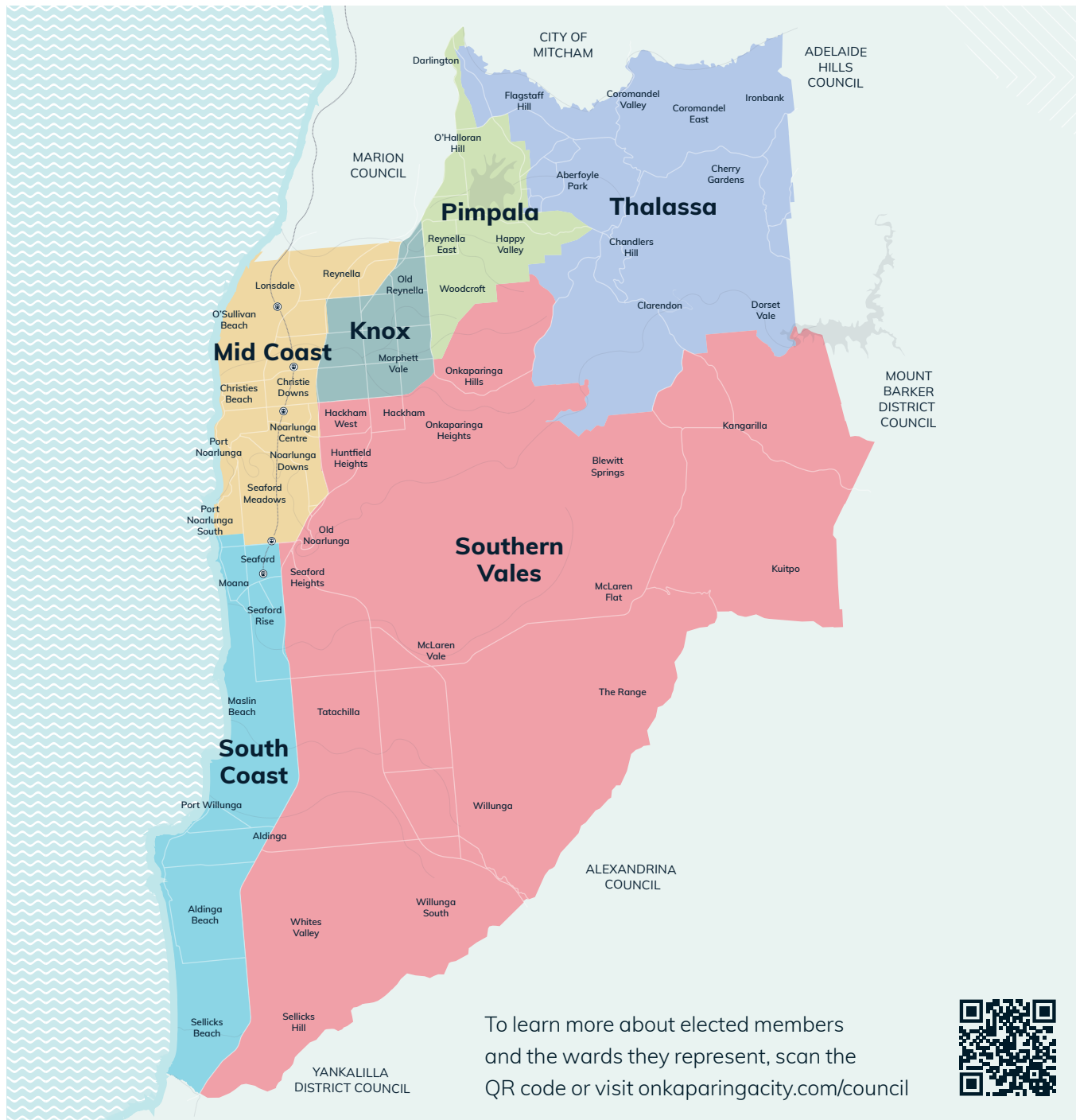
Moira Were AM
Mayor, City of Onkaparinga



*The Australian Bureau of Statistics determines CPI.

Elected members

Mayor	Knox ward		Pimpala ward		South Coast ward	
						
Moira Were AM	Heidi Greaves	Colt Stafford	Kim Davis	Michael Fisher	Lauren Jew	Paul Yeomans
Mid Coast ward		Southern Vales ward		Thalassa ward		
						
Dan Platten	vacant	Marisa Bell	Jordan Pritchard	Geoff Eaton	Marion Themeliotis	



About the City of Onkaparinga

To learn more about elected members and the wards they represent, scan the QR code or visit onkaparingacity.com/council





About the City of Onkaparinga

The City of Onkaparinga is South Australia's largest council by population, home to more than **184,827*** residents.

Extending over 518km², the region is rich with its own unique character and community spirit, and is known for its stunning natural landscapes comprising rolling hills, lush vineyards, expansive agricultural plains, national parks and breathtaking coastline, blended with an urban vibrancy and rural charm.

With over 84,567 rateable properties across 5 major categories – residential, commercial and industrial, primary production, vacant land, and other – the city is a dynamic and diverse place to live, work and visit. Onkaparinga stands apart through its unique blend of attributes – from expansive public open spaces and vibrant recreational areas to thriving creative communities, well-equipped community facilities, diverse industrial precincts and dynamic commercial centres.

*Australian Bureau of Statistics
Estimated Resident Population (2025)

City of Onkaparinga snapshot

41

is the median age

26.3%

of the population are 60 years or over

1.9%

of the population is Aboriginal and Torres Strait Islander

28%

of the population are couples with children

\$7.53 billion

thriving economy

52,730+

jobs in Onkaparinga

10,400+

local businesses

21.2%

of residents were born overseas

25%

of the population reside in a single household



The council's role

The City of Onkaparinga provides a broad range of services and facilities to the community. It conducts regular work to maintain, renew and develop council owned assets as described in the 2025–26 highlights below.

Environment and coastal management

90+
community environmental sessions conducted

5,000+
trees planted in streets, parks and reserves
(as of February 2026) – 955 of these were externally
funded as part of partnered projects

4,000+
council tree inspections performed by arborists

35
hectares of wetlands

848
fire prevention notices issued

Community services, programs and grants

\$700,000+
grants provided to community organisations,
small businesses and creatives

27,600+
attendances at positive ageing centres

650,000+
library visitors

730
youth activities for 8–25 year olds

61,600+
hours of service to older people
and people with a disability

21,400+
vaccines provided to 11,564 clients,
contributing to full vaccination of 94%
of 5 year olds in the Onkaparinga region

832,000+
people engaged via our website,
Onkaparinga Now and social media

85,000+
domestic and international visitors to the
McLaren Vale and Fleurieu Coast Visitor Centre

4,000+
visitors to specialised programs facilitated by Reclink
at Noarlunga Recreation Centre for young people,
and people with disability to enhance social inclusion

268,000+
attendances at community centres



Roads

1,384

kilometres of sealed roads

137

kilometres of unsealed roads

1,231

kilometres of roadside vegetation
managed to reduce bushfire fuel loads

775

bus pads and shelters

213

sealed carparks

1332

kilometres of paths

Open spaces, parks and nature resources

203

hard courts including basketball key ways

31

turfed ovals

15

large multi-use sporting facilities,
home to 53 sporting clubs

2,100+

playground safety inspections undertaken
of 250 playgrounds every 6 weeks

2,044

hectares of open spaces

70

public toilets

Waste and recycling

37,400

tonnes of waste to landfill

26,700

tonnes of green organics recycled

13,000

tonnes of recycling collected

230,000

owned and maintained bins

71,000

waste requests from customers

2,900

tonnes of waste collected from street sweeping

120

waste and recycling education sessions
for community and school group



Strategic framework

The Community Vision 2034 sits at the top of the strategic planning framework and guides all strategies and action plans for council.

Shaped by key opportunities, priorities, challenges and community aspirations, it sets the direction for how the City of Onkaparinga will build a connected community and a sustainable future.

Community Vision 2034

Connected community, sustainable future

Informed by insights captured from over 5,300 residents, the vision's 4 themes – community, environment, liveability and leadership – reflect what's important to the community now and into the future.

Outlining the long-term vision for the region, this document acts as the organisational compass, providing the overarching direction for the council's strategies, plans, decision-making and actions over the next decade.

Collectively, working with all levels of government, community services, businesses, not-for-profit organisations and community groups, the council's efforts can be amplified to realise the vision, and foster a connected and healthy community, while protecting and enhancing the uniqueness, beauty and liveability of the region.

To read the Community Vision 2034, scan the QR code below or visit onkaparingacity.com/vision



Community

Vision statement

It's friendly here. People connect with each other across a range of celebrated differences. No matter what age, ability, gender or cultural identity, there are things to do, safe places to go, groups to join, arts to experience, opportunities to learn, and ways to be active. Everyone has the capacity to look after their personal and collective wellbeing and, when times are tough, find support.

Key result area

- Healthy, thriving people
- Connected, supportive communities

Liveability

Vision statement

People can comfortably make their home here. There are plenty of opportunities to work, build businesses and think creatively about how the local economy grows. Visitors love to enjoy what's on offer too. There's affordable housing to buy or rent and enough space for children to play, shady trees to cool our streets, and natural places to connect communities for a sustainable future. People can easily walk or ride to the places they want to be.

Key result area

- Great places
- Strong local economies

Environment

Vision statement

It's easy to live locally here. It looks and feels amazing, from the coastline to the rolling hills, vineyards and abundant trees. The natural world is respected and full of life. This is a clean, attractive, well-kept place where outdoor spaces are cared for with new and ancient approaches. There is resilience to the impacts of a changing climate and hope for the future.

Key result area

- Resourceful, resilient living
- Valued natural world

Leadership

Vision statement

This place is known for its foresight. People feel confident to speak up and trust their views will be listened to, even if they don't have the loudest voice. The knowledge and heritage of those who have come before us is acknowledged and respected. It is easy to find reliable information about the region. There is trust in those who represent us, opportunities to participate in decision-making, and a shared commitment to creating a future everyone benefits from.

Key result area

- Strong community voice
- Impact and trust

Community vision in practice

The Community vision guides everything the council delivers.

These examples demonstrate the practical ways the council is shaping great places, supporting the community, caring for the environment, and planning for a thriving future together.

To find out more about our programs, services and projects visit onkaparingacity.com

Community



A wide range of **active ageing** programs spanning low impact fitness and social walking groups, to digital skills sessions and creative activities are delivered to help older residents stay connected, confident, and active in the community.

Environment



The annual **community tree giveaway** initiative provides residents, community groups and small businesses the chance to pre-register for a free native tree to be collected on the community giveaway day. All made possible due to council partnering with Trees For Life, Green Adelaide, and Arborgreen.

Liveability



More than **250 playgrounds** are cared for by the council, together with thousands of pieces of urban furniture. The highly skilled in-house maintenance team ensures play equipment and furniture remain safe, functional, and meet legislative requirements. By identifying needs and planning works, their daily efforts mean the community can enjoy well kept, welcoming and reliable public spaces. Play on!

Leadership



Leading the way in keeping the city clean and welcoming is Onkaparinga's **Volunteer Graffiti Removal team**. The group of dedicated volunteers help to reduce the impacts of graffiti while experiencing a rewarding opportunity to make a visible difference.



Strategic management plans

All of council's strategies and plans are guided by the Community Vision 2034, which represents the community's long-term aspirations for the City of Onkaparinga, and sits at the top of council's strategic planning framework.

Strategic management plans

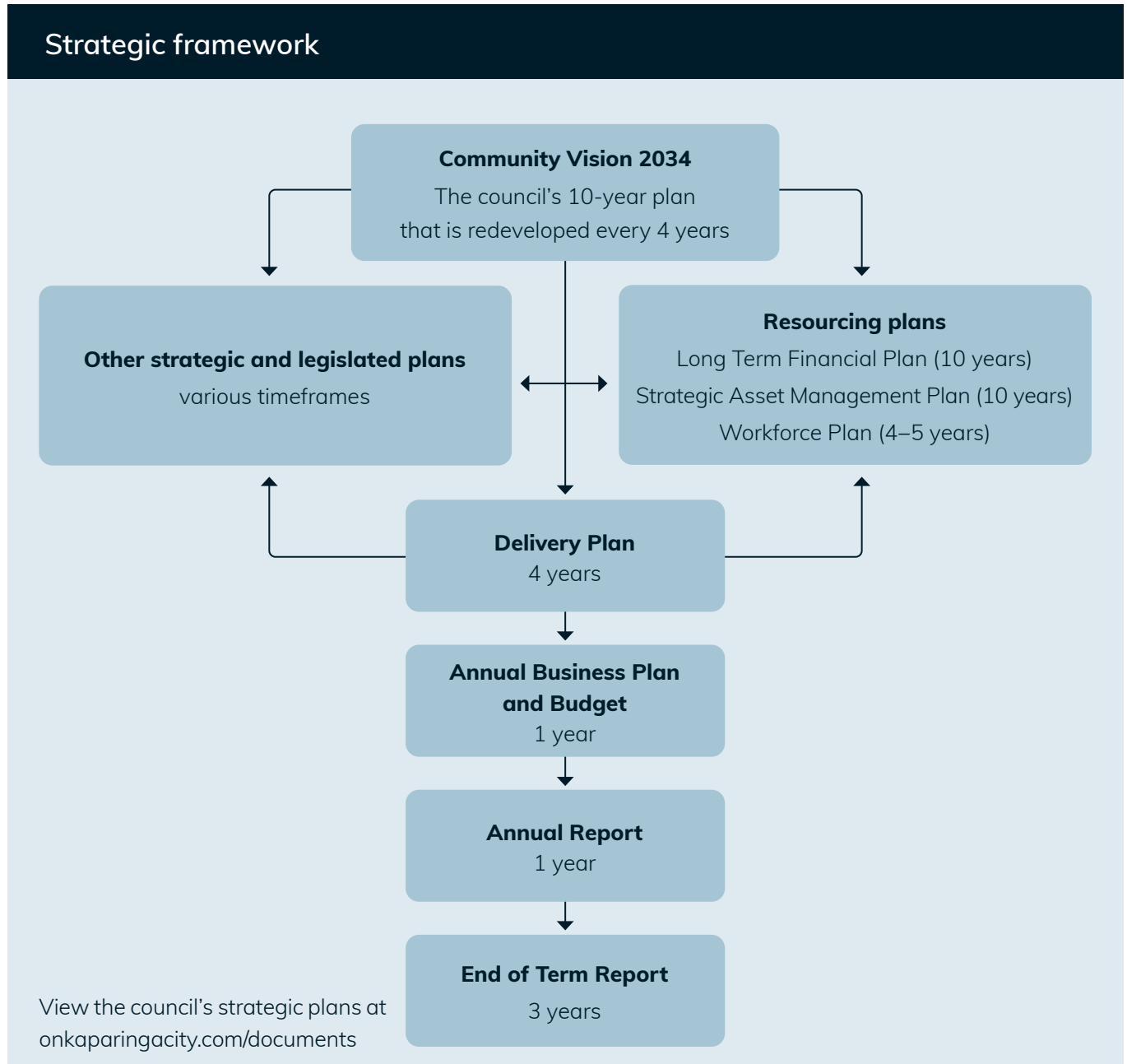
The council's declared strategic management plans are the:

- Community Vision 2034
- Long Term Financial Plan (LTFP)
- Strategic Asset Management Plan (SAMP).

Together, these plans set the strategic direction and outline how the council will sustainably resource and deliver outcomes aligned with the Community Vision 2034. The LTFP and SAMP guide investment decisions by defining the council's financial capacity, service levels and asset lifecycle needs.

A range of other strategies and plans—including open space, waste and service specific strategies—support delivery of the Community Vision 2034 by providing detailed direction for subject areas. Developing the Annual Business Plan and Budget is the next step, translating strategic direction into yearly key activities and projects that reflect the council's role and resources. This document outlines the plan for 2026–27.

Much of council's work is governed by legislative and regulatory obligations, including the *Local Government Act 1999*. Each year the council reports its compliance in the Annual Report. Internal systems ensure obligations are met under legislation such as the *Planning, Development and Infrastructure Act 2016*, *Local Nuisance and Litter Control Act 2016*, *Fire and Emergency Services Act 2005* and the *Dog and Cat Management Act 1995*.



Plans in progress 2026–27

In 2026–27, the council is focused on delivering actions and making progress against the following plans:

Affordable Housing Strategy 2025–2028

Access to safe, secure, and affordable housing is a growing challenge in Onkaparinga due to rising costs and housing stress. The Affordable Housing Strategy outlines 31 actions to improve access to well-located housing, with a strong focus on advocacy for increased state and federal investment and greater housing diversity. It also explores council's role through partnerships with Community Housing Providers, promoting energy-efficient homes, and developing a framework to assess suitable sites. While council is not a direct provider of housing, council influences outcomes through planning, advocacy, and collaboration.

Climate Change Response Plan 2022–27

Building on a strong track-record of practical, on-ground action to drive lasting change, through the plan 5 goals have been identified to respond to climate impacts ranging from reducing emissions to increasing community resilience. The council's transition to low carbon operations is supported by the Towards Zero Corporate Emissions Roadmap.

Coastal Adaptation Action Plan 2024–30

The Coastal Adaptation Plan outlines actions the council will take between 2024 and 2030 to anticipate and respond to coastal risks arising from climate change and sea-level rise working with the evidence, and choosing options that are cost-effective, appropriate and mindful of community expectations.

Economic Growth and Tourism Strategic Plan 2025–30

The Onkaparinga region is growing rapidly, and it makes sense to ensure that where possible, the growth is smart, inclusive and sustainable.

Informed by insights from local businesses, industry partners and the community, the Economic Growth and Tourism Strategic Plan 2025–30 sets the direction for the next five years by outlining how the council will enable business growth, attract investment, strengthen the visitor economy and create vibrant, connected places that contribute to building a prosperous future for the region.

Open Space Strategic Management Plan 2025–30

The Open Space Strategic Management Plan guides how council sustainably plan its open space (including playgrounds) and endeavours to provide diverse connected open spaces equitably across the city to meet current and future community needs. It sets the principles, planning and direction for future provision, development, and maintenance of the open space network.

Regional Public Health Plan 2022–27

Under the *South Australian Public Health Act 2011*, each council is required to prepare and maintain a Regional Public Health Plan, consistent with the State Public Health Plan. The City of Onkaparinga's plan presents a snapshot of the region's characteristics, public health status, and outlines the key public health programs, services and actions delivered locally. A new state plan is due to be released in early 2026. The council's regional plan will be aligned with the state plan at its next review.

Plans under review

- Animal Management Plan
- Community Capacity and Connections Strategy*
- Libraries Strategic Plan
- Onkaparinga Local Area Plan
- Road Network Plan
- Sport and Recreation Action Plan

*Community consultation closed on 14 June 2026 with a feedback report due to the Council in August 2026

Supporting plans

In addition to the declared strategic management plans, there is a supporting suite of plans that also reflect the Community Vision 2034 and drive council activities. These include the following listed in the table below.

Plan	Community Vision 2034 themes			
	Community	Environment	Liveability	Leadership
Long term strategies and plans				
Affordable Housing Strategy	✓		✓	
Arts and Cultural Development Action Plan	✓			✓
Climate Change Response Plan		✓	✓	
Coastal Adaptation Plan		✓	✓	
Community Capacity and Connections Strategy*	✓			✓
Economic Growth and Tourism Strategic Plan			✓	✓
Empowered Community Implementation Plan*	✓			✓
Libraries Strategic Plan*	✓			
Onkaparinga Local Area Plan*			✓	
Reconciliation Action Plan – Innovate				✓
Resilient South Regional Climate Action Plan		✓		
Road Network Plan*			✓	
Sport and Active Recreation Action Plan*	✓			
Waste Strategic Management Plan		✓		

* Under development or review

Plan	Community	Environment	Liveability	Leadership
Management plans				
Animal Management Plan*	✓	✓		
Bushfire Management Plan		✓		
Open Space Strategic Management Plan			✓	
Regional Public Health Plan	✓	✓	✓	✓
Skate Facilities Management Plan	✓		✓	
Annual plans				
Annual Business Plan and Budget	✓	✓	✓	✓
Advocacy Plan				✓

* Under development or review



Your voice

Each year we undertake a community survey where we ask residents to share their experiences of living in the City of Onkaparinga.

In 2025, over 1750 residents responded to questions about what is most important to them and what they value most about their local community. In 2025, we also asked specific questions about the impact of the algal bloom on our community.

Year to year, this information identifies trends in the community's priorities and helps inform decision making on the kinds of programs we offer and services we deliver.

The key areas of focus identified were:

- environment and coastal management
- open spaces, parks and natural resources
- roads
- waste and recycling
- community services, programs and grants.

A summary of the 2025 feedback is available at onkaparingacity.com/yoursay

Here are a few highlights.

93%

believe a thriving economy benefits the whole community

88%

try to support and shop at local businesses as much as they can

88%

took action to reduce their household waste

85%

agree that their local neighbourhood is a good place to live

83%

are concerned about the health risks associated with algal bloom

80%

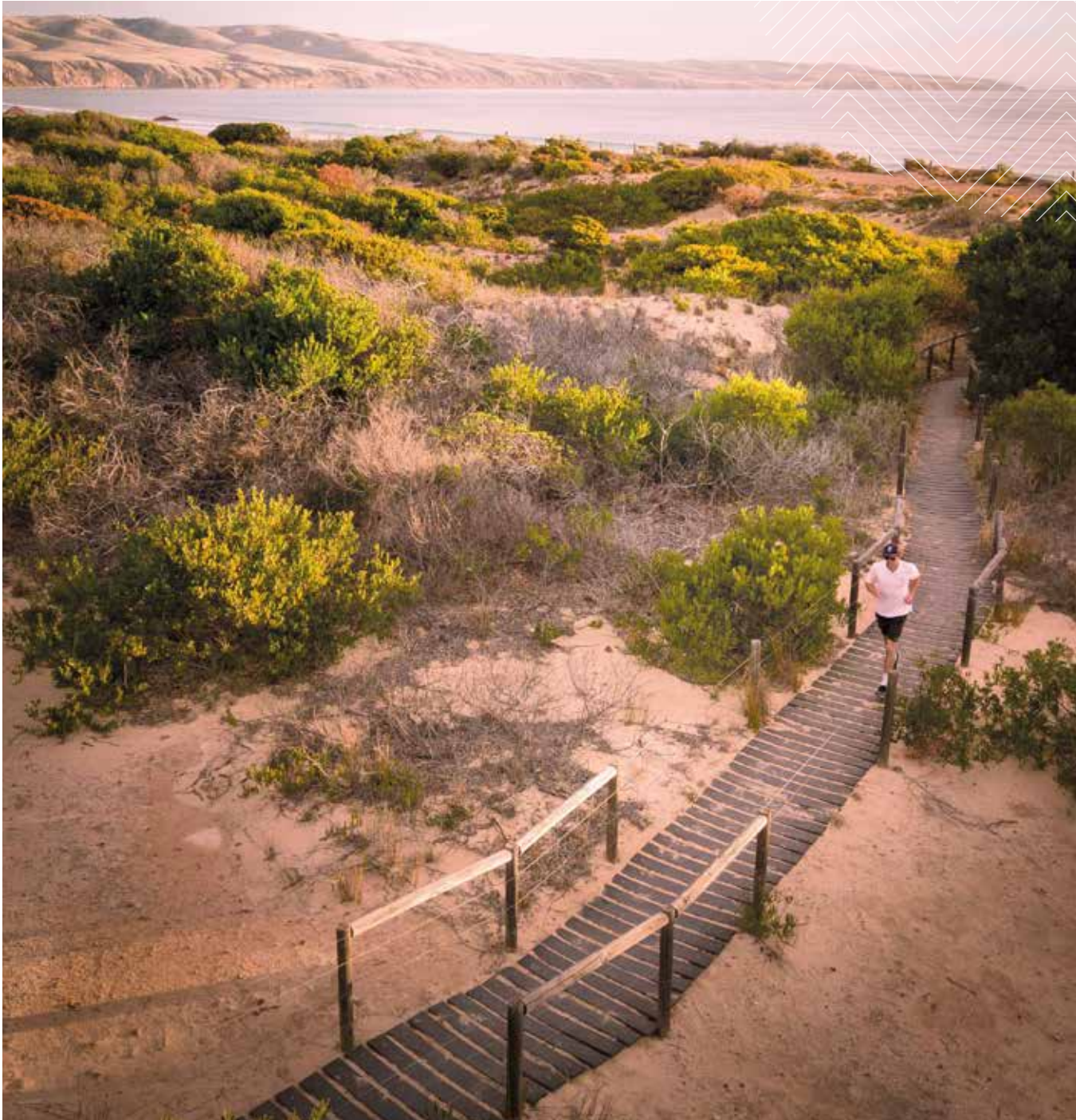
could purchase most of the products and services they needed locally

45%

believe their income is enough to meet their needs

42%

participated in a community group



Annual Business Plan

The Annual Business Plan outlines the programs, services and projects to be delivered this year.



The year ahead

In 2026–27 the council will invest \$265.59 million in delivering a wide range of services, programs and projects that support the community and keep the city thriving.

The investments include:

- \$174.12 million to deliver ongoing community services, programs and maintenance.
- \$64.20 million to fund essential infrastructure renewal, new and upgraded assets and new initiatives, and to improve efficiencies for the community.
- \$27.27 million paid to the state government, for the regional landscape levy which is collected by the council on behalf of the Government of South Australia along with loan repayments, reserve transfers and interest costs.

Over the coming 12 months, the budget will support the following.

Key activities

The key activities reflect the important new work that will be undertaken to progress towards achieving the key result areas and goals in the Community Vision 2034. Read more on page 24.

Services, projects and programs

The City of Onkaparinga has 5 directorates that deliver ongoing and new work each year. Read more about each directorate, the deliverables and funding, on page 29.

Measuring performance

The council's performance and progress is tracked and reported upon each year in the Annual Report. Read more about the performance measures and targets set on page 39.

Annual Business Plan and Budget 2026–27 Snapshot

This snapshot shows a summary of how the council’s 2026–27 budget will be funded, and where investment will be directed.

This year’s budget is **\$265.59 million**

What will be delivered?

The City of Onkaparinga will continue to deliver services and programs to support the community, residents, businesses and visitors. Services include, but are not limited to:

- waste collection
- road resealing
- renewing and building valuable assets
- delivering library services
- undertaking food safety inspections
- assessing planning applications
- managing dogs and cats.

Key projects that set direction, support policy development, and renew or enhance assets are also delivered.

How will it be funded?

The \$265.59 million budget will be funded through council rates (71 percent), state and federal grants (11.8 percent), and a range of other sources including fees and charges (17.2 percent).

The total rate revenue increase for 2026–27 is aligned to the March 2026 CPI for Adelaide, at 4.9 per cent. New properties built will also generate additional rates revenue.

For every \$100 spent,
we provide the following services

Roads, footpaths, lights, bridges and carpark	\$21.05
Libraries and community services	\$13.20
Parks, open space and the coast	\$11.77
Community safety, planning and regulatory services	\$11.66
Waste and recycling services	\$11.55
Stormwater and community wastewater management systems (CWMS)*	\$10.20
Council buildings – maintenance and upgrades	\$7.87
Recreation services and tourist parks	\$7.71
Strategy, sustainability and economic growth	\$2.83
Communications and engagement	\$1.89
Council vehicles and equipment	\$0.27

*Stormwater services are city-wide. CWMS services Clarendon, Morphett Vale, McLaren Flat, McLaren Vale, Willunga, Maslin Beach and Sellicks Beach and are funded through a separate service charge, applicable only to residents connected to one of the above CWMS services.



Highlights for the year ahead

Deliver the **How to Adult program series**.
Designed for young people aged 14–25.

Renew and replace 5 playgrounds

at Aldinga Beach, McLaren Vale, Christie Downs and Morphett Vale (2 playgrounds).

Deliver 3 major hardcourt renewal projects

at O'Halloran Hill, Clarendon and Old Noarlunga.

Deliver our **major events** – Trucks on Tour, Christmas Pageant, Beachside Food and Wine Festival, Australia Day Family Fair and hosted stages of the Tour Down Under.

Redevelop 4 BMX tracks at John Nicholl Reserve at Aldinga Beach, Hastings Avenue Reserve at Sellicks Beach, Minkarra Park at Flagstaff Hill and Valentine Street Reserve at Morphett Vale.

Continue refurbishing and re-open of the **Noarlunga Aquatic Centre** to provide a safe, reliable and welcoming facility for the community.

Upgrade the Moana Surf Life Saving Club

with expansion of existing facilities, including increased garage space for emergency service vehicles, upgraded change rooms, and a new accessible unisex change room.

Undertake a council facilities and projects **carbon emissions review** covering carbon emissions measurement, reduction goals, and an approach to using renewable electricity and offsetting carbon emissions.

Commence the joint development of the **STRYKR driving range** at Port Noarlunga.

McLaren Vale Township Code Amendment

to better inform how future residential, commercial and community uses are developed within the township boundaries.

Undertake **3 major road renewal projects** to include:

- Norman Road, Aldinga Beach
- Delabole Road, Willunga South
- Malbeck Drive, Reynella East.

Deliver a multifaceted **graffiti management** program that consists of several preventative initiatives.



Key activities

This Annual Business Plan and Budget 2026–27 sets out the actions the council will take in the financial year 2026–27, towards achieving the goals outlined in the Community Vision 2034. The planned strategic projects and programs to be delivered in 2026–27 are outlined on the following pages.

Key activities

Community Vision 2034 theme: **Community**

Align the council's **immunisation service** with the Australian Immunisation Strategy including vaccine promotion and access.

Deliver the **Ignite Futures Youth Project**.

Deliver the **free youth sport and recreation** program in the south together with the Roger Rasheed Sports Foundation and the Office for Recreation, Sport and Racing. During school terms, the program provides weekly, free and inclusive sport programs for local young people ages 6–18 in Christies Downs and Aldinga.

Deliver the **How to Adult program** series. Designed for young people aged 14–25, the series offers life skills workshops, covering topics ranging from barista training to conscious cooking classes, accredited first aid training and more.

Deliver over 2,500 swimming classes through the **Learn to Swim program** at Noarlunga Aquatic Centre when it reopens at the beginning of summer 2026–27, after a major refurbishment.

Establish a **new program to support NDIS participants** aged over 65 years.

Deliver an event to celebrate **South Australia's Week of Ageing Well** in October 2026.

Deliver the **Reconciliation in the South** event.

Develop and implement the **Aboriginal and Torres Strait Islander Cultural Capability Framework** and deliver new training modules.

Strengthen the council's approach to truth-telling and respectful engagement with Aboriginal and Torres Strait Islander communities by **embedding cultural protocols** and improving how Aboriginal histories, voices and perspectives are acknowledged in council practice.

Renew and replace the 5 playgrounds below as outlined in the endorsed Open Space Strategic Management Plan.

- Symonds Reserve – Stewart Avenue, Aldinga Beach
- Chapman Park – Stump Hill Road, McLaren Vale
- Glasgow Park – Glasgow Street, Christie Downs
- H W Cox Reserve – Dickson Road, Morphett Vale
- R A Pearce Reserve – Madeira Drive, Morphett Vale

Key activities

Community Vision 2034 theme: **Community**

Deliver 3 **major hardcourt renewal** projects at the following facilities:

- Serpentine Reserve, O'Halloran Hill
- Clarendon Recreation Ground, Clarendon
- Noarlunga Recreation Ground, Old Noarlunga.

