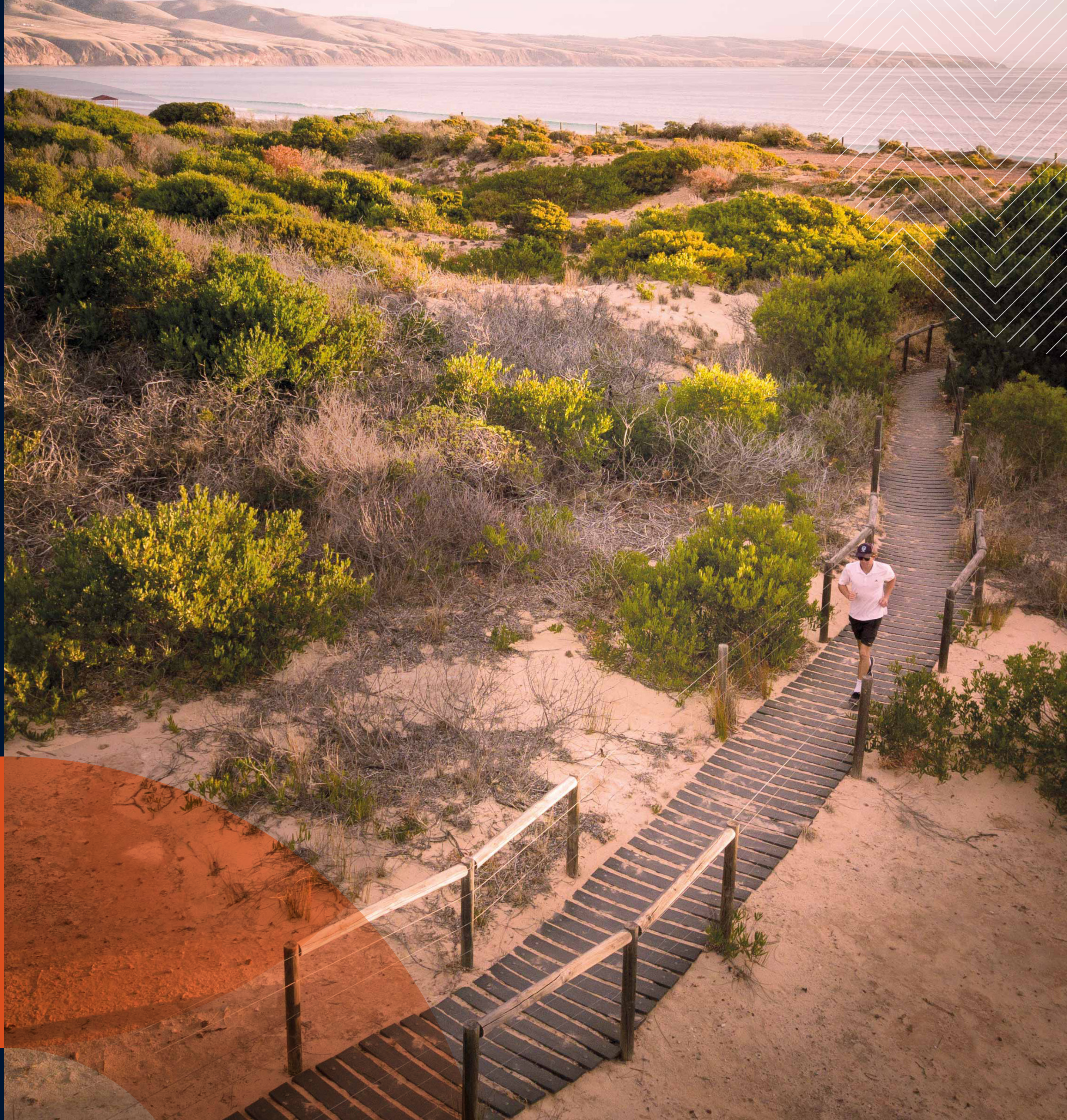
Long Term Financial Plan

2026–27 to 2036–37

Annual update 2026–27



Contents

About the City of Onkaparinga

The City of Onkaparinga is home to 182,821* residents living in both urban and rural communities, making it the largest South Australian council by population.

There are over 84,300 rateable properties across 5 major categories, including residential, commercial and primary production.

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

The region has many public open spaces and recreational areas, creative and cultural communities, and a variety of industrial and commercial precincts, community centres and facilities.

The City of Onkaparinga maintains a diverse asset portfolio worth approximately $3.5 billion, which includes those listed in the portfolio snapshot.

Asset portfolio snapshot

1,384km
of sealed roads

2,400+
land parcels

447
buildings (including sport and active recreation facilities)

854
reserves (developed and undeveloped)

250
playgrounds

730+
sporting and active recreation assets including 203 hardcourts, 313 lights, 40 pitches and 31 turfed ovals

721km
of stormwater pipes and 147kms of sewer pipes

677
plant and fleet assets

*Australian Bureau of Statistics (2024)

Strategic planning framework

Requirements under the *Local Government Act 1999*

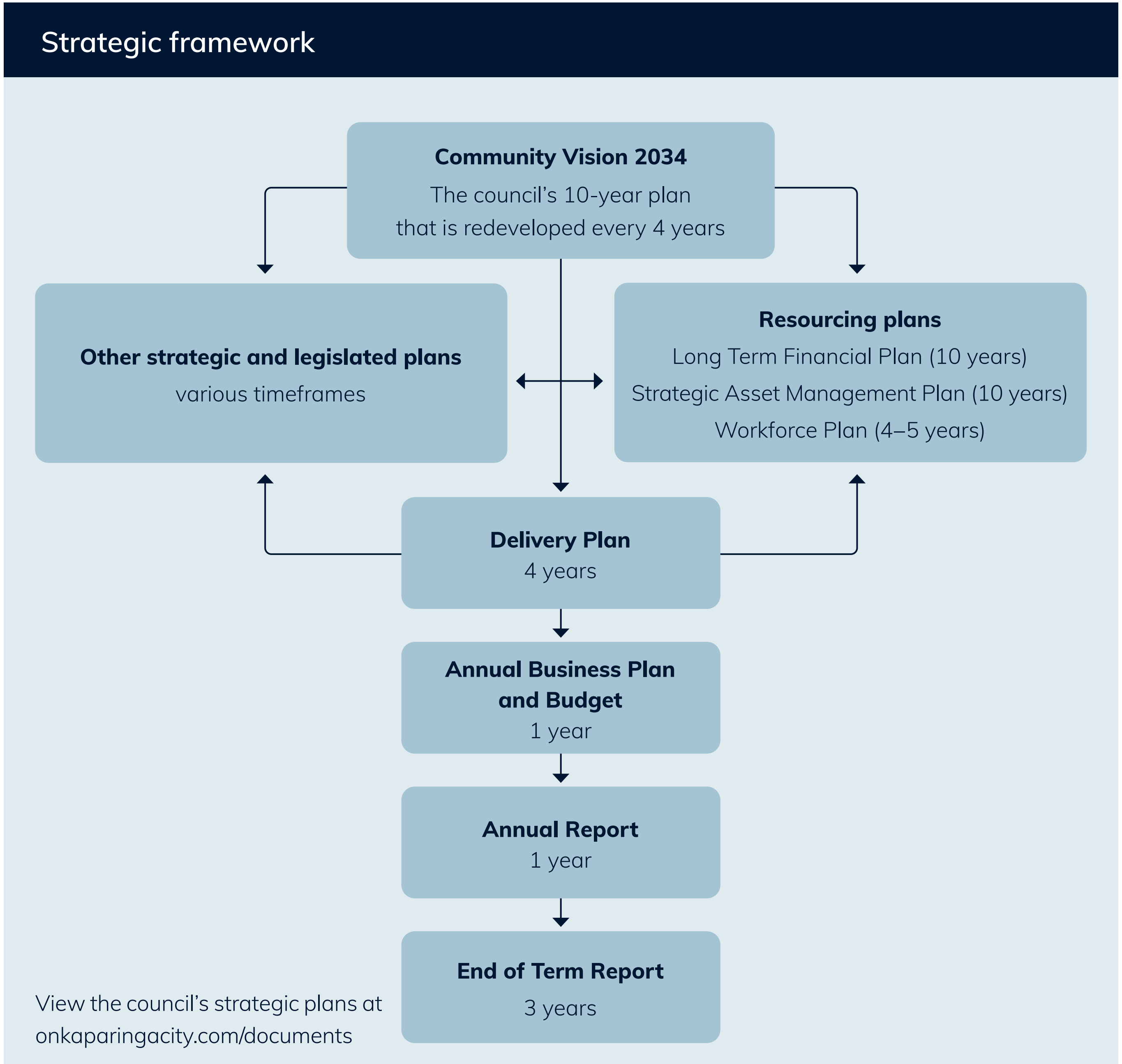
Under section 122 of the *Local Government Act 1999* (the Act), the council must undertake a comprehensive review of its Long Term Financial Plan (LTFP) every 4 years and review the plan on an annual basis to ensure that the assumptions and information contained within the plan remains relevant.

