Port Augusta
CITY COUNCIL

Port Augusta City Council

ANNUAL BUSINESS PLAN & BUDGET

2026/27



Acknowledgement of Country

We acknowledge and respect the Barngarla and Nukunu people as the Traditional Custodians of the ancestral lands.

We pay respect to all Aboriginal cultural groups and individuals. As it has been in the past, Port Augusta continues to be a meeting place, with members of many different language groups living here.



ARTWORK DESIGNED BY JAEKIYA WILTON, TEAM LEADER CHILDCARE CENTRE

Crossroads to Building Connection

This painting is a representation of a place, a place that is a second home to many children, a place that families put their trust in to care for their favourite little people, Port Augusta Childcare Centre.

The circle with the footprint represents the centre and the children and families who come into it. The green symbolises the land, and the blues represent the waters, showing that people come from far and wide to meet here at the "Crossroads of South Australia." Even before Western society, this Spencer Gulf region was always known as a crossroads, and I wanted to acknowledge that.

In early childhood education, educators thrive on building connections with children, families, colleagues, and the community, ensuring that the learning environment is welcoming and inclusive. I am honoured to create a piece that is, in my own way, my interpretation of that, a piece that represents people coming together to learn, thrive, and nurture, building connections while honouring the journey to get there.

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Mayoral Message



As Mayor, my focus, alongside the Elected Members and all the staff across Council, is to ensure this city is a vibrant, welcoming community where people are proud to live. Council's Annual Business Plan and Budget for the 2026/27 financial year, setting out the services, programs, and projects we believe will contribute to Port Augusta continuing to be a great place to live and work.

I feel very lucky to live in such a beautiful area with all that our region has to offer: a stunning coastline, the backdrop of the Flinders Ranges, the unique worldclass Australian Arid Lands Botanical Gardens, our sports facilities that punch above their weight and the quality most often remarked on by visitors – the friendliness of our community.

Port Augusta has a proud history always at the intersection, literally and figuratively. It has been an important port for Outback stations and Flinders Ranges graziers, it has close connections to the Afghan Cameleers, it was at the heart of the powerful railway industry, generated electricity for the entire state and is now at the forefront of the energy transition. Out city is also literally a crossroads; it plays host to thousands of tourists adventuring overland to discover the fathomless wonders our country has to offer, as well as being of significant cultural consequence throughout time to those who first travelled this land. This is a place that has always been home to the labourers, the resourceful, the resilient people who have been the backbone of Australia.

One of the key elements of the Annual Business Plan is a commitment to new and upgraded asset expenditure of $1.7m and $899,000 on operational initiatives. This expenditure is aimed at improving community safety, customer responsiveness and community support for events.

Some of the projects include:

- $150,000 to continue the design and scoping for a new Westside Jetty.
- A further $150,000 as part of the Building Safer Spaces project in partnership with the State Government.
- $130,000 to extend the solar lighting and enhance safety on the Back Beach path.
- $150,000 to improve systems that provide better customer information.
- $350,000 for changing room upgrades at ETSA and Chinnery Oval.
- $250,000 towards a splash park on the foreshore.

- $190,000 to support community events, which represents giving back 1% of rates to the community.
- $76,000 to improve fencing at playgrounds.
- $15,000 towards a disability beach access ramp.

Our commitment to infrastructure refurbishment is a significant feature of this year's Annual Business Plan. We have an ambitious program to not only address infrastructure falling due for renewal but also implement stage 1 of a four-year program to "catch up" backlog renewal works. In total we intend to spend $14 million on ensuring our roads, buildings and other assets are repaired and restored for continued enjoyment by the community.

The budget for 2026/27 is set against a backdrop of an increasingly challenging economic climate. Council's ambition is to continue to provide all currently existing services, support thriving clubs and events – the spine of our community - while working towards a position of long-term financial sustainability. Council has been faced with difficult choices, but substantial progress has been made over recent years to return Port Augusta Council to a sustainable position without losing sight of the importance of providing quality services and events, and I am proud of what we have achieved together.

It is recognised that individuals, businesses, and community groups are facing escalating costs and significant uncertainty continues to dominate the headlines. Our goal is to deliver stability across the services and programs Council provides whilst reflecting the diversity of views of our community with regards to what we should be prioritising as well as the level of service provided across our local council area.

The 2026/27 Annual Business Plan and Budget aims to maintain services and facilities for the community consistent with the prior year, to deliver initiatives that will help Council provide more responsive services as well as continuing progress towards the long-term sustainability of the Council's financial performance and position within a three year time frame.Council will continue to work on its Long Term Financial Plan (LTFP) so that it can balance its operating position by 2029/30.

