



Annual Business Plan

2026-27



KAURNA ACKNOWLEDGEMENT



We would, like to acknowledge and pay respect to the Traditional Owners of the land on which we stand, the Kaurna People of the Adelaide Plains. It is upon their ancestral lands that the Port Adelaide Enfield Council meets. It is also the Place of the Kardi, the Emu, whose story travels from the coast inland. We pay respect to Elders past, present and emerging. We respect their spiritual beliefs and connections to land which are of continuing importance to the living Kaurna people of today. We further acknowledge the contributions and important role that Aboriginal and Torres Strait Islander peoples continue to play within our shared community.

Artist credit: NHARLA, Colleen Raven, 2024. Ngapartji Ngapartji roughly translates to 'I give, you give'.

MAYOR'S MESSAGE



I am pleased to present the City of PAE's Annual Business Plan 2026-27, which outlines the services, facilities and programs we plan to offer over the following year to deliver on the goals in our City Vision. The Annual Business Plan (ABP) speaks to our Long-Term Financial Plan (updated each year), and our Four-Year Business Plan, and all three plans help us work towards achieving our long-term vision of PAE as a welcoming, liveable city: made by people.

This year, to create a thriving community, we will begin to implement a Social Infrastructure Plan to enable us to provide welcoming, safe and fit-for-purpose places and spaces across PAE. Meanwhile, we will grow the program of workshops, exhibitions, performances and initiatives at Yitpi Yartapuultiku. We will also continue to plan for and deliver upgrades to selected council parks, gardens and sporting grounds.

To drive a prosperous economy, we will establish a business advisory panel to support local businesses, while partnering with various service providers to promote the growth of tourism businesses in PAE.

Our Small Business Growth Grant program, now entering its third year, will continue to support small businesses to thrive and grow, and we will also partner with other providers to deliver a program of business events to foster local business.

To progress towards building a clean and green city, we will implement various initiatives in waste management to help create a circular economy. We will also plant at least 3,000 new trees and work with our partners to encourage tree planting on private properties to help grow a healthy tree canopy. We are also excited to continue our work in understanding how we can best utilise the catchment of water, in our council area.

Finally, to help create places for people, we will commence the Semaphore Foreshore redevelopment and deliver a series of celebrations and events across the city that enable us to connect with one another.

The ABP has been developed through a rigorous process, including consultation with the community, staff and Elected Members, to ensure that we continue to allocate our resources sustainably and in alignment with the community's priorities. While we have minimised expenditure where possible, we will continue to invest in our capital works program to keep the city running smoothly and to improve community places across our city. This approach ensures long-term financial sustainability while being responsive to changing economic conditions.

Above all, though, it's the people of PAE who make our city vibrant, safe and healthy. Once again, I look forward to working with you all, now and into the future.

Claire Boan
Mayor, City of PAE

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Adopted 9 June 2026. Amended 18 June 2026.

- Page 16 - Key Initiative *Upgrade of tennis courts at Laurie Knight Reserve* removed
- Page 16 - Number of playgrounds to be delivered and upgraded changed from seven to six
- Page 34 - Addendum (Reconciliation to the Draft Annual Business Plan 2026–27) added

Cover image: Willis, Cultural Ranger at Yitpi Yartapuultiku

ABOUT THE ANNUAL BUSINESS PLAN

This document outlines the strategic framework, financial performance, key commitments, challenges, opportunities, and detailed plans for services, infrastructure, community wellbeing, economic development, environmental sustainability and governance for the City of Port Adelaide Enfield (PAE) for the financial year 2026–27. It also includes financial statements, a summary of how we are planning to respond to our strategic drivers as identified in our Four Year Business Plan, and financial sustainability advice from the Essential Services Commission of South Australia (ESCOSA).

About the City of PAE

PAE is shaped by its port and industrial legacy, established neighbourhoods and areas undergoing change. The council area includes a diverse mix of places, with river, port and coastal communities in the west, and community hubs, main streets and residential areas in the centre and the east of the city, requiring approaches that respond to different local contexts.

The community is diverse and multicultural, with strong participation in local initiatives and a civic life that supports social connection, inclusion and wellbeing. The council's network of open spaces, natural systems and urban environments – including waterways, coast, parks and streets – plays a central role in supporting liveability, environmental resilience and community use, alongside efforts to manage growth sustainably and respond to climate impacts.

Historic precincts, public places and open space networks are supported through place-based planning, with arts and cultural activity contributing to the activation and everyday use of these spaces. Together, these elements support a welcoming and accessible city, while contributing to long-term environmental stewardship, local employment and equitable access to opportunity.

Listening to our community

Community consultation on the Draft ABP commenced 15 April 2026 and concluded 13 May 2026. A total of 223 visitors downloaded the ABP during the engagement period, 17 survey responses were received, and 9 community members attended in-person engagement opportunities, including 2 presenters at the Public Forum. The minimal volume of responses compared to the number of people who actively looked at these documents suggests there was no broad level of concern with the proposed Plan.

The comments received in the feedback covered a range of topics including the proposed rate increase, cost of living pressures, affordability for households, and understanding of how rates are calculated and applied.

Changes to the plan post consultation

The consultation outcomes and feedback were considered at the 2 June 2026 Special Council Meeting, along with any new or revised information relevant to the plan and budget. This resulted in targeted refinements to improve clarity and accessibility of the ABP, including clearer explanation of the average rate impact, improved information on how rates are calculated on the Council's website, and increased visibility of hardship assistance measures. These changes did not alter the underlying financial position, service levels or strategic direction of the Plan.

STRATEGIC MANAGEMENT FRAMEWORK

Our Annual Business Plan is a key part of our Strategic Management Framework

Our Strategic Management Framework ensures that everything we do is informed by our City Vision. Endorsed in 2024, our City Vision guides our long-term strategic direction. It outlines the key goals and objectives we aim to achieve over the 10 years to 2034, and provides the foundation for our other strategies and plans, including the Four Year Business Plan (4YBP). Supporting documents such as our Asset Management Plans (AMPs) and Long-Term Financial Plan (LTFP) show how we will resource and deliver these priorities. Ongoing performance monitoring and reporting ensure that we stay on track, meet our commitments and remain accountable to our community.

You can find our plans at: cityofpae.sa.gov.au/council/plans-reports



CITY VISION

The City Vision outlines our shared direction for a welcoming, liveable city. It sets our long-term aspirations to 2034 and outlines our guiding principles for decision making. It identifies key goals and objectives, which in turn inform our other strategies and plans.

VISION	<h2>A welcoming, liveable City:</h2> <h3><i>made by people.</i></h3>			
GUIDING PRINCIPLES	<p>Equity and belonging • Building a better future for all</p> <p>Participation • Listening to the community and involving them in our decision making</p> <p>Sustainability • Managing our environment responsibly and sustainably</p> <p>Integrity • Making informed decisions honestly, transparently and accountably</p> <p>Transformative • Showing courage, foresight and innovation</p>			
GOALS	 <p>Thriving Community</p> <p><i>A city where people have the opportunity to connect and flourish</i></p>	 <p>Prosperous Economy</p> <p><i>A city with a thriving economy that enriches its local community</i></p>	 <p>Clean And Green City</p> <p><i>A city that values its natural environment</i></p>	 <p>Places For People</p> <p><i>An accessible city where people love to be</i></p>
OBJECTIVES	<p>We promote community capacity, connection and participation in civic life</p> <p>We encourage cultural expression and recognise people's history, stories and connection to place</p> <p>We support and encourage people to live healthy and active lives</p>	<p>We participate in the economy with the community in mind</p> <p>We support local businesses, big and small, to grow, innovate and succeed</p> <p>We invest in our local economy to benefit current and future generations</p>	<p>We reduce the city's adverse environmental impact and participate in a circular economy</p> <p>We shape the city to tackle the challenges of a changing climate</p> <p>We protect and enhance the city's natural environment</p>	<p>We walk together on Kaurua country</p> <p>We shape the city to be attractive and liveable and care for our cultural and built heritage</p> <p>We bring places to life through community events, culture, design and the arts</p>
ENABLERS	<p>Organisational Capability</p> <ul style="list-style-type: none"> • Our diverse workforce is resourced to deliver meaningful outcomes • Our systems, processes and tools are contemporary and reflect leading practice • Our assets and finances are managed with good stewardship 			

STRATEGIC DRIVERS

To ensure that we are prepared to respond to challenges and make the most of opportunities, each year as we develop our Annual Business Plan (ABP) we consider the external environment on our city and the organisation and its possible impacts. These are summarised below.

For more on these challenges and opportunities, and how they align with council's Strategic Risks identified in our Four Year Business Plan, please refer to Appendix 6 on page 46.



The Economy

The pressures of cost of living and cost of doing business continue to impact households and businesses, while population growth across northern metropolitan Adelaide is increasing demand on local infrastructure and services. PAE will continue to deliver the Prosperous Economy Strategy and Economic Development Plan, ensure that rates provide value for money, and work with other levels of government and industry to support employment and economic opportunities associated with nationally significant defence and industrial investment projects.

Strategic Risks: Effective Asset Stewardship, Organisational Optimisation, Governance Risk



The Environment

Climate change and environmental sustainability is a strategic risk that continues to place pressure on PAE resources and infrastructure. Extreme weather events, urban heat, loss of habitat and rising sea levels pose risks to community wellbeing and valued natural and heritage environments. PAE will continue to implement the Living Environment Plan and related strategies, work with partners such as AdaptWest, and provide leadership to support community adaptation and environmental outcomes.

Strategic Risks: Environmental Sustainability, Effective Asset Stewardship



Community Health and Wellbeing

The community is experiencing ongoing and increasing pressures related to health, wellbeing, housing stress and social connection, exacerbated by cost of living pressures. PAE will continue to provide services, facilities and programs that support participation and connection, guided by the Inclusive Communities and Social Infrastructure Plans, and work in partnership with those lead agencies that are best placed to provide services to the community.

Strategic Risk: Civic Participation



Assets and Infrastructure

Ongoing growth and development continue to increase demand for new and existing infrastructure at a time of rising delivery and construction costs. PAE will continue to manage assets in line with adopted Asset Management Plans and the strategies that support them to ensure that infrastructure is fit for purpose, sustainable and responsive to community needs.

Strategic Risks: Effective Asset Stewardship, Environmental Sustainability



Effective Governance

State and Local Government elections in 2026 may result in changes to priorities and direction. PAE will work closely with the Electoral Commission to support a smooth Local Government election process and transition to the newly elected Council while continuing to provide services in alignment with the City Vision. PAE will continue to work in partnership with the newly elected State Government by maintaining strategic relationships, adapting to new policy directions and advocating for the PAE community.

Strategic Risk: Governance Risk



Technology

Rapid technological change, cyber security threats and the use of artificial intelligence (AI) continue to present organisational and community challenges. We will continue to strengthen cyber security and adopt appropriate technologies to improve systems and service efficiency while ensuring inclusive access to information and engagement.

Strategic Risks: Digital Transformation, Information and Data Security



Operational

PAE continues to face operational pressures associated with workforce availability, rising costs, supply chain constraints and competing demands from major projects. We will continue to strengthen workforce planning, improve service delivery, and pursue more efficient ways of working through procurement, cross-council collaboration and the appropriate use of technology.

Strategic Risk: Organisational Optimisation

MEASURING OUR PERFORMANCE

Monitoring our performance is a key element of our Strategic Management Framework. We regularly track our progress and keep the community informed through quarterly performance updates and our Annual Report.

We will measure progress over the next 12 months using the following Corporate Performance indicators:

Indicator	How We Measure This
Delivery of our ABP	Quarterly progress reporting on ABP commitments (% complete)
Delivery of a Net Zero Emissions Program Across the Council	Annual performance reporting (towards agreed target)
Delivery of our Capital Plan	Quarterly progress reporting (% complete)
Service Excellence	Quarterly summary of community feedback from Voice of PAE survey (rating out of 5)
Financial Indicators	Biannual performance reporting (ratio %)
<ul style="list-style-type: none"> Operating Surplus Ratio 	Operating surplus (deficit) expressed as a percentage of operating income
<ul style="list-style-type: none"> Net Financial Liabilities Ratio 	Net financial liabilities at the end of a financial year as a percentage of operating income for the year
<ul style="list-style-type: none"> Asset Renewal Funding Ratio 	Capital expenditure on renewal or replacement of assets, divided by the optimal level of such expenditure proposed in AMPs



PAE staff ready to welcome and provide advice to international visitors at the Outer Harbor Cruise Terminal

HIGHLIGHTS FOR 2026–27 | Thriving Community



EMPOWERING YOUNG PEOPLE THROUGH CONNECTION TO COUNTRY

Yitpi Yartapuultiku, located in Port Adelaide on Kurna Yerta, is a unique community space that supports learning, connection and care for Country. Through programs like Junior Rangers, young people are working alongside mentors to build skills, confidence and a strong sense of belonging. These experiences support wellbeing today while investing in future generations who value culture, nature and community leadership. This work directly supports our Thriving Community goal. Yitpi Yartapuultiku is more than a building — it is a place for meaningful, grassroots contribution that strengthens social connection and supports long-term community resilience and pride.

A city where people
have the opportunity
to **connect and flourish**

Young people can experience hands-on cultural learning at Yitpi Yartapuultiku

HIGHLIGHTS FOR 2026–27 | Prosperous Economy



SUPPORTING LOCAL BUSINESS TO GROW AND THRIVE

A strong local economy depends on vibrant businesses and active main streets. Through our Business Support Services we are helping businesses to grow, innovate and connect with their community. Grant programs help turn ideas into action, supporting livelihoods and creating new opportunities across the city. Our Small Business Growth Grants program supports local businesses, like Jesse Abfalter's Marshall's Matcha on Lyons Road in Holden Hill, in pursuing emerging opportunities and new business models. This initiative brings the council's Prosperous Economy goal to life by showing how strategic plans translate into real outcomes for local businesses and workers. By investing in people, places and businesses, we are helping to build an economy that enriches the local community and supports long-term economic resilience.

A city with a thriving
economy that
**enriches its local
community**

Marshall's Matcha, Holden Hill, used a Small Business Growth Grant to expand operations and sell boutique teas

HIGHLIGHTS FOR 2026–27 | Clean and Green City



CARING FOR WETLANDS THROUGH LEARNING AND STEWARDSHIP

The Whicker Road Wetlands in Gillman play a vital role in improving local water quality and supporting biodiversity in our city. Through the Living Environment Program, we are investing in the long-term management of this important site. By involving young people in citizen science, our next generation of leaders are helping to monitor and protect the wetlands while learning first-hand about environmental stewardship and the complexity of interconnected water systems. This work supports our efforts to protect our natural environment. It also demonstrates how targeted investment delivers lasting environmental benefits while building community understanding, capability and shared responsibility for caring for local ecosystems.

**A city that values its
natural environment**

Eagle-eyed students are involved in counting the more than 70 bird species observed at nine survey sites, including the wetlands

HIGHLIGHTS FOR 2026–27 | Places for People



TRANSFORMING SEMAPHORE FORESHORE FOR THE FUTURE

The Semaphore Foreshore Master Plan sets a clear vision for a more accessible, welcoming and vibrant coastal destination. With staged construction beginning this year, this project marks a major step forward in delivering a place that people love to go to and be in. The redevelopment will enhance public spaces, improve accessibility and strengthen connections between the foreshore and surrounding areas and businesses. This work supports PAE's Places for People goal by creating high-quality, people-focused spaces that respond to community needs now and into the future, while protecting the character and vibrancy of Semaphore.

An accessible city
where **people love
to be**

3-on-3 basketball is proposed for Semaphore Foreshore

COMMITMENTS FOR 2026–27

The commitments we are making for 2026–27 demonstrate how we will deliver on our objectives in the City Vision and highlight how we will deliver our key initiatives in the third year of the current Four Year Business Plan (4YBP). In addition to delivering these key initiatives, we will continue to deliver our ongoing services and programs, which contribute to the goals of the City Vision.

