DRAFT ANNUAL BUSINESS PLAN 2026/27

City of Charles Sturt

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ACKNOWLEDGMENT OF COUNTRY

The City of Charles Sturt acknowledges that the land on which we work and live is the traditional Country of the Kaurna people of the Adelaide Plains. We recognise and respect the Kaurna people's continuing cultural, spiritual and community connection to land, waters and culture. We pay our respects to Kaurna Elders past and present and acknowledge Aboriginal and Torres Strait Islander peoples from other Nations who live, work and contribute to the life of our City.

LEGISLATIVE CONTEXT

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

Annual Business Plan Requirements
The Draft Annual Business Plan must:

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

Community Consultation
Before adoption, the Draft Annual Business Plan will be released for public consultation:

- **Opens:** Wednesday, 15 April 2026
- **Closes:** Friday, 8 May 2026, 5:00 PM

During this period, our community will have a range of opportunities to provide feedback and ask questions.

Ways to provide feedback:

- **Online:** Your Say Charles Sturt (15 April – 8 May)
- **Email or post:** Submit written feedback to Council
- **Speak to Council:** Deputation at the Council Meeting – Monday, 27 April 2026, 7:15pm – 8:15pm

In person:

- **Draft Annual Business Plan drop-in session:** Civic Centre – Wednesday, 6 May 2026, 4:00pm – 5:30pm
- **Get Your Garden On (community engagement):** Civic Centre – Saturday, 18 April 2026
- **Community engagement session:** Ngutungka West Lakes – Tuesday, 29 April 2026, 3:00pm– 4:30pm

During this period, copies of the Draft Annual Business Plan will be available for public review at the Council's principal office.

Final Adoption
Following consultation, the Annual Business Plan and Budget will be presented for Council adoption before 31 August 2026, in line with the Local Government Act 1999. Once adopted, copies will be available for inspection or purchase, and a summary will be included with the first rates notice.

CITY OF CHARLES STURT MEANS THE WORLD

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

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

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

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



STRATEGIC CONTEXT

The Draft Annual Business Plan 2026/27 sets out what we will deliver over the coming year, turning our long-term direction into practical actions and outcomes for our community.

This plan has been shaped by what we've heard from our community, along with insights from the Essential Services Commission of South Australia (ESCOSA), which provides independent advice on council financial sustainability.

In its latest report, ESCOSA confirmed that we remain in a strong and sustainable financial position, supported by consistent operating surpluses and careful budgeting. This allows us to maintain service levels while continuing to invest in renewing ageing infrastructure and delivering new initiatives for our community.

ESCOSA also highlighted our strong focus on listening to our community and understanding what matters most. This includes priorities such as well-maintained streets, quality parks and open spaces, stronger connections across our community, and a continued focus on the environment.

We also recognise that many households are feeling the pressure of rising costs. In this context, we're focused on maintaining essential services and continuing to invest in infrastructure, while managing our finances responsibly.

Together, these priorities support our Community Vision and guide the decisions within this Annual Business Plan.

Our Community Vision
The Community Vision provides the long-term direction for the City of Charles Sturt and is shaped by extensive community consultation. It reflects the aspirations of our residents and focuses on five key themes and four underpinning foundations:



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

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

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

STRATEGIC PRIORITIES AND MEASUREMENT OF PERFORMANCE

Community Vision – Themes, Outcomes and Commitments

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

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

Measurement of Performance

We have a comprehensive set of outcomes, objectives and associated measures to ensure the organisation is progressing against the Community Vision outcomes, delivering on its commitments, and meeting broader obligations as a local government organisation in a sustainable way.

We deliver a broad range of services, with more than 300 measurable functions. Key metrics aligned to the Community Vision are outlined below.

We also undertake an annual Community Survey to understand how well we are meeting the needs of our community over time.

Strategic Priorities 2026/27

The Community Vision outlines 4 key strategic priorities, our flagship initiatives, and are designed to address our community's focus on addressing climate risk, building community connection, and wellbeing within neighbourhoods, and maintaining quality of life as our population increases and urban infill continues. Flagship initiatives such as Tree Canopy, Local Centre Revitalisation, Your Neighbourhood Plan and Community Renewables, introduced in 2024/25, will continue to be delivered.

Other key priorities for 2026/27 reflected in the Draft Annual Business Plan include:

- The new St Clair Community facility and additional car parking within the St Clair Recreation precinct
- The Jubilee Reserve master plan implementation
- The Chief street streetscape upgrade, delivering new roads, lighting, landscaping cycling and placemaking infrastructure
- The Woodville Town Hall Upgrade, delivering improved sound and lighting to support cultural and community use in its Centennial year
- The Football Park – New Open Space project, including landscaping, a playground, running track and improved pedestrian connections
- Stage 1 of the Karrawirra Pari / Grange Creek Cultural Interpretation project, establishing Kaurna-led governance and a design framework for future interpretation

LOCAL NEIGHBOURHOODS

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

OUR OUTCOMES

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



OUR COMMITMENTS

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

PROJECTS IN FOCUS

Local Centres Revitalisation – Flagship initiative

St Clair Precinct - Traffic and Pedestrian Safety - Investigations, Consultation and Design

Your Neighbourhood Plan - Capital Works (Areas A & B)

Seaton Renewal Area - Public Realm Improvement

KEY MEASURES

- Number and participants in community events and programs delivered or supported by council
- Number of businesses supported through grants and advisory services
- KMs of new or upgraded walking and cycling paths
- Number of placemaking initiatives delivered
- Delivery of key infrastructure and streetscape upgrades
- Community survey: Sense of belonging
- Number of business events, attendees and satisfaction levels
- Community survey: Satisfaction with local roads, footpaths and shared use paths
- Community survey: Council offers diverse experiences and is culturally rich
- Community survey: Satisfaction with council services and programs



UNDERPINNING THEME IMPACT

Kaurna culture and local stories shape how we design and improve our spaces, with projects such as the Karrawirra Pari / Grange Creek cultural interpretation helping ensure everyday places continue to reflect and respect First Nations history.

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

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

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

VALUING NATURE

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

OUR OUTCOMES

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



OUR COMMITMENTS

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

PROJECTS IN FOCUS

- Greening Grange Rail Corridor
- Low emissions fleet transition program
- Blight Street Community Greening
- Tree Canopy Additional Water Truck
- Tracey Ave Catchment Raingardens

KEY MEASURES

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



UNDERPINNING THEME IMPACT

Kaurna knowledge and cultural perspectives guide many of our Valuing Nature initiatives, such as the Karrawirra Pari / Grange Creek cultural interpretation helping ensure environmental work honours Country and deepens cultural understanding.

A strong customer focus shapes how we care for natural assets, from accessible reserves and healthy tree canopy to revitalised waterways and well-maintained open spaces that support everyday wellbeing.

Environmental programs and greening projects also create opportunities to share local stories, highlight community participation and reinforce the collective responsibility we hold for protecting our natural places.

Sound governance underpins all Valuing Nature investments, with climate adaptation, stormwater upgrades and long-term tree canopy planning delivered in line with Council strategies and asset management commitments.

VIBRANT PLACES

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

OUR OUTCOMES

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



OUR COMMITMENTS

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

PROJECTS IN FOCUS

- Venue Upgrade - Woodville Town Hall
- BMX track in Grange
- Arts & Cultural Grants Program
- St Clair Community Precinct Facility
- Business Support Program

KEY MEASURES

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



UNDERPINNING THEME IMPACT

Respect for First Nations culture shapes Vibrant Places by embedding cultural meaning, storytelling and recognition into civic spaces, events and public places that celebrate connection to Country.

A strong focus on customer experience ensures venues, events and public spaces are safe, welcoming and well managed, encouraging participation and enjoyment for residents and visitors alike.

We strengthen storytelling and connection in Vibrant Places by activating public spaces, arts, events and community venues that showcase local stories, foster pride and bring people together.

Clear governance underpins Vibrant Places through transparent planning and responsible investment in cultural, sporting and civic infrastructure that supports activation while protecting long-term value

CONNECTING AND BELONGING

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

OUR OUTCOMES

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



OUR COMMITMENTS

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

PROJECTS IN FOCUS

- Karrawirra Pari / Grange Creek – Cultural Interpretation
- Community Garden Access & Inclusion - DAIP
- Hindmarsh Library Building Design
- Universal Beach Access - Implementation Planning Capital
- Mobility as a Service (MAAS)

KEY MEASURES

- Community-facing projects with consultation undertaken
- Projects delivered that adopt universal design principles
- Value of Event Grants and Event Sponsorship
- Number of visitors to our libraries and community centres
- Sporting and community club membership numbers
- Community survey: The City of Charles Sturt offers services and support when I need it
- Community survey: The City of Charles Sturt is an inclusive and safe place for all people
- Cultural diversity reflected in community activities
- Community survey: Importance and satisfaction with public lighting across our City
- Households with access to key services within defined distances
- Volunteer numbers and hours
- Community survey: Our community feel that can have a say about what is happening in their community
- Sporting and community facilities offering open access and inclusion discounts
- Residential properties within 1km of a community centre, sporting club, reserve or library
- Engagement with programs and events supporting active living, health, and wellbeing
- Delivery of Disability Access and Inclusion Plan (DAIP) outcomes
- Community survey: Community feels safe in their home, neighbourhood, and public places



UNDERPINNING THEME IMPACT

Inclusive design and engagement help ensure community spaces and programs recognise Kaurna culture and celebrate diversity, supporting respectful participation and a strong sense of belonging.

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

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

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

OUR TRANSFORMING CITY

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

OUR OUTCOMES

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



OUR COMMITMENTS

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

PROJECTS IN FOCUS

- Stormwater Drainage New & Upgrade
- Road Renewal Program
- Graduate Program
- Public Lighting Renewal Program
- Cyber Security Roadmap Delivery

KEY MEASURES

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



UNDERPINNING THEME IMPACT

We recognise First Nations perspectives in Our Transforming City by planning for growth on Kaurna Country, embedding cultural respect, truth-telling and partnership into long-term planning and City-shaping decisions.

We support excellence in customer experience by modernising systems, transport and infrastructure that enable residents, businesses and visitors to move easily, access services and adapt to a changing City.

We strengthen storytelling and connection in Our Transforming City by shaping future places that respect heritage, reflect community identity and communicate how growth and change will benefit current and future generations

We demonstrate responsible governance in Our Transforming City by guiding growth through evidence-based planning, sound financial management and integrated infrastructure investment that supports sustainable, well-managed urban transformation.

LONG TERM FINANCIAL PLAN

The Long-Term Financial Plan (LTFP) is Council's tool for responsible budgeting and future planning. It helps us ensure that today's decisions won't come at the cost of tomorrow's services or community needs.

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

- Reviewed by the Audit and Risk Committee on 25 February 2026
- Reviewed by the Corporate Services Committee on 2 March 2026
- Workshopped and adopted by Council on 10 March 2026
- Informed by updated Asset Management Plans (AMPs) and Strategic Plans.

It helps guide how we:

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

It ensures Council can meet current and future community expectations while maintaining financial stability.

How is the LTFP built?

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

It considers the following key factors:

- Population and development growth (rateable property growth) – anticipated at around 1.10% per year
- Consumer Price Index (CPI) and wage forecasts – to estimate future costs and salaries
- Infrastructure renewal schedules – when assets such as roads and footpaths need replacing
- Enterprise Bargaining (EB) wage agreements – to account for confirmed staff cost increases
- Service demands and cost drivers – including waste collection, utilities, and insurance.

Why it matters?

The LTFP sets out the key financial building blocks, enabling Council to maintain services, invest in essential infrastructure, and proactively respond to future community needs in a financially sustainable way. It includes forecasts across four main areas:

- **Operating performance**: How we manage day-to-day income and expenses
- **Capital investment**: How we fund renewal of existing assets and deliver new infrastructure
- **Rates and revenue**: How we raise funds to support services and strategic priorities.

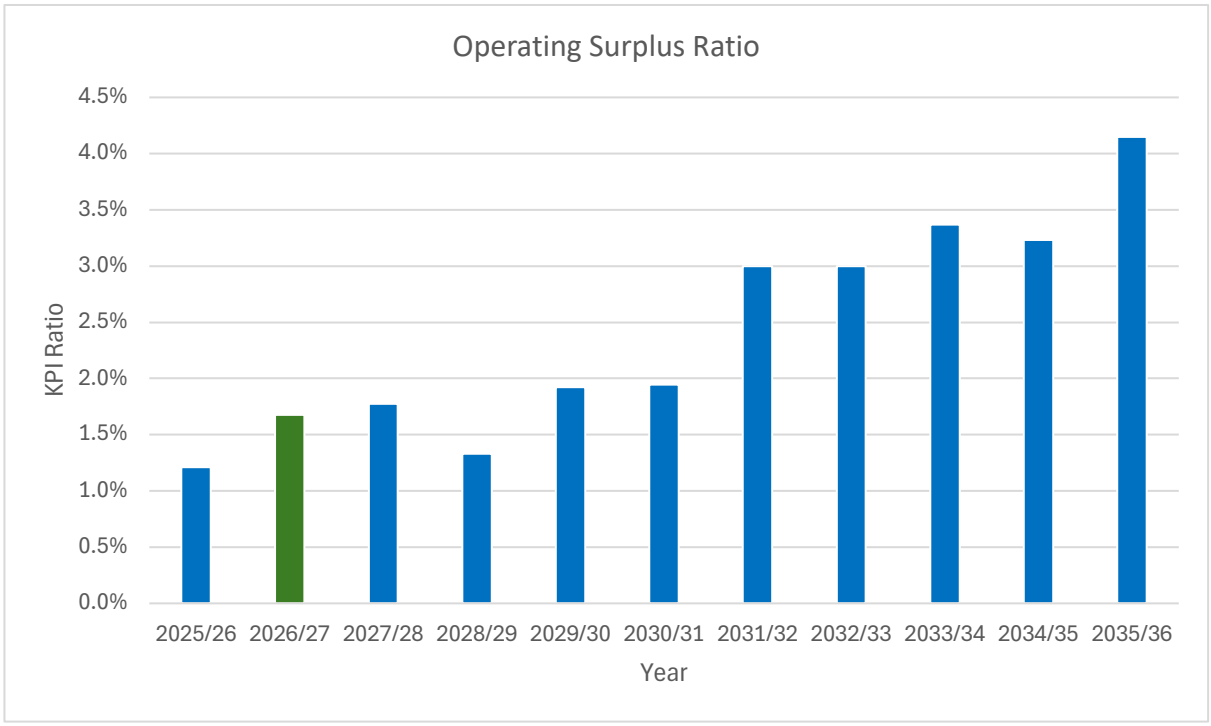
- **Borrowings**: How we responsibly manage debt to spread the cost of large projects.