Linley Shine
Mayor
Port Augusta City Council

2026/27 Budget Snapshot

	14,116	Population	ABS projection at at February 2025
	1,153km2	Size of Council Area	Source: RDAFN
	7,889	Rateable Properties	
	128km	Footpaths	Maintained by Council
	36km	Stormwater Pipework	Maintained by Council
	196km	Roads - Sealed	Maintained by Council
	215km	Roads - Unsealed	Maintained by Council
	$37,382,330	Operating Revenue	
	$40,132,979	Operating Expenses	Including depreciations
	$15,686,911	Capital Works	
	119	Council Staff	Averge full-time equivalent
	$750,000	Australian Arid Lands Botanic Garden	State Government Funding
	$900	Fixed Charge	Unchanged since 2024/25
	Capital value as the basis of rating		

What we Achieved 2025/26

- Westside fishing facilities.
- Westside coastal camera installations.
- Port Augusta Foreshore active recreation project.
- Early Childhood Educators development project.
- Responded to 1127 customer service requests (as at 30 April 2025) 85% complete and 118 currently being attended to.
- Hosted the Crows Camp.
- Installation of communication boards at 2 playgrounds, with more planned.
- Installation of automatic defibrillators at 18 community venues.
- Installation of an outdoor toilet at the AALBG and replacements at Loudon Rd and Keith Jones Memorial Park.
- Consulted on updated Stormwater Management plan.
- Refurbishment and leasing of Poinsettia Village units to the Education Department.
- Road repairs and response to flood event.
- Records system upgrade project.
- Foreshore lighting projects.
- New cat management facility at the Pound.
- Replacement of cool room refrigeration system at Central Oval.
- Hosted a summer beach party with support from Algal Bloom grant funding.
- Transitioned health care services (substance misuse, assertive outreach and sobering up units) to new providers.
- Festivals - Solar and Sun sculpture; Malka Aboriginal Art Prize; Multicultural Festival.
- Age-friendly Arts program.
- Review of a number of Council documents including:
    - o Childcare Centre policies and procedures
    - o By-Laws
    - o HR policies
    - o Community Land Management Plans
- Developed new Access and Inclusion Plan 2026 – 2030.
- Sponsorship program for over 40 community groups and events.
- Launched new Tourism Strategy 2025 – 2030.
- Upper Spencer Gulf Seachange videos.
- Port Augusta Infrastructure for Growth and Prospectus, developed with RDAFN.
- Additional CCTV cameras installed across the City.
- Development of the Gardening and BBQ area at the Men's Shed.
- Third in the Local Government Professionals SA Rural Management Challenge.
- Free Waste Disposal Day and Garage Sale Trail.
- Port Augusta CBD Master Plan.