THRIVING COMMUNITY	
Commitment in the 4YBP	Key Initiatives in 2026–27
Develop a social infrastructure plan, including Eastern Facilities Business Case, that will assess site options for potential social infrastructure investment in the eastern precinct of the city	<ul style="list-style-type: none"> Develop and present to Council a suite of options to implement the Social Infrastructure Plan
Partner to support access to community wellbeing and social connection programs	<ul style="list-style-type: none"> Develop and deliver a Wellbeing Plan that identifies key initiatives for the council to deliver to improve the wellbeing of the PAE community
Deliver the Housing and Homelessness Program Plan by responding to the needs of those experiencing homelessness	<ul style="list-style-type: none"> Undertake analysis and work with the State Government to clearly define and develop an agreed role for the council in delivering homelessness support services in PAE
Enable Yitpi Yartapuultiku to be activated with a range of innovative programs and services	<ul style="list-style-type: none"> Offer cultural workshops and programs, delivered at Yitpi Yartapuultiku for and by community to improve cultural understanding and connection to Country Attract new exhibitions and performances to activate the site and bring new and returning visitors Develop local tourism initiatives with local cultural custodians to connect local people and visiting tourists to place and history Deliver the Junior Ranger Program to develop land management skills and strengthen cultural learning, wellbeing and engagement in education
Renew selected sporting facilities to improve accessibility and inclusivity	<ul style="list-style-type: none"> Progress delivery of the following projects to improve accessibility and inclusivity at community and sporting facilities: <ul style="list-style-type: none"> Semaphore Foreshore (as part of the staged redevelopment) Kilburn Community Centre: Construction of a Changing Places facility Port Adelaide Basketball Stadium: Upgrade wet areas and change rooms
Plan and deliver upgrades at selected council parks, gardens and sporting grounds	<ul style="list-style-type: none"> Develop an agreed direction for the future community use of Somerset Reserve and Coleridge Crescent Reserve (Clearview Bowling Club) Upgrade tennis courts at Largs Reserve Replace sports lighting at Vickers Vimy Reserve, Sidewinders Speedway and Largs Reserve
Provide a network of fit-for-purpose sporting facilities, recreation reserves, playgrounds and open spaces	<ul style="list-style-type: none"> Develop a new plan for open space and active recreation to ensure that facilities continue to be fit for purpose in PAE Deliver and upgrade six playgrounds Develop detailed designs for facilities at Rushworth Reserve and Port Adelaide Reserve Develop concept designs for facilities at Carol Martin Reserve
Undertake inspections and deliver programs and responsive services that assist in keeping the community safe and healthy	<ul style="list-style-type: none"> Develop a Cat Management Framework to encourage responsible cat ownership in the City of PAE

Other things we will do to support the Thriving Community City Vision objective

Support early years literacy through the delivery of library-based programs (e.g. Story Time, Baby Bounce, Words Grow Minds campaign)

Deliver the Arts Organisation Fund to attract and support professional arts organisations to the region

Participate in the Welcoming City Program, improving outcomes for culturally and linguistically diverse communities

Host events that celebrate our diverse communities, foster connection and deepen cultural understanding (e.g. Refugee Week, Harmony Week and the History Festival)

COMMITMENTS FOR 2026–27

PROSPEROUS ECONOMY	
Commitment in the 4YBP	Key Initiatives in 2026–27
Deliver a preferred model for the delivery of our business support and advisory and/or mentor program to support local business	<ul style="list-style-type: none"> Continue to deliver the Business Support Services Program to local businesses, which will include establishing a business advisory panel
Deliver an Investment Attraction Plan for the city	<ul style="list-style-type: none"> Implement Year 1 of the PAE Investment Attraction Plan to make the city welcoming and attractive to investors and accelerate economic development
Advocate and partner with stakeholders on the Lefevre Peninsula Master Plan	<ul style="list-style-type: none"> Continue advocacy to the State and Federal Governments to complete and deliver on priorities from the Lefevre Peninsula Master Plan
Partner to increase the capability and support for tourism providers to start and grow their own business	<ul style="list-style-type: none"> Develop a First Nations Tourism Program for the Coast to support visitors to explore the region Partner with Tourism Industry Council of SA and other service providers to promote and deliver programs and events that support the growth of tourism businesses in PAE
Deliver a targeted small business grant program	<ul style="list-style-type: none"> Deliver Year 3 of our Small Business Growth Grant program to support small businesses to invest in: <ul style="list-style-type: none"> Market expansion Product/service diversification Digital transformation

Other things we will do to support the Prosperous Economy City Vision objective
Deliver capacity-building programs for social enterprise business models
Facilitate and advocate for a skilled workforce aligned to the needs of local businesses now and into the future
Deliver improved information, communications and engagement with local businesses
Partner to deliver an annual program of business events to build local business capability and capacity
Partner in the Building Western Adelaide Alliance to maintain a co-ordinated approach to regional economic development activities

COMMITMENTS FOR 2026–27

CLEAN AND GREEN CITY	
Commitment in the 4YBP	Key Initiatives in 2026–27
Partner to deliver a Regional Waste Strategy	<ul style="list-style-type: none"> • Deliver the Going Circular to 2030 Strategy in partnership with Central Adelaide Waste and Recycling Authority (CAWRA) and the City of Charles Sturt to improve our role in the circular economy • Endorse and begin implementing the Rethink Reset Recycle 2026 – 2030 Education Plan, in partnership with CAWRA and the City of Charles Sturt
Deliver innovative waste reduction, reuse and recycling solutions	<ul style="list-style-type: none"> • Continue community promotion and provide support for kerbside and drop off recycling options for soft plastics • Promote options to the community for reusing, recycling and disposing of bulky household wastes (including furniture, mattresses and green waste)
Deliver a Net Zero Emissions Program across council	<ul style="list-style-type: none"> • Finalise and implement the council's Climate Response Plan to continue to deliver emissions reduction initiatives across council
Maintain and grow a healthy tree canopy, improving cooling, biodiversity, shade, habitat and amenity	<ul style="list-style-type: none"> • Adopt and deliver priority actions from the Urban Greening and Biodiversity Plan to support a green and sustainable urban environment in PAE • Plant a minimum of 3,000 new trees throughout our streets and reserves
Develop and implement an integrated approach to sustainable water management	<ul style="list-style-type: none"> • Adopt and deliver priority actions from the Integrated Water Management Plan to contribute to agreed integrated water management outcomes and help transition to a water-sensitive city
Deliver the Living Environment Program	<ul style="list-style-type: none"> • Begin implementing the Living Environment Strategy and associated plans • Review and deliver environmental management plans for wetlands, coastal dunes and Jack Watkins Reserve

Other things we will do to support the City Vision's Clean and Green City objective

Lead community, business and government partnership opportunities that grow the local circular economy

Grow the circular economy through our Materials Recovery Facility and infrastructure programs

Contribute to the success of the AdaptWest regional climate partnership

Deliver the Climate Resilient Infrastructure Program with partners to mitigate the risks and impacts of climate change

Provide Environmental Grants to encourage local initiatives that protect and enhance sustainability and the environment

Work with our partners to green our city by encouraging tree planting on private property

Deliver corporate and community programs that improve environmental knowledge, practice and conditions

COMMITMENTS FOR 2026–27

PLACES FOR PEOPLE	
Commitment in the 4YBP	Key Initiatives in 2026–27
Develop and partner with others in the delivery of the Port Adelaide Civic Precinct Plan	<ul style="list-style-type: none"> Implement the short-term activation program for the public realm and main streets
Prepare and deliver a Growth Management Plan to guide the sustainable growth of the city, including housing and transport networks	<ul style="list-style-type: none"> Develop a Local Area Plan that meets the local housing planning requirements of the Great Adelaide Regional Plan to prepare for future impacts of growth in the city
Design and deliver the Semaphore Foreshore Master Plan	<ul style="list-style-type: none"> Deliver the staged construction of the Semaphore Master Plan based on the approved final design and staging plan
Foster community-led placemaking through advice, activities and a suite of grant programs	<ul style="list-style-type: none"> Deliver place-making initiatives across the city in the form of local gatherings Foster community-led events and activities via our grants and funding model with a focus on integrating outcomes that will benefit our city's arts and culture

Other things we will do to support the Place for People City Vision objective

Collaborate with the Aboriginal Advisory Panel to develop strategic priorities, organise Nunga and NAIDOC Week events, partner in the National Apology Day – Walk of Awareness, and deliver First Nations awards and scholarships

Deliver the priorities for the Built Heritage Strategy to promote and protect local built heritage

Deliver the Walking and Cycling Plan and the Integrated Transport Plan to promote active transport

Deliver an annual series of flagship celebration events

Deliver arts and cultural activities, including public art, professional development and grants for artists

ORGANISATIONAL CAPABILITY AND WORKFORCE

How we organise our work makes a real difference to the value ratepayers receive. By working smarter and co-ordinating our efforts well, we can deliver better outcomes for the community.

PAE continues to invest in improving its systems in a sustainable way, so our staff and volunteers have the tools they need to do their jobs safely and effectively. We will continue to review services and ensure that we deliver the right mix to achieve our City Vision.

As we prepare for the next Local Government elections, we will ensure that the newly elected Council is supported by modern, reliable systems and resources.

This year, we will place greater focus on growing our capability in information technology through improving and/or upgrading our systems, beginning to implement a digital transformation project, and safely and responsibly using AI to improve how we work.

With ongoing workforce pressures and the changing needs of our growing city, we will strengthen our approach to ensure that services remain reliable and responsive and can meet future demand.



OUR SERVICES

We deliver a broad range of services, programs and facilities that reflect the needs and priorities of our residents, businesses and visitors. Our ongoing programs, services and day-to-day operations are all designed to support positive outcomes for the community.

Each year, we also carry out a planned program of work to maintain, renew and enhance our assets. These include our roads and footpaths, stormwater network, buildings, and our parks and gardens. For more details of our capital plan, see Appendix 5 (page 40).

We will continue to deliver:

- Street infrastructure such as roads, footpaths and kerbing
- Development and building assessments
- Urban development planning and policy
- Animal management
- Leases, licences and permits to enable the use of public spaces and facilities
- Environmental health services such as food safety, litter and nuisance requirements, and immunisation
- Emergency planning and response
- Parks, gardens, playgrounds and skate parks, and a walking and cycling network
- Sporting grounds and facilities, and club support
- Environmental management and leadership in several areas, including waste and recycling, stormwater management, coastal and wetlands protection, and landcare
- Libraries, community centres, and sports and recreation centres
- Arts and cultural activities and events
- Community development and capacity building
- Public health and waste services
- Economic and tourism development programs, business support and the Visitor Information Centre
- Customer experience and community engagement

Our Corporate Services

The organisation's Corporate Services Directorate also help us deliver for the community, including;

- Financial management
- Asset management
- Procurement
- Information technology
- Marketing and communications
- Strategic planning and research
- Risk and audit assessments
- Governance
- People and culture services
- Fleet and property management
- Project management

YOUR RATES AT WORK

How every \$100 of your rates payment is spent

We use your rates contributions to pay for services and programs that benefit the whole community and to help fund exciting new projects. We aim to spend time, money and resources as effectively as possible and deliver services that are both sustainable and in line with the community's needs and expectations.



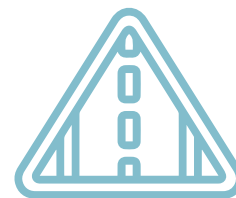
\$28.24

Environment, Stormwater
and Waste Management



\$25.30

Sporting Facilities,
Parks and Recreation



\$23.42

Road and Footpath
Infrastructure



\$8.20

Community Safety
and Support Services



\$6.34

Libraries, Culture
and Heritage



\$4.68

Building, Planning
and Health Services



\$2.53

Depot
Operations



\$1.19

Tourism and Economic
Development



\$0.10

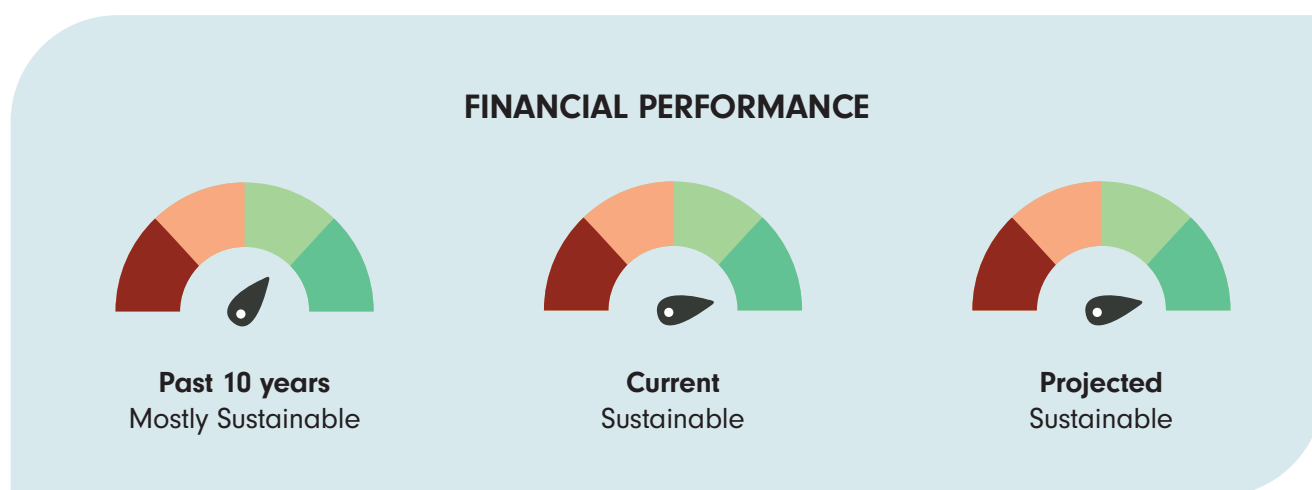
Council
Governance

ESCOSA LOCAL GOVERNMENT ADVICE

In April 2022 amendments to the Local Government Act 1999 came into operation. These amendments introduced a Local Government advisory scheme that aims to give ratepayers confidence that the rates they pay are set at the level necessary for their council to provide the services they value. The Essential Services Commission of South Australia (ESCOSA) is the advisory body for the scheme. All 68 South Australian councils are subject to the scheme, with their strategic management plans and financial forecasts reviewed once every four years.

In February 2026, the council received its 'Advice' from ESCOSA. We are required to publish the ECOSA advice in our Annual Business Plan and subsequent plans until the next cycle of review. A copy of ESCOSA's advice can be found in Appendix 8 (page 54).

In summary, ESCOSA's key finding is that the City of PAE's current, and projected, financial performance is **sustainable**.



ESCOSA's advice recognised that the council has sound management practices which include:

- Comprehensive plans to upgrade recreational and cultural infrastructure
- Strategic planning processes that are robust and well developed
- Annual reviews of the Long-Term Financial Plan in accordance with the Local Government Act 1999
- Ten-year projections of key indexation assumptions in the Long-Term Financial Plan, which provides stakeholders with increased transparency
- Periodic reviews of the Asset Management Plans that underpin the council's asset renewal requirements and overall capital program

In its review, ECOSA recommended that the council should:

- Provide more detail on operating and capital expenditure assumptions and provide commentary on the material changes between annual updates of its Long-Term Financial Plans
- Report in the Long-Term Financial Plan on planned and actual initiatives to improve operating cost efficiency
- Consider how quickly or slowly the council repays debt, in order to ensure a balance in the following: rate increases, finance costs, the new assets development program and intergenerational equity
- Complete asset valuations associated with pump stations, bridges and building assets, and reflect these updated values and applicable assumptions in its Strategic Management Plans
- Review long-term rate increases in its Long-Term Financial Plan and ensure that this does not give rise to higher operating surpluses than would be required for long-term financial and asset sustainability

We are responding to ESCOSA's advice by:

- Continuing to improve our Long-Term Financial Plan and other strategic management plans, to further improve transparency and refine assumptions
- Strengthening our focus on delivering cost efficiencies in our service delivery
- Undertaking asset valuations for pump stations, bridges and building assets, to be completed in 2025–26
- Updating our Long-Term Financial Plan once the Social Infrastructure Plan has been completed and costed to incorporate the plan's costs
- Bringing all financial ratios into the Council-approved target range across the Long-Term Financial Plan

Funding the Annual Business Plan

Funding the Annual Business Plan

The 2026–27 budget has been prepared bearing in mind the following principles:

- Delivering against the City Vision and the priorities of our community
- Managing our assets sustainably, accurately and in a timely way
- Delivering major new assets and projects for the community for the longer term
- Ensuring affordability and long-term financial sustainability

In developing the budget, we incorporate the impacts of inflation, additional investment in our infrastructure program, external cost pressures and cost efficiencies. The aim in preparing the budget is to deliver an operating position that remains within the council's key financial indicator benchmarks, which will ensure our financial sustainability into the future.

Your Rates in 2026–27

The ABP 2026–27 is based on an average rate increase for existing properties of 5.8%. In addition, the number of rateable properties in the council area is expected to have grown by approximately 1%.

The annual general rates increase is made up of:

Actual Adelaide CPI (December 2025)	3.3%
Funding infrastructure program	1.5%
Funding additional cost pressures	1.0%
Total	5.8%

Rates account for 86.3% of the council's operating revenue. Other sources of revenue include fees, charges and government grants.

While the average rate increase will be 5.8%, it should be noted that actual rates payable by a rate payer will vary according to individual property valuations, the attributed land use, and whether there has been any new development or capital improvement on the land. The estimated per annum increase to average residential rates is \$79 for a 5.8% rate rise. This equates to approximately \$1.52 per week.

Our Valuation and Rating Policy is underpinned by the principles of fairness and equity and explains how rates are distributed across the community and why we approve rebates.

Property Valuations

We use Capital Value as the basis for valuing land within the council area. Capital Value is the value of the land and all of the improvements on the land. The council will adopt capital valuations distributed by the Valuer-General for all properties in 2026–27. Valuations are adopted with a value date of 1 January in the rating year.

For 2026–27, property valuations provided by the Valuer-General are expected to reflect general market movements in real estate pricing across metropolitan Adelaide in the past year. However, this does not mean that council rates will increase by this amount. In setting rates for 2026–27, we have adjusted the applicable rate-in-the-dollar to ensure that the rates payable increase by 5.8% on average.

For more information about how rates are set by SA councils, please refer to the LGA SA Fact Sheet at www.cityofpae.sa.gov.au/council/plans-reports . For more information on hardship options available, please refer to Appendix 7.

About our Rate Revenue

General rate revenue is the primary source of funding for our budget. The table below summarises information on how general rate revenue has increased from 2025–26 to 2026–27.

