


2026-27

ANNUAL BUSINESS PLAN & BUDGET





Ngadlurlu tampintheta, ngadlu Kurna
yartangka nparrintheta. Ngadlurlu parnuku
tuwila yartangka tampintheta.

Ngadlurlu Kurna Miyurna yaitya yarta
mathanya Wama Tarntanyaku tampintheta.

Parnuku yailtya, parnuku tapa
purruna yalarra puru purruna.

Kurna Translation provided by
Kurna Warra Karrpantheta

We would like to
acknowledge this land is the
Traditional Lands for the Kurna people
and that we respect their spiritual relationship
with their Country.

We also acknowledge the Kurna people as
the Traditional Custodians of the Adelaide region and
that their cultural and heritage beliefs are still as
important to the living Kurna people today.

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MAYOR'S MESSAGE

I am proud to present the City of Unley Annual Business Plan and Budget for 2026-27. This plan sets out the key activities, projects, and services Council will deliver over the coming year as we continue to progress our long-term vision, Towards 2050 to be a connected, progressive and resilient city.

The Annual Business Plan represents the second year of Council's Four-Year Delivery Plan and plays a critical role in translating our Community Plan and Strategic Management Framework into tangible outcomes. It ensures that our priorities for the year ahead are clearly defined, responsibly funded, and aligned with the aspirations of our community.

We have our four strategic themes ; Community, Economy, Environment, and Places & Spaces. Council will continue to invest in initiatives that enhance quality of life, support local prosperity, protect our natural environment, and create welcoming, well-designed places for people.

In 2026-27, to strengthen our community, we will continue to deliver programs that support health, wellbeing and social connection, while investing in facilities, libraries, and community spaces that bring people together. Cultural vitality remains a priority, with continued progress on the Unley Cultural Hub and a strong focus on creative and youth-focused initiatives.

To support a resilient and prosperous local economy, Council will work alongside businesses and key partners to foster economic activity, support employment opportunities, and ensure our city remains an attractive place to live, work and invest. Strategic planning and city-shaping projects will continue to guide sustainable growth and high-quality development.

Protecting and enhancing our environment remains central to our work. This year, we continue to grow our urban tree canopy, strengthen biodiversity, and embed climate resilience across Council operations and services. We will also support our community to be more sustainable, climate-ready and safe through education, partnerships and local action.

To shape places and spaces for people, Council will invest in public realm improvements, active transport, and infrastructure renewal that supports accessibility, safety and liveability. These projects will help ensure our streets, parks and precincts continue to meet the needs of both current and future generations.

The 2026-27 Annual Business Plan is supported by a responsible and balanced budget, forming part of Council's long-term financial planning and commitment to sustainability. Through careful prioritisation and transparent decision-making, Council will continue to deliver high-quality services and infrastructure while managing community resources prudently.

This is an important year in the delivery of our Four-Year Delivery Plan, and I encourage our residents, businesses and stakeholders to stay engaged, provide input, and take part in shaping our city. By working together, we will continue to build a City of Unley that is inclusive, innovative and future-ready.

Michael Hewitson AM
Mayor of Unley

ELECTED MEMBERS

The Mayor and Elected Members are elected by the local community to represent the interests and needs of the community.

Elected Members provide community leadership and guidance and facilitate communication between the community and the Council.

They play an important policy-making role, requiring the identification of community needs, setting objectives to meet those needs, establishing priorities between competing demands and allocating resources.



CLARENCE PARK WARD



FULLARTON WARD



GOODWARD WARD



PARKSIDE WARD



UNLEY WARD



UNLEY PARK WARD



COMMUNITY CONSULTATION

Community consultation on the Draft 2026-27 Annual Business Plan and Budget occurred between 1 May and 27 May 2026. Feedback received was considered by the Elected Members at a Budget Workshop on 1 June 2026, prior to the adoption of the 2026-27 Annual Business Plan and Budget.

The City of Unley would like to thank everyone who provided during the consultation period.

Changes since Community Consultation

The following adjustments have been made to the final proposed 2026-27 Annual Business Plan and Budget:

Rates Growth

The forecast increase in General Rates income from new developments and capital additions was revised from 0.5% to 0.73% following the latest data from the Valuer General. This equated to an increase in General Rate revenue of \$117K, and will be allocated to the Open Space Fund.

No changes were made to the average General Rate increase of 3.8% (before additional income new developments and capital improvements).

Operating Expenditure

There was a reallocation of some operating expenditure to employee costs from materials, contracts and other expenditure. This was a zero-based adjustments.

Operating Projects and Initiatives

The following changes were made to the Operating Projects and Initiatives:

- A reduction in proposed expenditure for the Tree Offset Incentive Scheme of \$30K to \$50K;
- An allocation of \$70K for the Greenhill Road Shared Use Path Design Options Study; and
- An allocation of \$10K for Year 1 of the Memorandum of Understanding with Alliance Francaise.

The updated Operating Projects and Initiatives are included in pages 62-64.

New Capital Projects

There were no changes to the New Capital Projects from the Draft Plan.

Capital Renewal Program

Administration reviewed the proposed capital works program for 2026-27 of \$26.3M, including \$12.8M for New Capital (gross expenditure) and \$13.5M for Capital Renewal (gross expenditure). It considered the impact of:

- The current economic uncertainty which has resulted in an increase in costs for capital renewal works and potential need to defer works, and
- The significant workload that has been involved in delivering the 2025-26 capital works program of \$30M, and the remaining work required to finalise the program over the next few months into the new financial year.

In light of these considerations, Council elected to reduce the Capital Renewal Program by \$2.0M, from \$13.18M to \$11.18M (net). This adjustment initially reduces the Asset Renewal Funding Ratio from 104% to 89%. However, it should be noted that the Capital Renewal Program excludes the renewal components of the Unley Museum and Galleries, Sturt Bowling Club and Millswood Bowling Club redevelopments (within New Capital Projects). These works will result in a higher ratio which is expected to exceed 100%.

[A revised Capital Renewal Program is included in pages 71-75.](#)

Funding Impact

These changes resulted in an improvement in the forecast Operating Surplus Ratio to 4.4% (previously 4.3%), and reduction in the New Financial Liabilities Ratio to 33% (previously 38%). Forecast borrowings at 30 June 2027 have been revised down to \$14.9M.



ABOUT THIS PLAN

The Annual Business Plan and Budget sets out the activities, services, and initiatives the City of Unley will undertake in the 2026-27 financial year. It communicates how Council intends to allocate its resources to meet community needs and deliver on strategic priorities.

This Plan builds on the foundations established in the 2025-26 Annual Business Plan and Budget, carrying forward key commitments of multi-year projects and strategic priorities while responding to emerging challenges, opportunities and community feedback. It reflects Council's ongoing focus on financial sustainability, service performance and responsible stewardship of community assets.

The Plan demonstrates alignment between the community vision, strategic objectives, and the financial plan for the year ahead.

Strategic and Legislative Context

This Annual Business Plan has been prepared in accordance with Section 123 of the *Local Government Act 1999 (SA)* (The Act) and outlines the planned activities, services and resource allocations of the City of Unley for the 2026-27 financial year.

In compliance with the Act, the Annual Business Plan addresses:

- The proposed activities and services to be delivered during 2026-27;
- How financial and non-financial resources will be allocated to achieve Council's objectives;
- The performance measures used to assess progress and outcomes; and
- A budget that is consistent with the proposed activities and services.

Council is required to have a budget for each financial year, which must be considered as part of the Annual Business Plan. The 2026-27 Budget has been developed alongside this plan to ensure alignment with Council's *Community Plan Towards 2050, 4-Year Delivery Plan 2025/26 to 2028/29* and Strategic Management Framework. The Budget will be formally adopted by Council following consideration of this Annual Business Plan, as required under the Act.





OUR PLANNING AND PERFORMANCE FRAMEWORK

The City of Unley Strategic Planning Framework provides a clear line of sight from long-term community aspirations to annual delivery. The Community Plan, Towards 2050, sets Council's long-term vision and outcomes, which are translated into action through the Four-Year Delivery Plan.

Within this framework, the Annual Business Plan and Budget fulfils Council's statutory obligations under the *Local Government Act 1999* by:

- Clearly defining the activities and services to be delivered during the 2026–27 financial year,
- Identifying how financial and non-financial resources will be allocated to achieve Council's objectives,
- Establishing performance measures to assess progress and outcomes, and
- Presenting a budget that is directly aligned with the proposed activities and services.

Operational Plans then guide day-to-day service delivery and organisational execution. Delivery is supported by effective financial management, informed by the Four-Year Delivery Plan and Council's Long-Term Financial Plan, ensuring resources are allocated efficiently and sustainably. Through regular monitoring and reporting, Council remains accountable for its commitments and demonstrates the value delivered to the community through services, programs and infrastructure.





STRATEGIC PRIORITIES AND PERFORMANCE MEASUREMENT

The Community Plan: Towards 2050 sets out a long-term vision for a connected, resilient, and thriving City. Developed with input from the community and endorsed by Council, the Plan focuses on four key themes:

- Community
- Environment
- Economy
- Places and Spaces

These themes guide Council's decisions and investments to improve quality of life, support social connection and inclusion, protect the environment, strengthen the local economy, and deliver well-designed, accessible places for residents, businesses, and visitors.

Council's 4-Year Delivery Plan turns this long-term vision into practical actions over each financial cycle, while the Annual Business Plan focuses on delivering the specific initiatives and services that help achieve these outcomes.

Tracking Progress and Measuring Impact

Delivering on the Annual Plan

Council tracks the progress of projects, programs and services outlined in the Annual Business Plan and ensures that financial and non-financial resources are used effectively to meet community needs and Council objectives.

Measuring Success and Impact

Council assesses both how well projects and services are delivered (delivery success) and the difference they make for residents, businesses and visitors (outcome success).

Performance measures:

- Reflect the key outcomes of the Community Plan themes—Community, Environment, Economy, and Places & Spaces
- Align with strategic actions and service delivery priorities to ensure Council is achieving its stated objectives
- Use trend indicators to monitor progress over time, highlighting improvements, stability, or areas requiring attention





Supporting Clear and Meaningful Reporting

Council shares achievements, challenges and next steps with the community in an accessible and transparent way. Annual Business Plan results are reported in the context of the broader Four-Year Delivery Plan, demonstrating how short-term actions contribute to long-term goals. Feedback from the annual community satisfaction survey is incorporated to ensure initiatives respond to evolving community needs.

Measuring Performance

What We Want to Achieve	How We Will Achieve It	How We Will Measure Success in 2026/27	How We Measure Long-Term Outcomes (Four-Year Delivery Plan)
Track progress of projects, programs and services	Deliver Annual Business Plan actions and allocate resources effectively	Project milestones achieved, service outputs delivered, financial indicators met	Contribution to Community Plan themes and Council objectives
Assess delivery success	Monitor how well projects and services are delivered	Quantitative measures: service outputs, project milestones, financial performance	Continuous improvement in service delivery across Council programs
Assess outcome success	Measure difference initiatives make for residents, businesses and visitors	Qualitative measures: community satisfaction, perception surveys	Trends in community wellbeing, engagement, and satisfaction over time
Ensure accountability and transparency	Report achievements and challenges	Annual public reporting, internal reporting to Council and Executive Leadership Team	Demonstrated link between short-term actions and long-term goals; evidence-based decision-making
Integrate planning, delivery, reporting and governance	Align performance measures with Four-Year Delivery Plan actions and statutory requirements	Alignment of service-level measures with organisational performance, statutory obligations	Strengthened connection between planning, delivery, and governance; adaptability to evolving community needs

OUR SERVICES

Council delivers a broad range of services that contribute directly to achieving the *Community Plan Towards 2050* and supporting the priorities of the *4-Year Delivery Plan 2025/26–2028/29*. The Annual Business Plan outlines how Council will focus its resources in the year ahead to deliver services, projects and initiatives that support long-term outcomes for the City of Unley.

To ensure a clear line of sight from long-term vision to annual delivery, Council organises its services under the four strategic themes of the Community Plan:

- **Community** – Promoting inclusivity, connection and wellbeing for all residents.
- **Environment** – Protecting and enhancing the natural environment, advancing climate action and supporting sustainable practices.
- **Economy** – Supporting a dynamic, prosperous and diverse local economy.
- **Places & Spaces** – Enhancing high-quality public spaces, urban environments and infrastructure that support liveability.

Each service area in this Plan is presented in a consistent way and includes:

- **Service purpose** – The role the service plays in delivering value to the community and contributing to strategic outcomes.
- **Key activities for 2026-27** – The services, initiatives and projects Council will deliver during the financial year.
- **Strategic alignment** – How the service contributes to Community Plan themes, objectives and Four-Year Delivery Plan actions.
- **Associated success measures** – Indicators used to measure performance, demonstrate progress and support accountability.





Legislative Responsibilities

The *Local Government Act 1999 (SA)* establishes the system of local government in South Australia and sets out the core responsibilities of councils. In accordance with the Act and other relevant legislation, Council is responsible for a range of regulatory, strategic and service delivery functions, including:

- Providing community leadership and democratic representation, including support for Elected Members and maintenance of the voters' roll
- Preparing and reviewing strategic management plans, including the Community Plan, Four-Year Delivery Plan, Long-Term Financial Plan, and infrastructure and asset management plans
- Setting rates and charges and adopting an Annual Business Plan and Budget
- Managing, maintaining and renewing essential infrastructure such as roads, footpaths, parks, public open space, playgrounds, street lighting and stormwater drainage
- Delivering street cleaning and waste collection services
- Undertaking development planning and control, including building safety assessment
- Providing environmental health and regulatory services
- Managing and maintaining Council's urban forest in streets and parks
- Managing and maintaining Council-owned community centres, facilities and buildings.

A detailed list of Council's operational activities, including associated income and expenditure, is provided in the Appendices.

Services in Response to Community Needs

In addition to its core legislative responsibilities, Council delivers a wide range of services and programs in response to identified community needs and priorities. These include, but are not limited to:

- Animal management
- Arts and cultural development
- Community centres operations
- Community development and engagement
- Community events and grants programs
- Community transport services
- Economic development
- Environmental management and sustainability programs
- Library and museum services
- Open space, sport and recreation services
- Parking control and compliance
- Sustainable landscapes and urban greening
- Volunteer coordination
- Urban policy and strategic planning
- Youth development programs

Fee-for-Service Facilities and Programs

Council also operates a number of facilities and services on a fee-for-service basis, some of which are subsidised to ensure accessibility for the community. These include:

- Unley Swimming Centre
- Community bus services
- Halls and community facilities for hire
- Ovals, courts, parks and reserves for hire

Together, these services and facilities support the health, wellbeing, liveability and economic vitality of the City of Unley and contribute to achieving Council's long-term vision.

BUDGET SUMMARY

Background

The Annual Business Plan and Budget for 2026-27 has been prepared in accordance with the priorities within our *Community Plan Towards 2050* and the *Draft 4 Year Delivery Plan 2025/26 to 2029/30*, with due consideration of its key financial indicators and Council's Financial Sustainability Principles (explained on page 49).

Forecast rate income is based on the following assumptions:

- General Rate increase (average) 3.8%
- Increase from new rateable properties and improvements 0.73%

The rates assessment (rates payable) for a specific property will be dependent upon the 2026-27 capital valuation for the property, as assessed by the Valuer General, and the movement in that valuation relative to all other properties with the same differential rate.

Growth in the number of rateable assessments was 0.42%.

Further information, including the average increase for each land use category is contained on page 43.

Please note the information in this budget excludes:

- Council's equity accounted businesses, namely the Centennial Park Cemetery Authority, the Brown Hill Keswick Creek Stormwater Project and East Waste.
- Potential carry forwards for capital projects, noting the delivery timeframes of some 2025-26 projects have been impacted by supply issues.

Key Financial Targets

Council has reviewed its Key Financial Targets after considering its draft Long Term Financial Plan (LTFP). The Key Financial Targets are:

Operating Surplus Ratio

Adopted Target	Annual ratio 4% - 6% 5% average over the life of the LTFP
Budget	4.4%

Net Financial Liabilities Ratio

Adopted Target	LTFP average of less than 50%, and maximum of 80% at a point in time
Budget	33% (30% subject to potential land sales)

Asset Renewal Funding Ratio

Adopted Target	100% average over the life of the LTFP
Budget	89% 113%* including the renewal components of the Bowling Club Redevelopments

Asset Sustainability Ratio

Adopted Target	100% average over the life of the LTFP
Budget	89% 113%* including the renewal components of the Bowling Club Redevelopments

* The Capital Renewal Program excludes the renewal components of the Sturt and Millswood Bowling Club Redevelopments (within New Capital Projects), which increase the ratio to 113%.





RATES OVERVIEW

This 2026-27 Annual Business Plan and Budget incorporates an **average** increase in General Rates 3.8%, plus an additional 0.73% from new developments and capital improvements to existing properties. Total revenue from General Rates is expected to increase by 4.53%.

The average increase in General Rates of 3.8% was initially based on Adelaide CPI for the 12 months to December 2025 of 3.3%, and incorporated an addition 0.5% of revenue to respond to cost pressures arising from the global economic circumstances, and anticipated increases in inflation.

Adelaide CPI for 12 months to April 2026 was 4.6%, however the additional cost pressures potentially arising from the higher than forecast inflation will be monitored and managed during the year through budget reviews (if required).

The rates assessment (rates payable) for a specific property will be dependent upon the 2026-27 capital valuation for the property, as assessed by the Valuer General, and the movement in that valuation relative to all other properties with the same differential rate.

Valuation Method

Council uses the capital value method of valuing properties. This method values the land and all improvements on the land. It is the most widely used method across South Australian councils.

Minimum Rate

The proposed minimum rate for 2026-27 is \$1,063. This represents an increase of 3.8% compared to 2025-26. It is estimated there will be approximately 3,325 assessments paying the minimum rate in 2026-27.

Differential General Rates

Council will declare three differential General Rates according to the land use category, as outlined in the table below.

Category 1 Income estimate \$41.8M	Residential
Category 2 Income estimate \$4.4M	Commercial Shop Industrial Light Industry Other Vacant Land Other
Category 3 Income estimate \$7.0M	Commercial Office Commercial Other

Rating of short-stay rental accommodation

The land-use classification of residential properties that are used for short-stay rental accommodation changed from 1 July 2025 to reflect their commercial nature. Properties identified as offering tourist accommodation on a commercial basis pay the 'commercial - other' rate in the dollar rather than the 'residential' rate in the dollar.

Separate Rate for Main Street Trader Associations

Council proposes to continue to raise a separate rate for the provision of business precinct improvements, including streetscape improvements, marketing and promotional activities, events and activation programs, and costs associated with the administration of these initiatives. [Further details regarding the Separate Rate for the Main Street Trader Associations are provided on page "Separate Rate" on page 44.](#)



KEY INFLUENCES ON THE BUDGET

Significant Influences

Council is cognisant of the financial pressure many households and businesses are experiencing from high inflation and rising costs. While Council is also experiencing increasing costs, especially in contractual services and materials, it continues to carefully manage its budget and minimise increases in its expenditure budget while balancing it's long-term financial sustainability.

The current operating environment continues to be influenced by external geopolitical and economic factors that create uncertainty, including volatility across energy, insurance, logistics and financial markets. These conditions have the potential to affect supply chains, construction inputs, fuel availability and contractor capacity, presenting challenges for the planning and delivery of services and capital works in the short to medium term.

While these broader risks require ongoing monitoring, and at times adaptive decision-making, Council remains operationally strong and financially resilient. Importantly, through prudent and disciplined financial management over many years, Council has built a sound financial foundation that positions it well to manage current economic uncertainty, maintain financial sustainability, and continue delivering essential services and priority projects for the community.

The incorporates an average General Rate increase of 3.8%, while maintaining an operating surplus ratio of 4.4%. Council has provided some limited capacity to respond to short-term pricing pressures for contracts and materials arising from the global economic circumstances.





The Operating Projects & Initiatives and New Capital Expenditure for 2026-27 are driven by the continued implementation of Council's 4-Year Delivery Plan. These include, but are not limited to, the following:

- Continuing the delivery of Environmental Initiatives, an annual events program, and Economic Development Initiatives,
- The completion of the Unley Museum and Galleries Redevelopment,
- The Electrification of the Heat Pump for the Unley Swimming Centre,
- Commencing construction of upgrades to clubrooms for the Sturt Bowling Club and Millswood Bowling Club, and
- Continuing the implementation of the City-Wide Flood Mitigation Plan, the Walking and Cycling Plan, and Local Area Traffic Management Plans.

Council is also committed to continuing long-term major projects, including the Brown Hill Keswick Creek Stormwater Management Project.

[These and other key priorities are summarised on pages 20-23.](#)

Other Influences on the Budget

There are also other annual items that we consider when setting rates and deciding on council's program of works. These include:

- Local Government Price Index increases on relevant goods and services;
- Provision for Enterprise Bargaining Agreements which, for most staff, determine conditions of employment and provide for annual salary and wages increases;
- Maintaining asset management (renewal) expenditure in line with Council's endorsed Asset Management Plans;
- Additional maintenance costs due to increased capital works, and the construction of new assets over recent years; and
- The Regional Landscape Levy, which Council collects and pays to the Green Adelaide Board.

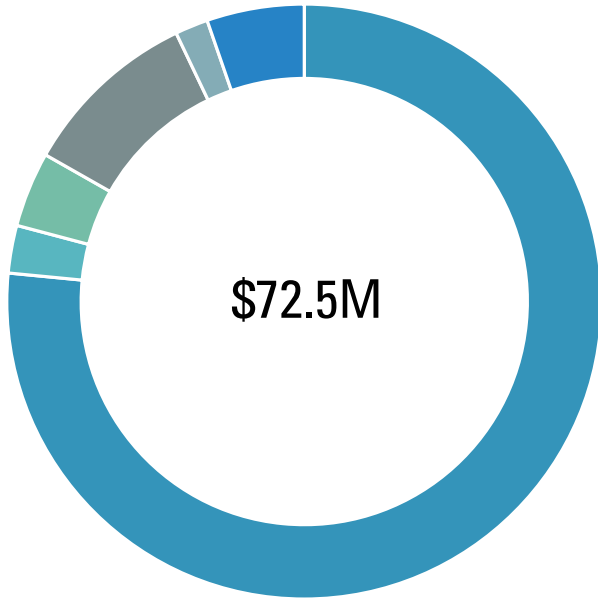
Council has continued its review of service sustainability to minimise the burden on ratepayers.