Undertake various **building renewal** projects including:

- Aldinga Institute Hall
- Christies Downs Community House
- Seaford Community Centre
- McLaren Vale and Fleurieu Coast Visitor Centre
- Arts Centre, Port Noarlunga
- Aberfoyle and Districts Lions Club
- Kangarilla Recreation Ground.

Deliver the following **major events**:

- Trucks on Tour
- Christmas Pageant
- Beachside Food and Wine Festival
- Australia Day Family Fair
- hosted stages of the Tour Down Under.

Coordinate the **Healthy Active Lifestyles Onkaparinga** program delivering multiple opportunities to increase community participation in sport and active recreation across the region.

Finalise a **council lease policy** to allow for transparent and consistent use of council owned facilities.

Facilitate more than 1300 **group fitness classes** through Noarlunga Aquatic Centre and Noarlunga Recreation Centre.

Key activities

Community Vision 2034 theme: **Community**

Redevelop the following 4 **BMX tracks**:

- John Nicholl Reserve, Aldinga Beach
- Hastings Avenue Reserve, Sellicks Beach,
- Minkarra Park, Flagstaff Hill
- Valentine Street Reserve, Morphett Vale.

Continue refurbishment and re-open the **Noarlunga Aquatic Centre** to ensure it remains a safe, reliable and welcoming facility for the community.

Supported by Australian Government funding through the Thriving Suburbs Program (\$5.4 million) and the Community Energy Upgrade Fund Program (\$1.575 million), works include roof renewal, pool plant upgrades, internal improvements, and a new pool shell.

Upgrades also include electrification of pool heating to reduce emissions, improve energy efficiency and support long-term sustainability.

Upgrade the **Moana Surf Life Saving Club** (SLSC). The project will see the expansion of existing facilities, including increased garage space for emergency service vehicles, upgraded change rooms, and a new accessible unisex change room.

Total project cost \$3.8 million shared across:

- South Australian Fire and Emergency Services Commission 56% (\$2.12 million)
- City of Onkaparinga 33% (\$1.25 million)
- Moana SLSC 11% (\$416,000).

Community Vision 2034 theme: **Environment**

Support community and environmental recovery in response to the **harmful algal bloom**.

Undertake a council facilities and projects **carbon emissions review** covering carbon emissions measurement, reduction goals, and an approach to using renewable electricity and offsetting carbon emissions.

Develop a policy on the council's role in providing **community access to energy** (batteries, solar and virtual power plants).

Develop a policy and guideline regarding **environmentally sustainable design** requirements for council buildings.

Deliver the **Willunga Creek flood mitigation** and environmental flow project to increase environmental flows through Willunga and reduce flooding impacts of the perennial creek. Capital works include channel widening, woody weed removal, raising bank heights and upgrading culverts at driveway cross overs.

Key activities

Community Vision 2034 theme: **Environment**

Continue ecological creek monitoring for the **Urban Creek Resilience and Recovery Project**. Supported by Australian Government funding (\$6.8 million) over 5-years through the Urban Rivers and Catchments Program, the project's completion is anticipated for 2028–29.

- (Project 1) Panalatinga and Serpentine creeks (design phase).
- (Project 2) Sauerbier and Homestead creeks.

Renew Port Noarlunga's **northern beach access ramp** and Port Noarlunga South's **beach access stairs** opposite Cliff Avenue.
Commence sand carting at South Port, near the river footbridge and access stairs.

Install new **stormwater infrastructure** to better manage runoff and stormwater at 10 sites. This includes installing:

- a new trash rack (debris screen) at Emberton Place, Morphett Vale
- stormwater infrastructure at Pridham Boulevard, Aldinga Beach; Norman Road, Willunga; and Ocean Street, Aldinga Beach.

Community Vision 2034 theme: **Liveability**

Investigate **energy efficiency improvements** at key council facilities including the Field Operations Centre, Aldinga Library and Aldinga Community Centre.

Deliver the expanded city-wide place and **business activation program**, to enliven key locations in the region and design welcoming places to visit through events, creative initiatives and business engagement.

Continue to **strengthen support for small businesses** and reduce barriers to doing business across council operations, as per the council's role as signatory to the South Australian Small Business Commissioner's Business Friendly Council Charter.

McLaren Vale Township Code Amendment to better inform how future residential, commercial and community uses are developed within the township boundaries.

Christies Beach Code Amendment to encourage a vibrant economic and social hub.

Seek funding to deliver a **changing places accessible toilet facility**.

Key activities

Community Vision 2034 theme: **Liveability**

Undertake **3 major road renewal projects** to the value of approximately \$5.7 million.

Road reconstructions to include:

- Norman Road, Aldinga Beach
- Delabole Road, Willunga South
- Malbeck Drive, Reynella East.

Reseal approximately 24km of roads within our annual reseal program.

Deliver Gateway 2 of the **Ramsay Place public realm project**, enhancing amenity and safety at key pedestrian gateways to Ramsay Place.

The gateway transformation will involve new tree planting, landscaping and seating installation in the plaza area, adjacent to Noarlunga Library and TAFE SA. Gateway One renewal was completed in mid-2025.

Review the **Onkaparinga Local Area Plan** against contemporary population, housing and employment data and considering emerging trends. Update the council's plan in line with the state government's local area plans template.

Deliver a **multifaceted graffiti management program** that consists of several preventative initiatives including: rapid removal, community participation, engagement, education and prosecution.

Installation and upgrading of **lighting** at the following locations:

- Croser Court, Aldinga Beach
- Morton Road, Christie Downs – western carriageway and footpath, alongside the reserve
- intersection of Pimpala Road and Dressage Avenue, Woodcroft
- Christies Beach Sports and Social Club carpark.

Community Vision 2034 theme: **Leadership**

Commence the joint development of the **STRYKR driving range** at Port Noarlunga.

Advocate for fair retention of **dog registration** income and a statewide **cat management** strategy.



Delivering to the community

Services, projects and programs _____

Delivery of the Annual Business Plan and supporting strategies occurs through ongoing services, strategic projects, and targeted programs.

The City of Onkaparinga employs around 800 people who bring the council's strategies and plans to life. Each of the council's 5 directorates is responsible for delivering specific services (50+), working together to ensure the region remains the best place in South Australia to live, work, visit, play and invest.

The council directorates are:

- Office of the CEO
- Strategy, Engagement and Community
- Corporate and Commercial
- Operations
- Planning, Governance and Regulatory Services.

An overview is provided on the following pages of the ongoing services delivered by the council, and each directorate's projects and programs planned for this year.

Office of the Chief Executive Officer ---

The Office of the CEO provides strategic leadership and direction across all council operations including advice and support for elected members.

The Chief Executive Officer (CEO) is responsible for implementing the council's strategic vision and leading the local government administration. The role and responsibilities of council's CEO are clearly defined in the relevant provisions of the *Local Government Act 1999*.

The primary link between the elected body and the administration, the CEO supports effective communication, coordination and accountability across the organisation.

Office of CEO – services budget	Income \$m	Expenditure \$m	Net expenditure \$m
Office of the CEO	0.00	0.83	0.83
Total services category \$m	0.00	0.83	0.83

Strategy, Engagement and Community ---

Teams in this directorate work closely with the community to ensure that council delivered programs and services remain relevant and aligned to the community's priorities and needs.

The focus is on community capacity and resilience building, and enhancing the wellbeing and life-quality of those in the Onkaparinga region. This business unit also drives local environmental sustainability, climate change, economic growth and tourism initiatives.

A short summary of the teams in the directorate follows.

Active recreation

Oversees aquatic and active recreation facilities to ensure they are safe, welcoming, fit for purpose and meet demand including court sports, gymnasium and group fitness classes to suit all ages and fitness levels.

Communications**

The team is charged with delivering effective and engaging communications to keep the community informed and updated on council services and activities. The team is also responsible for managing the City of Onkaparinga brand, to ensure the council is appropriately represented in all promotions and communications.

Customer relations

Supports the community by providing information and access to the council's services by phone, online and face-to-face.

Economic growth and tourism

Promotes the Onkaparinga region and its businesses. It supports local tourism, driving visitation growth, creating jobs and generating economic prosperity. The team works to attract investment, activates places and businesses, and build local business capacity.

Engagement**

The team produces clear and objective information and provides genuine opportunities for the community to participate in the council's decision-making process.

Events**

Delivers safe and enjoyable events for the community, instilling pride in the region.

Grants**

Provides funding programs for the community that align to the objectives in the community vision, support community initiatives and encourage community participation.

Libraries

Connect people to library resources and activities in welcoming and inclusive spaces.

Sport development services

The team works with sport and active recreation clubs to build capacity and to be safe, welcoming and well-managed. They assist larger multi-use sporting facilities with governance and operational continual improvement and provide sport and active recreation strategic planning services through advice, research and planning.

Strategy

Oversees the council's strategic planning, aides in securing external grant funding, and provides research and data to enable evidence-based decision-making. Overall, the team supports the organisation to deliver the Community Vision 2034 priorities and collaborate with state and federal governments to advocate for positive outcomes for the community.

Sustainability

The team undertakes climate change planning and reporting, provides educational programs and information, and hosts community workshops and events while integrating environmental sustainability principles into the council's strategies and services.

Active ageing and disability*

This team provides practical support and information to older people, people with disability, and carers, through 2 positive ageing centres, and programs and services that focus on developing skills, independence and social connections.

Arts, reconciliation and cultural development*

Promotes public art and cultural experiences, supports local creative skill development and job growth, and fosters inclusive opportunities for people of all backgrounds, ages, and abilities to engage in arts and culture. Through enacting the goals in the council's reconciliation action plan, the team increases awareness and respect for local Aboriginal art and culture and provides opportunities for the community to engage with it.

Strategy, Engagement and Community – services budget	Income \$m	Expenditure \$m	Net expenditure \$m
Community capacity*	4.55	13.59	9.04
Libraries, customer relations and recreation	3.41	17.28	13.87
Communication and engagement**	0.11	3.98	3.87
Strategy, sustainability and economic growth	1.43	5.81	4.38
Total services category \$m	9.50	40.66	31.16

Strategy, Engagement and Community – projects budget	Income \$m	Expenditure \$m	Net expenditure \$m
Libraries, customer relations and recreation	0.04	0.24	0.20
Community capacity*	0.00	0.04	0.04
Strategy, sustainability and economic growth	0.00	0.16	0.16
Total projects category \$m	0.04	0.44	0.40

* **Community capacity** includes active ageing, disability, arts, reconciliation, cultural development, community development and youth as described on page 32.

** **Communication and engagement** includes communications, engagement, grants and events as described on page 31.

Community development*

Works alongside the community and provides places and spaces, including community centres and halls, enabling community connection, active participation and skill development. There is a focus on building social connections in local neighbourhoods and supporting priority populations as identified in the draft Community Capacity Strategic Plan.

Youth*

Partners with young people and the broader community to cultivate environments and opportunities that enhance the wellbeing of young people, fostering greater connection, engagement and empowerment.

Corporate and Commercial

The Corporate and Commercial directorate acts as an enabler of the business, partnering with teams to support impactful service delivery and positive outcomes for our community.

A short summary of the teams in the directorate follows.

Business systems

Managing our computer systems and platforms.

Commercial recreation

Managing the operations and strategic direction of the Willunga Golf Course, Moana Beach Tourist Park, Christies Beach Tourist Park and the development of the STRYKR driving range at WM Hunt Reserve, Port Noarlunga.

Financial accounting

Provision of accounts payable, payroll, treasury management, fixed asset accounting and taxation compliance services.

Financial planning and analysis

Provision of financial support, analysis and advice through business partnering, development of budgets, budget reviews and forecasts, and preparation of financial reporting.

Financial strategy

Implementing financial strategies and systems to build financial resilience and guide decision-making to support long-term financial sustainability.

Human resources

Facilitating improved employee outcomes through the provision of strategic workforce planning, volunteer management, employee and industrial relations. Partnering with leaders to foster a productive, engaged and high-performing workforce. Managing human resource and volunteer management information systems and administering people and position data.

Learning and development

Enhancing employee performance and capability through targeted learning programs, workforce development strategies, leadership development, and compliance-based training. Collaborating across the organisation and with external providers to deliver accessible, relevant, and high-quality learning that supports operational priorities, workforce sustainability, and future growth. Managing learning systems and data to monitor participation, capability uplift, and outcomes, ensuring employees are equipped with the skills, knowledge and confidence to deliver exceptional service and achieve organisational goals.

Operational excellence

Undertaking organisational reviews and embedding continuous improvement practices to strengthen organisational performance and support delivery of key initiatives.

Organisational development

Implementing initiatives to create a more engaged workforce and cultivate a positive culture that empowers employees, promotes innovation and delivers sustainable value to the community.

Procurement

Ensuring purchasing activity and contract management is undertaken in compliance with legislation and public sector standards, and identifying strategic procurement opportunities across the organisation.

Revenue

Administration of the council's rating database and sundry debtors, rates modelling and generation of rates notices, customer service and collections.

Technology support

Delivering ICT support services and managing our technology systems and hardware, along with overseeing various security practices and tools to reduce the risk of cyber threats.

Water services

Managing the operations and strategic direction of the Community Wastewater Management Systems (CWMS) and our alternative water networks.

Work health and safety

Sustaining or improving our safety management systems to support the health and wellbeing of our workforce, volunteers and the broader community.

Corporate and Commercial – services budget	Income \$m	Expenditure \$m	Net expenditure \$m
Financial services	196.42	17.96	-178.46
ICT	-	10.80	10.80
Operational excellence	12.32	9.17	-3.15
People and culture	1.65	8.25	6.60
Total services category \$m	210.39	46.18	-164.21

Corporate and Commercial – projects budget	Income \$m	Expenditure \$m	Net expenditure \$m
Operational excellence	3.24	3.89	0.65
CWMS and Water Business Unit	5.20	6.52	1.32
ICT	-	2.11	2.11
People and culture	-	0.04	0.04
Developer contributions	0.38	-	-0.38
Total projects category \$m	8.82	12.56	3.74

Operations

The Operations directorate plans for, introduces, improves and rejuvenates infrastructure and community assets. The information to the right summarises the extensive services and assets provided and maintained by this directorate.

Asset protection

Managing CCTV, security, facility access, and graffiti removal and associated volunteer management.

Bridges

Managing a network of 253 bridges with a value of \$39.5 million.

Buildings

Managing our sport and active recreation, community, commercial and municipal buildings with a value of \$317 million.

Bus shelters and pads

Managing 473 bus pads and, in partnership with the Department for Infrastructure and Transport, 286 bus shelters valued at \$5.9 million.

Carparks

Managing 221 sealed carparks and 75 unsealed carparks with a replacement value of \$30.6 million.

Coastal assets

Managing 31km of coastline including boardwalks, beach access stairs, coastal protection structures, coastal fencing, and lookouts with a value of \$26.8 million.

Fleet and plant

Managing 88 trucks and buses, 66 major plant, 129 light vehicles and 394 small plant and trailers valued at \$32.5 million.

Lighting

Managing 1553 council owned lights for paths, trails, sports facilities and carparks, with a value of \$7.3 million. 21,540 unmetered streetlights owned and maintained by SA Power Networks with council funding their operation and maintenance via a tariff.

Natural resources

Renewing the urban forest and increase tree canopy cover and safety through production, maintenance, planting and establishment. Maintaining natural areas through weed control, revegetation, and fuel load reduction as well as associated volunteer management programs.

Parks/playspaces

Managing 497 developed reserves, landscaping, paths, furniture, barbecue facilities and seating, with the total value of playspaces at \$17.3 million and parks valued at \$48 million. Managing our playgrounds, four dog parks (two with separate large and small dog enclosures), and 14 fitness parks in line with our Open Space Strategic Management Plan.

Paths

Maintaining a \$200 million network of 1355km of paths and 13,358 kerb ramps, providing connectivity through our streets, coast and open spaces.

Placemaking

Enhancing public spaces to improve amenity and safety, reflect community and cultural values, celebrate local heritage and character, promote economic development, and manage and respond to urban development.

Roads

Maintaining a \$1.3 billion network including 2338km of kerbs, 1394km of sealed roads, 136km of unsealed roads, 47km dust sealed roads, and more than 30km of guard rails.

Sport and active recreation assets

Maintaining 203 hard courts and keyways, 34 cricket playing pitches and practice nets, 313 sport lights, 22 BMX and 14 skate facilities, and 32 turfed ovals/fields, 2 synthetic soccer pitches, 1 running track, 19 bowling greens, 500 sport light fittings and 25km of fencing, valued at \$45 million.

Waste management

Collecting kerbside waste, recycling, organics, hard rubbish and illegally dumped rubbish, undertaking street sweeping, and providing waste education.

Services = ongoing service delivery/maintenance

Projects = renewal and upgrades

*Fleet and plant expenses are charged out across the business and to capital works projects, resulting in a negative expense in this category

Operations – services budget	Income \$m	Expenditure \$m	Net expenditure \$m
Bridges	0.07	0.13	0.06
Buildings	1.88	8.11	6.23
Bus shelters and pads	0.00	0.01	0.01
Carparks	0.11	0.27	0.16
Coastal assets	0.25	0.22	-0.03
Fleet and plant *	0.22	-3.57	-3.79
Lighting	0.04	3.78	3.74
Parks/playspaces	1.02	18.95	17.93
Paths	1.24	8.94	7.70
Placemaking	0.08	0.02	-0.06
Roads	3.89	7.15	3.26
Sport and active recreation assets	1.31	1.25	-0.06
Waste management	2.29	26.79	24.50
Water	0.58	6.54	5.96
Total services category \$m	12.98	78.59	65.61

Operations – projects budget	Income \$m	Expenditure \$m	Net expenditure \$m
Bridges	0.00	0.37	0.37
Buildings	2.71	8.48	5.77
Bus shelters and pads	0.00	0.01	0.01
Carparks	0.00	0.48	0.48
Coastal assets	0.00	1.05	1.05
Commercial assets	0.00	0.00	0.00
Fleet and plant*	0.42	4.14	3.73
Lighting	0.00	0.21	0.22
Parks/playspaces	1.46	4.21	2.80
Placemaking	0.00	4.30	4.29
Paths	0.00	0.35	0.35
Roads	0.62	18.69	18.07
Sport and active recreation	0.11	5.71	5.60
Water	0.11	3.17	3.06
Total projects category \$m	5.43	51.17	45.74

Planning, Governance and Regulatory Services ---

The Planning, Governance and Regulatory Services directorate plays a critical role in supporting safe, sustainable and well-managed communities through its externally focused services.

It leads development policy, planning and building assessments, compliance and property management, while delivering key regulatory functions including community health, safety and ranger services.

The directorate also strengthens organisational governance, decision-making and resilience through robust civic, corporate and emergency management functions.

A short summary of the teams in the directorate follows.

Building

Assessing development applications in accordance with state building regulations and the National Construction Code in an accurate and timely manner. Providing quality advice to customers, both preliminary and throughout the assessment process. Undertaking building inspections and ensuring development is undertaken in accordance with relevant authorisations, including new swimming pool safety inspections. The Building team is also responsible for the administration of the City of Onkaparinga Building Fire Safety Committee.

Civic governance and elected member liaison

This team manages Council meetings, agendas and minutes, provides mayoral and elected member advice and support, plans and delivers civic events, and conducts legislated representation reviews.

Community health

Managing public and environmental health including the inspection of activities at risk of spreading communicable disease, food safety, public swimming pools, skin penetration operations, high-risk manufactured water systems, onsite wastewater systems, hoarding and squalor. Delivering immunisation services including childhood, adolescent and workplace immunisation programs.

Community rangers

Investigating and responding to reports of non-compliance with the council's by-laws, the *Dog and Cat Management Act 1995*, *Local Nuisance and Litter Control Act 2016*, *Australian Road Rules* and the *Local Government Act 1999*. Regulating parking controls and working with the community to promote safe parking, particularly around schools, in bus and bicycle lanes, on footpaths, and where an accessibility parking permit is required. Providing educational initiatives to promote responsible pet ownership including information about council's partnerships with service providers and charity organisations that can help.

Corporate governance

This team administers freedom of information services and internal reviews, supports escalated complaints, emergency management, risk management, internal audit, insurance and liability claims and renewals, policy and procedure monitoring, legal reporting and advice, delegations and authorisations.

Corporate information management

Manages records and information assets, ensuring legislative compliance and provides organisational wide support. The team delivers information assets including the OneCouncil system and electronic content management (ECM) module and provides ECM training to staff.

Development compliance

Investigating and responding to reports of development non-compliance with the *Planning, Development and Infrastructure Act 2016* the *Local Nuisance and Litter Control Act 2016* and our moveable signs by-law.

Development policy

Ensuring appropriately planned urban and rural land that balances necessary growth, heritage protection, green tree canopy an environmental considerations, and improves the local economy and lifestyle. Providing technical guidance and policy position for elected members' review and submission to state government and relevant agencies.

Development support

The Development Support function provides initial advice to customers on development matters and delivers administrative and technical support across Council's planning, building, and development compliance services. This includes Section 7 Property Searches, public notifications, court appeal documentation, fencing enquiries and contributions, residential street numbering, liquor licence comments, information access requests, and administration of Essential Safety Provisions annual returns. Customer support is provided through responsive service delivery via telephone, email, and in-person counter interactions.

Planning, Governance and Regulatory Services – services budget	Income \$m	Expenditure \$m	Net expenditure \$m
Community safety and property	6.21	10.42	4.21
Development services	2.71	6.73	4.02
Governance	0.03	7.39	7.36
Total services category \$m	8.95	24.54	15.59

Planning, Governance and Regulatory Services – projects budget	Income \$m	Expenditure \$m	Net expenditure \$m
Placemaking	0.00	0.01	0.01
Strategic planning	0.00	0.03	0.03
Total projects category \$m	0.00	0.04	0.04

Emergency management

Works in partnership with key agencies involved in the response to, and recovery from emergency events and promotes the importance of planning and preparing for emergencies and disasters. The team addresses identified risks and hazards, protecting the safety and wellbeing of the community, and building community resilience.

Fire prevention

Working with the community to support bushfire preparedness and ensure private landowners meet their responsibility to reduce bushfire hazards.

Planning

Assessing development applications in accordance with state planning policy, in an accurate and timely manner. Providing quality and timely advice to customers (external and internal), both preliminary and throughout the assessment process. Providing reports and support to the Council Assessment Panel with recommendations and proposed conditions.

Property management

Facilitating all real property transactions for the council's land and property portfolio including acquisitions and disposals, permanent road openings and closings, leasing, licencing, and permits. Managing our six cemeteries including maintenance and improvements. Routinely managing contaminated land, and coordinating all updates and reviews of our community land register and management plans.

Measuring performance

Throughout the year, the council progress of key activities and delivery of services is monitored and then reported upon in the Annual Report.

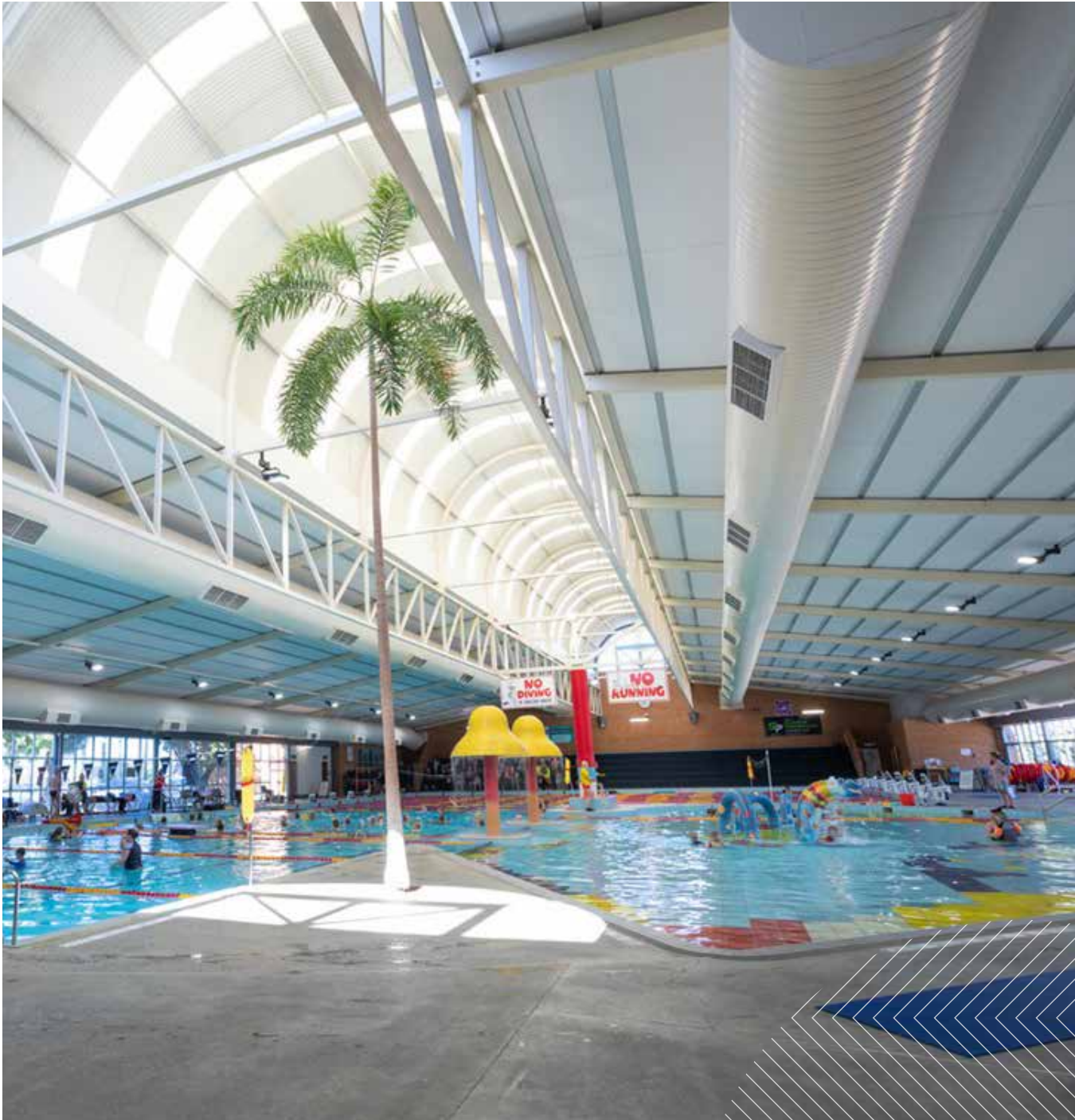
This also aligns to monitoring progress towards achieving the goals in the Community Vision 2034. Progress updates on major projects and initiatives, and adherence to the endorsed annual budget are provided through council reports and the quarterly financial reports, and are available at onkaparingacity.com

Shown below is an example demonstrating some of the ways progress is tracked against the Community Vision 2034 key result areas.

		Community Vision 2034 themes			
Measure	2026–27 target	Community	Environment	Liveability	Leadership
Number of attendances at council-run arts centres annually.	35,725	✓			
Number of visitations to council-run recreation centres and the aquatic centre annually.	325,000	✓			
Number of attendances annually at council-run youth centres and in youth development programs, committees and events.	35,000	✓			
Food businesses serving vulnerable populations audited in accordance with audit frequency. High-risk food businesses inspected in accordance with inspection frequency.	100% audits 90% high risk businesses inspections annually	✓			
Number of trees planted annually.	6,000		✓		
Stretch of roadside area treated for invasive weeds annually (by kilometre).	997kms		✓		
Reduction of council corporate carbon emissions from the 2010–11 emissions baseline.	80% reduction by 2030 from 2010–11 levels and aim for net zero by 2040		✓		
Percentage of capital works projects adhering to the Kaurua Cultural Heritage Management for Excavation Works Procedure.	100%		✓		
Percentage of renewal programs completed for parks, playgrounds and reserves.	85–100%			✓	
Percentage of renewal programs completed for buildings.	85–100%			✓	

Measure	2026–27 target	Community	Environment	Liveability	Leadership
Percentage of renewal programs completed for sport and recreation.	85–100%			✓	
Annual usage numbers of off-road shared-use path network (pedestrian and cycle passes at fixed counter locations, baseline year).	300,000			✓	
Number of bookings annually, and satisfaction ratings of customers using the Southern Business Mentoring Program advisory service.	140 bookings 8/10 satisfaction rating			✓	
Percentage of new and renewed infrastructure projects approved for delivery in the next 12 months that incorporate elements of water re-use by passive irrigation, groundwater replenishment or other mechanisms.	15%			✓	
Average frequency of street sweeping, and tonnes of debris collected annually.	6–8 weeks average frequency of sweeping 3000 tonnes			✓	
Number of lineal metres of new and renewed footpaths completed.	7184 lineal metres			✓	
Number of visits to the McLaren Vale and Fleurieu Coast tourism website, and number of unique users reached annually through destination social media activities.	120,000 website visits 400,000 unique users/social media reach			✓	
Number of visitors to the McLaren Vale and Fleurieu Coast Visitor Centre annually.	90,000+ visitors			✓	
Customer experience rating for contact centre customers	9/10 average rating				✓
Percentage of Annual Business Plan key activities in progress (on track) or complete	85–100%				✓
Percentage of successful external competitive grant applications and dollar value of funds awarded.	70% success rate \$5 million				✓

Measure	2026–27 target	Community	Environment	Liveability	Leadership
Percentage of local supplier expenditure and local suppliers engaged.	35% expenditure 35% suppliers				✓
Percentage of engagement participants reported that providing feedback was easy.	75%				✓
Percentage of adherence to operating position as per the adopted 2025–26 budget.	100%				✓
Number of attendances at council-run National Reconciliation Week and NAIDOC Week events and activities.	2,700				✓



Budget 2026–27

This budget identifies the broad range of services and projects to be delivered in 2026–27.



Budget focus

Two years ago, the Council made a number of tough financial decisions to help stabilise our long term position.

Those decisions, together with the guidance of our updated Long Term Financial Plan (LTFP), have allowed us to focus this year on maintaining a small operating surplus while keeping costs as manageable as possible for our community.

The 2026–27 budget has been shaped by the principles in the LTFP (see page 45) and by a careful review of our operations to identify sensible efficiencies. Although the financial position is slightly below what was forecast in the LTFP, this reflects lower renewal income received this year rather than increased spending. Importantly, this change has not affected our ability to maintain a small operating surplus or continue delivering the services and facilities our community relies on.

To support this, the budget will include a general rate revenue increase aligned with CPI (March 2026). The capital works program has been developed largely in line with the Strategic Asset Management Plan and LTFP and includes the reinstatement of new and major upgrade projects. This ensures we continue to invest in essential infrastructure while managing financial pressures responsibly.

As outlined in the LTFP update in appendix 8, this budget continues to protect our ability to deliver ongoing operating surpluses – albeit at a modest level – while limiting the financial impact on our community and supporting the long term goals of our Community Vision 2034.



Where does the budget come from?

How is it spent?