Rate Revenue	2025-26	2026-27	Change
General Rates (existing properties)	143,491,149	153,248,547	
General Rates (new properties)	7,861,858	8,396,465	
General Rates (gross)	151,353,007	161,645,012	6.8%
Less: Mandatory Rebates	(4,068,230)	(4,342,484)	
General Rates (after mandatory rebates)	147,284,777	157,302,528	6.8%
Less: Discretionary Rebates	(515,947)	(551,031)	
General Rates (after discretionary rebates)	146,768,830	156,751,496	6.8%
Separate Rates			
Regional Landscape Levy (after rebates)	3,618,647	3,677,728	
Newhaven Village Wastewater	48,898	52,224	

The 6.8% increase in total general rate revenue (after rebates) includes both the increase in rates from existing rate payers and new rates from new properties. See the table below for a breakdown:

Rate Revenue Source	Average % Change in Rate Revenue
Rate revenue from existing rate payers	5.8%
Rate revenue from new properties 1%	1.0%
Total	6.8%

Differential Rating

We use a differential rating system to raise revenue based upon land use to ensure that the distribution of rates is fair and equitable. The anticipated level of rate revenue to be raised by each differential factor for 2026–27 is set out in the following table:

Rate Type	Differential Rate Revenue			Rateable Properties		Average Per Rateable Property			
	2025/26 \$'000s	2026/27 \$'000s	Change %	2025/26 #	2026/27 #	2025/26 \$	2026/27 \$	Change \$	Change %
General	82,236	87,828	6.8%	60,398	61,142	1,361	1,440	79	5.80%
Commercial	65,072	69,497	6.8%	6,458	6,527	10,185	10,776	591	5.80%
New Haven	53	56	5.7%	62	62	847	896	49	5.80%
Vacant Land	4,045	4,320	6.8%	975	841	3,902	3,903	1	0.03%
Total	151,406	161,701	6.8%	67,893	68,572				

The council's rating policy includes setting a minimum charge, which is forecast to be \$1,190 for 2026–27. In 2025-26, the City of Port Adelaide Enfield had 67,893 rateable properties. This is expected to increase to 68,572 in 2026–27, representing 1% growth in the number of rateable properties.

Separate Rates

Regional Landscape Levy

The Landscape South Australia Act 2019 is the framework for managing the State's water, pest animals, plants and biodiversity. The Green Adelaide Board has been specifically created in this legislation, in recognition of the unique environmental challenges faced in urban areas. We collect the levy on behalf of the State Government. We do not retain revenue from this levy, nor do we determine how the revenue is spent. The Green Adelaide Board has advised that this levy will increase by 2.4% for 2026–27.

New Haven Village Wastewater

We set a separate rate for the purpose of supporting the New Haven housing development. This development has trialed new technology in energy efficiency, environmentally friendly materials and onsite treatment and reuse of domestic wastewater, which is considered to be beneficial to the land and to occupiers of the land. A separate rate is declared in respect to each allotment contained within Deposit Plan No. 42580, which comprises the New Haven Village at North Haven. The purpose of the revenue is to enable a wastewater and stormwater treatment service to be provided. There are 62 assessments within the New Haven Village area.

Budget Overview

The Annual Budget contains five principal accounting statements. These are the:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Uniform Presentation of Finances

The statements comply with the requirements of the Local Government Act 1999, as well as with relevant regulations and accounting standards. Our expenditure focuses on prioritising core community and civic services, initiatives that support the City of PAE's cultural and economic development, and projects that maintain and upgrade infrastructure within the local area.

Budget Highlights for 2026–27

The budget has been structured to ensure that PAE responsibly remains within key financial indicator benchmarks, enabling the council's financial sustainability into the future.

Some of the financial highlights from the budget include:

- Operating Income of \$186 million
- Operating Expenditure of \$185 million
- Operating Surplus of \$1.4 million
- Capital Expenditure of \$59.3 million
- Total Assets at 30 June 2027 of \$2.1 billion
- Total Liabilities at 30 June 2027 of \$133 million

Financial Key Performance Indicators

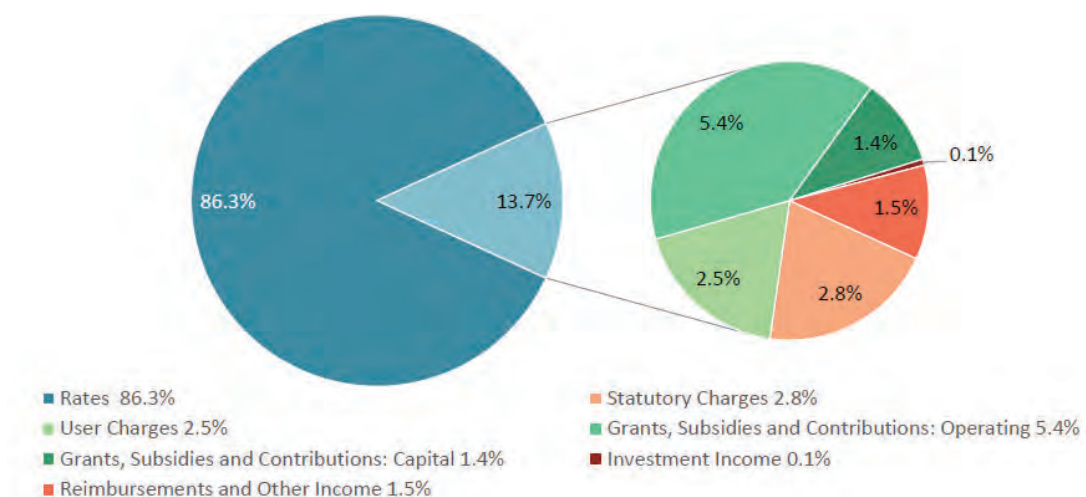
- Operating Surplus Ratio of 0.8%
- Net Financial Liabilities Ratio at 30 June 2027 of 68.2%
- Asset Renewal Funding Ratio at 30 June 2027 of 101.4%

The table below presents the 2026-27 operating budget, in comparison with the approved 2025-26 budget:

Statement of Comprehensive Income	2025-26 Revised Budget (\$ '000)	2026-27 Budget (\$ '000)
Income		
Rates	150,645	160,865
Statutory Charges	4,923	5,251
User Charges	4,112	4,598
Grants, Subsidies and Contributions: Operating	9,896	10,116
Grants, Subsidies and Contributions: Capital	2,280	2,603
Investment Income	140	100
Reimbursements and Other Income	2,446	2,776
Net Gain - Equity Accounted Council Business	-	-
	174,442	186,309
Expenses		
Employee Costs	63,293	68,984
Materials, Contracts and Other Expenses	60,688	63,889
Depreciation, Amortisation and Impairment	41,555	46,076
Finance Expenses	4,878	4,965
Net Loss - Equity Accounted Council Business	1,215	987
	171,629	184,901
Operating Surplus / (Deficit)	2,813	1,408
Asset Disposal & Fair Value Adjustments	-	(2,500)
Amounts specifically for New or Upgraded Assets	8,305	4,235
Physical Resources received Free of Charge	-	9,500
Net Surplus / (Deficit)	11,118	12,643
Other Comprehensive Income	118,079	54,862
Total Comprehensive Income	129,197	67,505

Operating Revenue

The council's total operating revenue for 2026–27 (before capital revenues) is anticipated to be \$186 million. The main source of income is rate revenue, representing 86.3% of our total revenue. Other sources include government grants, reimbursements, and user and statutory charges.



Grants, Subsidies and Contributions

These include grants and subsidies from all sources but exclude grants and subsidies specifically for new/upgraded assets. Major funding anticipated for 2026–27 relates to the maintenance of assets, community services and related activities.

Investment income

This represents interest earned on cash reserves and surplus cash on hand during the period not immediately required. This is predicted to be negligible in 2026–27, as any surplus cash is used to reduce debt, which in turn reduces interest costs.

Statutory Charges

Statutory charges represent income received for regulatory services. The fees are associated with regulating the Planning, Development and Infrastructure Act 2016, the Dog and Cat Management Act 1995, the Food Act 2001 and the South Australian Public Health Act 2011. Under these Acts, fees are applicable to registering dogs, assessing planning and building applications, granting permits and licences and conducting compliance audits. Most of these fees are determined by the State Government and are reviewed annually.

User Charges

These relate to the recovery of service delivery costs associated with the use of council facilities. They include hire of community facilities such as ovals, halls, community centres and golf courses. We determine these charges annually as part of the annual business planning process.

Reimbursements

These represent amounts received as payment for work done by the council acting as an agent for other government bodies, property owners, organisations and individuals. Reimbursements also include contributions received for joint undertakings.

Operating Expenditure

Our total operating expenditure for 2026–27 is anticipated to be \$185 million.

The council is experiencing some significant external cost pressures in 2026-27. These are estimated at \$13.3 million. The drivers for some of these cost pressures are:

- Increasing cost of waste management
- Increasing cost of cat management
- Increased depreciation cost associated with escalating construction costs
- Increased water costs and usage caused by drier weather conditions
- Increased cost of managing events
- Increased fees for managing the election

These costs have been partially offset by cost efficiencies and savings identified as part of the council's ongoing program of continuous improvement. These savings total \$5.9 million. Some of the larger savings have come from the following activities:

- Entering into an electricity contract for renewable energy
- Investing in IT infrastructure
- Using internal resources rather than consultants
- Achieving efficiencies in the delivery of maintenance services
- Exploring alternative sources of revenue other than rates

The council will continue to focus on finding sustainable cost efficiencies. The council has an annual cycle for undertaking service reviews. The focus of a service review is to improve the efficiency and effectiveness of the council's service delivery.

Employee Costs

Employees are responsible for providing our key services, which include maintaining open space areas, roads, libraries, sporting and community facilities, health and community care, and many other services. Employee costs include all labour-related expenses such as salaries, wages and on-costs, leave entitlements, employer superannuation and workers' compensation insurance. However, the cost of temporary/agency staff is not included here.

In 2026–27, employee costs are projected to be \$5.7 million higher than 2025–26 due to the following main factors:

- Wage adjustments in accordance with our enterprise agreements
- The transition of contracted labour to council employees which has resulted in lower contracting costs and improved service outcomes
- Increased service provision to match city growth

Materials

Our materials budget includes payments for physical goods such as office consumables, water, fuel, electricity, safety equipment and infrastructure maintenance materials.

Contractors

Contractor expenditure includes payments for the provision of external services. Major areas of anticipated contractor expenditure for the council in 2026–27 include waste management, infrastructure and building assets maintenance, temporary/agency staff, and specialist resources/consultants.

Finance Costs

Interest payments on our borrowings are expected to be higher in 2026–27, due to higher forecast interest rates on borrowings.

Capital Expenditure

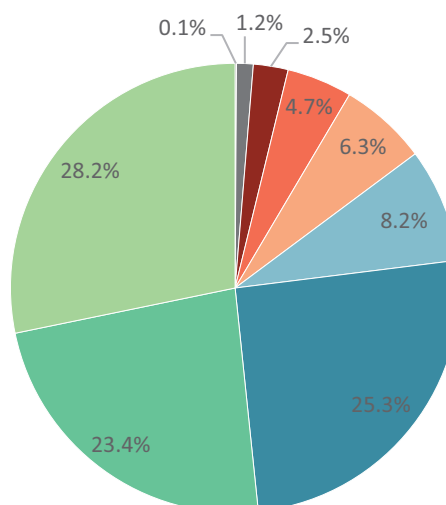
The City of PAE owns and manages a large and diverse community infrastructure portfolio with an approximate value of \$2.1 billion. These assets, including roads, footpaths, stormwater drains, community buildings, parks, reserves, plant and fleet, play a vital role in the community's quality of life.

We invest in renewing and upgrading these assets to service the community for current and future generations. We also receive 'gifted' or 'donated' assets from developers. These assets attract ongoing operational and maintenance costs over their lifetime.

In 2026–27, we will be delivering a total capital works program of \$59.3 million, including \$35 million on renewal/replacement of existing assets and \$24.3 million on new/upgraded assets. The following table summarises the council's planned Capital Works Program:

Capital expenditure	2026-27 Budget (\$million)
Stormwater	5.2
Pump Stations	1.0
Footpaths	1.9
Roads	15.4
Open Space	14.4
Buildings	4.2
Strategic Projects	9.5
Fleet, Plant and Equipment	6.3
Furniture and Other Equipment	1.4
	59.3

The chart below shows the split of both operating and capital costs, across council services:



Borrowings

The City of PAE is currently in a good financial position, with the capacity to invest in intergenerational asset renewal and upgrades. However, in the interests of intergenerational equity, it is important that each generation of ratepayers meets the cost of the services and community assets that they consume. It also means that future generations should not have to pay for the neglect of earlier generations to maintain and renew their assets appropriately. Likewise, future ratepayers should not benefit at the expense of the current generation of ratepayers. Borrowings (and how we subsequently service our borrowings) are a very effective tool to deliver intergenerational equity across long-lived community assets and infrastructure.

We have historically restricted borrowing to capital expenditure, and this principle is reflected in our Treasury Management Policy. In accordance with this policy, we aim to manage our finances holistically. This means that we will not retain or quarantine money for a particular future purpose.

We will:

- Borrow funds in accordance with the projections set out in the Long-Term Financial Plan
- Apply any funds not immediately required to meet approved expenditure to reduce our level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required

To achieve continued investment in our assets, and in accordance with our Treasury Management Policy, the budget forecasts an increase in total borrowings by the end of the 2026–27 financial year.

Total borrowings are expected to be \$107 million by 30 June 2027. The following schedule is a summary of budgeted movements in borrowings:

Borrowings ⁽²⁾	2026-27 Budget (\$ '000)
Fixed Debenture Loans:	
Projected Opening Balance	
New Loans	
Principle Repayments	
Projected Closing Balance 30 June 2027	-
Cash Advance Debenture Facility (CAD):	
Projected Opening Balance	111,328
Net Drawdowns	(4,031)
Net Repayments	
Projected Closing Balance 30 June 2027	107,297
Total Projected Borrowings 30 June 2027	107,297

⁽²⁾ Excluding lease liabilities

FINANCIAL RATIOS

To assist us to meet our objective of financial sustainability, we maintain a series of financial indicators endorsed by the Council and consistent with industry standards. The following table details these financial indicators.

Ratios	Target Range (*)	2025-26 Revised Budget	2026-27 Budget
Operating Surplus Ratio	0%-10%	1.6%	0.8%
Net Financial Liabilities Ratio	35%-100%	81.3%	68.2%
Asset Renewal Funding Ratio	100%	117.5%	101.4%
Interest Cover Ratio	1%-5%	2.7%	2.6%

(*) Target as per LTFP 2027-36 and/or Treasury Management Policy

All financial ratios are forecast to be aligned to target ranges in 2026–27.

Operating Surplus Ratio

Operating Surplus divided by Total Operating Revenue.

This is the extent to which the current generation of ratepayers is meeting the costs of services they are consuming. The larger the ratio, the more revenue is available to fund infrastructure expenditure and/or repay borrowings.

Net Financial Liabilities Ratio

Net Financial Liabilities divided by Total Operating Revenue.

This indicates the extent to which the council's net financial liabilities can be met out of a single year's operating revenue.

Asset Renewal Funding Ratio

Asset Renewal Expenditure divided by AMP Renewal Expenditure.

The Asset Renewal Funding Ratio indicates the extent to which infrastructure assets are being renewed in line with AMPs, thereby maintaining service levels to the desired standard.

Interest Payment Ratio

Annual Interest Payments divided by Annual Operating Revenue.

This ensures that the council only borrows to a level that results in interest costs that are reasonably manageable in relation to the level of our operating revenue.