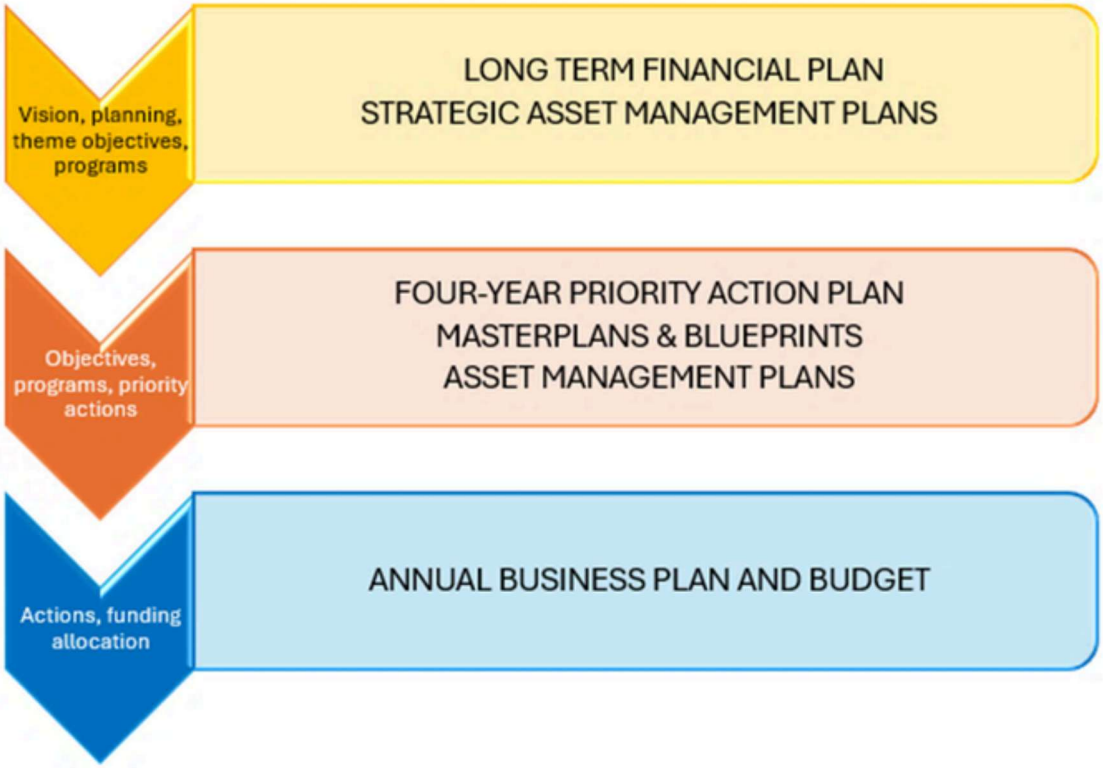






Strategic Planning **Framework**

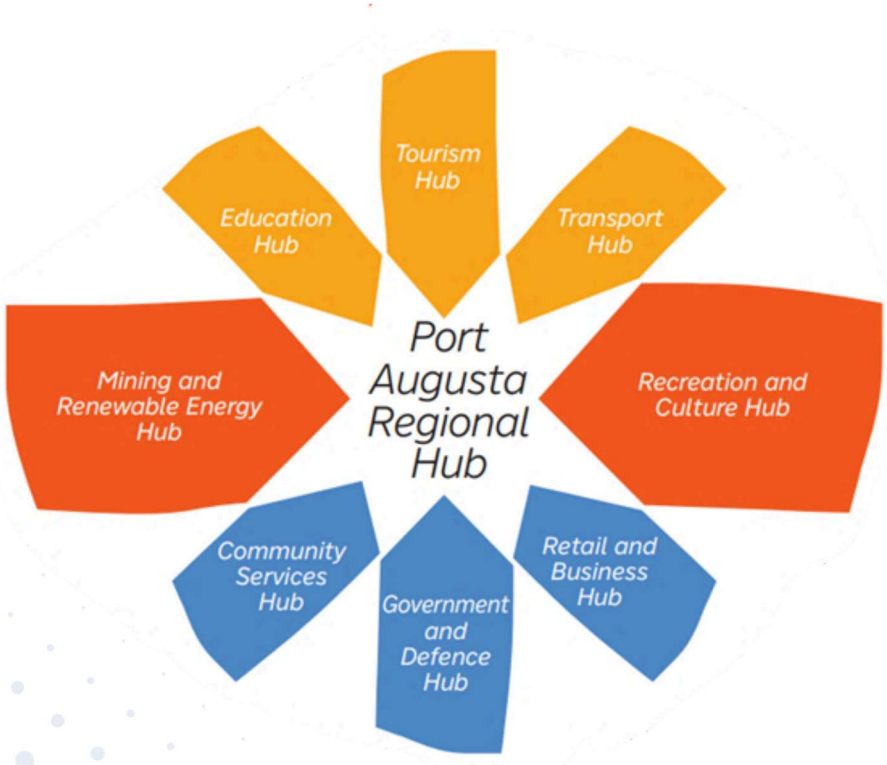
Council's Strategic Directions 2035 sets the long-term directions for Port Augusta and each year the Council develops a business plan to outline the priority activities being undertaken in the year ahead that align with Council's Strategic Directions. Strategies are actioned through action plans, master plans and other guiding documents.

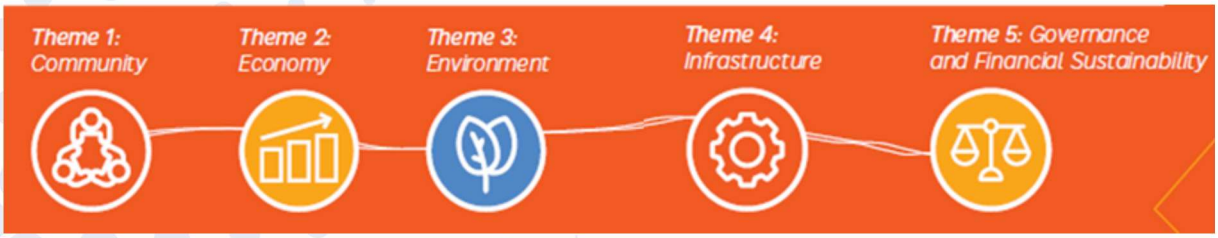


Our Vision

We aspire to build on our history and become a model Regional Hub for Transport, Sustainable Industries, Mining and Defence Services, Tourism, Retail and Business, Government and Non-Government Services, Education, and Recreation and Culture.

We seek to reverse the population decline by focusing on factors that contribute to liveability: community, economy, environment and infrastructure. Good governance and financial sustainability help us deliver on our ambitions.





About Us

Port Augusta City Council employs 165 people and promotes a workplace culture built on the values of respect & social cohesion, optimism & confidence, courage and leadership.