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

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

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

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



Community Vision 2034

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

The plan not only defines the community's and council's aspirations but also outlines actionable steps to bring this vision to life.

The Community Vision 2034 features 4 themes to frame council decision making and the services and projects. These are:

- Community
- Environment
- Liveability
- Leadership.

The Long Term Financial Plan (LTFP) and Strategic Assset Management Plan (SAMP) forecast the resources required to achieve this vision, and are informed by other strategic and legislative plans including the Open Space Strategic Management Plan 2025–30, Climate Change Response Plan 2022–27 and Economic Growth and Tourism Strategic Plan 2025–30.

The outcomes within these plans flow into a 4-year delivery plan, and further into each Annual Business Plan and Budget.

Strategic Asset Management Plan (SAMP)

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

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

Relationship of the LTFP to the annual budget

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

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

Essential Services Commission of South Australia advice

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

Over a 4-year period, ESCOSA will review and provide advice on each council's strategic management planning documents, identifying risks, areas of good practice, and the appropriateness of the assumptions within the plans including historical performance.

ESCOSA reviewed the City of Onkaparinga's Long Term Financial Plan (LTFP) and Strategic Asset Management Plan (SAMP) in 2023, and the advice was received in February 2024. The advice identified challenges to council's financial sustainability, in particular the operating performance which had been in deficit for 7 consecutive years.

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

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

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

ESCOSA recommendations and council response

The ESCOSA advice included 14 recommendations for the Council's consideration as listed in the table below. This information, including the Council's responses to the recommendations, will be published each year in the and adopted annual business plans until the next ESCOSA review scheduled for 2027–28.

Budgeting considerations

Recommendation 1
Ensure that the long-term financial plan is prepared every year as year as required by the *Local Government Act 1999*.

Response
The Long Term Financial Plan (LTFP) will be updated and adopted as part of each annual budget process. The annual update in 2023–24 was placed on hold in order to focus on the budget repair required to improve council's future financial position.

Recommendation 2
Update and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure, to provide transparency to the community.

Response
The annual LTFP updates will include clear identification of the inflation rate and other key assumptions used in the budget and throughout the LTFP.

Recommendation 3
Start to provide an annual statement of financial sustainability as required by the LG Act.

Response
A CEO statement of financial sustainability has been included in the LTFP.

Recommendation 4
Review its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation) to better inform its decision-making and any relevant consultation processes.

Response
Inflation rates and other key assumptions will be reviewed and updated in each annual update of the LTFP to ensure the plan reflects the most relevant information available.

Continuing to provide evidence of ongoing cost efficiencies

Recommendation 5
Consider options to increase income to move forward to a more financially sustainable position.

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

The Council have indicated there is a strong appetite to look at both maximising existing revenue opportunities and exploring new opportunities, and this will continue to be a focus.

Recommendation 6
Monitor and report the growth in costs, including employee expenses, to ensure costs are constrained to forecast levels to ensure the operating performance is not negatively impacted by a lack of cost control.

Response
This recommendation will be captured in the annual budget and LTFP updates.

Recommendation 7
Consider adopting cost saving targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

Response
This recommendation will be considered and if adopted will be reported on as part of the annual budget and LTFP updates.

Recommendation 8
Develop a staged plan and identify targets to reduce the high level of debt, and report the achievements against targets in the annual budget and long-term financial plan.

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

Recommendation 9
Identify and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and exposure to future liabilities.

Response
The updated LTFP contains an assumption for sale of surplus assets. This will need to be further progressed with the current Council to see this assumption realised.

Refinements to asset management planning

Recommendation 10
Review the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure they reflect current values, and incorporate this information into the strategic asset management plan and include these expenditure forecasts in the annual budget and annual long-term financial plan update.

Response
The Strategic Asset Management Plan (SAMP) is updated on an annual basis, but the previous LTFP update did not align with the expenditure forecasts included in the SAMP. This has been rectified with the current LTFP update and will be maintained going forward.

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

Recommendation 11
Undertake the good practice of developing and regularly updating the individual asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plan, budget, and long-term financial plan.

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

Recommendation 12
Provide more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure.

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

Recommendation 13
Continue to hold community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans.

Response
This will continue to be done.

Containing rate levels

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

Response
As the Council focus on budget repair, there will be a need to increase rates above inflation in the immediate term. This has occurred due to rate increases below CPI in previous years, or not rating for growth (rates from new properties).

Once the budget returns to an ongoing surplus, rate increases can be limited to inflation (plus growth).

CEO's statement of financial sustainability

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

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

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

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

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

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

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

Sharon Mason
Chief Executive Officer

Principles

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

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

Principle 1

Through the LTFP and annual budgeting process, the council addresses the structural deficit position, transitions to a balanced budget in the term of the current Council and maintains this surplus position going forward.

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

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

Principle 2

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

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

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

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

Principle 3

Revenue is increased at least in line with the consumer price index (CPI) plus revenue from new properties to ensure financial sustainability.

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

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

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

This LTFP update includes an additional rate increase from 2027–28, equating to an extra 1.98 per cent over 9 years, to partially fund the implementation of the Open Space Strategic Management Plan. The remainder of the additional implementation cost will be funded through increased borrowings. More information about this can be found on page 18.

Principle 4

The council actively seeks out collaborative opportunities which maximise value for the community.

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

Principle 5

The council decreases its reliance on rates by increasing revenue from alternative sources.

Revenue from rates comprises 80 per cent of the council's operating income. Whilst this will take time, there is a strong appetite within the current Council to diversify its revenue streams and explore other opportunities, which includes the commercial partnership arrangement highlighted in principle 4.

Key changes to the 2026–27 LTFP update

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

Key changes made to this LTFP

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

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

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

  These adjustments primarily result from the adoption of the Open Space Strategic Asset Management Plan (OSSMP) in July 2025, with updates made to the open space, buildings and traffic management categories to reflect updated service levels.

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

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

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

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

Assumptions

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

The descriptions on pages 14–15 identify where assumptions have changed compared to the previous update.

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

Consumer Price Index (CPI)

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

Local Government Price Index (LGPI)

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

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

Interest on loans

Interest on loans in this LTFP is based on a weighted average of interest on fixed loans and variable Cash Advance Debenture (CAD) loans. Over the past 12 months there have been a number of both decreases and increases by the RBA to the cash rate[1], with the variable CAD rate through the Local Government Finance Authority at May 2026 sitting at 5.85 per cent. There may be opportunity to fix a portion of existing borrowings before interest rates increase much further.

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

Rate increases and growth

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

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

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

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

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

Total operating expenditure increases (excluding depreciation and finance costs)

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

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

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

Asset revaluations

The revaluation of infrastructure assets occurs on an annual basis, with a comprehensive revaluation of land and building assets occurring every 5 years. This involves using a mixture of unit rates and building price indexes to determine the future replacement costs for those assets, and impacts on both the asset value in the Statement of Financial Position and depreciation expense in the operating position.

In this update it is forecast that asset revaluations will increase at a higher rate than the previous update over the next 2 years, recognising the potential impact that world events will have on supply chains and costs. Increased asset revaluations result in increased depreciation expense, putting pressure on the focus to return to and maintain a surplus budget position.

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

Funding plan

The financial statements commencing on page 23 outline forecast revenue over the next 10 years.