Addendum – Reconciliation to the Draft Annual Business Plan 2026–27 (added 18 June 2026)

There have been some changes made to the budget since the Draft Annual Business Plan was released for public consideration:

Reconciliation to the Draft Annual Business Plan 2026-27

	\$ million
Operating surplus (Draft)	\$0.7
Reduction in depreciation due to capital investment changes	0.4
Reduction in finance cost due to capital investment changes	0.2
Reduction in other expenses	0.1
Operating surplus (Final)	\$1.4
	\$ million
Capital expenditure (Draft)	\$63.2
Semaphore Foreshore rephasing to 2027-28	(6.0)
Coleridge Crescent Reserve reduction in budget	(0.2)
Carry-overs from 2025-26 to 2026-27	2.2
Capital expenditure (Final)	\$59.2

APPENDICES

APPENDIX 1 | Statement of Financial Position

Statement of Financial Position	2025-26 Revised Budget (\$ '000)	2026-27 Budget (\$ '000)
ASSETS		
Current Assets		
Cash and Cash Equivalents	1,800	1,800
Trade & Other Receivables	4,427	4,400
Inventories	334	351
Other Current Assets	70	70
	6,631	6,621
Non-Current Assets		
Financial Assets	25	28
Equity Accounted Investments in Council Businesses	1,475	488
Infrastructure, Property, Plant & Equipment	1,998,094	2,067,759
Other Non-Current Assets	24,675	19,556
	2,024,269	2,087,831
TOTAL ASSETS	2,030,900	2,094,452
LIABILITIES		
Current Liabilities		
Trade & Other Payables	13,246	13,087
Provisions	11,682	11,901
Other Current Liabilities	-	-
	24,928	24,988
Non-Current Liabilities		
Long-Term Borrowings	111,328	107,297
Equity Accounted Investments in Council Businesses	-	-
Long-Term Provisions and Other Liabilities	945	963
	112,273	108,260
Total Liabilities	137,201	133,248
Net Assets	1,893,699	1,961,204
Equity		
Accumulated Surplus	918,761	931,404
Asset Revaluation Reserve	959,386	1,014,248
Other Reserves	15,552	15,552
Total Equity	1,893,699	1,961,204

APPENDIX 2 | Statement of Changes in Equity

Statement of Changes in Equity	Accumulated Surplus (\$'000)	Asset Revaluation Reserve (\$'000)	Other Reserves (\$'000)	Total Equity 2025-26 (\$'000)
Opening Balance	918,761	959,386	15,552	1,893,699
Net Surplus / (Deficit) for the Year	12,643	-	-	12,643
Other Comprehensive Income	-	54,862	-	54,862
Transfer between Reserves	-	-	-	-
Balance at end of period	931,404	1,014,248	15,552	1,961,204

APPENDIX 3 | Statement of Cash Flows

Statement of Cash Flows	2025-26 Revised Budget (\$ '000)	2026-27 Budget (\$ '000)
Cash Flows from Operating Activities		
Receipts		
Operating Receipts	173,597	183,477
Investment Income	146	101
Payments		
Operating Payments to Suppliers & Employees	(120,686)	(132,155)
Finance Payments	(6,109)	(4,965)
Net Cash Provided by Operating Activities	46,948	46,458
Cash Flows from Investing Activities		
Receipts		
Amounts Received Specifically for New /Upgraded Assets	8,377	3,686
Grants utilised for capital purposes	1,778	2,647
Sale of Replaced Assets	1,143	1,500
Sale of Surplus Assets	3,091	9,000
Sale of Investment Property	300	-
Other Cash Flow s from Investing Activities	-	-
Payments		
Expenditure on Renew al/Replacement of Assets	(48,490)	(35,025)
Expenditure on New /Upgraded Assets	(26,284)	(24,235)
Other Investing Activity Payments	-	-
Net Cash Provided by Investing Activities	(60,085)	(42,427)
Cash Flows from Financing Activities		
Receipts		
Proceeds from Borrow ings	12,890	-
Payments		
Repayments of Borrow ings	-	(4,031)
Net Cash Provided by Investing Activities	12,890	(4,031)
Net Increase / (Decrease) in Cash Held	(247)	-
Cash and Cash Equivalents at Beginning of Period	2,047	1,800
Cash and Cash Equivalents at End of the Period	1,800	1,800

APPENDIX 4 | Uniform Presentation of Finances

Uniform Presentation of Finances	2025-26 Revised Budget (\$ '000)	2026-27 Budget (\$ '000)
Operating Surplus/(Deficit) before Capital Amounts		
Income		
Rates	150,645	160,865
Statutory Charges	4,923	5,251
User Charges	4,112	4,598
Grants, Subsidies and Contributions: Operating	9,896	10,116
Grants, Subsidies and Contributions: Capital	2,280	2,603
Investment Income	140	100
Reimbursements and Other Income	2,446	2,776
	174,442	186,309
Expenses		
Employee Costs	63,293	68,984
Materials, Contracts and Other Expenses	60,688	63,889
Depreciation, Amortisation and Impairment	41,555	46,076
Finance Expenses	4,878	4,965
Net Loss - Equity Accounted Council Business	1,215	987
	171,629	184,901
Operating Surplus/(Deficit) before Capital Amounts	2,813	1,408
Timing adjustment for grant revenue	-	-
Less: Grants, subsidies and contributions – Capital	(2,280)	(2,603)
Add back: Roads to Recovery funding	2,192	2,603
Operating Surplus / (Deficit)	2,725	1,408
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(48,490)	(35,025)
Finance Lease payments for Right of Use Assets	-	-
add back Depreciation, Amortisation and Impairment	41,555	46,076
add back Grants, subsidies and contributions – Capital Renewal	2,280	2,603
add back Proceeds from Sale of Replaced Assets	1,143	1,500
	(3,512)	15,154
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(26,284)	(24,235)
Finance lease payments for Right of Use Assets	-	-
add back Grants, subsidies and contributions – Capital New /Upgraded	-	-
add back Amounts Received Specifically for New and Upgraded Assets	8,305	3,686
add back Proceeds from Sale of Surplus Assets	3,391	9,000
	(14,588)	(11,549)
Net Impact to Financing Activities (Surplus / (Deficit))	(15,375)	5,013

APPENDIX 5 | Capital Works Program

SCHEDULE OF BUILDING WORKS

Building Works

Civic Precinct - Minor Building Works
Beefacres Hall - Asbestos Removal and Kitchen Upgrade
DDA Upgrades - Various Buildings
Enfield Community Centre - Internal Refurbishment
Enfield Library - Internal Upgrades
Kilburn Community Centre - Internal Upgrades, Changing place facility
Kilburn Tennis Club - Minor Building Works
Klemzig Hall - Minor Bathroom Upgrade
LeFevre Recreation Centre - Counter and Office Renovation
Osborne Over 50's AC Upgrade
Ottoway Hall - Internal Refurbishment
Port Adelaide Cycling Club - Asbestos Removal and eaves replacement
Public Toilet - Door Automation
Semaphore RSL - AC Replacement
Willochra Depot - Minor works

Green Building Projects

Green Buildings - Various Projects

Major Building Upgrades

Port Adelaide Basketball Stadium - Facility Upgrades
Port Adelaide Visitor Information Centre Renewal Works

Public Conveniences

Accessible Toilets (Semaphore South)
Birkenhead Reserve - New Toilet Construction
Glanville Golf Course Toilets - Refurbish
Leopold Conrad Reserve - New Toilet Construction
Peter Cousins Reserve - New Toilet Construction
The Parkway - New Toilet Construction

\$4,175,033

SCHEDULE OF FOOTPATH WORKS

Footpath Works

Dernancourt - Riverside Gr (Ridgefield Ave to 21 Riverside Gr)
Enfield – Kensington Cres (Barrington Ave to 45m South of Whittington St)
Enfield - Tindall Rd (Gordon Ave to Turnbull Rd)

Ferryden Park – Trafford St (Dudley St to Cardigan St)
 Gillman - Bedford St (Norwest side from Evans St to Channel)
 Greenacres - Princes Rd Cul-De-Sac (northern side)
 Minor Capital Works - Footpaths
 North Haven - Fotheringham Rd (Cherry Ave to Steadman St)
 Northfield – Grand Junction Rd (544 Grand Junction Rd to Vickers Vimy Pde)
 Ottoway - Larsen Ct (Cleveland Tce to Eastern End)
 Port Adelaide Enfield - Bus Stop Upgrades and Disability Discrimination Act (DDA) Compliance
 Taperoo - Wandana Tce (White Hollow Reserve –Wandana Terrace to Taperoo)
 Port Adelaide Enfield - Pram Ramp Upgrades as per Integrated Transport Strategy
 Regency Park - Birralee Rd (Taminga St to Kateens St)
 Wingfield – Francis Rd (Plymouth Rd to Davis St)
 Wingfield – Plymouth Rd (Grand Junction Rd to Francis St)

\$1,855,000

SCHEDULE OF OPEN SPACE WORKS

Foreshore

Foreshore - Shared Use Path Lighting - Outer Harbour
 Semaphore Foreshore - Railway Retaining Wall Line Replacement & Railway Line Replacement - Stage 3
 Taperoo Beach / Osborne Foreshore - Playspace & Fitness Equipment Upgrade
 Taperoo Foreshore - Retaining Wall Replacement (Construct)

Golf Facilities

Regency Park - Golf Greens Stage 1, 2 & 3 Design
 Regency Park - Irrigation Upgrade Stage 1,2 & 3
 Valley View Golf Course - Irrigation Design

Open Space (Active)

Alberton Oval - Oval Irrigation Design Investigation
 Almond Tree Flat Reserve - Playspace Rubber Softfall Replacement & Cricket Gecko Matt
 Carol Martin Reserve (formerly Blair Athol Reserve) - Carpark Design
 Carol Martin Reserve (formerly Blair Athol Reserve) - Sports Lighting Replacement (Scope and Design)
 Carol Martin Reserve (formerly Blair Athol Reserve) - Resurface Courts – Tennis
 Durant Road Reserve - Playspace Rubber Softfall Replacement
 Edward Smith Reserve - Goal Netting - Replacement
 EP Nazer Reserve - Reseal Courts, Cricket Gecko Matt, Playspace Rubber Softfall Replacement
 Hanson Reserve - Playspace Rubber Softfall Replacement
 John Hart Reserve - Irrigation Design
 Largs Reserve - Court Upgrade & Sports Lighting Replacement
 Largs Reserve - Irrigation Design
 Largs Reserve - Playspace Upgrade
 Pauls Drive Reserve - Playspace Rubber Softfall Replacement
 Port Adelaide Reserve - New Rugby Interchangeable Goal Posts & Football Interchange Benches
 Ray Guscott Reserve (formerly Largs North Reserve) - Replace Cricket Nets & New Interchange Benches
 Regency Park Oval - Soccer - Artificial Turf - Rejuvenation
 Regency Park Reserve - Playspace Upgrade
 Regency Park Reserve - Irrigation Design

St Albans Reserve - Sports Lighting Replacement Design
St Patricks Reserve - Playspace & Fitness Rubber Softfall Replacement
Tarton Road Reserve - Playspace Rubber Softfall Replacement
Thomas Turner Reserve - Irrigation and Ground Water Expansion Investigation
Thomas Turner Reserve - Master Plan
Vickers Vimy Reserve - Sports Lighting Replacement
Wingfield Reserve - Sports Lighting Design

Open Space (Passive)

Augusta Street Reserve - Playspace Rubber Softfall Replacement
Barton St Reserve - Irrigation Upgrade
Bennett Reserve - Fence
Bennett Reserve - Irrigation Upgrade
Coleridge Crescent Reserve - Playspace Rubber Softfall Replacement
Company Square Reserve - Irrigation Design
Denver Terrace Reserve - Playspace Upgrade
Devon Park Reserve - Irrigation Upgrade
Enfield Community Centre - Irrigation Design
Enfield Community Centre - Playspace Rubber Softfall Replacement
Folland Avenue Streetscape - Landscape Upgrade
Francis Street - Playspace Upgrade
GE Hunter Reserve - Pedestrian Bridge Remediation Works
Inverway St Reserve - Irrigation Design
James Bailey Reserve - Irrigation Upgrade
Janice Jensen Reserve - Irrigation & Pedestrian Lighting Upgrade
Klemzig Pioneer Reserve - Replace fencing
Linear Park - Windsor /Warner - Playspace & Fitness Upgrade, 3on 3 Court Upgrade
Linear Park (Beefacres Reserve) - Fitness & Playspace Upgrade
Linear Park (Klemzig/Windor Gardens) - Public Lighting Upgrade Stage 6 and 7
Linear Park (Ramsey Reserve) - Playspace Upgrade
LJ Lewis Reserve - Refurbish Shelters, Picnic Setting, BBQ and Paths
Major Peter Badcoe Reserve - Reserve Upgrade Design
Mariner's Park - Playspace Rubber Softfall Replacement
McCarron Way Reserve - New playspace construction
Multiple Passive Reserves - Signage Upgrade
New Port Quays - Viewing Deck Replacement
Northgate Reserve - Irrigation Design
Northgate Reserve - Pedestrian Lighting Stage 2 & Furniture Replacement
Oakdale Reserve - Playspace Rubber Softfall Replacement
Ottoway Community Centre - Fence Replacement
Pioneer Park Reserve - Irrigation Upgrade
RB Connelly Reserve - Irrigation & Fence Upgrade
RB Connelly Reserve - Playspace Upgrade
Snowden Beach - Gabion Wall Replacement and New Shelter
Various Sites - Replacement of BBQ's
Various Sites - Replacement of Drinking Fountains

Waterford Reserve - Irrigation Design
 Waterford Reserve - Pedestrian Lighting
 White Hollow Reserve - Fitness Equipment Upgrade

\$14,350,519

SCHEDULE OF PUMP STATION WORKS

Pump Station Works

Carlisle Pump Station Replace Fence
 Newhaven Waste Water Treatment Plant Works
 Replace Pump 6 and valves at Hack Pump Station
 Wellington St Pump Station Upgrade

\$1,032,948

SCHEDULE OF ROAD WORKS

Reconstruction Program

Blair Athol - Florence Ave (Grand Junction Rd to Marmion Ave)
 Blair Athol - Rosedale Ave (Grand Junction Rd to Marmion Ave)

Rejuvenation

Rejuvenation Program

Reseal Program

Angle Park - Trafford St (Ridley Grove to Cardigan St)
 Blair Athol - Dover St (Anson St to Grand Junction Rd)
 Blair Athol - Prospect Rd (Cambridge St to End (service rd))
 Blair Athol - Rushworth St (Anson St West to Anson St East)
 Broadview - Galway Ave (Council Boundary to Regency Rd)
 Clearview - Radford Ave (Turner Ave to Austral Ave)
 Devon Park - Belford Ave (Exeter Tce to Council Boundary)
 Devon Park - Exeter Tce (Alexander Ave to Belford Ave)
 Enfield - Berry Rd (Durand Tce to Ward Tce)
 Enfield - Chelsea Dr (Regency Rd to Markham Ave)
 Enfield - Gould Rd (Ward Tce to Newton Tce)
 Enfield - Gove Rd (Tindall Rd to Newton Tce)
 Enfield - Hoad Ct (Chelsea Dr to End)
 Enfield - Learmonth Tce (Durance Tce to Gove Rd)
 Enfield - Pell Rd (Ward Tce to Learmonth Tce)
 Enfield - Tindall Rd (Gove Rd to Gordon Ave)
 Enfield - Truscott Rd (Gove Rd to Gove Rd)
 Enfield - Ward Tce (Berry Rd to Gove Rd)
 Ferryden Park - Ridley Gr (Liberty Grove to Tracey Court)
 Gepps Cross - Carsten Rd (White Rd to End)
 Gepps Cross - White Rd (Carsten Rd to Port Wakefield Rd)
 Gillman - Bedford St (Gray Tce to Rutland St)
 Greenacres - Birdwood Rd (Rellum Rd to Princes Rd)
 Greenacres - Rellum Rd (Vasey St to Birdwood Rd)
 Kilburn - Northcote St (Churchill Rd to Prospect Rd)

Klemzig - Wilpena Ave (OG Rd to Fife St)
Largs North - Carnarvon Tce (Fletcher Rd to Dover Tce)
Northfield - Dumfries Ave (Loch St to Folland Ave)
Northfield - Goward St (Hampstead Rd to West Ave)
Northfield - Pettitt St (Hampstead Rd to West Ave)
Northgate - Abingdon Way (Shiers Ave to Swanbourne Dr)
Northgate - Ashton Link (Rainsford Pl to Swanbourne Dr)
Northgate - Balmain Dr (Navigator Dr to Vickers Vimy Pde)
Northgate - Brookfield Ct. (Swanbourne Dr to Sevenhill Way)
Northgate - Butler Gr (Vickers Vimy Pde to Brookfield Ct.)
Northgate - Leopold Ave (Vickers Vimy Pde to Edwin Ct)
Northgate - Meadowbank Tce (The Promenade to Ashton Link)
Northgate - Rainsford Pl (Swanbourne Dr to Abingdon Way)
Northgate - Sevenhill Way (Meadowbank Tce to Wakefield Pl)
Northgate - Shiers Ave (Meadowbank Tce to Bishop Pl)
Northgate - Stonehaven Lane (Stonewell Common to the End)
Northgate - Stratford Way (Vickers Vimy Pde to Balmain Dr)
Northgate - Swanbourne Dr (Vickers Vimy Pde to Fosters Rd)
Northgate - Vickers Vimy Pde (Grand Junction Rd to The Promenade)
Northgate - Wakefield Pl (Sevenhill Way to Brookfield Ct.)
Ottoway - Arnold St (Agnes St to Milburn St)
Ottoway - Ruby Ct (Arnold St to the End)
Port Adelaide - Gardiner Ct (Minories St to End)
Port Adelaide - Langham Pl (Grand Junction Rd to Wellington St)
Port Adelaide - Liddon Pl (Grand Junction Rd to Wellington St)
Port Adelaide - Minories St (Leadenhall St to Gardiner Ct)
Port Adelaide - Wellington St (Langham Place to Port Rd)
Rosewater - Newcastle St (Jamieson St to Herbert St)
Windsor Gardens - Acton Ave (Windsor Gr to Albion St)
Windsor Gardens - Albert St (Barnet St to Ormsby St)
Windsor Gardens - Dickson Ct (Windsor Gr to End)
Windsor Gardens - Pitman Rd (North East Rd to Newell St)
Windsor Gardens - Sincok St (Windsor Gr to Albion St)
Windsor Gardens - Thomson Ct (Windsor Gr to End)
Windsor Gardens - Windsor Gr (North East Rd to McLauchlan Rd)
Wingfield - Berger Rd (Rosberg Rd to Schumacher Rd)
Wingfield - North Arm Rd (May Tce to Cormack Rd)
Wingfield - Rafferty St (Wing St to Northern End)
Road Design Program

Traffic Management

Integrated Transport Strategy Projects
Integrated Transport Strategy-DDA Compliance
Lightsview, Northgate & Oakden Local Traffic Management (LATM)
Minor Capital Works - Roads
Narrow Streets Projects - Policy Implementation

Port Adelaide Local Area Traffic Management
 Semaphore, Glanville, Exeter & Ethelton LATM
 Traffic Control Device Renewal
 Walking & Cycling Plan Projects
 Gillman East-West Connector – Shared Use Path - Stage 2
 Gillman East-West Connector - Linemarking and Wayfinding
 River Torrens Linear Parking Improvements
 Bicycle Racks
 Way to Go Programme and School Safety Improvements

\$15,376,720

SCHEDULE OF STORMWATER WORKS

Stormwater Works

Charon Rd Detention Basin
 Drainage Construction of Lateral Drain on Portland Rd
 Drainage Design from Torrens Urban North East (TUNE) SMP
 Eastbourne Tce Gross Pollutant Trap (GPT)
 Kolapore Avenue Largs North Stormwater Upgrade
 Minor Capital Works - Stormwater
 North Arm East Basin
 North Arm East Channel
 Russell St Drainage Upgrade
 Upgrade of Channel Between Grand Junction Rd & Northcote Design

\$5,204,532

SCHEDULE OF STRATEGIC PROJECTS

Carol Martin Reserve (formerly Blair Athol Reserve) - Changeroom upgrade - concept design
 Largs Reserve - Clubrooms
 Port Adelaide Reserve - Facility upgrade - Detailed design
 Rushworth Reserve - Changeroom upgrade - detailed design
 Semaphore Foreshore - Redevelopment Construction

\$9,546,250

SCHEDULE OF FLEET, PLANT AND EQUIPMENT CAPITAL

Major Plant and Fleet

Major Plant and Fleet Replacement

Minor Plant

Minor Capital Purchases

Furniture and Other Equipment

Furniture and Other Equipment

\$7,718,863

\$59,259,865

APPENDIX 6 | Challenges and Opportunities

To ensure that we are prepared to respond to challenges and make the most of favourable conditions beyond our city, each year as we develop our Annual Business Plan, we consider the possible impact of the external environment on our city and the organisation.