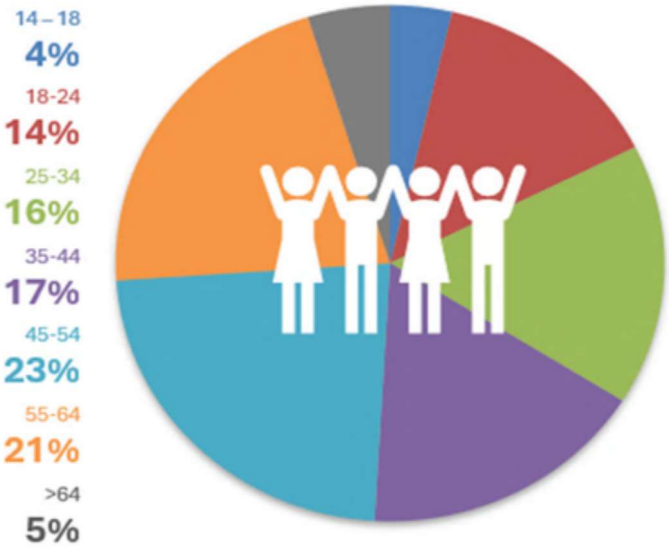
Total Staff (February 2026)

165	FTE 119

CHANGE FROM 2024/25

Headcount	-30
FTE	-18

Staff Age Profiles



Our Values

- **Respect & Social Cohesion**
- **Optimism & Confidence**
- **Courage**
- **Leadership**











Strategic Directions

Theme 1 : Community

GOAL:
WE ARE A WELCOMING AND INCLUSIVE COMMUNITY THAT UNDERSTANDS, REPRESENTS AND PRESERVES OUR UNIQUE SENSE OF PURPOSE AND PLACE.

Desired Outcomes

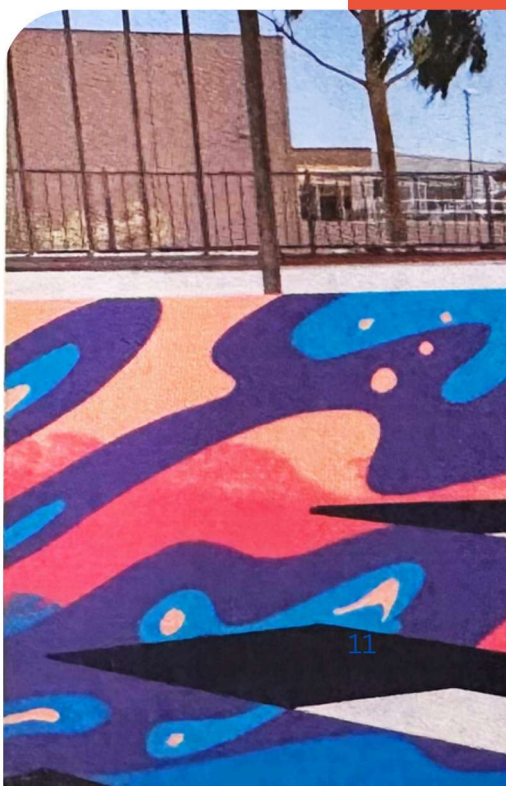
1. Our City has a sustainable growth in population.
2. We are a resilient, inclusive, safe and vibrant community where people feel proud to live.
3. People of all ages, cultures, ability and interest have access to services, facilities and experiences that support their health and wellbeing.
4. We put the customer first and provide a positive experience and appropriate levels of services

Roles

Port Augusta is well served by community service providers. The Council has been a PROVIDER of a significant number of community services, many of which are not traditional Council services; current trends are now indicating a shift to being more of an ENABLER where this can be achieved.

Measuring our Success

- Deliver and/or support 40 community events
- Splash Park Project plan developed
- CBD Sound System
- Continue to invest in Sports & Arts
- City Safe Project completion





Projects and Initiatives scheduled for 2026/27

Project	Description	Expenditure $000s	Grant/ Contributions $000s
Building Safer Spaces	Range of activities to revitalise the CBD and enhance safety	150	271.5
Oval facilities upgrades	Upgrades to Chinnery & ETSA change rooms	350	
Sponsorship program	Support for over 40 events and community group activities	190	
Customer Service	Updated systems to provide community with better and more responsive information	150	
Library upgrades	Seating and shelving	6.5	

Strategic Directions

Theme 2 : Economy

GOAL:
WE CAPITALISE ON OUR REGIONAL HUB ATTRIBUTES TO PURSUE A THRIVING ECONOMY.

Desired Outcomes

1. Our City is widely recognised as a regional hub with increasing investment and strong industry sectors, a skilled workforce and local jobs.
2. Our City is known as a destination of choice where people come to experience our lifestyle and environment.
3. Our City is a regional air, road, rail and shipping transport hub, with access to and from the City that is easily accessible and supports industry development.

Roles

Port Augusta is entering a time of economic development opportunity. Council's role will be focussed towards being an ENABLER, collaborating with service providers and bringing people and business together to maximise opportunities and to ADVOCATE for government support and investment. LEADERSHIP will come from Council's role of setting strategy and creating an appropriate environment for economic development.

Measuring our Success

- Progress against AALBG marketing plan
- Tourism activity (total spend, visitors, visitors nights)
- Upgrades to airport to support increased utilisation
- Number of Early Years educators in region





Projects and Initiatives scheduled for 2026/27

Project	Description	Expenditure $000s	Grant/ Contributions $000s
Airport Upgrades	Office, baggage handling and car parking enhancements	375	
Tourism Facilities Activity Review	Study to review tourism facility activities	15	
Helipad	Spray seal shoulder	20	
AALBG Marketing Plan	Launch marketing plan	10	
Economic Development Projects	Childcare workforce development	50	50

Strategic Directions

Theme 3 : Environment

GOAL:
WE VALUE, RESPECT AND PROTECT OUR NATURAL AND BUILT ENVIRONMENTS.