Financial sustainability Indicators

The LTFP helps us manage community assets responsibly, fund infrastructure, and maintain service levels without large rate increases or service cuts. To track this, we use the following financial indicators:

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

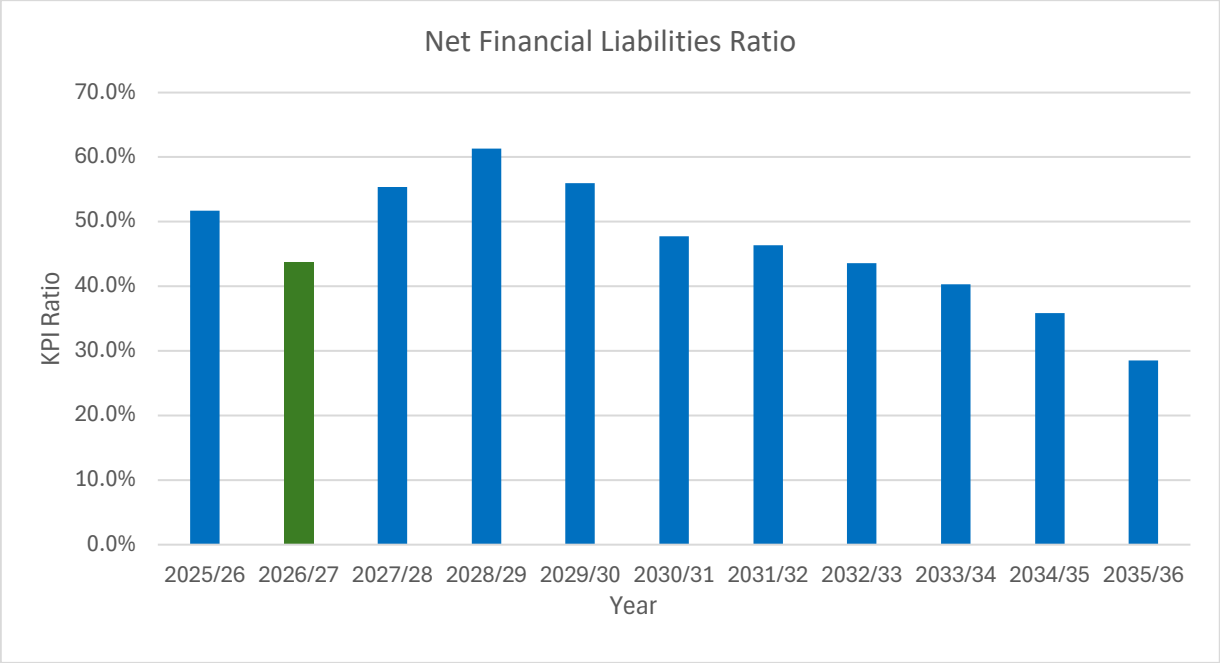
Operating Surplus Ratio



Graph 1: Operating Surplus Ratio

Council is forecasting a positive operating surplus ratio in each of the forecast years modelled at an average of 2.5% over the 10-year period. This will ensure continued service level delivery and avoid the need for sudden rate increases. We project the operating surplus to grow from 1.7% in FY 2026/27 to 4.1% in FY 2035/36. Council has endorsed this financial profile in recognition of the plan's overall strength and long-term sustainability.

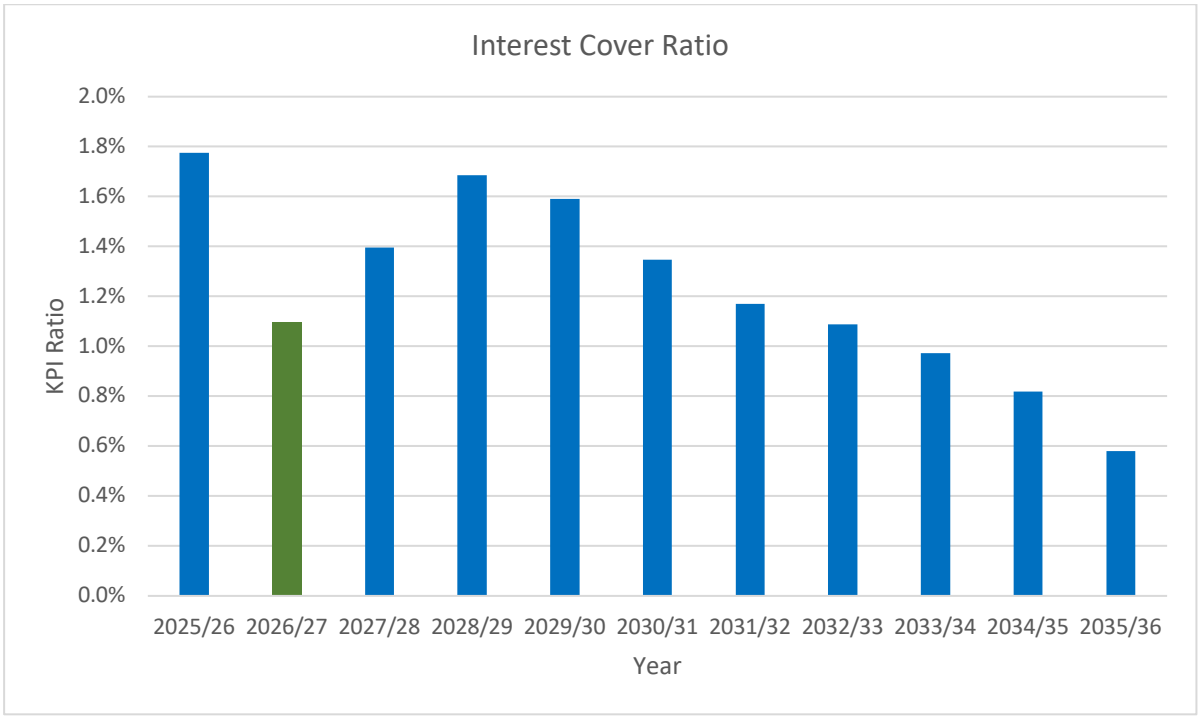
Net Financial Liabilities Ratio



Graph 2: Net Financial Liabilities Ratio

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

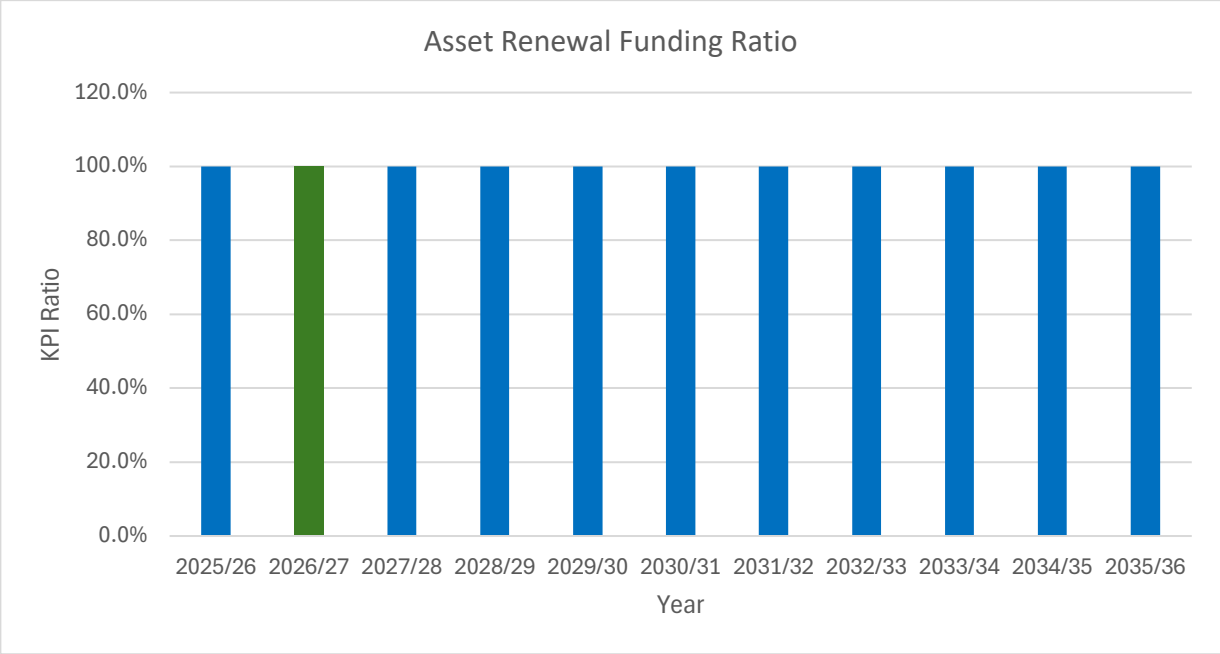
Interest Cover Ratio



Graph 3: Interest Cover Ratio

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

Asset Renewal Funding Ratio



Graph 4: Asset Renewal Funding Ratio

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

LTFP Summary Snapshot

A summary of key financial outputs for FY 26/27 of the LTFP are noted below.

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

Key Influences and Strategic Decisions

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

We understand many households are facing cost-of-living pressures. In response, we are focused on delivering services and projects while keeping rate increases as low as possible. Regular reviews ensure our approach remains responsive to changing community needs. The Essential Services Commission of South Australia (ESCOSA) recently completed an independent review. They recognised our consistent financial management and our ability to

maintain operating surpluses, even as demand for services and infrastructure continues to grow.

This provides confidence that we remain financially sustainable and continue to respond to what matters most to our community.

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

WHAT SERVICES WE WILL DELIVER TO OUR COMMUNITY

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

- Management of basic infrastructure include roads, footpaths, parks, public open space, street lighting and stormwater drainage
- Street cleaning and rubbish collection
- Development planning and control including safety assessments.
- Various environmental health services
- Maintaining the voters roll and supporting the elected Council
- Dog and cat management
- Setting rates, preparing an annual budget and determining longer term strategic management plans for the City.

In response to community needs we also provide further services including:

- Libraries
- Community centres
- Community programs
- On-street parking management
- Verge mowing

Annual Recurrent Budget

The cost to deliver these essential and valued services are included within our Annual Recurrent Budget.

Each year, our budget managers take a zero-based budgeting approach, where every expense is justified for each new budget year, rather than relying on the prior year as a baseline. This process, informed by past trends, ensures budgets are built based on actual needs and helps us identify savings to offset rising costs, wage increases and service improvements. It also ensures any rates increase stays in line with the financial parameters set in our LTFP.

The table below shows how our recurrent operating budget for FY 2026/27 is allocated across different service areas:

Recurrent Operating Expenditure	
Spending area	**Share of total**
Employee costs	37%
Materials, contracts and services	37%
Asset costs (depreciation)	25%
Borrowing costs	1%
Total	**100%**

ANNUAL OPERATING PROJECTS

Our Key Projects

Each year, alongside our essential day-to-day services, we invest in projects that respond to what matters most to our community right now. These Annual Operating Projects allow us to respond to emerging needs, deliver targeted improvements, and support the delivery of long-term strategies.

In 2026/27, we're proposing a series of initiatives that reflect our shared priorities. These projects are from listening to our community and focusing on delivering meaningful outcomes across the City.

Detailed AOP Bid Descriptions

The following tables outline the full list of proposed Annual Operating Projects for 2026/27, including budget allocations and how they align within our vision:

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

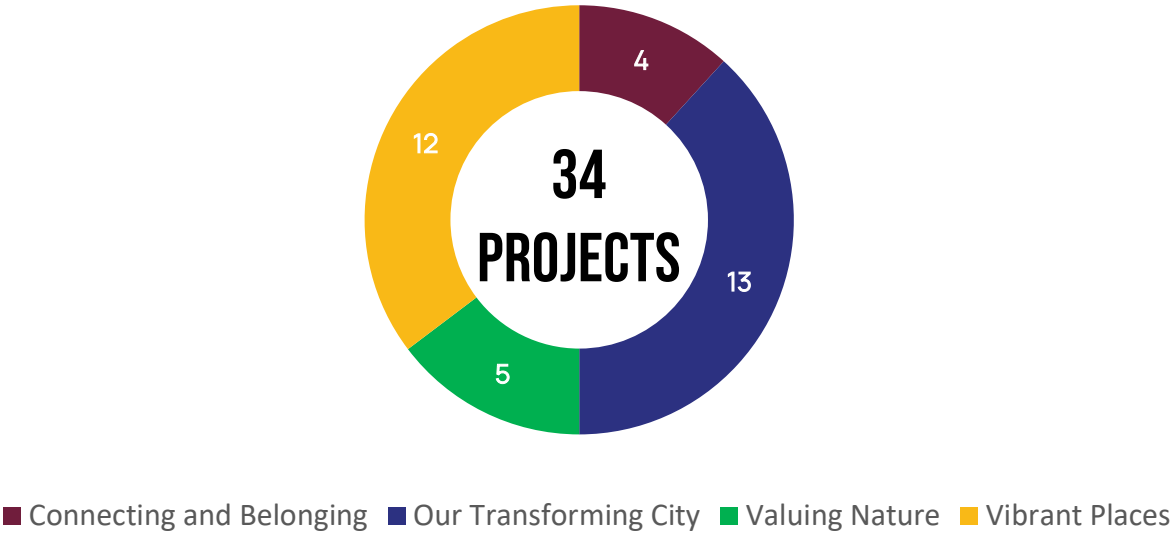
Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
	(Areas C (Seaton North, Woodville West and South) & D (Seaton and Findon))				
Valuing Nature	Expansion of 'Hard to Recycle' Collection Stations	00002663	43,000		43,000
Valuing Nature	Support for Circular Economy and Emission Reduction Community Groups	00002665	80,000		80,000
Valuing Nature	AdaptWest	00002622	50,000		50,000
Valuing Nature	Breakout Creek FTE	00002639	307,544		307,544
Valuing Nature	Tree Asset Tool and Data Collection	00002638	120,000		120,000
Our Transforming City	CiA Supply Chain Management System Upgrade	00002592	85,000		85,000
Our Transforming City	Cyber Security Roadmap Commitments	00002631	383,000		383,000
Our Transforming City	Cyber Security Roadmap Delivery	00002632	100,000		100,000
Our Transforming City	Records & Workflow Year 2	00002643	483,789		483,789
Our Transforming City	AI Efficiency Improvements	00002674	50,000		50,000
Our Transforming City	AI in Asset Maintenance – Review	00002627	34,000		34,000
Our Transforming City	Build Big - Big Smart - Preliminary Set Up Procurement initiative	00002688	75,000		75,000
Our Transforming City	Council Properties Highest & Best Use Study	00002620	130,000		130,000
Our Transforming City	Developing Employment Pathways in the Community -	00002499	26,000		26,000

Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
	Engineering Apprenticeship				
Our Transforming City	Digital Records Destruction	00002628	45,000		45,000
Our Transforming City	Discretionary Ward Allowance (DWA)	00002625	88,000		88,000
Our Transforming City	Graduate Program	00002608	420,000		420,000
Our Transforming City	Local government elections	00002642	1,000,000		1,000,000
Connecting and Belonging	Ageing Well Program	00002623	331,000		331,000
Connecting and Belonging	Karrawirra Pari / Grange Creek – Cultural Interpretation	00002611	65,000		65,000
Connecting and Belonging	Mobility as a Service (MAAS)	00002633	100,000		100,000
Total			**4,949,000**	**75,000**	**5,024,000**

Total AOP Projects:

Theme Alignment	Net Budget ($)	Income ($)	Expenditure ($)
Connecting and belonging	$496,000	$0	$496,000
Our Transforming City	$2,919,789	$0	$2,919,789
Valuing Nature	$600,544	$0	$600,544
Vibrant Places	$932,667	$75,000	$1,007,667
Total	**$ 4,949,000**	**$75,000**	**$ 5,024,000**

Number of AOP projects by Community Vision theme



	Net Budget ($)	Income ($)	Expenditure ($)
LTFP total	**$ 4,914,000**	**$0**	**$4,914,000**

Council Members reviewed the list of potential annual operating projects and following its meeting on 13 April 2026 (refer CS 13/4/2026, item 4.1) endorsed the above list of projects for consultation with expenditure of $5.024m, income of $75k, totalling a net expenditure of $4.949m. This is $35k above the Annual Operating projects budget endorsed in the LTFP (refer CL 10/03/2026, Item 2.2.2/4.01).