FINANCIAL SUMMARY

\$'000s	2025-26 Forecast	2026-27 Draft Budget
Income		
General Rates	50,890	53,195
Other Rates and Levies	2,240	2,274
Statutory Charges	1,893	1,878
User Charges	2,919	2,961
Grants, Subsidies & Contributions	3,914	2,692
Investment Income	155	35
Reimbursements	101	59
Other Income	1,049	880
Operating Projects	432	-
Total Income	63,593	63,975
Expenditure		
Employee Costs	22,440	23,788
Materials, Contracts & Other Expenses	22,672	22,613
Depreciation, Amortisation & Impairment	12,731	12,940
Finance Costs	284	425
Operating Projects	3,477	1,398
Total Expenditure	61,604	61,164
Operating Surplus / (Deficit)	1,989	2,811
Capital Renewal Expenditure (net)	15,927	11,176
New Capital Expenditure (net)	11,710	8,412
Total Capital Expenditure (net)	27,638	19,588
Add back Depreciation	12,731	12,940
Net Lending / (Borrowing) for the Financial Year	(12,917)	(3,837)
Fixed Term Borrowings	-	-
Cash Advance Debenture (CAD Borrowings)	12,236	14,946
Total Borrowings	12,236	14,946
Repayment of Fixed Term Borrowings	-	-
Repayment/(draw-down) of CAD	(12,917)	(3,837)
Net repayment/(draw-down) of borrowings	(12,917)	(3,837)

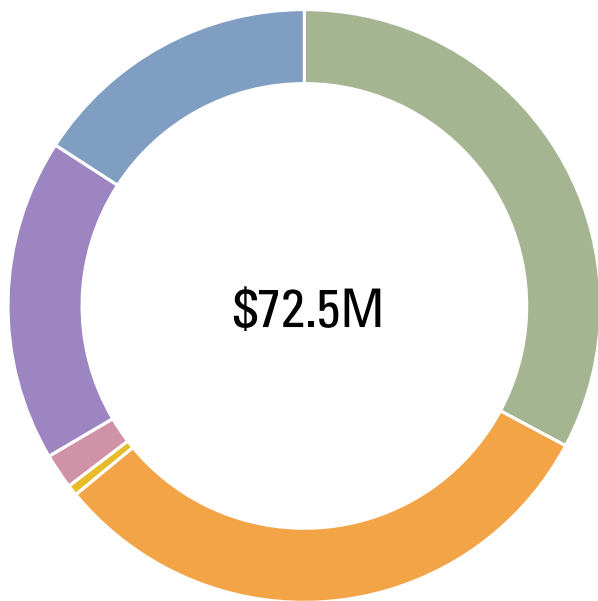
The Budgeted Financial Statements for the 2026-27 financial year exclude the Equity Accounted Businesses (Centennial Park Cemetery Authority, Brown Hill Keswick Creek Stormwater Project, and East Waste) as the budgets for these subsidiaries are yet to be finalised. They will be incorporated in the Budget as part of the Quarter 1 Budget Review.

WHERE OUR FUNDING COMES FROM



Rates and Levies	\$55.5M	76.5%
Statutory Charges	\$1.9M	2.6%
User Charges	\$3.0M	4.1%
Grants & Contributions (incl. Capital)	\$7.0M	9.7%
Other Income	\$1.3M	1.8%
Proceeds from Borrowings	\$3.8M	5.3%

HOW WE ALLOCATE OUR FUNDING



Employee Costs	\$23.8M	32.8%
Materials, Contracts & Other	\$22.6M	31.2%
Finance Costs	\$0.4M	0.6%
Operating Projects & Initiatives	\$1.4M	1.9%
New Capital Projects (Gross)	\$12.8M	17.6%
Capital Renewal (Gross)	\$11.5M	15.9%

KEY PRIORITIES

OUR STRATEGIC SIX

In line with our commitment to working closely with our community and realising the vision of the Community Plan 'Towards 2050' these are the identified 6 key strategic projects known as the 'Strategic Six' that are the focus for annual budget considerations over the 4 years.

Unley Museum and Galleries



City Plan 2050



The Unley Museum and Galleries (previously referred to as the Cultural Hub) will link three Council-owned cottages on Edmund Avenue to create a vibrant destination that blends local heritage with contemporary creative opportunities. It will strengthen community connections, support creative industries, and enhance the Unley Civic Precinct with sustainable and accessible spaces for long-term community use.

Works planned for 2026-27

Construction activities are progressing, with completion scheduled for late November 2026. The official opening is currently anticipated for April 2027.

Unley City Plan 2050 will provide a spatial blueprint to guide growth while protecting heritage. It will ensure land-use changes are supported by better walking and cycling routes, public transport, green spaces, and accessible community services.

Works planned for 2026-27

The Planning for Growth Plan will be finalised in 2026 and will provide the foundation for the City Plan. Future strategic initiatives linked to the four lead strategies of the Community Plan will be integrated to form a single, cohesive plan. The City Plan will be iterative and will evolve as Council's capability grows

Leading Climate Action for a Sustainable Future



Climate change presents a major risk to us all, and we are committed to leading the City toward a greener, more resilient future. We aim to achieve carbon neutrality for our operations by December 2030, strengthen our infrastructure and natural assets to withstand climate impacts, and support our community to become climate-ready through the development of the first Community Climate Action Plan.

Works planned for 2026-27

In 2026-27, Council will advance efforts to cut corporate emissions and improve climate resilience. Priorities include finalising the Resilient East Climate Action Plan, developing a Low Emissions Transition Plan for fleet and plant, upgrading the Unley Swimming Centre with heat pumps and additional solar PV, and continuing energy efficiency audits for major facilities.

Council will also support community sustainability and climate adaptation through initiatives such as the Weekly FOGO trial, delivery of the Community Climate and Energy Plan, a Community Renewables bulk-buy program, and the Cool Spaces for Summer initiative.

Sustainable Waste Management



Around 41% of landfill bin contents are FOGO materials. To reduce waste to landfill, Council will introduce Weekly FOGO collection supported by targeted education. This change will improve correct use of the three-bin system, increase waste diversion, lower emissions and disposal costs, and support a circular economy by turning FOGO into compost.

Works planned for 2026-27

The Weekly FOGO Trial began in May 2026 and is expected to make a significant contribution to Unley's waste-diversion goals. A mid-trial waste audit and participant survey will assess performance and identify opportunities for improvement. Throughout the trial, Council staff will support local residents to adjust to weekly green-bin collection and make effective use of the three-bin system.

Shaping a Vibrant Future through Precinct Planning



Precinct planning will guide sustainable growth across key Council sites, shaping future infrastructure, public spaces, and services. Council will progress the \$150 million Unley Central Precinct and partner in the transformation of the Keswick Barracks site to deliver jobs, diverse housing, community facilities, strong neighbourhood connections, and sustainable outcomes while respecting heritage.

Works planned for 2026-27

In 2026-27, Council will finalise the Planning for Growth Plan, establishing priority code amendments to guide short- to medium-term land-use changes. These amendments, together with strategic directions from the lead strategies, will inform precinct planning. During the year, Council will also establish the City Plan and set the sequence of future code amendments to support subsequent precinct planning.

Delivering Improvement Outcomes at Ridge Park and Goodwood Oval



Detailed improvement plans for Ridge Park and Goodwood Oval have identified major opportunities to modernise facilities, broaden community use, and enhance sustainability, accessibility, and cultural heritage. Council will work with the community and seek State and Federal funding to deliver these upgrades.

Works planned for 2026-27

In 2026-27, Council will progress delivery of the Ridge Park Masterplan, supported by an election commitment of \$5.25 million in matched funding from the Labor Government. Detailed design for Stage 1, including the oval redevelopment, potential new lighting, and nature play will begin around June 2026 and be completed by June 2027. Construction of Stage 1 will then be considered as part of the 2027-28 Annual Business Plan and Budget.

Council received a report in May 2026 on community feedback for the Goodwood Oval Precinct redevelopment, and has now set a direction for the redevelopment of the facilities used by Tennis SA and Goodwood Cricket Club.

KEY PRIORITIES

OTHER KEY PROJECTS FOR 2026-27

Operating Projects & Initiatives

Operating Projects and Initiatives are either one-off, short term projects or annual initiatives delivering environmental, cultural or economic benefits to our community. These projects are funded by Council's rates income. [The full list and further details of each project are included on pages 62-65.](#)

- **Accelerated Tree Planting Program \$180K**
Planting 440 new trees across the City to increase canopy cover and deliver long-term environmental and urban cooling benefits.
- **City-Wide Greening Verges \$60K**
Continued conversion of Council verges from dolomite to planted loam, supporting urban greening and community participation.
- **Community Climate and Energy Plan (Year 2 of 2) \$35K**
Completion of a community-led Climate and Energy Plan through the Shaping Unley engagement process.
- **It's On in Unley Events Program \$125K**
Delivery of a series of free, open-space community events to strengthen social connection and activate public spaces.
- **Double Shot Coffee Fiesta 2027 \$90K**
A signature event celebrating Unley's local coffee culture, showcasing baristas, food, entertainment and community pride.
- **Event Sponsorship to Main Street Trader Associations \$40K**
Financial support for the Business Precincts to deliver an event or activation within their precinct that stimulates the visitor economy and activates the public realm.
- **Services and Organisational Development Plan 2026–2030 \$200K**
Development of a strategic roadmap to strengthen internal capability, culture and systems to support Council's long-term objectives.
- **Local Government Elections 2026 \$370K**
Delivery of the 2026/27 council elections, including Electoral Commission services and associated organisational resourcing.

New Capital Projects

New Capital projects are capital works to construct new or to significantly upgrade existing infrastructure and buildings. These projects are expected to be funded from a combination of rates income, capital grants and additional borrowings. [The full list and further details of each project are included on pages 66-69.](#)

- **Sturt Bowling Club and Millswood Bowling Club Redevelopments \$4.0M (net \$2.0M)**
Redevelopment of clubrooms and associated amenities following completion of detailed design in 2025-26 to support community sport and recreation.
- **Brown Hill Keswick Creek Stormwater Project Contribution \$840K**
Council's contribution to a regional catchment-wide flood mitigation program delivered collaboratively with neighbouring councils.
- **City-Wide Flood Mitigation Plan Implementation \$500K**
Continued delivery of priority drainage works in Fisher Street, and detailed designs in other locations, to reduce flood risk and enable future grant-ready infrastructure projects.
- **Walking and Cycling Plan Implementation (Year 4 of 5) \$350K**
Continued construction and design of priority cycling routes and intersection upgrades to expand safe, connected active transport networks.
- **Local Area Traffic Management (LATM) \$365K**
Implementation – Zone 5 – Implementation of priority road safety treatments, including speed management and intersection upgrades, to improve local traffic safety outcomes within Fullarton and Myrtle Bank.
- **Business Precinct Action Plan \$285K**
Upgrades to Unley Road and Glen Osmond Road Streetscapes as part of a City-wide framework to revitalise and manage business precincts, guiding equitable investment, place activation and economic outcomes.
- **Climate and Energy Plan Implementation \$130K**
Continued delivery of initiatives to reduce the carbon emissions of Council's operations, including the electrification of plant and fleet, and installation of EV charging infrastructure at the Civic Centre.

COMMUNITY

WELCOMING, SAFE & INCLUSIVE



Goal: Our City offers an excellent quality of life and supports all people to thrive.

4 Year Action Plan (4YAP) Commitment	What we will achieve in 2026-27
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Objective 1: We foster a community where all people can feel safe, welcome, and included	
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<p>1.1 We deliver programs, services and facilities that enhance community safety.</p>	<ul style="list-style-type: none"> • Compliance Policy reviewed and actively monitored • Continue to foster existing relationships and seek opportunities to partner with relevant organisations
<p>1.2 We identify opportunities for everyone to belong and participate in social, cultural, economic and civic life.</p>	<ul style="list-style-type: none"> • The Disability Access and Inclusion Plan (DAIP) 2026-2030 is reviewed and endorsed following community consultation and input • Community Grants actively offered to groups and organisations within the City • Maintain and actively participate in Age-Friendly and Welcoming City programs, including events, workshops, and community recognition initiatives





4 Year Action Plan (4YAP) Commitment	What we will achieve in 2026-27
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Objective 2: We embrace and celebrate the history, heritage, and identity of our people, places, and Country	
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2.1 We develop and activate the Unley Museum and Galleries with a range of innovative programs and services.	<ul style="list-style-type: none"> Construction activities are progressing, with completion scheduled for late November 2026. The official opening is currently anticipated for April 2027.
2.2 We actively support reconciliation through community engagement, cultural awareness initiatives, and partnerships with First Nations communities.	<ul style="list-style-type: none"> Deliver reconciliation programs and events in collaboration with First Nations communities Promote cultural awareness training and initiatives within Council and the wider community
2.3 We support and deliver programs and activities that celebrate our diverse communities, foster connection and enhance cultural awareness.	<ul style="list-style-type: none"> Deliver community-led and Council-supported multicultural events and programs that foster social connection and inclusion Strengthen cultural participation and recognition by measuring event attendance, feedback, and satisfaction Use survey insights to improve inclusivity and the vibrancy of community activities
2.4 We will partner with others to embrace and celebrate our history, heritage and identity of our people, places and country.	<ul style="list-style-type: none"> Continue to work in partnership with a range of organisations, community groups and individuals to support programs and activities that celebrate heritage and identity of our community. Continue initiatives to protect, preserve, and share stories and sites of significance within the City

COMMUNITY

WELCOMING, SAFE & INCLUSIVE

2026-27 Annual Business Plan and Budget

4 Year Action Plan (4YAP) Commitment

What we will achieve in 2026-27

Objective 3: We support and encourage all people to be healthy, active, and socially connected.

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| <p>3.1 We develop a future driven social infrastructure plan that considers our changing community, strengthening connections and partnerships, and enhancing the quality of life of our growing and diverse community.</p> | <ul style="list-style-type: none">• Finalise the Community Infrastructure Plan, including a Social Return on Investment measure, to identify priority infrastructure and program opportunities• Use the Plan to guide investments in community facilities that enhance social connection, wellbeing, and inclusion |
| <p>3.2 We deliver a range of programs, services and facilities that enhance social connections and community health and wellbeing outcomes for all stages of life.</p> | <ul style="list-style-type: none">• Deliver accessible programs and activities across community centres, libraries, and recreational facilities to promote wellbeing, connection, and life-long participation• Monitor community outcomes through surveys, participation levels, and feedback• Adapt programs to meet emerging needs, including changes resulting from aged-care reforms and Commonwealth Home Support Package service transitions |

Objective 4: We foster creativity, cultural expression, and learning

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| <p>4.1 We inspire innovation, celebrate diverse cultures, and support lifelong learning through dynamic programs and community initiatives.</p> | <ul style="list-style-type: none">• Deliver engaging library and community centre programs that build knowledge, skills, and creativity across all age groups• Expand public art initiatives and cultural projects that provide opportunities for storytelling, community expression, and learning• Monitor program participation, satisfaction, and outcomes to ensure services continue to meet evolving community needs |
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4 Year Action Plan (4YAP) Commitment	What we will achieve in 2026-27
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Objective 5: We provide meaningful opportunities for all people to participate in community and civic life	
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<p>5.1 We provide opportunities for community leaders to develop their talents, skills, and abilities, empowering them to demonstrate civic leadership, drive initiatives, and enhance the city.</p>	<ul style="list-style-type: none"> • Deliver leadership development programs and workshops for emerging and established community leaders • Provide mentoring, networking, and skill-building opportunities to enhance civic capacity and engagement • Continue initiatives targeting youth and community groups to strengthen leadership pipelines in the lead-up to the 2026 Council election
<p>5.2 We create opportunities for our community to shape decisions and identify solutions for the future.</p>	<ul style="list-style-type: none"> • Facilitate structured engagement activities, workshops, and consultation processes to enable community input into Council decisions • Use reference groups and targeted engagement to ensure diverse perspectives are captured • Support informed participation in the 2026 Council election and related civic initiatives
<p>5.3 We inspire greater volunteer participation by actively promoting, creating, and expanding meaningful opportunities.</p>	<ul style="list-style-type: none"> • Maintain volunteer participation across Council-supported programs and community projects • Strengthen partnerships with local groups to foster community-led initiatives and measure the social impact of volunteer contributions

ENVIRONMENT

GREEN AND SUSTAINABLE

Goal: Our City is a progressive and innovative leader in sustainability and climate resilience

4 Year Action Plan (4YAP) Commitment	What we will achieve in 2026-27
Objective 1: We lead by example and innovate to grow our urban forest and make our City greener, cooler, and more biodiverse	
1.1 We manage and expand our urban forest on public and private land to create cooler, more biodiverse and resilient urban spaces.	<ul style="list-style-type: none">• Finalise and begin implementing a comprehensive Urban Forest Plan• Continue coordinated tree planting across streets, parks and public spaces• Expand greening beyond trees to include mid-, under-storey and ground cover• Strengthen partnerships to improve canopy data and monitoring• Grow community participation in greening initiatives
1.2 We provide education and incentives to encourage the retention of trees on private land and build upon the city's urban forest to support an increase in local biodiversity and mitigate the urban heat island effect.	<ul style="list-style-type: none">• Expand education, tools and incentives to support tree retention and planting• Increase uptake of grants and introduce/enhance funding mechanisms (e.g. offset fund)• Continue expansion of the Green Verges Program• Deliver targeted community engagement and education programs





4 Year Action Plan (4YAP) Commitment **What we will achieve in 2026-27**

Objective 2: We lead, promote, and incentivise local action on a carbon neutral and climate resilient future

<p>2.1 We implement our Climate and Energy Plan to enable our operations to be carbon neutral by 2030.</p>	<ul style="list-style-type: none"> • Progress implementation of updated Climate & Energy Plan • Continue transition toward renewable energy and electrification of assets • Deliver key projects reducing operational emissions (e.g. major facilities) • Strengthen emissions monitoring and reporting across operation
<p>2.2 We futureproof our City against climate related risks by assessing physical and service delivery risks and implementing actions to mitigate risks.</p>	<ul style="list-style-type: none"> • Embed climate risk assessment into planning and decision-making • Progress and begin implementation of the Resilient East Climate Action Plan • Expand programs that support community resilience to extreme heat
<p>2.3 We partner with our community and other organisations to enable low carbon and more sustainable outcomes.</p>	<ul style="list-style-type: none"> • Grow participation in renewable energy and sustainability programs • Expand EV infrastructure and support sustainable transport initiatives • Increase community awareness and behaviour change through engagement programs • Strengthen partnerships to deliver low-carbon initiatives

ENVIRONMENT

GREEN AND SUSTAINABLE



4 Year Action Plan (4YAP) Commitment	What we will achieve in 2026-27
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Objective 3: We maximise sustainable resource recovery and advance a circular economy through innovation and technology	
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<p>3.1 We drive a reduction in residential kerbside waste through initiatives focused on waste avoidance, re-use and reducing waste to landfill, to facilitate a circular economy.</p>	<ul style="list-style-type: none"> • Embed waste avoidance and circular economy principles into future planning • Deliver new and ongoing initiatives to reduce waste generation • Increase community awareness and participation in waste reduction programs
<p>3.2 We will implement a weekly domestic food and green organics (FOGO) collection service and a fortnightly general waste collection service to reduce waste to landfill.</p>	<ul style="list-style-type: none"> • Deliver and evaluate the FOGO collection trial • Prepare for broader rollout of enhanced organics services • Increase diversion of organic waste from landfill

Objective 4: We seek nature-positive outcomes in the management of our natural resources	
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<p>4.1 We manage our water resources sustainably to meet organisational and community objectives and to ensure a green, liveable future.</p>	<ul style="list-style-type: none"> • Integrate water management priorities into the Environment Strategy • Expand water sensitive urban design in infrastructure projects • Increase use of alternative water sources for irrigation • Continue delivery of stormwater and flood mitigation projects
<p>4.2 We adopt a nature-positive lens when upgrading or implementing new open space facilities to incorporate climate resilient design and materials and we grow our urban forest to enhance biodiversity.</p>	<ul style="list-style-type: none"> • Deliver open space upgrades incorporating climate-resilient design • Embed biodiversity and urban cooling outcomes into all new projects • Continue integrating urban forest expansion into open space planning



4 Year Action Plan (4YAP) Commitment **What we will achieve in 2026-27**

Objective 5: We partner, facilitate and advocate to overcome constraints and achieve our environmental ambition

<p>5.1 We partner with universities, schools, community groups, businesses and residents to provide information, guidance and incentives to foster a culture of an environmentally sustainable and climate resilient Unley.</p>	<ul style="list-style-type: none"> • Expand participation in sustainability programs and community initiatives • Grow and strengthen programs like Adopt-a-Tree and Take the Pledge
<p>5.2 We partner with the Local Government Association and other councils to share information, develop innovative solutions and achieve economies of scale for climate resilience and low carbon objectives.</p>	<ul style="list-style-type: none"> • Continue active participation in regional climate and sustainability initiatives • Progress joint projects through Resilient East and other alliances • Leverage shared procurement and partnerships (e.g. renewable energy)
<p>5.3 We collaborate with and advocate to the State Government for sustainable kerbside waste management, tree retention on private and State Government land, and climate action, including water management, climate-safe housing, and risk mitigation.</p>	<ul style="list-style-type: none"> • Advocate for policy and regulatory improvements in key environmental areas • Strengthen partnerships with State Government agencies • Contribute to strategic initiatives on greening, waste, water and climate resilience

ECONOMY

INNOVATIVE AND PROSPEROUS

Goal: Our City is a unique and vibrant destination that attracts and retains a diverse mix of businesses, industries, and opportunities

4 Year Action Plan (4YAP) Commitment	What we will achieve in 2026-27
Objective 1: We model and enable innovation and entrepreneurship to grow our economy, create jobs and serve our community	
1.1 We provide strong leadership and support to drive economic growth across our City	<ul style="list-style-type: none"> Strengthen Council’s support for local businesses through targeted engagement, improved communication, and clearer pathways to access programs and services Review and update the Business and Economic Development Advisory Committee to ensure it reflects the expertise needed to drive economic outcomes Monitor economic performance, including Gross Regional Product (GRP), to inform decision-making and support continued growth across the City
Objective 2: We generate vibrancy and economic vitality by activating and connecting thriving business precincts and innovation hubs throughout our City	
2.1 We facilitate and encourage collaboration between local businesses, startups, universities and other key partners to drive innovation, economic growth, attract investment, and enhance the city’s competitiveness.	<ul style="list-style-type: none"> Deliver business networking events, workshops, and advisory programs that foster collaboration, innovation, and new connections Support business growth and job creation by strengthening partnerships with industry, education providers, and entrepreneurs Increase awareness and participation in Council-led business initiatives and programs
2.2 We support and investigate new opportunities to expand the Business Precincts Model.	<ul style="list-style-type: none"> Implement improvements identified through the Business Precinct Action Plan, including updates to the operating and funding model Continue to support Business Precinct Associations to deliver local events, campaigns, and place-based activations Work with businesses and property owners to explore opportunities to expand the precinct model where there is local support

Objective 3: We enhance and promote the local characteristics within our City that make us a desirable and exciting place to live, work, visit, invest and do business

<p>3.1 We investigate, plan and deliver the Business Precinct Revitalisation and Activation Program</p>	<ul style="list-style-type: none"> • Implement the Business Precinct Action Plan to deliver revitalisation and activation initiatives across key precincts • Partner with local businesses and associations to deliver events, public realm improvements, and place-based initiatives • Improve business satisfaction by enhancing the quality, coordination, and visibility of Council services and support
<p>3.2 We develop and implement a City-wide marketing campaign, including an investment prospectus, to position our city as a top destination for living, working, visiting, and investing.</p>	<ul style="list-style-type: none"> • Progress destination branding and deliver a coordinated marketing campaign to promote the City as a place to live, work, and invest • Develop and promote an investment prospectus to attract new businesses and opportunities
<p>3.3 We explore opportunities to attract investment and diversity of businesses, such as a high-end hotel and other anchor tenants to be attracted to develop in Unley.</p>	<ul style="list-style-type: none"> • As required, undertake feasibility studies and develop investment prospectuses to attract key developments within our growth precincts, including potential anchor tenants such as a high-quality hotel • Actively promote investment opportunities to increase business diversity and economic activity



ECONOMY

INNOVATIVE AND PROSPEROUS

4 Year Action Plan (4YAP) Commitment

What we will achieve in 2026-27

Objective 4: We create partnerships, collaborate with others, and embrace new ideas to attract investment and enrich our City

4.1 We partner with government, property owners, and business leaders to secure funding, drive economic growth, and deliver shared initiatives that create long-term value.

- Strengthen partnerships to attract funding and deliver initiatives that support economic growth and precinct activation
- Continue to support local businesses through advisory services and regional collaboration programs
- Maintain low commercial vacancy rates by supporting a vibrant and resilient business environment

Objective 5: We drive strong economic, cultural, environmental, and social outcomes through strategic investments in property, technology, facilities, and infrastructure

5.1 We develop an integrated investment framework to optimise the best use of Council's assets, to realise long-term economic, environmental, social, and cultural outcomes.