Rates

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

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

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

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

Statutory charges

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

User charges

User charges relate to fee-for-service activities at council owned facilities including accommodation at tourist parks, golf course membership fees, recreation centres, community halls, the Noarlunga Aquatic Centre and other venues, events and patronage at the McLaren Vale and Fleurieu Coast Visitor Centre, additional waste bins, NDIS services, leases and licences, and purchase of recycled water.

Where possible, the charges set for these activities should recover the full cost of delivering the service. At a minimum, charges should increase by CPI each year, and this has been factored into this plan.

Grants, subsidies and contributions – capital

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

Grants, subsidies and contributions – operating

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

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

Investment income

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

Reimbursements and other income

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

Net gain – equity accounted joint venture

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

Income for new or upgraded assets

The last 4 years has seen significant amounts of funding received for new and upgraded assets due to the Local Roads and Community Infrastructure Program and various state and federal election commitments. Not all funding received was for projects within the council's forward plan, which has placed additional pressure on our operating position as we need to fund the ongoing maintenance and renewal of those additional assets. The council's current advocacy plan focuses on projects we have identified as needing to be delivered, such as those responding to the growth of the council region

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

Proceeds from disposal of assets

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

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

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

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

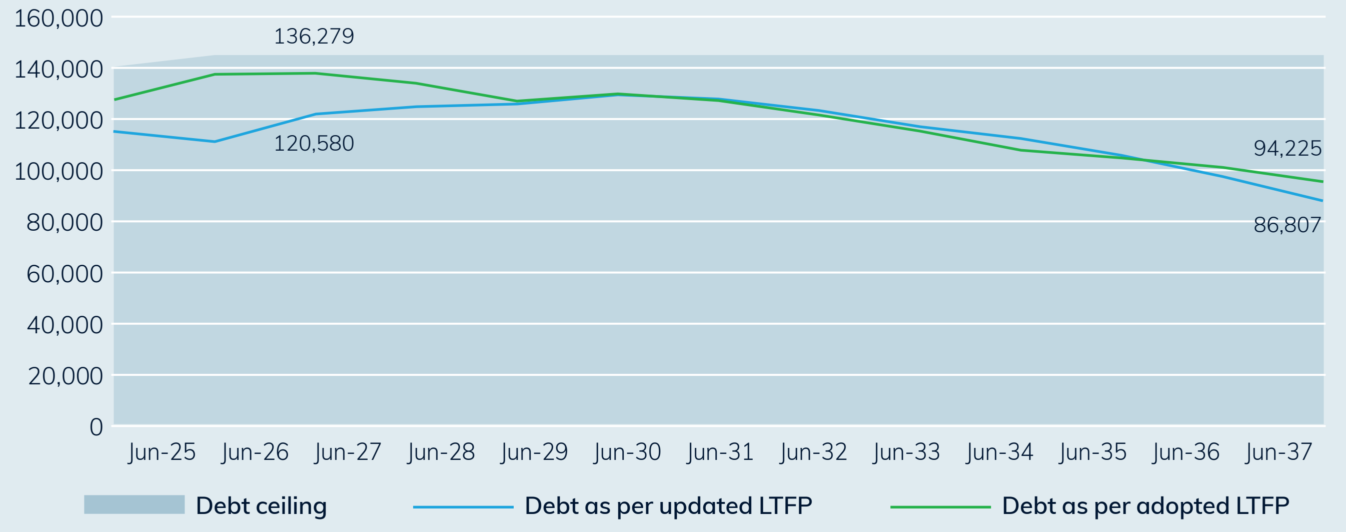
Borrowings

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

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

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

Forecast borrowings



Financial indicators

Key financial indicators

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

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

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

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

Operating surplus ratio

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

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

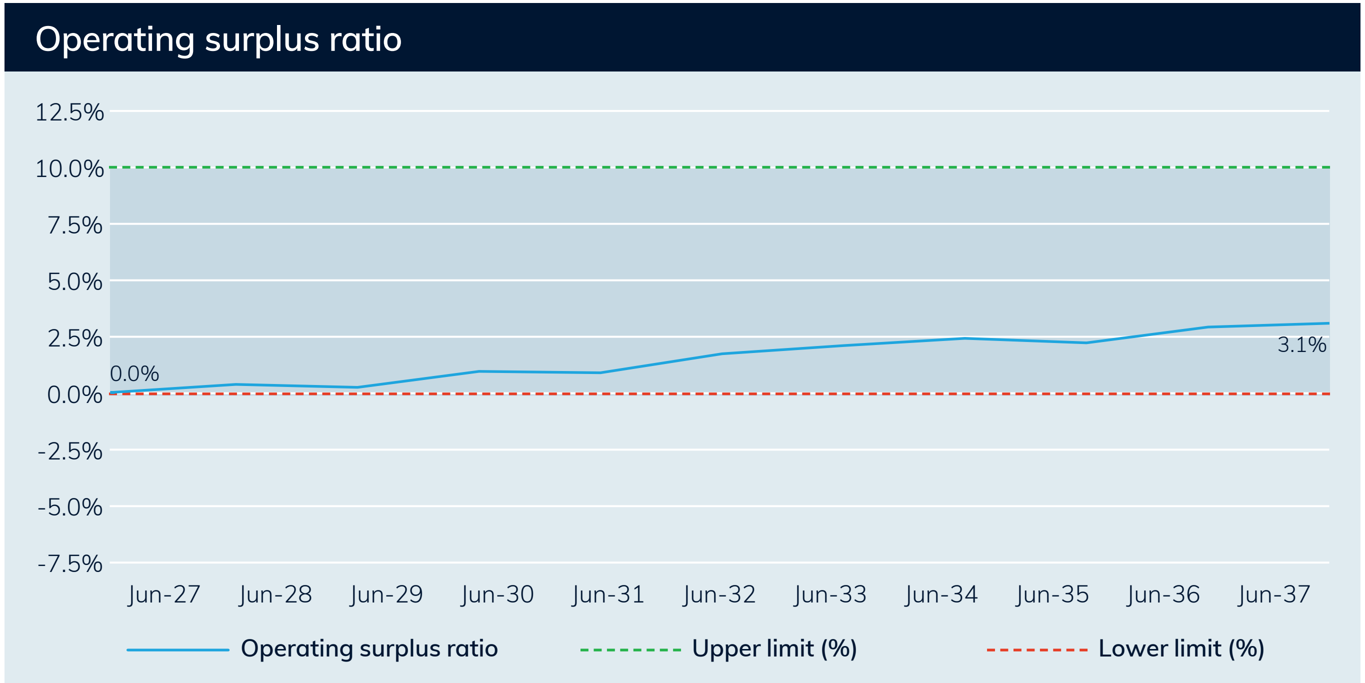
Over the life of this plan, the operating surplus ratio sits between 0.0 and 3.1 per cent, reflecting a positive trend.