The 2026–27 budget of \$265.59 million factors in a general rate rise of 4.9 per cent and also allows for growth from rates received from new properties. This is required to provide services to an expanding population.

The 4.9 per cent rate increase is aligned to March's consumer price index (CPI) for Adelaide, determined by the Australian Bureau of Statistics (ABS). The quarterly CPI figures are specific to each capital city and are used rather than the monthly indicators, as the ABS considers these to be the primary measure of household inflation.

In 2026–27, borrowings are required for fixed loan repayments and non-cash backed reserve transfers.

Where the budget comes from	\$m
Rates	188.43
Grants, subsidies and contributions	31.23
User charges	15.32
Community wastewater management systems	6.03
Statutory charges	5.57
New borrowings	6.08
Proceeds from disposal of assets	3.66
Transfers from reserves	4.41
Other revenue	3.41
Reimbursements	1.36
Investments	0.09
Total	265.59

How the budget is spent	\$m
Bridges	0.51
Buildings	16.59
Bus shelters and pads	0.01
Carparks	0.75
Coastal assets	1.30
Communication and engagement	3.98
Community capacity	13.63
Community safety and property	10.42
Development services	6.77
Finance charges	7.48
Financial services	6.42
Fleet and plant	0.57
Governance	7.39
ICT	12.91
Libraries and customer relations	14.20
Lighting	4.00
Loan repayments	5.50
Office of the CEO	0.83
Operational excellence	1.81
Parks/playspaces	23.15
Paths	13.26
People and culture	8.29
Placemaking	0.37
Recreation services and tourist parks	9.29
Regional landscape levy	4.16
Roads	25.84
Sport and active recreation assets	6.96
Strategy, sustainability, economic growth and tourism	5.96
Transfer to reserve	4.96
Waste management	26.78
Water business unit and CWMS	11.80
Water	9.70
Total	265.59

Financial planning process

The City of Onkaparinga's long-term financial planning processes are focused on building financial resilience. This provides a safeguard so that the council can deliver on the goals in the Community Vision and Strategic Asset Management Plan.

Long Term Financial Plan

The current LTFP maintains the five key principles:

1. Through the Long Term Financial Plan and annual budgeting process, the Council addresses the structural deficit position, transitions to a balanced budget in this Council term and maintains this surplus position going forward.
2. The Council adopts a dollar value debt ceiling when the LTFP is finalised. However additional debt can be accessed for capital investment purposes when there is a financial return to fully cover interest costs and provides a reasonable payback period.
3. Revenue is increased at least in line with consumer price index (CPI) plus revenue from new properties to ensure financial sustainability.
4. The Council actively seeks collaborative opportunities that maximise value for the community.
5. The Council decreases its reliance on rates by increasing revenue from alternative sources.

Key updates to the LTFP include:

- recognising the impact of higher CPI and Local Government Price Index forecasts over the next 3 years, compared with earlier projections
- incorporating updates to the Strategic Asset Management Plan, particularly changes arising from the Open Space Strategic Management Plan
- reforecasting plant and fleet expenditure to reflect updated asset renewal needs

The updated LTFP maintains a breakeven to surplus operating position while progressively reducing debt over the next 10 years. Further detail on the LTFP assumptions, financial indicators and financial statements is provided in appendix 8.

Asset management

The Strategic Asset Management Plan (SAMP) provides an overview of the council's:

- capital assets
- asset performance
- service levels provided
- goals and objectives
- areas identified for improvement
- financial position.

It also indicates assets are managed to align with the community's goals and objectives, and the strategic goals of the organisation.

The SAMP is reviewed and updated every year, and the projected financial requirements must align to those within the LTFP. This is to ensure budgets are allocated to achieve the objectives and needs identified in the SAMP, and that any budget shortfalls, pressures or opportunities are reflected and identified in both plans.

Debt levels

The City of Onkaparinga is a growth council with more urban development planned over the next 20 years. The second LTFP principle recognises the need to adopt a dollar value debt ceiling, but also provides allowance for debt for capital investments where the payback can cover interest costs and the loan

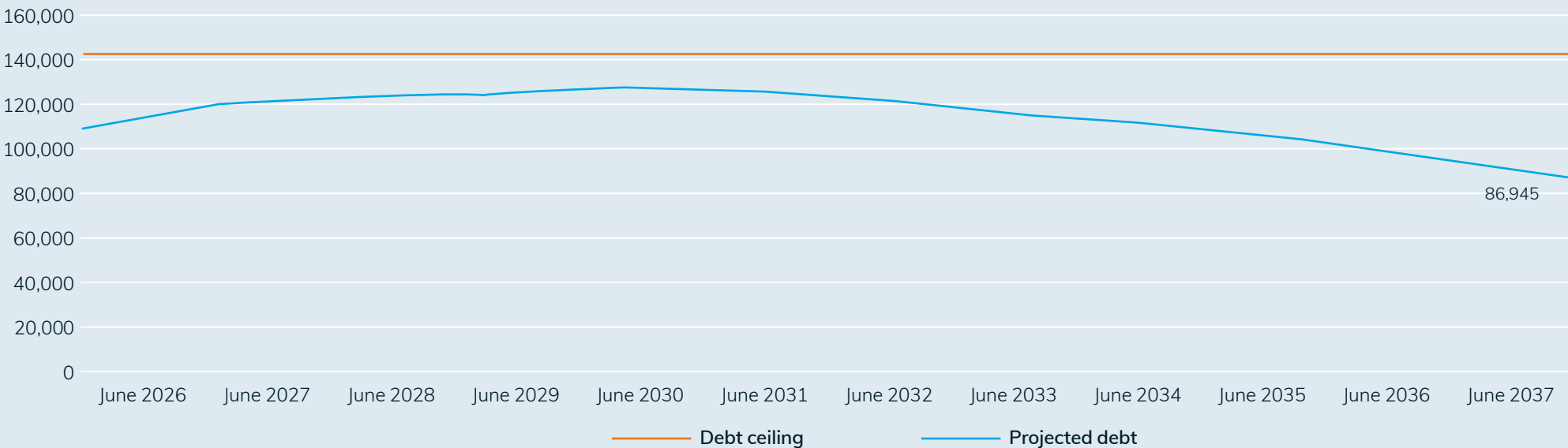
principal repayments over a reasonable period. The debt ceiling was updated to \$143.0 million as part of the last comprehensive LTFP review in November 2024.

Based on the 2026–27 budget, and incorporating likely capital project carry forwards from 2025–26, the forecast debt position is \$120.6 million at June 2027.

The following graph shows the forecast borrowings at June 2037 over the life of the LTFP.

The debt increase between June 2026 and June 2027 is due to the use of revenue received in advance (which temporarily reduced the levels of debt), and use of non-cash backed reserves.

Debt projection based on the adopted Long Term Financial Plan



Key financial indicators

The council has adopted a suite of key financial indicators (KFIs) that are primarily based on those included in the Model Financial Statements and those recommended by the Local Government Association (LGA) and Local Government Financial Managers Group as appropriate for measuring financial sustainability within the context of local government. Additional measures for debt servicing and level of borrowings have been included to monitor debt management.

The financial indicators, related targets and budgeted positions for 2026–27 are summarised in the table below.

Key financial indicator	Budgeted position for 2026–27	Target	Result
Operating surplus ratio LGA KFI target	0.02%	This ratio expresses the operating surplus as a percentage of total operating revenue. The target as set by the LGA is to achieve an operating surplus ratio of between 0% and 10%.	✓
Net financial liabilities ratio LGA KFI target	57.2%	This ratio expresses the year-end position for net liabilities as a percentage of total operating income. Our net liabilities as a percentage of total operating revenue will not exceed 100%, as per the target set by the LGA.	✓
Interest cover ratio	3.0%	This ratio expresses the finance charges (interest) as a percentage of total operating revenue. Our finance charges as a percentage of total operating revenue will not exceed 5%.	✓
Level of borrowings	\$120.6 million	Our borrowings will not exceed the hard dollar value ceiling of \$143 million.	✓
Debt servicing	5.3 %* (\$12.98 million)	This debt servicing figure is calculated as loan repayments and interest paid, divided by total operating revenue. Total debt servicing will be below an upper debt servicing limit of 10% (\$24.57 million) and above a lower limit of 3% (\$7.37 million) of rate revenue.	✓
Asset renewal funding ratio LGA KFI target	97.9%	The target as set by the LGA is for expenditure on renewal of assets to be greater than 90% but less 110% of expenditure proposed in the Strategic Asset Management Plan.	✓

✓ = Target achieved or within target range ✗ = Outside of target range for 2026–27 * = These positions are based on forecast borrowings

Community wastewater management systems

To cover the operational and maintenance costs of the council's 7 community wastewater management systems (CWMS), customers using the sewerage service are charged.

The systems are subject to a regulatory regime under the auspices of the Essential Services Commission of South Australia (ESCOSA), in addition to requirements of the *Local Government Act 1999* (the Act).

Under the Act, councils are entitled to recover the full cost of providing CWMS services. In addition, ESCOSA requires that the full cost of providing the service should also recognise a return on capital and an allowance for unquantifiable risks associated with CWMS. This ensures appropriate revenue is raised for operating and maintenance costs, future capital works, and managing the risks associated with running the scheme. This revenue is not used for any other purpose.

For 2026–27, the service charge for CWMS units is \$1,232.55, a reduction of \$36.04 from the previous year.

Southern Region Waste Resource Authority

The Southern Region Waste Resource Authority (SRWRA) is a regional subsidiary established by the cities of Onkaparinga, Marion and Holdfast Bay, as per section 43 of the *Local Government Act 1999*.

The integrated site provides processing facilities for kerbside waste and recycling bins, a landfill, a green energy precinct, and a recycled water storage dam that supports McLaren Vale. The integrated site is unique in Australia, making the 3 South Australian councils leaders in delivering innovative and sustainable waste management solutions.

Onsite, SRWRA operates several joint-venture initiatives including the following.

Seaford Southern Recycling Centre

A joint venture with Integrated Waste Services, the centre plays a key role in the diversion of waste from landfill, processing all kerbside waste bin collections with approximately 40 per cent of the content separated, processed and used as capping for landfill rehabilitation.

Southern Materials Recovery Facility

A joint venture between SRWRA and Re.Cycle (Adelaide), a subsidiary of Re.Group, the state-of-the-art facility is the largest in South Australia that provides processing of kerbside co-mingled recycling and produces the highest product purity levels in Australia.

Green energy precinct

Operated by LMS Energy, the precinct located at the SRWRA site, is South Australia's largest solar farm on capped landfill (600kW) and includes a 3MW biogas plant which converts methane from the landfill into electricity, removing the harmful greenhouse gas in the process.

SRWRA also provides the City of Onkaparinga with onsite recycling services such as recycled concrete and bitumen. This helps minimise reliance on virgin material, and assists in transitioning to a circular economy.

Rating Policy overview

The council's Rating Policy is a key component of the organisation's financial planning.

In 2026–27 we anticipate that 79.3 per cent of our total operating income will come from rates. In setting the rates, we consider valuation movements and develop rate models to determine the likely impact on individual properties. Refer to appendices 9 and 10 for further detail of our general rates.

The Rating Policy is reviewed annually, with key considerations being:

- rating strategies and structure ranked highly against the principles of taxation
- the current rating structure and rate revenue contribution methodology is equitable
- the fixed charge component collects an equitable contribution from all rateable properties
- differential rates contribute an equitable level of rate revenue from each land use category
- the policy supports the practical implementation of the council's goals, strategies and statutory obligations.

Rating Policy 2026–27

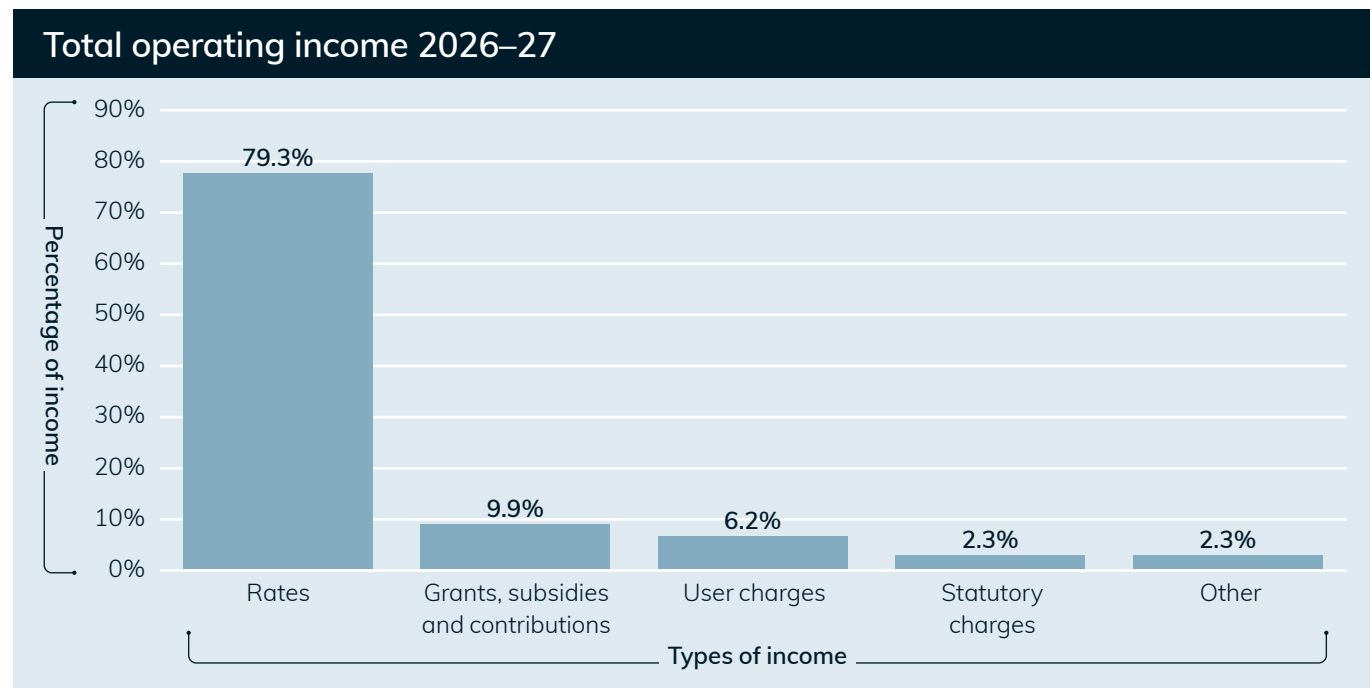
In developing the Rating Policy, the council considered community engagement outcomes from previous years. The overall structure of the Rating Policy 2026–27 is very similar to that applied during 2025–26 and includes:

- a fixed charge component
- different rates for different land use categories, retaining a similar proportion of net rate revenue
- each category (adjusted for new properties and other movements) to prevent redistribution of the rate burden between categories of ratepayers
- an automatic rebate to properties with a residential land use to cap any increase in the variable

component of rates at 10 per cent based on the same eligibility criteria as in 2025–26.

A review of the discretionary rebates program was undertaken in November 2025, recommending a redesign of the program including changes to the assessment criteria and limiting the life of a discretionary rebate to 3 years. Council supported the review and redesign of the discretionary rebate program, with changes to take effect as part of the 2026–27 budget process.

No additional revenue is received from increasing the fixed charge component. By applying an automatic rate rebate cap, rates above the cap are redistributed amongst the remaining ratepayers within the residential category.



Number of rateable properties by differential rating type comparison table

Land use	2025–26	2026–27
Commercial – office	247	242
Commercial – other	1,498	1,547
Commercial – shop	1,277	1,274
Industry – light	554	553
Industry – other	395	394
Other	267	272
Primary production	1,938	1,916
Residential	76,247	76,756
Vacant land	1,501	1,764
TOTAL	83,924	84,718

The 2026–27 information presented is based on valuation data as of 20 June 2026.

Regional landscape levy

The regional landscape levy is a state-mandated levy the council is required to collect to support the operations of regional landscape boards that manage the state's natural resources.

For 2026–27, the total amount to be collected is \$4.16 million, all of which is all passed onto the boards. Rates that will apply for the levy are subject to finalisation of valuation data and budget adoption.

For information about the levy, contact your relevant board.

ESCOSA local government advice

On 30 April 2022, amendments to the Local Government Act 1999 (the Act) came into operation which included a new advisory scheme to give ratepayers greater confidence that the rates they pay are set at the level necessary for their council to provide services.

The Essential Services Commission South Australia (ESCOSA) is the designated authority which, on a four yearly rolling schedule, reviews and provides its advice on each council's strategic management planning documents. The advice relates to the appropriateness of the council's long-term financial plans, infrastructure and asset management plans, and revenue sources as outlined in funding plans. It is an advisory scheme, identifying both risks and areas of good practice for councils to consider, with decision-making remaining in the hands of the councils.

The City of Onkaparinga was reviewed by ESCOSA in the 2023–24 tranche of councils. Its advice identifying challenges to council's financial sustainability was already known and was considered in the development of the 2024–25 Budget and Long Term Financial Plan and Strategic Asset Management Plan updates. As required by the Act, the ESCOSA report and our updated responses to that report are included in appendices 10 and 11.

How rates are determined

The amount collected via rates is determined by the annual budget council sets to provide services to the community.

Council develops a rating strategy and then sets a rate in the dollar to generate the required rate revenue after determining its annual budget. Council uses both a fixed charge component and an additional component calculated using property values to share the rates burden among property owners in an equitable manner.

Additional rates are collected from new properties in the city, which is referred to as growth. This revenue is required to provide services to these new properties. An estimate of the number of new properties is determined from the Valuer-General and included in the calculation of rates for the upcoming year.

We consult with the community on the draft Annual Business Plan each year. It includes information on proposed rating decisions to ensure council is being transparent and accountable to the community for rating decisions that impact them. This helps the council balance community demands for services and infrastructure with the revenue available to pay for them.

Valuation trends and rate modelling

We base our rating on the property valuations provided by the Office of the Valuer-General. The Valuer-General – under the *Valuation of Land Act 1971* – provides a value for every property in South Australia annually, which takes effect from 1 July.

Property valuation increases do not increase the total amount of rates that a council receives, but they do impact on the proportion of rates paid by an individual ratepayer.

Rates modelling is undertaken annually to ensure the impacts on the community prior to adoption of the annual budget and the Rating Policy remain aligned.

At the City of Onkaparinga, a fixed charge amount is set for every ratepayer to ensure all rateable properties contribute towards the council's services.

The remaining rate revenue required is divided by all the property values in its category to arrive at a 'rate in the dollar'. A different rate is set for each land use category. The rates for each property are set by combining the fixed charge and using the value of each rateable property multiplied by the 'rate in the dollar'.

This model delivers the most equitable rating outcomes, provides options to manage risk and ultimately can protect ratepayers from rapid valuation movements, as the fixed charge breaks the direct link between property valuations and rates payable. The 2026–27 rates in the dollar can be found in appendix 10 (Rating Policy 2026–27).

Assistance for ratepayers

We understand that ratepayers may have difficulty paying their rates. There are various supports we have in place that may provide assistance, including:

- Financial Hardship Policy and payment arrangements
- postponement of rates for seniors
- rate rebates for eligible properties providing a community benefit.

The Rating Policy 2026–27 is included as appendix 10 and at onkaparingacity.com



Amendments to the Annual Business Plan and Budget _____

Under section 123(6a) of the Local Government Act 1999 (SA), any significant change made to the Annual Business Plan and Budget 2026–27, following community consultation must be outlined.

This Annual Business Plan includes a number of amendments including:

- Updated references to Consumer Price Index (CPI).
- Updated strategic management plans to reflect decisions made by council.
- Updated statistics and outcomes for achievements in 2025–26.
- Changes to directorate structures.

Budget adjustments include:

- Updated budget total of \$265.59 million, reflected in the financial tables throughout this document.
- Updated property valuations using final rating data from the Valuer General.
- Financial statements in appendices 1–7 have been updated to reflect updates to the 2026–27 budget.
- Updated Appendix 8 (Long Term Financial Plan) updated to reflect the final 2026–27 budget.
- Updated Appendix 10 (Rating Policy) in to reflect fixed charge amount and rates in the dollar as adopted.



Council rates explained _____

Calculating the council's annual budget

Following consultation with the community, the council decides which services, programs and infrastructure it will deliver each year. This includes roads, parks, libraries, waste collection, maintenance and running community services. The Annual Business Plan and Budget shows exactly how the council's budget has been allocated/will be spent in a given year.

Where does the money come from?

The council receives funding from a range of sources, including rates. A breakdown of how the money is generated can be found on page 44.

The council subtracts the amount of money received from other funding sources from the total budget. The remaining amount comes from everyone's rates.

What is included in an annual rates notice?

Example calculation

The calculation opposite is an example only, assuming that:

- council needs \$180 million from rates
- council will receive \$112 million from the variable charge
- council will receive \$68 million from the fixed charge
- the variable charge is based on a residential 'rate in the dollar' of 0.00162861
- a fixed charge of \$820 for every property.

This example rates notice calculation is based on a property that:

- has a median residential property value in Onkaparinga (\$750,000)
- is located in the Hills and Fleurieu regional landscape levy zone
- is connected to the Community Wastewater Management Scheme (CWMS)
- has no outstanding fees or charges.

More information

Phone 8384 0666 or visit onkaparingacity.com/rates

Opening balance

If you have outstanding charges or are in credit from a previous quarterly or annual bill, this will be displayed in the opening balance.

Fixed charge

This is a set amount and is charged to each property in the council area.

The fixed charge ensures that all property owners contribute an equal base amount to the cost of services and infrastructure required across the entire council area.

The charge is adjusted every year to ensure the fairest approach for all ratepayers.

Variable charge

This charge is based on individual property values so it differs for each ratepayer. Property valuations are set by the state government's Valuer General, not by the council.

The variable charge is based on a 'rate in the dollar' set by the council. This is the total amount of money the council receives from variable rates divided by the combined total value of every property in City of Onkaparinga.

To work out the variable charge, the property value is multiplied by the 'rate in the dollar'.

The 'rate in the dollar' for the variable charge also differs depending on the land type (e.g. residential, industrial, commercial or primary production). This example uses the residential 'rate in the dollar'.

Rates calculation – example

Opening balance	\$000.00
Rates – Fixed charge	\$820.00
Rates – Residential @ 0.00162861	\$1,221.46
Rates – Regional Landscape Levy Hills & Fleurieu @ 0.00009432057	\$70.74
Service charge – CWMS	\$1,232.55
TOTAL DUE	\$3,344.75
Amount due this quarter	\$836.19

Regional Landscape Levy (RL Levy)

This is a state government tax that is collected by council and passed directly to the state government.

CWMS

This is a charge for the ongoing operation and maintenance of the Community Wastewater Management Scheme.

The charge is applicable only to ratepayers connected to one of our seven CWMS services.



Appendices 1–7

Budget 2026–27

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2027

	2026-27 Original Budget	2026-27 Adopted LTFFP forecast	Movement %
Operating income			
Rates	194,464,791	190,890,000	1.87%
Statutory charges	5,570,500	5,043,000	10.46%
User charges	15,320,794	12,568,000	21.90%
Grants, subsidies and contributions - capital renewal	406,524	1,607,000	-74.70%
Grants, subsidies and contributions - operating	24,344,478	19,133,000	27.24%
Investment income	90,576	101,000	-10.32%
Reimbursements	1,099,532	752,000	46.21%
Other income	3,405,768	2,776,000	22.69%
Net gain - equity accounted joint venture	1,000,000	776,000	28.87%
Total operating income	245,702,964	233,646,000	5.16%
Operating expenses			
Employee costs	96,705,839	93,914,000	-2.97%
Materials, contracts and other expenses	93,586,349	85,943,000	-8.89%
Finance costs	7,481,122	7,306,000	-2.40%
Depreciation and amortisation	47,890,349	45,142,000	-6.09%
Total operating expenses	245,663,660	232,305,000	-5.75%
Operating surplus/(deficit) before capital amounts	39,304	1,341,000	97.07%
Capital income			
Amounts received specifically for new or upgraded assets	6,651,985	1,071,000	521.10%
Physical resources received free of charge	-	-	-
Proceeds from disposal of assets	3,745,076	4,037,000	-7.23%
Net surplus/(deficit)	10,436,365	6,449,000	61.83%
Other comprehensive income			
Changes in revaluation surplus - infrastructure, property, plant and equipment	74,384,109	60,093,000	23.78%
Total other comprehensive income	74,384,109	60,093,000	23.78%
Total comprehensive income	84,820,474	66,542,000	27.47%

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2027

	2026-27 Original Budget	2026-27 Adopted LTFP forecast
Current assets		
Cash and cash equivalents	-	-
Trade and other receivables	22,862,000	23,408,000
Inventories	76,000	75,000
Total current assets	22,938,000	23,483,000
Non-current assets		
Financial Assets	1,170,000	986,000
Equity accounted investments in council businesses	21,035,600	17,579,000
Infrastructure, property, plant and equipment	2,638,081,066	2,631,864,000
Other non-current assets	-	-
Total non-current assets	2,660,286,666	2,650,429,000
Total assets	2,683,224,666	2,673,912,000
Current liabilities		
Trade and other payables	28,948,646	21,516,000
Short term borrowings	42,478,000	38,309,000
Short term provisions	13,414,000	9,056,000
Total current liabilities	84,840,646	68,881,000
Non-current liabilities		
Long term borrowings	78,102,136	97,970,000
Long term provisions	1,748,000	6,829,000
Other non current-liabilities	-	4,740,000
Total non-current liabilities	79,850,136	109,539,000
Total liabilities	164,690,782	178,420,000
Net assets	2,518,533,884	2,495,492,000
Equity		
Accumulated surplus	576,948,916	614,466,000
Asset revaluation reserve	1,917,228,661	1,862,746,000
Other reserves	24,356,307	18,280,000
Total equity	2,518,533,884	2,495,492,000

STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2027

	2026-27 Original Budget	2026-27 Adopted LTFF forecast
Cash flows from operating activities		
Receipts		
Operating receipts	245,205,863	231,938,000
Investment receipts	90,576	101,000
Payments		
Operating payments to suppliers and employees	(190,292,189)	(179,857,000)
Finance payments	(7,481,122)	(7,306,000)
Net cash flows from operating activities	47,523,128	44,876,000
Cash flows from investment activities		
Receipts		
Grants specifically for new or upgraded assets	6,651,985	1,071,000
Proceeds from sale of assets	3,745,076	4,037,000
Payments		
Expenditure on renewal/replacement of assets	(38,303,112)	(39,134,000)
Expenditure on new/upgraded assets	(19,052,571)	(10,088,000)
Net cash flows from investment activities	(46,958,622)	(44,114,000)
Cash flows from financing activities		
Receipts		
Proceeds from borrowings	6,080,564	-
Payments		
Repayments of borrowings	(5,495,700)	(2,053,000)
Net cash flows from financing activities	584,864	(2,053,000)
Net increase/(decrease) in cash held	1,149,370	(1,291,000)
Cash and cash equivalents at beginning of reporting period	-	-
Cash and cash equivalents at end of reporting period	1,149,370	(1,291,000)
Represented by:		
Cash and cash equivalents	-	-
Less: Short term cash advance drawdowns	1,149,370	(1,291,000)
Forecast cash flows from other activities		
Receipts		
Carry forward of capital income from 2025-26	5,000,000	
Capital projects forecast to be carried forward to 2027-28	7,000,000	
Net reserve transfers	498,000	
Payments		
Carry forward capital expenditure from 2025-26	(17,781,000)	
Carry forward operating expenditure from 2025-26	(1,410,000)	
Draw down of Revenue Received in Advance	(4,000,000)	
Net cash flows from other activities	(10,693,000)	
Revised cash and cash equivalents at end of reporting period	(9,543,630)	

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2027

	2026-27 Original Budget	2026-27 Adopted LTFP forecast
Accumulated surplus		
Balance at end of previous reporting period	562,921,550	607,557,000
Surplus/(deficit) from operations	13,471,471	6,450,000
Non-cash transfer from reserves to accumulated surplus	555,894	460,000
Balance at end of period	576,948,915	614,467,000
Asset revaluation reserve		
Balance at end of previous reporting period	1,842,844,552	1,802,653,000
Gain on revaluation of infrastructure, property, plant and equipment	74,384,109	60,093,000
Balance at end of period	1,917,228,661	1,862,746,000
Other reserves		
Balance at beginning of period	23,800,413	18,740,000
Transfers to reserve	4,961,655	-
Transfers from reserve	(4,405,761)	(460,000)
Non-cash transfer from reserves to accumulated surplus	-	-
Balance at end of period	24,356,307	18,280,000
Total equity	2,518,533,883	2,495,492,000

FUNDING STATEMENT FOR THE YEAR ENDING 30 JUNE 2027

	2026-27 Original Budget	2026-27 Adopted LTFP forecast
Operating activities		
Income		
Rates revenues	194,464,791	190,890,000
Statutory charges	5,570,500	5,043,000
User charges	15,320,794	12,568,000
Grants, subsidies and contributions - operating	24,344,478	19,133,000
Investment income	90,576	101,000
Reimbursements	1,099,532	752,000
Other income	3,405,768	2,776,000
Net gain - equity accounted joint venture	1,000,000	776,000
Total income	245,296,439	232,039,000
Expenditure		
Employee costs	96,705,839	93,914,000
Materials, contracts and other expenses	93,586,349	85,943,000
Depreciation and amortisation	47,890,349	45,142,000
Finance costs	7,481,122	7,306,000
Total expenses	245,663,660	232,305,000
Operating surplus / (deficit) before capital renewal income	(367,220)	(266,000)
Grants, subsidies and contributions - capital renewal	406,524	1,607,000
Total operating surplus / (deficit)	39,304	1,341,000
Capital projects		
Renewal		
Project expenses	38,303,112	39,134,000
Less:		
Grants, subsidies and contributions	406,524	1,607,000
Developer contributions	-	-
Other income	417,351	1,037,000
Net renewal expense	37,479,237	36,490,000
New and Significant Upgrades		
Project expenses	19,052,571	10,088,000
Less:		
Grants, subsidies and contributions	6,363,356	1,071,000
Developer contributions	288,629	-
Other income	3,327,725	3,000,000
Net new and significant upgrade expense	9,072,861	6,017,000
Capital Project Expenditure	46,552,098	42,507,000

FUNDING STATEMENT FOR THE YEAR ENDING 30 JUNE 2027

	2026-27 Original Budget	2026-27 Adopted LTFF forecast
Other		
Loans		
New loans	6,080,564	-
<i>Less:</i>		
Loan principal repayments	5,495,700	2,053,000
Net loan movement	584,864	(2,053,000)
Reserves		
Transfer from reserves	4,405,761	460,000
<i>Less:</i>		
Transfer to reserves	4,961,655	-
Net reserve movement	(555,894)	460,000
Adjust:		
Depreciation - included in operating result, funded by renewal	47,890,349	45,142,000
Grants, subsidies and contributions (renewal) - included in operating result	(406,524)	(1,607,000)
Net gain - equity accounted joint venture - non-cash	(1,000,000)	(776,000)
Funding Surplus / (deficit)	-	-
Grand Total Income	265,586,349	238,438,000
Grand Total Expense	265,586,349	238,438,000
Funding Surplus / (deficit)	-	-