CAPITAL PROJECTS

Council manages more than $3.1 billion of community assets, from roads and footpaths to parks, stormwater systems, and community buildings. Each year, we invest in maintaining and upgrading this infrastructure, so that it continues to meet the needs of our transforming City.

Our Capital Projects for 2026/27 are shaped by our Asset Management Plans, which assess the condition and lifecycle of every asset to help us prioritise what needs to be renewed, and when. These plans are updated regularly and provide a basis to ensure we're making responsible, long-term decisions.

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

- **Renewal Projects** – These focus on replacing or rehabilitating existing infrastructure based on age, condition, and performance in accordance with existing Council endorsed Asset Management Plans (AMP's). A full listing of the planned Capital Renewal projects can be found at Appendix B.
- **New and Upgrade Projects** – These involve building new assets or improving existing ones to deliver better services, respond to growth, or support strategic initiatives.

In 2026/27, our proposed capital program totals $68.001 million, including:

- $27.115 million for asset renewals
- $40.886 million for new and upgraded assets

These projects are informed by long-term strategies such as our Your Neighbourhood Plans and Asset Management Plans. They reflect what our community values most. Below is a full list of the Capital Projects for 2026/27, including budget allocations and project categories:

The $5.7M Grange Bowling Club Property Acquisition and Upgrade project is included in the Capital New and Upgrade list for completeness and transparency, as Council has resolved to proceed with this project, with funding allocated within the 2026/27 Capital program.

New and Upgrade Budget Bids

Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Connecting and Belonging	Adelaide Titans – Sports Lighting Upgrade	00002644	200,000		200,000
Connecting and Belonging	Croydon Playground Reserve – New shade structure and public art	00002668	90,000		90,000

Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Connecting and Belonging	Community Garden Access & Inclusion - DAIP	00002582	38,000		38,000
Connecting and Belonging	Fitzroy Community Club – Electronic Scoreboard - co contribution	00002651	35,000		35,000
Connecting and Belonging	Hindmarsh Library Building Design	00002585	75,000		75,000
Connecting and Belonging	Inlet Reserve – Inclusive Play Space Development	00002560	400,000		400,000
Connecting and Belonging	Local Community Access School Ovals – Lights & Ancillary Infrastructure	00002680	750,000		750,000
Connecting and Belonging	Memorial Infrastructure at Henley & Grange Jetties	00002691	15,000	15,000	30,000
Connecting and Belonging	Universal Beach Access - Implementation Planning	00002574	28,108		28,108
Connecting and Belonging	West Lakes Shore Oval Batting Tunnel	00002533	150,000		150,000
Connecting and Belonging	Woodville Bowling – Northern Shelter	00002647	42,000		42,000
Local Neighbourhoods	St Clair Precinct - Traffic and Pedestrian Safety - Investigations, Consultation and Design	00002657	15,000		15,000
Local Neighbourhoods	Local Centres Revitalisation – Flagship initiatives (Kilkenny)	00002607	200,000		200,000

Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Local Neighbourhoods	Seaton Renewal Area - Public Realm Improvement Contribution 26/27	00002563	680,000		680,000
Local Neighbourhoods	Your Neighbourhood Plan - Capital Works (Areas A (Cheltenham, Pennington and St Clair) & B (Athol Park and Woodville North))	00002685	75,000		75,000
Our Transforming City	Bus Shelter Installation - Stop 27 - Port Road - Cheltenham	00002653	15,000	Council to seek funding status update from State Gov.	15,000
Our Transforming City	Carnegie Reserve Sporting Precinct - Design and Consultation for New Public Toilet and Dog Park.	00002673	15,000		15,000
Our Transforming City	Outer Harbor Greenway - Shared Use Path Modification - Day Terrace, Croydon - Planning and Design	00002682	15,000		15,000
Our Transforming City	Rowley Park, Brompton - Additional play equipment and landscaping	00002669	60,000		60,000
Our Transforming City	School Safety - Whitefriars Catholic School - Consultation and Design	00002656	15,000		15,000
Our Transforming City	Beverley Depot Redevelopment - Construction 26/27	00002561	2,000,000		2,000,000

Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Our Transforming City	Chief Street Brompton - Streetscape Upgrade - Port Road to Hawker Street	00002584	4,500,000		4,500,000
Our Transforming City	Connecting the Coast - Active Transport Masterplan	00002569	100,000		100,000
Our Transforming City	Grange Bowling Club Property Acquisition and Upgrade	00002545	5,700,000		5,700,000
Our Transforming City	Grange Lakes Shared Use Path Upgrade Program - Construction of Stage 8	00002565	685,000	600,000	1,285,000
Our Transforming City	Jubilee Reserve Master Plan Implementation *(Formal funding application reflecting Federal Government election pledge of $5M has been submitted)*	00002570	800,000		800,000
Our Transforming City	Local Area Flood Mitigation Program 26/27	00002549	107,500		107,500
Our Transforming City	Major Streetscape Projects – Masterplan Package *(Beverley and Pennington Living streets, Hawker Street, Brompton/Bowden West Beach Road, West Beach Turner Drive, West Lakes, Pedlar Street, Seaton,*	00002580	400,000		400,000

Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
	Wilpena Tce, Kilkenny)				
Our Transforming City	Midcourse Reserve - New Shelter, Seating and Drinking Fountain	00002676	25,000		25,000
Our Transforming City	New Minor Open Space Infrastructure 26/27	00002524	30,000		30,000
Our Transforming City	New Public Lighting 26/27	00002516	125,000		125,000
Our Transforming City	Open Space Acquisition	00002509	1,200,000		1,200,000
Our Transforming City	Road Safety and Traffic Management Program 26/27	00002541	100,000		100,000
Our Transforming City	Sam Johnson Reserve Clubrooms Design - Whole of building renewal	00002654	851,353		851,353
Our Transforming City	Sports Clubrooms – Shovel-Ready Design	00002590	1,190,000		1,190,000
Our Transforming City	Stormwater Drainage New & Upgrade 26/27	00002548	1,300,000		1,300,000
Our Transforming City	Street Lighting Infill and Improvement Program 26/27	00002520	400,000		400,000
Our Transforming City	Street Lighting Infill and Improvement Program 26/27 Up Lift	00002689	400,000		400,000
Our Transforming City	Trimmer Parade Stormwater Drainage Renewal - Stages 1 & 2 Construction	00002538	6,175,000		6,175,000
Our Transforming City	Woodville Rugby – New Storage Shed	00002649	25,500		25,500

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

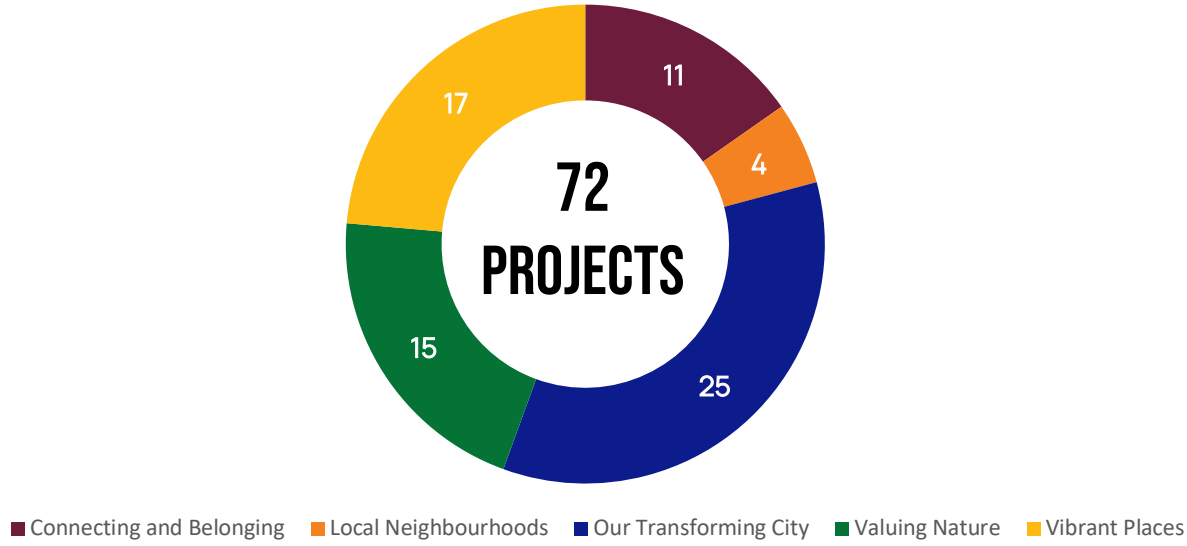
Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Valuing Nature	Water Proofing the West - Expansion – Pumps, Pipes, Bores & Treatment	00002581	400,000		400,000
Valuing Nature	Water Proofing the West - New/Upgrade - Capacity and Efficiency 26/27	00002550	150,000		150,000
Vibrant Places	New shelter and seating at Carnegie North Reserve	00002660	35,000		35,000
Vibrant Places	Ray Street Reserve - New Shelter and Seating	00002667	35,000		35,000
Vibrant Places	Sparrow Reserve - Tennis Court Improvements	00002672	160,000		160,000
Vibrant Places	BMX track in Grange	00002529	60,000		60,000
Vibrant Places	Cheltenham Community Centre Upgrade – Stage 1	00002578	150,000		150,000
Vibrant Places	FK Beograd - Media Platform	00002652	73,230		73,230
Vibrant Places	Football Park - New Open Space	00002551	1,330,000		1,330,000
Vibrant Places	New shade structures at playgrounds 26/27	00002564	100,000		100,000
Vibrant Places	St Clair Community Precinct Facility 26/27	00002536	4,443,000		4,443,000
Vibrant Places	St Clair Memorial Reserve - Design & Consultation	00002684	25,000		25,000
Vibrant Places	Venue Upgrade - Woodville Town Hall – Sound, lighting and audio visual	00002559	1,400,000		1,400,000
Vibrant Places	Venue Upgrade - Woodville Town Hall – internal infrastructure upgrade	00002690	329,000		329,000

Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Vibrant Places	West Lakes Tennis - Court & Fencing Upgrade - co contribution	00002646	300,000		300,000
Vibrant Places	Western Little Athletics - Long Jump Pit	00002645	194,500		194,500
Vibrant Places	Woodville DCC – Sightscreens & Nets Remediation - co contribution	00002650	28,520		28,520
Vibrant Places	Woodville Oval - New Play Space Development	00002544	290,000		290,000
Vibrant Places	Woodville West Reserve - Open Space Improvements	00002640	200,000		200,000
Total 2026/27 Capital New and Upgrade Projects			**40,050,686**	**835,625**	**40,886,311**

Total Capital New and Upgrade Projects:

Theme Alignment	Net Budget ($)	Income ($)	Expenditure ($)
Connecting and Belonging	$1,823,108	$15,000	$1,838,108
Local Neighbourhoods	$970,000	$0	$970,000
Our Transforming City	$26,234,353	$600,000	$26,834,353
Valuing Nature	$1,869,975	$220,625	$2,090,600
Vibrant Places	$9,153,250	$0	$9,153,250
Total	**$40,050,686**	**$835,625**	**$40,886,311**

Number of Capital projects by Community Vision theme



	Net Budget ($)	Income ($)	Expenditure ($)
Capital New and Upgrade Total	**$40,050,686**	**$835,625**	**$40,886,311**
Capital Renewal Total	**$27,115,000**	**$0**	**$27,115,000**
Capital Program Total	**$67,165,686**	**$835,625**	**$68,001,311**
LTFP Capital total	**$68,972,000**	**$0**	**$68,972,000**

Council Members reviewed the list of potential projects and following its meeting on 13 April 2026 endorsed the above list of projects for consultation with a total expenditure of $68.001m, total income of $835k, totalling a net expenditure of $67.165m.

This Capital expenditure is within the endorsed LTFP scenario for 26/27 of $68.972m (refer CL 10/03/2026, Item 2.2.2/4.01).

HOW WILL WE FUND OUR PROGRAM?

Council generates revenue through several different sources to fund essential community services, projects, and infrastructure improvements. These include:

Main Source
Rates is a tax levied on ratepayers and provides the main source of income for Council to fund its operations and infrastructure requirements.

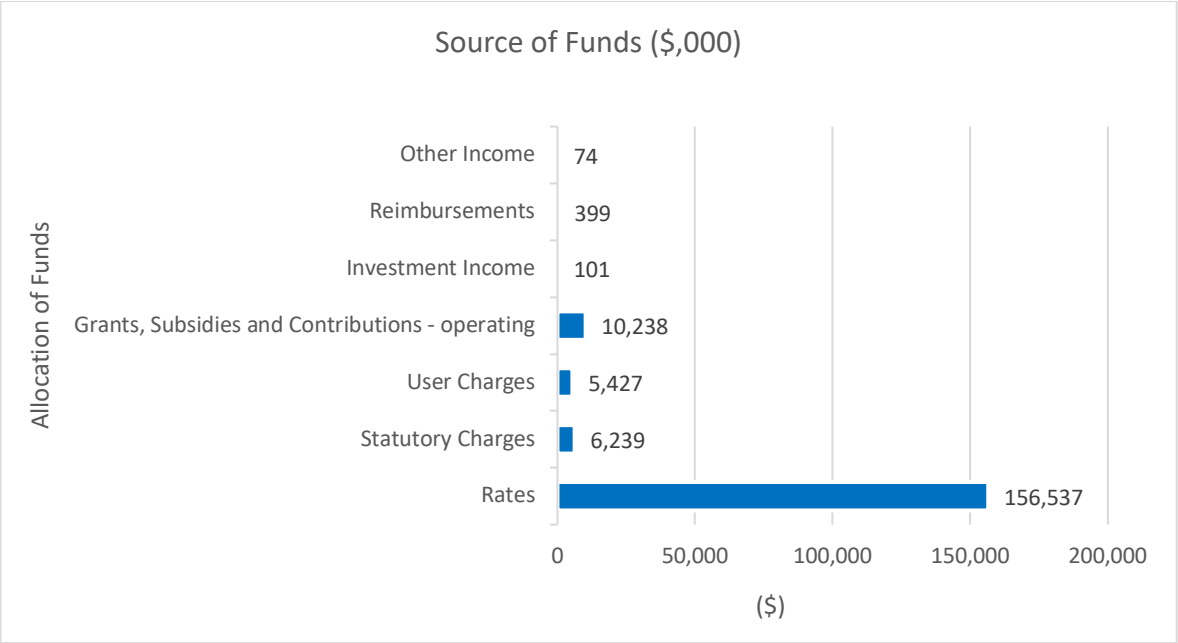
Other sources of revenue include:

- **Statutory Charges:** Fees and fines set by legislation, e.g. parking fines, animal registrations, and development fees.
- **User Charges:** Fees collected directly from users of Council facilities and services, such as hall hire, library services, and waste management.
- **Grants:** Funds provided by State and Federal Governments to support specific Council projects and services.
- **Investment Income:** Investment income includes interest on investments.
- **Reimbursements:** This includes income from recouping specific costs of Council activities and private works.
- **Other Income:** Relates to a range of unclassified items that do not fit within the main income categories.
- **Amounts received specifically for new and upgraded assets:** These amounts include grants from State, Federal and community sources for the specific purpose of funding new or upgraded assets.
- **Sale of replaced assets:** This is income generated from the replacement of plant and equipment.