Desired Outcomes

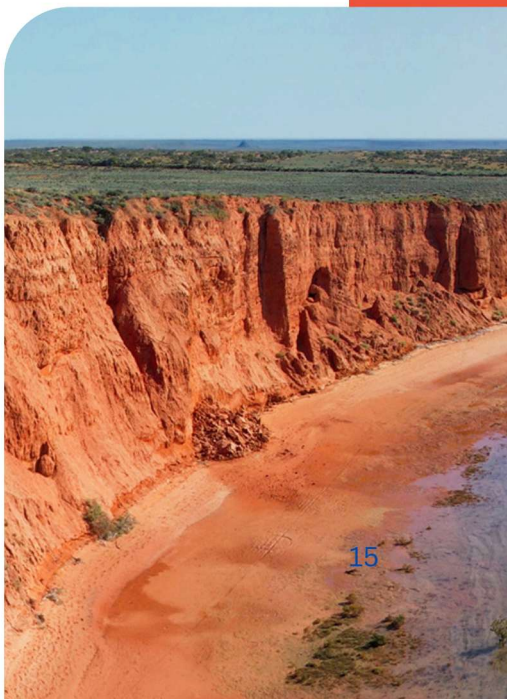
1. Our community reduces potable water and energy consumption.
2. The amount of waste going to landfill is reduced by our community.
3. The region's unique natural resources and urban environment are recognised as a key element and high value asset in the City's economic future.

Roles

We all have a responsibility to ensure the natural environment is sustainably maintained. Council's role will be PROVIDER in mandated areas such as waste management and ensuring that other services factor in changing climate impacts. It will also be a LEADER in appropriate policy decisions and finding more innovative means of meeting community needs through the role as an ENABLER.

Measuring our Success

- Completion of actions identified in Stormwater Management Plan
- Completion of actions identified in Animal Management Plan
- Completion of actions in the AALBG Master Plan





Projects and Initiatives scheduled for 2026/27

Project	Description	Expenditure $000s	Grant/ Contributions $000s
Flood Code Amendment	Undertake a study and public consultation	45	
Tidal Gauge	Install gauge to track real time tidal movements and respond to storm surge	7	
Soil Erosion	Eastside Foreshore	10	
Cat Management	Additional measures to improve cat facility at Pound	11.5	

Strategic Directions

Theme 4 : Infrastructure

GOAL:
WE PROVIDE AND ADVOCATE FOR FIT FOR PURPOSE INFRASTRUCTURE THAT IMPROVES THE PHYSICAL, ECONOMIC, ENVIRONMENTAL AND SOCIAL WELLBEING OF OUR CITY.

Desired Outcomes

1. Our physical infrastructure meets our community needs.
2. We have safe, accessible and well-utilised CBD, public spaces and built environments that reflect the priorities of our community.
3. Our City develops and evolves in a planned way, improving the appearance and making efficient use of infrastructure.

Roles

The Council has the role of PROVIDER for its own assets and ENABLER (Advocate) in relation to the assets of other governments and private entities.

Measuring our Success

- Westside Jetty designs complete and community consulted - moving forward
- Asset renewal progress
- Backlog plan progress
- Progression of the active transport plan





Projects and Initiatives scheduled for 2026/27

Project	Description	Expenditure $000s	Grant/ Contributions $000s
Water/Splash Park	Construction of new splash play area on foreshore adjacent wharf	250	
Fencing Lions Park	Construction of a perimeter fence at Lions Park along Augusta Highway and Tottenham Rd frontages	40	
Westside Jetty	Undertake detailed design and construction cost estimates	175	
Paths	Continuation of paths projects	302	
Backlog Plan	Additional capital renewal work	3,921	

Strategic Directions

Theme 4 : Governance & Financial Sustainability

GOAL:

WE CONDUCT OUR BUSINESS ETHICALLY AND TRANSPARENTLY AND SEEK FINANCIAL SUSTAINABILITY TO ENABLE THE COUNCIL TO PROVIDE THE INFRASTRUCTURE AND SERVICES REQUIRED TO AVHIEVE OUR 2035 ASPIRATIONS.

Desired Outcomes

1. We are inclusive, engaged and transparent.
2. We have positive relationships with other levels of government and partners that deliver great outcomes for the community.
3. We are in a surplus financial operating position.
4. We meet or exceed legislative and accreditation requirements for relevant programs, including WHS, risk management and cyber security measures.
5. Council is a great place to work – we attract, develop and retain a skilled workforce to deliver our priorities.