The following tables demonstrate how each of the key challenges and opportunities identified aligns with the Strategic Risks identified in our current Four Year Business Plan.

Our current Four Year Business Plan, along with the council's wider Strategic Management Framework, can be viewed online at:  participate.cityofpae.sa.gov.au

ECONOMY		
What Are the Challenges We Are Facing?	What Will We Do to Make the Most of Our Opportunities?	How Do These Align with Our Strategic Risks?
<p>Cost-of-living and cost-of-doing-business pressures continue to significantly impact the community. The cost of products and services, including basic needs such as food, energy, fuel and housing, continues to increase, leaving many households and businesses facing financial stress.¹</p> <p>The growth of northern metropolitan Adelaide will continue to place increasing demands on infrastructure and facilities within PAE. It is important that we embrace the positive impacts of this on our economy and tourism while ensuring that our infrastructure and assets are sustainable.</p>	<p>We will continue to deliver our Prosperous Economy Strategy and Economic Development Plan 2025–29 to support our local economy.</p> <p>We will continue to ensure that our rates provide value for money, and we will look at ways to support the community by delivering our services and facilities more efficiently and effectively.</p> <p>We will carry on our work with other levels of government and developers to support the delivery of jobs and other opportunities through major projects such as AUKUS, while protecting and enhancing the needs of the local community and the environment.</p>	<ul style="list-style-type: none"> • Effective Asset Stewardship • Organisational Optimisation • Governance Risk

¹ SACOSS (2025) [Cost of Living Update No. 60](#)

THE ENVIRONMENT

What Are the Challenges We Are Facing?	What Will We Do to Make the Most of Our Opportunities?	How Do These Align with Our Strategic Risks?
<p>Environmental sustainability and climate response remain ongoing challenges for local government, placing significant demands on resources and infrastructure.²</p> <p>Increasing periods of high temperatures, urban heat effects and low tree canopy cover are causing health and other impacts, particularly for vulnerable members of the community.³</p> <p>Significant environmental events will continue to place the city's unique and beautiful environmental and heritage attractions at risk.</p> <p>Changes to environmental regulation and new environmental practices in areas such as waste management/ the circular economy and environmental sustainability continue to impact councils and their communities.</p>	<p>Addressing climate change and environmental sustainability remains a key focus for the City of PAE. To address this, we will continue to implement the Living Environment Plan, along with the Climate Response Plan, Urban Greening and Biodiversity Plan and Integrated Water Management Plan.</p> <p>We will continue to work closely with the community, business and other organisations, and to partner with AdaptWest, to address environmental impacts.</p> <p>We will deliver the Going Circular to 2030 Strategy in partnership with CAWRA and the City of Charles Sturt to improve PAE's role in the circular economy.</p> <p>We will work with the community to address new environment-related legislation, minimising negative impacts on communities and businesses by providing community education and leadership. At the same time, we will focus on related opportunities, including tourism. Additionally, we will encourage the community to use PAE's important environmental and community assets safely.</p>	<ul style="list-style-type: none"> • Effective Asset Stewardship • Environmental Sustainability

² Department for Environment and Water [Government Action on Climate](#)

³ Green Adelaide [Urban Heat and Tree Canopy Mapping](#)

COMMUNITY HEALTH AND WELLBEING

What Are the Challenges We Are Facing?	What Will We Do to Make the Most of Our Opportunities?	How Do These Align with Our Strategic Risks?
<p>Local communities are increasingly feeling the impact of issues relating to health and wellbeing, including mental ill health, substance abuse and loss of community connection, and there are increasing numbers of vulnerable people in the community. Cost of living and societal pressures have added to the level of stress that many in the community feel.^{4, 5}</p> <p>Increasing levels of housing stress and homelessness are being experienced in the community, and there are concerns about issues arising in local neighbourhoods and public spaces.⁶</p>	<p>We will continue to address community health and wellbeing by providing services and opportunities for community support and connection.</p> <p>We will provide services that support participation in community life through key strategies such as the Inclusive Communities Plan 2026–30 and the Social Infrastructure Plan.</p> <p>We will continue to strengthen our collaboration with lead agencies to support the community in the ways it needs.</p>	<ul style="list-style-type: none"> • Civic Participation

⁴ Salvation Army (2025) [Social Justice in Adelaide](#)

⁵ SACOSS (2025) [Cost of Living Update No. 60](#)

⁶ Salvation Army (2025) [Social Justice in Adelaide](#)

EFFECTIVE GOVERNANCE		
What Are the Challenges We Are Facing?	What Will We Do to Make the Most of Our Opportunities?	How Do These Align with Our Strategic Risks?
<p>2026 sees elections at both the State and Local Government level. Local Government elections require significant investment in time and resources, and costs have increased significantly.</p> <p>This brings with it potential changes in direction and priorities, and the need to be agile and flexible to respond to these changes.</p>	<p>We will work closely with the Electoral Commission to ensure that the Local Government election process runs smoothly and with minimal disruption to the community.</p> <p>We will work with the new State Government and the newly formed Council to ensure a smooth transition and a continuation of service to the community, while embracing and responding to the change.</p> <p>We will continue to build on the strong foundations set by the City Vision and strategic plans.</p>	<ul style="list-style-type: none"> Governance Risk

ASSETS AND INFRASTRUCTURE		
What Are the Challenges We Are Facing?	What Will We Do to Make the Most of Our Opportunities?	How Do These Align with Our Strategic Risks?
<p>Increased development, both residential and non-residential (within PAE and beyond), continues to impact the community in both positive and negative ways. There is increased demand for existing infrastructure, as well as for new and/or improved infrastructure, at a time when the costs to provide it are placing additional strain on the ability to meet community and visitor expectations.</p>	<p>We will continue to identify and address community expectations while factoring in ethical, economic, social and environmental considerations.</p> <p>By implementing our Asset Management Plans, along with key plans such as the Inclusive Communities Plan, Social Infrastructure Plan and Public Toilet Plan, we will continue to ensure that our assets and infrastructure are fit for purpose and meet community needs and expectations.</p>	<ul style="list-style-type: none"> Effective Asset Stewardship Environmental Sustainability

TECHNOLOGY

What Are the Challenges We Are Facing?	What Will We Do to Make the Most of Our Opportunities?	How Do These Align with Our Strategic Risks?
<p>Both organisations and communities face the ongoing challenges of keeping up with the digital world. This includes managing and responding to cyber attacks, protecting privacy and using AI.</p> <p>In adopting new technologies, we need to find innovative ways to communicate and engage with the community and provide services for sections of the community who are not digitally literate.</p>	<p>We will continue to digitally transform information technology systems and implement the appropriate use of AI to ensure that our systems provide the best outcomes for the community. By adopting appropriate new technologies, we should be able to provide services more efficiently and free up resources to address community needs.</p> <p>We will continue to need significant resourcing to proactively manage cyber security and to respond to a cyber attack.</p> <p>It also remains important for us to continue to provide information and engagement opportunities in a variety of formats rather than to use only electronic technology. This will ensure that all members of the community have a choice to be able to participate in community and civic life.</p>	<ul style="list-style-type: none"> Digital Transformation Information and Data Security

OPERATIONAL

What Are the Challenges We Are Facing?	What Will We Do to Make the Most of Our Opportunities?	How Do These Align with Our Strategic Risks?
<p>The availability and cost of key inputs including materials and labour provide ongoing challenges as our city grows and transforms.</p> <p>These include the ability to attract and maintain skilled staff, and construction, supply chain and contractor cost increases.</p> <p>We will likely experience pressure on council resources because of major projects like SSN-AUKUS and other SA government infrastructure projects.</p>	<p>We will continue to develop our workforce through comprehensive workforce planning and development based on current and future requirements.</p> <p>We will promote the organisation's employee value proposition that includes inclusive and flexible work practices, job security, career progression opportunities and great workplace culture.</p> <p>We will focus on improving our services and finding new and innovative ways to work, including collaborative procurement and the appropriate use of new technologies.</p>	<ul style="list-style-type: none"> Organisational Optimisation Effective Asset Stewardship

APPENDIX 7 | Valuation and Rating Policy

1 Valuation Methodology and Adoption

1.1 Council uses Capital Value as the basis for valuing land within the Council area. Capital Value is the value of the land and all of the improvements on the land. The Council will adopt the capital valuations distributed by the Valuer-General for all properties. Valuations are adopted as at 1st of January in the rating year.

2 Differential General Rates

2.1 All land within the council area, except for land specifically exempt under Section 147 (2) of the Local Government Act 1999 ('the Act') is rateable. The Act provides for a council to raise revenue through a general rate, which applies to all rateable land, or through differential general rates, which differentially apply to classes of rateable land. Council uses a differential rating system to raise revenue based upon Land Use to ensure a fair and equitable distribution of rates within the City of PAE. In applying this approach Council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories.

2.2 The differential general rate Land Use categories are as follows:

Category 1 – Residential

Category 2 - Commercial – Office

Category 3 - Commercial – Shop

Category 4 - Commercial – Other

Category 5 - Industry – Light

Category 6 - Industry – Other

Category 7 - Primary Production

Category 8 - Vacant

Category 9 – Other

Category 10 - Marina Berths

These differential rates will be used to determine the rates in the dollar for all properties within the City of PAE area for the financial year. These rates will be specified in Council's rate declaration for each financial year.

3 Minimum Rate

3.1 A minimum amount payable by way of general rates is determined to apply to the whole of an allotment (including land under a separate lease or licence) and only one minimum amount is payable in respect of two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. The Minimum Rate to apply to properties within the City of PAE will be detailed in Council's rate declaration for each financial year.

4 Regional Landscape Levy

4.1 The Council, under the Landscape South Australia Act 2019, is required to collect this levy. It does so by imposing a separate rate for all rateable properties within the Council area. For each financial year, the levy for each property will be determined by using the following calculation: Total Capital Value divided by the Total Amount Required (set for the financial year by the Green Adelaide Board). This determines an appropriate rate in the dollar, and this rate in the dollar will then be applied to each property. The Council does not retain any of the revenue raised by way of the separate rate or determine how the Board spends the funds.

5 Payment of Rates

5.1 The due date for payment of rates will be detailed in Council's rate declaration for each financial year. Typically, these will be by four instalments, due on 1 September, 1 December, 1 March and 1 June. However, the total amount of rates may be paid in full at any time.

5.2 Council has determined that rates may be paid by the following methods:

- Internet - Council's home page www.cityofpae.sa.gov.au
- BPAY - Telephone or internet payments
- Centrepay - Deductions directly from Centrelink payments
- Direct Debit - Direct from either a Cheque or Savings account
- In person - At Council Offices
- Australia Post - Post Office, Telephone, or Internet
- Telephone - 8405 6600
- By Mail - City of PAE, PO Box 110, Port Adelaide 5015

6 Late Payment of Rates

6.1 Council imposes an initial penalty (a fine) of 2% as prescribed under the Act on any instalment that is received after the due date. A further interest charge (at the prescribed interest rate) will be applied at the end of each month thereafter on any balance (including fines and interest) that remains unpaid.

6.2 When the Council receives a payment in respect of overdue rates the Council applies the money received in the order set out below in accordance with Section 183 of the Act:

- First - to satisfy any costs awarded in connection with court proceedings
- Second - to satisfy any interest costs
- Third - in payment of any fines imposed
- Fourth - in payment of rates, in chronological order (starting with the oldest debt first)

7 Mandatory Rebates

7.1 Council will grant mandatory rate rebates at the prescribed rate in accordance with Sections 160 to 165 of the Act:

- S160 – Health Services 100% Rebate
- S161 – Community Services (Including Housing Associations) 75% Rebate
- S162 – Religious Purposes 100% Rebate
- S163 – Public Cemeteries 100% Rebate
- S164 – Royal Zoological Society of SA 100% Rebate
- S165 – Educational Purposes 75% Rebate

7.2 Where the Council is satisfied from its own records, or from other sources, that a person or body meets the necessary criteria for a mandatory rate rebate, the Council will grant the rebate accordingly. Where the Council is not satisfied based upon the information in its possession or otherwise does not hold relevant information it will require the person or body to provide evidence to confirm their eligibility for a rate rebate.

7.3 Where a person or body is entitled to a mandatory rebate of 75 percent, the Council may, pursuant to Section 159 (4) of the Act, and at Council's absolute discretion, increase the rebate to greater than 75 percent. The Council may grant a higher rebate upon application, or on its own merit. In either case, the Council will take into account those matters set out in this policy and other matters considered relevant to the application.

8 Discretionary Rebates

8.1 A discretionary rate rebate may be granted by the Council at its absolute discretion up to and including 100 percent relief pursuant to Section 166 of the Act.

8.2 Any person or body seeking a discretionary rebate will be required to submit an application form to the Council and provide to the Council such information as stipulated on the application form and any additional information the Council may reasonably require. First time applicants can request a form via email or on Council's website.

8.3 The Council will advise an applicant for a rebate of its determination of that application in due course, after receiving the application and receiving all information requested by Council. The advice will state:

If the application has been granted, the amount of the rebate; or

If the application has not been granted, the reasons why.

8.4 Consideration of discretionary rebates will examine matters relevant including, but not limited to:

- Whether the applicant is public sector body, a private not-for-profit body, or a private for-profit body
- The specific sub-section of the Act under which an application is made
- Why there is a need for financial assistance in the form of a rates rebate
- The level of rebate being sought and why it is appropriate
- Whether the applicant is in receipt of or is eligible for a community grant
- Consideration of the full financial consequences of the rebate for Council
- The community need that is being met by activities carried out on the land
- The extent to which activities provide assistance to the relief of disadvantaged persons
- The range of community services the applicant is providing within the Council area
- Services and/or facilities provided by groups being open for broad community use and not restricted to individuals or small groups
- The ratepayer's ability to pay and fairness of rates distribution that ensures an equitable approach is taken with the community

- The financial position of the applicant
- The extent of financial assistance, if any, being provided to the applicant and in respect of the land by Commonwealth or State agencies
- Any other matters and policies of the Council, which the Council considers relevant

8.5 All persons or bodies wishing to apply to the Council for a discretionary rebate of rates must do so on or before 1 May in the financial year for which the rebate is sought.

8.6 The Council may grant a rebate of rates on such conditions as the Council thinks fit.

9 Lapse of Entitlement for Rebates

9.1 The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

9.2 Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council will recover rates at a proportionate amount relating to the remaining part of the financial year as entitled under the Act and provide the applicant with a revised Rates Notice and letter advising of action taken.

10 Eligibility Review

10.1 Council will periodically issue a questionnaire survey to rebate recipients to confirm the applicant still meets the eligibility criteria. Should the questionnaire not be returned, the rebate for the following year may no longer be provided, at Council's discretion.

11 Rate Remission or Postponement (Hardship)

11.1 Council may postpone or remit rates in whole or part under Section 182 (1) of the Act if satisfied on the application of a ratepayer that payment would cause hardship.

11.2 The Council has an absolute discretion to:

- Allow or decline postponement, remission of rates, service charges or a payment arrangement; and
- Determine the amount of any such postponement, remission of rates, service charges or a payment arrangement

11.3 A ratepayer experiencing financial hardship may submit an application in writing to the Council's Team Leader Property & Rating, with sufficient information to enable an objective assessment of the individual circumstances. The supporting information will need to substantiate the ratepayer is currently experiencing financial hardship. The Council treats any such information confidentially.

11.4 The amount of any rate remission granted will not be greater than the difference between the minimum rate and the amount of rates raised. The Regional Landscape Levy is payable in full.

12 Rate Postponement (Seniors)

12.1 An application may be made to Council by ratepayers who meet the criteria required for qualification for postponement of rates under Section 182A of the Act. The following criteria applies:

- The person is a prescribed ratepayer, or is the domestic partner of a prescribed ratepayer; and
- The rates are payable on land that is the principal place of residence of the prescribed ratepayer; and
- The land is owned by:
 - The prescribed ratepayer; or
 - The prescribed ratepayer and his or her domestic partner (and no other person has an interest, as owner, in the land); and
- The application must be made in the prescribed form and be accompanied by such information as the Council may reasonably require; and
- The account must be current (i.e. there are no arrears)

12.2 Where a postponement of rates is granted, the postponement will only apply to the value of annual rates more than \$500. The first \$500 of annual rates must be paid in accordance with Section 182A of the Act.