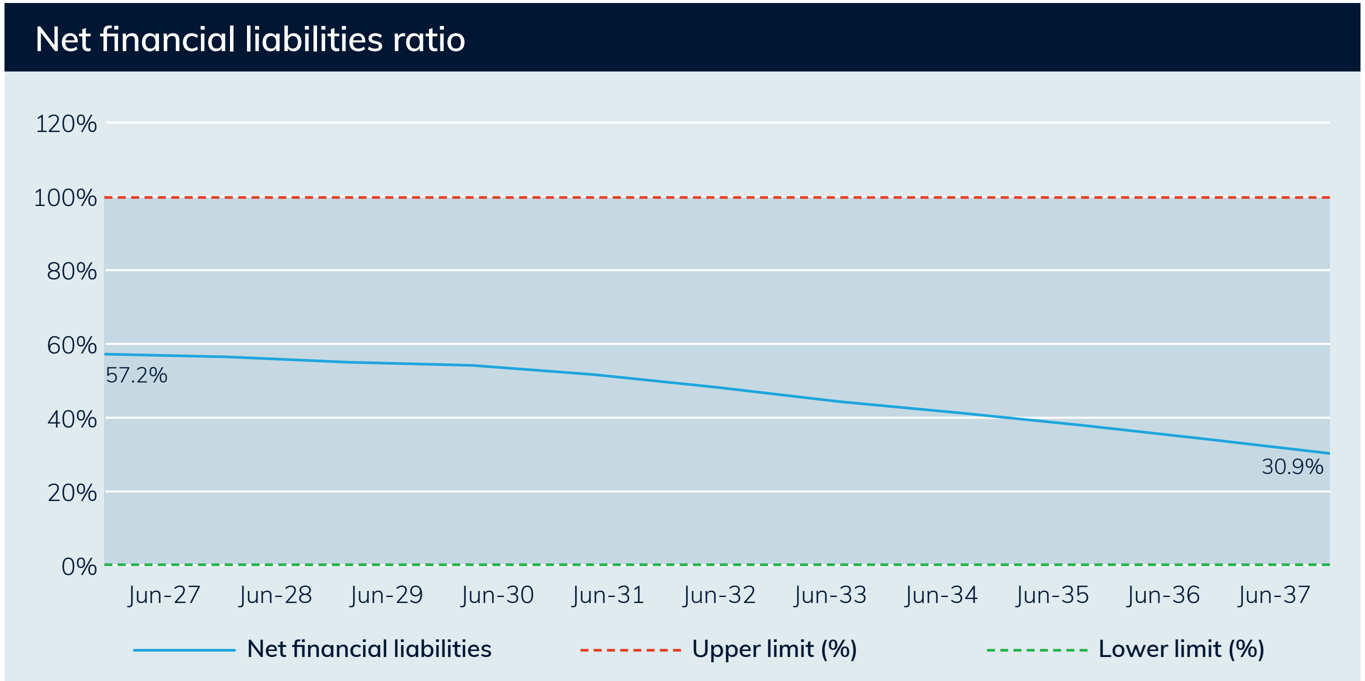
Net financial liabilities ratio

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

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

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





Asset renewal funding ratio

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

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

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

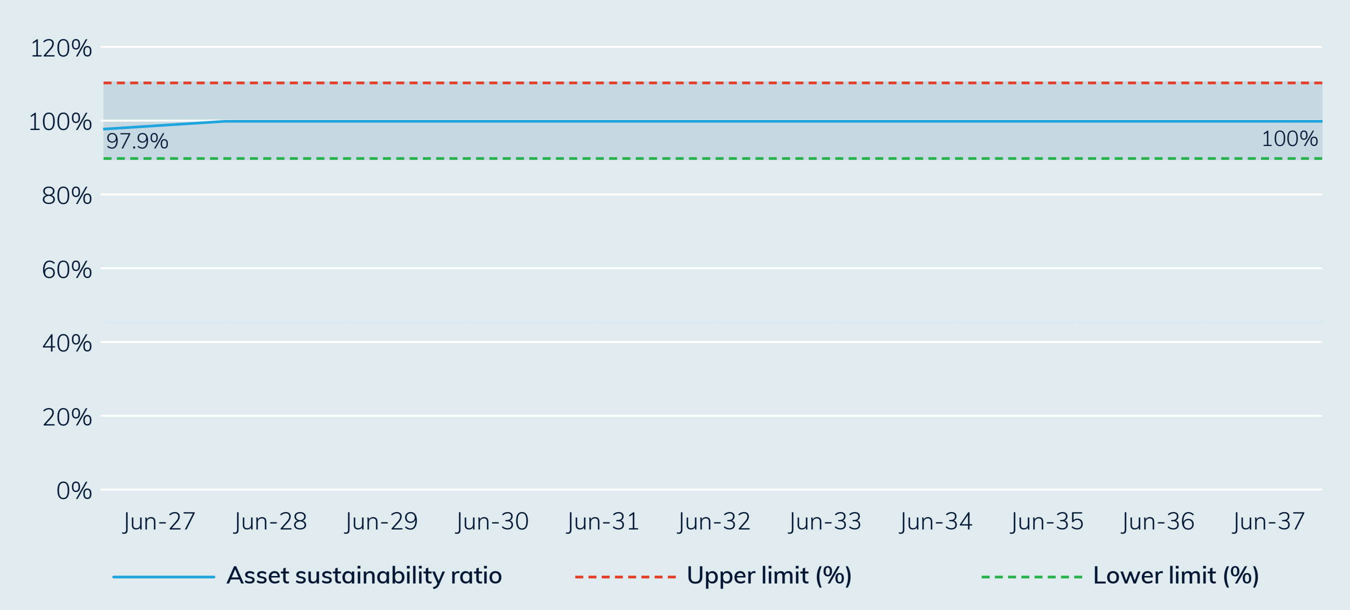
Level of borrowings

The borrowings ratio is measuring the percentage of borrowings against the debt ceiling of $143.0 million, as per the adopted LTFP. The dollar value of these borrowings is shown on page 18.

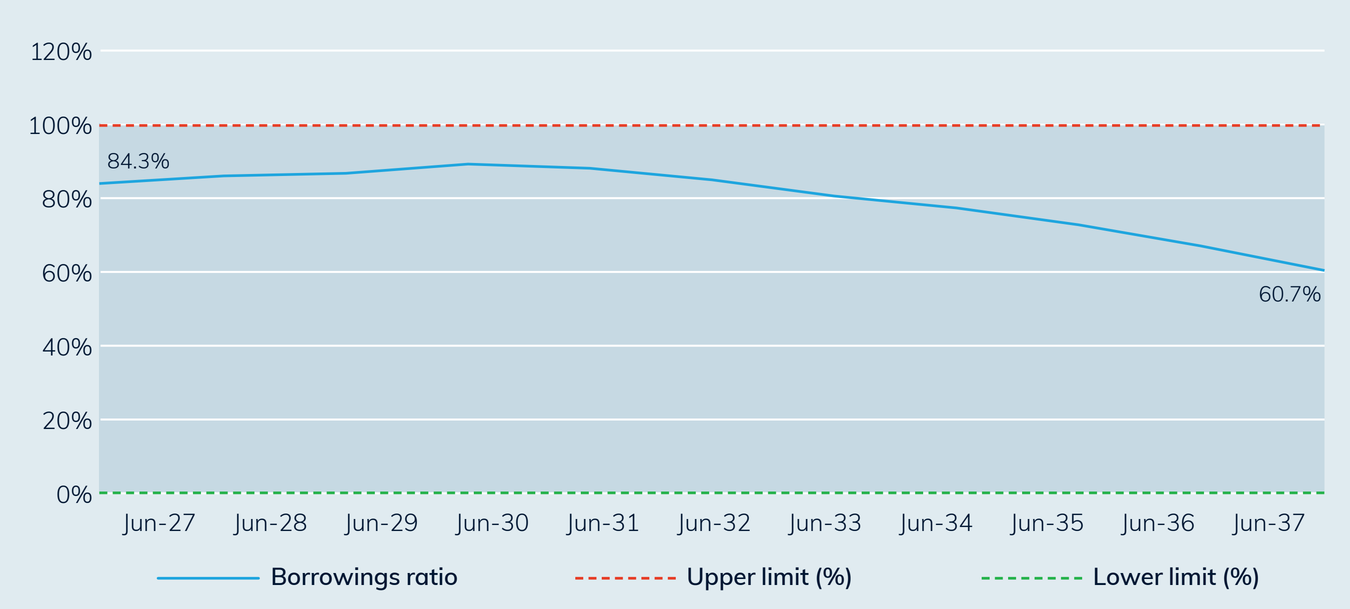
The ratio reflects a downwards trend as the level of borrowings reduces over the 10-year forecast.