Roles

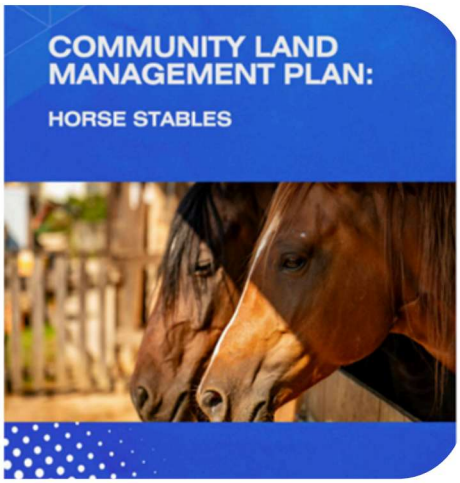
The Council will act responsibly as a LEADER in conducting business operations, financially responsible actions and behaviours to ensure the long-term sustainability of the organisation.

Measuring our Success

- Completion of Annual Business Plan Projects
- Long Term Financial Plan and Budget performance
- Level and nature of community interactions with Council through its consultation and engagement actions
- Level and nature of grant partnership funding
- Progress of Leadership Development program







Projects and Initiatives scheduled for 2026/27

Project	Description	Expenditure $000s	Grant/ Contributions $000s
Elections	SA Local Government elections to be held 11 November 2026	115	
Cyber Security uplift	Enhance system security to maintain data integrity	50	
Digitisation and Archiving	Continuation of project to digitise engineering plans	10	
ReliansSys	New software to improve governance	15	
By-law Review	Completion of project	5.9	
Legislative Compliance Audit	Ensure all Council policies and procedures meet	30	

Capital Expenditure 2026/27

Project Name	Project Scope	New/ Upgrade ($)	Renewal ($)	Grant Funding ($)
CBD sound system	Stage1B - Gladstone Square	40,000		
Lions Park Fencing	Construction of a perimeter fence at Lions Park along the Augusta Highway and Tottenham Road frontages to provide public safety at this high use play space.	40,000		
Cat Management	Investigate management of feral cats	10,000	1,500	
Water/Splash Park	Construction of new splash play area on foreshore adjacent wharf	250,000	9,800	
DDA Compliance Upgrades	To ensure DDA compliance is maintained at a suitable standard for items such as parking and access ramps within public spaces.	50,000	2,500	
Solar Lighting	Back Beach Path – complete the section for security purposes and link the area up to provide active transport	130,000		
Airport Office	Upgrade works to office accommodation at Airport	80,000	4,500	
Airport Baggage Handling/Terminal Upgrade	Upgrade of facilities to provide space for businesses operating out of airport	80,000	1,250	
Airport Long Term Parking	Needed to accommodate demand	95,000	980	
Airport Carpark Upgrade	Modification to existing car parking layout and entrances, including changes to lighting to improve security.	120,000	3,000	
Tidal Gauge	Tidal movement is estimated based on tidal and storm surge data rather than real time gauge information. The installation of a tidal gauge will help Council to understand impacts at determined tidal heights and track movements in real time during storm surge	7,000		
Beach Access	Loudon (Westside) - Access to the beach is required for maintenance purposes (i.e. samphire cleaning, debris collection, rock armour maintenance and sand replenishment).		30,000	
ETSA Oval	Changeroom upgrades	200,000		
Chinnery Oval	Changeroom upgrades	150,000		
Helipad	Spray seal shoulder around helipad to improve safety	20,000		
Playground Fencing	Additional fencing and landscaping at playgrounds	76,000		