- Develop and present an integrated investment framework to guide future decisions on Council assets and infrastructure
- Identify opportunities to optimise assets to deliver long-term economic, social, environmental, and cultural outcomes
- Align investment decisions with population growth and changing community and business needs







PLACES AND SPACES

CONNECTED, ACCESSIBLE AND VIBRANT

Goal: Our City is well-planned and has great places and spaces that are designed, built, maintained, and activated to create a connected and vibrant community

4 Year Action Plan (4YAP) Commitment	What we will achieve in 2026-27
Objective 1: We invest in, revitalise, and expand our open spaces, recreation facilities, and infrastructure to meet the needs of current and future communities and climates	
1.1 We maximise opportunities to expand high quality public open space	<ul style="list-style-type: none"> • Implement the updated Open Space Fund Policy to support the expansion and enhancement of open space across the City • Progress development of an Open Space Plan to guide future planning, design, and management of open space in line with community needs
1.2 We deliver the outcomes of the Ridge Park and Goodwood Oval precinct improvement plans	<ul style="list-style-type: none"> • Progress delivery of planned upgrades, subject to funding availability • Actively pursue State and Federal funding opportunities to support implementation of precinct improvements
1.3 We progress our investment to realise the \$150 million Unley Central Precinct, set to transform Unley Road into one of Adelaide’s premier retail, entertainment, and residential destinations.	<ul style="list-style-type: none"> • Progress resolution of key legal and planning matters to enable advancement of the Unley Central Precinct vision • Continue planning and stakeholder engagement to support future delivery of this transformational project



4 Year Action Plan (4YAP) Commitment	What we will achieve in 2026-27
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Objective 2: We create and activate welcoming public spaces for all people to deliver memorable experiences that inspire connection, foster a strong sense of place, and strengthen our City’s identity whilst enhancing its unique brand	
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2.1 We complete a precinct planning process for key strategic Council owned sites to coordinate development opportunities across the City, that are aligned with the City Plan and support the realisation of great places that attract and revitalise our City.	<ul style="list-style-type: none"> • Progress precinct planning for identified strategic sites, informed by community consultation and Planning for Growth outcomes • Prioritise development opportunities that support vibrant, connected, and attractive places across the City
2.2 We enhance the amenity, accessibility, inclusivity and sustainability of community open space based on utilisation, our open space strategies and Asset Management Plans to support active lifestyles and foster social interaction across diverse groups.	<ul style="list-style-type: none"> • Deliver targeted park and open space upgrades that improve accessibility, safety, and amenity • Align upgrades with asset management priorities and community needs to support active lifestyles and social connection
2.3 We deliver modern, engaging, and fit for purpose community facilities that foster connection and deliver value.	<ul style="list-style-type: none"> • Commence a review of community buildings to ensure facilities are functional, well-utilised, and aligned with future community needs • Identify opportunities to enhance existing facilities to better support connection, learning, and wellbeing
2.4 We attract and support events and experiences to stimulate local economic opportunities and social connectedness.	<ul style="list-style-type: none"> • Continue to support a diverse range of community events and activations through grants, sponsorship, and facilitation • Strengthen measurement of event outcomes, including social and economic benefits
2.5 We position Unley Oval as a premier regional facility for sporting, business and community events.	<ul style="list-style-type: none"> • Commence planning and feasibility work to position Unley Oval as a regional destination for sporting, business, and community events • Explore opportunities to attract events and develop a future-focused prospectus for the site

PLACES AND SPACES

CONNECTED, ACCESSIBLE AND VIBRANT

4 Year Action Plan (4YAP) Commitment

What we will achieve in 2026-27

Objective 3: We design our streets with people in mind to increase accessibility, active transport, and alternative modes of travel

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| <p>3.1 We lead, promote and support the ongoing transition to active transport modes for people living, working and visiting the City of Unley</p> | <ul style="list-style-type: none">• Continue implementation of the Walking and Cycling Plan through infrastructure upgrades and targeted initiatives• Use data from pedestrian and cycling counters to inform planning and investment decisions• Advocate for improved public transport connections to support accessibility and future growth |
| <p>3.2 We improve the accessibility of our neighbourhoods by upgrading footpaths, installing safe pedestrian crossings, and supporting safe movement across our City.</p> | <ul style="list-style-type: none">• Deliver upgrades to footpaths, roads, and pedestrian crossings to improve safety and accessibility• Progress the 'Accessible Streets' program to enhance connectivity for all users• Continue advocacy and implementation of reduced speed limits to support safer neighbourhoods |



4 Year Action Plan (4YAP) Commitment	What we will achieve in 2026-27
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Objective 4: We plan for future population growth with a City Masterplan that guides innovative and well-designed housing and development in the right places	
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4.1 We will develop a data-driven City Plan that leverages spatial analysis to strategically guide housing, economic development, and physical and social infrastructure development and investment in optimal locations.	<ul style="list-style-type: none"> • Progress development of a comprehensive City Plan informed by spatial data, Planning for Growth, and State Government direction • Identify opportunities to support housing diversity, economic growth, and infrastructure planning
4.2 We will establish a Design Awards program to celebrate and promote private development that demonstrates outcomes that reflect Unley’s strategic aspirations.	<ul style="list-style-type: none"> • Develop and launch a Design Awards program to recognise high-quality development that reflects the City’s strategic aspirations • Promote best practice in sustainability, housing diversity, and urban design excellence
4.3 We will develop a revised Keswick Barracks Precinct Urban Design Framework to guide our advocacy to the State Government for the site’s development as a state significant precinct, driving high value jobs, diverse housing, community and recreation facilities, and strong neighbourhood connections, while preserving its heritage and promoting sustainable and integrated outcomes.	<ul style="list-style-type: none"> • Continue advocacy and collaboration with State Government and key stakeholders to progress planning for the Keswick Barracks precinct • Develop a revised framework to guide future development, balancing economic, social, and heritage outcomes

Objective 5: We amplify the voice of our community by advocating for policies, partnerships, and funding that will enhance, future proof and attract investment in our places and spaces	
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5.1 Engage with State and Federal Governments for funding and policy changes, leveraging local insights into key strategies including the provision of input to the Greater Adelaide Regional Plan and infrastructure and transport strategies, to enhance our City through built form, urban greening, improved public spaces, and attracting sustainable investment.	<ul style="list-style-type: none"> • Continue to advocate for funding and policy outcomes that support infrastructure, public spaces, and sustainable growth • Strengthen partnerships with government and industry to deliver improved planning and development outcomes • Contribute to strategic planning initiatives, including regional and state-level plans, to ensure local priorities are represented
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FUNDING THE BUSINESS PLAN

Over 80% of Council's funding is generated from rates with the balance largely relating to fees and charges set by Council or statutory fees.

In setting the rates for 2026-27 Council proposes to continue with its current method of rating, which involves three differential rates with the application of a minimum rate, applied against the capital improved value of properties. Council considers this to be a fair and equitable method of rating for the City of Unley.

Rates income is used to deliver services. Rates are a form of property taxation, and property values determine how much each property contributes. This system of taxation means that the rates paid may not directly relate to the services used by each ratepayer.

Rate Statistics

Council is estimating approximately 19,870 assessments in 2026-27 including:

- 17,791 assessments within residential Category 1
- 984 assessments within non-residential Category 2 (including commercial shops, industrial, and vacant)
- 865 assessments within non-residential Category 3 (commercial offices and commercial – other)
- 230 non-rateable assessments.

Growth in the number of rateable assessments was 0.42%.

2026-27 General Rates

This 2026-27 Annual Business Plan and Budget incorporates an **average** increase in General Rates 3.8%, plus an additional 0.73% from new developments and capital improvements to existing properties. Total revenue from General Rates is expected to increase by 4.53%.

The average increase in General Rates of 3.8% was initially based on Adelaide CPI for the 12 months to December 2025 of 3.3%, and incorporated an addition 0.5% of revenue to respond to cost pressures arising from the global economic circumstances, and anticipated increases in inflation.

Adelaide CPI for 12 months to April 2026 was 4.6%, however the additional cost pressures potentially arising from the higher than forecast inflation will be monitored and managed during the year through budget reviews (if required).

The amount of rates payable for each property in 2026-27 will depend on its capital value, as assessed by the Valuer General, and how that value has changed compared to other properties in the same rating category.

While the average rate increase is 3.8%, the actual amount each ratepayer pays may be higher or lower. This is influenced by the individual property's valuation, the type of land use (such as residential or commercial) and whether there have been any new developments or improvements made to the property.



COUNCIL RATES

Valuation Method

The Council uses the capital value method of valuing properties. This method values the land and all improvements on the land. It is the most widely used method across South Australian councils.

Council considers this valuation method the most equitable method to spread the rates burden across the measure of wealth within the City. It equates to the taxation principle that people should contribute to community, social and physical infrastructure in accordance with their capacity to pay as measured by property wealth.

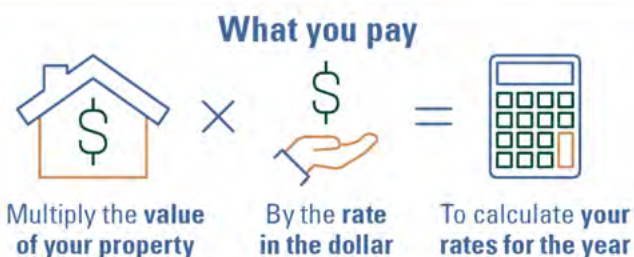
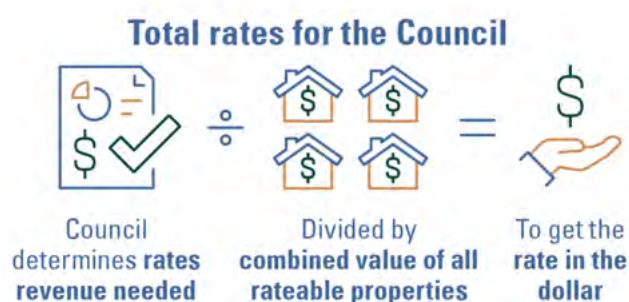
How Council Rates are Calculated

Council determines the total rates revenue required, and adjusts the rates in the dollar relative to the average movement in property valuations (within each rating category) to achieve the required revenue.

Individual property rates are calculated by multiplying the property's capital valuation, as determined by the South Australian Valuer-General, by a rate in the dollar.

Property valuations are set by the Valuer General and Council is not involved in the setting of property values. Find more information on valuations at valuergeneral.sa.gov.au.

Council considers that rates based on the capital value of the property provide the fairest method of distributing the rate burden across all ratepayers. It is important to note that Council does not benefit from an increase in property valuations; it simply affects the distribution of rates to individual properties via the rate in the dollar.





GENERAL RATES

Differential General Rates

Council will declare three differential General Rates according to the land use category. The land use categories are provided in the table below.

Category 1 Income estimate \$41.8M	Residential
Category 2 Income estimate \$4.4M	Commercial Shop Industrial Light Industry Other Vacant Land Other
Category 3 Income estimate \$7.0M	Commercial Office Commercial Other

Council considers the principle of rate stability when assessing the rates distribution across the three categories. The change in capital value across the land use categories and the rates income provided by each category will also be considered.

Minimum Rate

Council has decided that there will be a minimum rate on every rateable property. Council considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities and creating and maintaining the physical infrastructure that supports each property. The proposed minimum rate for 2026-27 is \$1,063, an increase of 3.8% from 2025-26.

There will be approximately 3,325 assessments paying the minimum rate in 2026-27.

Rating of short-stay rental accommodation

The land-use classification of residential properties that are used for short-stay rental accommodation changed from 1 July 2025 to reflect their commercial nature. Properties identified as offering tourist accommodation on a commercial basis pay the 'commercial - other' rate in the dollar rather than the 'residential' rate in the dollar.

General Rates Revenue

General Rate Revenue is forecast to increase from \$50.9M to \$53.2M (\$51.1M to \$53.4M before discretionary rebates and allowances for objections). This represents an increase of 4.53% (inclusive of a 0.73% increase from new developments and capital improvements) compared to the 2025-26 financial year, before estimated mandatory and discretionary rebates.

The average rates payable for each differential rate category, which are based on the land use categories, will increase as outlined in the table on the next page.





Estimated rate increase by land use category

The following average increases are estimates only as the final property valuations will not be received from the Valuer General until early June.

	Average Rates Payable \$		Estimated Increase	
	2025-26	2026-27 Estimate	\$	%
Category 1				
Residential	2,264	2,351	87	3.8%
Category 2				
Commercial - Shop	3,880	4,222	342	8.8%
Industrial Light	3,946	4,491	545	13.8%
Industry Other	7,214	7,531	317	4.4%
Vacant Land	5,759	5,464	(295)	(5.1%)
Other	10,619	11,534	915	8.6%
Category 3				
Commercial - Office	7,352	7,801	449	6.1%
Commercial - Other	6,041	6,514	473	7.8%
Minimum Rate Payable	1,024	1,063	39	3.8%

The rates assessment (rates payable) for a specific property will be dependent upon the 2026-27 capital valuation for the property, as assessed by the Valuer General, and the movement in that valuation relative to all other properties with the same differential rate.



SEPARATE RATE FOR BUSINESS PRECINCTS

Council collects a separate rate within key business precincts (excluding Glen Osmond Road) for the provision of business precinct improvements, including streetscape improvements, marketing and promotional activities, events and activation programs, and costs associated with the administration of these initiatives. The revenue generated by the separate rates for 2026-27 has been considered following consultation with the Main Street Trader Associations and Council’s Business and Economic Development Advisory Committee which proposed a 3.3% increase.

Unley Road

Currently there are approximately 461 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other that pay the separate rate.

King William Road

Currently there are approximately 126 ratepayers with a land use of Commercial Shop with addresses along King William Road between Greenhill Road and Commercial Road that pay the separate rate.

Goodwood Road

Currently there are approximately 104 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other, with addresses along Goodwood Road between Leader Street / Parsons Street to the north and Mitchell Street / Arundel Avenue to the south that pay the separate rate.

Fullarton Road

Currently there are approximately 54 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other, with addresses along Fullarton Road between Cross Road and Fisher Street that pay the separate rate.

Fullarton Road Traders pay a fixed amount will be \$309.90 for 2026-27, an increase of 3.3% compared to the 2025-26.

Main Street Trader Associations	Separate Rate raised in 2025-26	Separate Rate to be raised in 2026-27	% Increase (Decrease)
Unley Road	\$146,440	\$151,306	3.3%
King William Road	\$169,145	\$174,745	3.3%
Goodwood Road	\$64,297	\$66,437	3.3%
Fullarton Road	\$16,500	\$16,735	1.4%
			(3.3% per property)



Acai Bowls • Frozen Yoghurt • Smoothies • Coffee
Acai & frozen yoghurt Bar

Acai & Frozen Yoghurt



OTHER RATING INFORMATION

Regional Landscape Levy (Formerly the Natural Resources Management Levy)

The Green Adelaide Board has advised the collection amount for 2026-27 is \$1.706M, an increase of 0.72% compared with 2025-26.

Council does not retain this revenue, nor determine how the revenue is spent.

Discretionary Rebates

The Council may grant a discretionary rebate of rates under Section 166 of the *Local Government Act 1999*.

To ensure all ratepayers contribute an amount towards basic service provision, the maximum discretionary rebate is 75%.

Applicants seeking a discretionary rebate are required to submit an application form to the Council on or before 1 May prior to the rating year. When deciding an application for a discretionary rebate, Council considers whether the applicant:

- is not-for-profit
- provides services or activities that are aligned to Councils Community Plan and key strategies
- provides a direct benefit to the residents of the City of Unley
- allows access to the services or activities by the community and general public
- provides direct services to the community as distinct from administration or advocacy

Council's Rate Rebate Policy is available on the City of Unley website, www.unley.sa.gov.au.





EXPECTED IMPACT ON RATE PAYERS

To support the delivery of the strategic priorities and services outlined in the 2026-27 Annual Business Plan and Budget, Council requires a total General Rates income of \$53.2 million, or an increase in average General Rates of 3.8% compared to 2025-26. This includes the application of discretionary rebates and incorporates a modest growth component of 0.73% attributed to new developments and capital improvements within the community.

Council acknowledges the ongoing financial challenges many households and businesses are facing due to the increased costs of living and economic uncertainty. In this context, Council has taken a fiscally responsible approach to budgeting, balancing the need to maintain its quality of services and infrastructure with the economic realities confronting the community.

While Council is not immune to these cost pressures, particularly in areas such as contractual services, utilities, and materials, it continues to exercise prudent financial management. Through cost containment measures and careful prioritisation of capital works, Council has been able to limit the average rate increase, while still achieving a responsible operating surplus ratio of 4.4% (based on a 3.8% General Rate increase).

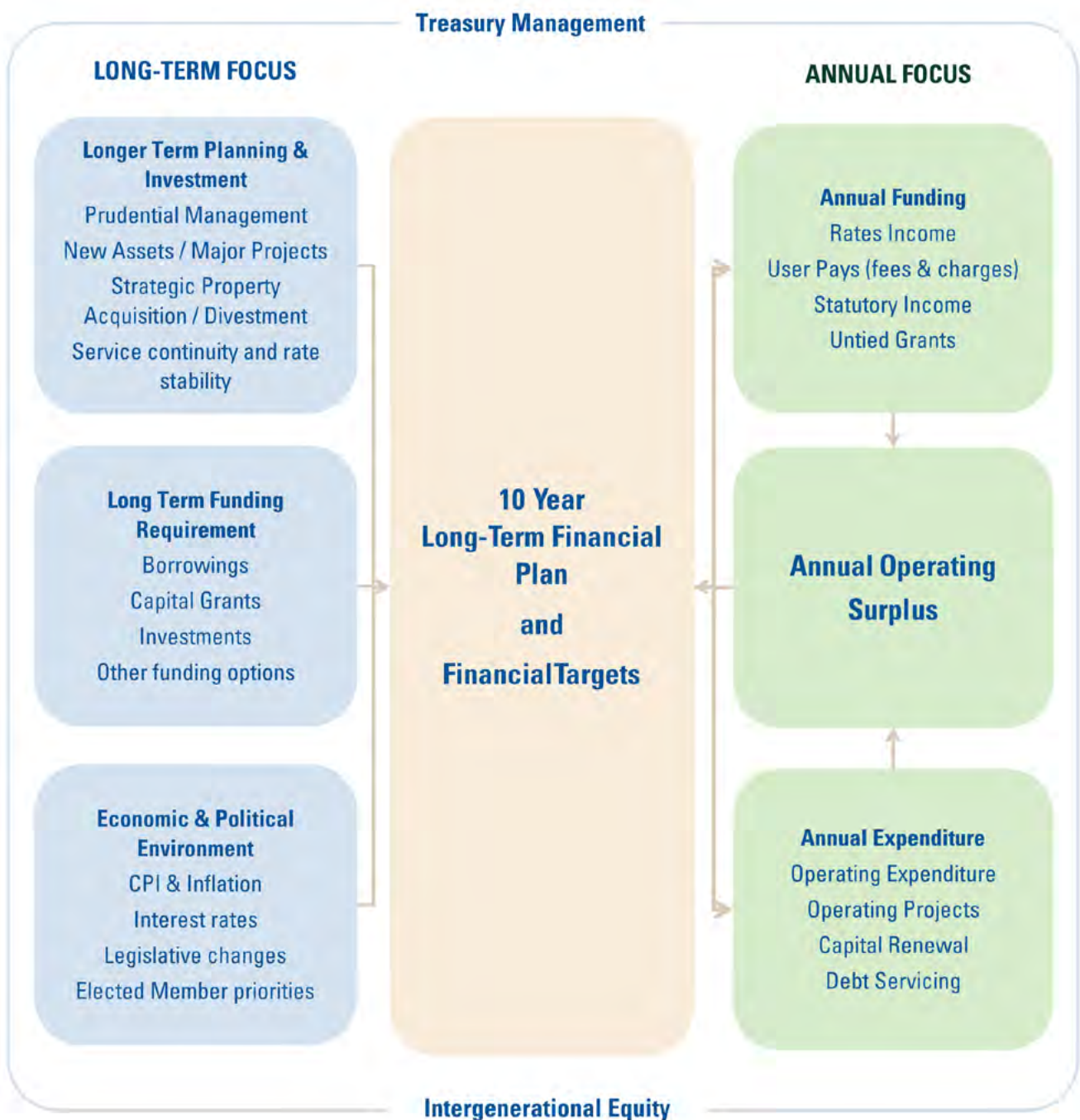
This approach ensures the continued financial sustainability of Council while delivering value for money to ratepayers and investing in the long-term wellbeing of the City.



FINANCIAL SUSTAINABILITY

Council’s Financial Sustainability is managed through its Financial Planning Framework and Long Term Financial Plan.

The following diagram illustrates the overall funding framework for the City of Unley and the use of the annual operating surplus and longer-term funding sources including strategic property divestment.





Council has established six key Financial Sustainability Principles to guide its decision making and consideration of its Annual Business Plan and Budget each year.

1. Community-Aligned Services

Council delivers services that reflect the needs and expectations of the community. Services levels are monitored and optimised to ensure efficiency, effectiveness, and long-term sustainability. New services should be supported by a cost/benefit analysis, while significant changes to existing services should only be considered following a service review.

2. Rating Stability

Council determines rate revenue after considering the cost of delivering services, asset renewals, strategic initiatives and servicing debt. Council will avoid significant or unexpected increases in rates (i.e. greater than 2% above LTFP forecasts or CPI) that could impact community affordability. Annual rate increases will be within 1% of December CPI for the preceding calendar year.

3. Maintaining Operating Surpluses

Service levels and operating initiatives are balanced with forecast income and expenditure to achieve operating surpluses aligned with the endorsed financial target of between 4% and 6% per annum.

4. Prudent Asset Management

Council delivers an evidence-based Asset Renewal Program, underpinned by condition assessments. Asset Management Plans are fully funded over the life of the Long-Term Financial Plan (LTFP). Assets are renewed at the end of their useful life, unless their early renewal is aligned to the renewal of other assets (at the end of their life) or supported by a cost/benefit analysis.

5. Co-Funding Major Capital Projects

Council actively pursues external funding opportunities to enable the timely delivery of new community infrastructure and facilities, and without placing undue burden on rate payers. Projects should be aligned to the objectives within the Community Plan and be supported by a whole of life cost/benefit analysis.

6. Responsible Borrowing

Borrowings are used prudently to fund new/upgraded infrastructure, facilities, and strategic property initiatives that align with the Community Plan and deliver long-term community value. Borrowings will not be used to fund operating or renewal expenditure.



LONG-TERM FINANCIAL PLAN

Council uses a Long-Term Financial Plan (LTFP) to guide its financial decisions to ensure it is diligent in its financial management and considers a longer-term view.

The LTFP has been reviewed and updated to reflect the most current information available. A summary is included on pages 82-83 of this document, and the full LTFP is available on Council's website.

In preparing the Long-Term Financial Plan, consideration has been given to:

- What services are to be provided,
- The level of those services,
- The rating impost to avoid unexpected rate shocks,
- Income from other sources,
- Potential new assets and changes to service demands,
- The level of funding required from borrowings, and
- The ability to service those borrowings.

The key objective of Council's LTFP is to help ensure financial sustainability in the medium to long term, whilst still achieving the objectives detailed in Council's Community Plan.

Council uses the LTFP to guide the development of its Annual Business Plan and Budget, by setting the high level parameters and targets that will assist Council in maintaining the current level of services, without unplanned or significant increases to the rates paid by ratepayers, or unplanned cuts to services.



KEY FINANCIAL TARGETS

Under the requirements of the *Local Government (Financial Management) Regulations 2011*, Council's LTFP, Budget and Annual Financial Statements must include the following ratios:

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

These ratios are to be presented in a manner consistent with the Financial Indicators required in the Model Financial Statements.