Borrowings
Borrowings are used to finance our capital works and infrastructure programs especially for significant major new or upgrade projects.

Council uses cash advance debenture (CAD) facilities as per its adopted Borrowings Policy and effective treasury management strategy to fund temporary cash requirements due to the timing of cash inflows.

The CAD facility allows Council to have access to funds when required and which they can repay in part or in full at any time as Council's cash position allows. No charges are incurred on this facility if the funds are not drawn. As at June 2026 Council has access to $66.5m in CAD facilities which can be drawn and repaid as required.



Graph 5: Source of Funds

This graph illustrates how Council responsibly manages its finances across diverse sources, with Rates as the core stable income stream.

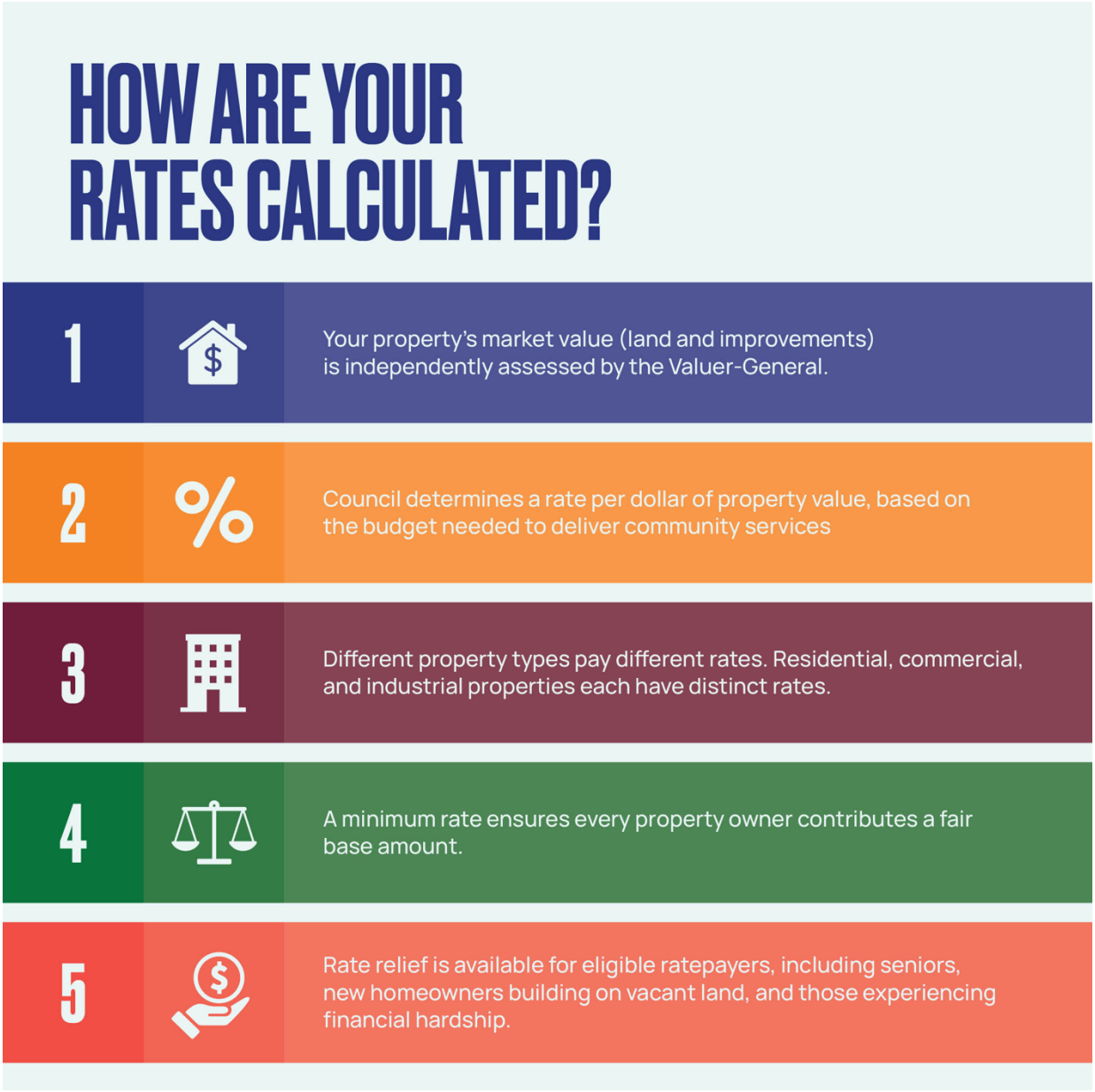
WHAT DOES THIS MEAN FOR RATES?

Rates and Your Property

Rates are the main way Council funds essential local services and maintains important infrastructure, such as roads, parks, libraries, and waste collection.

Because rates are a form of property tax, each property contributes based on its value. Generally, the higher the value of your property, the more you pay in rates. This helps ensure everyone contributes fairly, in line with their capacity.

How Rates are Calculated



Under the *Local Government Act 1999*, councils can choose from different ways to apply rates. At Charles Sturt, we use:

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

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

Why This System?

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

However, we know property values don't always tell the full story. To assist, we have a range of rate relief options for those who may need support.

Proposed Rates Relief

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

Rate Capping
If your rates have increased by more than **12.5%** compared to last year, you may be eligible for a cap in order to keep your increase within this limit.
This doesn't apply if:

- Your property value increased due to major improvements (over $20,000)
- The land use changed
- The property changed ownership since July 2025
- You're receiving another rebate under Sections 159–166 of the Act

Residential Construction Rebate
Building a new home on vacant land? You could get:

- 100% rebate if footings are poured by 31 December 2026
- 50% rebate if poured after that
  You must live in the home for at least one year. This offer is not available for investment properties.

Postponing Rates for Seniors
If you hold a Seniors Card, you can postpone part of your rates above $500 per year. Interest will apply to the postponed amount, but this option can help with cash flow.

Hardship Support
If you're facing financial hardship, you can speak with us confidentially about a tailored payment plan**.** We're here to help.

Understanding This Year's Rate Increase

Note: This is subject to change throughout the consultation period



We know many households are feeling the impact of rising living costs, and that's been front of mind in shaping this year's proposed rates.

Costs are increasing across areas including construction, materials, energy, labour and insurance, alongside major infrastructure activity across South Australia, including the Torrens to Darlington tunnels project the construction of the new Women's and Children's Hospital, AUKUS Stage 1. We are actively managing these pressures while continuing to deliver the services and infrastructure our community relies on.

This year, the proposed average rate increase is 5.11%, plus 1.10% growth from new developments**.**

We've worked to keep this increase as low as possible, while continuing to maintain roads, manage waste, care for open spaces, and deliver essential services across our City.

Our Long Term Financial Plan supports this approach, helping us balance today's needs with long-term financial sustainability and the ongoing expectations of our community.

SUMMARY

A Message From the CEO

Our focus at the City of Charles Sturt remains on delivering the services, infrastructure and projects that support our community every day, while continuing to plan for the future of our City.

This Draft Annual Business Plan outlines how we will invest in what matters most to our community, from maintaining roads, footpaths, lighting and stormwater infrastructure, to caring for our parks and open spaces, supporting local neighbourhoods, and delivering projects and services that help keep our City liveable, inclusive and connected. It also reflects our commitment to creating places where people feel a sense of belonging and pride in where they live.

We are ensuring our City continues to meet the needs of a growing and changing community. This plan supports the delivery of essential services, the renewal of important infrastructure, and the investment in places and spaces which add vibrancy to our City. It is also about shaping the future of our community through considered decisions which will create lasting value for our community.

At the same time, we know many households are feeling the impact of rising costs, and we are experiencing those same pressures across construction, materials, energy, labour, insurance and service delivery. We have worked hard to find the balance between continuing to deliver essential services and important projects, while also being mindful of affordability and a measured approach to rates. We also actively pursue external grant income from other levels of government that offsets the direct costs to our community.

I encourage you to read the draft plan and share your feedback. Hearing directly from our community is an important part of informing the decisions we make for the future of our City.



Paul Sutton
Chief Executive Officer

APPENDICES

Appendix A – Long Term Financial Plan (LTFP)

Executive Summary
This document details the City of Charles Sturt's current financial position and outlook to 2035/36 as at March 2026 and was developed to guide the development of the annual budget.

The key focus of the Long Term Financial Plan estimates are:

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

The Long Term Financial Plan forecasts have been prepared using anticipated CPI movements over the outlook period based on forecasts provided by Deloitte Access Economics as at February 2026.

LTFP
A number of assumptions have been made in constructing the LTFP estimates and these are detailed in **Schedule A.**

This Long Term Financial Plan and the associated assumptions were endorsed by Council on 10 March 2026 (CL 10/03/ 2026, item 4.1)

The Long-Term Financial Plan estimates are presented as a series of reports comprising the following:

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

These are detailed in **Schedule B**

Schedule A – Long Term Financial Plan Assumptions

Long Term Financial Plan – Assumptions 2026/27

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

Assumptions:

Rateable properties:

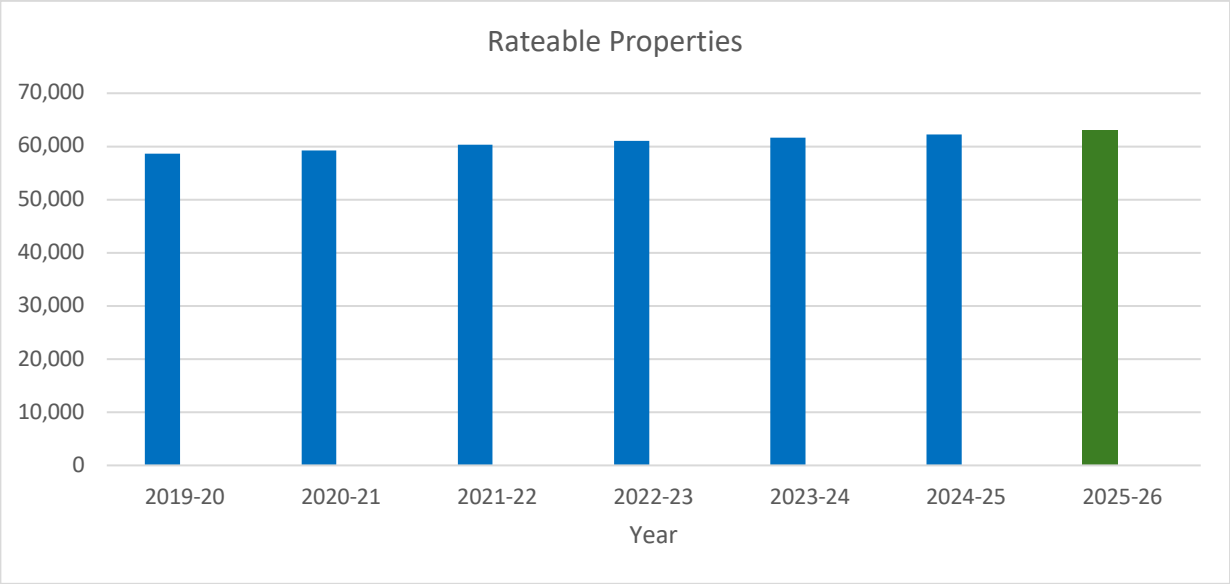
Rates income to Council is a product of price and quantity. The number of rateable properties has risen by an average of 1.28% over the past 7 financial years. Prior to 2025/26, a 1.0% growth across the City was assumed. Last year, 1.3% was initially assumed and 1.1% growth achieved.

The assumption for growth across the City for 2026/27 LTF Planning purposes is 1.1%. Noting that new developments and current forecast of proposed future properties will contribute to achieving the 1.1%. **Table 1 and Graph 1** shows the Rateable Property growth rate over the past 7 years.

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

1.28% 7 Year Average

Table 1: Rateable Property Growth Rate



Graph 1 – Rateable Property Growth Rate

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

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

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

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

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

Deloitte Access Economics (DAE) forecast a CPI of 3.71% over the 2026/27 budget development process. This is against a current December 2025 CPI of 3.3% for Adelaide and 3.8% Australia. The forecast then shows CPI reduces to high and mid 2% (Min 2.49%, Max 2.81%) for the duration of the plan period. This forecast is shown in Table 3. This is the basis on which the LTFP has been developed.

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

Unique Indices	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
CPI Deloitte Access Economics	2.80%	3.71%	2.81%	2.56%	2.49%	2.58%	2.56%	2.53%	2.52%	2.50%	2.49%
Wages EB/WPI	3.20%	3.20%	3.21%	3.22%	3.16%	3.11%	3.14%	3.16%	3.07%	3.06%	3.16%
Maintenance	4.80%	5.71%	4.81%	4.56%	4.49%	4.58%	4.56%	4.53%	4.52%	4.50%	4.49%
Waste	4.85%	4.46%	3.56%	3.31%	3.24%	3.33%	3.31%	3.28%	3.27%	3.25%	3.24%
Insurance	4.30%	5.21%	4.31%	4.06%	3.99%	4.08%	4.06%	4.03%	4.02%	4.00%	3.99%

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

Interest:
Interest is calculated on the outstanding balance of the loans. In 2025/26 Council will repay the $10m loan that has been held for 10 years. The remaining funding is via "overdraft" arrangements. The Local Government Financing Authority (LGFA) provide Cash Advance Debentures (CAD) which are at a competitive variable interest rate. Council's variable funding rate is the Reserve Bank of Australia (RBA) cash rate plus a modest margin which has been forecast at 5.35% for 2026/27 and decreasing over time. This is compared to 5.5% for 2025/26.

Annual Operating Projects (AOP):
Annual Operating Projects (AOP) of $5.024m are planned for 2026/27. This budgeted allocation is increased by forecast CPI each year of the plan and includes a $1.0 million allocation to fund the Local Government Election, as determined and advised by the Electoral Commission of South Australia. This represents a significant increase from the $650,000 forecast in the 2025/26 LTFP and reflects cost impacts being experienced across all councils. Last year's projects (2025/2) undertaken by council has been factored into the budget with $308k of recurrent expenditure arising from those initiatives.

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

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

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

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

All AMPs will be reviewed within 2 years of the Local Government Elections as per LG Act 1999. These reviews will include a more comprehensive response and updated projections to the delivery of Council's Climate Change Response Strategy.