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

Asset renewal funding ratio



Borrowings ratio (against debt ceiling)



Interest cover ratio

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

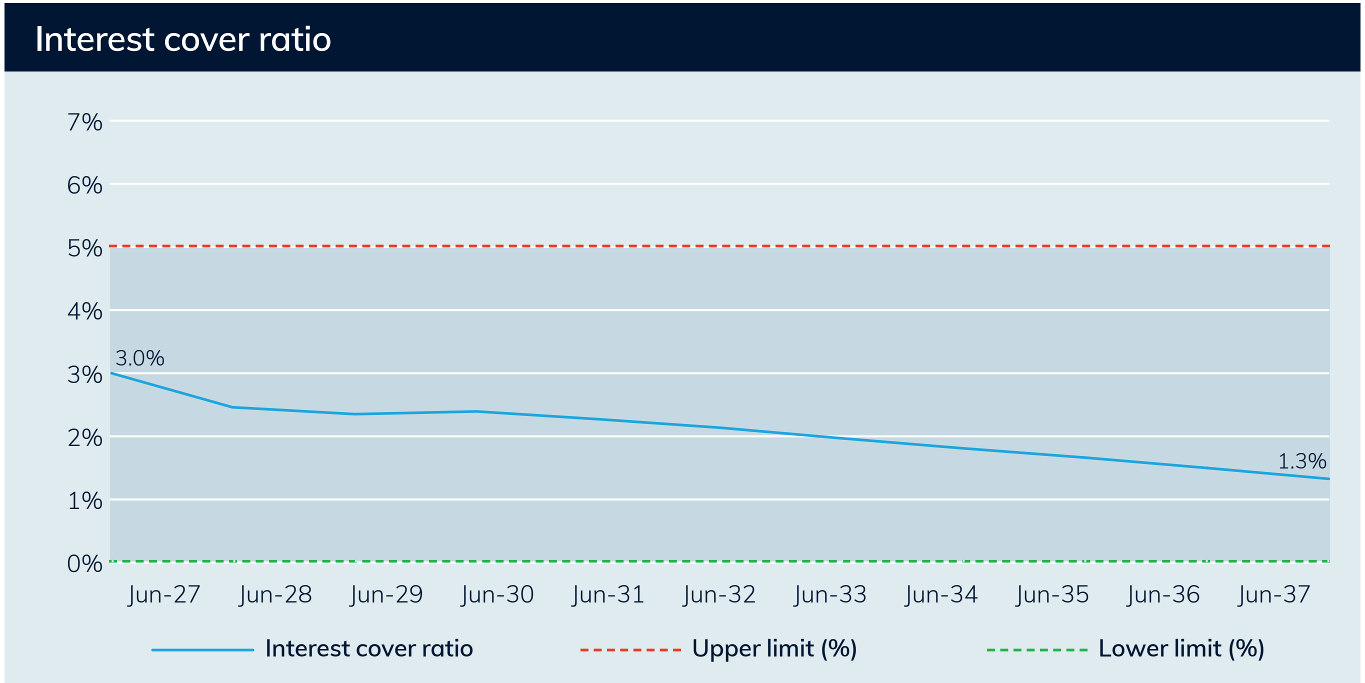
The target interest cover ratio is between 0 and 5 per cent, reducing as the level of borrowings also reduces (and income increases).

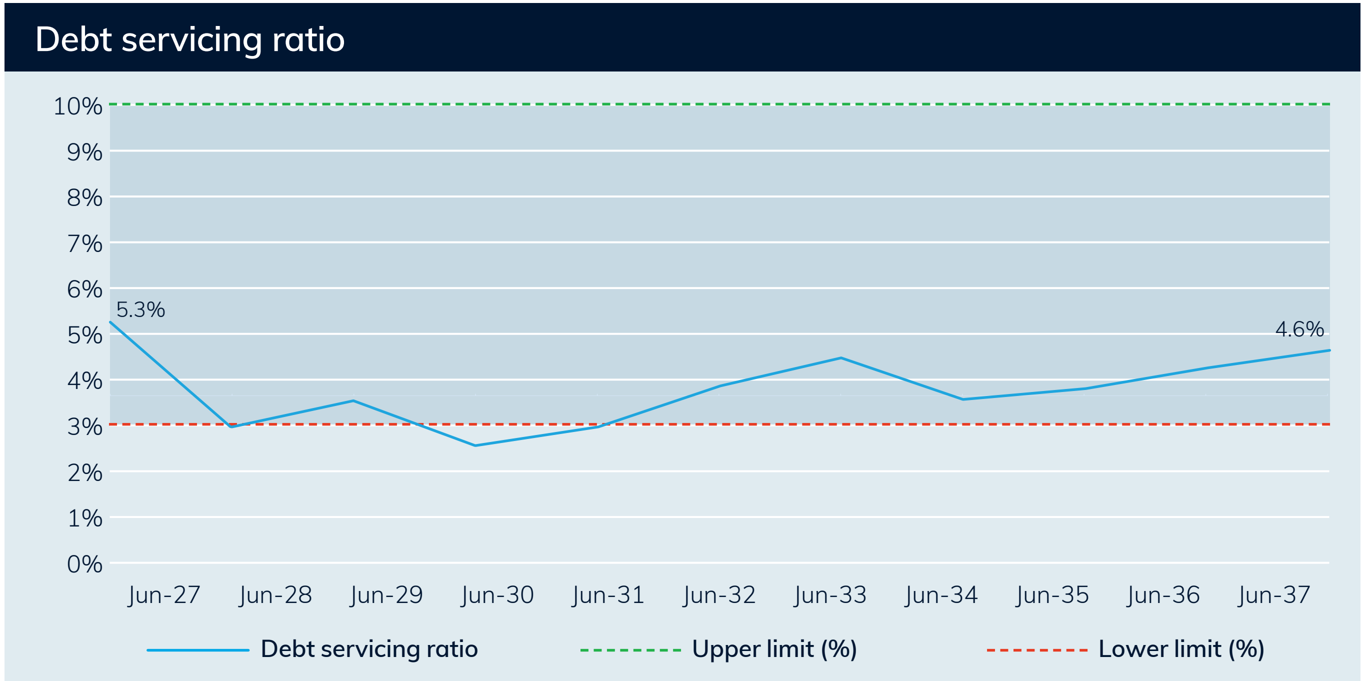
Over the life of this plan, the interest cover ratio is within the target range, with total interest costs estimated to be $66.6 million over the 10-year forecast.

Debt servicing ratio

The debt servicing ratio measures the total cost of repayments and interest as a percentage of total operating income.

The target range for this ratio is under 10 per cent, and preferably between 3 and 10 per cent. This chart represents repayment of fixed loans as they fall due (balloon repayments at expiry), and variable loans as cash surpluses are generated.





Forecast financial statements

Statement of comprehensive income

Operating income	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Rates	194,465	202,555	210,546	219,229	227,915	237,197	246,824	256,685	265,721	274,764	283,876
Statutory charges	5,570	5,759	5,932	6,110	6,293	6,482	6,677	6,877	7,049	7,225	7,406
User charges	15,320	16,048	16,849	17,354	17,875	18,411	18,963	19,532	20,020	20,521	21,034
Grants, subsidies and contributions – capital	407	742	1,329	576	593	611	629	648	668	688	708
Grants, subsidies and contributions – operating	24,344	23,087	21,818	23,536	23,772	24,010	24,250	24,492	24,737	24,984	25,234
Investment income	90	93	96	98	101	105	108	111	114	118	122
Reimbursements	1,100	1,137	1,172	1,207	1,243	1,280	1,319	1,358	1,392	1,427	1,463
Other income	3,406	3,522	3,627	3,736	3,848	3,964	4,083	4,205	4,310	4,418	4,529
Net gain – equity accounted joint venture	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total operating income	**245,702**	**253,944**	**262,369**	**272,847**	**282,641**	**293,060**	**303,852**	**314,909**	**325,012**	**335,146**	**345,372**

Operating expenses	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Employee costs	96,705	100,614	104,278	107,577	110,949	114,997	119,194	123,546	127,440	131,458	135,604
Materials, contracts and other expenses	93,587	96,412	99,857	103,062	108,096	110,484	114,382	118,384	123,540	125,650	129,413
Finance costs	7,481	6,305	6,231	6,595	6,489	6,334	6,059	5,783	5,499	5,124	4,675
Depreciation and amortisation	47,890	49,653	51,345	53,022	54,594	56,209	57,898	59,643	61,384	63,227	65,117
Total operating expenses	**245,663**	**252,984**	**261,711**	**270,257**	**280,128**	**288,023**	**297,533**	**307,356**	**317,864**	**325,462**	**334,812**
Operating surplus/(deficit) before capital amounts	**39**	**960**	**658**	**2,590**	**2,513**	**5,037**	**6,319**	**7,553**	**7,148**	**9,684**	**10,560**

Capital income	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Amounts received specifically for new or upgraded assets	6,652	1,060	1,108	1,152	1,187	1,222	1,259	1,297	1,335	1,376	1,417
Physical resources received free of charge	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Proceeds from disposal of assets	3,745	3,905	3,994	4,036	3,880	3,893	3,891	4,050	712	824	849
Net surplus/(deficit)	**10,436**	**15,925**	**15,759**	**17,778**	**17,580**	**20,153**	**21,469**	**22,900**	**19,195**	**21,884**	**22,826**