UNIFORM PRESENTATION OF FINANCES FOR THE YEAR ENDING 30 JUNE 2027

	2026-27 Original Budget	2026-27 Adopted LTFP forecast
Operating surplus/(deficit)		
Operating income		
Rates	194,464,791	190,890,000
Statutory charges	5,570,500	5,043,000
User charges	15,320,794	12,568,000
Grants, subsidies and contributions - capital renewal	406,524	1,607,000
Grants, subsidies and contributions - operating	24,344,478	19,133,000
Investment income	90,576	101,000
Reimbursements	1,099,532	752,000
Other income	3,405,768	2,776,000
Net gain - equity accounted joint venture	1,000,000	776,000
	245,702,964	233,645,000
Operating expenses		
Employee costs	96,705,839	93,914,000
Materials, contracts and other expenses	93,586,349	85,943,000
Finance costs	7,481,122	7,306,000
Depreciation and amortisation	47,890,349	45,142,000
	245,663,660	232,306,000
Operating surplus/(deficit)	39,304	1,339,000
Less: Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(38,303,112)	(39,134,000)
Add back depreciation, amortisation and impairment	47,890,349	45,142,000
Proceeds from sale of replaced assets	417,351	1,037,000
Net outlays on existing assets	10,004,588	7,045,000
Less: Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets	(19,052,571)	(10,088,000)
Amounts received specifically for new and upgraded assets	6,651,985	1,071,000
Proceeds from sale of surplus assets	3,327,725	3,000,000
Net outlays on new and upgraded assets	(9,072,861)	(6,017,000)
Net lending / (borrowing) for financial year	971,031	2,367,000

KEY FINANCIAL INDICATORS FOR THE YEAR ENDING 30 JUNE 2027

	2026-27 Original Budget	2026-27 Adopted LTFP forecast
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Operating surplus ratio
The percentage by which the major controllable income source varies from day to day expenses

Calculated as:

Operating surplus/(deficit) before capital amounts	39,304	1,341,000
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Divided by:

Operating income	245,702,964	233,646,000
Operating income	245,702,964	233,646,000

Expressed as a percentage	0.016%	0.6%
Target*	>0%	>0%

Net financial liabilities ratio
How significant is the net amount owed compared with income

Calculated as:

Total liabilities	164,690,782	178,420,000
Less: Liabilities for equity accounted investments in council businesses	-	-
Less: Current cash and cash equivalents	-	-
Less: Current trade and other receivables	(22,862,000)	(23,408,000)
Less: Current other financial assets	(76,000)	(75,000)
Less: Non-current financial assets	(1,170,000)	(986,000)
Net financial liabilities	140,582,782	153,951,000

Divided by:

Total operating income	245,702,964	233,646,000
Total operating income	245,702,964	233,646,000

Expressed as a percentage	57.2%	65.9%
Target	<100%	<100%

Interest cover ratio
How much income is used in paying interest on loans

Calculated as:

Finance costs	7,481,122	7,306,000
Less: Investment income	(90,576)	(101,000)
Net finance costs	7,390,546	7,205,000

Divided by:

Total operating income	245,702,964	233,646,000
Less: Investment income	(90,576)	(101,000)

Total operating income	245,612,388	233,545,000
Expressed as a percentage	3.0%	3.1%
Target	<5%	<5%

KEY FINANCIAL INDICATORS FOR THE YEAR ENDING 30 JUNE 2027

	2026-27 Original Budget	2026-27 Adopted LTFP forecast
--	----------------------------	-------------------------------------

Level of borrowings

How significant is the level of borrowings compared with the debt ceiling

Calculated as:

Total borrowings	120,580,136	136,279,000
------------------	-------------	-------------

Divided by:

Debt ceiling	143,000,000	143,000,000
--------------	-------------	-------------

Expressed as a percentage	84.3%	95.3%
----------------------------------	--------------	--------------

Alternate ratio to show borrowings against total operating income

Calculated as:

Total borrowings	120,580,136	136,279,000
------------------	-------------	-------------

Divided by:

Total operating income	245,296,439	232,039,000
------------------------	-------------	-------------

Expressed as a percentage	49.2%	58.7%
----------------------------------	--------------	--------------

Debt servicing ratio

The proportion of total operating revenue required to service debt

Calculated as:

Fixed term repayments plus Interest (finance costs)	12,976,822	9,359,000
---	------------	-----------

Divided by:

Total operating income	245,702,964	233,646,000
------------------------	-------------	-------------

Expressed as a percentage	5.3%	4.0%
----------------------------------	-------------	-------------

Target

Total debt servicing will be below an upper debt servicing limit of 10% and above a lower limit of 3% Operating revenue

Calculated as:

Total operating income	245,702,964	233,646,000
------------------------	-------------	-------------

Upper debt servicing limit 10% of operating revenue	24,570,296	23,364,600
---	------------	------------

Lower debt servicing limit 3% of operating revenue	7,371,089	7,009,380
--	-----------	-----------

Debt Servicing	12,976,822	9,359,000
-----------------------	-------------------	------------------

Asset renewal funding ratio

What percentage of assets are being replaced at the rate they are consumed

Calculated as:

Expenditure on renewal/replacement of assets	38,303,112	39,134,000
--	------------	------------

Net expenditure on renewal/replacement of assets	38,303,112	39,134,000
---	-------------------	-------------------

Divided by:

Projected asset renewal funding requirement	39,134,000	39,134,000
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Expressed as a percentage	97.9%	100.0%
----------------------------------	--------------	---------------

Target	90-110%	90-110%
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Appendix 8

Long Term
Financial Plan
2026–27



Long Term Financial Plan

2026-27 to 2036-37

Working towards the
Community Vision 2034



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About the City of Onkaparinga

The City of Onkaparinga is home to 182,821¹ residents living in both urban and rural communities, making it the largest South Australian council by population. The city has over 84,300 rateable properties across five major categories, including residential, commercial and primary production.

Onkaparinga is also South Australia's largest metropolitan council, extending over 518 square kilometres of diverse natural landscape including 31 kilometres of coastline, hills, vineyards, agricultural plains and national parks.

The city benefits from many public open spaces and recreational areas, creative and cultural communities, and a unique variety of industrial areas, commercial precincts, community centres and facilities, from which a broad and diverse range of services and programs are delivered to our community.

Council owns and maintains a diverse asset portfolio worth approximately \$3.5 billion, which includes:

- 1,384km of sealed roads
- Over 2,400 land parcels
- 447 buildings (including sport and active recreation facilities)
- 854 reserves (developed and undeveloped)
- 250 playgrounds
- Over 730 sporting and active recreation assets including 203 hardcourts, 313 lights, 40 pitches and 31 turfed ovals
- 721km of stormwater pipes and 147kms of sewer pipes
- 677 plant and fleet assets.

¹ Australian Bureau of Statistics (2024)

Strategic Planning Framework

Requirements under the *Local Government Act 1999*

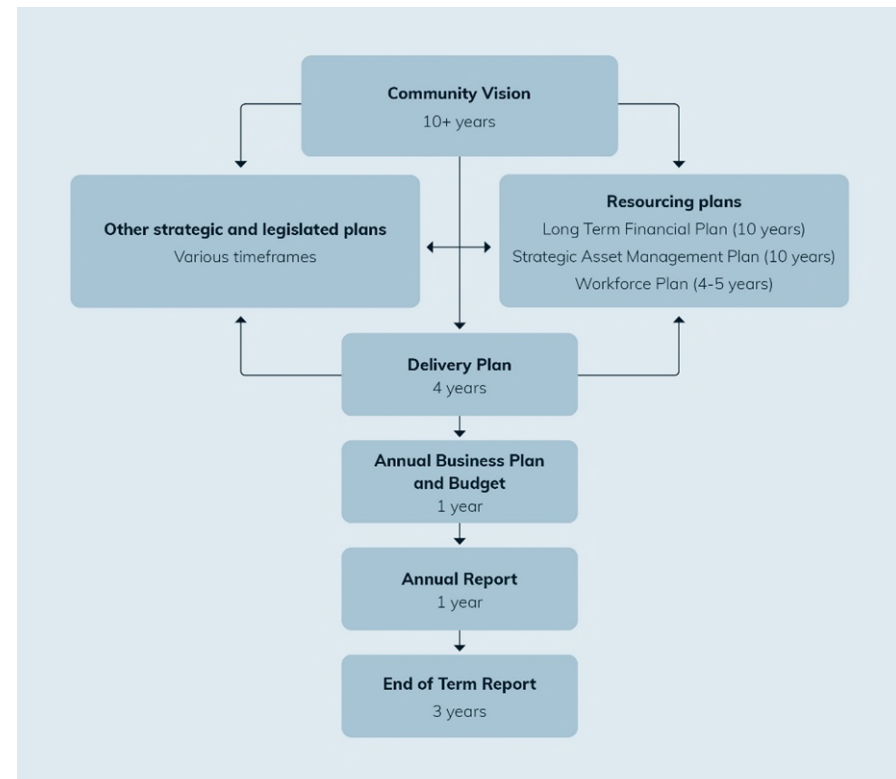
Under section 122 of the *Local Government Act 1999* (the Act), Council must undertake a comprehensive review of its Long Term Financial Plan (LTFP) every four years and review the plan on an annual basis to ensure that the assumptions and information contained within the plan remains relevant.

This document represents the annual update as part of the 2026-27 budget process, following a comprehensive review in 2024, and an annual update alongside the 2025-26 budget.

The annual reviews update the assumptions and other key inputs that underpin the financial forecasts, giving consideration where quantifiable to the financial impacts of identified risks such as climate-related risks and other emerging risks, pressures and opportunities.

The LTFP is a critical part of Council's strategic financial planning framework. Its purpose is to guide decision making so that financial sustainability can be maintained while delivering on the needs of our community.

The LTFP expresses in financial terms our capacity to deliver on the objectives specified in our other leading strategic documents including the Community Vision 2034, Strategic Asset Management Plan (SAMP) and other plans.



Community Vision 2034

The Community Vision 2034 is our strategic guide for how the City of Onkaparinga will build a connected community and a sustainable future. It serves as a collective compass, steering council, residents, businesses, community groups, industry partners, and other government levels toward a shared vision. This vision provides the overarching direction for Council's strategies, decision making and action plans, helping us all work together to achieve common goals.

The plan not only defines our aspirations but also outlines actionable steps to bring this vision to life.

The Community Vision features four themes to frame council decision making and the services and projects we deliver.

- Community
- Environment
- Liveability and
- Leadership

The LTFP and SAMP forecast the resources required to achieve this vision, and are informed by our other strategic and legislative plans including the *Open Space Strategic Management Plan 2025-30*, *Climate Change Response Plan 2022-27* and *Economic Growth and Tourism Strategic Plan 2025-30*.

The outcomes within these plans flow into a four-year Delivery Plan, and further into each Annual Business Plan and Budget.

Strategic Asset Management Plan (SAMP)

The SAMP provides an overview of our assets, how they are performing, the service levels provided, goals and objectives, areas for improvement and financial position. It also indicates how we manage assets to align with community goals and objectives, and the strategic goals of the organisation.

The SAMP is reviewed and updated every year, and the projected financial requirements must align to those within the LTFP. This is to ensure budgets are allocated to achieve the objectives and demands identified in the SAMP, and that any budget shortfalls, pressures or opportunities are reflected and identified in both plans.

Relationship of the LTFP to the annual budget

The LTFP is a 20-year plan, with the first 10 years (plus the current budget year) published as required under the Act. It applies key principles and underlying assumptions to each year of the plan, with its main purpose being to guide and inform decision making and to provide an insight into the City of Onkaparinga's financial sustainability over the period of the plan.

Each year Council also adopts an Annual Business Plan and Budget. It details the proposed annual expenditure and income required to deliver projects and services to meet Council's objectives for the coming year. The budget is prescriptive, developed at the cost centre and project level, and incorporates known impacts for the coming year. Its main purpose is to allocate and manage annual resources, and to serve as a tool to measure performance.

ESCOSA Advice

Following amendments to the *Local Government Act 1999* in 2022, the Essential Services Commission of South Australia (ESCOSA) was appointed the designated authority to conduct the Local Government Advice Scheme.

Over a four-year period, ESCOSA will review and provide advice on each council's strategic management planning documents, identifying risks, areas of good practice, and the appropriateness of the assumptions within the plans including historical performance.

ESCOSA reviewed the City of Onkaparinga's LTFP and SAMP in 2023, and the advice was received in February 2024. The advice identified challenges to council's financial sustainability, in particular the operating performance which had been in deficit for seven consecutive years.

These challenges were already understood by Council, and the recommendations from ESCOSA have been incorporated in the development of subsequent budgets.

The ESCOSA report acknowledged that Council was taking steps towards becoming more sustainable but emphasised the need to improve its operating performance, ensure the LTFP and SAMP are properly aligned, maintain asset renewals at sufficient levels, increase revenue, and develop a plan to manage debt.

The recommendations and council's responses are required to be published in the Annual Business Plan each year until the next ESCOSA review. Council's responses are updated each year to reflect progress towards implementation of the recommendations.

ESCOSA recommendations and council response

Budgeting considerations

Recommendation 1

Ensure that the long-term financial plan is prepared every year as year as required by the LG Act.

Response

The LTFP was fully reviewed and adopted in November 2024 and has been updated annually since as part of the budget and Annual Business Plan process.

Recommendation 2

Update and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure, to provide transparency to the community.

Response

Annual reports to the Audit & Risk Committee meetings in February have been prepared and presented. These reports outline the assumptions that will be used in the development of the annual budget and LTFP update, including inflation rates, rate increases and expenditure assumptions.

Recommendation 3

Start to provide an annual statement of financial sustainability as required by the LG Act.

Response

A CEO statement of financial sustainability is included in the LTFP.

Recommendation 4

Review its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation) to better inform its decision-making and any relevant consultation processes.

Response

The LTFP is reviewed annually to update the assumptions and forecasts, including inflation, growth, interest rates, sources of revenue, operating and capital expenditure, pressures and opportunities. These changes are reflected in the annual budget and LTFP.

Continuing to provide evidence of ongoing cost efficiencies

Recommendation 5

Consider options to increase income to move forward to a more financially sustainable position.

Response

As part of the updated LTFP, a set of principles has been adopted by Council which includes the following: *Council decreases its reliance on rates by increasing revenue from alternative sources.*

Council have indicated there is a strong appetite to look at both maximising existing revenue opportunities and exploring new opportunities, and this will continue to be a focus. A new partnership arrangement was entered into for a commercial venture in 2025-26 which will increase future financial returns from an existing council asset.

Recommendation 6

Monitor and report the growth in costs, including employee expenses, to ensure costs are constrained to forecast levels to ensure the operating performance is not negatively impacted by a lack of cost control.

Response

This recommendation is captured in the annual budget and LTFP updates.

Recommendation 7

Consider adopting cost saving targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

Response

This recommendation is considered as part of each budget and LTFP update.

Recommendation 8

Develop a staged plan and identify targets to reduce the high level of debt, and report the achievements against targets in the annual budget and long-term financial plan.

Response

It is recognised that there is a need to implement a robust debt management strategy. The first priority for Council has been on budget repair and returning the budget to an ongoing surplus position in order to provide better financial resilience as well as cash surpluses. Further development of a strategy to manage debt will continue to be a focus, including exploring investment strategies.

Recommendation 9

Identify and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and exposure to future liabilities.

Response

The updated LTFP contains an assumption for sale of surplus assets, with considerable work undertaken throughout 2025-26 to realise this assumption. Further strategic planning is underway to review potentially excess assets and establish a pipeline for future years.

Refinements to asst management planning

Recommendation 10

Review the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure they reflect current values, and incorporate this information into the strategic asset management plan and include these expenditure forecasts in the annual budget and annual long-term financial plan update.

Response

The Strategic Asset Management Plan (SAMP) and LTFP were both reviewed, updated and adopted in November 2024, with the capital works requirements for renewal and new & significant upgrade works aligning across the two plans. Further updates to the financial assumptions in the SAMP have been made in conjunction with the 2026-27 LTFP update.

Reviews of asset valuations, unit rates, useful lives and depreciation are currently ongoing to ensure these are reflective of how assets are consumed and replaced.

Recommendation 11

Undertake the good practice of developing and regularly updating the individual asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plan, budget, and long-term financial plan.

Response

Asset management plans for the individual asset classes have been developed, with key data informing the SAMP. Financial requirements from the SAMP are incorporated into the adopted LTFP and will be aligned in all future updates.

Recommendation 12

Provide more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure.

Response

Asset renewal requirements are determined from the asset management plans and are incorporated into the SAMP and LTFP; however it is noted that the priority for delivery should be on asset renewal as opposed to new infrastructure. It is noted that in some cases it may be necessary to upgrade or build new infrastructure to manage emerging risks such as the impacts of climate change, as well as responding to growth.

Recommendation 13

Continue to hold community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans.

Response

This will continue to be done.

Containing rate levels

Recommendation 14

Continue to consider limiting future increases in rates to no more than expected inflation to reduce any emerging affordability risk in the community.

Response

Following a need to increase rates above inflation in 2024-25 for budget repair, the rate revenue increase for 2025-26 was aligned to CPI. The proposed rate increase for 2026-27 is also aligned to CPI.

CEO Statement of Financial Sustainability

I am pleased to present the 2026–27 Long Term Financial Plan (LTFP) update, which reaffirms Council's strong and ongoing commitment to maintaining financial sustainability while continuing to deliver for our community.

For the third consecutive year, Council's budget maintains an operating surplus, keeps borrowings within the debt ceiling adopted by Council in late 2024, and aligns the 2026–27 rate revenue increase with the Adelaide Consumer Price Index. Together, these outcomes demonstrate a disciplined and balanced approach to financial management, ensuring we live within our means while continuing to invest responsibly in the district.

This LTFP update has been developed in the context of an increasingly complex global environment. Ongoing geopolitical uncertainty, volatility in supply chains, and sustained inflationary pressures continue to place upward pressure on costs across all levels of government. These factors have been carefully considered in our long term financial planning, requiring prudent decision making and a clear focus on priorities.

Within this environment, Council remains committed to balancing competing demands within a defined fiscal envelope. This includes maintaining and renewing existing assets to protect service levels and asset life, making targeted capital investments that support growth and liveability, and continuing to deliver services and programs that respond to community needs and align with the key result areas of Community Vision 2034.

Strengthening Council's financial resilience remains a central focus of this plan. By carefully managing risk, maintaining flexibility, and improving our capacity to respond to both challenges and opportunities, we are positioning the organisation to remain financially sustainable over the long term. This will continue to be a priority throughout 2026–27 and beyond.

The 2026–27 LTFP update incorporates the annual budget and reflects updated assumptions, including the recognition of ongoing economic and cost pressures that may impact Council over the planning horizon. Further detail, including revenue sources and financial strategies, is provided within this document.

While there is more work ahead, this plan represents another important step in strengthening Council's financial foundations. It positions us to continue delivering essential services, maintaining and renewing core infrastructure, and investing in the long term liveability and prosperity of the City of Onkaparinga for current and future generations.

Sharon Mason

Chief Executive Officer

Principles

As part of the comprehensive review of the LTFP, an updated set of principles were adopted by Council that focus on the key areas that guide financially sustainable decision making.

These principles continue to underpin the development of the Annual Business Plan and Budget for 2026-27 and the forecasts within this LTFP.

- 1. Through the Long Term Financial Plan and annual budgeting process, Council addresses the structural deficit position, transitions to a balanced budget in this Council term and maintains this surplus position going forward.**

The draft 2026-27 budget forecasts to deliver the third consecutive operating surplus.

Maintaining future operating surpluses will continue to require ongoing discipline to ensure that the assumptions within this LTFP are adhered to, including future decisions about rate increases, expenditure, capital spend and asset rationalisation.

- 2. Council adopts a dollar value debt ceiling when the LTFP is finalised, however additional debt can be accessed for capital investment purposes where there is a financial return to fully cover interest costs and provides a reasonable payback period.**

The updated LTFP debt forecasts continue to remain under the debt ceiling of \$143 million.

This LTFP update incorporates \$1.75 million of investment into a commercial partnership which was entered into during 2025-26, which is anticipated to have a payback period of 8 years.

Indexation assumptions within the LTFP for CPI and the Local Government Price Index (an indexation measure that represents the types of expenditure incurred by councils) have been increased over the next 3 years, in anticipation of likely impacts from current world events. This has seen the level of borrowings forecast in this LTFP update remain broadly in line with the currently approved LTFP, however a lower than forecast debt position is expected in year 10 of the plan. These assumptions will continue to be monitored, and where necessary, other adjustments may be required to be made to balance borrowings, service levels and community expectations.

3. Revenue is increased at least in line with the Consumer Price Index (CPI) plus revenue from new properties to ensure financial sustainability.

This principle recognises that where it's within the control of council, revenue needs to increase by at least CPI to cover inflation.

It also recognises that growth – rates from new properties – should always be included in the calculation of rate revenue to fund service delivery and infrastructure for a growing population.

This principle does not limit future rate revenue increases to CPI only, and consideration should be given to the ability of the organisation to respond to new opportunities and pressures.

This LTFP update includes an additional rate increase from 2027-28, equating to an extra 1.98% over 9 years, to partially fund the implementation of the Open Space Strategic Management Plan. The remainder of the additional implementation cost will be funded through increased borrowings. More information about this can be found on page 13.

4. Council actively seek out collaborative opportunities which maximise value for our communities.

In 2025-26, council entered into a new commercial partnership arrangement with a private provider to upgrade and develop an existing community asset. Council will continue to pursue similar collaborative opportunities that can deliver shared value for council, its partners and the community, as well as continuing to advocate to other tiers of government for outcomes that benefit our communities.

5. Council decreases its reliance on rates by increasing revenue from alternative sources.

Revenue from rates comprises 80% of council's operating income. Whilst this will take time, there is a strong appetite within the current Council to diversify its revenue streams and explore other opportunities, which includes the commercial partnership arrangement highlighted above.

Key changes to the 2026-27 LTFP update

As part of the 2026-27 budget development process, the LTFP has been reviewed and updated to reflect the new budget as well as any other changes in assumptions and inputs.

Key changes made to this LTFP include:

Forecasting increases to CPI and LGPI over the next 3 years due to current world events and potential impacts to prices

The previous LTFP maintained a forecast CPI of 3%, at the upper end of the RBA's target of 2% - 3%, with LGPI maintaining a similar level based on recent alignment of these two escalators. However, with the CPI March 2026 being higher (4.9%), and current world events increasing the price of fuel and anticipated to increase many other costs and disrupt supply chains, the LTFP has been updated to have a higher level of CPI and LGPI in 2027-28, before returning to a forecast of 3% in later years. This has increased the forecast level of borrowings in future years.

Updates to capital expenditure to align to the updated Strategic Asset Management Plan (SAMP)

These adjustments primarily result from the adoption of the Open Space Strategic Asset Management Plan (OSSMP) in [July 2025](#), with updates made to the Open Space, Buildings and Traffic Management categories to reflect updated service levels.

In addition, expenditure required for the renewal of Plant & Fleet have been adjusted to reflect cost escalations and retimed across the life of the LTFP.

Inclusion of an additional rate increase and borrowings from 2027-28 to 2035-36 to fund the implementation of the service level changes in the OSSMP

A total rate increase of 1.98% over the next 9 years has been factored into the LTFP, as per the Council report when the OSSMP was adopted. The remainder of the cost of implementation will be funded through increased borrowings, however total borrowings still remain below the debt ceiling.

These changes are reflected in the key financial indicators, graphs and financial statements in this document.

Assumptions

The following table outlines the key assumptions used in the development of this LTFP.

The descriptions on pages 15-17 identify where assumptions have changed compared to the previous update.

	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Consumer Price Index (CPI)	3.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%
Local Government Price Index (LGPI)	6.00%	4.50%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest on loans	5.60%	5.35%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
Rate increases	3.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%
Additional rate increase for OSSMP	0.24%	0.22%	0.38%	0.23%	0.2%	0.16%	0.18%	0.23%	0.16%	-
Total expenditure increases (excluding depreciation and finance costs)	3.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%
Growth	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Asset revaluations	5.00%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

Consumer Price Index (CPI)

As stated earlier in the plan, the CPI within this LTFP update for application for the 2027-28 year has been increased to 3.4% and is then maintained at 3% for the future years, at the higher end of the RBA's target inflation rate.

Local Government Price Index (LGPI)

LGPI is a measure of the inflation on goods and services specifically purchased by the Local Government sector. This differs from CPI in that CPI is a measure of inflation on household goods and services. The LGPI was developed by the Australian Bureau of Statistics and is updated quarterly by the [South Australian Centre for Economic Studies](#). It calculates the inflation on recurrent expenditure and capital expenditure to produce a combined index.

In recognition of current world events and the likely impacts on supply chains and costs of raw materials, the LGPI in this LTFP have been forecast to be above the levels of CPI for the next 3 years.

Interest on loans

Interest on loans in this LTFP is based on a weighted average of interest on fixed loans and variable Cash Advance Debenture (CAD) loans. Over the past 12 months there have been a number of both decreases and increases by the RBA to the cash rate², with the variable CAD rate through the Local Government Finance Authority at May 2026 sitting at 5.85%. There may be opportunity to fix a portion of existing borrowings before interest rates increase much further.

² Cash Rate Target | RBA (<https://www.rba.gov.au/statistics/cash-rate/>)

Rate increases and growth

The 2024-25 budget included a rate increase above CPI, which allowed the LTFP to align its future rate revenue increases to CPI plus growth (new properties within the city) from 2025-26. Aligning the rate increases to CPI is in line with the recommendations made by ESCOSA. However, as demonstrated in this updated plan, coupled with increasing cost pressures there is limited capacity to respond to new opportunities.

The rate increase in the 2026-27 budget is aligned to CPI, plus growth.

As stated earlier in the plan, this LTFP update includes an additional rate increase equivalent to 1.98% over the next 9 years from 2027-28 for partial funding of the implementation of the changed service levels adopted in the Open Space Strategic Management Plan in July 2025.

Growth has been updated to 0.9 per cent in the 2026-27 budget and then increased to 1.0 per cent annually which represents approximately 840 new properties each year, in recognition of a number of new developments taking place over the next 20 years. The timing of these developments and impact on the LTFP will continue to be reviewed and updated.

Rates from new properties are required to provide services for those properties, including the increased maintenance, depreciation and renewal of new infrastructure handed over by developers.

Total operating expenditure increases (excluding depreciation and finance costs)

The LTFP assumes that expenditure relating to employee costs, materials, contracts and other expenses will not increase by more than CPI, with the exception of known pressures including increased maintenance expenditure for roads due to reduced capital works (a measure implemented as part of the comprehensive LTFP review in 2024, for 4 years), and maintenance for new assets. Noting that many expenses including utilities, ICT licencing and insurance can increase by more than CPI, factoring in an overall CPI increase places downward pressure on controllable expenses.

Fuel prices will continue to be monitored given current world events and the heavy reliance council has on fuel and oil prices.

In addition, maintenance budgets have been increased for new and contributed assets, recognising whole of life costs for these assets.

Asset revaluations

The revaluation of our infrastructure assets occurs on an annual basis, with a comprehensive revaluation of land and building assets occurring every five years. This involves using a mixture of unit rates and building price indexes to determine the future replacement costs for those assets, and impacts on both the asset value in the Statement of Financial Position and depreciation expense in the operating position.

In this update it is forecast that asset revaluations will increase at a higher rate than the previous update over the next two years, recognising the potential impact that world events will have on supply chains and costs. Increased asset revaluations result in increased depreciation expense, putting pressure on our focus to return to and maintain a surplus budget position.

Ongoing work to review our asset classes, useful lives, calculation of unit rates and depreciation will continue to be a focus to ensure these reflect how our assets are consumed and replaced. The outcomes from this work will be updated into the LTFP as they occur.

Funding Plan

The financial statements commencing on page 29 outline forecast revenue over the next 10 years.

Rates

In addition to general rates from existing and new properties, this income source includes the Regional Landscape Levies collected (and passed directly onto) the Green Adelaide and Hills & Fleurieu Landscape Boards, as well as service charges for the Community Wastewater Management System (CWMS).

All CWMS service charges are used directly to fund the system's ongoing operating, maintenance and future capital works, and are not used for any other council purpose. The exact service charge required is calculated each year.

Rates are also collected from the Port Stanvac Refinery site at Lonsdale, which are calculated under its own Indenture Acts. This will not continue in future years due to the sale of land, redevelopment of this site and repeal of the Indenture Acts.

The increases to these other rates have been aligned to CPI (plus growth) in this plan, plus the inclusion of an additional rate increase for the implementation of the Open Space Strategic Management Plan as noted earlier.

Statutory charges

Statutory charges are fees for regulatory activities and are generally set by legislation, such as those under the *Planning, Development and Infrastructure Act 2016* for development application fees, *Food Act 2001* for audits and inspections of food premises, *South Australian Public Health (Legionella) Regulations 2018* for water system inspections, and *Dog and Cat Management Act 1995* for animal management fees. These charges have been increased by CPI in this plan.

User charges

User charges relate to fee-for-service activities which include accommodation at our two tourist parks, membership fees for our golf course, use of our recreation centres, community halls, Noarlunga Aquatic Centre and other venues, events and patronage at the McLaren Vale Visitor

Information Centre, additional waste bins, NDIS services, leases and licences, and purchase of recycled water. Where possible, the charges set for these activities should recover the full cost of delivering the service. At a minimum, charges should increase by CPI each year, and this has been factored into this plan.

Grants, subsidies and contributions – capital

In line with the LGA's Model Financial Statements, grant funding received for the renewal of assets is required to be shown in the operating position. This includes State and Federal funding for specific asset renewal projects. The LTFP forecasts moderate levels of revenue for renewal projects for the next 10 years (generally between \$0.5 million - \$1 million annually).

Grants, subsidies and contributions – operating

Operating grants include Financial Assistance Grants (General and Local Roads), Roads to Recovery funding, library grants, and funding for various community services including social support programs.

The timing of the receipt of Financial Assistance Grants has been a challenge for the sector over the past few years, with this funding required to be recognised in the financial statements of the year it is received. The LTFP assumes receipt of the full annual allocation of the Financial Assistance Grants in each year however this poses a risk to the operating position if payments are not received consistently each year.

Investment income

Limited interest income based on cash flow has been included in the LTFP, with assumed interest rates over the life of the plan ranging between 3-4 per cent. As council generates operating surpluses in the future, the ability to generate additional investment income may increase.

Reimbursements and other income

Reimbursements and other income includes diesel and workers compensation rebates, property reimbursements, salary reimbursements from board-managed community centres, and internal charges such as fleet and sign shop charges.

Net gain – equity accounted joint venture

The Southern Region Waste Resource Authority (SRWRA) is a regional subsidiary established by the City of Onkaparinga, Marion and Holdfast Bay, as per section 43 of the Act. Under equity accounting standards, we recognise within our financial statements our proportion (55 per cent of any net surplus (or deficit) achieved by this joint venture each year. Currently this gain is generally non-cash but is recognised in our operating income. Our annual budget for this gain is based on SRWRA's budgeted surplus.