The Asset Sustainability Ratio is also monitored to assess renewal expenditure relative to depreciation.

These targets have been reviewed by the Audit and Risk Committee and Council as a part of the review of the draft LTFP.

Financial Indicator	Adopted Target
Operating Surplus Ratio*	Between 4% - 6% annually LTFP average of 5%
Net Financial Liabilities Ratio	LTFP average of less than 50%, and not greater than 80% at a point in time
Asset Renewal Funding Ratio	LTFP average 100% of recommended spend in the Asset Management Plans
Asset Sustainability Ratio	LTFP average 100% of depreciation

** (excluding equity accounted businesses)*



ESCOSA'S REVIEW

In 2024 the Essential Services Commission of South Australia (ESCOSA) undertook a review of the City of Unley's 2024-25 to 2033-34 Long-Term Financial Plan and Asset Management Plans to assess the Council's financial performance and sustainability.

The advice published by ESCOSA stated the following:

"The Essential Services Commission finds the City of Unley's current and projected financial performance sustainable, considering the Council's average expected growth in properties of 0.3 percent per annum over the next 10 years, the planned average rate increases of 2.8 percent per annum per property over this period, and the effective management of assets."

ESCOSA identified that the City of Unley was sustainable for each of the following:

- Past 10 Years: Sustainable
- Current: Sustainable
- Projected: Sustainable.

ESCOSA identified one risk impacting sustainability:

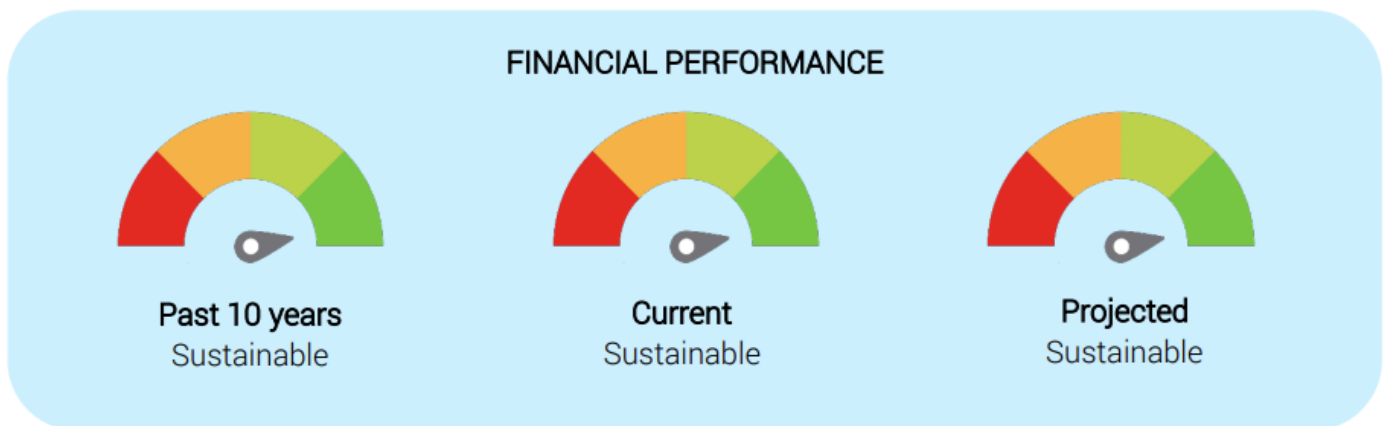
"If operating costs are not contained within forecasts, the forecast operating surplus may not be achieved."

Council's response to this is as follows:

Cost pressures and savings are monitored on a quarterly basis and advised where required as part of the ABP&B process or Quarterly Budget Reviews.

Longer term cost pressures are considered as part of the review of the LTFP. The work being undertaken to review and monitor costs associated with the delivery of services will assist in understanding what options the Council has to manage cost pressures over the medium to long term.

ESCOSA made four recommendations to Council as provided on the following page, along with Council's response to the recommendations.



Source: ESCOSA's report Local Government Advice City of Unley February 2025



ESCOSA's Recommendations

Recommendations	Council response (updated for 2026 Budget Adoption)
<p>Publish a comprehensive review of the Long-Term Financial Plan annually, to improve transparency for stakeholders.</p>	<p>A comprehensive version of the Long-Term Financial Plan (LTFP) was adopted by Council in June 2024 and is published on the Council's website. At the time, the Administration committed to review, update and publish a comprehensive version of the LTFP annually in conjunction with the Annual Business Plan and Budget (ABP&B) process.</p> <p>In 2025, the full 2025-2035 LTFP was reviewed and adopted by Council in September 2025.</p> <p>In 2026, the full 2026-2036 LTFP has been reviewed and due to be adopted by Council in June 2026</p>
<p>Continue to review its inflation forecasts in its budget and forward projects at least annually.</p>	<p>The inflation forecasts continue to be monitored on a regular basis. They are:</p> <ul style="list-style-type: none"> • considered as part of the initial review of the LTFP by the Audit and Risk Committee in November/December each year. • presented to an Elected Member briefing prior to the commencement of the draft ABP&B; and • discussed as part of the budget workshop in March, and the workshop to consider council rate increases before the adoption of the ABP&B in late May/early June. <p>The Finance Team also monitors the forecasts on a quarterly basis.</p>
<p>Continue to monitor cost growth in its budgeting where possible, and report savings in strategic documents.</p>	<p>Cost pressures and savings are monitored on a quarterly basis and advised where required as part of the ABP&B process or Quarterly Budget Reviews.</p> <p>A Services and Activities Register (presented to Council in May 2026) provides greater transparency of Council's services, while a Service Review Frameworks provides a structured framework for ongoing service reviews. Together, these initiatives provide a more informed and transparent basis for evaluating service delivery, prioritising resources, and shaping future service offerings.</p> <p>The monitoring of cost savings in strategic documents is being considered as part of the next stage of the Services and Activities register development.</p>
<p>Continue to minimise further average rate increases above inflation, to help reduce any emerging affordability risk in the community.</p>	<p>The proposed annual rate increases are considered as part of the Annual Business Plan & Budget process in the context of forecast and actual Adelaide CPI, the cost of maintaining the services to the community, and strategic initiatives.</p> <p>Council aims to minimise any proposed rate increases, however at the same time it also needs to consider the impact of annual decisions on its ongoing financial sustainability.</p>

A copy of ESCOSA's report has been attached to this Annual Business Plan and Budget. It can also be accessed from ESCOSA's website: www.escosa.sa.gov.au.

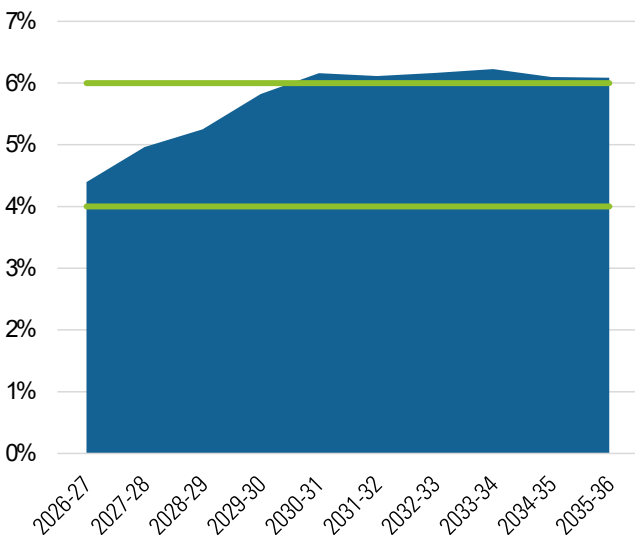
FINANCIAL RATIOS

Operating Surplus Ratio

Operating surplus as a percentage of operating income. This ratio measures the Council's ability to cover annual operational costs and have capacity to fund new and upgraded assets, repay its borrowings, or fund new services.

Council is forecasting an Operating Surplus Ratio of 4.4% for the 2026-27 financial year, based on an average General Rate increase of 3.8%. This is within the target range of between 4% and 6% per annum.

The Operating Surplus Ratio in the LTFP is forecast to range between 5.0% to 6.2% from Years 2-10 of the LTFP, and average 5.7% across the life of the Plan. This is within the annual target range of 4% to 6%, and above the long-term average target of 5%.



Net Financial Liabilities Ratio

Net financial liabilities as a percentage of operating income. This ratio measures Council's net debt relative to its operating income, and Council's ability to repay what it owes (debt, creditors, etc) at the end of a financial year compared with its income for the year.

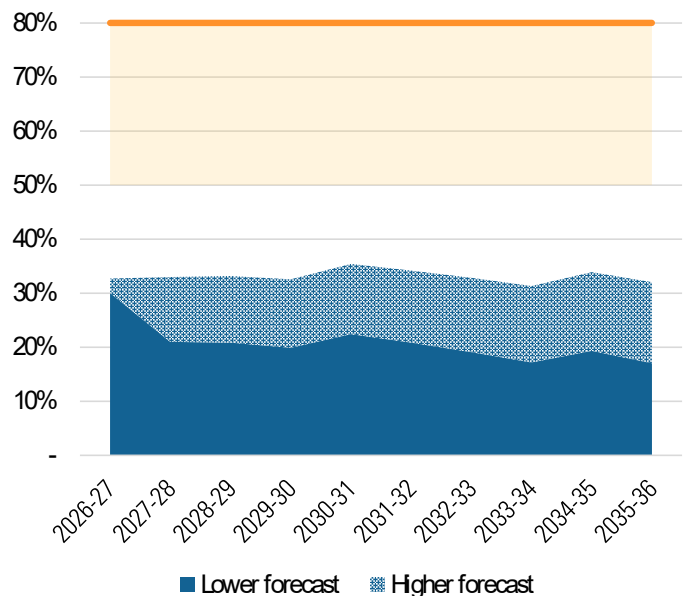
An increase in this ratio indicates that Council requires more of its operating income to fund its financial obligations. A drop in this ratio indicates that Council's capacity to meet its financial obligations is strengthening.

Council is forecasting a Net Financial Liabilities Ratio of 33% for the 2026-27 financial year, well within the less than 80% target.

The Net Financial Liabilities Ratio is forecast to range between 30% to 34% from Years 2-10 of the LTFP, with an average of 32% across the life of the LTFP. This is within the LTFP average target of less than 50%.

Council is considering the sale of surplus land. If these sales occur, the Net Financial Liabilities Ratio would reduce to 30% in 2026-27, and an average of 20% across the life of the LTFP.

Borrowings are forecast to peak at \$18.7M in 2034-35 (or \$13.2M in 2026-27 if the sale of surplus land occurs). This is within Council's capacity and scope of existing debt facilities.



Asset Renewal Funding Ratio

Capital renewal expenditure as a percentage of recommended expenditure in the Asset Management Plans.

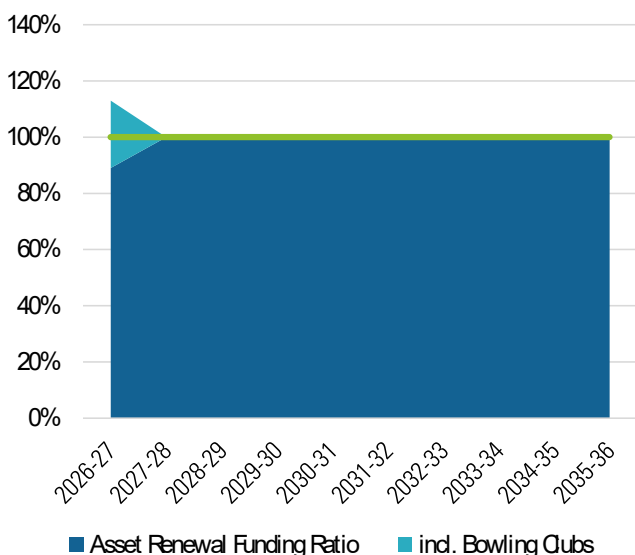
The Asset Renewal Funding Ratio represents the level of capital expenditure on the renewal of compared to the level of such expenditure identified as warranted in Council's Asset Management Plans.

The recommended expenditure by the Asset Management Plans has been 'smoothed' over the 10 years to assist in managing resources. Associated risks have been considered to ensure the assets are managed in a sustainable manner.

Council is forecasting an Asset Renewal Funding Ratio of 89% for the 2026-27 financial year based on the gross expenditure in the Capital Renewal Program. However it should be noted that the Capital Renewal Program excludes the renewal components of the Sturt and Millswood Bowling Club Redevelopments (within New Capital Projects), which increase the ratio to 113%.

The Asset Renewal Funding Ratio is forecast to be 100% from Year 2-10 of the LTFP.

While the expenditure has been smoothed within the Asset Management Plans, condition inspections may impact the actual spend in each year over the 10 year life of the LTFP.



Asset Sustainability Ratio

Capital renewal expenditure as a percentage of depreciation.

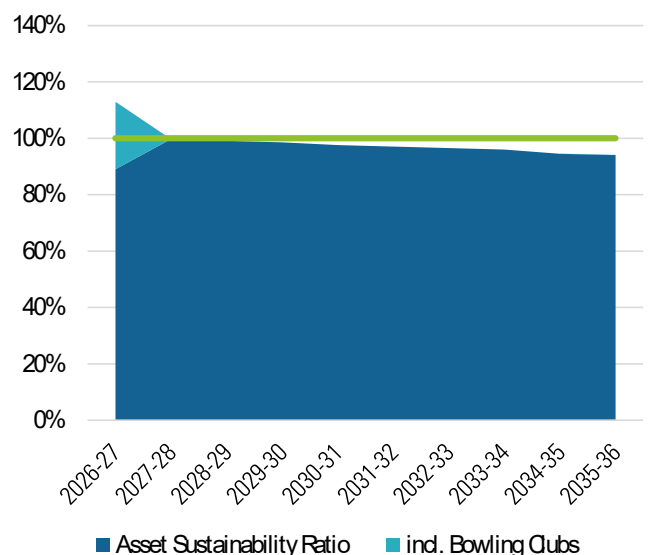
This ratio compares capital renewal expenditure relative to the consumption of the asset over its life.

The Essential Services Commission of South Australia (ESCOSA) monitor the Asset Sustainability Ratio as council rates are used to fund depreciation.

Council uses this ratio to monitor that the life of an asset is appropriate to its physical use.

Council is forecasting an Asset Sustainability Ratio of 89% for the 2026-27 financial year based on the gross expenditure in the Capital Renewal Program. However it should be noted that the Capital Renewal Program excludes the renewal components of the Sturt and Millswood Bowling Club Redevelopments (within New Capital Projects), which increase the ratio to 113%.

The Ratio forecast to average 96% over the life of the Plan. In Year 1 it is forecast to be 89% (consistent with the Asset Renewal Funding Ratio). From Year 2 onwards, it reduces from 100% to 94% in Year 10 of the Plan. This reduction reflects the additional depreciation allowance for New Capital Projects incorporated in the LTFP. No capital renewal allowances are made in the Asset Management Plans for these New Capital Projects as they do not require renewal within the life of the LTFP.



BUDGET FRAMEWORK

The Budget Framework formalises changes in respect to the approved Annual Business Plan and Budget as a result of responding to opportunities, emergencies or other unforeseen events at the time of setting the budget.

Operating Budget (excluding projects)

The core operations of the Council are detailed by Operating Activities on pages 58-61. Council approval will be required where total operating expenditure varies from its approved budget as presented in the Statement of Comprehensive Income on page 76.

Operating Projects

Operating Projects and Initiatives have been developed in consultation with Council, and are detailed on pages 62-64.

Council approval will be required where a change in individual project expenditure is required unless the projects are linked to an identical outcome and delivered by the same program.

For these projects, a reallocation between projects can be undertaken without the need for separate Council approval.

In addition, where a project has been approved by Council and the project is allocated to sub projects, the budget can be reallocated across sub projects without Council approval. However, Council approval is required to increase or reduce the overall budget previously approved.

Where a new operating project is to be considered or deferred, this will require Council approval.

New Capital Projects

A list of new capital works projects has been developed in consultation with the Council and is detailed on pages 66-69.

Where changes to the individual new capital project expenditure budget are necessary, Council approval is required. Further, where a new project is to be considered or an existing project deferred, this will also require Council approval.

Capital Renewal

These programs and the list of priority projects have been developed with reference to Council's Asset Management Plans based on condition, levels of service and Council's ongoing commitment to operating and maintain its asset portfolio.

Where changes to the relevant asset category expenditure budget are necessary, Council approval is required.

The individual program summary for Capital Renewal has been provided on pages 71-75.

When grant funding is received with equivalent income and expenditure, the budget can be adjusted to account for the grant without the need for separate Council approval.

In situations where grant funding requires matching or additional funding from Council, this represents an increase in net expenditure and Council approval is required.

Accounting Reclassification

Where a project requires reclassification between the operating and capital budget to reflect accounting principles, the reclassification will occur when practical and the relevant details will be provided to Council at the following budget review.

It is noted that transfers between operating and capital budgets have no cash impact on the overall budget.



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HOME SERVICE

Are you unable to visit your library?
We will deliver and collect books, audiobooks and e-books to your home.

Please contact our Home Library Service on 08 9429 2100 for more information.

Unley

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PEAK

ANNUAL OPERATING ACTIVITIES

Operating Activities	Income	Expenditure	Net Expenditure
	\$'000		
Asset Management Provides sustainable strategic management of Council's asset portfolio.	95	1,748	1,653
City Infrastructure Management Provides general management, executive support and leadership to the services provided by City Infrastructure.	-	434	434
Business Precincts The collection of the Separate Rate for the provision of business precinct improvements, including streetscape improvements, marketing and promotional activities, events and activation programs, and costs associated with the administration of these initiatives.	409	409	-
Technology and Business Improvement (previously Business Systems and Solutions) Manages and maintains Council's Information and Communication Technology infrastructure, applications, and supporting systems to provide high levels of secure service that support business operations and performance.	-	4,713	4,713
City Operations Provides maintenance services to Council's infrastructure, property, open space, street and park trees, plant and equipment assets.	1,510	18,434	16,924
City Shaping Management Provides general management, project management and leadership to the services provided by City Shaping.	-	317	317
Community & Organisational Development Management Provide general management, executive support and leadership to the services and programs provided by Community & Organisational Development.	-	425	425
Community Bus Program A community transport service within the City of Unley provided by fully trained and accredited volunteer drivers, aimed at improving mobility plus connection to more city services.	10	133	123
Community Centres Management and provision of a thriving network of community centres that promote social inclusion, belonging and connection.	625	1,260	635
Community Connections Management Provide management, support and leadership of the projects, programs and services provided by the Community Development and Community Wellbeing teams.	-	197	197

Operating Activities	Income	Expenditure	Net Expenditure
	\$'000		
Community & Cultural Development Provision of social planning and community development including, art and cultural development programs, community events, community grants, volunteer services and youth development.	1	1156	1,155
Community Safety Promote community safety through education, awareness and compliance with the legislation relating to the Road Traffic Act and Local Government Act and By Laws and the Dog and Cat Management Act and Local Government Act..	1,424	1247	(177)
Corporate Activities The collection and payment of the Landscape Levy (\$1.7M) to the Green Adelaide Board, and the accumulation of corporate costs including leave on-costs, treasury management, levies and taxes and insurances.	2,775	3,520	745
Customer Experience Coordinate and manage the City of Unley brand through customer service, provision of frontline customer service plus resolve customer enquiries and build goodwill within the City of Unley community.	1	762	761
Customer Experience & Communications Management Provide management, support and leadership of the projects, programs and services provided by the Customer Experience, Community Safety, and Communication and Marketing teams.	-	233	233
Development Services Planning and building control within the City in accordance with the Development Act and Regulations and other legislative requirements.	597	2,069	1,472



ANNUAL OPERATING ACTIVITIES

Operating Activities	Income	Expend.	Net Expenditure
	\$'000		
Economic Development Manage the implementation, monitoring and evaluation of economic development activities and strategic initiatives within the City of Unley.	5	482	477
Environmental Initiatives Drive improved environmental sustainability through policies, strategies, programs and projects.	-	555	555
Finance & Procurement Collects rates and delivers accounting, financial, procurement and treasury management services required to support Council's operations, including statutory and financial reporting obligations.	53,448	1,869	(51,345)
Governance, Risk and Strategy Undertakes administration of legislative and corporate governance requirements, risk management, and strategic planning and performance reporting.	-	756	756
People and Culture Provides support in recruitment, change management, employee relations, injury management, occupational health & safety and welfare.	-	1,749	1,749
Library Services Provision of library services, programs and facilities to encourage literacy, lifelong learning and social inclusion and connection.	360	2,665	2,305
Marketing & Communications Coordinate and manage the City of Unley reputation and brand in digital and printed communications and media relations.	-	914	914
Office of the CEO Organise and manage the governance of the City of Unley, including support for Elected Members and Civic Functions.	412	1,488	1,076
Property & Facilities Provides sustainable strategic management of Council's building and property asset portfolio.	994	3,536	2,542
Public & Environmental Health Promote community health and safety through education, awareness and compliance with the legislation relating to the Environment and Protection Act and the Local Government Act.	54	485	431
Strategic Projects Facilitates delivery of major strategic initiatives from the 4 Year Delivery Plan and Community Plan.	-	181	181



Operating Activities	Income	Expend.	Net Expenditure
	\$'000		
Transportation & Traffic Provides coordination, administration and support to provide an effective, safe and equitable management of transport spaces for all modes, ratepayers and visitors to improve local accessibility and safety.	-	686	686
Unley Museum Provision of the Unley Museum to showcase the cultural heritage and history of the area through the provision of collection, exhibitions and programs.	-	368	368
Unley Swimming Centre Provision of a premier outdoor swimming facility, encouraging community health, wellbeing and water safety.	991	1,468	477
Waste Operations Collection and disposal of general waste, kerbside recycling, green waste and a hard rubbish collection service.	262	5,505	5,243
Total (before Operating Projects & Initiatives)	63,975	59,766	(4,209)
Operating Projects & Initiatives	-	1,398	1,398
Total including Operating Projects & Initiatives	63,975	61,164	(2,811)

OPERATING PROJECTS & INITIATIVES

Operating Projects & Initiatives	2026-27 Net Expenditure
Environmental Initiatives	
Carbon Accounting & Communications	
The licensing of a carbon accounting tracking system to monitor Council’s emission reduction actions, and to communicate greenhouse emissions inventories, sustainability reporting and benchmarking.	25,000
City Wide Greening Verges	
The conversion of Council verges from dolomite to loam which are then planted and maintained by residents. The program has enabled the conversion of over 600 verges and a total area of approximately 11,100m ² across the City in the last 9 years.	60,000
Accelerated Tree Planting Program	
The planting of 440 new trees across the City in 2026-27 as part of Council’s Tree Strategy and commitment to increase canopy cover on Council owned land.	180,000
Community Climate and Energy Plan (Year 2 of 2)	
The development of a Community Climate and Energy Plan through a Shaping Unley community engagement process.	35,000
Tree Canopy Offset Incentive Scheme	
Preparation for the introduction of a Tree Canopy Offset Scheme to reduce the impact of new developments on tree canopy cover in the City of Unley. Should the Minister for Planning approve the Scheme, next steps include establishing it and delivering Year 1 of the 10 Year Scheme.	50,000
350,000	