Other comprehensive income	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Changes in revaluation surplus – infrastructure, property, plant and equipment	74,384	92,861	77,404	70,062	72,514	75,052	77,679	80,398	86,212	89,229	92,352
Total other comprehensive income	**74,384**	**92,861**	**77,404**	**70,062**	**72,514**	**75,052**	**77,679**	**80,398**	**86,212**	**89,229**	**92,352**
Total comprehensive income	**84,820**	**108,786**	**93,163**	**87,840**	**90,094**	**95,205**	**99,148**	**103,298**	**105,407**	**111,113**	**115,178**

Statement of financial position

Current assets	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	22,862	22,862	22,862	22,862	22,862	22,862	22,862	22,862	22,862	22,862	22,862
Inventories	76	76	76	76	76	76	76	76	76	76	76
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Total current assets	**22,938**	**22,938**	**22,938**	**22,938**	**22,938**	**22,938**	**22,938**	**22,938**	**22,938**	**22,938**	**22,938**

Non-current assets	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Trade and other receivables	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170
Equity accounted investments in council businesses	21,036	22,036	23,036	24,036	25,036	26,036	27,036	28,036	29,036	30,036	31,036
Infrastructure, property, plant and equipment	2,638,081	2,748,743	2,841,942	2,932,324	3,019,814	3,109,539	3,201,414	3,299,135	3,397,007	3,498,941	3,603,686
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	**2,660,287**	**2,771,949**	**2,866,148**	**2,957,530**	**3,046,020**	**3,136,745**	**3,229,620**	**3,328,341**	**3,427,213**	**3,530,147**	**3,635,892**
Total assets	**2,683,225**	**2,794,887**	**2,889,086**	**2,980,468**	**3,068,958**	**3,159,683**	**3,252,558**	**3,351,279**	**3,450,151**	**3,553,085**	**3,658,830**

Current liabilities	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Trade and other payables	28,949	28,949	28,949	28,949	28,949	28,949	28,949	28,949	28,949	28,949	28,949
Short-term borrowings	42,478	42,478	42,478	42,478	42,478	42,478	42,478	42,478	42,478	42,478	42,478
Short-term provisions	13,414	13,414	13,414	13,414	13,414	13,414	13,414	13,414	13,414	13,414	13,414
Total current liabilities	**84,841**	**84,841**	**84,841**	**84,841**	**84,841**	**84,841**	**84,841**	**84,841**	**84,841**	**84,841**	**84,841**

Non-current liabilities	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Long-term borrowings	78,102	80,978	82,014	85,556	83,951	79,471	73,198	68,620	62,085	53,904	44,467
Long-term provisions	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	**79,850**	**82,726**	**83,762**	**87,304**	**85,699**	**81,219**	**74,946**	**70,368**	**63,833**	**55,652**	**46,215**
Total liabilities	**164,691**	**167,567**	**168,603**	**172,145**	**170,540**	**166,060**	**159,787**	**155,209**	**148,674**	**140,493**	**131,056**
Net assets	**2,518,534**	**2,627,320**	**2,720,483**	**2,808,324**	**2,898,418**	**2,993,623**	**3,092,771**	**3,196,069**	**3,301,478**	**3,412,593**	**3,527,774**

Equity	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Accumulated surplus	576,949	596,986	616,847	638,564	656,440	677,093	699,832	723,612	743,135	765,977	790,706
Asset revaluation reserve	1,917,229	2,010,090	2,087,494	2,157,556	2,230,071	2,305,123	2,382,803	2,463,201	2,549,413	2,638,642	2,730,995
Other reserves	24,356	20,244	16,142	12,203	11,907	11,407	10,137	9,256	8,930	7,973	6,073
Total equity	**2,518,534**	**2,627,320**	**2,720,483**	**2,808,324**	**2,898,418**	**2,993,623**	**3,092,771**	**3,196,069**	**3,301,478**	**3,412,593**	**3,527,774**

Statement of cash flows

Cash flows from operating activities	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Receipts											
Operating receipts	245,205	253,109	260,944	272,173	281,946	292,344	303,115	314,149	324,230	334,340	344,542
Investment receipts	90	93	96	98	101	105	108	111	114	118	122
Payments											
Operating payments to suppliers and employees	(190,292)	(197,026)	(204,135)	(210,640)	(219,045)	(225,480)	(233,575)	(241,930)	(250,981)	(257,110)	(265,020)
Finance payments	(7,481)	(6,305)	(6,231)	(6,595)	(6,489)	(6,334)	(6,059)	(5,783)	(5,499)	(5,124)	(4,675)
Net cash flows from operating activities	**47,523**	**49,870**	**50,674**	**55,037**	**56,514**	**60,635**	**63,588**	**66,548**	**67,864**	**72,224**	**74,968**

Cash flows from investment activities	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Receipts											
Grants specifically for new or upgraded assets	6,652	1,060	1,108	1,152	1,187	1,222	1,259	1,297	1,335	1,376	1,417
Proceeds from sale of assets	3,745	3,905	3,994	4,036	3,880	3,893	3,891	4,050	712	824	849
Payments											
Expenditure on renewal/replacement of assets	(38,303)	(43,625)	(43,698)	(54,188)	(48,920)	(48,998)	(52,860)	(54,869)	(53,314)	(55,800)	(56,392)
Expenditure on new/upgraded assets	(19,053)	(13,828)	(13,443)	(9,154)	(10,649)	(11,883)	(9,235)	(12,096)	(9,730)	(10,132)	(11,116)
Net cash flows from investment activities	**(46,958)**	**(52,488)**	**(52,039)**	**(58,154)**	**(54,502)**	**(55,765)**	**(56,944)**	**(61,618)**	**(60,997)**	**(63,732)**	**(65,243)**

Cash flows from financing activities	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Receipts											
Proceeds from borrowings	6,080	-	-	-	-	-	-	-	-	-	-
Payments											
Repayments of borrowings	(5,496)	(1,236)	(3,065)	(397)	(1,901)	(4,980)	(7,543)	(5,458)	(6,861)	(9,138)	(11,336)
Net cash flows from financing activities	**584**	**(1,236)**	**(3,065)**	**(397)**	**(1,901)**	**(4,980)**	**(7,543)**	**(5,458)**	**(6,861)**	**(9,138)**	**(11,336)**
Net increase/(decrease) in cash held	**1,149**	**(3,854)**	**(4,430)**	**(3,514)**	**111**	**(110)**	**(899)**	**(528)**	**6**	**(646)**	**(1,611)**
Cash and cash equivalents at beginning of reporting period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3**
Cash and cash equivalents at end of reporting period	**1,149**	**(3,854)**	**(4,430)**	**(3,514)**	**111**	**(110)**	**(899)**	**(528)**	**6**	**(646)**	**(1,611)**
Represented by											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	3
Less: Short term cash advance drawdowns	1,149	(3,854)	(4,430)	(3,514)	111	(110)	(899)	(528)	6	(646)	(1,611)

Statement of changes in equity

Accumulated surplus	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Balance at end of previous reporting period	563,478	576,949	596,987	616,848	638,564	656,441	677,094	699,833	723,613	743,134	765,978
Surplus/(deficit) from operations	14,027	15,925	15,759	17,778	17,580	20,153	21,469	22,900	19,195	21,884	22,826
Transfer (to) / from other reserves	(556)	4,114	4,102	3,939	297	500	1,270	880	326	957	1,900
Balance at end of period	**576,949**	**596,987**	**616,848**	**638,564**	**656,441**	**677,094**	**699,833**	**723,613**	**743,134**	**765,978**	**790,706**

Asset revaluation reserve	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Balance at end of previous reporting period	1,842,845	1,917,229	2,010,090	2,087,495	2,157,557	2,230,071	2,305,123	2,382,802	2,463,200	2,549,412	2,638,641
Gain on revaluation of infrastructure, property, plant and equipment	74,384	92,861	77,404	70,062	72,514	75,052	77,679	80,398	86,212	89,229	92,352
Balance at end of period	**1,917,229**	**2,010,090**	**2,087,495**	**2,157,557**	**2,230,071**	**2,305,123**	**2,382,802**	**2,463,200**	**2,549,412**	**2,638,641**	**2,730,993**