Income for new or upgraded assets

The last four years has seen significant amounts of funding received for new and upgraded assets due to the Local Roads and Community Infrastructure program and various State and Federal election commitments. Not all funding received was for projects within our forward plan, which has placed additional pressure on our operating position as we need to fund the ongoing maintenance and renewal of those additional assets. Our current advocacy plan focuses on projects we have identified as needing to be delivered, such as those responding to the growth of our city.

Between \$1 - \$1.5 million of capital income for new or upgraded assets has been included in this plan, which is conservative. This assumption will be updated as further commitments are identified.

Proceeds from disposal of assets

Income from the disposal of plant and fleet assets at the end of their useful lives has been factored in at around \$900,000 per year.

The LTFP also contains \$3 million of annual proceeds resulting from the strategic sale of surplus assets, until 2033-34. These proceeds are not used to fund the operations of council, but to reduce overall debt levels over the life of the LTFP.

The annual budget of \$3 million is incorporated into each year's budget as a source of funding to manage debt.

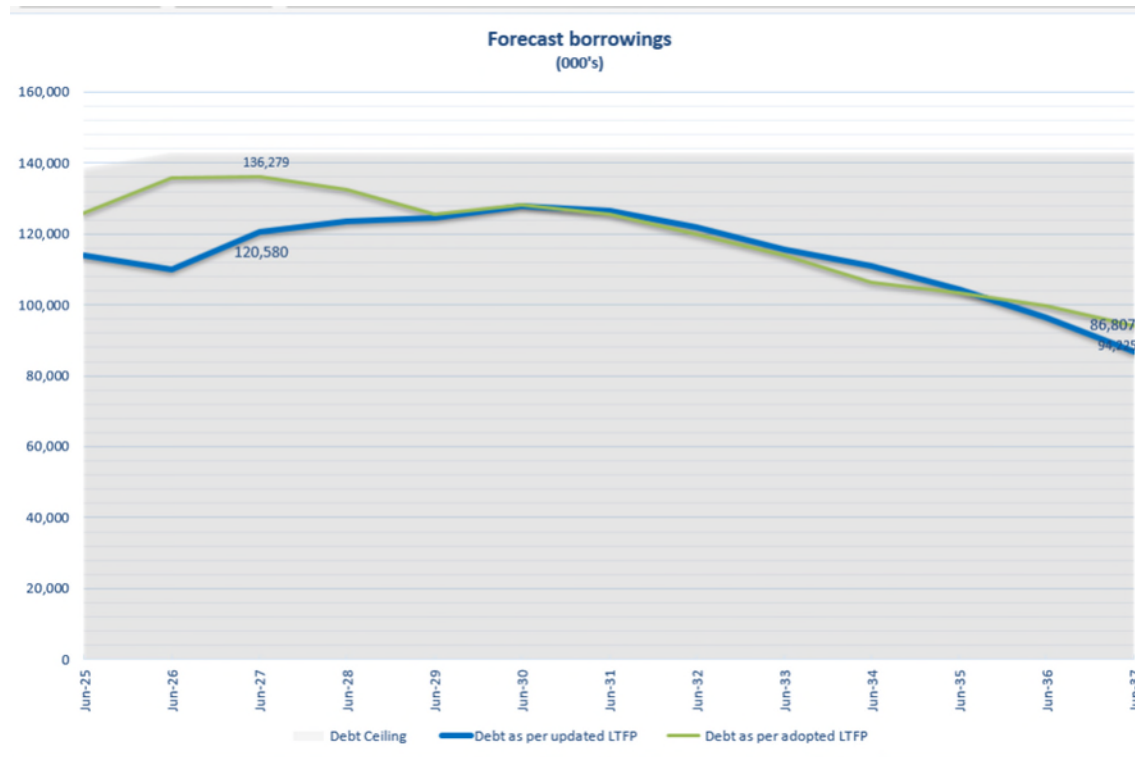
The advice from ESCOSA emphasised the need to dispose of assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and exposure to future liabilities. The 2025-26 financial year is the first year where the annual target has been reached. Significant work is being undertaken to ensure the future pipeline of proposed asset revocations is sound, noting that the revocation and disposal process requires a number of approvals by both Council and the Minister for the Office of Local Government, and therefore commitment to achieving this target is required.

Borrowings

Borrowings provide a source of funding for councils particularly when building assets that will benefit future generations. Borrowings need to be managed and councils are required to demonstrate they can service the debt.

Funding received in advance for capital works projects over the last few years has temporarily reduced the level of borrowings, however this will increase as those funds are utilised for their specific purpose.

Following the approval of the updated OSSMP in July 2025, the implementation costs will be funded partially by an additional rate increase and partially by an increase in borrowings. Based on the capital expenditure forecasts (which align to those in the SAMP), projected operating surpluses and other assumptions within this plan, borrowings remain **below** the adopted debt ceiling of \$143.0 million.



Key Financial Indicators

Council has adopted a suite of Key Financial Indicators (KFIs) that are primarily based on those included in the Model Financial Statements and those recommended by the Local Government Association and Local Government Financial Managers Group as appropriate for measuring financial sustainability in the context of Local Government.

Additional measures for the level of borrowings, interest ratio cover and debt servicing have been included to monitor debt management.

Council has adopted targets for each of these KFIs, as summarised below.

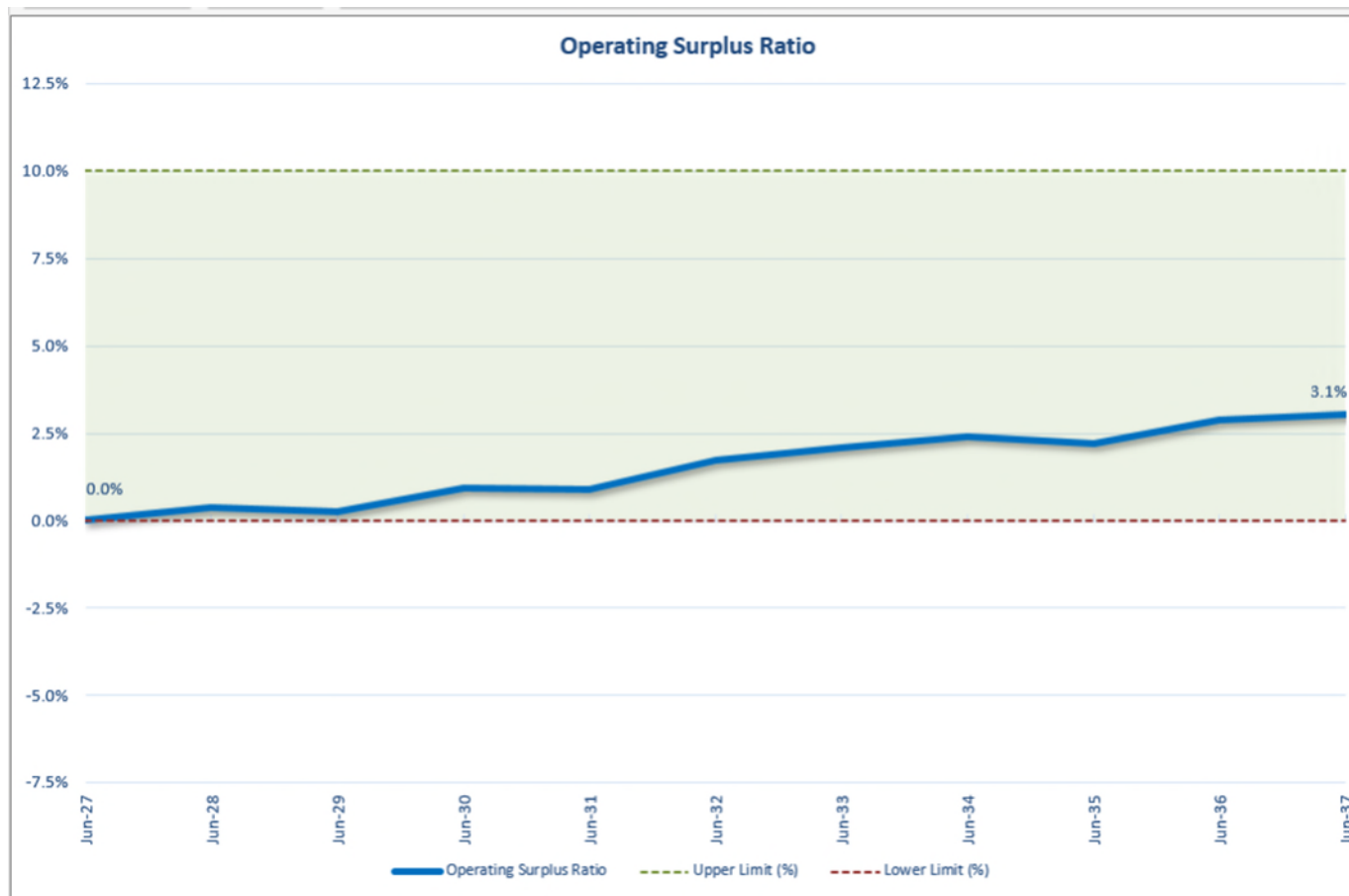
Key Financial Indicator	Target	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35	Jun-36	Jun-37
Operating Surplus Ratio	0-10%	0.0%	0.4%	0.3%	0.9%	0.9%	1.7%	2.1%	2.4%	2.2%	2.9%	3.1%
Net financial liabilities ratio	<100%	57.2%	56.5%	55.1%	54.3%	51.8%	48.5%	44.7%	41.7%	38.3%	34.7%	30.9%
Asset renewal funding ratio	90% - 110%	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Level of borrowings (against debt ceiling)	<100%	84.3%	86.3%	87.1%	89.5%	88.4%	85.3%	80.9%	77.7%	73.1%	67.4%	60.7%
Interest cover ratio	<5%	3.0%	2.4%	2.3%	2.4%	2.3%	2.1%	2.0%	1.8%	1.7%	1.5%	1.3%
Debt servicing	<10%	5.3%	3.0%	3.5%	2.6%	3.0%	3.9%	4.5%	3.6%	3.8%	4.3%	4.6%

Operating surplus ratio

The operating surplus ratio expresses the operating position as a percentage of total operating revenue. A negative ratio shows that expenses are higher than income.

The target operating surplus ratio is between 0 – 10 per cent.

Over the life of this plan, the operating surplus ratio sits between 0.0 – 3.1 per cent, reflecting a positive trend.

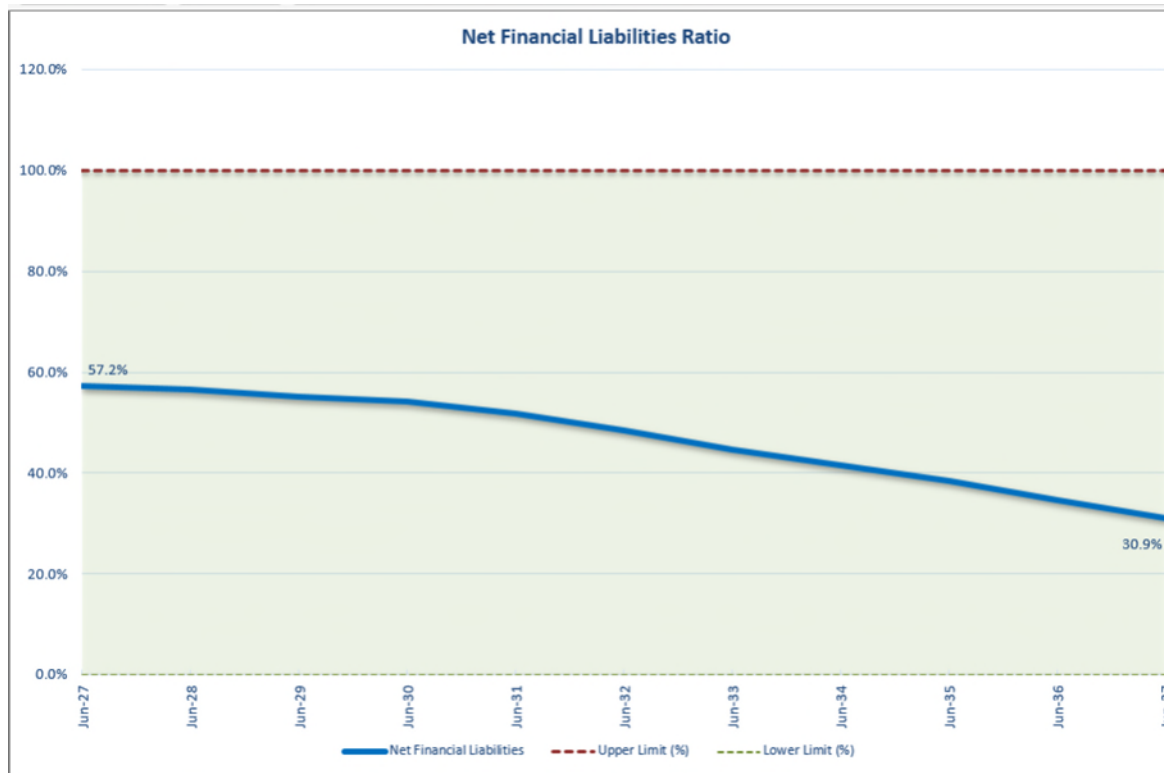


Net financial liabilities ratio

The net financial liabilities ratio expresses the net amount owing to others (total amount owing including borrowings and provisions, less any receivables that can be converted to cash such as cash at bank and debtors) as a percentage of total operating income. It is a measurement of how well council's annual operating income can cover these liabilities.

The target net financial liabilities ratio is below 100 per cent. This indicates that council can repay their liabilities, including borrowings, with the annual income generated. To use a household analogy, this is the same as having a \$57,200 mortgage and an annual salary of \$100,000.

Over the life of this plan, the net financial liabilities ratio peaks at 57.2 per cent and then declines to 30.9 per cent as borrowings reduce and income increases, reflecting a positive trend. This is highly dependent upon council being able to maintain the assumptions and operating surpluses set out in this plan.

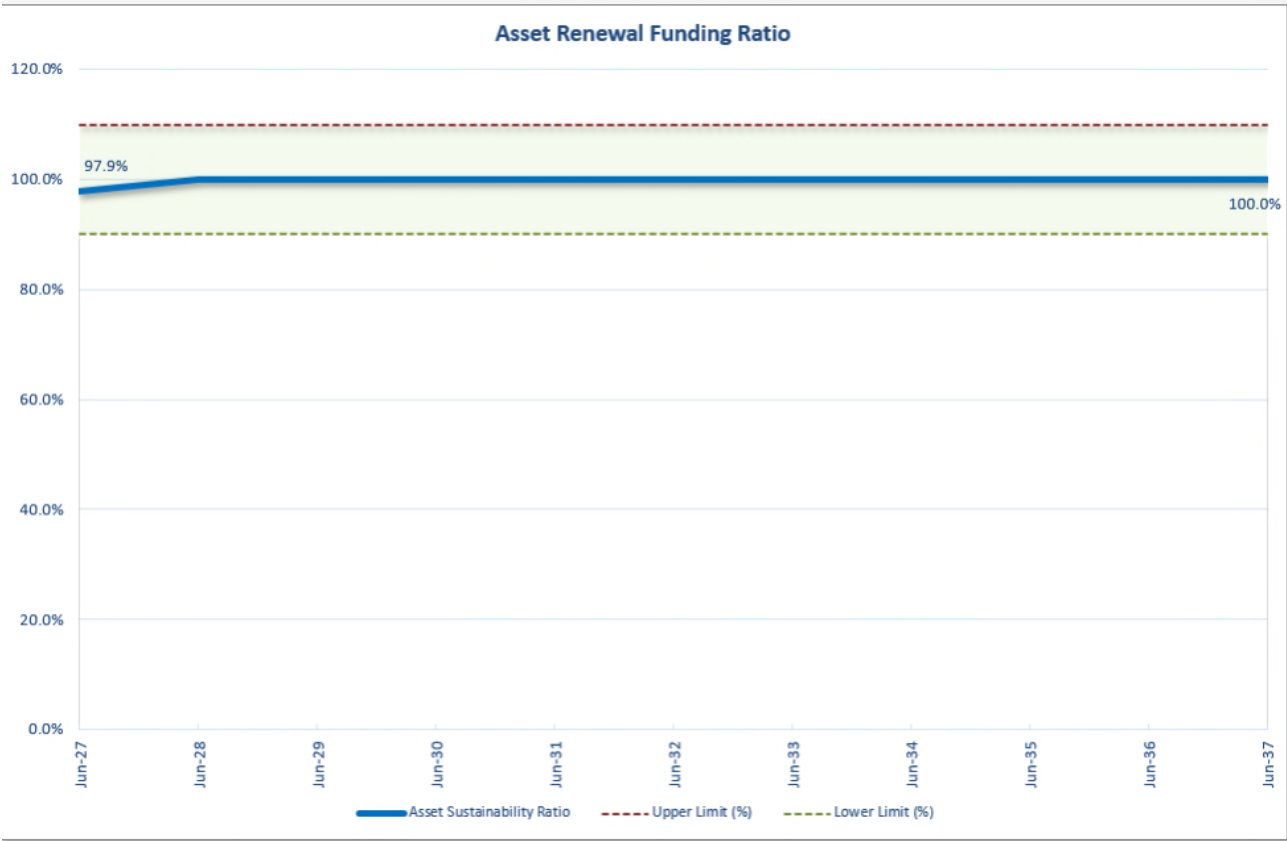


Asset renewal funding ratio

The asset renewal funding ratio expresses expenditure on asset renewal as a percentage of the projected funding required for asset renewal, as outlined in the SAMP. This ratio measures how we are delivering on the renewal requirements set out in our asset management plans.

The target asset renewal funding ratio is between 90 per cent – 110 per cent, recognising that expenditure may increase or decrease in a given year but on average should remain within the target.

Over the life of this plan, the asset renewal funding ratio is maintained at 100 per cent, demonstrating that the renewal forecasts within this plan are aligned to the forecast requirements within the SAMP.

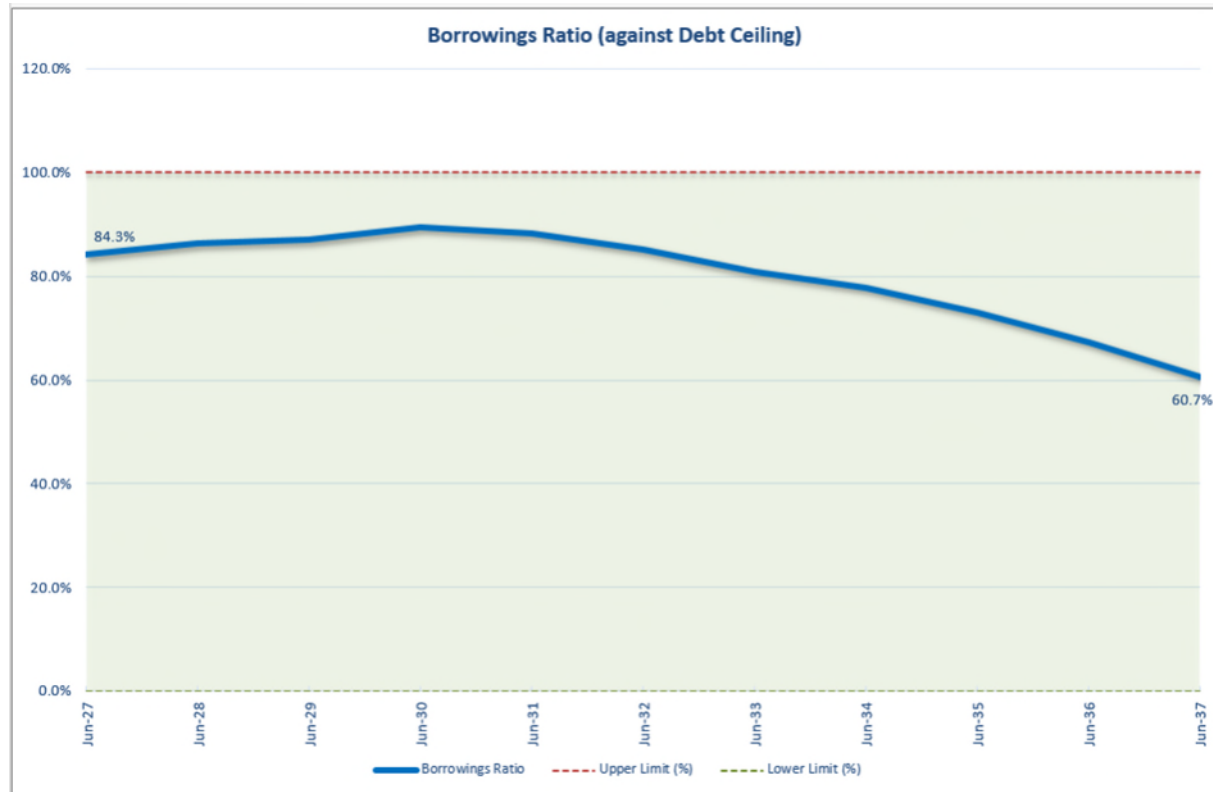


Level of borrowings

The borrowings ratio is measuring the percentage of borrowings against the debt ceiling of \$143.0 million, as per the adopted LTFP. The dollar value of these borrowings is shown on page 21.

The ratio reflects a downwards trend as the level of borrowings reduces over the 10-year forecast.

As outlined in the second LTFP principle, additional debt may be accessed for capital investment purposes where the return will cover the associated interest costs and provide a reasonable payback period. These opportunities will continue to be explored in future versions of the LTFP.

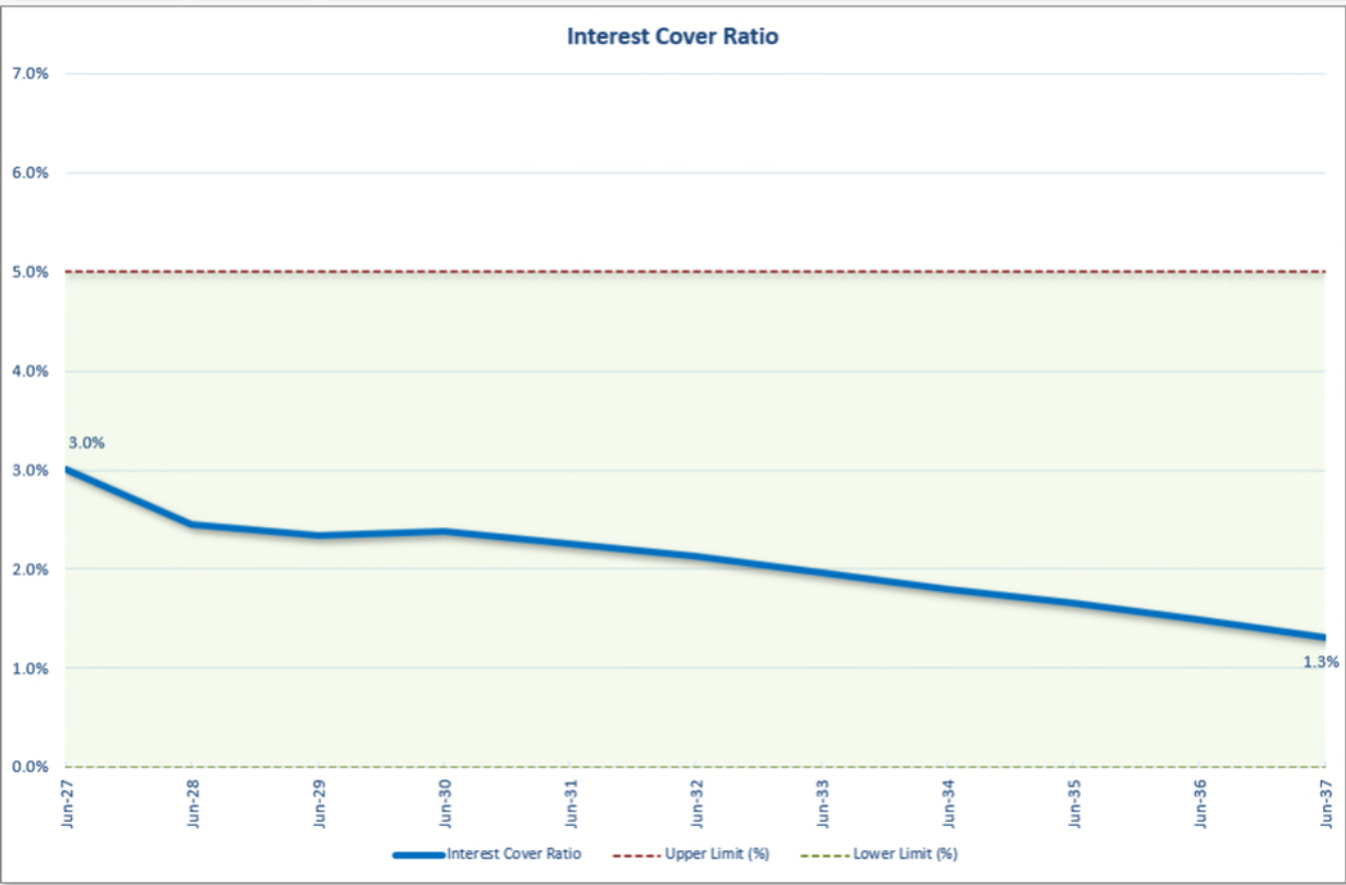


Interest cover ratio

The interest cover ratio measures the percentage of total operating income being used to pay interest on loans.

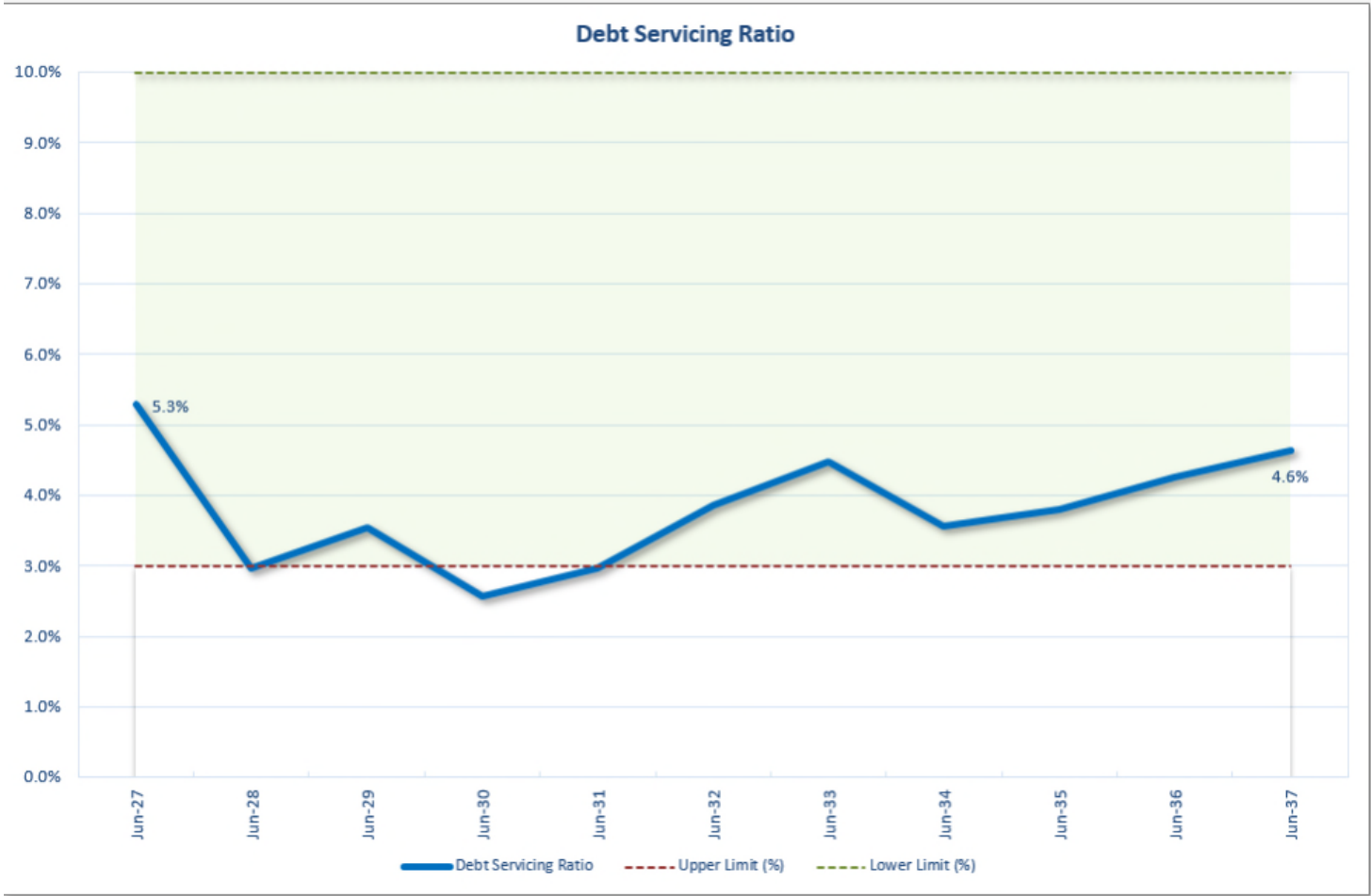
The target interest cover ratio is between 0 – 5 per cent, reducing as the level of borrowings also reduces (and income increases).

Over the life of this plan, the interest cover ratio is within the target range, with total interest costs estimated to be \$66.6 million over the 10-year forecast.



Debt servicing ratio

The debt servicing ratio measures the total cost of repayments and interest as a percentage of total operating income. The target range for this ratio is under 10 per cent, and preferably between 3 and 10 per cent. This chart represents repayment of fixed loans as they fall due (balloon repayments at expiry), and variable loans as cash surpluses are generated.