Operating Projects & Initiatives	2026-27 Net Expenditure
Events	
<p>Australia Day 2027</p> <p>A community event to celebrate Australia Day to be held in conjunction with a Citizenship Ceremony and Australia Day Awards presentation.</p>	15,000
<p>It's on in Unley Events Program</p> <p>It's on in Unley will deliver a series of community events that focus on engaging our community through free-to-the-public open space activations throughout 2026-27.</p>	125,000
<p>Merry Streets</p> <p>Merry Streets will deliver multiple activations across the City of Unley, responding to community need and encouraging neighbourhood connection.</p>	20,000
<p>Double Shot Coffee Fiesta 2027</p> <p>Funding for the Double Shot Coffee Fiesta will be utilised to celebrate our thriving local coffee culture and talented baristas. The event will feature competitions, demonstrations, food, entertainment and all things café culture, fostering community pride in our City. This event is subject to a review of major events by Council.</p>	90,000
	250,000
Economic Development Initiatives	
<p>Event Sponsorship to Main Street Trader Associations</p> <p>Financial support for the Business Precincts to deliver an event or activation within their precinct that stimulates the visitor economy and activates the public realm.</p>	40,000
<p>Unley Business Awards</p> <p>The City of Unley Business Awards Program celebrates businesses and professionals who have demonstrated outstanding leadership, innovation, sustainability and community engagement. The Program highlights the diversity and vibrancy of businesses within the City, and the contributions they make to the City's economic development.</p>	10,000
	50,000

OPERATING PROJECTS & INITIATIVES

Operating Projects & Initiatives	2026-27 Net Expenditure
Other Initiatives & Projects	
<p>Clarence Park Community Centre Partnership (Year 5 of 5) An annual contribution to support <i>The Shed Program</i> at the Clarence Park Community Centre and contribute to the salary of the Shed Coordinator.</p>	15,000
<p>Cultural mapping (Year 2 of 2) Undertaking cultural mapping is a key action in the Cultural Plan 2021-2026 and our Reflect Reconciliation Plan. This work is significant for building an understanding of our collective history, strengthening our connections with Aboriginal and Torres Strait Islander peoples and communities, informing our custodianship and care for our local natural environment, informing future programming and activities, and the future naming of local places.</p>	35,000
<p>Royal Adelaide Show Traffic Management (Year 2 of 5) Council's financial contribution to the cost of traffic management for the 2026 Royal Adelaide Show.</p>	28,000
<p>All Connections to Unley Art Prize Hosting the competition and awarding the prize in 2027, the artworks will be reproduced on street bin signage and displayed throughout the year.</p>	20,000
<p>Greenhill Road Shared Use Path Design Options Study Investigating feasible design options for a shared-use walking and cycling path along Greenhill Road within the Adelaide Park Lands, in collaboration with the City of Adelaide and the City of Burnside. The study will assess constraints, opportunities, and impacts focusing initially on the Goodwood Road to Unley Road section to inform a preferred cross-council solution, support stakeholder engagement, and enable future consultation, detailed design, and potential joint funding opportunities.</p>	70,000
<p>Memorandum of Understanding with Alliance Française The proposed MOU formalises an ongoing partnership between the City of Unley and Alliance Française to promote French language and culture. It includes delivery of community events such as Taste of the Tour (a cycling, cultural and food-focused event), children's French film screenings with the Unley Library, and an end-of-year picnic at Fullarton Park,</p>	10,000

Operating Projects & Initiatives

2026-27
Net Expenditure

Other Initiatives & Projects contined

Services and Organisational Development Plan

The Services and Organisational Development Plan 2026-2030 sets out how Council will strengthening service delivery and organisational capability with a focus on customer experience, community engagement, partnerships, processes, digital enablement, and workforce planning. Key priorities for 2026-27 include:

- A review of our Customer Service Standards to ensure they are fit for purpose;
- Review our Community Engagement Policy and Framework to ensure we are connecting with our community, and the community's voice is at the centre of our decision-making; 200,000
- Conduct Service Reviews to drive performance, innovation and alignment to community and statutory needs;
- Develop a Strategic Partnerships and Advocacy Framework to strengthen our leadership position through more strategic advocacy, collaboration and partnerships; and
- Implement the new Corporate and Destination Brand, connecting with our community through clear, consistent and meaningful communications.

Local Government Elections

Funding to conduct the 2026-27 Local Government Elections including the Electoral Commissions election delivery fee and supporting organisational resourcing, IT, training, and administrative costs.

370,000

748,000

Total

1,398,000



NEW CAPITAL PROJECTS

New Capital Projects	2026-27		
	Gross Expenditure	Less Income	Net Expenditure
<p>Unley Museum and Galleries</p> <p>The redevelopment of the Unley Museum and Galleries encompasses the extension of the existing Museum and an expansion across the rear of the cottages located at 78 and 84 Edmund Avenue. The project will include refurbishment of the existing cottages and additional floor spaces to include new gallery and exhibition spaces, storage rooms, kitchens, accessible public toilets, and office and studio spaces for staff and volunteers. This is a multi-year project that commenced in 2025-26.</p>	3,423,000	(1,311,000)	2,112,000
<p>Electrification of Swimming Centre Heat Pump</p> <p>The electrification of the Unley Swimming Centre Pool Heat Pump is a key initiative outlined in Council's Climate & Energy Plan, designed to replace the existing gas boilers with a more sustainable solution. This is a multi year project from 2025-26.</p>	1,990,000	(980,000)	1,010,000



New Capital Projects	2026-27		
	Gross Expenditure	Less Income	Net Expenditure
<p>Brown Hill Keswick Creek (BHKC) Contribution</p> <p>The City of Unley together with the Cities of Burnside, Mitcham, West Torrens, and Adelaide have collaborated to develop a catchment-based approach to mitigating flood risk and use of stormwater where feasible in the Brown Hill and Keswick Creek catchment. The City of Unley contributes 21% of the Board's capital costs as identified in its Stormwater Management Plan.</p>	840,000	-	840,000
<p>City Wide Flood Mitigation Plan Implementation</p> <p>To deliver the on-ground works for portion of the proposed Year 3 works in accordance with the priority Plan. Several detailed designs will also be developed and finalised for future works. These designs will enable Council to apply for grant funding opportunities which may be available for future delivery of on-ground works. The planned works for 2026-27 are:</p> <ul style="list-style-type: none"> • Construction of new pipe and pits Scammell Reserve - Fisher Street Catchment Myrtle Bank Stage 1. • 100% Detailed Design – Fullarton Road (South). • 100% Detailed Design – Joslin Street. • Design of various minor isolated flooding issues for construction in future years. 	500,000	-	500,000
<p>Sturt Bowling Club Redevelopment</p> <p>The redevelopment and refurbishment of the existing clubrooms to improve the female and male changerooms and toilet facilities, enhance the kitchen, cool room and bar areas to cater for more frequent and a broader range of functions. This follows the completion of the detailed design in the 2025-26 financial year, and a joint funding commitment from the State Government.</p>	2,100,000	(1,100,000)	1,000,000
<p>Millswood Bowling Club Redevelopment</p> <p>The redevelopment and expansion of the existing clubrooms, including new toilet facilities (including accessible toilets), upgraded bar and kitchen facilities, an expanded function/bar area, and enhanced storage and office spaces. This follows the completion of the detailed design in the 2025-26 financial year, and a joint funding commitment from the State Government.</p>	1,900,000	(950,000)	950,000

NEW CAPITAL PROJECTS

New Capital Projects	2026-27		
	Gross Expenditure	Less Income	Net Expenditure
<p>Walking & Cycling Plan Implementation (Year 4 of 5)</p> <p>Council is planning to allocate \$350,000 for the continued implementation of priorities as endorsed by Council in its Walking & Cycling Plan 2022-2027. Council plans to progress one or more of the following priorities, the priorities selected will be dependent upon State Government funding:</p> <ul style="list-style-type: none"> • Wilberforce Walk Walking and Cycling Improvements (Stage 4) Leah Street to Nairne terrace (construction). • Young Street Neighbourhood Bicycle Route (Stage 2) Unley Road to George Street (construction). • Wattle Street Neighbourhood Bicycle Route (Stage 3) Windsor Trail to Sunrise Christian School (construction). • Duthy Street and Winchester Street Intersection Walking and Cycling Improvements (construction). • Jellicoe-Ningana Avenue Neighbourhood Bicycle Route – (design and consult). • Stage 4 Wood-Weller Bikeway – King William Road Separated Bicycle Lanes (design and consult). • Leader Street / Railway Crossing (feasibility design study) . • Data collection (installation of one permanent bicycle counter). 	350,000	(to be confirmed)	350,000
<p>Local Area Traffic Management Implementation</p> <p>Continued implementation of recommendations and actions arising from the adopted Local Area Traffic Management Plans. The proposed projects to be delivered in LATM Zone 5 in 2026-27 are as follows:</p> <ul style="list-style-type: none"> • Florence Street - Speed Humps - Construction. • Wooltana and Glenrowan Avenues Intersection with Ferguson Avenue - Sightline and Pedestrian Improvements – Construction. • Design of Endorsed High Priority Actions (R3, R5 and R6) - Detailed Design. 	365,000	-	365,000



New Capital Projects	2026-27		
	Gross Expenditure	Less Income	Net Expenditure
<p>Business Precinct Management Plan</p> <p>The Business Precinct Management Plan will seek to establish a structured, City-wide framework to revitalise, maintain and improve Unley's established and emerging Business Precincts. It introduces a tiered Precinct hierarchy and lifecycle model to guide equitable investment, enhanced service standards, and strengthen economic and place outcomes.</p>	285,000	-	285,000
<p>Accessible Streets Design</p> <p>The Accessible Streets Program improves safety, accessibility and amenity by integrating upgraded footpaths, kerbing and minor civil works into existing renewal projects. In 2026-27 the program will undertake upgrades on Leicester Street in Parkside between Kenilworth Road and George Street.</p>	50,000	-	50,000
<p>Climate and Energy Plan Implementation</p> <p>Initiatives to reduce Council's operational carbon emissions as adopted by Council in its Climate & Energy Plan. These will reduce Council's carbon emissions as it continues to track towards its Scope, 1, 2 and 3 carbon neutral targets.</p> <ul style="list-style-type: none"> • Replace two Regulatory vehicles with electric vehicles (EVs). • Installation of EV Charging infrastructure at the Civic Centre. • Electrification of specialised plant equipment. Council will replace a petrol-based mower with a 100% electric mower. • Energy optimisation and efficiency audits of key facilities. 	130,000	-	130,000
<p>Lyons Parade Improvement Plan</p> <p>Lyons Parade Forestville is part of the Greenways cycle and walking route. This budget bid seeks to undertake a Lyons Parade Improvement Plan to identify greening opportunities, improve traffic flow options and management of cycling.</p>	20,000	-	20,000
Sub-total	11,953,000	(4,341,000)	7,612,000
Capitalised Project Delivery Costs	800,000	-	800,000
Total	12,753,000	(4,341,000)	8,412,000

ASSET MANAGEMENT PLANS

The City of Unley is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities for City users. Asset Management Plans were adopted by Council in 2024.

The development of the Asset Management Plans demonstrate Council's ongoing commitment to operate and maintain its asset portfolio efficiently to both meet strategic and legislative requirements, and to deliver the required levels of service for the community.

Asset management is driven from a service perspective. Council has implemented an agreed level of service for property, bridge, road and footpath asset classes.

The asset system collects real time data coupled with ongoing regular condition audits, to allow more accurate predictive modelling in regard to treatments and life expectancy of each asset class.

Over the next few years the management of assets will balance the target levels of service for each specific asset with the long-term costs.

The Asset Management Plans provide the basis for the Capital Renewal Program included in Council's LTFP and are refined as part of the Annual Business Plan and Budget process. In 2026-27 the Capital Renewal Program has a projected net expenditure of \$11.2M.





CAPITAL RENEWAL PROGRAM

Capital Renewal Program	Expenditure	Income	Net Expenditure
Buildings			
Building & Property (includes swimming facilities)	850,000	-	850,000
	850,000	-	850,000
Open Space			
Reserves & Open Space	807,000	-	807,000
	807,000	-	807,000
Stormwater			
Drainage & Stormwater	114,000	-	114,000
	114,000	-	114,000
Transport			
Road Program	880,000	-	880,000
Kerb & Water Table Program	3,474,000	-	3,474,000
Footpath Program	1,153,000	-	1,153,000
Traffic Facility Renewal Program	1,535,000	-	1,535,000
	7,042,000	-	7,042,000
Plant, Fleet and Equipment			
Plant and Equipment	1,216,000	215,000	1,001,000
Light Fleet	310,000	110,000	200,000
	1,526,000	325,000	1,201,000
ICT Assets			
ICT Asset Renewal	107,000	-	107,000
	107,000	-	107,000
Sub-total	10,446,000	325,000	10,121,000
Capitalised Project Delivery Costs	1,055,000	-	1,055,000
Total	11,501,000	325,000	11,176,000

CAPITAL RENEWAL PROGRAM

Property Program (includes swimming facilities)		
Facility	Component Renewal	
Fullarton Park CC	Timber flooring replacement.	
Goodwood Library	Goodwood Library / Community Centre fire indicator panel, security and monitoring separation.	
Unley Library	Elevator: Replace & Upgrade electrical components.	
Unley Swimming Centre	Full replacement Sand Filter Repair (due to leaks and unable to repair)	
Civic Centre	Elevator: Replace & Upgrade electrical components.	
	First Floor Reconfiguration	
Civic Buildings	Security/Access system upgrade - 10 Council sites.	
	Disability access and inclusion plan DDA works.	
	New screens for the Council Chambers	
	Office Furniture renewal – various sites.	
39 Oxford Terrace Unley	New carpet: EFM gym and foyer.	
Building Condition Audit	All building assets.	
Various	Toilets and Fixture Renewals	
	Minor/Unplanned building works.	
Open Space Renewal Program		
Location	Suburb	Scope
Soldiers Memorial Gardens	Unley	Military Cannon refurbishment.
		Water fountain - bottle fill station.
Dora Guild Reserve	Clarence Park	Renewal of playground and soft fall.
Leicester Reserve	Parkside	Playground renewal.
Princess Margaret Reserve	Black Forest	Various play equipment renewal and sand pit reconstruction.
Orphanage Park	Millwood	Play equipment renewal & soft fall repairs.

Drainage & Stormwater Renewal Program		
Location	Suburb	Works
Jaffrey Street	Parkside	Design of pipe upgrade and flood mitigation opportunities.
Joslin Street	Wayville	Remove and replace culvert headwall.
St Helen Street	Parkside	Design of pipe upgrades.
Various	Various	Minor side entry pit/pipe upgrades.
Various	Various	Stormwater Pipe condition CCTV inspections.

Road Renewal Program		
Road Name, Suburb	To/From	Scope
Greer Street, Hyde Park	Commercial Road/ Commercial Road	Reseal (Streetscape Upgrade/Street print)
Duthy Street, Malvern	Cross Road/ Dover Street	Reseal and pavement patching.
Esmond Street Private Lane, Hyde Park	South Extent/ Esmond Street	*New lane way construction – subject to adjacent property owner agreement as per Council resolution.
Charles Lane, Unley	Mary Lane/ Unley Road	Laneway modification works following Apartment Development completion.
SASMEE Laneway, Millswood	Railway Crossing/ Millswood Crescent	Reseal.
Various	Various	Minor Reseals/Heavy Patching.

CAPITAL RENEWAL PROGRAM

Kerb and Water Table Renewal Program		
Road Name, Suburb	To/From	Scope
Unley Road, Unley/Malvern	Edmund Street/ Wattle Street	New kerbing.
Glen Osmond Road, Parkside	Kenilworth Road/ Fullarton Road	New kerbing.
Unley Road, Unley	Charles Lane/ Hughes Street	New kerbing.
Beaconsfield Lane, Hyde Park	Unley Road / End	New spoon drain
Davey Street, Parkside	Macklin Street/ Glen Osmond Road	New kerbing.
Duthy Street, Malvern	Austral Terrace/ Dover Street	New kerbing.
Clifton Street, Millswood	Goodwood Road/ Hardy Street	Tree well installation (Full Length)
Esmond Laneway (Private), Hyde Park	Esmond Street	*New spoon drain – subject to adjacent property owner agreement as per Council resolution.
Oxford Street, Hyde Park	Jasper Street/ Mitchell Street	New kerbing.
Ella Street, Parkside	Pine Street/ Porter Street	New kerbing.
Pine Street, Parkside	Dunks St/ Pine Street	New kerbing.
Birdwood Avenue, Unley	Austell Street/ End	New kerbing.
Ormonde Avenue, Millswood	Ellesmere Terrace/ Millswood Crescent	New kerbing.
Raventhorpe Avenue, Millswood	Ormonde Avenue/ Millswood Crescent	New kerbing.
Lloyd Avenue, Millswood	Ormonde Avenue/ Millswood Crescent	New kerbing.
Third Avenue, Forestville	Norman Terrace/Orchard Ave	New Kerbing.
Orchard Avenue, Forestville	South Road/ Third Avenue	New kerbing.
Parish Court, Millswood	End/ Avenue Street	Kerb patching.
SASMEE Laneway, Millswood	Railway Crossing/ Millswood Crescent	New spoon drain.
Various	Various	Future survey & design 2027/28 Financial Year.
Various	Various	Minor kerb repairs.

Footpath Renewal Program		
Location	To/From	Works
Greer Street, Hyde Park	Commercial Road/ Commercial Road	Streetscape renewal
Unley Road, Unley/ Malvern	Edmund Street/ Wattle Street	Footpath renewal/ upgrade
Glen Osmond Road, Parkside	Kenilworth Road/ Fullarton Road	Footpath renewal/ upgrade
Unley Road, Unley	Hughes St/Charles Lane	Footpath renewal/ upgrade
Lloyd Avenue, Millswood	Millswood Crescent/ Ormonde Avenue	Lift and relay.
Raventhorpe Avenue, Millswood	Millswood Crescent/ Ormonde Avenue	Lift and relay.
Pine Street, Parkside	End/ Ella Street	Lift and relay.
Rogers Street, Goodwood	Almond Street/ Albert Street	Lift and relay.
Various Locations	Various	Shared path/bikeways heavy patching.
Pram Ramps, Various	Various	DDA Upgrades.

Traffic Facility Renewal Program	
Location	Description
Young Street, Unley	3x Roundabout Upgrades (Roberts/Palmerston/Salisbury)
Young Street, Wayville	2x Roundabouts Upgrade Designs (Joslin/Clark)

Plant, Fleet & Equipment	
Plant & Equipment Renewal	Renewal of major and minor plant.
Light Fleet Renewal	Replacement of three vehicles scheduled for replacement.

ICT Assets

Replacement and renewal of various ICT assets, including multi-function devices, handheld devices, network hardware and infrastructure.

BUDGETED FINANCIAL STATEMENTS

UNIFORM PRESENTATION OF FINANCES

\$'000s	2025-26 Forecast	2026-27 Budget
Income		
Rates	53,130	55,463
Statutory Charges	1,718	1,878
User Charges	3,044	2,961
Grants, Subsidies & Contributions	3,976	2,692
Investment Income	155	35
Reimbursements	101	59
Other Income	1,140	880
Operating Projects	515	-
Total Income	63,818	63,975
Expenditure		
Employee Costs	21,840	23,788
Materials, Contracts & Other Expenses	23,123	22,613
Depreciation, Amortisation & Impairment	12,731	12,940
Finance Costs	34	425
Operating Projects	3,622	1,398
Total Expenditure	61,350	61,164
Operating Surplus / (Deficit) before Equity Accounted Businesses	2,468	2,811
Equity Accounted Subsidiaries (Gain) / Loss	108	-
Operating Surplus / (Deficit) before Capital Amounts (inclusive of Equity Accounted Businesses)	1,881	2,811
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal & Replacement of Existing Assets	(21,085)	(11,501)
less Depreciation, Amortisation and Impairment	12,731	12,940
less Amounts received specifically for Replacement of Existing Assets	4,772	-
less Proceeds from the Sale of Replaced Assets	456	325
Net Outlays on Existing Assets	(3,125)	1,764
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(14,926)	(12,753)
less Amounts received specifically for New and Upgraded Assets	4,140	4,341
less Proceeds from Sale of Surplus Assets	-	-
Net Outlays on New and Upgraded Assets	(11,133)	(8,412)
Net Lending / (Borrowing) for the Financial Year (inclusive of Equity Accounted Businesses)	(11,898)	(3,837)
Less Equity Accounted Businesses	108	-
Net Lending / (Borrowing) for the Financial Year (exclusive of Equity Accounted Businesses)	(12,790)	(3,837)

The Budgeted Financial Statements for the 2026-27 financial year exclude the Equity Accounted Businesses (Centennial Park Cemetery Authority, Brown Hill Keswick Creek Stormwater Project, and East Waste) as the budgets for these subsidiaries are yet to be finalised. They will be incorporated in the Budget as part of the Quarter 1 Budget Review.

STATEMENT OF COMPREHENSIVE INCOME

\$'000s	2025-26 Forecast	2026-27 Budget
Income		
Rates	53,130	55,463
Statutory Charges	1,718	1,878
User Charges	3,044	2,961
Grants, Subsidies & Contributions	3,976	2,692
Investment Income	195	35
Reimbursements	101	59
Other Income	1,140	880
Operating Projects	515	-
Total Income	63,818	63,975
Expenditure		
Employee Costs	21,840	23,788
Materials, Contracts & Other Expenses	23,123	22,613
Depreciation, Amortisation & Impairment	12,731	12,940
Finance Costs	34	425
Operating Projects	3,622	1,398
Total Expenditure	61,350	61,164
Operating Surplus / (Deficit) before Equity Accounted Businesses	2,468	2,811
less Net loss – Equity Accounted Council Businesses	108	-
Operating Surplus / (Deficit) inclusive of Equity Accounted Businesses	2,360	2,811
Asset Disposal & Fair Value Adjustments	456	325
Amounts received specifically for new, upgraded or replacement assets	8,565	4,341
Sub-total	9,022	4,666
Net Surplus / (Deficit) inclusive of Equity Accounted Businesses	11,381	7,477
Changes in revaluation surplus - I,PP&E	25,417	28,953
Share of Other Comprehensive Income – Equity Accounted Council Businesses	2,695	-
Total Comprehensive Income inclusive of Equity Accounted Businesses	39,493	36,430

The Budgeted Financial Statements for the 2026-27 financial year exclude the Equity Accounted Businesses (Centennial Park Cemetery Authority, Brown Hill Keswick Creek Stormwater Project, and East Waste) as the budgets for these subsidiaries are yet to be finalised. They will be incorporated in the Budget as part of the Quarter 1 Budget Review.

BUDGETED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

\$'000s	2025-26 Forecast	2026-27 Budget
Assets		
Current Assets		
Cash & cash equivalents	1,655	1,655
Trade & other receivables	3,471	3,586
Other financial assets	-	-
Total Current Assets	5,126	5,241
Non-current Assets		
Financial Assets		
Equity accounted investments in Council businesses	40,599	41,939
Infrastructure, Property, Plant & Equipment	854,010	893,181
Total Non-current Assets	894,609	935,181
Total Assets	899,735	940,361
Liabilities		
Current Liabilities		
Trade & Other Payables	6,568	6,785
Borrowings Fixed Term	-	-
Provisions	4,009	4,141
Total Liabilities	10,577	10,926
Non-current liabilities		
Borrowings	11,109	14,946
Provisions	302	312
Total Non-current Liabilities	11,411	15,258
Total Liabilities	21,988	26,184
Net Assets	877,746	914,176
Equity		
Accumulated Surplus	202,497	209,974
Asset Revaluation Reserves	674,831	703,767
Other Reserves	418	636
Total Equity	877,746	914,176
Net Financial Liabilities	16,862	20,944

The Budgeted Financial Statements for the 2026-27 financial year exclude the Equity Accounted Businesses (Centennial Park Cemetery Authority, Brown Hill Keswick Creek Stormwater Project, and East Waste) as the budgets for these subsidiaries are yet to be finalised. They will be incorporated in the Budget as part of the Quarter 1 Budget Review.