Other reserves	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Balance at beginning of period	23,800	24,355	20,243	16,141	12,202	11,906	11,406	10,136	9,255	8,929	7,972
Transfers to reserve	4,961	-	-	-	-	-	-	-	-	-	-
Transfers from reserve	(4,405)	(4,112)	(4,102)	(3,939)	(297)	(500)	(1,270)	(880)	(326)	(957)	(1,900)
Balance at end of period	**24,355**	**20,243**	**16,141**	**12,202**	**11,906**	**11,406**	**10,136**	**9,255**	**8,929**	**7,972**	**6,072**
Total equity	**2,518,533**	**2,627,320**	**2,720,484**	**2,808,324**	**2,898,418**	**2,993,623**	**3,092,773**	**3,196,068**	**3,301,476**	**3,412,591**	**3,527,771**

Funding statement

Operating activities	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Income											
Rates revenues	194,465	202,555	210,546	219,229	227,915	237,197	246,824	256,685	265,721	274,764	283,876
Statutory charges	5,570	5,759	5,932	6,110	6,293	6,482	6,677	6,877	7,049	7,225	7,406
User charges	15,320	16,048	16,849	17,354	17,875	18,411	18,963	19,532	20,020	20,521	21,034
Grants, subsidies and contributions – operating	24,344	23,087	21,818	23,536	23,772	24,010	24,250	24,492	24,737	24,984	25,234
Investment income	90	93	96	98	101	105	108	111	114	118	122
Reimbursements	1,100	1,137	1,172	1,207	1,243	1,280	1,319	1,358	1,392	1,427	1,463
Other income	3,406	3,522	3,627	3,736	3,848	3,964	4,083	4,205	4,310	4,418	4,529
Net gain – equity accounted joint venture	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total income	**245,295**	**253,202**	**261,039**	**272,271**	**282,047**	**292,449**	**303,223**	**314,260**	**324,344**	**334,458**	**344,663**
Expenditure											
Employee costs	96,705	100,614	104,278	107,577	110,949	114,997	119,194	123,546	127,440	131,458	135,604
Materials, contracts and other expenses	93,587	96,412	99,857	103,062	108,096	110,484	114,382	118,384	123,540	125,650	129,413
Depreciation and amortisation	47,890	49,653	51,345	53,022	54,594	56,209	57,898	59,643	61,384	63,227	65,117
Finance costs	7,481	6,305	6,231	6,595	6,489	6,334	6,059	5,783	5,499	5,124	4,675
Total expenses	**245,663**	**252,984**	**261,711**	**270,257**	**280,128**	**288,023**	**297,533**	**307,356**	**317,864**	**325,462**	**334,812**
Operating surplus / (deficit) before capital renewal income	**(367)**	**218**	**(672)**	**2,015**	**1,920**	**4,426**	**5,690**	**6,905**	**6,480**	**8,996**	**9,852**
Grants, subsidies and contributions – capital	407	742	1,329	576	593	611	629	648	668	688	708
Total operating surplus / (deficit)	**39**	**959**	**658**	**2,591**	**2,513**	**5,036**	**6,319**	**7,554**	**7,149**	**9,683**	**10,560**

Capital projects	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Renewal											
Project expenses	38,303	43,625	43,698	54,188	48,920	48,998	52,860	54,869	53,314	55,800	56,392
Less:											
Grants, subsidies and contributions	407	742	1,329	576	593	611	629	648	668	688	708
Developer contributions	-	-	-	-	-	-	-	-	-	-	-
Other income	417	905	994	1,036	880	893	891	1,050	712	824	849
Net renewal expense	**37,479**	**41,978**	**41,375**	**52,576**	**47,446**	**47,493**	**51,339**	**53,171**	**51,935**	**54,288**	**54,835**
New and significant upgrades											
Project expenses	19,053	13,828	13,443	9,154	10,649	11,883	9,235	12,096	9,730	10,132	11,116
Less:											
Grants, subsidies and contributions	6,363	1,060	1,108	1,152	1,187	1,222	1,259	1,297	1,335	1,376	1,417
Developer contributions	289	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	3,328	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-	-	-
Net new and significant upgrade expense	**9,073**	**9,768**	**9,335**	**5,002**	**6,463**	**7,661**	**4,976**	**7,799**	**8,395**	**8,757**	**9,700**
Capital project expenditure	**46,552**	**51,746**	**50,710**	**57,578**	**53,909**	**55,154**	**56,315**	**60,970**	**60,330**	**63,045**	**64,535**

Other	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Loans	6,080	-	-	-	-	-	-	-	-	-	-
New loans											
Less:	5,496	1,236	3,065	397	1,901	4,980	7,543	5,458	6,861	9,138	11,336
Loan principal repayments	584	(1,236)	(3,065)	(397)	(1,901)	(4,980)	(7,543)	(5,458)	(6,861)	(9,138)	(11,336)
Net loan movement											
Reserves	4,405	4,112	4,102	3,939	297	500	1,270	880	326	957	1,900
Transfer from reserves											
Less:	4,961	-	-	-	-	-	-	-	-	-	-
Transfer to reserves	(556)	4,112	4,102	3,939	297	500	1,270	880	326	957	1,900
Net reserve movement	**(2,271)**	**1,149**	**460**	**575**	**1,416**	**3,768**	**60**	**260**	**1,035**	**631**	**60**
Adjust:											
Depreciation – included in operating result, funded by renewal	47,890	49,653	51,345	53,022	54,594	56,209	57,898	59,643	61,384	63,227	65,117
Grants, subsidies and contributions (renewal) – included in operating result	(407)	(742)	(1,329)	(576)	(593)	(611)	(629)	(648)	(668)	(688)	(708)
Net gain – equity accounted joint venture – non-cash	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)

Funding surplus / (deficit)	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Grand total income	265,586	262,021	270,572	280,974	287,004	297,675	309,272	320,136	326,386	337,305	348,540
Grand total expense	265,586	262,021	270,572	280,974	287,004	297,675	309,272	320,136	326,386	337,305	348,540
Funding surplus / (deficit)	-	-	-	-	-	-	-	-	-	-	-

Uniform presentation of finances

Operating surplus/(deficit)	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Income											
Rates	194,465	202,555	210,546	219,229	227,915	237,197	246,824	256,685	265,721	274,764	283,876
Statutory charges	5,570	5,759	5,932	6,110	6,293	6,482	6,677	6,877	7,049	7,225	7,406
User charges	15,320	16,048	16,849	17,354	17,875	18,411	18,963	19,532	20,020	20,521	21,034
Grants, subsidies and contributions – capital	407	742	1,329	576	593	611	629	648	668	688	708
Grants, subsidies and contributions – operating	24,344	23,087	21,818	23,536	23,772	24,010	24,250	24,492	24,737	24,984	25,234
Investment income	90	93	96	98	101	105	108	111	114	118	122
Reimbursements	1,100	1,137	1,172	1,207	1,243	1,280	1,319	1,358	1,392	1,427	1,463
Other income	3,406	3,522	3,627	3,736	3,848	3,964	4,083	4,205	4,310	4,418	4,529
Net gain - equity accounted council businesses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total income	**245,702**	**253,944**	**262,369**	**272,847**	**282,641**	**293,060**	**303,852**	**314,909**	**325,012**	**335,146**	**345,372**
Expenses											
Employee costs	96,705	100,614	104,278	107,577	110,949	114,997	119,194	123,546	127,440	131,458	135,604
Materials, contracts and other expenses	93,587	96,412	99,857	103,062	108,096	110,484	114,382	118,384	123,540	125,650	129,413
Depreciation, amortisation and impairment	7,481	6,305	6,231	6,595	6,489	6,334	6,059	5,783	5,499	5,124	4,675
Finance costs	47,890	49,653	51,345	53,022	54,594	56,209	57,898	59,643	61,384	63,227	65,117
Total expenses	**245,663**	**252,984**	**261,711**	**270,257**	**280,128**	**288,023**	**297,533**	**307,356**	**317,863**	**325,462**	**334,812**
Operating surplus/(deficit)	**39**	**959**	**658**	**2,591**	**2,513**	**5,036**	**6,319**	**7,554**	**7,149**	**9,683**	**10,560**