STATEMENT OF COMPREHENSIVE INCOME

	2026-27 Adopted Budget	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-27
Operating income											
Rates	194,465	202,555	210,546	219,229	227,915	237,197	246,824	256,685	265,721	274,764	283,876
Statutory charges	5,570	5,759	5,932	6,110	6,293	6,482	6,677	6,877	7,049	7,225	7,406
User charges	15,320	16,048	16,849	17,354	17,875	18,411	18,963	19,532	20,020	20,521	21,034
Grants, subsidies and contributions - capital	407	742	1,329	576	593	611	629	648	668	688	708
Grants, subsidies and contributions - operating	24,344	23,087	21,818	23,536	23,772	24,010	24,250	24,492	24,737	24,984	25,234
Investment income	90	93	96	98	101	105	108	111	114	118	122
Reimbursements	1,100	1,137	1,172	1,207	1,243	1,280	1,319	1,358	1,392	1,427	1,463
Other income	3,406	3,522	3,627	3,736	3,848	3,964	4,083	4,205	4,310	4,418	4,529
Net gain - equity accounted joint venture	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total operating income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372
Operating expenses											
Employee costs	96,705	100,614	104,278	107,577	110,949	114,997	119,194	123,546	127,440	131,458	135,604
Materials, contracts and other expenses	93,587	96,412	99,857	103,062	108,096	110,484	114,382	118,384	123,540	125,650	129,413
Finance costs	7,481	6,305	6,231	6,595	6,489	6,334	6,059	5,783	5,499	5,124	4,675
Depreciation and amortisation	47,890	49,653	51,345	53,022	54,594	56,209	57,898	59,643	61,384	63,227	65,117
Total operating expenses	245,663	252,984	261,711	270,257	280,128	288,023	297,533	307,356	317,864	325,462	334,812
Operating surplus/(deficit) before capital amounts	39	960	658	2,590	2,513	5,037	6,319	7,553	7,148	9,684	10,560
Capital income											
Amounts received specifically for new or upgraded assets	6,652	1,060	1,108	1,152	1,187	1,222	1,259	1,297	1,335	1,376	1,417
Physical resources received free of charge	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Proceeds from disposal of assets	3,745	3,905	3,994	4,036	3,880	3,893	3,891	4,050	712	824	849
Net surplus/(deficit)	10,436	15,925	15,759	17,778	17,580	20,153	21,469	22,900	19,195	21,884	22,826
Other comprehensive income											
Changes in revaluation surplus - infrastructure, property, plant and equipment	74,384	92,861	77,404	70,062	72,514	75,052	77,679	80,398	86,212	89,229	92,352
Total other comprehensive income	74,384	92,861	77,404	70,062	72,514	75,052	77,679	80,398	86,212	89,229	92,352
Total comprehensive income	84,820	108,786	93,163	87,840	90,094	95,205	99,148	103,298	105,407	111,113	115,178

STATEMENT OF FINANCIAL POSITION

	2026-27 Adopted Budget	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-27
Current assets											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	22,862	22,862	22,862	22,862	22,862	22,862	22,862	22,862	22,862	22,862	22,862
Inventories	76	76	76	76	76	76	76	76	76	76	76
Non-Current Assets Held For Sale	-	-	-	-	-	-	-	-	-	-	-
Total current assets	22,938	22,938	22,938	22,938	22,938	22,938	22,938	22,938	22,938	22,938	22,938
Non-current assets											
Trade and other receivables	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170
Equity accounted investments in council businesses	21,036	22,036	23,036	24,036	25,036	26,036	27,036	28,036	29,036	30,036	31,036
Infrastructure, property, plant and equipment	2,638,081	2,748,743	2,841,942	2,932,324	3,019,814	3,109,539	3,201,414	3,299,135	3,397,007	3,498,941	3,603,686
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	2,660,287	2,771,949	2,866,148	2,957,530	3,046,020	3,136,745	3,229,620	3,328,341	3,427,213	3,530,147	3,635,892
Total assets	2,683,225	2,794,887	2,889,086	2,980,468	3,068,958	3,159,683	3,252,558	3,351,279	3,450,151	3,553,085	3,658,830
Current liabilities											
Trade and other payables	28,949	28,949	28,949	28,949	28,949	28,949	28,949	28,949	28,949	28,949	28,949
Short term borrowings	42,478	42,478	42,478	42,478	42,478	42,478	42,478	42,478	42,478	42,478	42,478
Short term provisions	13,414	13,414	13,414	13,414	13,414	13,414	13,414	13,414	13,414	13,414	13,414
Total current liabilities	84,841	84,841	84,841	84,841	84,841	84,841	84,841	84,841	84,841	84,841	84,841
Non-current liabilities											
Long term borrowings	78,102	80,978	82,014	85,556	83,951	79,471	73,198	68,620	62,085	53,904	44,467
Long term provisions	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748
Other non current-liabilities	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	79,850	82,726	83,762	87,304	85,699	81,219	74,946	70,368	63,833	55,652	46,215
Total liabilities	164,691	167,567	168,603	172,145	170,540	166,060	159,787	155,209	148,674	140,493	131,056
Net assets	2,518,534	2,627,320	2,720,483	2,808,324	2,898,418	2,993,623	3,092,771	3,196,069	3,301,478	3,412,593	3,527,774
Equity											
Accumulated surplus	576,949	596,986	616,847	638,564	656,440	677,093	699,832	723,612	743,135	765,977	790,706
Asset revaluation reserve	1,917,229	2,010,090	2,087,494	2,157,556	2,230,071	2,305,123	2,382,803	2,463,201	2,549,413	2,638,642	2,730,995
Other reserves	24,356	20,244	16,142	12,203	11,907	11,407	10,137	9,256	8,930	7,973	6,073
Total equity	2,518,534	2,627,320	2,720,483	2,808,324	2,898,418	2,993,623	3,092,771	3,196,069	3,301,478	3,412,593	3,527,774

STATEMENT OF CASH FLOWS

	2026-27 Adopted Budget	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-27
Cash flows from operating activities											
Receipts											
Operating receipts	245,205	253,109	260,944	272,173	281,946	292,344	303,115	314,149	324,230	334,340	344,542
Investment receipts	90	93	96	98	101	105	108	111	114	118	122
Payments											
Operating payments to suppliers and employees	(190,292)	(197,026)	(204,135)	(210,640)	(219,045)	(225,480)	(233,575)	(241,930)	(250,981)	(257,110)	(265,020)
Finance payments	(7,481)	(6,305)	(6,231)	(6,595)	(6,489)	(6,334)	(6,059)	(5,783)	(5,499)	(5,124)	(4,675)
Net cash flows from operating activities	47,523	49,870	50,674	55,037	56,514	60,635	63,588	66,548	67,864	72,224	74,968
Cash flows from investment activities											
Receipts											
Grants specifically for new or upgraded assets	6,652	1,060	1,108	1,152	1,187	1,222	1,259	1,297	1,335	1,376	1,417
Proceeds from sale of assets	3,745	3,905	3,994	4,036	3,880	3,893	3,891	4,050	712	824	849
Payments											
Expenditure on renewal/replacement of assets	(38,303)	(43,625)	(43,698)	(54,188)	(48,920)	(48,998)	(52,860)	(54,869)	(53,314)	(55,800)	(56,392)
Expenditure on new/upgraded assets	(19,053)	(13,828)	(13,443)	(9,154)	(10,649)	(11,883)	(9,235)	(12,096)	(9,730)	(10,132)	(11,116)
Net cash flows from investment activities	(46,958)	(52,488)	(52,039)	(58,154)	(54,502)	(55,765)	(56,944)	(61,618)	(60,997)	(63,732)	(65,243)
Cash flows from financing activities											
Receipts											
Proceeds from borrowings	6,080	-	-	-	-	-	-	-	-	-	-
Payments											
Repayments of borrowings	(5,496)	(1,236)	(3,065)	(397)	(1,901)	(4,980)	(7,543)	(5,458)	(6,861)	(9,138)	(11,336)
Net cash flows from financing activities	584	(1,236)	(3,065)	(397)	(1,901)	(4,980)	(7,543)	(5,458)	(6,861)	(9,138)	(11,336)
Net increase/(decrease) in cash held	1,149	(3,854)	(4,430)	(3,514)	111	(110)	(899)	(528)	6	(646)	(1,611)
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-	-	-	-	-	-	3
Cash and cash equivalents at end of reporting period	1,149	(3,854)	(4,430)	(3,514)	111	(110)	(899)	(528)	6	(646)	(1,611)
Represented by:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	3
Less: Short term cash advance drawdowns / (payback)	1,149	(3,854)	(4,430)	(3,514)	111	(110)	(899)	(528)	6	(646)	(1,611)

STATEMENT OF CHANGES IN EQUITY

	2026-27 Adopted Budget	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-27
Accumulated surplus											
Balance at end of previous reporting period	563,478	576,949	596,987	616,848	638,564	656,441	677,094	699,833	723,613	743,134	765,978
Surplus/(deficit) from operations	14,027	15,925	15,759	17,778	17,580	20,153	21,469	22,900	19,195	21,884	22,826
Transfer (to) / from other reserves	(556)	4,114	4,102	3,939	297	500	1,270	880	326	957	1,900
Balance at end of period	576,949	596,987	616,848	638,564	656,441	677,094	699,833	723,613	743,134	765,978	790,706
Asset revaluation reserve											
Balance at end of previous reporting period	1,842,845	1,917,229	2,010,090	2,087,495	2,157,557	2,230,071	2,305,123	2,382,802	2,463,200	2,549,412	2,638,641
Gain on revaluation of infrastructure, property, plant and equipment	74,384	92,861	77,404	70,062	72,514	75,052	77,679	80,398	86,212	89,229	92,352
Balance at end of period	1,917,229	2,010,090	2,087,495	2,157,557	2,230,071	2,305,123	2,382,802	2,463,200	2,549,412	2,638,641	2,730,993
Other reserves											
Balance at beginning of period	23,800	24,355	20,243	16,141	12,202	11,906	11,406	10,136	9,255	8,929	7,972
Transfers to reserve	4,961	-	-	-	-	-	-	-	-	-	-
Transfers from reserve	(4,405)	(4,112)	(4,102)	(3,939)	(297)	(500)	(1,270)	(880)	(326)	(957)	(1,900)
Balance at end of period	24,355	20,243	16,141	12,202	11,906	11,406	10,136	9,255	8,929	7,972	6,072
Total equity	2,518,533	2,627,320	2,720,484	2,808,324	2,898,418	2,993,623	3,092,773	3,196,068	3,301,476	3,412,591	3,527,771

FUNDING STATEMENT

	2026-27 Adopted Budget	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-27
Operating activities											
Income											
Rates revenues	194,465	202,555	210,546	219,229	227,915	237,197	246,824	256,685	265,721	274,764	283,876
Statutory charges	5,570	5,759	5,932	6,110	6,293	6,482	6,677	6,877	7,049	7,225	7,406
User charges	15,320	16,048	16,849	17,354	17,875	18,411	18,963	19,532	20,020	20,521	21,034
Grants, subsidies and contributions - operating	24,344	23,087	21,818	23,536	23,772	24,010	24,250	24,492	24,737	24,984	25,234
Investment income	90	93	96	98	101	105	108	111	114	118	122
Reimbursements	1,100	1,137	1,172	1,207	1,243	1,280	1,319	1,358	1,392	1,427	1,463
Other income	3,406	3,522	3,627	3,736	3,848	3,964	4,083	4,205	4,310	4,418	4,529
Net gain - equity accounted joint venture	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total income	245,295	253,202	261,039	272,271	282,047	292,449	303,223	314,260	324,344	334,458	344,663
Expenditure											
Employee costs	96,705	100,614	104,278	107,577	110,949	114,997	119,194	123,546	127,440	131,458	135,604
Materials, contracts and other expenses	93,587	96,412	99,857	103,062	108,096	110,484	114,382	118,384	123,540	125,650	129,413
Depreciation and amortisation	47,890	49,653	51,345	53,022	54,594	56,209	57,898	59,643	61,384	63,227	65,117
Finance costs	7,481	6,305	6,231	6,595	6,489	6,334	6,059	5,783	5,499	5,124	4,675
Total expenses	245,663	252,984	261,711	270,257	280,128	288,023	297,533	307,356	317,864	325,462	334,812
Operating surplus / (deficit) before capital renewal income	(367)	218	(672)	2,015	1,920	4,426	5,690	6,905	6,480	8,996	9,852
Grants, subsidies and contributions - capital	407	742	1,329	576	593	611	629	648	668	688	708
Total Operating surplus / (deficit)	39	959	658	2,591	2,513	5,036	6,319	7,554	7,149	9,683	10,560
Capital projects											
Renewal											
Project expenses	38,303	43,625	43,698	54,188	48,920	48,998	52,860	54,869	53,314	55,800	56,392
Less:											
Grants, subsidies and contributions	407	742	1,329	576	593	611	629	648	668	688	708
Developer contributions	-	-	-	-	-	-	-	-	-	-	-
Other income	417	905	994	1,036	880	893	891	1,050	712	824	849
Net renewal expense	37,479	41,978	41,375	52,576	47,446	47,493	51,339	53,171	51,935	54,288	54,835
New and Significant Upgrades											
Project expenses	19,053	13,828	13,443	9,154	10,649	11,883	9,235	12,096	9,730	10,132	11,116
Less:											
Grants, subsidies and contributions	6,363	1,060	1,108	1,152	1,187	1,222	1,259	1,297	1,335	1,376	1,417
Developer contributions	289	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	3,328	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-	-	-
Net new and significant upgrade expense	9,073	9,768	9,335	5,002	6,463	7,661	4,976	7,799	8,395	8,757	9,700
Capital Project Expenditure	46,552	51,746	50,710	57,578	53,909	55,154	56,315	60,970	60,330	63,045	64,535

Other

[illegible]

UNIFORM PRESENTATION OF FINANCES

	2026-27 Adopted Budget	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-27
Operating surplus/(deficit)											
Income											
Rates	194,465	202,555	210,546	219,229	227,915	237,197	246,824	256,685	265,721	274,764	283,876
Statutory charges	5,570	5,759	5,932	6,110	6,293	6,482	6,677	6,877	7,049	7,225	7,406
User charges	15,320	16,048	16,849	17,354	17,875	18,411	18,963	19,532	20,020	20,521	21,034
Grants, subsidies and contributions - capital	407	742	1,329	576	593	611	629	648	668	688	708
Grants, subsidies and contributions - operating	24,344	23,087	21,818	23,536	23,772	24,010	24,250	24,492	24,737	24,984	25,234
Investment income	90	93	96	98	101	105	108	111	114	118	122
Reimbursments	1,100	1,137	1,172	1,207	1,243	1,280	1,319	1,358	1,392	1,427	1,463
Other income	3,406	3,522	3,627	3,736	3,848	3,964	4,083	4,205	4,310	4,418	4,529
Net gain - equity accounted council businesses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372
Expenses											
Employee costs	96,705	100,614	104,278	107,577	110,949	114,997	119,194	123,546	127,440	131,458	135,604
Materials, contracts and other expenses	93,587	96,412	99,857	103,062	108,096	110,484	114,382	118,384	123,540	125,650	129,413
Depreciation, amortisation and impairment	7,481	6,305	6,231	6,595	6,489	6,334	6,059	5,783	5,499	5,124	4,675
Finance costs	47,890	49,653	51,345	53,022	54,594	56,209	57,898	59,643	61,384	63,227	65,117
Total expenses	245,663	252,984	261,711	270,257	280,128	288,023	297,533	307,356	317,863	325,462	334,812
Operating surplus/(deficit)	39	959	658	2,591	2,513	5,036	6,319	7,554	7,149	9,683	10,560
Less: Net outlays on existing assets											
Capital expenditure on renewal and replacement of existing assets	(38,303)	(43,625)	(43,698)	(54,188)	(48,920)	(48,998)	(52,860)	(54,869)	(53,314)	(55,800)	(56,392)
Less: Depreciation, amortisation and impairment	47,890	49,653	51,345	53,022	54,594	56,209	57,898	59,643	61,384	63,227	65,117
Less: Proceeds from sale of replaced assets	417	905	994	1,036	880	893	891	1,050	712	824	849
Net outlays on existing assets	10,004	6,933	8,641	(130)	6,555	8,105	5,930	5,824	8,781	8,252	9,573
Less: Net outlays on new and upgraded assets											
Capital expenditure on new and upgraded assets	(19,053)	(13,828)	(13,443)	(9,154)	(10,649)	(11,883)	(9,235)	(12,096)	(9,730)	(10,132)	(11,116)
Less: Grants and contributions for new and upgraded assets	6,652	1,060	1,108	1,152	1,187	1,222	1,259	1,297	1,335	1,376	1,417
Less: Proceeds from sale of surplus assets	3,328	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-	-	-
Net outlays on new and upgraded assets	(9,073)	(9,768)	(9,335)	(5,002)	(6,463)	(7,661)	(4,976)	(7,799)	(8,395)	(8,757)	(9,700)
Net lending / (borrowing) for financial year	970	(1,876)	(36)	(2,541)	2,605	5,480	7,273	5,579	7,535	9,178	10,433

KEY FINANCIAL INDICATORS

	2026-27 Adopted Budget	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-27
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Operating surplus ratio

The percentage by which the major controllable income source varies from day to day expenses

Calculated as:

Operating surplus/(deficit) before capital amounts	39	960	658	2,590	2,513	5,037	6,319	7,553	7,148	9,684	10,560
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Divided by:

Operating income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372
Operating income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372

[illegible]

Net financial liabilities ratio

How significant is the net amount owed compared with income

Calculated as:

Total liabilities	164,691	167,567	168,603	172,145	170,540	166,060	159,787	155,209	148,674	140,493	131,056
Less: Liabilities for equity accounted investments in council businesses	-	-	-	-	-	-	-	-	-	-	-
Less: Current cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Less: Current trade and other receivables	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)
Less: Current other financial assets	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)
Less: Non-current financial assets	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)
Net financial liabilities	140,583	143,459	144,495	148,037	146,432	141,952	135,679	131,101	124,566	116,385	106,948

Divided by:

Total operating income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372
Total operating income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372

[illegible]

Interest cover ratio

How much income is used in paying interest on loans

Calculated as:

Finance costs	7,481	6,305	6,231	6,595	6,489	6,334	6,059	5,783	5,499	5,124	4,675
Less: Investment income	(90)	(93)	(96)	(98)	(101)	(105)	(108)	(111)	(114)	(118)	(122)
Net finance costs	7,391	6,212	6,135	6,497	6,387	6,229	5,952	5,672	5,385	5,006	4,553

Divided by:

[illegible]

Level of borrowings against the debt ceiling
How significant is the level of borrowings compared with the debt ceiling

Calculated as:

Expressed as a percentage	84.3%	86.3%	87.1%	89.5%	88.4%	85.3%	80.9%	77.7%	73.1%	67.4%	60.8%
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Alternate ratio to show borrowings against total operating income

Calculated as:

Expressed as a percentage	49.2%	48.8%	47.7%	47.0%	44.8%	41.7%	38.1%	35.4%	32.2%	28.8%	25.2%
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Expressed as a percentage	5.3%	3.0%	3.5%	2.6%	3.0%	3.9%	4.5%	3.6%	3.8%	4.3%	4.6%
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Target

Total debt servicing will be below an upper debt servicing limit of 10% and above a lower limit of 3% Operating revenue

Calculated as:

Debt Servicing	12,977	7,541	9,296	6,992	8,390	11,314	13,602	11,241	12,361	14,262	16,011
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[illegible]



Appendix 9

Statement on
expected rate
revenue

Statement on Expected Rate Revenue as per valuation data 20 June 2026

Expected Rates Revenue				
	2025-26 (as adopted)	2026-27 (as adopted)	Change	Comments
General Rates Revenue				
General Rates (existing properties)	\$173,002,404	\$183,299,216 (a)	5.9%	These figures include rates collected from the Mobil Refinery which are calculated in accordance with the <i>Oil Refinery (Hundred of Noarlunga) Indenture Act 1958</i> and <i>Mobil Lubricating Oil Refinery (Indenture) Act 1976</i> . The Mobil Refinery contribution is excluded when calculating the general increase.
General Rates (new properties)	\$1,502,550	\$1,549,128 (b)		
General Rates (GROSS)	\$174,504,954	\$184,848,345 (c)		
Less: Mandatory & Discretionary Rebates	(\$1,690,895)	(\$1,843,404) (d)		
General Rates (NET)	\$172,814,059	\$183,004,941 (e)		
		(e)=(c)+(d)		
Other Rates (inc. service charges)				
Regional Landscape Levy	\$3,989,211	\$4,158,734 (f)	The Regional Landscape Levy is a State tax, it is not retained by council.	
CWMS	\$6,182,474	\$6,021,623 (i)		
	\$182,985,743	\$193,185,298		
Less: CWMS Rebates	\$0	\$0 (l)	Includes rebate for CWMS	
Expected Total Rates Revenue	\$182,985,743	\$193,185,298 (m)	5.6%	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
		(m)=(e)+(g)+(h)+(i)+(j)+(k)+(l)		
Estimated growth in number of rateable properties				
Number of rateable properties	83,924	84,718 (n)	0.95%	New properties in 2026-27 equates to 0.95%.
	Actual	Estimate		
'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.				
Estimated average General Rates per rateable property				
Average per rateable property	\$2,079	\$2,182 (o)	4.9%	The average per rateable property is calculated on all rateable properties from the different land use categories, and are therefore not reflective of the \$ rate or % change that an individual ratepayer will experience.
		(o)=(c)/(n)		
Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area). The total General Rates paid by all rateable properties will equal the amount adopted in the budget.				
Notes				
(d) Councils are required under the Local Government Act to provide a rebate to qualifying properties under a number of categories: Health Services - 100 per cent Religious purposes - 100 per cent Royal Zoological Society of SA - 100 per cent Community Services - 75 per cent Public Cemeteries - 100 per cent Educational purposes - 75 per cent The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).				
(e) Presented as required by the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(1)(ea) Please Note: The percentage figure in (e) relates to the change in the total amount of General Rates revenue to be collected from <u>all</u> rateable properties, not from <u>individual</u> rateable properties (ie. individual rates will not necessarily change by this figure).				
(f) Councils are required under the <i>Landscape South Australia Act 2019</i> to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources.				
(i) Community Wastewater Management Systems				
(l) A council may grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).				
(m) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.				
(n) 'Growth' as defined in the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(2)				

Statement on Expected Rate Revenue as per valuation data 20 June 2026

Expected Rates Revenue										
	Total expected revenue			No. of rateable properties		Average per rateable property			Cents in the \$	
	2025-26	2026-27	Change	2025-26	2026-27	2025-26	2026-27	Change	2025-26	2026-27
	(as adopted)	(as adopted)								
Land Use (General Rates - GROSS)										
Residential	\$148,590,605	\$156,937,751	6%	76247	76756	\$1,949	\$2,045	(p)	\$96	0.162861
Commercial - Shop	\$4,838,737	\$4,970,533	3%	1277	1274	\$3,789	\$3,902	(p)	\$112	0.289584
Commercial - Office	\$746,300	\$772,875	4%	247	242	\$3,021	\$3,194	(p)	\$172	0.289584
Commercial - Other	\$5,949,433	\$6,420,702	8%	1498	1547	\$3,972	\$4,150	(p)	\$179	0.289584
Industry - Light	\$1,331,760	\$1,419,249	7%	554	553	\$2,404	\$2,566	(p)	\$163	0.289584
Industry - Other	\$1,857,761	\$1,988,157	7%	395	394	\$4,703	\$5,046	(p)	\$343	0.289584
Primary Production	\$6,731,865	\$6,978,691	4%	1938	1916	\$3,474	\$3,642	(p)	\$169	0.245596
Vacant Land	\$2,776,789	\$3,421,422	23%	1501	1764	\$1,850	\$1,940	(p)	\$90	0.185698
Other	\$993,024	\$1,042,642	5%	267	272	\$3,719	\$3,833	(p)	\$114	0.147630
Total Land Use	\$173,816,273	\$183,952,024	5.8%	83,924	84,718	\$2,071	\$2,171	(p)	\$100	
GRAND TOTAL (GROSS)	\$173,816,273	\$183,952,024	5.8%	83,924	84,718	\$2,071	\$2,171	(p)	\$100	

In addition to the revenue generated using differential rates, *Council also collect rates from the Mobil Refinery*, calculated as outlined on the previous page. Rates above are reported as gross figures. The general rate increase is based on net rates, which is gross rates less rebates applied.

Fixed Charge						
	Total expected revenue			Charge		
	2025-26	2026-27	Change	2025-26	2026-27	Change
Fixed Charge	\$66,226,490	\$69,392,500	4.8%	\$790	\$820	(q) \$30

This revenue amount is **included** in the General Rates GROSS figure at (c). The fixed charge component for 2026-27 represents approximately 38% of total net rate revenue (net of rebates), maintaining the same proportion as in 2025-26. Council does not get more rates when the fixed charge amount changes.

Adopted valuation method

Capital Value

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

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

Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or

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

Council adopts the use of **capital value** as the basis for valuing land within the council area. Council considers that this method of valuing land provides the most equitable distribution of the rates burden as it identifies the land and improvements and is consistent with the taxation principle indicating a person's capacity to pay

Notes

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

(q) A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Also if two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

(r) Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.



Appendix 10

Rating Policy

POLICY– COUNCIL

Rating Policy 2026-27

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1. Document control

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2. Preamble

Council is required to raise and collect rates to balance and achieve several guiding principles and objectives. Council adopts this policy to set the rating objectives within its area. Where Council is committed to achieving standards that are not imposed upon it by statute, its commitment is to endeavor to achieve those standards or requirements within available resources. The contents and commitments in this policy is a statement of Council's general position.

3. Policy purpose

The purpose of this policy is to outline council's approach towards rating its communities and to meet the requirements of the *Local Government Act 1999 (SA)* (the Act) with reference to Section 123. Section 123 requires council to have a rating policy that must be prepared and adopted (as part of the Annual Business Plan) each financial year in conjunction with the declaration of rates.

Council's rating policy and policy objectives, methodologies and rating strategies have been designed to provide a balance against the principles of taxation, whilst also balancing the community needs and broader economic and development objectives.

4. Definitions

Act	refers to the <i>Local Government Act 1999 (SA)</i> .
Capital value	refers to the valuation methodology used in determining the value of land, as defined in the Valuation of Land Act 1971
Council	(with a capitalised C) refers to the elected Council body
council	(with a non-capitalised c) refers to council as the organisation.
CWMS	refers to the Community Wastewater Management System within the Council area formerly referred to as Septic Tank Effluent Disposal Schemes (STEDS).
Different rate	refers to a rate that may be applied to a category of land that is different to the rate applied to other land categories (termed differential rates under the Act).
Fixed charges	refers to a charge that must apply equally to each separate piece of rateable land in the area under Section 152(1) of the Act.
General rate	refers to the rate in the dollar that applies to properties in the calculation of the general rate payable by way of Council Rates. Please note that the 'General Rate' is also referred to as the Differential General Rate under the Act and also includes the fixed charge component charged.
Postponed rates	refers to any rates postponed under Section 182 or 182A of the Act.
Primary production	for rating purposes is defined as per section 5(1) of the <i>Valuation of Land Act 1971</i> : (definition of 'business of primary production'); <i>'the business of agriculture, pasturage, horticulture, viticulture, apiculture, poultry farming, dairy farming, forestry or any other business consisting of the cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.'</i>
Rating	refers to the overall process of raising revenue by way of levying rates and charges.

Rebates	refers to an amount that a rate or charge may be reduced in accordance with Chapter 10, Division 5 of the Act.
Remissions	refers to any reduction in amount payable granted in accordance with Section 182 of the Act.
Residential rate cap rebate	refers to the rate cap applied to properties with a Residential land use, subject to specific criteria, which is applied under the discretionary rebate provisions of Section 166(1)(l) of the Act.
Separate rate	refers to a rate that applies in addition to other rates and charges, which is used to fund specific activities in accordance with Section 154 of the Act.
Service charge	refers to a charge imposed for the provision of a prescribed service under Section 155(1) of the Act.

5. Principles and objectives

In developing the rating policy, Council is required to make judgements based on several guiding principles and objectives. These principles and objectives are often competing and need to be balanced to achieve the desired outcome for the community.

Council's policy directions are guided by four themes that are central to achieving our vision as outlined in the Community Vision 2034: Community, Environment, Liveability and Leadership.

Council's role is to ensure that our communities have access to an appropriate range of facilities and services. In all things, council considers if its direction aligns with the principles that defines who it is. Council believes in:

- putting people first
- enabling equity
- promoting strengths
- seeking to understand
- being resourceful
- encouraging investment
- working strategically towards our vision.

Council is required to raise revenue for the purpose of governance, administration and the provision of appropriate goods and services required by the community. The goods and services are especially those that would not be provided by private businesses e.g. infrastructure, street lighting, regulatory and compliance activities.

Chapter 10 of the Act requires local government to levy rates and charges on land and provides some principles for consideration when developing rating policies. The key principle in levying rates recognises that rates constitute a system of taxation on the community for local government purposes (generally based on the value of land).

In developing this policy Council has considered the following five principles:

- equity (taxpayers with the same income pay the same tax (horizontal equity), wealthier taxpayers pay more (vertical equity))
- benefit (taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid)
- ability-to-pay (in levying taxes the ability of the taxpayer to pay the tax must be considered)
- efficiency (if a tax is designed to change consumers behaviour and the behaviour changes the tax is efficient (e.g. tobacco taxes), if the tax is designed to be neutral in its effect on taxpayers and it changes taxpayer's behaviour a tax is inefficient)
- simplicity (the tax must be understandable).

The principle of 'benefit' (above) supports the philosophy that rates should not be regarded as a user pays system and it should be recognised that benefits are consumed differently over the life cycle of a ratepayer.

To some extent, in practice these principles conflict with each other. Council must therefore strike a balance between:

- the application of the principles
- the policy objectives of taxation
- the need to raise revenue
- the effects of the tax on the community.

Council has identified and developed the following key objectives in response to the outcomes of our community engagement activities and on-going annual reviews:

Equity for our communities

To achieve this objective our policy is designed to:

- improve equity in rate distribution across our communities
- prevent inequitable shifts in rate responsibility
- collect a base contribution from all rateable properties
- equally distribute the responsibility of rates across the community (unless some compelling application of the other taxation principles should be applied)
- raise an equitable level of contribution from each land use sector.

Benefit to our communities

To achieve this objective our policy is designed to:

- minimise the impact of property valuation movements
- move away from valuation-based rating by breaking the direct link between valuation and rates
- maintain the relativity within differing communities and between communities

Economic and property development

Our rating policy seeks to balance Council's economic and property development focus and to achieve this objective our policy is designed to:

- facilitate a strong and vibrant economic environment
- support the growth of business within the area
- balance the issue of consumption of resources with economic development objectives
- encourage development on vacant land
- recognise the importance of arable land suitable for viable primary production

Taxation principles

Council is faced with balancing its service levels, the needs and expectations of the community and setting appropriate tax levels that can sustainably resource its roles and responsibilities. In setting its rates for the financial year, Council provides primary consideration to strategic directions, budget considerations, the current economic environment and likely impacts on our communities. Feedback from our communities generally indicates a desire to lower the rate in the dollar to reduce rapid rate increases from valuation movements.

Council achieves a reduction in the above risk by setting an appropriate fixed charge. Applying a fixed charge at the required level ensures an equitable base contribution is achieved from all rateable properties, reducing the reliance on the rate in the dollar component and equitably distributing the rates burden.

Council determines the total annual rate revenue as part of the financial planning and budgeting process and the amount raised from the fixed charge is a component of the total revenue. Increasing the total raised from the fixed charge does not increase the overall rate revenue, but simply reduces the revenue raised against the property valuation. This has the effect of lowering the rate in the dollar and assists in managing large valuation movements.

The current rating objectives and strategies meet the direction and goals expressed in the Community Vision 2034 and Long Term Financial Plan, with each component of our rating strategy rating highly against the principles of taxation.

In developing the Rating Policy for 2026–27 Council will undertake a community engagement process including information provision and community education as a key focus.

5.1 STRATEGIC AND BUDGET CONSIDERATIONS

Council has determined that the application of an annual Rating Policy should be developed within a framework which integrates strategic planning through to service delivery. The strategic directions for the city and the organisation are outlined in the Community Vision 2034.

The Community Vision 2034 represents our shared vision for the next ten years and is reviewed every four years. It sets the focus for Council, clearly outlining the key outcomes we want to achieve, which together form our vision of a connected community and sustainable future.

The Rating Policy for 2026-27 has been reviewed to reflect the strategic directions set in the Community Vision 2034.

Our financial planning framework provides a long-term financial plan to resource our strategic directions. As part of the financial planning and budget processes, the rate

revenue required to meet expenditure needs is calculated considering other sources of revenue. The structure of the rating system is then determined having consideration for how the rates are levied between, and within, various categories of ratepayers.