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

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

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

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

Key Risks Relating to Assumptions

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

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

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

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

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

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

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

Schedule B: Long Term Financial Plan

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

	Actuals	Current Year	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income												
Rates	139,187	147,874	156,537	164,284	171,447	177,551	184,137	190,824	197,696	204,797	212,232	219,793
Statutory Charges	6,812	5,928	6,239	6,176	6,334	6,492	6,659	6,830	7,003	7,179	7,359	7,542
User Charges	5,232	4,969	5,427	5,199	5,332	5,465	5,606	5,750	5,895	6,044	6,195	6,349
Grants, Subsidies and Contributions - operating	11,468	10,338	10,238	10,100	10,302	10,559	10,831	11,108	11,389	11,676	11,968	12,266
Grants, Subsidies and Contributions - capital	5,219	200	-	-	-	-	-	-	-	-	-	-
Investment Income	647	97	101	103	106	109	112	114	117	120	123	126
Reimbursements	3,083	385	399	391	401	411	422	433	444	455	466	478
Other Income	66	66	74	76	78	80	82	84	86	89	91	93
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	**171,714**	**169,858**	**179,016**	**186,331**	**194,001**	**200,667**	**207,850**	**215,143**	**222,631**	**230,360**	**238,435**	**246,648**
Expenses												
Employee Costs	60,227	63,558	64,667	67,493	70,034	72,060	74,546	76,931	79,694	82,194	85,176	87,933
Materials, Contracts & Other Expenses	59,057	57,956	64,573	65,795	68,666	70,669	73,929	74,939	77,186	79,227	82,396	83,597
Depreciation, Amortisation & Impairment	41,406	43,050	44,712	47,033	49,340	50,786	52,418	54,196	56,531	58,813	61,078	63,330
Finance Costs	1,878	1,580	2,062	2,702	3,374	3,300	2,909	2,630	2,538	2,361	2,075	1,556
Net loss - Equity Accounted Council Businesses	1,745	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	**164,313**	**166,144**	**176,014**	**183,022**	**191,415**	**196,814**	**203,802**	**208,696**	**215,949**	**222,595**	**230,724**	**236,415**
Operating Surplus / (Deficit)	**7,401**	**3,714**	**3,001**	**3,309**	**2,586**	**3,854**	**4,047**	**6,447**	**6,682**	**7,765**	**7,710**	**10,232**
Asset Disposal & Fair Value Adjustments	(6,360)	-	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	6,480	715	100	100	100	100	100	100	100	100	100	100
Physical Resources Received Free of Charge	10,332	200	200	200	200	200	200	200	200	200	200	200
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**17,853**	**4,629**	**3,301**	**3,609**	**2,886**	**4,154**	**4,347**	**6,747**	**6,982**	**8,065**	**8,010**	**10,532**
Other Comprehensive Income												
Amounts which will not be reclassified subsequently to operating result												
Changes in Revaluation Surplus - I,PP&E	391,167	38,813	39,337	39,263	37,482	36,049	37,079	39,525	40,578	40,741	41,012	41,151
Share of Other Comprehensive Income - Equity Accounted Council Businesses	302	-	-	-	-	-	-	-	-	-	-	-
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated Surplus on Sale of Revalued I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-
Net assets transferred - Council restructure	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	**391,469**	**38,813**	**39,337**	**39,263**	**37,482**	**36,049**	**37,079**	**39,525**	**40,578**	**40,741**	**41,012**	**41,151**
Total Comprehensive Income	**409,322**	**43,442**	**42,638**	**42,872**	**40,368**	**40,202**	**41,427**	**46,272**	**47,559**	**48,806**	**49,022**	**51,684**

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

	Actuals	Current Year	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	3,079	500	500	500	500	500	500	500	500	500	500	500
Trade & Other Receivables	13,407	5,337	5,600	5,714	5,924	6,109	6,319	6,507	6,712	6,921	7,150	7,360
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	171	203	226	230	240	247	259	262	270	277	288	292
Other Current Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	16,657	6,040	6,326	6,444	6,665	6,856	7,078	7,269	7,483	7,698	7,938	8,152
Non-Current Assets												
Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Equity Accounted Investments in Council Businesses	2,690	2,690	2,690	2,690	2,690	2,690	2,690	2,690	2,690	2,690	2,690	2,690
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	3,109,087	3,162,020	3,223,696	3,291,366	3,347,473	3,380,960	3,409,474	3,456,174	3,500,978	3,545,660	3,587,312	3,623,723
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	29,414	29,414	29,414	29,414	29,414	29,414	29,414	29,414	29,414	29,414	29,414	29,414
Total Non-Current Assets	3,141,191	3,194,124	3,255,800	3,323,470	3,379,577	3,413,064	3,441,578	3,488,278	3,533,082	3,577,764	3,619,416	3,655,827
TOTAL ASSETS	**3,157,848**	**3,200,164**	**3,262,126**	**3,329,915**	**3,386,242**	**3,419,920**	**3,448,656**	**3,495,547**	**3,540,564**	**3,585,462**	**3,627,354**	**3,663,979**
LIABILITIES												
Current Liabilities												
Cash Advance Debenture	23,575	20,295	37,681	61,706	76,517	69,100	55,236	55,094	51,539	46,643	38,280	22,350
Trade & Other Payables	27,587	30,957	32,894	33,786	34,934	35,826	37,001	37,761	38,774	39,761	40,994	41,866
Borrowings	1,652	-	-	-	-	-	-	-	-	-	-	-
Provisions	10,523	10,731	10,731	10,731	10,731	10,731	10,731	10,731	10,731	10,731	10,731	10,731
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	63,337	61,982	81,306	106,223	122,182	115,657	102,968	103,585	101,044	97,135	90,005	74,947
Non-Current Liabilities												
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,129	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566
Provisions	1,833	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	2,962	3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191
TOTAL LIABILITIES	**66,299**	**65,173**	**84,497**	**109,414**	**125,373**	**118,848**	**106,159**	**106,776**	**104,235**	**100,326**	**93,196**	**78,138**
Net Assets	**3,091,549**	**3,134,991**	**3,177,629**	**3,220,501**	**3,260,869**	**3,301,071**	**3,342,498**	**3,388,770**	**3,436,330**	**3,485,136**	**3,534,158**	**3,585,842**
EQUITY												
Accumulated Surplus	554,942	559,571	562,872	566,481	569,366	573,520	577,867	584,615	591,596	599,662	607,672	618,204
Asset Revaluation Reserves	2,536,607	2,575,420	2,614,757	2,654,020	2,691,503	2,727,551	2,764,630	2,804,156	2,844,733	2,885,474	2,926,486	2,967,637
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	**3,091,549**	**3,134,991**	**3,177,629**	**3,220,501**	**3,260,869**	**3,301,071**	**3,342,498**	**3,388,770**	**3,436,330**	**3,485,136**	**3,534,158**	**3,585,842**

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

	Actuals	Current Year	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities												
Receipts:												
Rates Receipts	-	150,858	157,060	164,752	171,879	177,919	184,534	191,227	198,111	205,225	212,681	220,249
Statutory Charges	-	7,263	6,205	6,183	6,317	6,475	6,641	6,811	6,984	7,160	7,339	7,522
User Charges	-	5,948	5,377	5,224	5,318	5,451	5,591	5,734	5,879	6,027	6,178	6,332
Grants, Subsidies and Contributions (operating purpose)	-	12,018	10,241	10,109	10,289	10,542	10,813	11,090	11,371	11,658	11,949	12,247
Investment Receipts	647	243	100	103	106	109	111	114	117	120	123	126
Reimbursements	-	1,184	398	392	401	411	421	432	443	454	465	477
Other	166,043	78	73	76	78	80	82	84	86	88	91	93
Payments:												
Payments to Employees	-	(63,703)	(64,646)	(67,438)	(69,985)	(72,020)	(74,498)	(76,885)	(79,641)	(82,146)	(85,118)	(87,879)
Payments for Materials, Contracts & Other Expenses	(114,631)	(57,791)	(63,437)	(65,585)	(68,174)	(70,325)	(73,369)	(74,765)	(76,801)	(78,877)	(81,852)	(83,391)
Finance Payments	(1,878)	(1,580)	(2,062)	(2,702)	(3,374)	(3,300)	(2,909)	(2,630)	(2,538)	(2,361)	(2,075)	(1,556)
Net Cash provided (or used in) Operating Activities	50,181	54,517	49,309	51,115	52,854	55,341	57,418	61,212	64,012	67,350	69,782	74,220
Cash Flows from Investing Activities												
Receipts:												
Amounts Received Specifically for New/Upgraded Assets	1,906	2,614	143	100	100	100	100	100	100	100	100	100
Grants utilised for capital purposes	5,219	1,755	14	-	-	-	-	-	-	-	-	-
Sale of Replaced Assets	1,644	1,650	1,920	1,920	2,020	1,686	1,423	1,787	2,376	1,074	1,707	1,418
Sale of Surplus Assets	4,500	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Expenditure on Renewal/Replacement of Assets	(30,220)	(38,257)	(27,215)	(29,800)	(30,008)	(30,982)	(28,384)	(31,083)	(31,070)	(33,354)	(32,011)	(32,014)
Expenditure on New/Upgraded Assets	(21,581)	(20,363)	(41,556)	(47,360)	(39,777)	(18,727)	(16,692)	(31,874)	(31,864)	(30,274)	(31,215)	(27,794)
Net Cash provided (or used in) Investing Activities	(38,532)	(52,601)	(66,695)	(75,140)	(67,665)	(47,924)	(43,554)	(61,070)	(60,458)	(62,454)	(61,418)	(58,290)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from CAD	-	-	17,386	24,025	14,811	-	-	-	-	-	-	-
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Receipt of Funds from Leases	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Aged Care Facility Deposits	1,029	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Bonds & Deposits	332	-	-	-	-	-	-	-	-	-	-	-
Receipts from Other Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayments of CAD	-	(3,280)	-	-	-	(7,417)	(13,864)	(142)	(3,555)	(4,896)	(8,364)	(15,930)
Repayments of Borrowings	(13,249)	(1,215)	-	-	-	-	-	-	-	-	-	-
Repayment of Principal Portion of Lease Liabilities	(622)	-	-	-	-	-	-	-	-	-	-	-
Repayment of Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(12,510)	(4,495)	17,386	24,025	14,811	(7,417)	(13,864)	(142)	(3,555)	(4,896)	(8,364)	(15,930)
Net Increase/(Decrease) in Cash & Cash Equivalents	(861)	(2,579)	-	-	-	-	-	-	-	-	-	-
plus: Cash & Cash Equivalents - beginning of year	3,940	3,079	500	500	500	500	500	500	500	500	500	500
Cash & Cash Equivalents - end of the year	**3,079**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**
Cash & Cash Equivalents - end of the year	3,079	500	500	500	500	500	500	500	500	500	500	500
Investments - end of the year	-	-	-	-	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year	**3,079**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**

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

	Actuals	Current Year	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening Balance	2,682,227	3,091,549	3,134,991	3,177,629	3,220,501	3,260,869	3,301,071	3,342,498	3,388,770	3,436,330	3,485,136	3,534,158
Net Surplus / (Deficit) for Year	17,853	4,629	3,301	3,609	2,886	4,154	4,347	6,747	6,982	8,065	8,010	10,532
Other Comprehensive Income												
- Gain (Loss) on Revaluation of I,PP&E	391,167	38,813	39,337	39,263	37,482	36,049	37,079	39,525	40,578	40,741	41,012	41,151
- Available for Sale Financial Instruments: change in fair value	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-
- Transfer to Accumulated Surplus on Sale of I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-
- Transfer to Acc. Surplus on Sale of AFS Financial Instruments	-	-	-	-	-	-	-	-	-	-	-	-
- Share of OCI - Equity Accounted Council Businesses	302	-	-	-	-	-	-	-	-	-	-	-
- Other Equity Adjustments - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
- Other Movements	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	391,469	38,813	39,337	39,263	37,482	36,049	37,079	39,525	40,578	40,741	41,012	41,151
Total Comprehensive Income	409,322	43,442	42,638	42,872	40,368	40,202	41,427	46,272	47,559	48,806	49,022	51,684
Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	**3,091,549**	**3,134,991**	**3,177,629**	**3,220,501**	**3,260,869**	**3,301,071**	**3,342,498**	**3,388,770**	**3,436,330**	**3,485,136**	**3,534,158**	**3,585,842**

City of Charles Sturt
10 Year Financial Plan for the Years ending 30 June 2036

UNIFORM PRESENTATION OF FINANCES - GENERAL FUND	Actuals	Current Year	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income												
Rates	139,187	147,874	156,537	164,284	171,447	177,551	184,137	190,824	197,696	204,797	212,232	219,793
Statutory Charges	6,812	5,928	6,239	6,176	6,334	6,492	6,659	6,830	7,003	7,179	7,359	7,542
User Charges	5,232	4,969	5,427	5,199	5,332	5,465	5,606	5,750	5,895	6,044	6,195	6,349
Grants, Subsidies and Contributions - operating	11,468	10,338	10,238	10,100	10,302	10,559	10,831	11,108	11,389	11,676	11,968	12,266
Grants, Subsidies and Contributions - capital	5,219	200	-	-	-	-	-	-	-	-	-	-
Investment Income	647	97	101	103	106	109	112	114	117	120	123	126
Reimbursements	3,083	385	399	391	401	411	422	433	444	455	466	478
Other Income	66	66	74	76	78	80	82	84	86	89	91	93
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	**171,714**	**169,858**	**179,016**	**186,331**	**194,001**	**200,667**	**207,850**	**215,143**	**222,631**	**230,360**	**238,435**	**246,648**
Expenses												
Employee Costs	60,227	63,558	64,667	67,493	70,034	72,060	74,546	76,931	79,694	82,194	85,176	87,933
Materials, Contracts & Other Expenses	59,057	57,956	64,573	65,795	68,666	70,669	73,929	74,939	77,186	79,227	82,396	83,597
Depreciation, Amortisation & Impairment	41,406	43,050	44,712	47,033	49,340	50,786	52,418	54,196	56,531	58,813	61,078	63,330
Finance Costs	1,878	1,580	2,062	2,702	3,374	3,300	2,909	2,630	2,538	2,361	2,075	1,556
Net loss - Equity Accounted Council Businesses	1,745	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	**164,313**	**166,144**	**176,014**	**183,022**	**191,415**	**196,814**	**203,802**	**208,696**	**215,949**	**222,595**	**230,724**	**236,415**
Operating Surplus / (Deficit)	**7,401**	**3,714**	**3,001**	**3,309**	**2,586**	**3,854**	**4,047**	**6,447**	**6,682**	**7,765**	**7,710**	**10,232**
Timing adjustment for grant revenue	(2,582)	-	-	-	-	-	-	-	-	-	-	-
Less: Grants, subsidies and contributions – Capital	(3,639)	(200)	-	-	-	-	-	-	-	-	-	-
Adjusted Operating Surplus / (Deficit)	**1,180**	**3,514**	**3,001**	**3,309**	**2,586**	**3,854**	**4,047**	**6,447**	**6,682**	**7,765**	**7,710**	**10,232**
Net Outlays on Existing Assets												
Capital Expenditure on Renewal and Replacement of Existing Assets	(30,220)	(38,257)	(27,215)	(29,800)	(30,008)	(30,982)	(28,384)	(31,083)	(31,070)	(33,354)	(32,011)	(32,014)
Finance Lease payments for Right of Use Assets	-	(203)	(183)	(165)	(148)	-	-	-	-	-	-	-
add back Depreciation, Amortisation and Impairment	41,406	43,050	44,712	47,033	49,340	50,786	52,418	54,196	56,531	58,813	61,078	63,330
add back Grants, subsidies and contributions – Capital Renewal	-	200	-	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Replaced Assets	1,644	1,650	1,920	1,920	2,020	1,686	1,423	1,787	2,376	1,074	1,707	1,418
Total Net Outlays on Existing Assets	**12,830**	**6,440**	**19,234**	**18,989**	**21,204**	**21,489**	**25,457**	**24,899**	**27,837**	**26,533**	**30,775**	**32,733**
Net Outlays on New and Upgraded Assets												
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(21,581)	(20,363)	(41,556)	(47,360)	(39,777)	(18,727)	(16,692)	(31,874)	(31,864)	(30,274)	(31,215)	(27,794)
Finance lease payments for Right of Use Assets	-	-	-	-	-	-	-	-	-	-	-	-
add back Grants, subsidies and contributions – Capital New/Upgraded	3,639	-	-	-	-	-	-	-	-	-	-	-
add back Amounts Received Specifically for New and Upgraded Assets	1,906	2,614	143	100	100	100	100	100	100	100	100	100
add back Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments & non-current assets held for sale)	4,500	-	-	-	-	-	-	-	-	-	-	-
Total Net Outlays on New and Upgraded Assets	**(11,536)**	**(17,750)**	**(41,414)**	**(47,260)**	**(39,677)**	**(18,627)**	**(16,592)**	**(31,774)**	**(31,764)**	**(30,174)**	**(31,115)**	**(27,694)**
Annual Net Impact to Financing Activities (surplus / (deficit))	**2,474**	**(7,796)**	**(19,178)**	**(24,963)**	**(15,887)**	**6,716**	**12,912**	**(427)**	**2,755**	**4,124**	**7,370**	**15,272**