12.3 Interest will still accrue on postponed amounts at the prescribed interest rate. However, fines will not be imposed, if the terms of the arrangement are honoured by the ratepayer.

13 Deceased Estates

13.1 Council will remit fines and interest for a period of twelve (12) months from the 'date of death' recorded on the death certificate, except in the circumstances where a property is held jointly with a person(s) or body.

13.2 Council are unable to obtain the death certificate on behalf of a ratepayer. On this basis, the death certificate must be provided to Council by the Executor of the Estate before the remission can take place. Extensions over the initial 12 month period may be granted upon receipt of a written request from the Executor, and will be considered on its merits.

14 Sale of Land for Non-Payment of Rates

14.1 Section 184 of the Act provides that a Council may sell any property where the rates have been in arrears for three (3) years or more and a payment plan is not in place or is not being adhered to. Where Council has followed its debt treatment plan and determines, as a last resort, to pursue the sale of a property due to non-payment of rates, Council will notify the land owner of its intentions if payment of the outstanding amount is not received within one month.

14.2 Council recognises that there are circumstances where property owners are unable to make rate payments. This may include but not be limited to:

- Health or social issues
- Financial hardship
- The owner is awaiting sale or settlement of the property

14.3 Where Council is satisfied there are legitimate circumstances for the non-payment of rates, action to sell a property in accordance with Section 184 of the Act may be paused or discontinued at the absolute discretion of Council.

15 Elected Member Communication

15.1 Elected Members will be provided appropriate notification when Section 184 is enacted by the Chief Executive Officer, to ensure transparency in the recovery process.

16 Definitions

Ratepayer - a person who is responsible for amounts of rates levies, fees, or other charges due and payable to the Council and appears in the assessment record as the owner or occupier of a rateable property.

Prescribed Ratepayer - a ratepayer who is the holder of a current State Seniors Card or a person eligible to hold such a card who has applied but is yet to be issued with a card.

Hardship - refers to a person or body experiencing a lack of financial means that may be temporary or ongoing that has been substantiated by provision of relevant supporting evidence. A situation where a person chooses not to meet a liability for an unpaid debt is not considered to be hardship.

Remission - a reduction of the rates amount to be paid or the return of part or all of an amount of rates pursuant of Section 182 of the Act.

Mandatory rebate - a rebate which has been applied under Sections 160 to 165 of the Act. Discretionary rebate - a rebate which has been applied under Sections 166 of the Act.

Not-for-Profit organisation - an organisation that does not operate for the profit, personal gain or other benefit of particular people (for example, its members and the people who run it, or their friends or relatives).



Advice

Local Government Advice

City of Port Adelaide Enfield

February 2026

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
ADELAIDE SA 5001

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

City of Port Adelaide Enfield

AT A GLANCE

OVERVIEW

The Essential Services Commission finds City of Port Adelaide Enfield's current and projected financial performance **sustainable**, given the Council forecasts operating surpluses over its planning period, and it regularly undertakes reviews of its strategic management plans. Over the short-term, borrowing levels are forecast to rise, creating a moderate prudential risk, driven by a capital program 30.0 percent larger than over the 10-year Historical Period. The funding of the capital program relies, to some extent, on average rate increases over the next 10 years of 4.0 percent per annum per property, compared to average CPI of 2.5 percent per annum.

FINANCIAL PERFORMANCE



Past 10 years
Mostly Sustainable



Current
Sustainable



Projected
Sustainable

RISKS IMPACTING SUSTAINABILITY

- ⚠️ Proposed further investment in new and upgraded assets will continue to create a stream of future renewal requirements (including repairs and maintenance) that will increase ongoing costs.
- ⚠️ Lack of clarity on cost savings targets and productivity improvements.
- ⚠️ Financial sustainability and repayment of borrowings is dependent upon rates growth above CPI, which increase affordability risk over the long-term, although forecast 1.0 percent annual growth in rateable properties will mitigate the cost for ratepayers.

KEY FACTS

- ▶ Population in 2024 was **141,042** residents
- ▶ The Council covers **91.8 square kilometres**
- ▶ **67,167** rateable properties in 2024-25
- ▶ **\$170.6 million** of income in 2024-25
- ▶ Value of infrastructure, property, plant and equipment assets held in 2024-25 equals **\$1,842.8 million**

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1 Executive summary

1.1 Summary of observations

The Essential Services Commission (**Commission**) finds the City of Port Adelaide Enfield's (**Council**) current and projected financial performance and position to be sustainable. Over the last 10 years, the Council has consistently run operating surpluses, with the operating income it collects generally exceeding its operating expenses by a reasonable margin.

The City of Port Adelaide Enfield has comprehensive plans for the upgrade of recreational and cultural infrastructure and revitalisation of the Semaphore foreshore to cater for growth opportunities generated by residential infill, and to accommodate changing demographics and community expectations. The Council also has significant opportunities for industrial expansion into land at Gillman.

The Commission observes that the Council's current strategic planning processes appear robust and well developed and recommends that the Council continues to understand the community's preferences on new service provision, existing service levels, and appetite for higher-than-Consumer Price Index rate increases over the long-term. The Council anticipates maintaining average rate increases above the Consumer Price Index over the next decade to support investment that is required to meet the needs of the growing ratepayer base arising from infill development.

Over the past ten years, the Council has not fully funded its asset renewal and replacement program, however, it plans to fully fund the program over the next ten years, while also undertaking significant new and upgraded infrastructure projects. To achieve these outcomes, the Council's borrowings are forecast to grow to a peak of \$134.4 million in 2027-28, then will be almost fully repaid by 2034-35. The Commission has some concern about the risks of the pace of infrastructure development, the degree of accumulation of debt and the pace at which the debt will be repaid, in particular, the impact on ratepayers and whether appropriate intergenerational equity is achieved.

From a budgeting perspective, the Council projects it has the financial capacity to undertake a larger capital program (30.0 percent higher than historically), with additional borrowings being used which are projected to be repaid over the next 10 years. Operating surpluses are forecast in each year of the Council's planning period, although the Commission observes some of these surpluses are higher than needed for financial sustainability, resulting in unnecessarily high rates charges.

The Council has included operating savings in its plans, and its operating expenses per property are projected to decrease in real terms over the period to 2034-35. It is recommended the Council report to its community regularly on these cost savings initiatives, to provide evidence of achieving efficiency and effectiveness across its operations and service delivery.

1.2 Summary of Recommendations

The Council has a range of sound practices in its strategic planning and asset management, including:

- ▶ annually reviewing its Long-Term Financial Plan in accordance with the *Local Government Act 1999*
- ▶ the good practice of providing 10-year projections of key indexation assumptions in its Long-Term Financial Plan, which provides stakeholders with increased transparency, and
- ▶ periodically reviewing Asset Management Plans underpinning its asset renewal requirements and overall capital program.

To further strengthen the Council's sustainability, the Commission recommends that the City of Port Adelaide Enfield:

1. **Provide** more detail on operating and capital expenditure assumptions and provide commentary on the material changes between annual updates of its Long-Term Financial Plans.
2. **Report** in the Long-Term Financial Plan on planned and actual initiatives to improve operating cost efficiency, to provide evidence of constraining cost growth (on a per property basis) across its operations and service delivery.
3. **Consider** its pace of repayment of debt, to balance rate increases, finance costs, the program of development of new assets and intergenerational equity.
4. **Complete** asset valuations associated with pump stations, bridges, and building assets, and reflect these updated values and applicable assumptions in its Strategic Management Plans.
5. **Review** long-term rate increases in its Long-Term Financial Plan and ensure this does not give rise to higher operating surpluses than would be required for long-term financial and asset sustainability.

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 (**SMP**), and on the proposed revenue sources, including rates, which underpin those plans.¹

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 and budgets, in the context of their Long-Term Financial Plans (**LTFP**) and Infrastructure and Asset Management Plans (**IAMP**).² 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.³ Financial sustainability encompasses intergenerational equity,⁴ program (service level) and rates stability in this context.⁵ The other main purpose is for the Commission to consider ratepayer contributions in the context of all revenue sources, as outlined in the LTFP.⁶ In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.⁷

The first cycle of the scheme extends over four years from 2022-23 to 2025-26. The Commission has selected 19 councils for advice in the fourth year (2025-26) of the Scheme, including the City of Port Adelaide Enfield (**Council**).

This report provides the Local Government Advice for the Council in 2025-26.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2026-27 Annual Business Plan (including any draft Annual Business Plan) and in subsequent plans until the next cycle of the Scheme.⁸ Decision-making remains in the control of the Council.

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 to the Council, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**).⁹

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

² Commonly referred to as Asset Management Plans (AMP).

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

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

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

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

⁹ Commission, *Framework and Approach – Final Report*, August 2022, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

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**).¹⁰ Analysis of these three indicators captures financial and service sustainability, cost control and affordability risk.¹¹

The Commission reviews 10 years of historical data, being the years 2014-15 to 2023-24 (**Historical Period**) the "current year" 2024-25 and 10 forecast years, being 2025-26 to 2034-35 (**Forecast Period**).

Table 1: Strategic management documents referred to

- ▶ Annual Business Plan, 2025-26 (June 2025)
- ▶ Long-Term Financial Plan, 2026-35 (June 2025)
- ▶ Long-Term Financial Plan, 2025-34 (November 2024)
- ▶ Building Asset Management Plan, 2024 (November 2024)
- ▶ Footpath Asset Management Plan, 2024 (November 2024)
- ▶ Open Space Asset Management Plan, 2024 (November 2024)
- ▶ Pump Station Asset Management Plan, 2024 (November 2024)
- ▶ Roads Asset Management Plan, 2024 (November 2024)
- ▶ Stormwater Asset Management Plan, 2024 (November 2024)
- ▶ Asset Management Strategy, 2019-24 (August 2019)

Given that the Commission must, in providing its advice, have regard to the objective of councils maintaining and implementing their IAMPs and LTFPs,¹² it has also considered the Council's performance in that context. Findings regarding the content of the Council's AMP, and the alignment between its LTFP and AMPs,¹³ are discussed in Section 5.

The Commission has also reviewed the Council's template provided by the Council, including its 2025-26 LTFP forecasts for 2025-26 to 2034-35, historical financial data, the number of rateable properties and Council staff (Full Time Equivalent or **FTE**) numbers from 2014-15 onwards.¹⁴ The charts and tables in the Advice are primarily sourced from these datasets. In addition, the Commission has reviewed the Council's audit committee reports, and other public information, as appropriate.

The Commission has reported estimates in nominal terms to identify 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (**CPI**) line for the Historical Period is calculated as the compound annual growth rate in the CPI (Adelaide) series from 2014-15 to 2023-24, being

¹⁰ The three financial indicators are specified in the Local Government (Financial Management) Regulations 2011. Since 2011, each council has been required to include these three indicators in its plans, annual budget, mid-year budget review and annual financial statements. Councils can adopt their own target range for each ratio, but the Commission is guided by the Local Government Association (**LGA**) target ranges, which were established and agreed during the development of the LGA Financial Sustainability Papers (2006-2011).

¹¹ The F&A listed 29 analytical questions that the Commission has considered in assessing the Council's performance against these indicators to determine affordability, cost control and other sustainability risks.

¹² LG Act s122(1g)(a)(i).

¹³ As required under s122(1b) of the LG Act.

¹⁴ Sourced from the Local Government Grants Commission (including data reported by the Office of the Valuer-General) and the Council's data. The Council's estimates for the 2024-25 financial year, relied on at the time of preparing this advice, were unaudited.

2.9 percent.¹⁵ Each financial year is the average of the four quarterly results. The CPI for the Forecast Period is calculated as the compound annual growth rate in the CPI (Australia) series from 2025-26 based on the Reserve Bank of Australia (RBA) (Australia-wide) inflation forecasts to the December 2027 quarter, and the midpoint of the RBA target range (2.5 percent) thereafter, yielding an average inflation rate for the Forecast Period of 2.5 percent. Similarly, for the current year 2024-25, we have observed a CPI (Adelaide) of 2.4 percent.

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 offices and the individual circumstances of the Council, including:

- ▶ its location as an urban council
- ▶ its income level (\$170.6 million in 2024-25¹⁶), and
- ▶ the size of its rates base (around 67,167 ratepayers in 2024-25¹⁷).

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

Legend:  Low-risk  Moderate-risk  High-risk

¹⁵ The assumed CPI for the Historical Period is 2.9 percent, being the compound annual growth rate in the CPI (Adelaide) series from 2014-15 to 2023-24. Source: [Consumer Price Index, Australia, June Quarter 2024 | Australian Bureau of Statistics](#).

¹⁶ Based on the Council's financial reporting template provided to the Commission.

¹⁷ Based on the Council's financial reporting template provided to the Commission.

3 Council profile

The Council is classified by the Commission as an 'Urban Development and Urban City Centre' council and is one of sixteen in this category in South Australia.¹⁸ It covers an area of 91.8 square kilometres, has an estimated resident population of 141,042 (at 30 June 2024),¹⁹ and approximately 67,167 rateable properties (at 1 January 2025).²⁰

The Council region is located across the north-east and north-west of Adelaide and serves as the major trade port of South Australia. In 1996 the City of Enfield amalgamated with the City of Port Adelaide to become the City of Port Adelaide Enfield.

Figure 1: Council Area



The Council region has the following attributes:

- ▶ forecast rateable property growth of 1.0 percent per annum²¹
- ▶ population density of 1,537 persons per square kilometre²²
- ▶ 709 kilometres of sealed and unsealed roads, of which 0.6 percent are unsealed roads²³
- ▶ employment sectors mainly in health care and social assistance (17.1 percent), retail trade (9.4 percent), and manufacturing (7.9 percent),²⁴ and
- ▶ a median population age of 37.5 years.²⁵

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 Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lga&rgn=45890>.

²⁰ Based on the Council's Financial Reporting template provided to the Commission.

²¹ Based on the Council's Financial Reporting template provided to the Commission.

²² Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lga&rgn=45890>.

²³ Refer to the Department of Infrastructure and Transport - Local Government Grants Commission, *2023-24 Database Reports*, available at <https://www.dit.sa.gov.au/local-government/grants-commission/publications#database>.

²⁴ Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lga&rgn=45890>.

²⁵ Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lga&rgn=45890>.

4 Material plan amendments in 2025-26

The Council has made several amendments to its 2025-26 budget and forward projections compared to its previous LTFP, 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).²⁶ To ensure a comparable analysis of estimates between the 2024-25 and 2025-26 LTFPs, the Commission has reviewed the nine overlapping years' statistics: 2025-26 to 2033-34 and identified material amendments accordingly.

4.1 Key points

✓	The cumulative nine overlapping years of operating surplus decreased between the two plans by \$87.5 million.
⚠	The cumulative nine overlapping years of depreciation increased by \$67.0 million, predominantly due to revised asset revaluation and indexation, resulting in lower forecast net operating performance.
⚠	There is insufficient detail on material changes between annual updates of the Council's LTFP.

Table 2: Historical and forecast financial items

Selected Financial Item	Sum of 2025-26 to 2033-34 estimates in 2024-25 LTFP (\$ million)	Sum of 2025-26 to 2033-34 estimates in 2025-26 LTFP (\$ million)	Change in 2025-26 estimates (\$ million)	Change in 2025-26 estimates (percent)
Total operating income	1,865.5	1,895.2	+29.7	+1.6
Depreciation, amortisation and impairment	413.5	480.5	+67.0	+16.2
Total operating expenses*	1,666.3	1,783.5	+117.2	+7.0
Operating surplus / (deficit)*	199.2	111.7	-87.5	-43.9

4.2 Changes to operating performance

The Council projects material amendments in 'depreciation, amortisation and impairment', which is related to recent revaluations to its infrastructure asset base and, to a lesser extent, on changes in capital expenditure (which have not materially changed between forecasts). Additionally, this reflects the Council's recent practice to apply asset base indexation across its LTFP period.

The Commission observes that the Council has generally taken a high-level approach to the development of its LTFP, and while this could be consistent with the LG Act and *Local Government*

²⁶ 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.

(*Financial Management*) *Regulations 2011* (Regulations), there may insufficient detail²⁷ on income and expenditure drivers or the material changes between annual updates to its LTFP.

Overall, the Council's cumulative operating surpluses are projected to decrease by \$87.5 million (or by 43.9 percent) over the nine-year comparative period to 2033-34, with operating surpluses in each year. This is largely driven by a 16.2 percent increase in 'depreciation, amortisation and impairment' (a cumulative \$67.0 million), partly offset by a 1.0 percent increase in rates income (or \$16.2 million).

4.3 Indexation adjustments

The Council applies several indexation assumptions in its LTFP and predominantly uses Adelaide CPI which it applies to general rates, other income and expenses, and forecast Roads to Recovery grants. In addition to CPI, the Council applies a further 1.5 percent per annum increase to general rates for the renewal and upgrade of 'intergenerational community infrastructure'.²⁸ The CPI used in the Council's LTFP is based on data projected by Deloitte Forecast Economics (December 2024 release), which the Council states forecasts a rate of 3.0 percent inflation for 2025-26, and then averages 2.5 percent per annum over the remaining period of the LTFP.²⁹ A Wage Price Index (also sourced from Deloitte Forecast Economics) is applied to employee costs.

In its current 2026-35 LTFP, the Council has published its indexation assumptions for each year of its projections (from 2025-26 to 2034-35), however it had not provided this detail in the previous LTFP. This transparency on its indexation forecasts is a useful approach; however, the Commission is unable to accurately assess any changes associated with the Council's indexation assumptions as comparable information (or material changes) have not been disclosed by the Council in previous LTFPs.