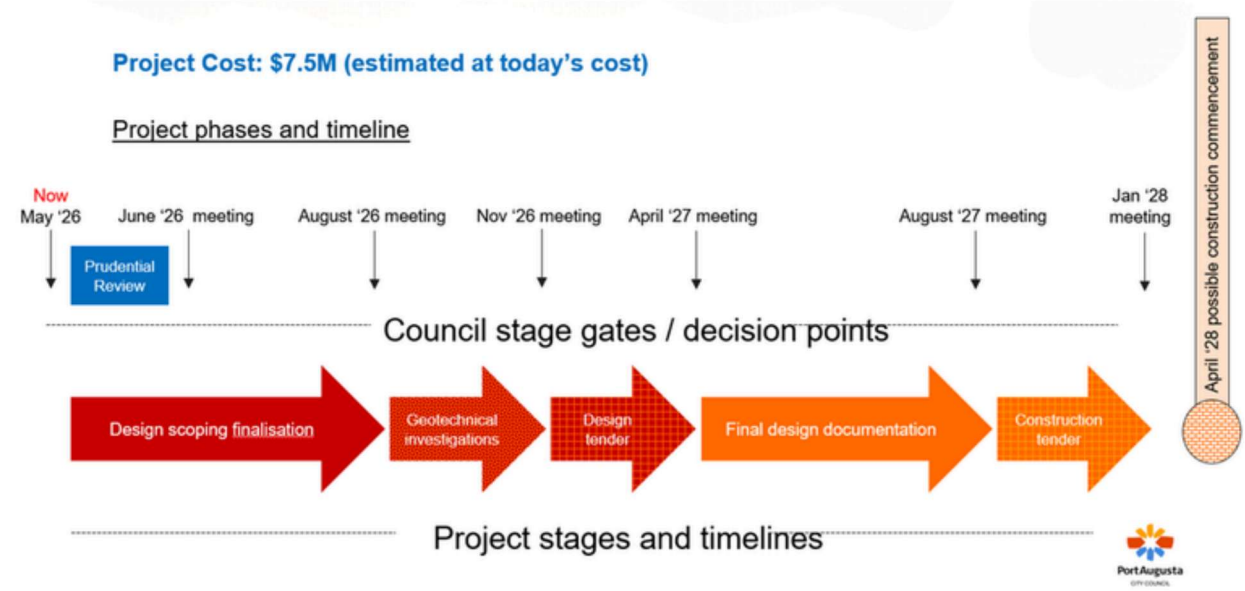
Project Name	Project Scope	New/ Upgrade ($)	Renewal ($)	Grant Funding ($)
Stable Arena	Instal bouncer Rubber - Stable Arena, Round Yard and possible Stage 2 Bert McKenzie facility to protect horses	12,000		
Stable Arena	Instal bouncer Rubber - Stable Arena, Round Yard and possible Stage 2 Bert McKenzie facility to protect horses	12,000		
Disability Access Ramp	Access ramp to enable beach access (Eastside)	15,000		
RENEWAL PLAN				
Building Renewal			4,738,258	
Transport			1,404,656	
Plant and Equipment			3,706,805	
Stormwater			321,325	
BACKLOG PLAN*				
Building	Building Renewal - Backlog plan		1,195,450	
Transport	Transport Renewal and Upgrades (AMP) - Backlog plan		612,500	
Plant and Equipment	Plant and Equipment - Backlog plan		1,062,825	
Stormwater	Stormwater Renewal - Backlog plan		73,175	
CWMS & WWTP	CWMS & WWTP Renewal - Backlog plan		977,350	

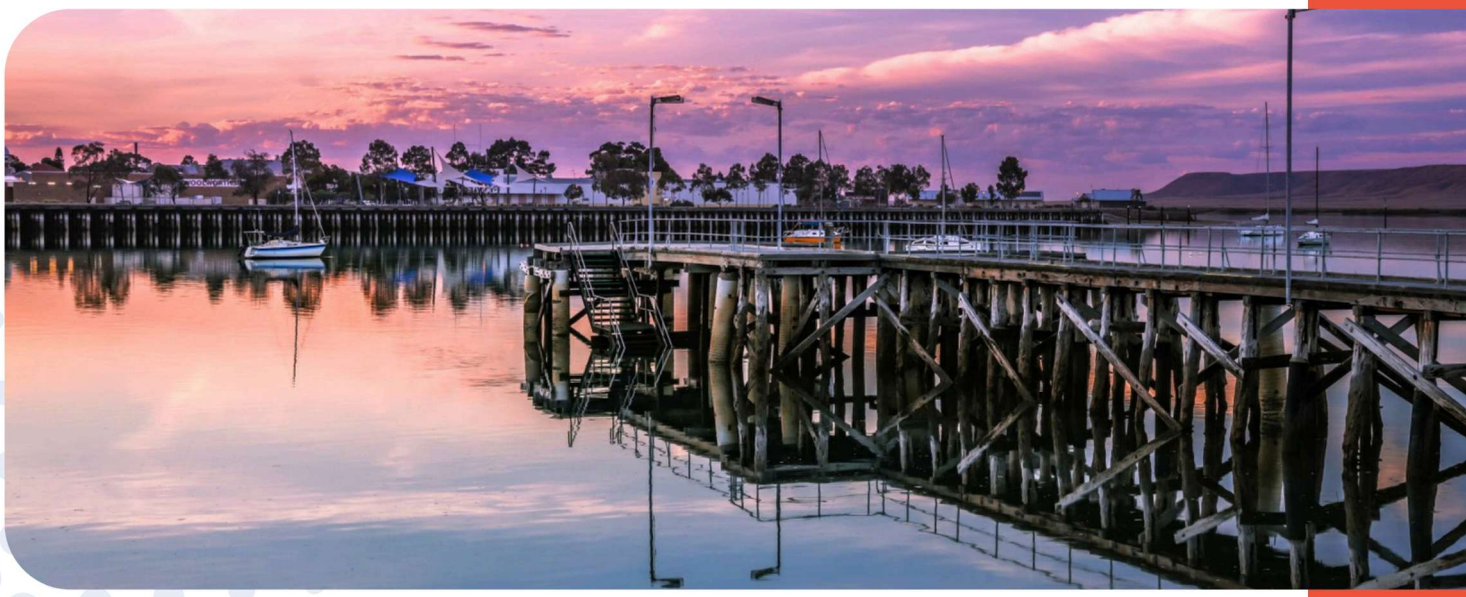
***Backlog Plan**

Every year, Council aims to complete 100% of its asset renewal program. However, due to staff vacancies and contractor scheduling availability, this has not been achieved. As a result, Council has cash reserves – money put aside each year to pay for annual capital renewal - that was unspent. This capital expenditure plan includes a "backlog plan" which is a 4 year program to undertake work that has been missed in previous years.