Appendix B: Capital Renewal Projects

Community Vision	Budget Bid Name	Bid ID	Net Budget	Income	Expenditure
Responsible Governance	Active and Sustainable Transport Program 26/27	00002553	600,000		600,000
Responsible Governance	Asset Breakdown - Contingency Fund 26/27	00002539	203,600		203,600
Responsible Governance	Automated External Defibrillators - Renewals	00002588	90,000		90,000
Responsible Governance	AV Refresh - Rooms & Community Centre 26/27	00002562	94,000		94,000
Responsible Governance	Carpark Renewal Program 26/27	00002506	230,000		230,000
Responsible Governance	Desktop & Laptop Replacement 26/27	00002558	320,500		320,500
Responsible Governance	Fences, Walls & Bollard Renewals 26/27	00002513	200,890		200,890
Responsible Governance	Footpath & Kerb & Gutter Defect Program 26/27	00002567	1,000,000		1,000,000
Responsible Governance	Heavy Fleet Replacement Program 26/27	00002508	3,101,995		3,101,995
Responsible Governance	Inlet Reserve Renewal Public Amenities	00002543	600,000		600,000
Responsible Governance	Irrigation Renewals 26/27	00002518	1,093,250		1,093,250
Responsible Governance	Light Fleet Replacement Program 26/27	00002512	254,000		254,000
Responsible Governance	Minor Plant Replacement Program 26/27	00002504	103,800		103,800
Responsible Governance	Network Infrastructure Replacement	00002575	186,500		186,500
Responsible Governance	Office Fit-out Modifications 26/27	00002507	46,000		46,000
Responsible Governance	Path & Access Ramp Renewal Program 26/27	00002556	4,200,000		4,200,000
Responsible Governance	Public Lighting Renewal Program 26/27	00002515	500,000		500,000
Responsible Governance	Road Renewal Program 26/27	00002577	9,000,000		9,000,000

Responsible Governance	Server & Storage Array Replacement	00002505	67,000		67,000
Responsible Governance	Stormwater Drainage Renewal Program 26/27	00002547	443,750		443,750
Responsible Governance	Structured Cabling System Replacement	00002511	144,250		144,250
Responsible Governance	Western Strikers FC – Sports Lighting Project	00002537	145,000		145,000
Responsible Governance	WPW - Pump Station Renewals	00002542	50,000		50,000
Responsible Governance	Concept Planning - Trust Reserve Changeroom Upgrades	00002526	101,800		101,800
Responsible Governance	Council Building Renewal 26/27	00002531	1,431,874		1,431,874
Responsible Governance	Open Space Furniture Renewals 26/27	00002523	179,119		179,119
Responsible Governance	Playground Renewals 26/27	00002528	840,508		840,508
Responsible Governance	Point Malcolm Train Track – Semaphore Tourist Railway	00002589	99,000		99,000
Responsible Governance	Sport Accessories Renewals 26/27	00002532	261,466		261,466
Responsible Governance	Sporting Club Changeroom Renewal - Grange Hockey Clubrooms	00002522	1,527,000		1,527,000
Total			**27,115,302**		**$27,115,302**

Appendix C: ESCOSA Report



Enquiries concerning this advice should be addressed to:

Essential Services Commission
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ADELAIDE SA 5001

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City of Charles Sturt
AT A GLANCE

OVERVIEW

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

FINANCIAL PERFORMANCE



Past 10 years
Sustainable



Current
Sustainable



Projected
Mostly Sustainable

RISKS IMPACTING SUSTAINABILITY

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

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

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

KEY FACTS

- Population in 2023 was **127,440** [(1)] residents
- Council covers **54.8 square kilometres** [(1)]
- **61,545** rateable properties in 2022-23 [(2)]
- **$119.3 million of rates income** in 2022-23 [(2)]
- Value of assets held in 2022-23 equals **$1,579.0 million** [(2)]

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

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1 Executive summary

1.1 Summary of observations

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

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

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

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

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

[1] The forecast average annual growth in the CPI from 2024-25 to 2033-34 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2026 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2026-27.

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

1.2 Summary of Recommendations

The Commission recommends that the City of Charles Sturt:

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

2 About the advice

2.1 Background

The State Parliament has tasked the Essential Services Commission of South Australia (**Commission**), South Australia's independent economic regulator and advisory body, to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**), and on the proposed revenue sources, including rates, which underpin those plans.[3]

A primary purpose of the Local Government Advice Scheme (**Advice** or **the Scheme**) is to support councils to make financially sustainable strategic decisions in their Annual Business Plans (**ABP**) and budgets, in the context of their Long-Term Financial Plans (**LTFP**) and Infrastructure and Asset Management Plans (**IAMP**). IAMPs are commonly referred to as Asset Management Plans (**AMP**). The LTFP and the IAMP are both required as part of a council's SMP.[4] Financial sustainability encompasses intergenerational equity,[5] program (service level) and rates stability in this context.[6] The other main purpose is for the Commission to consider ratepayer contributions in the context of all revenue sources, as outlined in the LTFP.[7] In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.[8]

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the third year (2024-25) of the Scheme, including the City of Charles Sturt (**Council**).

This report provides the Local Government Advice for the Council in 2024-25.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2025-26 ABP (including any draft ABP) and in subsequent plans until the next cycle of the Scheme.[9] The Council is not compelled under the LG Act to follow the advice.

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

2.2 The Commission's approach

In providing its Advice for the Council, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**).[10]

The Commission has considered the Council's SMP documents (set out in the box below), with a particular focus on its performance and outlook against three financial indicators: the Operating Surplus Ratio (**OSR**), the Net Financial Liabilities Ratio (**NFLR**) and the Asset Renewal Funding Ratio (**ARFR**).[11]

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3 Amendments to the *Local Government Act 1999* (**LG Act**) (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).

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

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

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

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

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

9 LG Act s122(1h).

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

11 The indicators are specified in the Local Government (Financial Management) Regulations 2011. Since 2011, each council has been required to refer to these three indicators in its plans, annual budget, mid-year budget review and annual financial statements. The councils can adopt their own target range for each ratio, but the Commission has adopted the previously suggested Local Government Association (**LGA**) target ranges as a

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

City of Charles Sturt – Strategic Management Plan Documents

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

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

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

The Commission has also reviewed the Council's template data which contains its 2024-25 LTFP forecasts for 2024-25 to 2033-34, as well as its 2023-24 LTFP forecasts, historical financial data, the number of rateable properties and Council staff (Full Time Equivalent or FTE) numbers from 2013-14 onwards.[15] [16] The charts and tables in the Advice are primarily sourced from these datasets. In addition, the Commission has reviewed the Council's Audit and Risk Committee reports, and other public information, as appropriate.

The Commission has reported estimates in nominal terms, for consistency with the Council's plans and actual rate levels, but it has compared estimated inflation impacts to these trends as a guide to identify 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (CPI) line shows the

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

12 The F&A listed 29 analytical questions that the Commission has answered in assessing the Council's performance against these indicators to determine affordability, cost control and other sustainability risks.

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

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

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

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

cumulative growth in the CPI (Adelaide) series from 2013-14, and then projections of this series from 2024-25 based on the Reserve Bank of Australia (RBA) (Australia-wide) inflation forecasts (to the December quarter 2026), and the midpoint of the RBA target range (2.5 percent) thereafter.

Finally, in formulating this Advice, the Commission has had regard to all discussions and engagement with the Council, including the face-to-face onsite meeting at the Council's offices and the following individual circumstances of the Council, consisting of:

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

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

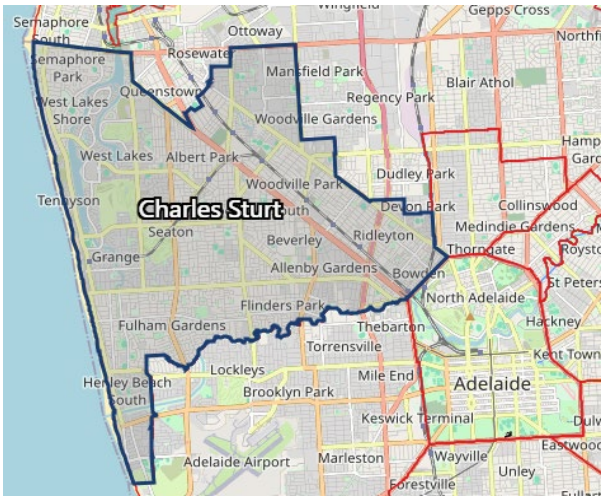
Legend: Low-risk Moderate-risk High-risk

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

3 Council profile

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

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



The Council region also has the following attributes:

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

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18 Commission, *Fact Sheet - Local Government Advice Scheme – Schedule of Councils*, May 2023, available at https://www.escosa.sa.gov.au/ArticleDocuments/21947/20240731-Advice-ScheduleOfCouncils-FactSheet.pdf.aspx?Embed=Y.

19 Department of Infrastructure and Transport, *Councils in Focus*, available at https://councilsinfocus.sa.gov.au/councils/city_of_charles_sturt.

20 Australian Bureau of Statistics, *Data by region*, available at https://dbr.abs.gov.au/region.html?lyr=lga&rgn=41060.

21 Refer to the Department of Infrastructure and Transport - Local Government Grants Commission, *2022-23 Database Reports*, available at: https://www.dit.sa.gov.au/local-government/grants-commission/publications#database.

22 Refer to City of Charles Sturt website available at https://www.charlessturt.sa.gov.au/council/about-our-city.

23 Based on the Council's Financial Reporting template provided to the Commission.

24 Footnote 20 applies.

25 Footnote 21 applies.

26 Footnote 20 applies.

27 Footnote 20 applies.

4 Material plan amendments in 2024-25

The Council has made various amendments to its 2024-25 budget and forward projections, partly for inflation and partly for other revenue and spending initiatives. The material amendments to some of its main financial forecasts are listed in the table below (in nominal terms).[28] To ensure a comparable analysis of estimates between the 2023-24 and 2024-25 LTFP projections (included in the Council's Annual Business Plans (ABPs)), the Commission has reviewed the nine overlapping years' statistics: 2024-25 to 2032-33 and identified material amendments accordingly.[29]

4.1 Key points

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

Table 1: Summary of Plan Amendments

Selected Financial Item	Sum of 2024-25 to 2032-33 estimates in 2023-24 LTFP ($ million)	Sum of 2024-25 to 2032-33 estimates in 2024-25 LTFP ($ million)	Change in 2024-25 estimates ($ million)	Change in 2024-25 estimates (percent)
Rates income*	1,396.7	1,450.0	+53.3	+3.8
Statutory charges	46.7	50.2	+3.5	+7.5
User charges	36.0	40.7	+4.7	+13.2
Reimbursements	5.6	4.9	-0.7	-12.5
Total operating income*	1,570.6	1,634.3	+63.7	+4.1
Employee costs*	578.3	601.7	+23.4	+4.1
Depreciation, amortisation and impairment*	390.6	374.3	-16.3	-4.2
Capital expenditure on renewal of assets[30]	256.4	305.1	+48.7	+19.0
Capital expenditure on new and upgraded assets[31]	89.1	128.7	+39.6	+44.4

* These items may not indicate a material amendment.

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

4.2 General observations on the LTFP, ABP and IAMP

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

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

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

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

4.3 Changes to operating performance

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

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

[32] Under s.122(4)(a)(i) of the LG Act the Council must undertake a review of its long-term financial plan on an annual basis.
[33] LG Act s122(4)(a) and (b). General elections were last held for SA councils on 11 November 2022.
[34] City of Charles Sturt, *Email to the Commission*, 8 October 2024.
[35] This is generally consistent with the Adelaide (All groups) CPI increase of 4.3 percent in the year to March 2024 quarter. Available at https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release#data-downloads. The Council uses a range of indexation assumptions, and for its baseline rates projections applies the Deloitte Access Economics South Australian CPI forecasts (which for the year to June 2025, was 2.75 percent).
[36] Based on the Council's Financial Reporting template (including its reasons for material amendments) provided to the Commission.
[37] These increases are in nominal terms and are inclusive of CPI increases.

- Statutory charges reflect an increase in parking expiations by $0.2 million in 2024-25 due to an increase in resourcing, which results in a $2.2 million increase over 10 years. In addition, increases in planning and development fees, dog fees and permits will contribute to a $3.5 million increase over 10 years.

- User charges reflect increased revenue associated with the Woodville Town Hall and Climate Adaption reimbursement from collaborating councils (City of West Torrens and Port Adelaide Enfield). The impact of these changes is an additional $4.7 million over nine years.

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

- Employee costs reflect an increase of $2.5 million per annum due to indexation, and an increase of $1.4 million associated with annual operating projects in 2024-25 (Tree Canopy project salaries are $0.8 million in 2024-25). In total these impacts contribute to an increase of $23.4 million (or 4.1 percent) across the nine-year comparative period.

- Depreciation expenses reflect the changes in the Council's LTFP assumptions (most recently updated in February 2024), which projects that depreciation will decrease by $16.2 million (or 4.2 percent) across the nine-year comparative period. The Council states this is due to the:

    - sale of the 'JetVac' truck and 'cameravan' used for unblocking drains and stormwater pipes, which reduces depreciation by approximately $0.08 million per annum (or $0.8 million over 10 years), and

    - reduction in the projected rate of depreciation in the LTFP to better align with the rate of depreciation in the asset register, which reduces average depreciation by 1.7 percent over 10 years (or a decrease of $6.6 million over 10 years).