The Commission recommends that the Council:

1. **Provide** more detail on operating and capital expenditure assumptions and provide commentary on the material changes between annual updates of its Long-Term Financial Plans.

²⁷ For example, year-on-year financial information on key in operating and capital expenditure assumptions and changes.

²⁸ City of Port Adelaide Enfield, *Long-Term Financial Plan 2026-2035*, June 2025, p. 7.

²⁹ City of Port Adelaide Enfield, *Long-Term Financial Plan 2026-2035*, June 2025, p. 7.

5 Financial sustainability

5.1 Operating performance

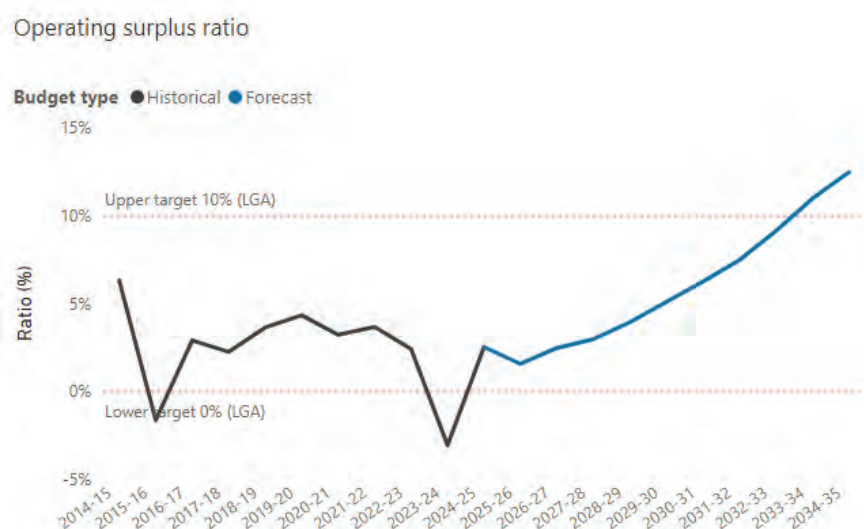
5.1.1 Key points

- ✓ Operating surpluses were generally achieved in the Historical Period, with OSR averaging 2.3 percent, yielding an accumulated surplus of \$29.2 million.
- ✓ In the Forecast Period, the OSR averages 6.7 percent per annum, or an accumulated surplus of \$144.6 million, however surpluses exceed the LGA benchmark range (zero to 10.0 percent) in the last two years of the Council's LTFP and could be considered excessive.
- ⚠ Expenses per rateable property are projected to increase by an average of 2.3 percent per annum in the Forecast Period, which is lower than average CPI and the result for the Historical Period. However, the Commission questions the Council's capacity to contain materials costs as forecast, noting its plan to increase the funding of asset renewal and replacement from an ARFR gross average 88.5 percent to 103.5 percent.

The Council's operating surpluses, both historically and forecast, are strong indicators of sustainability. Over the Forecast Period, the OSRs increase significantly and exceed the upper end of the suggested LGA target range in 2033-34 and 2034-35, however remain within the upper end of the Council's own target range of 15.0 percent. The Council states that a reason for the high operating surplus is that it has not yet included all the intended capital expenditure into the LTFP due to incomplete estimates of full life-cycle costs associated with its master plans (including depreciation and operating costs).³⁰

5.1.2 Operating Surplus Ratio

Figure 2: Operating surplus ratio – historical and forecast

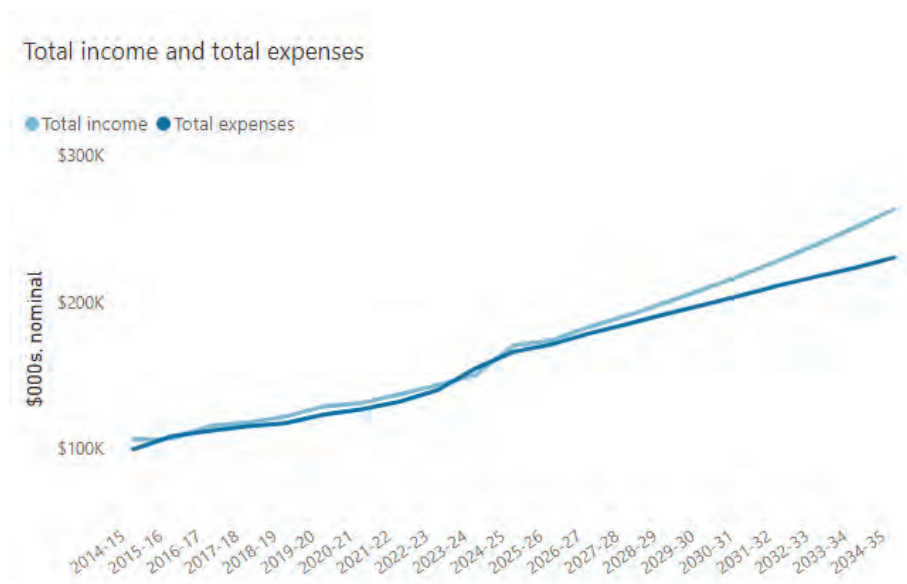


³⁰ City of Port Adelaide Enfield, *Initial provision of information to the Commission*, 30 September 2025. The Council has identified that outer year projects to be funded include the Port Civic Precinct Plan and the Eastern Precinct Library and Community Centre.

Over the Historical Period, the Council's OSR³¹ fluctuated but averaged 2.3 percent, which is towards the lower end of the LGA target range of between zero and 10.0 percent.

Over the Forecast Period, the Council's OSR is projected to be positive in each year and progressively increase from 1.6 percent in 2025-26 to 12.5 percent in 2034-35 (see Figure 2), reflecting an average of 6.7 percent, or an accumulated surplus of \$144.6 million.

Figure 3: Total income and expenses – historical and forecast



5.1.3 Income

The Council's rateable property growth assumption (of 1.0 percent per annum) underpins its financial sustainability, and its sustained high growth in rates income will support its proposed higher capital expenditure program over the LTFP forecasts. However, the Commission considers the Council's growth in income, driven by rate increases above CPI, may be excessive towards the end of its Forecast Period and that it could reduce rate increases without impacting on its financial sustainability (refer to Section 6 below).

5.1.3.1 Over the Historical Period:

- ▶ operating income grew by a Compound Average Growth Rate (CAGR) of 3.9 percent per annum, with 83.7 percent of its total operating income from rates, 8.3 percent from grants and 3.0 percent from statutory charges.

5.1.3.2 Over the Forecast Period:

- ▶ the Council's total operating income is forecast to increase by a CAGR of 4.7 percent per annum, including rates income increases of 5.0 percent per annum (which includes assumed growth in rateable properties of 1.0 percent per annum).

³¹ 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 10.0 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised*, May 2019 (**LGA SA Financial Indicators Paper**), p. 6), available at [financial_sustainability_information_paper_9.pdf](#).

- CAGR in rates per rateable property is 4.0 percent, compared with CPI of 2.5 percent per annum.³²

5.1.4 Expenditure

Over the Historical Period, total expenses grew by a CAGR of 5.0 percent per annum, compared with average CPI of 2.9 percent. The Council forecasts growth (CAGR) in total expenses of 3.4 percent over the Forecast Period, a potential improvement in cost management, however as stated previously the Council is yet to account for the whole of life costs associated with some of its proposed capital expenditure.

The Council's 2025-26 LTFP also incorporates a 1.0 percent operating cost efficiency target applying to relevant employee, materials, contractors and other costs from 2025-26³³, however, the LTFP presents limited evidence of how the Council proposes to realise those gains.

Over the Historical Period, expenses on a per property basis grew at a CAGR of 4.0 percent per annum and are forecast to grow at 2.3 percent per annum, indicating improved cost management arising from the growth in number of rateable properties.

Table 3: Comparison of growth in expenses: Historical and Forecast Periods

	Average growth (CAGR) Historical Period (percent)	Average growth (CAGR) Forecast Period (percent)
Employee costs	5.4	3.3
Materials, contracts and other expenses	4.2	2.8
Depreciation, amortisation and impairment	5.1	5.7
Finance costs	8.3	-32.9
Total Expenses	5.0	3.4
Expenses per rateable property	4.0	2.3

³² The forecast average annual growth in the CPI from 2025-26 to 2034-35 is estimated to be 2.5 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2027 and the midpoint of the RBA's target range (2.5 percent) thereafter.

³³ City of Port Adelaide Enfield, *Long-Term Financial Plan 2026-2035*, June 2025, p. 8.

Figure 4: Expense by rated property - historical and forecast



5.1.5 Commission's recommendations on operating performance

The Commission recommends that the Council:

2. **Report** in the LTFP on planned and actual initiatives to improve operating cost efficiency, to provide evidence of constraining cost growth (on a per property basis) across its operations and service delivery.

5.2 Net financial liabilities

5.2.1 Key points



Net cash flows after operating and investing activities were negative on average during the Historical Period, reflecting investments in new assets to support population growth and demographic change.



The NFLR has steadily increased since 2020-21 and is projected to peak in 2027-28 at 81.6 percent, remaining within the Council's capacity to manage.



Total borrowings are also forecast to peak in 2027-28 at \$134.4 million and then are largely repaid over the Council's remaining planning horizon by 2034-35.

The Council's NFLR rose significantly over the Historical Period, then is planned to reduce steeply over the Forecast Period.³⁴ This is primarily driven by debt rising rapidly to \$134.4 million in the period from 2023-24 to 2027-28, before almost being totally repaid by 2034-35. The Council has indicated that the purpose of the additional debt is to fund the Council's extensive program of new and upgraded

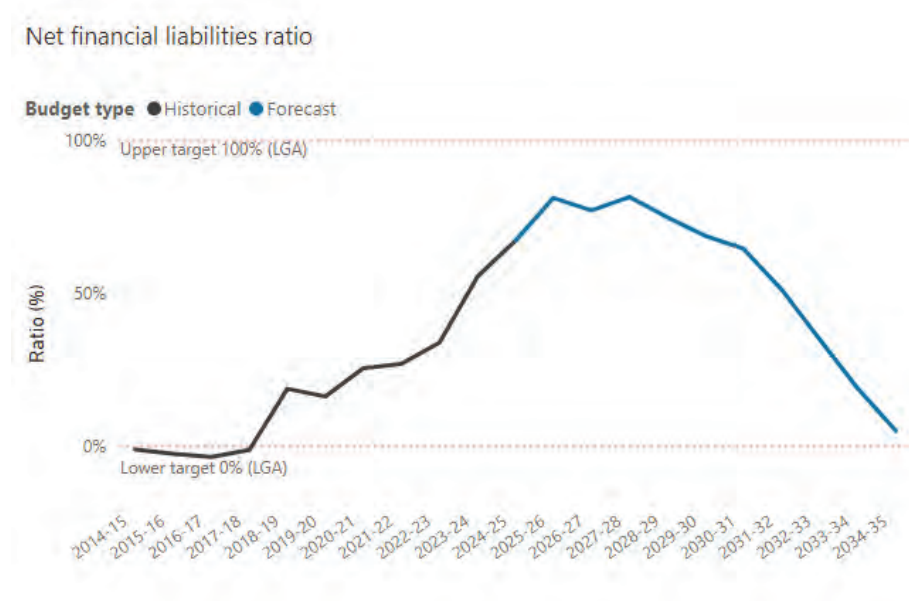
³⁴ The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100.0 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

recreational infrastructure. The repayment is enabled by rate increases that generate increasing operating surpluses.

The Council's NFLR peaks at 81.6 percent in 2027-28, indicating that it can service its debt, noting rate increases and operating surpluses will support the repayment of debt over the Forecast Period. The Council's debt amortisation profile (depicted in Figures 5 and 7) shows that its debt repayments increase materially in the latter half of its LTFP.

A question for the Council to consider is whether the rapid pace of repayment of debt, appropriately balances the principle of intergenerational equity with minimisation of finance costs.

Figure 5: Net financial liabilities ratio – historical and forecast



5.2.1.1 Over the Historical Period:

- ▶ the Council's net cash flows after operating and investing (that is, capital-related) activities averaged negative \$7.2 million annually.³⁵ These are the cash flows generally available for debt repayments (and are after interest payments) and indicate the Council's overall expenditure has outpaced its cash generation, requiring it to utilise cash reserves as needed.
- ▶ the Council's NFLR averaged 18.8 percent and rose substantially over recent years, reaching 67.3 percent in 2024-25.

5.2.1.2 Over the Forecast Period:

- ▶ the Council plans to hold cash of \$1.8 million at the end of each year, which is lower than holdings during the Historical Period, indicating a blend of cash and debt to fund the capital works program - see Figure 6.
- ▶ total liabilities are planned to increase markedly, peaking at \$161.8 million in 2027-28, mainly driven by the additional borrowings - see Figure 7.

³⁵ 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, which could indicate it is able to service cash flow deficits over a long period.

- ▶ total borrowings peak at \$134.4 million in 2027-28, then are largely repaid by 2034-35. This includes funding for the Semaphore Foreshore project in 2027-28 and upgrading existing (and constructing new) facilities at several reserves.³⁶ Both debt and funds generated from operating surpluses will be used for the Council's capital expenditure programs.³⁷

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

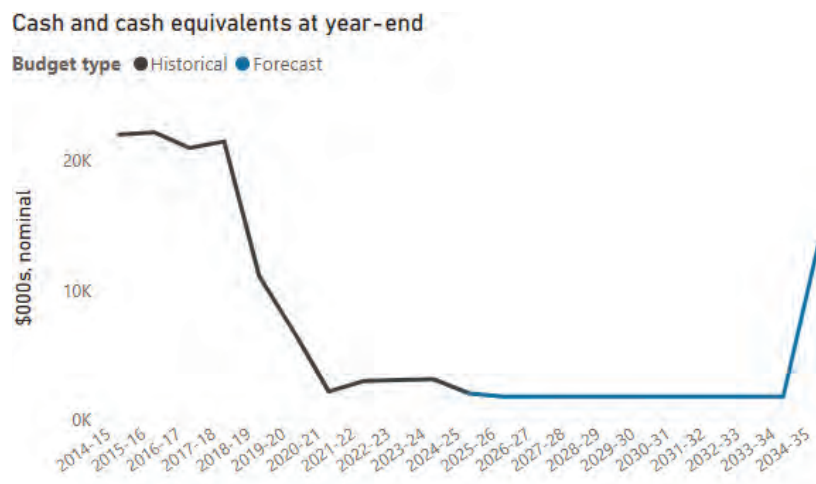
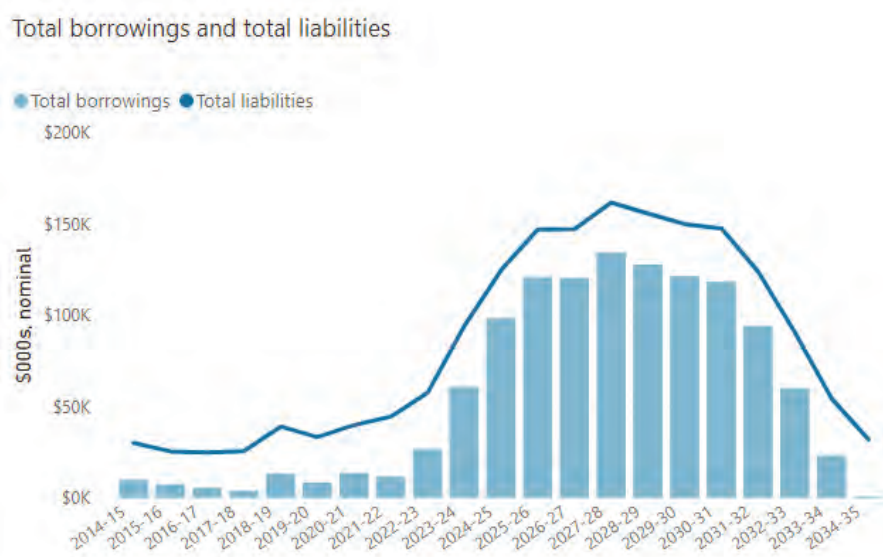


Figure 7: Total borrowings and total liabilities – historical and forecast



5.2.2 The Commission's recommendations on financial liabilities

The Commission recommends that the Council:

³⁶ City of Port Adelaide Enfield, *Long-Term Financial Plan 2026-2035*, June 2025, p. 11.

³⁷ City of Port Adelaide Enfield, *Long-Term Financial Plan 2026-2035*, June 2025, p. 10.

3. **Consider** its pace of repayment of debt to balance rates increases, finance costs, the program of development of new assets and intergenerational equity.

5.3 Asset renewals expenditure

5.3.1 Key points



The Council has the good practice of reviewing asset revaluation assumptions (and indexation) in its plans and undertaking independent asset valuations approximately every four to five years.



The Council is forecasting an improved alignment of its asset renewal expenditure with its AMPs, with gross ARFR at or above 100.0 percent.



The Council has forecast a 30.0 percent larger capital expenditure program, compared with the Historical Period, which moderately increases delivery, cost and financial risks.