Less: Net outlays on existing assets	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Capital expenditure on renewal and replacement of existing assets	(38,303)	(43,625)	(43,698)	(54,188)	(48,920)	(48,998)	(52,860)	(54,869)	(53,314)	(55,800)	(56,392)
Less: Depreciation, amortisation and impairment	47,890	49,653	51,345	53,022	54,594	56,209	57,898	59,643	61,384	63,227	65,117
Less: Proceeds from sale of replaced assets	417	905	994	1,036	880	893	891	1,050	712	824	849
Net outlays on existing assets	**10,004**	**6,933**	**8,641**	**(130)**	**6,555**	**8,105**	**5,930**	**5,824**	**8,781**	**8,252**	**9,573**

Less: Net outlays on new and upgraded assets	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Capital expenditure on new and upgraded assets	(19,053)	(13,828)	(13,443)	(9,154)	(10,649)	(11,883)	(9,235)	(12,096)	(9,730)	(10,132)	(11,116)
Less: Grants and contributions for new and upgraded assets	6,652	1,060	1,108	1,152	1,187	1,222	1,259	1,297	1,335	1,376	1,417
Less: Proceeds from sale of surplus assets	3,328	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-	-	-
Net outlays on new and upgraded assets	**(9,073)**	**(9,768)**	**(9,335)**	**(5,002)**	**(6,463)**	**(7,661)**	**(4,976)**	**(7,799)**	**(8,395)**	**(8,757)**	**(9,700)**
Net lending / (borrowing) for financial year	**970**	**(1,876)**	**(36)**	**(2,541)**	**2,605**	**5,480**	**7,273**	**5,579**	**7,535**	**9,178**	**10,433**

Key financial indicators

Operating surplus ratio The percentage by which the major controllable income source varies from day to day expenses	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Calculated as:											
Operating surplus/(deficit) before capital amounts	39	960	658	2,590	2,513	5,037	6,319	7,553	7,148	9,684	10,560
Divided by:											
Operating income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372
Operating income	**245,702**	**253,944**	**262,369**	**272,847**	**282,641**	**293,060**	**303,852**	**314,909**	**325,012**	**335,146**	**345,372**
Expressed as a percentage	**0.0%**	**0.4%**	**0.3%**	**0.9%**	**0.9%**	**1.7%**	**2.1%**	**2.4%**	**2.2%**	**2.9%**	**3.1%**
Target*	**>0%**	**>0%**	**>0%**	**>0%**	**>0%**	**>0%**	**>0%**	**>0%**	**>0%**	**>0%**	**>0%**

Net financial liabilities ratio

How significant is the net amount owed compared with income	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Calculated as:											
Total liabilities	164,691	167,567	168,603	172,145	170,540	166,060	159,787	155,209	148,674	140,493	131,056
Less: Liabilities for equity accounted investments in council businesses	-	-	-	-	-	-	-	-	-	-	-
Less: Current cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Less: Current trade and other receivables	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)	(22,862)
Less: Current other financial assets	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)
Less: Non-current financial assets	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)
Net financial liabilities	**140,583**	**143,459**	**144,495**	**148,037**	**146,432**	**141,952**	**135,679**	**131,101**	**124,566**	**116,385**	**106,948**
Divided by:											
Total operating income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372
Total operating income	**245,702**	**253,944**	**262,369**	**272,847**	**282,641**	**293,060**	**303,852**	**314,909**	**325,012**	**335,146**	**345,372**
Expressed as a percentage	**57.2%**	**56.5%**	**55.1%**	**54.3%**	**51.8%**	**48.4%**	**44.7%**	**41.6%**	**38.3%**	**34.7%**	**31.0%**
Target	**<100%**	**<100%**	**<100%**	**<100%**	**<100%**	**<100%**	**<100%**	**<100%**	**<100%**	**<100%**	**<100%**

Interest cover ratio How much income is used in paying interest on loans	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Calculated as:											
Finance costs	7,481	6,305	6,231	6,595	6,489	6,334	6,059	5,783	5,499	5,124	4,675
Less: Investment income	(90)	(93)	(96)	(98)	(101)	(105)	(108)	(111)	(114)	(118)	(122)
Net finance costs	**7,391**	**6,212**	**6,135**	**6,497**	**6,387**	**6,229**	**5,952**	**5,672**	**5,385**	**5,006**	**4,553**
Divided by:											
Total operating income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372
Less: Investment income	(90)	(93)	(96)	(98)	(101)	(105)	(108)	(111)	(114)	(118)	(122)
Total operating income	**245,612**	**253,851**	**262,273**	**272,749**	**282,540**	**292,955**	**303,744**	**314,798**	**324,898**	**335,028**	**345,250**
Expressed as a percentage	**3.0%**	**2.4%**	**2.3%**	**2.4%**	**2.3%**	**2.1%**	**2.0%**	**1.8%**	**1.7%**	**1.5%**	**1.3%**
Target	**<5%**	**<5%**	**<5%**	**<5%**	**<5%**	**<5%**	**<5%**	**<5%**	**<5%**	**<5%**	**<5%**

Level of borrowings against the debt ceiling How significant is the level of borrowings compared with the proposed debt ceiling	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Calculated as:											
Total borrowings	120,580	123,456	124,492	128,034	126,429	121,949	115,676	111,098	104,563	96,382	86,945
Divided by:											
Debt ceiling	143,000	143,000	143,000	143,000	143,000	143,000	143,000	143,000	143,000	143,000	143,000
Expressed as a percentage	**84.3%**	**86.3%**	**87.1%**	**89.5%**	**88.4%**	**85.3%**	**80.9%**	**77.7%**	**73.1%**	**67.4%**	**60.8%**
Alternate ratio to show borrowings against total operating income											
Calculated as:											
Divided by:											
Total operating income	245,295	253,202	261,039	272,271	282,047	292,449	303,223	314,260	324,344	334,458	344,663
Expressed as a percentage	**49.2%**	**48.8%**	**47.7%**	**47.0%**	**44.8%**	**41.7%**	**38.1%**	**35.4%**	**32.2%**	**28.8%**	**25.2%**

Debt servicing ratio The proportion of total operating revenue required to service debt	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Calculated as											
Fixed term repayments plus interest (finance costs)	12,977	7,541	9,296	6,992	8,390	11,314	13,602	11,241	12,361	14,262	16,011
Divided by											
Total operating income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372
Expressed as a percentage	**5.3%**	**3.0%**	**3.5%**	**2.6%**	**3.0%**	**3.9%**	**4.5%**	**3.6%**	**3.8%**	**4.3%**	**4.6%**
Target – Total debt servicing will be below an upper debt servicing limit of 10% and above a lower limit of 3% operating revenue											
Calculated as											
Total operating income	245,702	253,944	262,369	272,847	282,641	293,060	303,852	314,909	325,012	335,146	345,372
Upper debt servicing limit 10% of operating revenue	24,570	25,394	26,237	27,285	28,264	29,306	30,385	31,491	32,501	33,515	34,537
Lower debt servicing limit 3% of operating revenue	7,371	7,618	7,871	8,185	8,479	8,792	9,116	9,447	9,750	10,054	10,361
Debt servicing	**12,977**	**7,541**	**9,296**	**6,992**	**8,390**	**11,314**	**13,602**	**11,241**	**12,361**	**14,262**	**16,011**

Asset renewal funding ratio What percentage of assets are being replaced at the rate they are consumed	2026–27 Budget	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–27
Calculated as:											
Expenditure on renewal/replacement of assets	38,303	43,625	43,698	54,188	48,920	48,998	52,860	54,869	53,314	55,800	56,392
Net expenditure on renewal/replacement of assets	**38,303**	**43,625**	**43,698**	**54,188**	**48,920**	**48,998**	**52,860**	**54,869**	**53,314**	**55,800**	**56,392**
Divided by:											
Projected asset renewal funding requirement	39,134	43,625	43,698	54,188	48,920	48,998	52,860	54,869	53,314	55,800	56,392
Expressed as a percentage	**97.9%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Target	**90-110%**	**90-110%**	**90-110%**	**90-110%**	**90-110%**	**90-110%**	**90-110%**	**90-110%**	**90-110%**	**90-110%**	**90-110%**

City of Onkaparinga
PO Box 1, Noarlunga Centre SA 5168
(08) 8384 0666
mail@onkaparinga.sa.gov.au
onkaparingacity.com