5.2 RATING STRATEGIES AND METHODOLOGIES

The following key strategies and methodologies have been developed consistent with our policy principles to meet the rating objectives:

- valuation methodology based on capital value
- different rates for different land use categories
- rating applied in accordance with ownership or occupation (where the ratepayer is listed in the Assessment Record)
- recognition of contiguous land
- application of single farm entity
- contribution methodology to determine the different rates is based on a percentage of total rate revenue required from each category (adjusted for growth)
- incorporating a fixed charge as a component of the general rate
- rate rebates (including rate capping for residential properties and discretionary rebates)
- rate remissions.

5.2.1 VALUATION METHODOLOGY

Councils may adopt one of the following two valuation methodologies to value the properties in its area (Section 151 of the Act):

- capital value: the value of land, buildings and other improvements
- annual value: the value of the rental potential of the property.

Council adopts the use of capital value as the basis for valuing land within the council area. Council considers that this method of valuing land provides the most equitable distribution of the rates burden as it identifies the land and improvements and is consistent with the taxation principle indicating a person's capacity to pay.

Council does not determine property valuations but chooses to exercise the right under Section 167 of the Act to adopt the capital valuations as assessed by the Valuer-General (VG). If a ratepayer is dissatisfied with a property valuation, an objection may be made as detailed in Section 5.6.5.

5.2.2 DIFFERENTIAL RATING

The Act allows councils to 'differentiate' rates based on the use of the land, the locality of the land, the use and locality of the land or on some other basis determined by the council.

The City of Onkaparinga applies **different rates based on land use**. The Act further allows council the option to use a combination of factors (land use and locality) to apply different rates. Land use is recognised by other taxing agencies and is easily identified

and understood by our communities. It is therefore considered the most appropriate method for applying different rates by most councils.

Differential rates better reflect consumption of council services but can also be tailored to support other key objectives eg., economic development, encourage capital development or recognise the value of a specific land use sector. The differential rating strategy assists in addressing all of council's rating objectives. Definitions of the use of the land are prescribed by regulation and are categorised as follows for rating purposes:

- Residential
- Commercial – Shops
- Commercial – Office
- Commercial – Other
- Industrial – Light
- Industrial – Other
- Primary Production
- Vacant Land
- Other
- Marina Berths

As part of the valuation assessment process the VG recommends a land use to each assessment, identifying the predominant use of the land. This land use is applied by various taxing authorities. Council generally applies this land use for general rating purposes, however under the Act, council is the relevant authority that determines land use for rating purposes. The rating land use applied by council must meet the definitions under Development Regulations. As such the local government land use may vary from that used by other taxing authorities.

If a ratepayer believes that a property has been wrongly classified as to its land use, then an objection may be made as detailed in Section 5.6.6.

5.2.3 RATING IN ACCORDANCE WITH OWNERSHIP OR OCCUPATION

Rates are assessed against any piece of land subject to separate ownership or occupation.

If the owner is not the ratepayer in respect of the land—the name and address of the principal ratepayer being an occupier of land may, with the consent of the owner, apply to the chief executive officer of a council to have the occupier's name entered in the assessment record as the principal ratepayer in respect of the land.

5.2.4 CONTIGUOUS LAND

For the purposes of this Part, land will be regarded as being contiguous to other land if the land—

- (a) abuts on the other land at any point; or
- (b) is separated from the other land only by—

- (i) a road, street, lane, footway, court, alley, railway or thoroughfare; or
- (ii) a watercourse or channel; or
- (iii) a reserve or other similar open space.

5.2.5 SINGLE FARM ENTITY (SFE)

Council offers the ability to group rating assessments to genuine farmers who meet the eligibility criteria listed under the Act. SFE's that are used primarily for the business of grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, beekeeping, viticulture, horticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities qualify for a single fixed charge to apply over the group.

5.2.6 CONTRIBUTION METHODOLOGY

Council's underlying philosophy is that the responsibility of rates should be equitably distributed across the community unless some compelling application of the other taxation principles is applied to ensure the equity of the tax.

To minimise the impact of valuation movements, prevent inequitable shifts in rate responsibility and improve equity in rate distribution across the community, Council has determined that the proportion of total rate revenue contribution payable by each of the land use sectors should be maintained at a similar level as that paid in the previous year (adjusted for growth and other movements).

The contribution methodology is an integral component of our overall rating strategy that assists in achieving a number of our rating objectives, by:

- improving equity in rate distribution across the community
- preventing inequitable shifts in rate responsibility
- minimising the impact of property valuation movements
- raising an equitable level of contribution from each land use sector
- maintaining the relativity within differing communities and between communities
- recognising communities where there is a greater consumption of services and resources
- ranking highly against the principles of taxation.

5.2.7 DIFFERENT RATES

Council adopts differential general rates primarily based upon land use and the assessed capital value of the land, including any improvements thereon. The differentiating factors are the permitted land use categories.

Council has determined that a different rate will be applied for 2026-27 to all assessments attributed with the following land use:

Residential - different rate of 0.162861 cents in the dollar

Commercial and Industrial - different rate of 0.289584 cents in the dollar

Primary Production - different rate of 0.245596 cents in the dollar

Vacant Land - different rate of 0.185698 cents in the dollar

Other - different rate of 0.147630 cents in the dollar

5.2.8 FIXED CHARGE

Council has determined that a fixed charge of \$820 will be applied to rateable assessments for 2026–27.

The Act allows councils to impose a fixed charge on each rateable property in its area, providing that it has not also imposed a minimum rate (Section 152 of the Act).

The primary reason for imposing a fixed charge is to ensure that all rateable properties make a base contribution to the cost of administering council activities and maintaining services and physical infrastructure.

A fixed charge has the effect of reducing the rate in the dollar that will be applied to the property valuations, which in turn assists in addressing policy objectives developed in response to the outcomes of community engagement activities.

In applying a fixed charge only one charge can be imposed on two or more adjoining assessments with the same owner and occupier (contiguous).

Where a ratepayer believes that they may be eligible for a reduction in the fixed charge applied to contiguous assessments an objection may be made as detailed in Section 5.6.5.

5.2.9 RATE REBATES

Council will grant a mandatory rebate upon the applicant satisfying the requirements under Sections 159 to 165 of the Act.

Applications for discretionary rebates lodged under Section 166 of the Act will be considered under Council's *Rate Rebate Policy*.

The Act acknowledges that there are particular land uses that are economically disadvantaged and provide local community benefit and therefore must be offered rate relief in order to be sustainable. On this basis some rebates under the Act are applied as a mandatory requirement however further discretionary provisions allow Council to determine whether other desirable land uses may be offered rate relief.

Council reviews the Rate Rebate Policy every three years which provides the full details regarding rate rebates permissible under the Act. This policy document supports our main Rating Policy.

The rate rebate strategy addresses the following objectives:

- improves equity in rate distribution across the community
- ranks highly against the principles of taxation

5.2.9.1 RATE CAP REBATES

For the 2026–27 financial year Council has determined that a rebate be applied to properties with a Residential land use to cap any increase in the differential rates related to the valuation component at 10%, subject to specific criteria.

A rebate cap will not be applied where the rate increase is as a result of an increase in valuation from significant capital improvements on the property (regardless of when the development was undertaken) or where there has been a change in the land use since the commencement of the previous financial year or a change in ownership or licence to occupy during the two prior financial years. It will also not be applied to those that already have an approved mandatory or discretionary rebate.

In the case where the fixed charge has caused the total rates bill to increase by more than 10%, the rate capping rebate does not apply. The fixed charge is not subject to valuation movement and is set to ensure all ratepayers pay a base contribution.

Rate capping (subject to certain criteria) recognises that in some circumstances residents have no control over increases in property valuations. Where a significant valuation increase is as a result of market forces and not as a result of purchasing the property, the rates levied as a result of that valuation increase should be capped at a level that minimises the impact to a reasonable level.

The rate capping strategy addresses the following objectives:

- improves equity in rate distribution across the community
- prevents inequitable shifts in rate responsibility
- minimises the impact of property valuation movements
- ranks highly against the principles of taxation.

The rate cap will be applied automatically to properties that can be readily identified as being eligible. Where this rebate is not applied automatically, ratepayers who consider they could be eligible for the Rate Cap Rebate may lodge an application. Council rebates or remissions are not included in the capping calculation process. The application must be lodged prior to 31 August 2026. This rebate is applied under the discretionary rebate provisions of Section 166(1)(l) of the Act. The Rate Capping Application Form appears as an attachment to the Rate Rebate Policy.

5.2.10 REMISSION AND POSTPONED RATES

Application for remission of rates and charges, fines and interest or postponement of rates will be considered under the discretionary provisions of Sections 181 and 182 of the Act.

Council will accept requests for remission of fines and interest in certain extenuating circumstances. A request for waiver of fines and/or interest should provide detailed reasons why a remission has been requested.

Council will accept requests for postponement of rates from ratepayers suffering on-going or extreme financial hardship through a qualified financial counsellor and will consider the recommendation on a case by case basis.

Council will consider a request for remission of rates when the property is being sold due to a ratepayer experiencing financial hardship. Financial hardship must be confirmed in writing by a qualified financial counsellor at the time of application for remission of rates or postponement for hardship.

Monthly interest at the prescribed rate will be applied to rates postponed under Section 182 of the Act.

Application for postponement of rates and charges for holders of a State Seniors Card will be considered under the provisions of Section 182A of the Act – ‘Postponement of rates – Seniors’.

To assist seniors, council promotes and supports ratepayers to consider options such as postponement of rates for seniors. Under this scheme eligible ratepayers can annually postpone or defer any rate amount above \$500. In addition, should a ratepayer elect to pay more than the \$500 in any given year, the amount paid in excess is applied to the balance outstanding.

Applications must be lodged in writing and must provide evidence of eligibility plus other evidence as required. Requests must be lodged on the Application Form for Postponement of Rates Seniors. Monthly interest at the prescribed rate will be applied to rates postponed under Section 182A of the Act.

Where an application for postponement under Section 182A is granted, a presumption of on-going annual postponement will be assumed.

The remission of fines and interest and postponement strategy addresses the following objectives and taxation principles:

- improves equity in rate distribution across the community
- ranks highly against the principles of taxation.

5.3 STATE GOVERNMENT REGIONAL LANDSCAPE LEVY – SEPARATE RATE

The South Australian Government has introduced a major legislative reform program with the introduction of the Landscape South Australia Act 2019 (the Act) which replaces the *Natural Resources Management Act 2004*.

The legislation provides the framework for how the state's natural resources will be managed with a stronger emphasis on effective water management, pest plant and animal control, soil and land management and decentralised decision-making. These changes aim to provide communities a greater voice in natural resources management.

The Regional Landscape Act has implications for local government, particularly in relation to the land-based levy collection process and the realignment of boundaries. The Act creates nine landscape management regions with NRM boards being replaced by eight new regional landscape boards and a metropolitan landscape board, being Green Adelaide. The levies raised for 2026–27 will be based on the Regional Landscape Boundaries.

The landscape levy collection process for 2026–27 remains largely the same as previous arrangements under the Natural Resources Management Act 2004. There are no proposed changes to the basis of the regional landscape levy. The Regional Landscape Act imposes a cap on levies across the state and limits future increases in the levy to CPI.

Councils will continue to recover ongoing collection costs from regional landscape boards.

All council contributions and the basis of the regional landscape levy will be set out in the landscape board (and Green Adelaide) business plans. The landscape boards will have responsibility for notifying councils of their share and Council will continue to set a levy rate under the *Local Government Act 1999* in accordance with the advice provided by

the Department of Environment and Water. Council is unable to influence the amount set for each Board and is the body utilised by the State Government to collect the levy.

Money raised through the imposition of the levy is paid to the central Landscape Administration Fund for later distribution to the landscape boards.

Council is required to collect this mandatory state government levy as a separate rate for Natural Resources Management. This levy for 2026–27 is applicable to land previously within the area of the Adelaide and Mt Lofty Ranges Natural Resources Management Board and the SA Murray-Darling Basin Natural Resources Management Board.

For 2026–27 the regional landscape levy for the properties previously located in the previous Natural Resources Management Board regions will now be known as either Green Adelaide or as Hills and Fleurieu.

Regional Landscape Levy for 2026-27:

Green Adelaide – 0.006050451 cents in the dollar

Hills & Fleurieu - 0.009432057 cents in the dollar

Council is required to forward the revenue raised to the state government and does not determine how the revenue is to be spent.

5.4 SERVICE RATES AND CHARGES

Council provides a Community Wastewater Management System (CWMS) to seven districts within the city. To fund the provision of this service council imposes a service charge to recover the cost to the council of establishing, operating, maintaining, improving and replacing infrastructure (taking into account depreciation of any assets and including future capital works).

5.4.1 WASTE AND MINOR TRADE WASTE

Council will recover the cost of this service through the imposition of a uniform service charge on each of the relevant assessments (including non-rateable land) for the disposal and treatment of residential waste and minor trade waste.

The CWMS service charges will be as follows for 2026–27:

- **occupied allotments - \$1,232.55 per property unit**
- **vacant allotments - \$1,232.55 per property unit**

In the case of a single residential household a 'Property Unit' will equal one. In the case of higher use properties (such as schools, hospitals, and other multiple tenancy properties etc) an equivalent unit charge is calculated. In calculating property unit's council adheres to the LGA Community Wastewater Management Systems (CWMS) Code issued in April 2006.

CWMS Service Charges where Aerobic or Sand Filter systems are in use:

- Owners of aerobic or sand filters systems shall be entitled to a 50% remission on the annual charge provided they show evidence of an annual maintenance contract and have been issued with an exemption by an Environmental Health Officer. No new exemptions will be issue

- Owners of aerobic systems who do not show evidence of an annual maintenance contract and any property owners with a conventional subsurface disposal system who discharges effluent above ground or into stormwater systems intentionally or otherwise will be required to connect to the CWMS system immediately
- Connection to the system and/or the payment of the full connection fee shall be compulsory on the sale of an occupied property or the development of a vacant block.

5.4.2 MAJOR TRADE WASTE

Council imposes a service charge or rate to recover the costs incurred by the council. This charge is for the disposal and treatment of major trade waste based on the nature and the level of usage of the service.

This service charge shall be set in compliance with our obligations under the Water Industry Act 2012 and related Price Determinations for Minor and Intermediate Retailers as determined by the Essential Services Commission of South Australia. Council will impose an annual service charge to recover the costs incurred by council for the disposal and treatment of major trade waste. This service charge to be calculated on either a per kilolitre basis or an annual amount (as negotiated with the customer). The service charge will be inclusive of the cost of service provision (based on the nature and the level of usage of the service), depreciation, return on assets plus other regulatory requirements.

5.5 PAYMENT OF RATES

Rates are payable by quarterly instalments which will be due on 1 September 2026, 1 December 2026, 1 March 2027 and 1 June 2027. The total outstanding balance of rates may be paid in full at any time.

5.5.1 PAYMENT METHODS

Council has determined that rates may be paid by the following methods (detailed on the back of the rate notice):

- Australia Post
- BPay
- Centrepay (Centrelink direct debit system)
- Council's 'Online Payments' system on www.onkaparingacity.com
- BPOINT via phone (1300 276 468)
- in person at Council offices during business hours

5.5.2 LATE PAYMENT OF RATES

Council is required to impose **penalties for late payments** in accordance with the provisions of Section 181(8) of the Act and relevant council procedures.

Fines and interest for late payment are levied in accordance with the provisions of Section 181(8) of the Act. These provisions are the only provisions available to council to ensure that all ratepayers pay promptly.

The Act provides that:

If an instalment of rates is not paid on or before the date on which it falls due:

(a) the instalment will be regarded as being in arrears

(b) a fine of two percent of the amount of the instalment is payable

(c) on the expiration of each full month from that date, interest of the prescribed percentage of the amount in arrears (including the amount of any previous unpaid fine and including interest from any previous month) accrues.

Any ratepayer who may, or is likely to, have trouble with meeting the standard instalments and due dates can contact council to discuss alternative payment arrangements. It should be noted that fines and interest are still levied in accordance with the Act under any payment arrangement.

Council will consider applications for remission of fines in certain extenuating circumstances. A request for waiver of fines should be made in writing, setting out detailed reasons why a fine remission has been requested.

5.5.3 APPLICATION OF PAYMENTS

Council is required to apply **rate payments in accordance with the provisions of Section 183 of the Act.**

Section 183 of the Act provides that when the council receives a payment in respect of rates, the council applies the money received as follows:

- first – to satisfy any costs awarded in connection with court proceedings
- second – to satisfy any interest imposed
- third – in payment of any fines imposed
- fourth – in payment of rates, in chronological order (starting with the oldest amount first).

5.5.4 RECOVERY OF OUTSTANDING RATES

In accordance with sound financial management principles, the Revenue team will apply prudent debt management practices to rate debtors. This includes an on-going review of rates in arrears and following a systematic debt recovery approach.

Rates that remain in arrears for a period exceeding 30 days will be subject to recovery action in accordance with council's normal debt recovery procedures.

Section 184 of the Act provides that council may sell any property where any rates have been in arrears for three years or more. Council is required to notify the owner of the land of its intention to sell the land if payment of the outstanding amount (by cash or bank cheque) is not received within one month. Except in extraordinary circumstances, council will enforce the sale of land for arrears of rates.

5.5.5 VALUATION OBJECTIONS

If a ratepayer is dissatisfied with a property valuation then an objection may be made to the State Valuation Office in writing, within 60 days of receiving notice of the valuation, explaining the basis for the objection – provided they have not:

- previously received a notice of this valuation, under the Act, in which case the objection period is 60 days from the receipt of the first notice, or
- previously had an objection to the valuation considered by the State Valuation Office in the current financial year.

It should be noted that under the Valuation of Land Act 1971 the VG has the discretion to extend the allowable objection period where it can be shown there is reasonable cause.

Objections to valuations should be addressed to:

Valuer-General

GPO Box 1354

Adelaide SA 5001

Email: OVGO objections@sa.gov.au

Telephone 1300 653 345

The City of Onkaparinga has no role in this process, and it is important to note that the lodgement of an objection does not change the due date for payment of rates. Rates must be paid in accordance with the rate notice until otherwise notified by council.

5.5.6 LAND USE OBJECTIONS

If a ratepayer believes that a particular property has been wrongly classified as to its land use, then an objection may be made (to council) within 60 days of being notified of the land use classification. Council may exercise its discretion to extend the allowable objection period where it can be shown there is reasonable cause.

It is important to note that the lodgement of an objection does not change the due date for payment of rates. Rates must be paid in accordance with the rate notice until otherwise notified by council.

5.5.7 FIXED CHARGE OBJECTIONS

Where a ratepayer believes that they may be eligible for a reduction in the fixed charge applied to contiguous assessments, they must lodge their objection in writing to:

Chief Executive Officer

City of Onkaparinga

PO Box 1

Noarlunga Centre SA 5168

The objection must contain full details of the ownership, occupants (tenants), dates of any lease agreements and date of purchase for each assessment subject to objection. Rates must be paid in accordance with the Rate Notice until otherwise notified by council.

5.6 DISCLAIMER

In accordance with Section 171(5) of the Act, **a rate cannot be challenged based on non-compliance with this policy** and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that council has failed to properly apply this policy, they should raise the matter with council.

5.7 COMMUNITY ENGAGEMENT

In accordance with Council's desire to inform and involve the community, and in keeping with good practice, **a community engagement process will be undertaken annually** on the development of budget and rating processes and policy.

Community engagement is undertaken when developing the annual budget and rating policies as part of the draft annual business plan to ensure that transparency of the process is maintained and to provide an avenue for the community to contribute their opinion.

6. Attachments

Attachment 1 – Application for Postponement of rates for seniors

Attachment 2 – Application for Rate Capping

7. Relevant legislation and references

Printed documents

Council policy, Rate Rebate Policy,

Council policy, Financial Hardship Policy (Rates)

City of Onkaparinga, Community Vision 2034

City of Onkaparinga, Long Term Financial Plan 2025-26 to 2035-36

LGA Annual Service charges for Community Wastewater Management Systems

Legislation

Local Government Act 1999

Landscape South Australia Act 2019

Valuation of Land Act 1971

Water Industry Act 2012

8. Further information

It is also available for inspection, downloading or printing from our website www.onkaparingacity.com.au.



Appendix 11

ESCOSA local
government advice

OFFICIAL



Advice

Local Government Advice

City of Onkaparinga

February 2024

OFFICIAL

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: advice@escosa.sa.gov.au
Web: www.escosa.sa.gov.au



City of Onkaparinga

AT A GLANCE

OVERVIEW

The Essential Services Commission finds the City of Onkaparinga's current financial performance **potentially unsustainable**, but is taking steps towards a position of becoming more sustainable with projected small future surpluses on a consolidated basis, total expenses projected to increase at a rate lower than inflation, and the planned average rate increases of 2.7% p.a. per property over the next 10 years

RISKS IMPACTING SUSTAINABILITY

- ⚠️ If cost growth exceeds Council's long-term planning forecasts (and forecast CPI)
- ⚠️ The long-term financial plan and infrastructure asset management plan are not properly aligned or updated regularly
- ⚠️ Asset renewals are not undertaken at sufficient levels to meet the required service standards or community expectations
- ⚠️ Maintaining and holding assets which are excess to requirements and do not provide benefit to the broader community

CONTINUE

- ✅ Holding community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans
- ✅ Considering limiting any future increases in rates to no more than expected inflation

COMMISSION'S RECOMMENDATIONS

- Ensure that the long-term financial plan is prepared every year as required by the LG Act
- Update and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure
- Provide an annual statement of financial sustainability as required by the LG Act
- Review the long-term financial plan annually including its 10-year projections and all relevant assumptions
- Consider options to increase income to move forward to a more financially sustainable position
- Monitor and report the growth in costs to ensure they are constrained within forecast levels
- Consider adopting cost savings targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan
- Develop a staged plan and identify targets to reduce the high level of debt
- Identify and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and future liabilities
- Review the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure that they reflect current values
- Develop and regularly update separate asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plans, budget and long-term financial plan
- Provide more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure

KEY FACTS

- Population in 2021 was **175,204**
- Council covers **338 square kilometres**
- **81,989** rateable properties in 2022-23
- **\$150.7 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **\$2.52 billion**

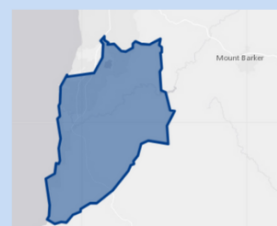


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Glossary of terms

ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of Onkaparinga
CWMS	Community Wastewater Management System
ESC Act	<i>Essential Services Commission Act 2002</i>
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	<i>Local Government Act 1999</i>
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plan
Regulations	<i>Local Government (Financial Management) Regulations 2011</i>
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme

Legend:  Low-risk  Moderate-risk  High-risk

1 The Commission's key advice findings for the City of Onkaparinga

The Essential Services Commission (**Commission**) considers the City of Onkaparinga (**Council**) to be in a **potentially unsustainable** financial position. However, the Commission notes that the Council is taking steps towards a position of becoming more sustainable, with projected small future surpluses on a consolidated basis, and total expenses projected to increase at a rate lower than inflation.

Current financial performance:



Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable
---------------	---------------------------	--------------------	-------------

Projected financial performance (future):



Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable
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Previous financial performance (past ten years):



Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable
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Over the historical (10 year) period (from 2012-13 to 2021-22), the Council's financial performance was considered **unsustainable**, due to it running an operating surplus for only three years during the 10-year period, with a negative average operating surplus ratio for this entire historic period.

The Council has also recorded an operating deficit for 2022-23, and has forecast another deficit for 2023-24, followed by its forecast of operating surpluses over the nine years from 2024-25 to 2032-33, which is anticipated to be achieved primarily through lower increases in operating expenses over that period.

Over the forecast period, the Council faces risks related to cost control and providing sufficient funding for infrastructure both to support the growth in rateable properties, and to undertake the asset renewal and replacement required to maintain the current level of services and/or higher levels of expenditure to address deferred asset renewal. Given these risks, its projected (future) performance is **potentially unsustainable**, with a forecast operating deficit in the short-term and the potential to return to an operating surplus in future.

Acknowledging the Council's outlook, the Commission considers it would be appropriate for it to undertake the following steps to ensure it budgets prudently and transparently, continues to manage its cost base efficiently, plans its asset needs appropriately, renews its asset base to meet sustainable service levels, and continues to constrain the extent of further rate increases:

Budgeting considerations

1. **Ensure** that the long-term financial plan is prepared every year as required by the LG Act.
2. **Update** and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure, to provide transparency to the community.
3. **Start** to provide an annual statement of financial sustainability as required by the LG Act.
4. **Review** its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation)) to better inform its decision-making and any relevant consultation processes.

Continuing to provide evidence of ongoing cost efficiencies

5. **Consider** options to increase income to move forward to a more financially sustainable position.
6. **Monitor** and **report** the growth in costs, including employee expenses, to ensure costs are constrained to forecast levels to ensure the operating performance is not negatively impacted by a lack of cost control.
7. **Consider** adopting cost saving targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.
8. **Develop** a staged plan and identify targets to reduce the high level of debt, and report the achievements against targets in the annual budget and long-term financial plan.
9. **Identify** and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and exposure to future liabilities.

Refinements to asset management planning

10. **Review** the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure they reflect current values, and incorporate this information into the strategic asset management plan and include these expenditure forecasts in the annual budget and annual long-term financial plan update.
11. **Undertake** the good practice of developing and regularly updating the individual asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plan, budget, and long-term financial plan.
12. **Provide** more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure.
13. **Continue** to hold community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans.

Containing rate levels

14. **Continue** to consider limiting future increases in rates to no more than expected inflation to reduce any emerging affordability risk in the community.

2 About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by the State Parliament to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**), and on the proposed revenue sources, including rates, which underpin those plans.¹

One of the main purposes of the Local Government Advice Scheme (**advice or the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**LTFPs**) and infrastructure and asset management plans (**IAMPs**)² – both required as part of a council's SMP.³ Financial sustainability is considered to encompass intergenerational equity,⁴ as well as program (service level) and rates stability in this context.⁵ The other main purpose is for the Commission to consider ratepayer contributions in the context of revenue sources, outlined in the LTFP.⁶ In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.⁷

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the second scheme year (2023-24), including the Council.

This report provides the Local Government Advice for the Council in 2023-24.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2024-25 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.⁸ It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website⁹), nor is it compelled under the LG Act to follow the advice.

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

2.1 Summary of advice

In general, the Commission finds the Council's current financial position to be **potentially unsustainable** but notes that it is taking steps towards a position of becoming more sustainable, with projected operating deficits or small future surpluses on a consolidated basis, and total expenses projected to increase at a rate lower than inflation. The Council faces risks in its journey to improve its operating performance over the forecast period which includes any unplanned increases in expenses which may arise, low levels of expenditure on the renewal and replacement of its existing assets, or increased maintenance and repair costs to maintain the level of services to deliver.

The Council ran an operating surplus for only three years during the 10-year historical period from 2012-13 to 2021-22, and has forecast an average operating surplus ratio for the forecast period from 2024-25 to 2032-33 of 2.83 percent. The Council is projected to achieve a return to surplus over the forecast period because total income is forecast to increase at an annual average rate of 2.6 percent (in line with

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

² Commonly referred to as asset management plans.

³ The objectives of the advice with reference to a council's LTFP and IAMPs are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMPs.

⁴ 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.

⁵ Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

⁹ The Commission must publish its advice under LG Act s122(1i)(a).

average annual forecast inflation of 2.6 percent), and expenses at the lower annual average rate of 1.8 percent.

The main source of Council income over both the historic period and the forecast period is rates. Rates income increased at an annual average of 1.9 percent,¹⁰ and contributed 79 percent of income over the historic period. Rates are forecast to increase at the average annual rate of 3.6 percent¹¹ (a full percentage above average forecast inflation) over the forecast period to contribute nearly 83 percent of income, indicating that the Council is relying more heavily upon rates for income over the 10-year forecast period.¹²

Over the historic period, the main contributors to expenses (at 39 percent of total expenses each) were employee costs (which increased at an annual average rate of 4.8 percent per annum), and 'materials, contracts and other' expenses (which increased at an annual average rate of 3.2 percent per annum).

Expenses are forecast to increase at an average annual rate of only 1.8 percent over the forecast period, with employee costs increasing at an average rate of 2.2 percent (to contribute over 40 percent of expenses), and materials to increase at an average annual rate of 2.5 percent (to contribute nearly 39 percent of expenses). Depreciation, which was 19.6 percent of total expenses over the historic period, is forecast to decrease by an annual average of 0.1 percent over the forecast period, and contribute only 18.6 percent of expenses.

The operating surplus ratio over the historic period sat below the target range for all but three years of the period, with an average of negative 0.01 percent for the 10-year period.¹³

The Commission has some reservations about the Council's ability to contain increases in expenses to these low forecast levels to return to, and maintain an operating surplus, especially because projections of the rate of increase to its expense categories sits below forecast inflation over the period. To achieve cost control, the Council should be developing cost reduction/control plans, with annual cost reduction targets for each area of its operations, and report achievements against these targets in both its budget and LTFP. The absence of cost control plans and targets in its current budget and LTFP increases the risk that the Council might be required to reduce the level of services it delivers to produce and maintain the operational surpluses over the forecast period.

The net financial liabilities ratio (a measure of the Council's indebtedness) sits within the LGA target range of 0 to 100 percent over both the historic and forecast periods.

Asset renewal expenditure was volatile throughout the historic period from 2012-13 to 2021-22, and the asset renewal funding ratio (net) sat within (or above) the target ratio range of 90 to 110 percent for only two years of the historical period.¹⁴ The asset renewal funding ratio improves over the forecast period, with an average value of 92.1 percent, which sits at the lower end of the LGA target range of 90 to 110 percent, although planned asset renewal levels are less than those in the IAMP.

It is not clear from the budget and LTFP what strategies the Council plans to employ to reduce debt by such substantial amounts to achieve sustainability, while at the same time ensuring that the appropriate level of assets renewal expenditure is maintained.

It is understood that the Council is currently updating its LTFP, which ideally should include a range of strategies to reduce debt while not reducing service levels. Strategies should include the rationalisation

¹⁰ Which includes the low rates of growth in rates income over the period 2019-20 through 2021-22, when the Council provided rates relief during the pandemic.

¹¹ Which includes an annual increase in rateable properties of 0.9 percent and an average annual increase in rates per property of 2.7 percent, only 0.1 percent above average forecast inflation.

¹² This is despite the Council's stated intention to reduce its reliance for income on rates.

¹³ The main reason the operating surplus ratio sat below the LGA lower target of 0 over the later years is because of the pandemic rates relief, which meant that income from rates increased by an annual average only 1.2 percent during 2020-21 and 2021-22, which includes an increase of over 1.4 percent in the number of properties over the two years.

¹⁴ The Council has advised that from 2020-21, it used gross asset renewal expenditure (before the sale of replaced assets) in its assessment of its asset renewal funding ratio, which shows marginally better asset renewal performance.

and sale of assets, including the disposal of aged assets that incur high maintenance and renewal costs, over the term of the new LTFP.¹⁵

2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the Council's material changes to its 2023-24 plans (compared with the previous year's plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure), and its current and projected rate levels.