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

4.4 Changes to capital expenditure estimates

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

- higher procurement costs on asset renewals, which comprise an additional $30.7 million

- increases in the pricing and scope for new assets, which comprises an additional $36.6 million, and

- higher indexation applied from 2028-29 onwards (the Council uses Deloitte Access Economics projections), which comprises an additional $19.6 million in capital expenditure.

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

5 Financial sustainability

5.1 Operating performance

5.1.1 Key points

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

5.1.2 Operating Surplus Ratio

Figure 1: Operating surplus ratio – historical and forecast

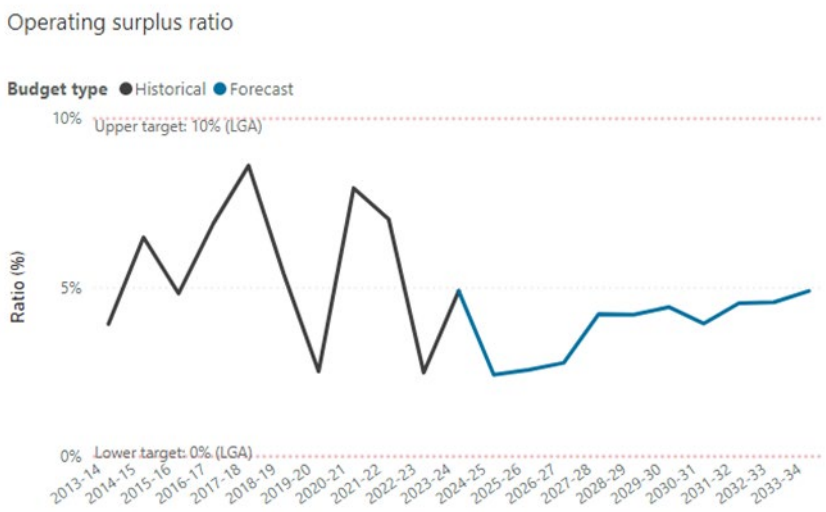
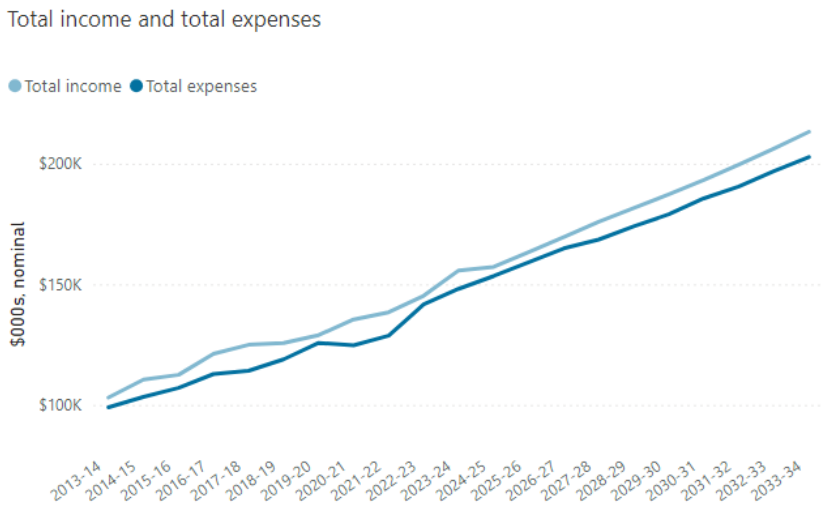


Figure 2: Total income and expenses – historical and forecast



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

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

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

5.1.3 Operating Income

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

[38] The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised,* May 2019 (LGA SA Financial Indicators Paper), p. 6).

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

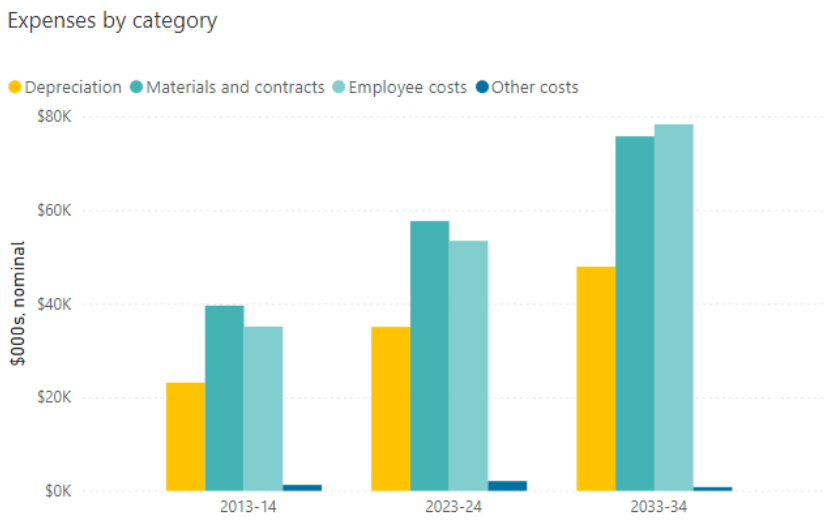
Grants income has been 'lumpy' from year to year.[40] The three-year average of $148 per ratepayer in 2015-16 is compared with the three-year average of $202 per ratepayer in 2022-23, reflecting an increase in value in real terms (or 4.6 percent increase per annum in nominal terms).

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

5.1.4 Expenditure

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

Figure 3: Expenses by category – historical and forecast

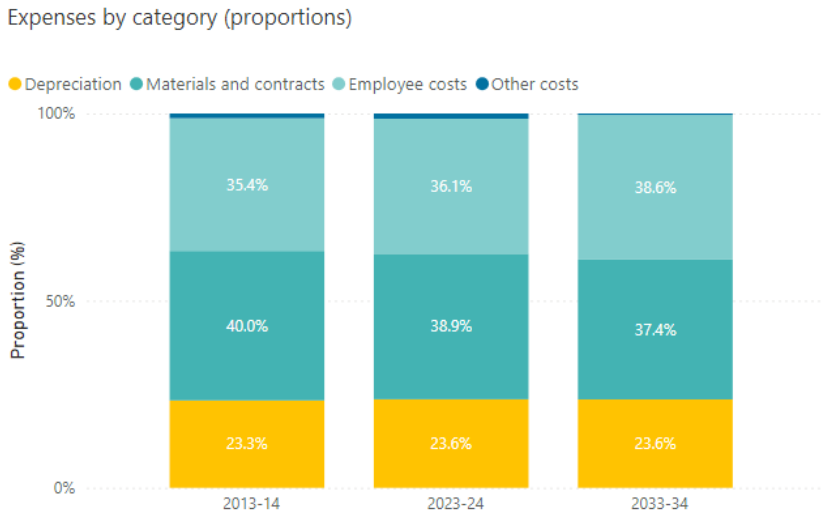


40 Due to the timing of different grants and sometimes advance grant payments (as for the 2023-24 grant allocation, which was received and accounted for in 2022-23).

41 The forecast average annual growth in the CPI from 2024-25 to 2033-34 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2026 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2026-27.

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

Figure 4: Expenses by category - proportions



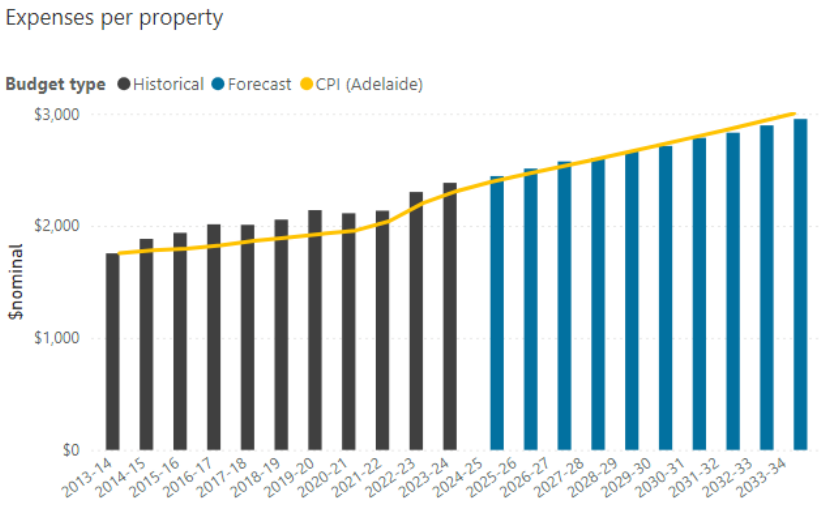
For the forecast period (from 2024-25 to 2033-34), the Council projects a 3.1 percent average expense growth, which is lower than the annual average growth of 4.1 percent for the nine years to 2022-23, and is higher than the RBA-based forecast inflation growth.[43] It is noted that the Council reported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

43 Footnote 41 applies.

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

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

Figure 5: Expense by rated property - historical and forecast



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

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

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

5.1.5 Commission's recommendations on operating performance

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

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

3. **Improve** the disclosure of cost savings targets or productivity improvements in its long-term financial plans and annual business plans (as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

5.2 Net financial liabilities

5.2.1 Key points

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

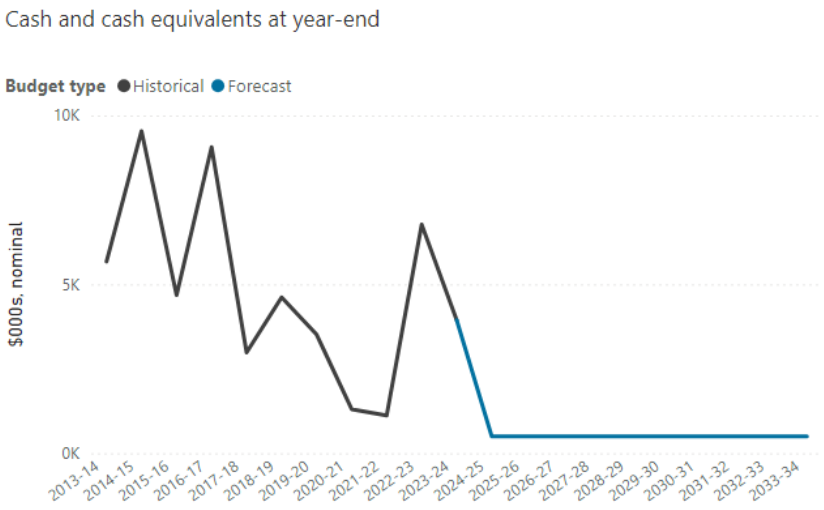
Despite the Council's frequent operating surpluses over the last 10 years, its net cash flows after operating and investing (that is, capital-related) activities have averaged negative $1.8 million annually between 2013-14 and 2022-23.[47] These are the cash flows generally available for debt repayments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

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

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

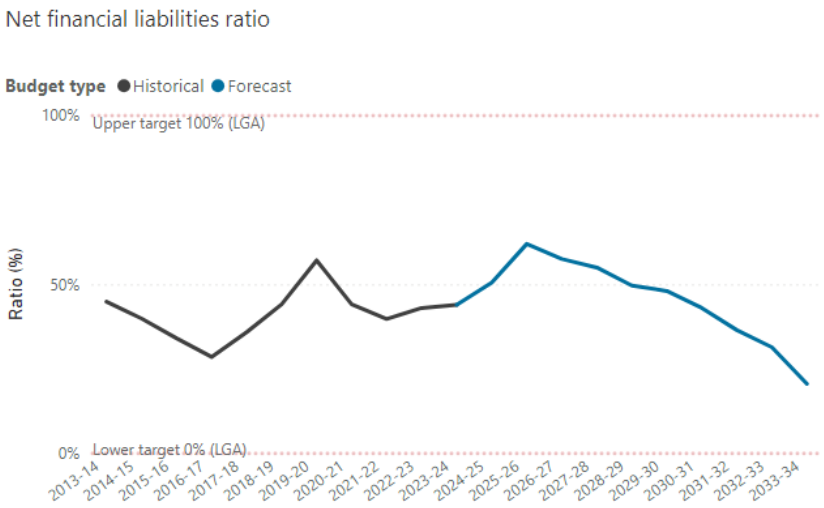
[48] City of Charles Sturt, *Annual Business Plan and Budget 2024/25,* June 2024, p.14.

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



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

Figure 7: Net financial liabilities ratio – historical and forecast

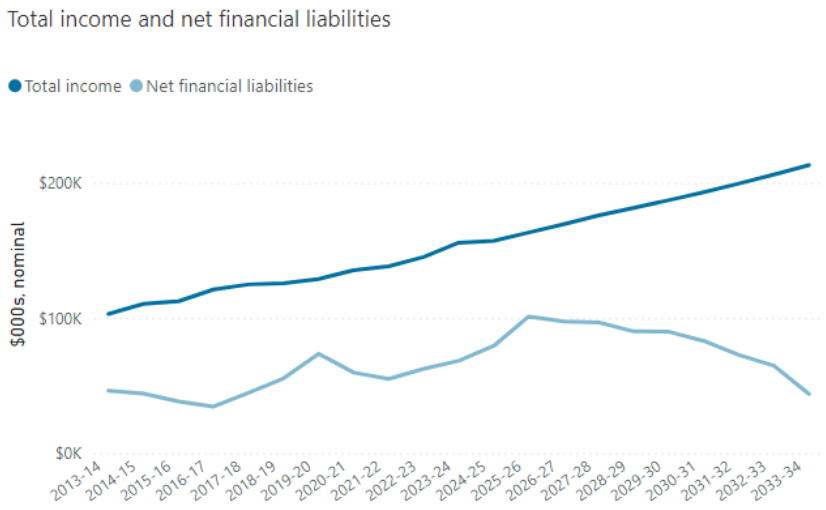


The Council has estimated that the NFLR will peak at 62.0 percent in 2025-26,[50] with borrowings forecast to peak at $72.6 million in 2025-26. Over the remaining period of the LTFP, the Council is projecting net borrowing repayments totalling $60.9 million, and the net financial liabilities ratio is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

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

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

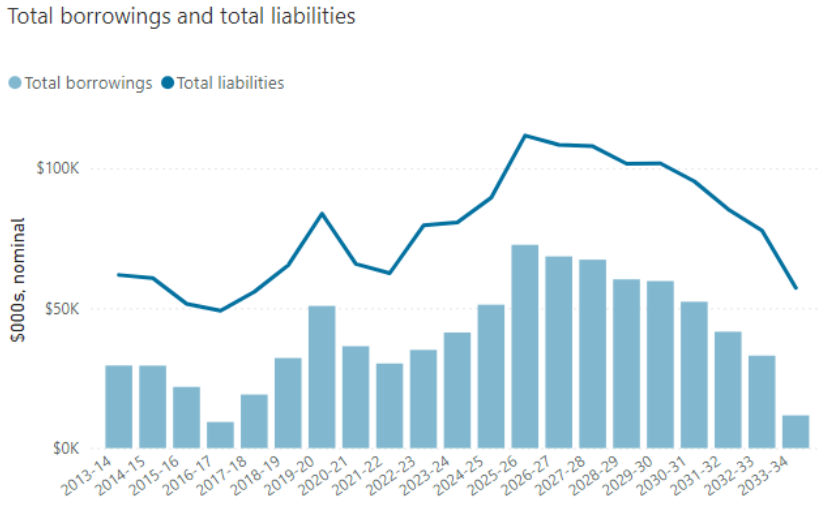
Figure 8: Total income and net financial liabilities – historical and forecast



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

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

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



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

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

5.2.2 The Commission's recommendations on financial liabilities

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

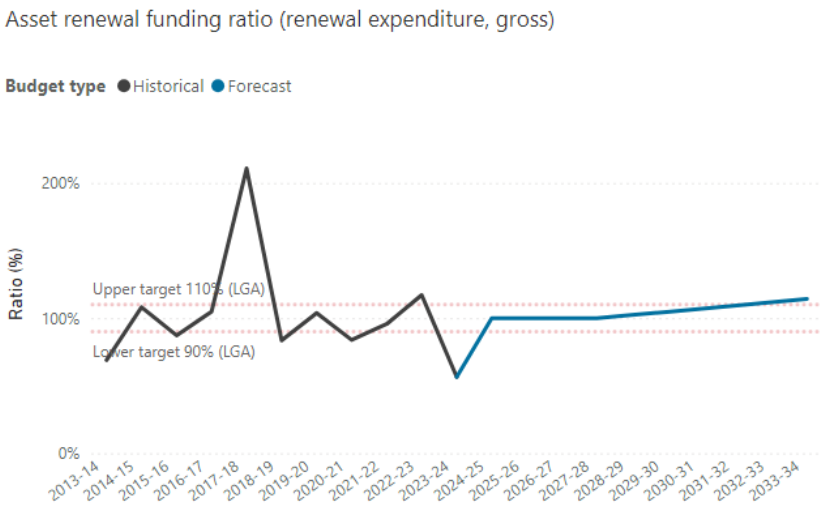
4. **Consider** its pace of repayment of debt, balancing financial costs, the program of development of new assets and intergenerational equity.