STATEMENT OF CASH FLOW

\$'000s	2025-26 Forecast	2026-27 Budget
Cash Flows from Operating Activities		
Receipts		
Operating Receipts	63,623	63,940
Investment Receipts	155	35
Payments		
Operating Payments to suppliers and employees	(48,585)	(47,799)
Finance Payments	(34)	(425)
Net Cash provided by (or used in) Operating Activities	15,199	15,751
Cash Flows from Investing Activities		
Receipts		
Amounts specifically for new or upgraded assets	3,793	4,341
Amounts received specifically for Replacement of Existing Assets	4,772	-
Proceeds from Sale of Surplus Assets	-	-
Sale of replaced assets	456	325
Repayments of loans by community groups	-	-
Payments		
Expenditure on renewal/placement of assets	(21,805)	(11,501)
Expenditure on new/upgraded assets	(14,926)	(12,753)
Net Cash provided by (or used in) Investing Activities	(27,638)	(19,588)
Cash Flows from Financing Activities		
Receipts		
Proceeds from borrowings	6,469	3,837
Payments		
Repayments of borrowings	-	-
Net Cash provided by (or used in) Financing Activities	6,469	3,837
Net Increase/(Decrease) in cash held	(5,321)	-
Plus: Cash & cash equivalents at beginning of period	6,976	1,655
Cash & cash equivalents at end of period	1,655	1,655

The Budgeted Financial Statements for the 2026-27 financial year exclude the Equity Accounted Businesses (Centennial Park Cemetery Authority, Brown Hill Keswick Creek Stormwater Project, and East Waste) as the budgets for these subsidiaries are yet to be finalised. They will be incorporated in the Budget as part of the Quarter 1 Budget Review.

BUDGETED FINANCIAL STATEMENTS

STATEMENT OF EQUITY

\$'000s		Asset Revaluation Reserve	Other Reserves	Total Equity
2026-27 Budget				
Balance at end of previous reporting period	202,497	674,831	418	877,746
Net Surplus/(Deficit) for Year	7,259	-	218	7,477
Other Comprehensive Income				-
Gain/(loss) on revaluation of Infrastructure and Assets	-	28,953	-	28,953
Equity Adjustments - Equity Accounted Business	-	-	-	-
Share of Other Comprehensive Income – Equity Accounted Council Businesses	-	-	-	-
Other Comprehensive Income	-	28,953	-	28,953
Total Comprehensive Income	7,259	28,953	218	36,430
Transfer between reserves	-	-	-	-
Balance at end of period	209,755	703,784	636	914,176

2025-26 Forecast

Balance at end of previous reporting period	188,522	649,414	317	838,253
Net Surplus/(Deficit) for Year	11,381	-	-	11,381
Other Comprehensive Income				-
Gain/(loss) on revaluation of Infrastructure and Assets	-	25,417	-	25,417
Equity Adjustments - Equity Accounted Business	-	-	-	-
Share of Other Comprehensive Income – Equity Accounted Council Businesses	2,695	-	-	2,695
Other Comprehensive Income	2,695	25,417	-	28,112
Total Comprehensive Income	14,076	25,417	-	39,493
Transfer between reserves	(101)	-	101	-
Balance at end of period	202,497	674,831	418	877,746

The Budgeted Financial Statements for the 2026-27 financial year exclude the Equity Accounted Businesses (Centennial Park Cemetery Authority, Brown Hill Keswick Creek Stormwater Project, and East Waste) as the budgets for these subsidiaries are yet to be finalised. They will be incorporated in the Budget as part of the Quarter 1 Budget Review.



LONG-TERM FINANCIAL PLAN SUMMARY

\$'000	2025-26 Forecast	2026-27 Year 1	2027-28 Year 2	2028-29 Year 3
Income				
General Rates Income	50,890	53,195	55,711	57,576
Other Rates and Levies	2,240	2,268	2,348	2,406
Statutory Charges	1,718	1,878	1,944	1,992
User Charges	3,044	2,962	3,066	3,142
Grants, subsidies & contributions	3,976	2,698	2,986	3,042
Investment Income	195	35	15	15
Reimbursements	101	59	61	63
Other Income	1,140	880	911	934
Projects	515	-	-	-
Total Income	63,818	63,975	67,042	69,170
Expenditure				
Employee Costs	21,840	23,788	24,621	25,359
Materials, Contracts & Other Expenses	23,123	22,613	23,504	24,140
Depreciation, Amortisation & Impairment	12,731	12,940	13,481	13,909
Finance Costs	34	425	713	699
Operating Projects	3,622	1,398	1,395	1,430
Total Expenditure	61,350	61,164	63,715	65,538
Operating Surplus/(Deficit)	2,468	2,811	3,327	3,633
Capital Renewal Expenditure (net)	15,857	11,176	13,109	13,447
New Capital Expenditure (net)	11,133	8,412	4,426	4,537
Total Capital Expenditure (net)	26,990	19,588	17,535	17,984
Add back Depreciation	12,731	12,940	13,481	13,909
Operating Surplus/(Deficit) less capital expenditure	(11,790)	(3,837)	(726)	(442)
Fixed Term Borrowings	-	-	-	-
Cash Advance Debenture (CAD Borrowings)	11,109	14,946	15,673	16,115
Total Borrowings (Net)	11,109	14,946	15,673	16,115
Repayment of Fixed Term Borrowings	-	-	-	-
Repayment/(draw-down) of CAD	(11,790)	(3,837)	(726)	(442)
Net repayment/(draw down) of borrowings	(11,790)	(3,837)	(726)	(442)

The Budgeted Financial Statements for the 2026-27 financial year exclude the Equity Accounted Businesses (Centennial Park Cemetery Authority, Brown Hill Keswick Creek Stormwater Project, and East Waste) as the budgets for these subsidiaries are yet to be finalised. They will be incorporated in the Budget as part of the Quarter 1 Budget Review.

2029-30 Year 4	2030-31 Year 5	2031-32 Year 6	2032-33 Year 7	2033-34 Year 8	2034-35 Year 9	2035-36 Year 10
59,691	61,891	63,764	65,669	67,632	69,653	71,694
2,466	2,528	2,591	2,656	2,723	2,791	2,860
2,042	2,093	2,146	2,199	2,254	2,310	2,368
3,221	3,301	3,384	3,469	3,555	3,644	3,735
3,099	3,158	3,217	3,279	3,342	3,406	3,472
15	15	15	15	15	15	15
64	66	67	69	71	73	74
957	981	1,005	1,030	1,056	1,083	1,110
-	-	-	-	-	-	-
71,556	74,033	76,190	78,387	80,648	82,975	85,330
26,120	26,904	27,711	28,542	29,398	30,280	31,189
24,789	25,454	26,134	26,830	27,542	28,271	28,966
14,350	14,864	15,333	15,817	16,315	16,898	17,428
666	748	815	789	753	809	855
1,466	1,502	1,540	1,579	1,618	1,658	1,700
67,391	69,472	71,533	73,556	75,627	77,916	80,138
4,165	4,561	4,657	4,830	5,021	5,059	5,192
13,795	14,151	14,515	14,889	15,273	15,603	16,039
4,650	7,767	4,886	5,008	5,133	8,761	5,393
18,445	21,917	19,401	19,897	20,406	24,365	21,432
14,350	14,864	15,333	15,817	16,315	16,898	17,428
70	(2,492)	589	750	930	(2,408)	1,188
-	-	-	-	-	-	-
16,045	18,537	17,948	17,198	16,268	18,675	17,488
16,045	18,537	17,948	17,198	16,268	18,675	17,488
-	-	-	-	-	-	-
70	(2,492)	589	750	930	(2,408)	1,188
70	(2,492)	589	750	930	(2,408)	1,188



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Advice

Local Government Advice Scheme Second Cycle: Framework and Approach

CONSULTATION DRAFT

April 2026

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Glossary of terms

Commission	Essential Services Commission, established under the Essential Services Commission Act 2002
ESC Act	Essential Services Commission Act 2002
LG Act	Local Government Act 1999
LTFP	Long-term financial plans
IAMP	Infrastructure and asset management plan
Scheme	Local Government Advice Scheme
SMP	Strategic Management Plan
Relevant Matters	As specified in section 122 of the Local Government Act 1999

1 Executive summary

This consultation paper sets out the Essential Services Commission's (**Commission**) proposed Framework and Approach for the second four-year cycle of the Local Government Advice Scheme (**scheme**), to operate from 2026-27 to 2029-30, and invites views on the design choices that will shape how that cycle operates.

It draws on the Commission's experience over the first cycle, including the advice provided to all 68 councils and the observed practices that emerged across the sector, and explains how the Commission proposes to efficiently evolve the scheme for the next cycle while continuing to fulfil its statutory functions under section 122 of the *Local Government Act 1999* (**LG Act**).

The proposed refinements for the second cycle build on that advice and integrate the observed practices - that is, recurring themes, issues and opportunities - to assist councils to improve practices to better serve their communities.

1.1 Overview

During the first cycle (2022-26), the Commission assessed all 68 councils, across four tranches, which in addition to providing those councils with advice, was also designed primarily as a baseline-building exercise. Through that cycle, the Commission identified material and recurring themes around the quality of asset management and depreciation practices, the alignment between long-term financial plans and infrastructure and asset management plans, the transparency of planning assumptions and rate-setting rationale, the management of cash reserves, and the tension between new capital expenditure and renewal obligations. These first-cycle findings inform the Commission's proposals for the second cycle.

The proposed approach builds on the scheme's fundamental purpose, to promote change that leads to improved community outcomes. The scheme operates through the mechanism of transparency: by publishing independent, evidence-based assessments, the Commission creates a foundation for informed debate between councils and their communities.

The second cycle represents a test of whether this theory of change is working: whether the baseline established in the first cycle has prompted councils to strengthen their practices, and whether communities are better informed as a result. This paper invites stakeholders' views on whether this framing appropriately captures the scheme's purpose and on the role that transparency and public accountability should play in driving improved practice.

The Commission has also identified a fundamental risk to communities: that councils may not engage with 'the basics' of responsible financial management. The Commission defines these basics as three interrelated disciplines:

- ▶ understanding the services that the community values and the level at which they are provided
- ▶ understanding the full lifecycle cost of delivering those services, including asset maintenance, renewal and replacement, and
- ▶ communicating transparently with ratepayers about the relationship between services, costs and rates.

Where councils do not do this foundational work, they risk defaulting to leveraging their rate-setting power in ways that are disconnected from any rigorous assessment of what is needed. The Commission invites views on whether this characterisation is accurate and whether the second cycle should give particular prominence to assessing councils' engagement with these fundamentals.

In terms of assessment design, the Commission proposes three assessment areas for the second cycle building on - but not repeating - the foundational base-line work done in the first cycle:

- ▶ how each council has addressed recommendations in the Commission's previous advice
- ▶ any material changes in the council's context, circumstances and Long-Term Financial Plan since the first-cycle assessment, and
- ▶ the council's performance against a set of observed practices benchmarks (as published by the Commission).

To give effect to this revised focus, councils would be required to provide written statements addressing the first two of these areas, allowing them to comment on and explain those matters themselves in the first instance. In relation to the observed practices framework, the Commission will assess the information available to it (which will substantially comprise the public documents that councils should already produce) and assess the extent to which each council faces risks in relation to the various elements set out in the framework.

The Commission also proposes a refined set of five assessment categories applied through both a current and a forecast assessment for each council:

- ▶ Sustainable
- ▶ Mostly sustainable
- ▶ At risk
- ▶ Materially at risk
- ▶ Unsustainable

The Commission acknowledges that assignment to these categories involve a substantial element of independent judgment rather than mechanical scoring, while maintaining internal protocols to ensure consistency. It invites views on the clarity and gradation of these categories, the merits of the dual current-and-forecast approach, and the appropriate safeguards for consistency and fairness.

The Commission has also addressed information requirements, proposing to retain the first-cycle requirements (as established under the LG Act and the Commission's current Guideline) supplemented by the new written statements.

The Commission's view is that the delivery of the second cycle of the scheme will embed efficiencies gained during round one, and will continue to focus on providing advice in a manner that reflects its lowest sustainable costs. The Commission will provide further information about fees for the second cycle of the scheme as the final Framework and Approach develops, through this consultation.

1.2 About the Commission

The Commission is a statutory authority established as an independent economic regulator and advisory body under the *Essential Services Commission Act 2002* (**ESC Act**).

The Commission has economic regulatory responsibility in the water, sewerage, electricity, gas, rail and maritime services, and a general advisory function on regulatory and economic matters. The ESC Act and various industry Acts together provide the Commission with those regulatory and advisory powers and functions.

Under the ESC Act the Commission has the primary objective of:

‘... protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services’.

1.3 About the Local Government Advice scheme

On 30 April 2022, amendments to the LG Act came into operation (the amendments). They introduced an 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 Commission is the advisory body. The State’s 68 councils are subject to the scheme.¹ The amendments give the Commission discretion in relation to scheme design and implementation. The Commission consults on a proposed Framework and Approach for the next four years of the scheme, and, after taking into account comments received, will publish a final Framework and Approach.

The Framework and Approach builds on documents that councils are already required to have under the LG Act: their long-term financial plans (LTFP) and their infrastructure and asset management plans (IAMP). The focus of the scheme is that the Commission must advise on material changes made or proposed to be made to councils’ LTFPs and IAMPs (and a council’s reasons for those changes), if any, and revenue sources outlined in the LTFPs. These are referred to in the LG Act as ‘Relevant Matters’. The Commission also has discretion to advise on other issues concerning LTFPs or IAMPs.

The legislation provides for two methods for the Commission to receive the information on which its advice will be based. The first method is by way of a schedule determined and published by the Commission under which councils are required to provide information on Relevant Matters. The other is a power to require a council to provide information that the Commission reasonably requires to provide the advice.

It is an advisory scheme, rather than a compulsive one. The scheme provides advice only, with decision making in the hands of the councils. This means that the Commission cannot require councils to follow the advice. However, the scheme requires both the Commission and councils to publish the advice and, if a council wishes to respond to the advice, that council must publish that response in its annual business plan. The advice to be provided under the scheme will provide independent and transparent information on matters which will be key to those discussions and decisions. The advice will also provide to ratepayers and other interested stakeholders an independent consideration of a council’s plans, thereby adding value across local communities.

1.4 Request for submissions

The Commission invites submissions from councils, ratepayer groups, the Local Government Association of South Australia, professional bodies, interested members of the public and any other parties who wish to contribute to the development of the scheme for its second cycle.

The Commission has posed specific consultation questions throughout this paper, but stakeholders are welcome to comment on any aspect of the proposals. All questions are collected in Chapter 2 for ease of reference.

Submissions should be provided by **Friday, 22 May 2026** to advice@escosa.sa.gov.au. Unless a submission is marked as confidential, it will be published on the Commission’s website.

The final Framework and Approach, incorporating stakeholder feedback, is expected to be published in July 2026.

¹ For full scheme details, refer *Local Government Act 1999*, section 122, available at: [Local Government Act 1999 | South Australian Legislation](#)

2 Summary of consultation questions

The Commission has posed specific consultation questions throughout this paper. They are collected here for ease of reference. Stakeholders are welcome to respond to any or all of these questions, and to raise any additional matters they consider relevant.

Number	Question
Question 1	Are there aspects of the advisory model that could be strengthened to improve its effectiveness while preserving councils' decision-making autonomy?
Question 2	In what ways has the scheme's first cycle promoted change in council's approach, and what could be done to strengthen the scheme's capacity to drive sustained improvements in financial management practices and community outcomes?
Question 3	Should the Commission maintain a four-year rotational schedule on the same basis as the first round – so that councils have a consistent four year cycle? If not, why not?
Question 4	Was the information gathered and the advice given in the first cycle appropriate and proportionate? Are there ways in which they could be streamlined or improved for the second cycle?
Question 5	Are there additional themes or observed practices that the Commission should address in an updated version of the Observed Practices document? ² Are there areas where the Commission's observations could be strengthened with additional data, benchmarking or analysis?
Question 6	To what extent have councils found the first-cycle advice and the Observed Practices document useful in informing their planning and decision-making? What could be done to increase the practical value of the Commission's outputs?
Question 7	Does the Commission's characterisation of 'the basics' - understanding what the community values, the full lifecycle cost of delivery, and transparent communication to ratepayers - adequately capture the foundational disciplines that the scheme should promote? Are there other foundational practices that should be given similar prominence?
Question 8	Do stakeholders consider that the three proposed assessment areas provide an appropriate framework for the second cycle? Are there additional areas that the Commission should consider?
Question 9	Is the proposal to require written statements from councils in relation to Assessment Areas 1 and 2 reasonable and proportionate? What guidance would be helpful in relation to the content and format of those statements?
Question 10	Which characteristics should be considered by the Commission to take account of the significant diversity among South Australian councils when applying the observed practices benchmarks in Assessment Area 3?
Question 11	Are there emerging issues, beyond those identified above, that the Commission should consider in the second cycle of the scheme?

² Available at: [Local Government Observed Practices report](#)

Number	Question
Question 12	Are the proposed five assessment categories clear, meaningful and appropriately graduated? Should any categories be added, removed or redefined?
Question 13	Is the approach of providing both a current and a forecast assessment appropriate? Are there risks or benefits that the Commission should consider in adopting this dual-assessment approach?
Question 14	Are the proposed information requirements for the second cycle appropriate and proportionate? Are there additional information items that the Commission should require, or existing items that could be removed or streamlined?
Question 15	What guidance would be most helpful to councils in preparing the two written statements? Are there particular areas where councils would benefit from worked examples or templates?
Question A1	Is the analytic framework set out in this appendix clear and comprehensive? Are there additional analytic considerations that the Commission should incorporate?
Question A2	Are the seven dimensions proposed for Assessment Area 3 (observed practices) the right dimensions? Should any be added, removed or refined?

3 The Local Government Advice Scheme

Through amendments to the *Local Government Act 1999 (LG Act)*, which came into operation on 30 April 2022, the South Australian Government enacted a Local Government Advice Scheme (**scheme**). Under the scheme, the Commission is responsible for the provision of advice to councils, relating to the appropriateness of long-term financial plans, infrastructure and asset management plans, and revenue sources as outlined in the council's funding plan. It is also responsible for developing and administering the scheme.

The scheme benefits ratepayers by informing councils' decision-making processes, affording ratepayers increased transparency and greater confidence that council operations are being undertaken on a long-term financially sustainable basis.

Importantly, the scheme expressly recognises the ability of councils and their ratepayers to make decisions on the level and scope of services that the community might desire and for which it may be willing to pay. The advice provided under the scheme provides independent and transparent information on matters which will be able to enable and facilitate those discussions and decisions. The advice also provides ratepayers and other interested stakeholders an independent consideration of a council's plans over the long term, thereby adding value across local communities.

The scheme is advisory rather than compulsory. The Commission cannot require councils to follow its advice, and decision-making on rates, services and investment remains in the hands of each council. However, the LG Act requires both the Commission and councils to publish the advice. If a council wishes to respond to the advice, it must publish that response in its annual business plan.

These transparency requirements are a central feature of the scheme's design: the purpose of the advice is not to direct councils, but to ensure that ratepayers and other stakeholders have access to independent analysis that enables, facilitates and informs public discussion about council rates and financial management.

3.1 Scheme overview

Councils are long-term businesses with ongoing service provision obligations and long-lived assets. From an overall community perspective, it is important that council rates are set as low as possible, while councils continue to:

- ▶ provide the standard and breadth of services that ratepayers value and rely on for the long term
- ▶ maintain and invest in the infrastructure and assets necessary to support those services, and
- ▶ have robust, long-term asset management, financing and operational plans that allow them to manage their infrastructure and assets efficiently and effectively over the long term, to sustain the delivery of services and minimise their lifetime cost.

In that context, the advice relates to the appropriateness of councils' long-term financial plans (**LTFP**), infrastructure and asset management plans (**IAMP**) and revenue sources as outlined in funding plans. It is an advisory scheme, identifying both risks and areas of good practice for councils to consider, with decision-making remaining in the hands of the councils.

Under the scheme³, a council which is to receive advice from the Commission must, on or before 30 September in the prior year, provide to the Commission all relevant information on the following matters (the **Relevant Matters**) in accordance with guidelines determined by the Commission (if any):

³ For full scheme details, refer *Local Government Act 1999*, section 122, available at: [Local Government Act 1999 | South Australian Legislation](#)

- ▶ material amendments made or proposed to be made to the council's LTFP and IAMP and the council's reasons for those amendments
- ▶ revenue sources outlined in the funding plan (being a component of the LTFP), and
- ▶ any other matter prescribed by the regulations.

Following the provision of information by a council, the Commission, on or before 28 February:

- ▶ *must* provide advice to the council on the appropriateness of the *Relevant Matters* (as defined above) in the context of the council's LTFP and IAMP, and
- ▶ *may*, if the Commission considers it appropriate having regard to the circumstances of a particular council, provide advice in relation to any other aspect of the council's LTFP and IAMP.

In providing advice under this section, the Commission:

- ▶ *must* have regard to the following objectives:
 - the objective of councils maintaining and implementing LTFPs and IAMPs, and
 - the objective of ensuring that:
 - the financial contributions proposed to be made by ratepayers under the council's LTFP are appropriate, and
 - any material amendments made or proposed to be made to these plans by the council are appropriate.
- ▶ *may* have regard to any information or matter the Commission considers relevant (whether or not such information or matter falls within the ambit of the matters defined as *Relevant Matters*).

A council must ensure that the advice provided by the Commission under the scheme, and any response of the council to that advice, is published in the council's annual business plan (both the draft and adopted annual business plan) in the relevant financial year and each subsequent financial year (until the next relevant financial year for that council).⁴

3.2 Information provision

The scheme provides two methods for the Commission to obtain information it requires.

First, under section 122(1e) of the LG Act, a council must provide to the Commission all relevant information on **Relevant Matters** on or before the end of September in the relevant financial year (and, if the Commission has made guidelines, then the council must follow those guidelines in doing so).

Second, under section 122(1j), the Commission can require a council to provide information in that council's possession, where the Commission reasonably requires that information for the performance of its functions.

Guidance on information provision, for the first four years of the scheme, is available on the Commission's website.⁵

⁴ The 'relevant financial year' is the year in which a council receives advice under the scheme.

⁵ Available at: [ESCOSA - Guidance on Local Government Advice](#)

3.3 Financial sustainability

The LG Act provides for a cycle of planning, aimed at embedding financial sustainability into a council's planning processes. It requires that a council must ensure the sustainability of its long-term financial performance and position.⁶ Councils also need to have a Strategic Management Plan (SMP), including a LTFP and an IAMP, with both covering a period of at least ten years.⁷ A council's Audit Committee must provide input to any review of SMPs.

Regulation 5(1) of the *Local Government (Financial Management) Regulations 2011* requires that a LTFP must include:

- ▶ a summary of proposed operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances, and
- ▶ estimates and target ranges adopted by the council in each year of the LTFP, with respect to an operating surplus ratio, a net financial liabilities ratio, and an asset renewal funding ratio, presented in a manner consistent with the note in the Model Financial Accounts entitled Financial Indicators.

Further, the LTFP must include a statement⁸ setting out the purpose of the LTFP, the basis on which it has been prepared (including key assumptions) and the key conclusions which may be drawn from the estimates, proposals and other information in the LTFP.

The LG Act requires an annual review of LTFPs.⁹ As part of that review, a council's Chief Executive Officer must report on the council's financial sustainability.¹⁰

IAMPs are to be updated within two years after each general election of the council.¹¹

3.4 An advisory model: the rationale

The choice of an advisory model for the scheme reflects several important considerations. Councils are constitutionally and democratically accountable to their communities through elections. They are required to prepare and publish LTFPs, IAMPs and annual business plans and budgets under the LG Act. The role of the Commission is not to substitute its judgment for that of councils, but rather to provide an independent lens through which the quality, coherence and sustainability of those plans can be assessed and communicated to the community.