In providing this advice, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (F&A). The attachment explores these matters further.¹⁶

2.2.1 Advice on material plan amendments in 2023-24

Key Points:

-  A decline in operating performance in the updated draft long-term financial plan is projected with a surplus of \$51.9 million compared to a surplus of \$53.2 million in the approved 2022-23 long-term financial plan.
-  A deficit of \$1.93 million is forecast in 2023-24 (an improvement of 57 percent from the projected deficit of \$4.53 million in 2022-23 (unaudited). Total income is forecast at \$204.33 million, and expenses at \$206.27 million.

The Commission has compared the amendments to the Council's 2023-24 budget and forward projections that are included in its updated 2022-23 LTFP estimates.¹⁷

The Council budgeted for a decline in operating performance in the updated¹⁸ 2022-23 LTFP, with a surplus of \$52.9 million compared to a surplus of \$53.2 in the approved 2022-23 LTFP. In aggregate, the projections in the approved and the updated 2022-23 LTFPs (that is, over the nine-year comparative period to 2031-32), indicate that the Council's cumulative performance deteriorates by \$0.3 million or negative 0.6 percent.

The material changes are attributable to an alignment of rates income to the actual March 2023 (Adelaide) CPI of 7.9 percent, capital expenditure to the construction output price index,¹⁹ increases in capital expenditure due to external funding, and an updated projected debt position.

The Council has planned for a deficit of \$1.9 million in 2023-24, which is an improvement of 57 percent from the deficit of \$4.5 million in 2022-23 (unaudited). Total income is forecast at \$204.3 million, and expenses at \$206.3 million.

The Council has aligned its rates increases to the most recent CPI of 7.9 percent for the 12 months ended March 2023.²⁰

¹⁵ As stated in the 2023-24 budget p. 41 and as required under the LGA Act.

¹⁶ The attachment will be available on the Commission's website with the Advice.

¹⁷ The last LTFP to be approved by the Council was the 2022-23 LTFP, which was approved in July 2022. The Council has not produced an approved LTFP since then because the newly elected members (in November 2022) placed a priority upon drafting and approving the 2023-24 budget. The LTFP provided by the Council in the Financial Template is based upon the updated data aligned with the 2023-24 Budget.

¹⁸ But not approved, with the data included in the Annual Business Plan 2023-24, Appendix 8.

¹⁹ See <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release#construction>. Construction costs usually increase at a rate higher than the CPI, e.g. 5.4 percent for the 12 months ended December 2023 compared to the consumer price index outcome of 4.1 percent.

²⁰ See City of Onkaparinga Annual Business Plan 2023-24 p. 7.

Some of the amendments, compared to the LTFP, include:

- ▶ An increase in income to adjust for inflation in March 2023, and higher income from user charges due to increased usage of facilities post COVID-19.
- ▶ An increase in employee costs in line with the higher CPI outcome for March 2023, and the reclassification of agency employees from 'materials, contracts and other' expenses to employee costs.
- ▶ An increase in expenditure on Infrastructure, property, plant and equipment due to significant asset revaluations to reflect increases in the building price index and replacement costs.
- ▶ Increased expenditure on new/upgraded assets with funding from the State and Federal Governments.
- ▶ An increase of \$3.5 million in depreciation expenses.
- ▶ A reduction in borrowings and interest costs due to \$30 million of grant funding received in advance.
- ▶ The inclusion in income for net gain– equity accounted Council businesses for the Council's 55 percent equity share in the Southern Region Waste Resource Authority (SRWRA - a joint venture with the City of Marion and the City of Holdfast Bay) not previously captured in the LTFP forecasts.²¹

The Commission notes that the Council's stated assumptions for indexation in its updated 2022-23 LTFP²² are not fully transparent, because the assumptions included in the 2023-24 Budget Appendix 7 only relate to the current financial year. The key assumptions for the 2022-23 LTFP²³ (the last complete and adopted LTFP) are transparent (although outdated), and only the 2023-24 assumptions have been updated in the updated data included in Appendix 7 of the 2023-24 budget.

Given the need for the Council to reduce indebtedness and develop efficiencies to reduce expenses and the impact of inflation on the community, the Commission found it would be appropriate for it to:

1. **Ensure** that the long-term financial plan is prepared every year as required by the LG Act.
2. **Update** and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure, to provide transparency to the community.
3. **Start** to provide an annual statement of financial sustainability as required by the LG Act.
4. **Review** its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation)) to better inform its decision-making and any relevant consultation processes.

The Council adopted its 2023-24 Annual Business Plan and Budget on 17 July 2023, and updated the data included in the 2022-23 LTFP²⁴ approved on 4 July 2022,²⁵ rather than preparing a 2023-24 LTFP.

²¹ Council rejected a proposal to privatise their CMWS due to community opposition in November 2023.

²² As updated and included in the 2023-24 budget.

²³ See Appendix 8 of the City of Onkaparinga 2022-23 LTFP.

²⁴ The 2022-23 LTFP, which was approved in July 2023.

²⁵ This includes an update for Phases 1 and 2 of the Local Roads and Community Infrastructure (LRCI) stimulus program, with Phase 3 works underway (to be completed by the end of June 2024). See City of Onkaparinga Strategic Asset Management Plan Update 2022-23 p. 8.

The Commission observes that the Council noted risks to its estimates arising from the impact of inflation upon expenditure. In addition, there are no current regulatory requirements for it to publish its LTFP projections with its annual business plan and budget, although the Council did not provide the updated LTFP projections for the 10-year forecast period elsewhere.²⁶

2.2.2 Advice on financial sustainability

Operating performance

Key Points:

-  Operating surpluses experienced in only three years during the historical period 2012-13 through to 2021-22, with a forecast return to operating surpluses in nine years out of 10 in the forecast period (2024-25 through 2032-33).
-  The projected turnaround in forecast operating performance is as a result of increasing rates income by the forecast CPI plus growth in the number of rateable properties, and keeping the increase in expenses below the forecast inflation rate over the period.
-  From 2012-13 through to 2021-22, total expenses increased at an average annual rate of 4.3 percent, but are forecast to increase by only 1.8 percent over the next 10 years. It is noted that there are risks to the Council's operating performance if the anticipated moderate increase in expenses is not met.
-  The Council has attempted to achieve budget savings of \$8 million as referred to in its 2023-24 budget.

The Council ran an operating surplus for only three years during the historical period from 2012-13 to 2021-22 but forecasts a return to an operating surplus during the last nine years of the forecast period (2024-25 through 2032-33). The Council expects this will be achieved by increasing rates income by the forecast CPI plus growth in number of rateable properties,²⁷ while keeping the increase in expenses below the forecast inflation over the period.

The Council saw an annual average increase in operating income of 4.1 percent over the historic period. Its primary source of income over the period was rates, which was 79 percent of total income over the historic period,²⁸ which increased by an average of 1.9 percent per annum²⁹ (close to average inflation of 2.0 percent). This was followed by 'grants, subsidies and contributions' at 12.5 percent of income, which were volatile, and increased by an annual average of 7.3 percent.³⁰

Over the historic period from 2012-13 to 2021-22, total expenses increased at an average annual rate of 4.3 percent, with employee costs and 'materials, contracts and other' expenses contributing an equal share of expenses at 39 percent. While employee costs increased by an average of 4.8 percent per annum,³¹ 'materials, contracts and other' expenses increased by an average of 3.2 percent, both above average annual inflation for the period of 2.0 percent. At the same time, depreciation, which was nearly

²⁶ The Council did not publish an approved 2022-23 LTFP that contains the updates consistent with the 2023-24 budget data. The new Council is required by the LG Act to prepare and approve a new LTFP and IAMP within two years of the council election.

²⁷ The number of rateable properties is forecast to increase at an annual average rate of 0.9 percent over the forecast period.

²⁸ The Council's own source income was 88 percent of total income in the 2021-22 financial year, compared to the state average of 86 percent. See SA Local Government Grants Commission Report 2 – Sources of Operating Income by Council for 2021-22 Financial Year.

²⁹ With the increases in income from rates due to only the growth in rateable properties in 2020-21 because the Council voted not to increase rates that year due to the pandemic.

³⁰ As can be expected when funding is linked to specific projects.

³¹ As FTEs increased from 639 FTE in 2012-13 to 714 FTE in 2021-22, an increase of nearly 12 percent over the period.

20 percent of expenses, also increased at a rate above inflation, with an average of 6.2 percent per annum.

Over the forecast period of 2024-25 to 2032-33, total income is forecast to increase in line with the average forecast inflation rate, at an annual average of 2.6 percent, with income from rates increasing by an average of 3.6 percent per annum,³² which includes growth in line with average inflation and growth in the number of rateable properties at 0.9 percent.

The income from grants, subsidies and other income is forecast to decrease by an annual average of 2.3 percent per annum, which shifts the source of income slightly away from grants, and towards rates and user charges.

While expenses increased at an average annual rate of 4.3 percent over the historic period (more than twice the rate of historic inflation), the Council has forecast that expenses will increase at an annual rate of only 1.8 percent, which is 0.8 percentage points below the forecast average inflation. This is due in part to forecast employee costs, which are over 40 percent of total expenses, increasing slightly below forecast inflation at an annual average rate of 2.2 percent, and by increases in the costs of 'materials, contracts and other' expenses (nearly 39 percent of expenses), forecast to increase at an average annual rate of 2.5 percent, and depreciation (at 18.5 percent of expenses),³³ which is forecast to decrease at an average annual rate of 0.1 percent.³⁴

The Commission considers it problematic that the Council's expenses are forecast to increase at a rate lower than forecast inflation, when construction expenses increased historically at a rate higher than inflation³⁵ and are generally expected to continue to do so over the forecast period.³⁶ Combined with the continuing low levels of asset renewal, this suggests that the Council might be in a position where it is required to reduce the level of services it delivers, to maintain the operational surplus forecast from 2024-25 through to 2032.³⁷ This is due to it having not provided adequately for this expenditure in its budget and LTFP, or it being able to find further cost savings or efficiencies in delivering those services.

The operating surplus ratio fluctuated over the historic period, with negative values (i.e. below the LGA lower target of 0) for all but three years over the historic period, and an average value of negative 0.01 percent for the period, which indicates that the Council was not operating sustainably over the historic period.

The main reason the operating surplus ratio sat below the target range over the later years of the historic period, is because the Council did not increase rates (except for growth) in 2020-21 (at the start of the pandemic) and kept the increase below the inflation rate in 2021-22, while increasing expenditure with stimulus programs. Due to compounding effects, the deficit widened, which ensured that the operating surplus ratio remained below the lower target of 0 percent.

However, over the forecast period 2023-24 through to 2032-33, the Council has forecast a return to surplus from 2023-24 onwards, with an average operating surplus of 2.8 percent.

³² The Council's rates increase policy over the three years 2019-20 through 2021-22, although it gave rates relief during the pandemic, was a major reason the Council had an operating deficit over those years.

³³ The council has indicated in communications in December 2023 that depreciation has been a significant cost pressure due to 'significant asset revaluations over the last few years.

³⁴ This seems counter-intuitive, because depreciation expenses should not be decreasing as expenditure on materials, contracts and other expenses increase, especially with expenditure due to the current externally funded projects. After decreases of negative 3.3 percent in 2023-24 and negative 7.2 percent in 2024-25, depreciation increases by an average of only 1.2 percent for the last eight years of the forecast period. This suggests that the levels of depreciation have not been updated and included in the current LTFP.

³⁵ As per the construction price index see <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release#construction>.

³⁶ See <https://www.propertycouncil.com.au/property-australia/labour-the-biggest-challenge-to-construction-costs-slattery#:~:text=Slattery%20expects%20costs%20escalation%20to%20back%20of%20infrastructure%20spend>.

³⁷ In communications in December 2023, the Council advised that they are 'aiming to break even within the next 2 years (before the current term of council)' and that they are 'identifying opportunities to improve the operating position' using the strategies of 'reducing reliance on rates revenue and reviewing costs'.

The Council has attempted to achieve budget savings (e.g. the \$8 million mentioned in the 2023-24 budget³⁸), and it might be beneficial for the Council to develop cost reduction plans with annual cost reduction targets for each area of operations that is included in, and with achievements reported in its budgets³⁹ to hold itself accountable, and provide transparency to its ratepayers.

To ensure the Council achieves best practice in line with the LGA targets, the Commission considers it appropriate for the Council to:

5. **Consider** options to increase income to move forward to a more financially sustainable position.
6. **Monitor** and **report** the growth in costs, including employee expenses, to ensure costs are constrained to forecast levels, to ensure the operating performance is not negatively impacted by a lack of cost control.
7. **Consider** adopting cost saving targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan, to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

Net financial liabilities

Key Points:

- ✓ Between 2012-13 and 2021-22, the net financial liabilities ratio averaged 60.6 percent.
- ✓ Between 2023-24 and 2032-33, the net financial liabilities ratio is forecast to average 67.1 percent.

The net financial liabilities ratio⁴⁰ sits within the LGA target range for the entire historical and forecast periods, with an average value of 60.6 percent for the historical period, and 67.1 percent for the forecast period. Although the value of the ratio increased somewhat over these time periods, peaking at 83.7 percent in 2023-24, the ratio indicates that the Council was able to finance its financial obligations from operating income over both the historical and forecast periods.

It is not clear from the budget and LTFP what strategies the Council plans to employ to reduce debt by such substantial amounts to assist it to return to a sustainable position, while at the same time, ensuring that the appropriate level of asset renewal expenditure is maintained. The Commission notes that the Council is currently updating its LTFP, which ideally should include a range of strategies to reduce debt, while not reducing service levels. This should include the rationalisation and sale of assets, including the disposal of aged assets that incur high maintenance and renewal costs, over the term of the new LTFP.⁴¹

Along with the reduction in borrowings and total liabilities, cash and cash equivalents at year end, are forecast to increase from 2023-24 onwards at an average of 8.0 percent per annum, a rate stronger than forecast increases in both income and repayment of borrowings.

For the Council to strive towards achieving and maintaining financial sustainability, the Commission considers it appropriate for the Council to:

³⁸ See City of Onkaparinga Annual Business Plan and Budget 'From the Mayor' p. 4.

³⁹ Which is also linked to projects undertaken during each financial year.

⁴⁰ The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA *Financial Indicators Paper*, pp. 7-8).

⁴¹ As stated in the 2023-24 budget (p. 41) and as required under the LGA Act.

8. **Develop** a staged plan and identify targets to reduce the high level of debt and report the achievements against targets in the annual budget and long-term financial plan.
9. **Identify** and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and exposure to future liabilities.

Asset renewals expenditure

Key Points:

-  Between 2012-13 and 2021-22, the asset renewal funding ratio averaged 78 percent.
-  The forecast asset renewal funding ratio over the next 10 years is projected to average 92.1 percent.
-  To facilitate an improved understanding of its asset base, current asset condition, and the service levels required, the Council should develop and regularly update separate asset management plans for each of its major asset groups that are linked to the asset register, and coordinate this data with the SAMP, budget and LTFP, which it does not currently have in place.
-  The net asset renewal expenditure in the LTFP is not aligned to the IAMP renewal expenditure. This aspect of expenditure should be addressed in the current LTFP to ensure that the Council evaluates and addresses its asset renewal requirements.
-  Council should identify assets that are obsolete or no longer required, with the intention of disposing of those assets to reduce maintenance and/or repairs costs and exposure to future liabilities.

The asset renewal funding ratio – renewal expenditure based (net), was volatile throughout the 10-year historic period, and averaged 78 percent over the period,⁴² which lies below the lower end of the LGA target ratio of 90 percent. This indicates that the Council has failed to renew or replace its existing infrastructure assets to maintain the level of services over the historical period.

The Council must have a solid understanding of its asset base, with up-to-date condition assessments and knowledge of the service levels required for each asset.⁴³ Since the Council is also still growing, the Council faces the continuing need to service new subdivisions as well as the redevelopment of older subdivisions, and the LTFP forecast funding should accommodate these asset management requirements.

To facilitate an improved understanding of its asset base, current asset condition, and the service levels required, the Council should draft separate asset management plans for each of its major asset groups that are linked to the asset register, and coordinate this data with the SAMP, budget and LTFP.⁴⁴ These asset group management plans should then be updated regularly in line with the annual review and update of the SAMP.

Over the forecast period, the average value of the asset renewal funding ratio (net) improves, and the average for the period of 92.1 percent sits within the LGA target range of 90 to 110 percent. This means

⁴² The Council advised in communications with the Commission that it decided to defer capital expenditure in some historic years to assist with the budget position, which has impacted on the asset renewal funding ratio.

⁴³ The Council is migrating its assets register data to 'One Council' and anticipates that this will assist in making informed decisions regarding maintenance, repairs and asset replacements. See City of Onkaparinga Strategic Asset Management Plan Update 2022-23 p. 2.

⁴⁴ This is supported in the KPMG City of Onkaparinga Strategic Asset Management report September 2022 p. 6.

that the Council plans to undertake asset renewal at levels below that as set out in the IAMP.⁴⁵ The IAMP assists the Council manage its infrastructure and other assets to an agreed level of service, however, as the Council advised,⁴⁶ the net asset renewal expenditure in the LTFP is not aligned to the IAMP renewal expenditure, and this aspect of expenditure should be addressed in the current LTFP to ensure that the Council evaluates and addresses its asset renewal requirements.

Over the historic period, the asset renewal funding ratio (depreciation based)⁴⁷ has an average value of 71.1 percent for the period, and only sits within the target range of 90 to 110 percent for one year out of the 10 (in 2016-17).⁴⁸ Although it improves somewhat over the forecast period, it only sits within the 90 to 110 percent target range over the last four years. Along with the increasing levels of cash over the forecast period,⁴⁹ this indicates that the Council might be planning to spend too little from 2023-24 through 2028-29 to maintain the level of services, and risks incurring high repairs and maintenance expenses to maintain its existing assets, which is a continuation of the expenditure pattern over the historic period.⁵⁰

This trend can also be seen in the relationship between net asset renewal and depreciation, where the values of net asset renewal expenditure remain below the levels of depreciation for all but two years of the historic and forecast periods (i.e., 2016-17 and 2032-33). This underspending on asset renewal is reflected in both the increasing levels of cash held at year end seen over the forecast period,⁵¹ and in the renewal/replacement gap (both IAMP renewals based and depreciation gap), which covers 2013-14 through to 2032-33.⁵²

Although the Council explained that the low levels of asset renewal expenditure planned over 2022-23 and 2023-24 are due to the Council prioritising the completion of projects funded by the State and Commonwealth Governments before the 30 June 2024 deadline,⁵³ this is followed by increased expenditure from 2024-25 on the renewal and replacement of assets, which does not compensate for the earlier low levels of expenditure, and the requirement to address the future stream of liabilities arising from the recent expenditure on new assets.⁵⁴

The effects of the deficit of net asset renewal relative to IAMP renewal over the historic period continues into the forecast period, and is also seen as a drop in the asset value per property after 2025-26. It is

⁴⁵ The Council advised in communications in December 2023 that the LTFP adopted in February 2021 and aligned to the financial forecasts in the SAMP, and in the 2022-23 update, a decision was made to reduce the capital forecasts for the Local Roads and Community Infrastructure Program stimulus funding, which has created a misalignment between the SAMP and LTFP.

⁴⁶ In communications with the Commission in December 2023.

⁴⁷ Where asset renewal/replacement expenditure is divided by the depreciation expenses.

⁴⁸ As mentioned earlier, the Council advised that it deferred some capital expenditure to improve the annual budget outcome over the latter years of the historical period. Since the Council advised it has limited resources, it has now prioritised the state and federally funded projects that it had committed to deliver within a short timeframe (by the end of 2024-25). As a consequence, other planned capital expenditure was deferred until after 2024-25.

⁴⁹ As discussed in the previous section and shown in the chart 'Cash and cash equivalents at the end of the period.'

⁵⁰ Which, according to the Council, is due to a reduction in assets renewal expenditure in 2022-23. The Council recognises that the current LTFP and AMPs are now not consistent and expects that capital renewal expenditure will be re-aligned to the AMPs during the current update of the AMPs. See Materials Amendments Reasons for asset renewal funding ratio in the Financial Template.

⁵¹ Over the forecast period, the value of cash and cash equivalents at year end is forecast to grow steadily at an average annual rate of 8 percent, which sits well above the forecast annual growth in income of 2.57 percent. This can be attributed to the gap between depreciation and the lower levels of expenditure on the renewal and replacement of assets. Expenditure on the renewal and replacement of assets dropped by an average of 2.3 percent per annum over the historical period. Although this expenditure is forecast to increase by 4.8 percent per annum over the forecast period, it is calculated from a low base. New and upgraded capital expenditure declines in 2024-25 and 2025-26, and then has a value of '0' for the rest of the forecast period.

⁵² See above.

⁵³ Funding made available to build new assets requires an increased maintenance budget, which is currently not funded, and these new assets will require renewal in the future.

⁵⁴ Along with the initial expenditure on new assets (even those externally funded), the Council should consider the future stream of liabilities created.

imperative that an update of the IAMP is completed to enable the Council to reassess its asset renewal plans.

Along with the review of its assets, the Council should be mindful of identifying assets that are obsolete or no longer required, with the intention of disposing of any assets that are no longer required. This rationalising of assets will not only potentially add to Council revenue, but also reduce maintenance and/or repair costs that would have been incurred.⁵⁵

To align the average rate of consumption of its assets, as indicated by its depreciation expenses, and the annual spending on the renewal of its asset base over time, the Commission considers that it would be appropriate that the Council to:

10. **Review** the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure they reflect current values, and incorporate this information into the strategic asset management plan and include these expenditure forecasts in the annual budget and annual long-term financial plan update.
11. **Undertake** the good practice of developing and regularly updating the individual asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plan, budget, and long-term financial plan.
12. **Provide** more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure.
13. **Continue** to hold community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans.

2.2.3 Advice on current and projected rate levels

Key Points:

-  Rate revenue per property increased at an average rate of 3.1 percent per annum over the 10-year historic period, which is more than 1.5 times the average rate of inflation (2.0 percent over the historic period).
-  The forecast rate increase between 2023-24 to 2032-33 is 2.7 percent per property per annum, which is generally in line with the RBA-Inflation forecast over the period.
-  Affordability risk among the community for the further rate increases appears to be low on balance, when considering:
 - the Council's relative average socio-economic indexes for areas (SEIFA) economic resources ranking,
 - the current relatively low average rates (across most ratepayers), and
 - the forecast increases in rates of 2.7 percent per rateable property, which sits slightly above forecast inflation over the term of the LTFP.

The Council currently has rates that sit just below the average for the State of South Australia, with average rates per property in 2020-21 calculated at \$1,663 per rateable property, compared to the state average of \$1,665 per property.⁵⁶

⁵⁵ Of course, any program for the disposal of assets will require community consultation, e.g., the Council's water assets decision in November 2023.

⁵⁶ As calculated by the SA Local Grants Commission and included in Finance Report 6 – Council Rating Arrangements for 2021-22 financial year.

The Commission notes that rates for the Council are close to the average for all councils in South Australia, and that the SEIFA⁵⁷ ranking for the Council community is in the middle of the ranking for advantage and disadvantage,⁵⁸ which means that the ratepayers may have the capacity to pay an average level of rates.

The Council's rate revenue per property increased at an average rate of 3.1 percent per annum over the 10-year historic period,⁵⁹ which is more than 1.5 times the average rate of inflation (2.0 percent over the historic period) and are forecast to increase by an average of 2.7 percent per annum over the forecast period, which is slightly above the rate of forecast inflation (of 2.6 percent). This means that average rates per property are projected to remain around the mid-range of rates in the State.

The Council stated that it intends to increase rates over the forecast period generally in line with the CPI,⁶⁰ with forecast rates increasing at an annual average of 2.7 percent over the 10-year forecast period.

While the current economic environment is putting more pressure on many communities' capacity to pay for further rate increases, including those of the Council, on balance, the affordability risk among the Council's community for these further rate increases appears to be low, when considering:

- ▶ the Council's relative average socio-economic indexes for areas (SEIFA) economic resources ranking for the Onkaparinga Council area⁶¹ of 37 of 71, which places residents in the middle range of advantage and disadvantage,
- ▶ the historic average increases in rates of 3.1 percent per annum, which is above the average annual inflation increase of 2.0 percent per annum for the period,⁶²
- ▶ the current average level of rates (across most ratepayers), which rank 32nd out of 72 Councils when ranked from highest to lowest rates in South Australia and sitting slightly below the average rates in the state,⁶³ and
- ▶ the forecast increases in rates of 2.7 percent per rateable property, which sits slightly above forecast inflation over the term of the LTFF.⁶⁴

Given historical rate increases and the community's apparent capacity to pay, it would be appropriate for the Council to:

⁵⁷ The SEIFA index is the relative socio-economic indexes for areas economic resources ranking, and the ranking for Onkaparinga is 37 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, with information available at [Socio-Economic Indexes for Areas \(SEIFA\), Australia, 2021 | Australian Bureau of Statistics \(abs.gov.au\)](https://abs.gov.au/indices/areas/seifa)

⁵⁸ See https://councilsinfocus.sa.gov.au/councils/city_of_onkaparinga for comparative rates information.

⁵⁹ Which includes the low increases approved during the period 2019-20 through 2021-22 to provide relief during the pandemic.

⁶⁰ See City of Onkaparinga Budget 2023-24 p. 39.

Note that the Council refers to rates income increasing by 'CPI plus growth', which means that the total income from rates is forecast to increase due to both increases in inflation and the growth in the number of rateable properties.

⁶¹ The Onkaparinga Council area is ranked 37 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, with information available at [Socio-Economic Indexes for Areas \(SEIFA\), Australia, 2021 | Australian Bureau of Statistics \(abs.gov.au\)](https://abs.gov.au/indices/areas/seifa).

⁶² Which includes the rates relief granted by the Council during 2020-21 and 2021-22.

⁶³ With average rates in Onkaparinga Council calculated at \$1663 per property, compared to the state average of \$1665 per property as calculated by the SA Local Government Grants Commission in Finance Report 6 – Council Rating Arrangements for 2021-22 financial year.

⁶⁴ That is, an average annual increase per property of 2.69 percent compared to a forecast annual average rate of 2.6 percent.

14. **Continue** to consider limiting future increases in rates to no more than expected inflation to reduce any emerging affordability risk in the community.

2.3 The Commission's next advice and focus areas

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

- ▶ ongoing performance against its current LTFP estimates,
- ▶ the identification of opportunities for cost savings, including the disposal of assets that are surplus to requirements to reduce debt, and exposure to future liability streams,
- ▶ achievement of cost savings to reduce debt, including the sale of assets, and reporting savings achieved in its plans,
- ▶ the reassessment of its planned asset renewal and replacement expenditure, and
- ▶ the Council's efforts to minimise any emerging affordability risks.



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Appendix 12

ESCOSA
recommendations
and council response

ESCOSA RECOMMENDATIONS

Recommendations	Response
BUDGETING CONSIDERATIONS	
Recommendation 1 - Ensure that the long-term financial plan is prepared every year as year as required by the LG Act.	The LTFP was fully reviewed and adopted in November 2024 and has been updated annually since as part of the budget and Annual Business Plan process.
Recommendation 2 - Update and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure, to provide transparency to the community.	Annual reports to the Audit & Risk Committee meetings in February have been prepared and presented. These reports outline the assumptions that will be used in the development of the annual budget and LTFP update, including inflation rates, rate increases and expenditure assumptions.
Recommendation 3 - Start to provide an annual statement of financial sustainability as required by the LG Act.	A CEO statement of financial sustainability is included in the LTFP.
Recommendation 4 - Review its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation)) to better inform its decision-making and any relevant consultation processes.	The LTFP is reviewed annually to update the assumptions and forecasts, including inflation, growth, interest rates, sources of revenue, operating and capital expenditure, pressures and opportunities. These changes are reflected in the annual budget and LTFP.
CONTINUING TO PROVIDE EVIDENCE OF ONGOING COST EFFICIENCIES	
Recommendation 5 - Consider options to increase income to move forward to a more financially sustainable position.	As part of the updated LTFP, a set of principles has been adopted by Council which includes the following: <i>Council decreases its reliance on rates by increasing revenue from alternative sources.</i>

	Council have indicated there is a strong appetite to look at both maximising existing revenue opportunities and exploring new opportunities, and this will continue to be a focus. A new partnership arrangement was entered into for a commercial venture in 2025-26 which will increase future financial returns from an existing council asset.
Recommendation 6 - Monitor and report the growth in costs, including employee expenses, to ensure costs are constrained to forecast levels to ensure the operating performance is not negatively impacted by a lack of cost control.	This recommendation is captured in the annual budget and LTFP updates.
Recommendation 7 - Consider adopting cost saving targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.	This recommendation is considered as part of each budget and LTFP update.
Recommendation 8 - Develop a staged plan and identify targets to reduce the high level of debt, and report the achievements against targets in the annual budget and long-term financial plan.	It is recognised that there is a need to implement a robust debt management strategy. The first priority for Council has been on budget repair and returning the budget to an ongoing surplus position in order to provide better financial resilience as well as cash surpluses. Further development of a strategy to manage debt will continue to be a focus, including exploring investment strategies.
Recommendation 9 - Identify and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and exposure to future liabilities.	The updated LTFP contains an assumption for sale of surplus assets, with considerable work undertaken throughout 2025-26 to realise this assumption. Further strategic planning is underway to review potentially excess assets and establish a pipeline for future years.
REFINEMENTS TO ASSET MANAGEMENT PLANNING	
Recommendation 10 - Review the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure they reflect current values, and incorporate this information into the strategic asset management plan and include these expenditure forecasts in the annual budget and annual long-term financial plan update.	The Strategic Asset Management Plan (SAMP) and LTFP were both reviewed, updated and adopted in November 2024, with the capital works requirements for renewal and new & significant upgrade works aligning across the two plans. Further updates to the financial assumptions in the SAMP have been made in conjunction with the 2026-27 LTFP update.

	Reviews of asset valuations, unit rates, useful lives and depreciation are currently ongoing to ensure these are reflective of how assets are consumed and replaced.
Recommendation 11 - Undertake the good practice of developing and regularly updating the individual asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plan, budget, and long-term financial plan.	Asset management plans for the individual asset classes have been developed, with key data informing the SAMP. Financial requirements from the SAMP are incorporated into the adopted LTFP and will be aligned in all future updates.
Recommendation 12 - Provide more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure.	Asset renewal requirements are determined from the asset management plans and are incorporated into the SAMP and LTFP; however it is noted that the priority for delivery should be on asset renewal as opposed to new infrastructure. It is noted that in some cases it may be necessary to upgrade or build new infrastructure to manage emerging risks such as the impacts of climate change, as well as responding to growth.
Recommendation 13 - Continue to hold community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans.	This will continue to be done.
CONTAINING RATE LEVELS	
Recommendation 14 - Continue to consider limiting future increases in rates to no more than expected inflation to reduce any emerging affordability risk in the community.	Following a need to increase rates above inflation in 2024-25 for budget repair, the rate revenue increase for 2025-26 was aligned to CPI. The proposed rate increase for 2026-27 is also aligned to CPI.

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