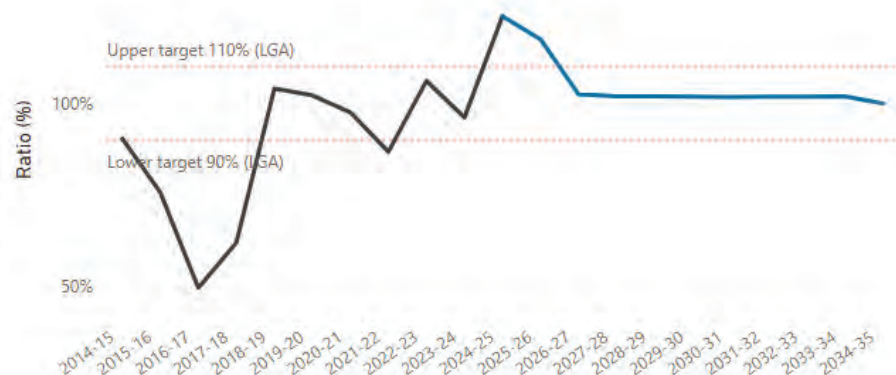
In the Historical Period, the gross ARFR averages 88.5 percent, indicating that the Council has not fully funded its asset renewal and replacement program, relative to requirements set out in its AMPs.

As noted in the previous section, the Council's capital expenditure program is forecast to be materially higher than it has committed to historically, which moderately increases delivery risks and financial obligations associated with long-term asset maintenance and asset renewal requirements.

Figure 8: Asset renewal funding ratio (renewal expenditure gross) – historical and forecast

Asset renewal funding ratio (renewal expenditure, gross)

Budget type ● Historical ● Forecast



The Council generally has good practices in its asset management. It has AMPs for Buildings, Footpaths, Open Space, Pump Stations, Roads and Stormwater, as well as an Asset Management Strategy and an Asset Management Policy. These strategic documents provide linkages between the Council's objectives and asset management objectives, as well as setting areas of focus and principles to guide decision making and practices to support meeting those objectives. All of the Council's AMPs were last updated and adopted in November 2024, and the Council states it has a process for a rolling

schedule for the revaluation of its assets and condition assessments (approximately a 4–5-year period).³⁸ For example, the Council's road assets were revalued in 2023-24 (following an asset condition assessment) and this has been included in the Roads AMP (adopted in November 2024).

The Council also states that it has commenced annually indexing its asset base for LTFP purposes. The Commission observes and supports the Council's current approach of reviewing and applying annual indexation to infrastructure assets. This smooths out valuation increases and the resultant depreciation charges. However, from a financial reporting perspective (based on the Council's 2023-24 Annual Report), some asset classes have not been revalued for several years, notably Pump stations (since 30 June 2021), Bridges (since 30 June 2020), and Buildings (since 30 June 2021).

5.3.1.1 Over the Historical Period:

- ▶ the Council did not fully fund its asset renewal and replacement program, in line with the requirements of its AMPs.³⁹ It achieved an average of 88.5 percent over this period,⁴⁰ with deterioration evident from 2014-15 to 2017-18 (see Figure 8).
- ▶ expenditure on new and upgraded assets accounted for 49.6 percent of total capital expenditure. Noting the under-funding of asset renewal and replacement, it appears that the Council has prioritised new assets over the renewal of existing assets.

5.3.1.2 Over the Forecast Period:

- ▶ the Council plans to fully fund its asset renewal and replacement program relative to its AMPs. This is occurring at a time when the Council is forecasting total capital expenditure to be approximately 29.6 percent higher than for the Historical Period. Capital expenditure on new and upgraded assets accounts for 45.5 percent of this (or \$295.3 million), with asset renewal totalling \$353.8 million. Capital expenditure on new and upgraded assets is 19.0 percent higher than for the Historical Period, while asset renewal expenditure is 40.1 percent higher. The greater focus on asset renewals is a positive commitment; however, the Commission observes moderately higher delivery, cost and financial risks in its Forecast Period. This seems to be appropriately considered in the Council's strategic plans.
- ▶ the Council's proportion of expenditure on new and upgraded assets compared with total capital expenditure is planned to account for 45.5 percent of capital expenditure over the Forecast Period, reflecting the Council's extensive program of asset upgrades.

In relation to depreciation, the Commission notes that this can be compared to asset renewal expenditure (see Figure 9), which may indicate that the Council is at risk of under-investing its asset renewals relative to its overall depreciation expenses. However, the Commission recognises several variables may impact this, notably the Council's level of capital expenditure on new and upgraded assets, which while it may impact on the Council's operating performance (through depreciation), may not require asset replacement in the Forecast Period. It is also noted these risks can be mitigated through regular updates to the Council's AMPs and associated technical assumptions.

³⁸ City of Port Adelaide Enfield, *Initial provision of information to the Commission*, 30 April 2025.

³⁹ The AMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the AMPs. 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).

⁴⁰ 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'.

Figure 9: Net asset renewal expenditure and depreciation – historical and forecast

Net asset renewal expenditure and depreciation

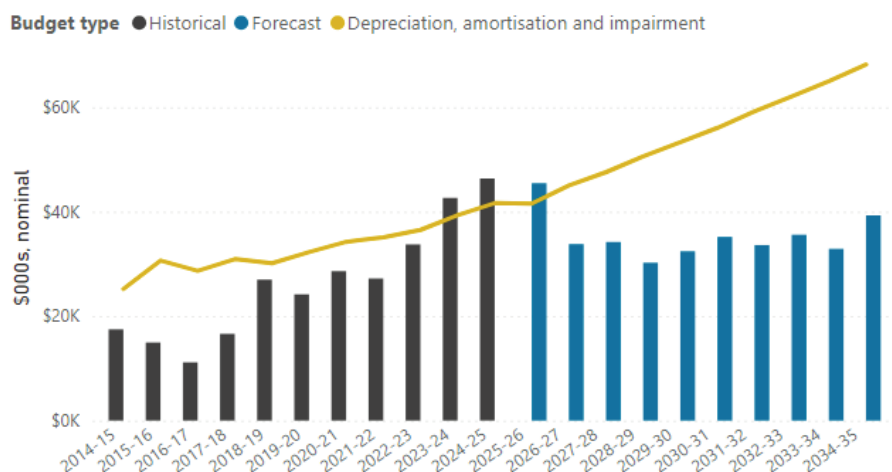
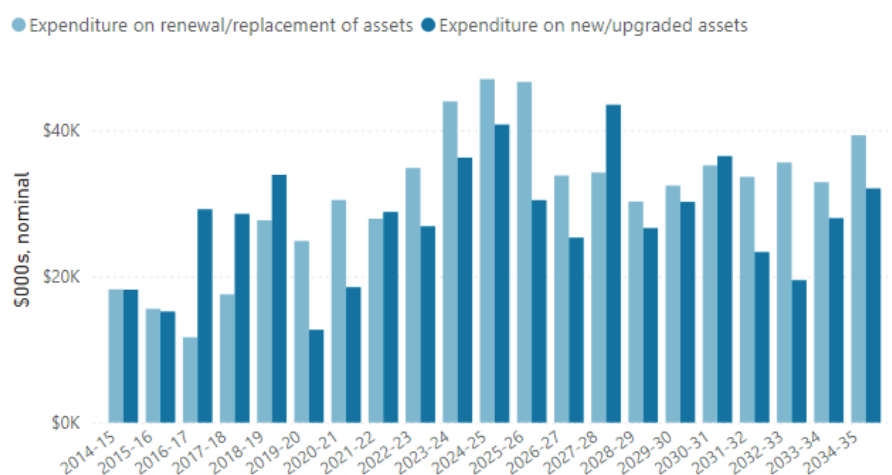


Figure 10: Total capital expenditure by category – historical and forecast

Total capital expenditure by category



5.3.2 The Commission's recommendations on asset renewals funding

The Commission recommends that the Council:

4. **Complete** asset valuations associated with pump stations, bridges, and building assets, and reflect these updated values and applicable assumptions in its Strategic Management Plans.

6 Advice on current and projected rate levels

6.1 Key points

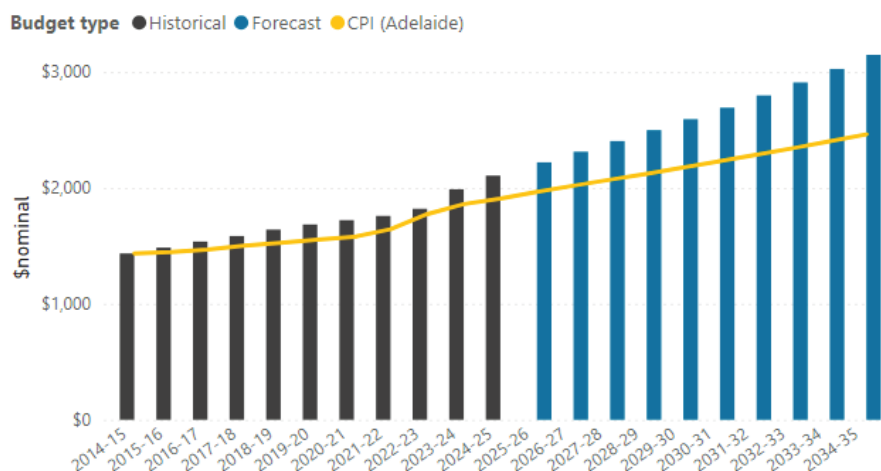
- ▲ Growth in rate revenue per property in the Historical Period was 0.8 percent higher than average CPI for the same period.
- ▲ The forecast rate increases per property in the Forecast Period are projected to average 4.0 percent per annum, which is 1.5 percent higher than forecast average CPI. This is consistent with the Council's proposed funding for community infrastructure.
- ▲ Affordability risk among the community for 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.

The Council is projecting CAGR growth in the number of rateable properties of 1.0 percent per annum in the Forecast Period, which is consistent with Historical Period growth rates. This growth will help the Council achieve economies of scale and increases in rates revenue will be spread over a larger number of ratepayers, helping to reduce rates charges on a per property basis.

The Council's total revenue is primarily from rates, with low relative reliance on grants income, which helps the Council to achieve relatively stable total revenue.

Figure 11: Average rates revenue per property – historical and forecast

Average rates revenue per property



The Council has relatively low '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.⁴¹ This also reflects the high valued industrial properties in the Council's area and the

⁴¹ Refer to Councils in Focus rates data for 2022-23 available at https://councilsinfocus.sa.gov.au/councils/city_of_port_adelaide_enfield. 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.

potential benefit to residential ratepayers through lower differential rates. The Council plans to increase rates at higher than CPI, to improve its capacity to invest in infrastructure to improve amenity, in particular recognising the changing demographics of the area. Figure 11 shows the increasing gap between CPI and rates per property.

6.2 Historical rates growth

Over the Historical Period,⁴² the Council's rate revenue per property increased at a CAGR of 3.7 percent per annum, equating to \$62 per property per year, reaching an average \$1,989 per property in 2023-24 (see Figure 11). This growth rate was more than the average CPI increase of 2.9 percent annually during the same period.⁴³ It is also noted that the Council has a larger share of non-residential (or commercial) ratepayers compared to other urban councils, and its rate income from these ratepayers was approximately 43.1 percent in 2024-25.⁴⁴

6.3 Proposed rate increases for 2025-26

The Council has budgeted for an average rate increase of approximately 5.2 percent across its ratepayer base (excluding average rate increases on vacant land which increases by 23.9 percent).⁴⁵ These rate increases are based on the Council's assessment of forecast CPI for 2025-26 of 3.0 percent plus an additional 2.2 percent above CPI, due to funding of additional cost pressures and budgeting for an operating surplus.⁴⁶ The proposed rate increases are higher than in the past, and improve its capacity to invest in infrastructure.⁴⁷

6.4 Projected further rate increases

The Council projects to increase general rates in-line with forecast Adelaide CPI plus 1.5 percent per annum, to fund the renewal and upgrade of intergenerational community infrastructure.⁴⁸ This appears to be an appropriate long-term approach if it is supported by the community and accompanied by evidence of (or appropriate) increase in service levels.

Overall, the Council has projected average rates increases for its existing ratepayers of approximately 4.0 percent CAGR per annum in the Forecast Period,⁴⁹ which is higher than its historical increases (of 3.7 percent per annum) and is compared with projected CPI increases of 2.5 percent per annum.⁵⁰ The Council's 2025-26 LTFP effectively projects a cumulative increase of \$927 per existing ratepayer (to \$3,148 per annum) by 2034-35 (refer to Figure 11).⁵¹

⁴² From 2014-15 to 2023-24.

⁴³ The assumed CPI for the Historical Period is 2.9 percent, being the CAGR in the CPI (Adelaide) series from 2014-15 to 2023-24. Source: [Consumer Price Index, Australia, June Quarter 2024 | Australian Bureau of Statistics](https://www.abs.gov.au/statistics/price/consumer-price-index-australia/june-quarter-2024).

⁴⁴ City of Port Adelaide Enfield, *Annual Business Plan 2025-26*, June 2025, p. 24.

⁴⁵ City of Port Adelaide Enfield, *Annual Business Plan 2025-26*, June 2025, p. 24. Individual rate level changes may be higher or lower depending on the rates category and property value.

⁴⁶ See City of Port Adelaide Enfield, *Agenda for Special Council Meeting – 17 June 2025, Item 4.3 Declaration of Rates 2025-26*, p. 63, available at https://www.cityofpae.sa.gov.au/_data/assets/pdf_file/0028/1824544/Special-Council-Meeting-Agenda-17-June-2025-v2.pdf.

⁴⁷ City of Port Adelaide Enfield, *Long-Term Financial Plan 2026-35*, June 2025, p. 7.

⁴⁸ City of Port Adelaide Enfield, *Long-Term Financial Plan 2026-35*, June 2025, p. 7.

⁴⁹ Based on the Council's Financial Reporting template provided to the Commission.

⁵⁰ The forecast average annual growth in the CPI from 2025-26 to 2034-35 is estimated to be 2.5 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2027 and the midpoint of the RBA's target range (2.5 percent) thereafter.

⁵¹ 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 the Council's own inflation and rate increase assumptions.

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 relatively low socio-economic indexes for areas (SEIFA) economic resources ranking for the Council area⁵²
- ▶ the effect of cumulative increases in rates per existing ratepayer of approximately 4.0 percent per annum to the period 2034-35, which is 1.5 percent higher than the forecast rate of inflation
- ▶ the current relatively low average rates for residential ratepayers compared to similar councils and the Statewide average residential rates, and
- ▶ some community concerns noted in written submissions to the Council during the 2025-26 budget process, some expressing concerns of rate increases above inflation, and the reasonableness and affordability of long-term rate increases.

6.5.1 The Commission's recommendations on affordability risk

As previously discussed, the Council's 2025-26 LTFP includes a 1.0 percent operating cost efficiency target improving its forecast operating performance. However, in the Commission's view the operating surpluses in the last two years of its LTFP are excessive indicating that rates can be reduced on those years, without impacting on long-term financial and asset sustainability. Any rate increases above CPI should be justifiable and supported by proposals that provide for higher service levels to the community.

The Commission recommends that the Council:

5. **Review** long-term rate increases in its LTFP and ensure this does not give rise to higher operating surpluses than would be required for long-term financial and asset sustainability.

⁵² The City of Port Adelaide Enfield area is ranked 16 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>.

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:

- ▶ identification and reporting of cost savings and operating efficiencies
- ▶ improved disclosure of material changes to its financial forecasts (including on key operating income and expense categories) in its LTFP
- ▶ capital expenditure program, including asset renewal and replacement in line with updated AMPs, and
- ▶ ongoing performance against its LTFP estimates and how any excessive surpluses are addressed over the long-term.

8 Appendix: Glossary of terms

Item	Explanation
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
ARFR	<p>Asset Renewal Funding Ratio: renewal expenditure based (gross):</p> $\text{Asset Renewal Expenditure} / \text{IAMP Renewal Expenditure}$ <p>(where IAMP expenditure includes sale of replaced assets)</p> <p>Asset Renewal Funding Ratio - renewal expenditure based (net) - if IAMP excludes sale of replaced assets:</p> $\text{Asset Renewal Expenditure} / \text{IAMP Renewal Expenditure}$ <p>(where IAMP expenditure excludes sale of replaced assets)</p> <p>Asset Renewal Funding Ratio (depreciation based):</p> $\text{Asset Renewal Expenditure} / \text{Depreciation}$ <p>(IAMP Renewal Expenditure is that required according to the IAMP.)</p>
CAGR	<p>Compound Annual Growth Rate:</p> $\text{CAGR} = (\text{V}_{\text{final}} / \text{V}_{\text{begin}})^{1/t} - 1$ <p>CAGR represents the mean annualized growth rate for compounding values over a given time period. CAGR smoothes the effect of volatility of periodic values that can render arithmetic means less meaningful. (Source: Wikipedia)</p>
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of Port Adelaide Enfield
ESC Act	<i>Essential Services Commission Act 2002</i>
F&A	Local Government Advice: Framework and Approach – Final Report
Forecast Period	10 years from 2025-26 to 2034-35
FTE	Full Time Equivalent
Historical Period	10 years from 2014-15 to 2023-24
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	<i>Local Government Act 1999</i>
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Pa per 9 - Financial Indicators Revised May 2019

Item	Explanation
LTFP	Long-term financial plan
NFLR	<p>Net Financial Liabilities Ratio</p> <p>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)</p> <p>The net financial liabilities ratio is: Net financial liabilities ÷ Total Operating Income</p>
OSR	<p>Operating Surplus Ratio</p> <p>The Operating Surplus (Deficit) is defined as: Total Operating Income LESS Total Operating Expenses</p> <p>The Operating Surplus Ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income</p>
Regulations	<i>Local Government (Financial Management) Regulations 2011</i>
RBA	Reserve Bank of Australia
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
The scheme or advice	Local Government Advice Scheme



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444

E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au