The Commission's experience over the first cycle has reinforced the value of this approach. Councils operate in extraordinarily diverse circumstances: from large metropolitan councils serving hundreds of thousands of residents to small outback councils managing vast geographic areas with very small populations. A prescriptive or regulatory model would likely struggle to accommodate this diversity. The advisory model allows the Commission to tailor its analysis and recommendations to the specific circumstances of each council, while maintaining a consistent analytical framework across the sector.

The transparency mechanism, requiring publication of both the advice and any council response, is the principal means by which the scheme exerts influence. Its effectiveness depends on the quality and accessibility of the advice, on the extent to which ratepayers and local media engage with it, and on the degree to which councils treat the advice as a genuine prompt for reflection and action. The

⁶ Section 8.

⁷ Section 122 (1a)

⁸ This statement must be expressed in plain English and must avoid unnecessary technicality and excessive detail.

⁹ Section 122 (4)(a)

¹⁰ Section 122 (4a)(a)

¹¹ Section 122 (4)(b)

Commission intends, in the second cycle, to strengthen the accountability mechanisms within the advisory model without departing from its fundamental character.

3.5 Improved outcomes for communities

It is important to be explicit about the purpose of the scheme in a way that goes beyond its statutory description. The scheme exists to **drive change in councils** that leads to **improved outcomes for communities**. The mechanism by which it does so is not regulatory compulsion - the Commission has no power to direct councils - but rather the creation of an informed, transparent environment in which councils are accountable to their communities for the quality of their financial stewardship.

This theory of change rests on a straightforward proposition. When an independent body publishes a candid assessment of a council's financial sustainability, asset management, rates trajectory and its effectiveness in planning and delivery in relation to those matters, and when that assessment is readily accessible to ratepayers, elected members, local media and other stakeholders, it changes the dynamics of the local conversation about council performance. It provides communities with an evidence base they did not previously have. It makes it harder for underperformance to go unnoticed or unaddressed. And it gives councils that are performing well the recognition and validation that their practices deserve.

The Commission's experience over the first cycle suggests that this mechanism is working, but unevenly. Some councils have engaged constructively with the advice, treating it as a genuine prompt for reflection and improvement. Others have treated the requirement to publish the advice and their response as a compliance exercise, with limited evidence of substantive engagement with the underlying issues. The effectiveness of the scheme ultimately depends on whether it succeeds in shifting the behaviour of councils towards better practices and, in particular, towards the foundational disciplines of understanding what their communities value, what it costs to deliver those services sustainably, and how to communicate those costs honestly and transparently to ratepayers.

This is a thread that runs through the entirety of this consultation paper. When the Commission discusses assessment categories, information requirements, or analytical frameworks, it does so with the understanding that these are instruments in the service of a larger objective: improving the quality of financial stewardship in local government, for the long-term benefit of the communities that councils serve. The scheme's value is not measured by the number of reports it produces, but by the extent to which it promotes the transparency, debate and accountability that support change and improved outcomes for communities.

3.6 What success looks like: the outcomes the scheme is seeking

If the scheme is working as intended, over the course of the second cycle the Commission expects to see a positive observable shift for ratepayers. At the most fundamental level, the Commission expects to see evidence that councils are doing the foundational work that underpins sound financial stewardship; that is, understanding the services their communities value and the standard at which they are provided, understanding the full lifecycle cost of delivering those services, and communicating honestly and transparently with ratepayers about the relationship between the two.

These are the disciplines described elsewhere in this paper as 'the basics', and progress against them is the most important measure of the scheme's impact.

More specifically, the Commission expects to see improvements in the quality and internal consistency of councils' LTFPs and IAMPs, such that these documents function as genuine planning instruments rather than compliance artefacts. The Commission expects to see councils engaging seriously with the asset valuation and depreciation issues identified in the first cycle, moving towards practices that reflect the real cost of maintaining and renewing their asset bases over time. The Commission expects to see rate-setting that is grounded in a transparent relationship between the services a council

provides and the cost of providing them, and that councils are able to articulate that relationship clearly to their communities when rates are set.

At the community level, the Commission expects to see evidence that the scheme's published advice is being used - by ratepayers, by elected members, by local media, and by other stakeholders - as a basis for informed engagement with councils about their financial management. The value of transparency is only realised when the information it produces is actually picked up and used. A successful scheme would be one in which the Commission's advice contributes to a richer, more evidence-based local conversation about council performance and priorities.

The Commission recognises that these are ambitious objectives, and that progress is likely to be varied across 68 councils operating in very different circumstances. The second cycle is not expected to resolve every challenge identified in the first. However, the Commission's view is that setting out these expectations clearly, and then being candid in its published advice about where progress is and is not being made, is itself an important part of the transparency that the scheme is designed to promote. The Commission intends to report publicly on the scheme's overall impact at the conclusion of the second cycle, drawing on the evidence gathered across all four years of advice.

3.7 Consultation questions

Question 1

Are there aspects of the advisory model that could be strengthened to improve its effectiveness while preserving councils' decision-making autonomy?

Question 2

In what ways has the scheme's first cycle promoted change in council's approach, and what could be done to strengthen the scheme's capacity to drive sustained improvements in financial management practices and community outcomes?

4 The first cycle: establishing the baseline

4.1 Design and intent of the first cycle

The first four-year cycle of the scheme, from 2022-23 to 2025-26 established a comprehensive, data-driven baseline for the financial and asset management performance of all 68 councils.

The scheme provides a systematic, independent and publicly available assessment of the financial sustainability of individual councils in South Australia, under a consistent framework for evaluating the quality and coherence of councils' long-term financial and asset management plans.

The Commission approached the first cycle with a focus on building an evidence base. It collected and analysed historical financial data going back ten years for each council, sourcing this material from public records and council websites wherever possible. It developed financial reporting templates, pre-populated with historical data, to ensure a consistent basis for analysis.

It established an analytical framework centred on the nationally agreed definition of financial sustainability for the local government sector, which holds that a council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

The Commission considered financial sustainability in the context of three sustainability elements developed by the local government sector itself:

- ▶ **program stability** (the provision of reliable quality services over time)
- ▶ **rate stability** (charging ratepayers reasonably to fund those services), and
- ▶ **intergenerational equity** (ensuring that the costs of services and assets are shared fairly between current and future ratepayers).

These elements remain foundational to the Commission's approach.

4.2 The schedule of councils

The 68 councils were allocated across the four years of the first cycle using a representative sample methodology, rather than a random draw. This ensured that the cohort of councils reviewed in each year was balanced and representative of the sector's diversity, taking into account the Australian Classification of Local Governments categories, geographic spread, and membership in the State's six Local Government Regional Associations. The schedule was:

- ▶ Tranche 1 (2022-23): 15 councils, with advice published in February 2023
- ▶ Tranche 2 (2023-24): 17 councils, with advice published in February 2024
- ▶ Tranche 3 (2024-25): 17 councils, with advice published in February 2025
- ▶ Tranche 4 (2025-26): 19 councils, with advice published in February 2026

For the second cycle, the Commission proposes to maintain a four-year rotational schedule on the same basis as the first round, so that councils have a consistent four year cycle and time to take into account the Commission's recommendations in future decision making.

4.3 Consultation questions

Question 3

Should the Commission maintain a four-year rotational schedule on the same basis as the first round – so that councils have a consistent four year cycle? If not, why not?

4.4 Information gathering and the advice

The information requirements for the first cycle were established through the Commission's Framework and Approach and a series of annual Information Provision Guidelines. Councils were required to submit key documents by 15 August in their relevant year, including their current LTFFP, IAMP, CEO financial sustainability report and audit committee report, and to provide information on material amendments to their strategic management plans, revenue sources and a financial reporting template by 30 September.

The Commission supplemented this information with its own research, including analysis of historical financial data from financial statements, review of council websites and published plans, and engagement with individual councils through meetings and correspondence. This approach was designed to be thorough but proportionate, and the Commission acknowledges the significant effort that councils invested in cooperating with the process during the first cycle.

Each council received a detailed advice report. While the form of the advice evolved over the 4-year cycle, the content of each advice identified areas of strength, areas of risk, and provided each council with specific recommendations. Every advice report was published in full on the Commission's website, and councils were required to include the advice in their draft and adopted Annual Business Plans and Budgets from the following financial year.

4.5 Consultation questions

Question 4

Was the information gathered and the advice given in the first cycle appropriate and proportionate? Are there ways in which they could be streamlined or improved for the second cycle?

5 Outcomes and observations from the first cycle

5.1 Overview of sustainability assessments

Over the first cycle, the Commission formed a sustainability assessment for each council based on its historical performance, current financial position and forward projections. These assessments revealed a mixed picture across the sector. To illustrate, the fourth tranche of councils produced the following distribution:

- ▶ six councils were assessed as currently sustainable
- ▶ seven councils were assessed as mostly sustainable
- ▶ six councils were assessed as potentially unsustainable, marginally unsustainable, or unsustainable

When the Commission looked at the forward projections for those same councils over the next 10-year period, the outlook was somewhat less favourable: five were likely to remain sustainable, five were likely to be mostly sustainable, and nine were likely to be potentially unsustainable or unsustainable. A similar distribution of outcomes was observed across the first two tranches, though the specific proportions varied.

These findings indicate that a significant proportion of South Australian councils face current and emerging risks to their long-term financial sustainability. The Commission emphasises that these assessments are not intended to be punitive; rather, they are intended to provide an honest, evidence-based picture that supports informed decision-making by councils, ratepayers and policymakers.

5.2 Recurring themes from the advice

Across all four tranches, recurring themes emerged from the Commission's advice to individual councils. These themes were not universal, and not every theme applied to every council, but they recurred with sufficient frequency to constitute sector-wide patterns warranting attention.

5.2.1 Effective asset management as a persistent challenge

The most prominent and recurring theme across all tranches was the challenge of effective asset management. The Commission observed that asset management continues to challenge many councils, with specific issues, including:

- ▶ an insufficient understanding of current asset values, condition and remaining useful lives
- ▶ inadequate alignment between IAMPs and LTFPs, and
- ▶ inadequate maintenance, renewal and replacement practices to optimise asset life and costs.

A particularly concerning pattern was the tendency of some councils to allow significant backlogs of asset renewal and replacement to build up, sometimes while prioritising the development of new or upgraded assets. This creates a compounding financial risk: when existing assets are allowed to deteriorate, the eventual cost of renewal is often higher than it would have been had timely maintenance and replacement occurred, and councils can find themselves unable to maintain either their existing assets or their new ones.

At the individual council level, this manifested in specific ways. Some councils had asset management plans based on valuations carried out five or more years ago, posing a risk that depreciation expenses, asset renewal and replacement costs are underestimated in the current economic climate. Others had not completed asset management plans for all categories of their assets or had plans that did not

adequately reflect community input on desired service levels. The Commission consistently recommended that councils review their depreciation assumptions and asset valuation data, ensure that their asset management plans are comprehensive and current, and align those plans with their LTFPs.

5.2.2 The tension between new capital expenditure and renewal

Closely related to the asset management theme was a pattern of councils pursuing new or upgraded assets at the expense of renewing their existing asset base. The Commission observed that some councils appear to favour building new facilities while allowing existing infrastructure to deteriorate: a common problem in local government. The Commission advised councils to assess the development of new and upgraded assets while considering and balancing rates affordability, future financial liabilities, and the prioritisation of asset renewal and replacement.

The question of intergenerational equity featured prominently in this context. New assets that will serve future generations should, in the Commission's view, be financed in ways that spread the cost equitably over time, including through the judicious use of debt with repayment periods that reflect the useful life of the asset. Conversely, the renewal of existing assets should not be deferred in ways that shift costs unfairly to future ratepayers.

Achieving the right balance requires councils to maintain robust and realistic long-term capital expenditure plans, with clear disclosure of the assumptions underpinning those plans.

5.2.3 Financial sustainability and operating performance

The Commission observed some councils experiencing multiple years of forecast operating deficits without a clear plan to return to financial sustainability. In some cases, the underlying causes were structural; for example, a council whose revenue base had not kept pace with growth in service delivery costs, or whose asset base had expanded without a corresponding increase in the revenue needed to maintain it.

In other cases, the causes were more specific; for example, the impact of particular capital projects, or assumptions about inflation or population growth that had not been updated in light of changed circumstances.

The Commission also observed cases where councils were not fully complying with the requirements of the LG Act in their financial management practices. While the Commission's role does not extend to compliance enforcement, these observations underscored the importance of robust internal governance and audit processes in supporting financial sustainability.

5.2.4 Transparency and the quality of planning assumptions

A consistent refrain across individual council advice was the need for greater transparency in how councils prepare their financial plans. The Commission regularly recommended that councils clearly identify their inflation assumptions, explain the basis for revenue and expenditure projections, and disclose material changes to capital expenditure forecasts.

The Commission observed from the first tranche that it is positive for councils to align their annual business plans and budgets with their LTFPs, as this allows the impacts of decisions taken through the annual budgeting process to be understood in a long-term financial context. However, this practice was not yet embedded across the sector.

The Commission further observed that, as any council can be impacted by external events such as natural disasters, it is prudent for councils to have processes to annually reassess the forecasts adopted in their planning and operational documents. By the second tranche, the Commission noted

that while some councils do this effectively, it did not yet appear to be a practice which is embedded across the sector.

5.2.5 Rates, affordability and cost control

Across all tranches, the Commission consistently returned to the question of whether rates are affordable and whether councils are doing enough to constrain costs. The Commission observed insufficient transparency around forecast rate increases and the underlying assumptions, and emphasised that future rate expectations need to take account of affordability for ratepayers, particularly where the current economic climate is putting more pressure on many communities' capacity to pay.

The Commission urged councils to constantly review their internal costs with a view to finding efficiencies and savings to keep rates as low and affordable as possible over the long term, while demonstrating a commitment and ability to meet community needs and value.

At the individual council level, the Commission recommended that councils report on actual and projected cost savings, demonstrate efficiency in operations and service delivery, and consider limiting above-inflation rate increases. For growing councils, the challenge of financing growth-related infrastructure while managing rates affordability was a particular focus, with the Commission noting the importance of ensuring that the cost of growth is shared equitably across generations.

5.2.6 Cash reserves and the use of debt

The Commission noted a tendency among some councils for over-accumulating cash reserves without a clear reason. Holding excessive cash while simultaneously imposing high rates on ratepayers is not, in the Commission's view, in ratepayers' interests.

The Commission advised that councils should obtain ratepayers' views on their cash reserves policy, in conjunction with independent advice on appropriate minimum cash balances. At the same time, the Commission supports the judicious use of debt for new infrastructure, to spread the cost more equitably across the community over time.

This is a nuanced position: the Commission is not advocating imprudent borrowing, but rather recognising that borrowing can be a more equitable financing mechanism for long-lived assets than requiring current ratepayers to fund the full cost upfront.

6 Local Government Observed Practices

Following the completion of the first three tranches, the Commission published a Local Government Observed Practices document¹² that synthesised the recurring themes, issues and opportunities observed across the 49 councils reviewed to that point. The document identified areas of good practice as well as areas of risk, and provided councils with suggested approaches to responding to those risks. The Commission intended this document to serve a dual purpose: to provide a resource for all 68 councils and to inform broader sector discussions about financial management and asset planning practices.

The Commission observed that councils that are performing well generally have in place robust and effective behaviours, strategies and practices across several dimensions, including strategic planning, financial management, asset management and community engagement. The Observed Practices document also identified a range of practices that, where they arise, present risks to a council's financial sustainability and to the interests of its ratepayers.

The Commission's intention is that the Observed Practices document will serve as an important reference point for the second cycle of the scheme, and the Commission proposes to use it as a benchmark against which councils will be assessed in the second cycle. The Commission will update and refine the document as its experience deepens, and welcomes feedback on the observed practices as part of this consultation.

6.1 Strategic management governance as the enabling condition

The Commission considers it important to identify a more fundamental observation that cuts across the four tranches. The recurring issues identified above - in asset management, capital planning, financial transparency, cash reserve management, rate-setting and legislative compliance - are distinct challenges, but they share a common feature: they are all areas in which councils with robust strategic management governance frameworks tend to perform materially better than councils without them.

As outlined in the Observed Practices document, governance, in this context, includes adhering in all respects to the Strategic Management Plan requirements of the *Local Government Act 1999*. The Commission's view is that complying with mandatory legislative requirements is an important step for all councils, to ensure that they apply sound principles of governance in managing their performance and risk, and to achieve and maintain financial sustainability.

The Commission's experience across all four tranches suggests that the quality of a council's strategic management governance is the single most important determinant of its capacity to manage the full range of financial sustainability challenges it faces.

Robust governance, in the Commission's observation, is characterised by a culture in which decisions are informed by evidence, in which assumptions are tested and challenged before they are embedded in plans, in which long-term consequences are weighed alongside short-term pressures, and in which there is genuine accountability for outcomes rather than merely for process compliance.

It is reflected in the quality of the information that flows to decision-makers, in the rigour with which councils interrogate their own financial projections, and in the willingness of both elected members and administration to confront difficult trade-offs openly rather than deferring them. And it is reflected in the ability of elected members to seriously engage with their strategic role and purpose, and in administrations' ability and capacity to enable and support elected members in that capacity.

Where the Commission observed councils managing their finances well - maintaining current and well-founded asset valuations, aligning financial plans with asset management plans, understanding and

¹² Available at: [Local Government Observed Practices report](#)

managing their risks, setting rates on a transparent and defensible basis, complying with their legislative obligations and engaging constructively with the Commission - it almost invariably found that these practices were underpinned by governance arrangements that supported and demanded them.

Conversely, where the Commission identified material deficiencies in asset management, planning quality or financial transparency, it frequently observed that those deficiencies coexisted with governance arrangements that were unable to detect or correct them. A council whose audit and risk committee is actively engaged with the quality of the council's LTFP, for example, is far less likely to allow asset valuations to become materially outdated than one whose committee treats financial oversight as a procedural formality.

The Commission does not suggest that governance alone is sufficient to ensure financial sustainability. Councils operate in diverse and sometimes very challenging circumstances, and even well-governed councils face genuine constraints. But the Commission's first-cycle experience strongly suggests that governance is a necessary condition; that, without it, the other disciplines discussed in this chapter are unlikely to be performed well, and the risks to the community are correspondingly greater.

For this reason, the Commission intends to give greater weight to the quality of governance arrangements in its second-cycle assessments, not as a separate assessment category but as an integral consideration that informs the Commission's view of a council's capacity to manage the specific risks identified in its advice.

6.2 The fundamental risk: councils that do not engage with the basics

The Commission considers it important to draw together the themes described above into a more direct statement about the fundamental risk that the scheme is designed to address.

Councils are, in a meaningful sense, monopoly providers of essential local services and infrastructure. Ratepayers generally have no alternative provider and limited ability to avoid the rates levied on them. In this context, the setting of rates is not a market transaction in which the price reflects competition and consumer choice; it is an exercise of a statutory power by a body that has an obligation to act in the interests of its community – this includes understanding the community's willingness to pay and its ability to afford the services provided. That obligation carries with it a corresponding responsibility to do the foundational work that underpins sound financial stewardship. That foundational work includes strategic planning that aligns with implementation planning, thereby enabling operational execution.

That foundational work, what the Commission refers to as **'the basics'**, involves three interrelated disciplines.

- ▶ First, understanding what services the community values and at what level those services should be provided. This requires genuine engagement with the community, not merely pro-forma consultation, to establish a shared understanding of the services that ratepayers expect and the trade-offs involved.
- ▶ Second, understanding the full lifecycle cost of delivering those services, including the cost of maintaining, renewing and eventually replacing the assets on which service delivery depends. This requires robust asset management planning, sound depreciation methodology, and realistic estimates of future capital needs.
- ▶ Third, communicating honestly and transparently to ratepayers about the connection between the services they receive, the assets that support those services, and the rates they are asked to pay.

The risk to the community is that councils that do not engage seriously with these basics default, instead, to leveraging their ability to increase rates. Where a council has not done the work to understand the true cost of its services and assets, it may set rates that are too low (storing up

financial sustainability problems for the future), too high (imposing unnecessary costs on current ratepayers), or simply disconnected from any coherent assessment of what is actually needed.

In any of these scenarios, the community is poorly served. Rates that are set without a rigorous understanding of the underlying cost drivers are unlikely to reflect the services the community wants at an efficient price – and ratepayers are entitled to expect better from the institutions that govern their local services.

The Commission's observations across the first cycle suggest that this fundamental risk is not hypothetical. The recurring findings about outdated asset valuations, incomplete asset management plans, inadequate alignment between financial and asset management planning, and insufficient transparency around rate-setting assumptions are all symptoms of a deeper issue: some councils have not yet embedded the disciplines necessary to connect the rates they charge to the services they deliver and the assets they manage. The scheme's purpose, at its most essential, is to promote and support the adoption of those disciplines; and, through the transparency of the advice, to give communities the information they need to hold their councils to account for doing so.

The Commission wishes to be clear that this observation is not directed at all councils. Many councils demonstrated strong practices during the first cycle, and the Commission has acknowledged those practices in its advice. Nor is the Commission suggesting that councils deliberately act against their communities' interests. But the Commission has observed that the absence of rigorous foundational practices is a material and recurring risk across the sector, and it considers that the second cycle of the scheme should give particular prominence to the question of whether councils are engaging with the basics in a way that serves their communities well.

6.3 Consultation questions

Question 5

Are there additional themes or observed practices that the Commission should address in an updated version of the Observed Practices document?¹³ Are there areas where the Commission's observations could be strengthened with additional data, benchmarking or analysis?

Question 6

To what extent have councils found the first-cycle advice and the Observed Practices document useful in informing their planning and decision-making? What could be done to increase the practical value of the Commission's outputs?

Question 7

Does the Commission's characterisation of 'the basics' - understanding what the community values, the full lifecycle cost of delivery, and transparent communication to ratepayers - adequately capture the foundational disciplines that the scheme should promote? Are there other foundational practices that should be given similar prominence?

¹³ Available at: [Local Government Observed Practices report](#)

7 The second cycle: 2026-27 to 2029-30

7.1 Continuation of the scheme

In absence of legislative change, the scheme will continue for a second four-year cycle from 2026-27 to 2029-30. The statutory provisions of the LG Act that underpin the scheme remain in force, and the Commission's advisory function in relation to local government is ongoing.

The first cycle served its intended purpose of establishing a comprehensive baseline. Every one of the State's 68 councils has now been through the scheme at least once. The Commission has accumulated a detailed understanding of each council's financial position, asset management practices, planning quality and particular circumstances. This body of knowledge provides the foundation for a second cycle that can be more targeted, more comparative and more focused on outcomes.

Critically, the second cycle provides the first opportunity to assess whether the scheme is achieving its core purpose of promoting change that leads to improved outcomes for communities. The baseline has been set; the advice has been published; the risks have been identified. The question that now arises is whether councils have responded: whether the transparency created by the first cycle has translated into changes in practice, improved financial stewardship, and better outcomes for communities.

The Commission considers this to be the central question of the second cycle. A scheme that produces high-quality analysis but does not lead to improved practices is, ultimately, not fulfilling its policy purpose.

The Commission's proposed approach to the second cycle is therefore designed to update the first-cycle assessments and actively test whether the scheme's theory of change is working. Where councils have engaged constructively with the advice and improved their practices, the Commission expects to recognise and validate that progress. Where councils have not engaged, and particularly where the fundamental disciplines described in section 4.4 remain absent, the Commission's advice will say so plainly, ensuring that communities have the information they need to hold their councils to account.

7.2 Evolution of the Scheme for the second cycle

The Commission proposes that the second cycle of the scheme will maintain the same statutory framework and the same advisory character, but that its analytical focus will efficiently evolve to reflect the existence of the baseline established in the first cycle. In particular, the Commission proposes that the second cycle will focus on **three assessment areas**, which together will form the basis for the Commission's advice to each council.