5.3 Asset renewals expenditure

5.3.1 Key points

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

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



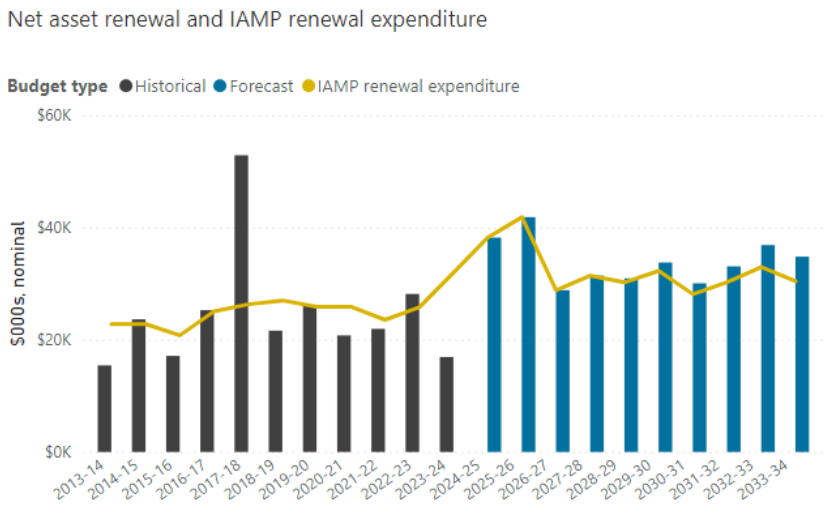
53 'Intergenerational equity' relates to fairly sharing of services and the revenue generated to fund the services between current and future ratepayers.

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

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

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

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

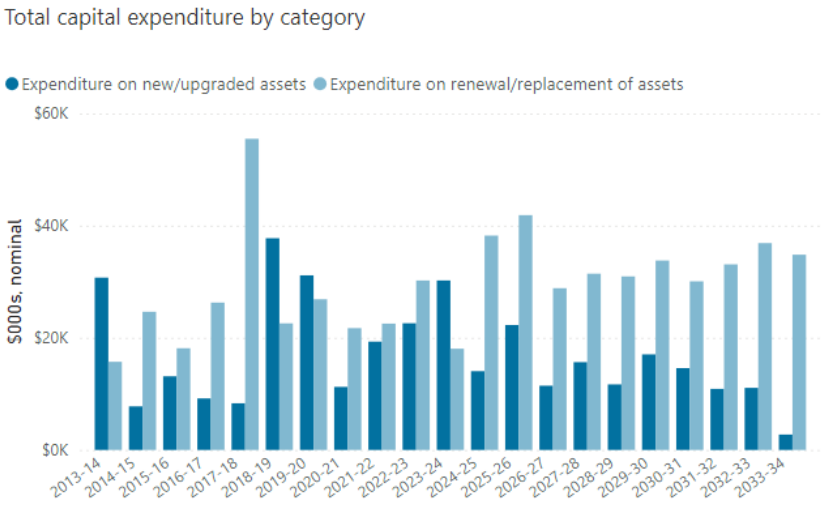


54 The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as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

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

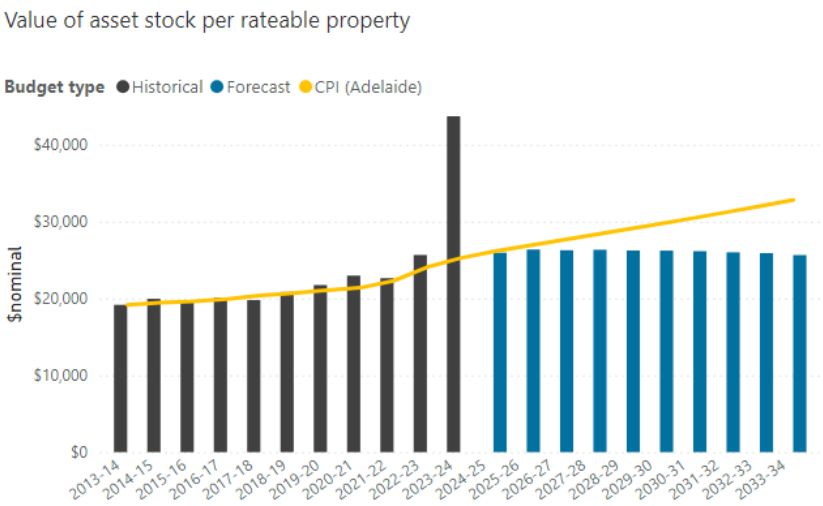
56 The Council targets greater than 80.0 percent for its asset renewal funding ratio. City of Charles Sturt, *Annual Business Plan and Budget 2024/25,* June 2024, p.5.

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



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

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



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

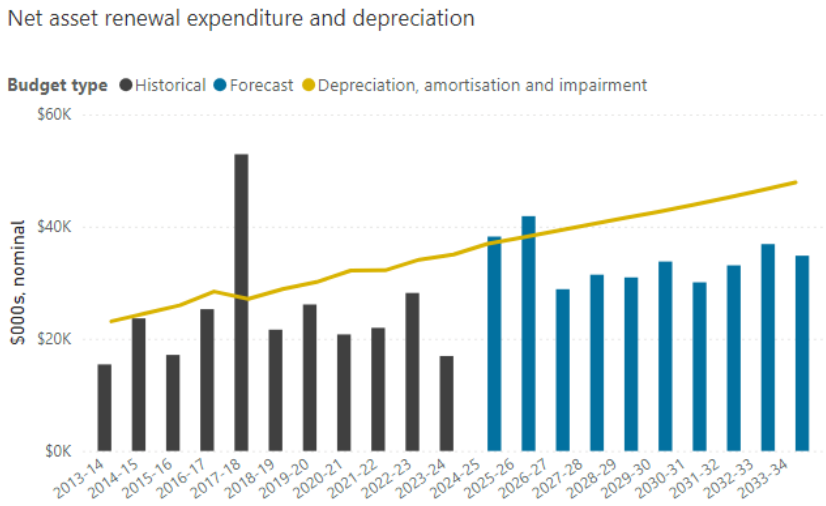
57 The value of Council land (last valued at 1 July 2018) is included in this calculation which represents 20.0 percent of the total value of 'Infrastructure, Property, Plant and Equipment' as of 30 June 2023. City of Charles Sturt, *General Purpose Financial Statements for the year ended 30 June 2023*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

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

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

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

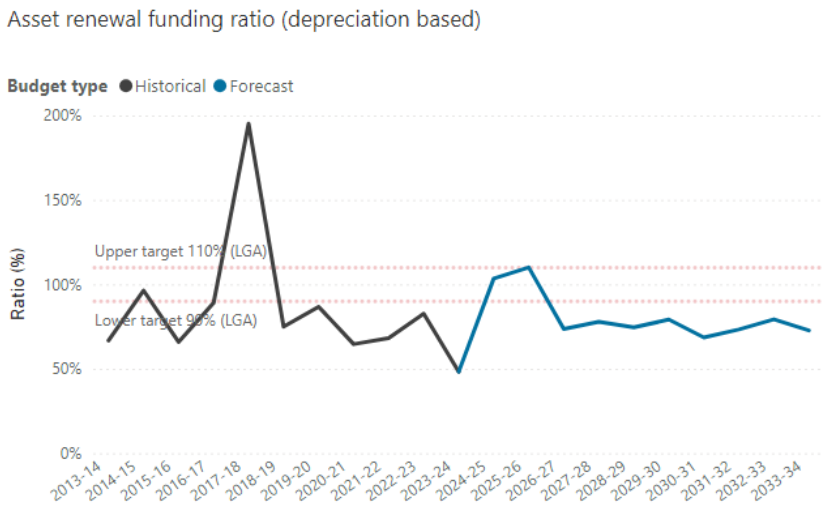
Figure 14: Net asset renewal expenditure and depreciation – historical and projected



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

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

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



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

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

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

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

5.3.2 The Commission's advice on asset renewals funding

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

For this reason, the Commission recommends that the Council:

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

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

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

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

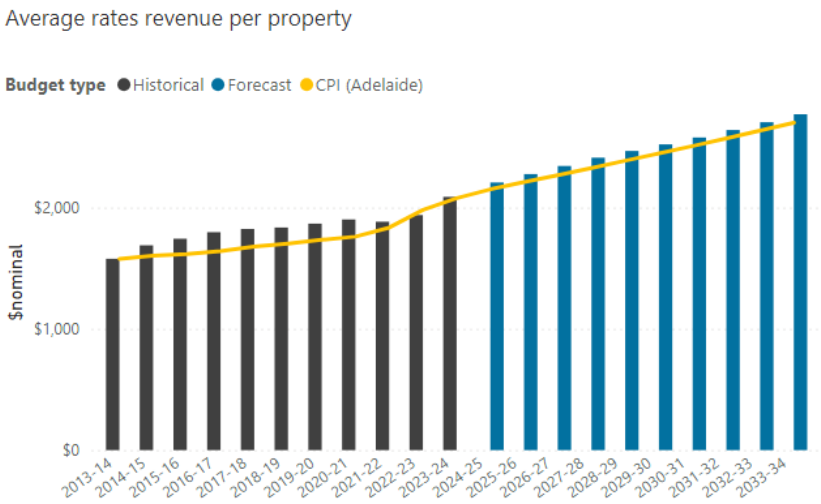
6. **Continue** to review its long-term asset base assumptions, including asset valuations, and asset lives, as necessary, informing its forecast rate of asset consumption and depreciation expenses and asset renewal needs in its LTFP and AMPs.

6 Advice on current and projected rate levels

6.1 Key points

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

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



6.2 Historical rates growth

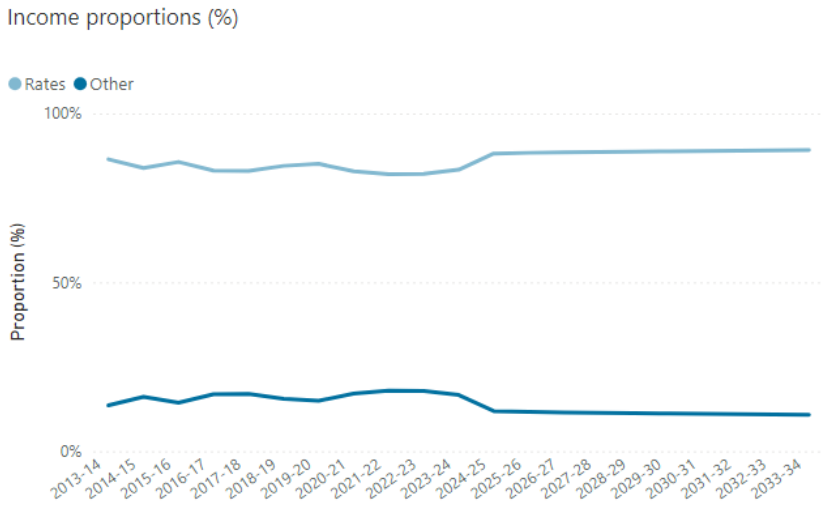
Over the past 10 years,[61] the Council's rate revenue per property has increased at an average annual rate of 2.3 percent, equating to $40 per property per year, reaching an estimated $1,939 per property in 2022-23 (see Figure 16). This growth rate was less than the average CPI increase of 2.6 percent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

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

61 From 2013-14 to 2022-23.

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

Figure 17: Income proportions (%)



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

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

6.3 Projected rate increases for 2024-25

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

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

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

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

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

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

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

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

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

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

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

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

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

6.4 Projected further rate increases

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

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

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

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

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

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

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

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

74 Before discretionary rebates.

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

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

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

6.5 Affordability risk

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

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

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

6.5.1 The Commission's advice on affordability risk

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

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77 The forecast average annual growth in the CPI from 2025-26 to 2033-34 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2026 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2026-27.

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

79 The City of Charles Sturt area is ranked 32 among 71 South Australian '*local government areas*' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, available at https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/2021.

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

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

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

Overall, the Commission recommends that the Council:

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

7 The Commission's next advice and focus areas

In the next cycle of the scheme, the Commission will review and report upon the Council's:

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

8 Appendix: Glossary of terms

Item	Explanation
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
ARFR	Asset Renewal Funding Ratio Since 2013, the asset renewal funding ratio has been defined as: Asset Renewal Expenditure ÷ IAMP Renewal Expenditure Where IAMP Renewal Expenditure is that required according to the IAMP.
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of Charles Sturt
ESC Act	*Essential Services Commission Act 2002*
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	*Local Government Act 1999*
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plan
NFLR	Net Financial Liabilities Ratio Net Financial Liabilities are defined as: Total Liabilities LESS Current Assets (Cash and Cash Equivalents) LESS Current Assets (Trade and Other Receivables) LESS Current Assets (Other Financial Assets) LESS Non-Current Assets (Financial Assets - excluding equity accounted investments in council businesses) The net financial liabilities ratio is: Net financial liabilities ÷ Total Operating Income
OSR	Operating Surplus Ratio The Operating Surplus (Deficit) is defined as: Total Operating Income LESS Total Operating Expenses

Item	Explanation
	The Operating Surplus Ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income
Regulations	*Local Government (Financial Management) Regulations 2011*
RBA	Reserve Bank of Australia
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
The scheme or advice	Local Government Advice Scheme



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