7.2.1 Assessment area 1: Response to previous advice

The first and most significant change from the first cycle is that the Commission will, for the second cycle, assess what each council has done in response to the advice it received in the first cycle. This is a natural evolution of the scheme's progression: having provided detailed, specific recommendations to each council, the Commission considers it important to examine whether and how councils have engaged with that advice, and what outcomes have followed.

This assessment area will involve the Commission reviewing each council's response to the first-cycle advice, including any formal response published in the council's annual business plans, any changes to the council's strategic management plans, and any practical steps taken to address the risks and recommendations identified. The Commission recognises that not all recommendations will have been adopted, and that councils may have legitimate reasons for departing from the advice. The purpose of this assessment area is not to penalise councils, but to understand the extent to which the scheme's

first cycle has influenced practices and outcomes, and to identify any persistent risks that remain unaddressed.

To support this assessment, the Commission will require each council to provide a **written statement** explaining its position in relation to the first-cycle advice, including the actions taken (if any) in response to each recommendation, the reasons for any recommendations that were not adopted, and the council's own assessment of the outcomes that have resulted. This statement will be a new information requirement for the second cycle, and the Commission proposes that it be submitted by 30 September in the council's relevant year.

The Commission notes that, for each council which has responded to the Commission's advice, the council must publish those responses in their annual business plans (both the draft and adopted annual business plan) in the relevant financial year and each subsequent financial year until the next relevant financial year for that council (refer section 122(1h) of the LG Act). In that context, providing the written statement should be relatively straightforward, comprising and building on those responses.

7.2.2 Assessment area 2: Material changes in context and circumstances

The second assessment area will examine what has changed materially for the council since the last advice. This encompasses changes in the council's external context (such as economic conditions, population growth or decline, changes in government policy, natural disasters, or shifts in community expectations) as well as changes in the council's own financial position and operational circumstances (such as significant capital projects, changes in revenue composition, workforce challenges, or governance events).

The Commission's focus in this assessment area will be on **risks to the community** arising from material changes. The Commission is not concerned with cataloguing every minor variation in a council's circumstances; rather, it will focus on changes that are sufficiently material to alter the risk profile of the council's financial sustainability or service delivery capacity. For example, a council that has experienced rapid population growth since its last advice may face new pressures on infrastructure and service delivery; a council that has experienced a significant decline in its rate base may face revenue sustainability challenges; a council that has undertaken a major capital project may have altered its debt profile and forward financial projections.

To support this assessment, the Commission will require each council to provide a **written statement** identifying and explaining any material changes in its context and circumstances since the first-cycle advice, including the council's own assessment of how those changes have affected or are likely to affect its financial sustainability, asset management and service delivery. This statement should address both external and internal changes, and should be forward-looking as well as retrospective. This statement will allow a council to explain its own view of its circumstances, prior to the Commission's assessment commencing, a feature not present during the first cycle.

7.2.3 Assessment area 3: Performance against observed practices

The third assessment area will evaluate how the council's current practices compare with the benchmarks identified in the Commission's Observed Practices document. This assessment area represents a shift from the first cycle, where the Commission's analysis was primarily focused on each council's own historical trends and forward projections. In the second cycle, the Commission will also assess each council against a sector-wide standard of practice – asking, in effect, whether the council's behaviours, strategies and practices in relation to financial planning, asset management, rates and community engagement reflect the characteristics that the Commission has observed to be associated with well-performing councils.

The Commission recognises that the diversity of the sector means that not all observed practices will be equally relevant or achievable for all councils. A small rural council with limited resources will face

different challenges from a large metropolitan council. The Commission will exercise judgment in applying the observed practices benchmarks, taking account of each council's size, resources, geographic context and community profile. The assessment will not be a mechanical checklist; it will involve a considered evaluation of whether the council's practices are appropriate for its circumstances and whether they position the council to serve its community sustainably over the long term.

7.3 Continuing regard to statutory matters

In conducting its assessments under the three areas described above, the Commission will continue to have full regard to the matters specified in section 122 of the LG Act; that is, the Relevant Matters relating to material amendments to LTFPs and IAMPs, the reasons for those amendments, and revenue sources outlined in funding plans.

The three assessment areas are not a replacement for that statutory framework; rather, they are an additional analytical lens that the Commission will apply in order to deepen and enrich the advice it provides.

The Commission considers that the three assessment areas are consistent with and complementary to the statutory framework.

- ▶ Assessment Area 1 (response to previous advice) is concerned with whether councils have acted on recommendations that were themselves grounded in the statutory matters.
- ▶ Assessment Area 2 (material changes) is concerned with the context in which the statutory matters fall to be assessed.
- ▶ Assessment Area 3 (observed practices) provides a qualitative benchmark for the standards of planning and management that the Commission considers appropriate in relation to the statutory matters.

7.4 Consultation questions

Question 8

Do stakeholders consider that the three proposed assessment areas provide an appropriate framework for the second cycle? Are there additional areas that the Commission should consider?

Question 9

Is the proposal to require written statements from councils in relation to Assessment Areas 1 and 2 reasonable and proportionate? What guidance would be helpful in relation to the content and format of those statements?

Question 10

Which characteristics should be considered by the Commission to take account of the significant diversity among South Australian councils when applying the observed practices benchmarks in Assessment Area 3?

7.5 Emerging issues for the second cycle

The Commission is conscious that the operating environment for local government continues to evolve, and that the second cycle of the scheme will be conducted against a backdrop of emerging challenges that were not prominent when the scheme was designed. The Commission wishes to signal several areas that it may give particular attention to in the second cycle, and invites stakeholder views on these and any other emerging issues.

7.5.1 Climate adaptation and the resilience of the asset base

South Australian councils may face increasing risks from climate change, including coastal erosion, increased storm damage, heat stress on road surfaces and other infrastructure, and changed patterns of rainfall and flooding. These risks could have direct implications for asset management planning, as they may affect the useful lives of assets, the costs of renewal and replacement, and the need for new or upgraded infrastructure.

7.5.2 Growing councils and growth-related infrastructure

Councils experiencing rapid population growth face distinctive challenges in financing growth-related infrastructure while maintaining their existing asset base and managing rates affordability. The first cycle highlighted these pressures for several councils in growth corridors.

7.5.3 Workforce and operational capacity

Several of the deficiencies observed in the first cycle, particularly in relation to asset management planning, financial forecasting and strategic document quality, may reflect underlying workforce and capacity constraints, especially in smaller and more remote councils.

7.5.4 Community engagement on financial matters

The Commission has consistently recommended that councils consult with their communities on matters such as desired service levels, the affordability of rate increases, and the policy for cash reserves. The quality and effectiveness of community engagement on financial matters varies significantly across the sector.

7.6 Consultation questions

Question 11

Are there emerging issues, beyond those identified above, that the Commission should consider in the second cycle of the scheme?

7.7 Scheme costs

The Commission's view is that the delivery of the second cycle of the scheme will embed efficiencies gained during round one, and will continue to focus on providing advice in a manner that reflects its lowest sustainable costs. The Commission will provide further information about fees for the second cycle of the scheme as the final framework and approach develops, through this consultation.

8 Assessment framework and categories

8.1 Purpose of the assessment categories

In the first cycle, the Commission assigned each council an overall assessment of its financial sustainability, using terms such as 'sustainable', 'mostly sustainable', 'potentially unsustainable', 'marginally unsustainable' and 'unsustainable'. These categories were applied both to the council's current position and to its forward projections.

The Commission proposes to retain and refine this approach for the second cycle. Each council will receive both a **current assessment** (reflecting its present financial position and practices) and a **forecast assessment** (reflecting the Commission's view of the council's likely trajectory over the following 10-year period). Together, these two assessments will provide a concise, accessible summary of the Commission's view of each council's situation.

8.2 Proposed assessment categories

The Commission proposes to adopt a refined set of five assessment categories for the second cycle. These categories are intended to be clear, meaningful and appropriately graduated, providing councils and ratepayers with a useful summary while acknowledging the inherent complexity of financial sustainability assessments. The proposed categories are as follows:

Category	Description
Sustainable	The council's financial performance, position and practices are consistent with long-term financial sustainability. Its plans are well-founded, its asset management is sound, and its rate and revenue settings are appropriate for the services it provides. The council is well-positioned to maintain its current service levels and infrastructure without unplanned rate increases or disruptive service reductions.
Mostly sustainable	The council's financial performance and position are broadly consistent with long-term sustainability, but there are one or more areas of risk or weakness that, if not addressed, could threaten sustainability over time. These may relate to specific aspects of asset management, cost control, planning assumptions or transparency. The council has the capacity to address these risks through its own actions.
At risk	The council's financial performance, position or practices present material risks to long-term sustainability. There are identifiable areas where the council's plans, practices or financial trajectory raise concerns about its ability to maintain services and infrastructure without significant corrective action. The council needs to take deliberate steps to address these risks, and the Commission's advice will identify the specific areas requiring attention.
Materially at risk	The council faces serious and compounding risks to its long-term financial sustainability. Its current trajectory, if not altered, is likely to result in an inability to maintain services, infrastructure, or both, without significant rate increases, substantial service reductions, or both. Urgent and substantial corrective action is needed.
Unsustainable	The council's financial position is unsustainable on its current trajectory. It is unable to meet its existing service and infrastructure obligations without fundamental restructuring of its finances, services, or both. The Commission considers that the council and its community face significant adverse consequences unless immediate decisive and corrective action is taken.

8.3 Current and forecast assessments

Each council will receive two assessments: one reflecting its current position and one reflecting its forecast trajectory.

The **current assessment** reflects the Commission's evaluation of the council's financial performance, financial position and management practices as at the date of the assessment. It draws on the most recent audited financial statements, the current LTFP and IAMP, the council's response to first-cycle advice, and the Commission's assessment of the council's current practices against the observed practices benchmarks. The current assessment is a snapshot of where the council stands today.

The **forecast assessment** reflects the Commission's evaluation of the council's likely financial trajectory over the following 10-year period, based on its current plans and assumptions. It takes account of the council's LTFP projections, the realism and robustness of the assumptions underpinning those projections, the council's capital expenditure plans, and any material changes in context or circumstances that the Commission considers likely to affect the council's financial position. The forecast assessment is inherently forward-looking and involves a degree of uncertainty; it represents the Commission's best judgment of the trajectory that the council is on, given current settings.

It is entirely possible for a council to receive different current and forecast assessments. For example, a council that is currently in a sound financial position but has plans that, in the Commission's view, will lead to deterioration over time might receive a 'sustainable' current assessment but an 'at risk' forecast assessment. Conversely, a council that is currently experiencing financial difficulty but has adopted a credible plan to return to sustainability might receive a 'materially at risk' current assessment but a 'mostly sustainable' forecast assessment.

8.4 The role of judgment and discretion

The Commission emphasises that the assignment of councils to assessment categories will not be a mechanical exercise. While the Commission's analysis is grounded in quantitative data, including financial ratios, trend analysis, capital expenditure forecasts and debt projections, the assessment also involves a substantial element of qualitative judgment. Financial ratios alone cannot capture the full picture of a council's sustainability; they must be interpreted in the context of the council's particular circumstances, the quality of its governance and management, the realism of its plans, and the external environment in which it operates.

For this reason, the Commission will not publish a formulaic scoring methodology that mechanically maps financial indicators to assessment categories. The Commission considers that such an approach would be misleading and potentially harmful, as it would encourage a focus on gaming specific ratios rather than on the substance of sound financial management. Instead, the Commission will publish, in its advice to each council, the key considerations and evidence that informed the assessment, providing transparency about the reasoning while preserving the role of independent judgment.

The Commission does, however, recognise the importance of consistency across its assessments. It will maintain internal analytical protocols and decision-making frameworks to ensure that similar circumstances produce similar assessments across councils. Where the Commission's assessment of a council's category differs from what the quantitative indicators alone might suggest, the Commission will explain the reasons for that departure in its advice.

8.5 Consultation questions

Question 12

Are the proposed five assessment categories clear, meaningful and appropriately graduated? Should any categories be added, removed or redefined?

Question 13

Is the approach of providing both a current and a forecast assessment appropriate? Are there risks or benefits that the Commission should consider in adopting this dual-assessment approach?

9 Information requirements for the second cycle

The Commission proposes to retain the core information requirements from the first cycle, with the addition of the two written statements described in section 4.2. The Commission's proposed information requirements for the second cycle are as follows.

9.1 Standard submissions (by 15 August)

By 15 August in the council's relevant year, each council will be required to provide to the Commission its current LTFP, IAMP, CEO financial sustainability report and audit committee report. These are documents that councils are already required to have and maintain under the LG Act, and the Commission considers this requirement to be unchanged from the first cycle.

9.2 Scheme-specific submissions (by 30 September)

By 30 September in the council's relevant year, each council will be required to provide the following:

- ▶ A completed financial reporting template, in the form determined by the Commission, pre-populated with historical data by the Commission and updated by the council with current and projected figures.
- ▶ Information on material amendments to the council's LTFP and IAMP, and the reasons for those amendments, as required under the LG Act.
- ▶ Written Statement 1: Response to first-cycle advice.
- ▶ Written Statement 2: Material changes in context and circumstances.

9.3 Guidance on the content of the written statements

The two written statements are an addition to the scheme's information requirements for the second cycle. They are also, in the Commission's view, one of the most important features of the proposed second-cycle framework. The statements give councils a structured opportunity to present their own narrative: to explain what they have done in response to the first-cycle advice, why they have made the choices they have made, and how their circumstances have changed in ways that are material to their financial sustainability. The Commission's intention is that the statements should be substantial and considered, but not unduly burdensome.

The Commission considers that this is important not only because it will improve the quality of the Commission's own assessment, but because it gives councils genuine voice and ownership within the advisory process. A council that has engaged thoughtfully with the first-cycle advice and can articulate that engagement clearly is in a materially different position from one that cannot, and the written statements are designed to make that distinction visible.

The Commission does not propose to be prescriptive about the form or length of the statements. The quality of a council's response will be measured by the substance of what it says, not by its length or its conformity to a template. That said, the Commission recognises that some general guidance on content expectations will be helpful, particularly for councils preparing these statements for the first time. The following guidance is indicative and is intended to assist councils in understanding the Commission's expectations.

The Commission will work with the Local Government Association and the Local Government Financial Management Group to develop further guidance if stakeholders identify a need for it during or following this consultation.

9.3.1 Written statement 1: Response to first-cycle advice

The purpose of this statement is to give the council an opportunity to set out, in its own words, how it has engaged with the advice it received in the first cycle of the scheme. The Commission expects this statement to address each of the material recommendations in the first-cycle advice. For each recommendation, the council should explain the action it has taken (if any), the outcomes that have resulted, and the council's own assessment of whether the issue identified in the recommendation has been adequately addressed. Where a council has chosen not to adopt a recommendation, it should explain why, including any constraints, competing priorities, or differences of view that informed that decision. The Commission does not expect or require councils to agree with every recommendation it has made, but it does expect councils to engage with them substantively rather than perfunctorily.

The statement should also address any broader themes or overarching concerns raised in the first-cycle advice, not only the specific numbered recommendations. If the Commission's advice identified systemic issues with the quality of the council's planning, asset management practices, or financial management approach, the statement should address what the council has done to respond to those concerns at a strategic level, rather than treating each recommendation in isolation.

The Commission would generally expect this statement to be reasonably short (potentially in the range of three to eight pages), depending on the number and complexity of the recommendations in the first-cycle advice, but councils should use whatever length is necessary to address the matters substantively.

9.3.2 Written statement 2: Material changes in context and circumstances

The purpose of this statement is to give the council an opportunity to draw the Commission's attention to changes - whether external or internal - that are sufficiently material to affect the Commission's assessment of the council's financial sustainability, asset management or service delivery capacity. This is not intended to be a comprehensive account of everything that has changed since the last advice; the Commission is interested in changes that matter, not changes that are merely recent.

The council should exercise its own judgment about what constitutes a material change, but examples of the kinds of changes the Commission expects to see addressed include significant shifts in the council's population or rate base, major capital projects commenced or completed, material changes to the council's debt position or revenue composition, the impact of natural disasters or other external shocks, significant changes in government policy that affect the council's operations or finances, and material governance events such as changes in senior leadership or elected membership that have affected the council's strategic direction.

For each material change identified, the council should explain the nature of the change, its actual or expected impact on the council's financial sustainability and service delivery, and any actions the council has taken or plans to take in response. The statement should be forward-looking as well as retrospective: the Commission is interested not only in what has happened, but in what the council expects to happen and how it is planning for it.

As with Written Statement 1, the Commission does not propose a fixed length for this statement. The appropriate length will depend on the extent and materiality of the changes a council has experienced. For some councils operating in relatively stable environments, a concise statement of two to three pages may be sufficient. For councils that have experienced significant change, a longer and more detailed statement will be appropriate.

9.4 Consultation questions

Question 14

Are the proposed information requirements for the second cycle appropriate and proportionate? Are there additional information items that the Commission should require, or existing items that could be removed or streamlined?

Question 15

What guidance would be most helpful to councils in preparing the two written statements? Are there particular areas where councils would benefit from worked examples or templates?

10 Next steps

The Commission invites submissions from councils, ratepayer groups, the Local Government Association of South Australia, professional bodies, interested members of the public and any other parties who wish to contribute to the development of the scheme for its second cycle.

The Commission has posed specific consultation questions throughout this paper, but stakeholders are welcome to comment on any aspect of the proposals. All questions are collected in Chapter 2 for ease of reference.

Submissions should be provided by **Friday, 22 May 2026** to advice@escosa.sa.gov.au. Unless a submission is marked as confidential, it will be published on the Commission's website.

The final Framework and Approach, incorporating stakeholder feedback, is expected to be published in July 2026.

Appendix A: Analytic framework for the second cycle

This appendix sets out, in summary form, the analytic framework that the Commission proposes to apply in conducting its assessments under the second cycle of the Local Government Advice Scheme. The framework is structured around the three assessment areas described in Chapter 5, with the statutory Relevant Matters (section 122 of the LG Act) serving as the overarching legal basis for the Commission's analysis (refer to section 3.1 of the draft Framework and Approach for information on the Relevant Matters).¹⁴

A.1 Overarching framework

The Commission's assessment of each council will proceed through the following stages:

Stage	Focus	Key inputs
1. Data collection and baseline refresh	Updating the evidence base for each council	Financial reporting template, current LTFP and IAMP, audited financial statements, CEO financial sustainability report, audit committee report, publicly available information
2. Assessment Area 1	Response to previous advice	Written Statement 1 from council, review of published annual business plans, changes to strategic management plans since first-cycle advice, engagement with council
3. Assessment Area 2	Material changes in context and circumstances	Written Statement 2 from council, external data sources (ABS, economic indicators, demographic projections), review of council publications and media, engagement with council
4. Assessment Area 3	Performance against observed practices	Commission's Observed Practices document, council's current LTFP and IAMP, asset management plan documentation, community engagement records, evidence of cost control and efficiency measures
5. Statutory matters	LG Act section 122 Relevant Matters	Material amendments to LTFP and IAMP, revenue sources, any other relevant matters
6. Assessment and rating	Assignment of current and forecast assessment categories	Synthesis of all findings from stages 1–5, applying judgment and discretion as described in Chapter 6
7. Advice preparation	Drafting of advice report and recommendations	All of the above, engagement with council on draft advice prior to publication

¹⁴ For full scheme details, refer *Local Government Act 1999*, section 122, available at: [Local Government Act 1999 | South Australian Legislation](#)

A.2 Assessment area 1: Detailed analytic considerations

In assessing each council's response to its first-cycle advice, the Commission will consider the following matters:

- ▶ Whether the council published a formal response to the advice in its annual business plan, as required by the LG Act.
- ▶ The substance and quality of the council's response, including whether it engaged meaningfully with each recommendation or addressed the recommendations only at a superficial level.
- ▶ Whether the council has taken practical steps to implement the recommendations, and the evidence for those steps (for example, updated asset management plans, revised LTFP assumptions, cost reduction initiatives, or community engagement processes).
- ▶ The outcomes that have resulted from any actions taken, including whether the risks identified in the first-cycle advice have been mitigated, remain unchanged, or have worsened.
- ▶ Where recommendations were not adopted, whether the council's reasons for departing from the advice are reasonable and well-articulated, and whether the council has adopted alternative approaches to address the underlying risks.
- ▶ The overall trajectory of the council's financial sustainability since the first-cycle advice, and the extent to which that trajectory is consistent with the recommendations made.

A.3 Assessment area 2: Detailed analytic considerations

In assessing material changes in context and circumstances, the Commission will consider the following matters:

- ▶ Changes in the economic environment, including inflation, interest rates, construction costs, and the general cost of providing council services.
- ▶ Demographic changes, including population growth or decline, changes in the age profile of the community, and shifts in housing and development patterns.
- ▶ Changes in government policy at the State or Commonwealth level that affect council revenues, costs or responsibilities, including changes to grant funding, cost-shifting, or new regulatory requirements.
- ▶ Natural events, emergencies or other external shocks that have had or are likely to have a material impact on the council's finances or infrastructure.
- ▶ Significant capital projects, including new or upgraded assets, that have altered the council's debt profile, asset base or forward financial projections.
- ▶ Governance events, including changes in senior management, council elections, organisational restructures, or significant audit findings.
- ▶ Changes in the community's expectations or circumstances that affect the demand for council services or the community's capacity to pay rates.

A.4 Assessment area 3: Detailed analytic considerations

In assessing performance against observed practices, the Commission will consider the following dimensions, drawn from the Observed Practices document and refined over the course of the scheme:

Dimension	Key considerations
Strategic planning	Quality and coherence of LTFP and IAMP; alignment between strategic, financial and asset management plans; annual review and update of planning assumptions; transparency of assumptions
Financial management	Operating performance and trends; revenue sustainability and diversification; cost control and efficiency; compliance with LG Act financial management requirements; quality of budgeting and forecasting
Asset management	Comprehensiveness and currency of asset management plans; quality of asset condition data and valuations; alignment between asset management plans and LTFP; balance between renewal and new capital; depreciation methodology and assumptions
Rates and affordability	Transparency of rate-setting process and assumptions; consideration of community capacity to pay; use of differential rating and other tools to manage affordability; historical and projected rate trends
Financing and reserves	Appropriateness of debt levels and repayment terms; cash reserve policy and rationale; intergenerational equity in financing decisions; use of borrowings for long-lived assets
Community engagement	Quality and breadth of community engagement on financial matters and service levels; evidence that community input has informed planning and decision-making
Governance and accountability	Quality of internal governance processes; effectiveness of audit committees; responsiveness to external advice and audit findings; transparency in reporting to the community

A.5 From analysis to assessment: the synthesis process

The Commission's assignment of each council to a current and forecast assessment category will be based on a synthesis of the findings across all three assessment areas and the statutory Relevant Matters. This synthesis involves weighing the significance and materiality of the various findings, taking account of the council's particular circumstances, and forming an overall judgment about the council's financial sustainability and the risks to its community.

As noted in Chapter 6, this process is not mechanical. The Commission may, for example, form a view that a council with moderate quantitative indicators but excellent management practices and a credible plan to address identified risks is more sustainable than a council with stronger current indicators but poor planning and governance. Conversely, a council with strong current financial metrics but a deteriorating asset base and no plan to address the deterioration may warrant a less favourable assessment than its financial ratios alone would suggest.

The Commission will ensure that each advice report includes sufficient explanation of the reasoning underpinning the assessment, so that councils and their communities can understand the basis on which the assessment was made and identify the specific areas where action is needed or where good practice has been recognised.

Question Q.A1

Is the analytic framework set out in this appendix clear and comprehensive? Are there additional analytic considerations that the Commission should incorporate?

Question Q.A2

Are the seven dimensions proposed for Assessment Area 3 (observed practices) the right dimensions? Should any be added, removed or refined?

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