Westside Jetty Project

In addition to the program of works, Council has committed to continue exploring the opportunity to replace the Westside Jetty. Funding has been included to enable the project to progress and to engage with the community to consult on the design, plan and projected costs.





Sponsorship & Events 2026/27



Council will continue to provide a Sponsorship Program in 2026/27 to Community and Sporting Groups. Council has budgeted $190,000 for sponsorship in 2026/27 which represents giving back 1% of the income raised through rates. Council intends to support 30 groups to hold events as well as funding over 15 of its own community activities.

Organisation	Event
Port Augusta Golf Club	Golf Classic
Port Augusta Basketball Association	Junior Carnival
Port Augusta Lions Club	Australia Day
Port Augusta Apex Club	Wharfest
Anderson Dancers	Pantomime
Dance Explosion	Concert
Port Augusta Football League	Oval Hire
Country Arts	Lea Theatre Venue Hire
Flinders Ranges Music Muster	Insurance
Port Augusta Performing Arts	Travelling Show
Northern Districts Motorsport Association	Show'n'Shine
Aboriginal Evangelical Fellowship	AEF National Convention
Port Augusta Calisthenics	End of Year Concert
Rotary Club of Port Augusta	Pageant
Pichi Richi Marathon Flinders Ranges Council	Pichi Richi Marathon
Port Augusta Outstanding Business Awards	Business Awards
Tactic Conference	Conference
Naidoc	Mini, Youth and Adults Ball
Port Augusta Racing Club	Racing Season 2026

Organisation	Event
Port Augusta Clay Target Club	Annual Birthday
Inclusive Basketball	10th Birthday
Royal Flying Doctors	Hanger Dinner
Second Arts Act	Art Show at Lea Theatre
Punjabi Teeyan	Teeyan Festival
Port Augusta Christian Ministers Association	Christmas Carols
Port Augusta City Council – Arid Lands- Tourism	Winged Wonders
South Augusta Football Club	South Augusta Football Frenzy
Business Port Augusta	Christmas Market
Business Port Augusta	Science Fair
Desert Voices	People's Messiah Port Augusta

Grant funding plays an essential role in augmenting the vibrancy of Port Augusta and we are grateful to the organisations who support us to support our community. Some of our sponsors are:

- The Safe Spaces grant by NIAA provided $40,000 which will provide a 'Healing Hub' within the community.
- Julia Farr funding allows us to deliver inclusive communication boards at playgrounds around the city.
- Potentia Energy support a range of projects including the Age-friendly arts program, intergenerational school program, prize sponsorship for the Malka Art Festival and other programs.
- BHP sponsored the Multicultural Festival, an event which received significant positive community feedback
- Iberdrola and Kokatha both support the Malka Art Festival



Significant Influences

In preparing the 2026/27 budget, Council has considered a number of significant factors:

These include:

- Adelaide Consumer Price Index (CPI) increases on existing goods and services of 3.8% (12 months to December 2025).
- Requirements to maintain and improve infrastructure assets to acceptable standards, including roads, footpaths, stormwater drainage and other community assets.
- The importance of clubs, societies and service organisations to the community.
- Recent advice from the ESCOSA Local Government Rates Oversight Scheme
- Anticipated impacts of the Iran War on fuel prices, which will disrupt freight costs to regional areas such as Port Augusta.
- Reviewing service delivery needs for the population now and into the future
- Need to deliver new initiatives as per the Strategic Directions 2035.
- Cost of living pressures experienced by ratepayers and community.
- Rating equity concerns that disproportionately disadvantage communities in regional South Australia.

At a minimum, Council revenue needs to keep pace with underlying cost indices simply to continue delivering current services, renewal programs and a modest level of new project and initiative capacity in order to deliver on current and long term plans for the community.



Rating Equity

Port Augusta plays an important role as a community services hub, providing vital education, health and social services. It has also emerged as an energy transition hub. These sectors of the economy are vital to the state and are valuable sources of employment for Port Augusta residents. However, they pose some challenges for council.

Legislation in South Australia prevents councils charging rates to electricity generators. This legislation has a disproportionate impact on Port Augusta as several electricity generators are based in the area but are not required to contribute in the same way as other commercial organisations. It's estimated South Australia currently forgoes around $4.8 million each year under existing arrangements.

As Australia continues to expand renewable energy like wind, solar, hydro and batteries, these issues will remain important for regional communities that host this infrastructure. A Rating Equity[1] report recommended that SA Councils should be afforded the flexibility to recover payments in lieu of rates, modelled on a formula used in Victoria. It is estimated that this council loses around $600,000 per year in foregone income from renewable electricity generation.

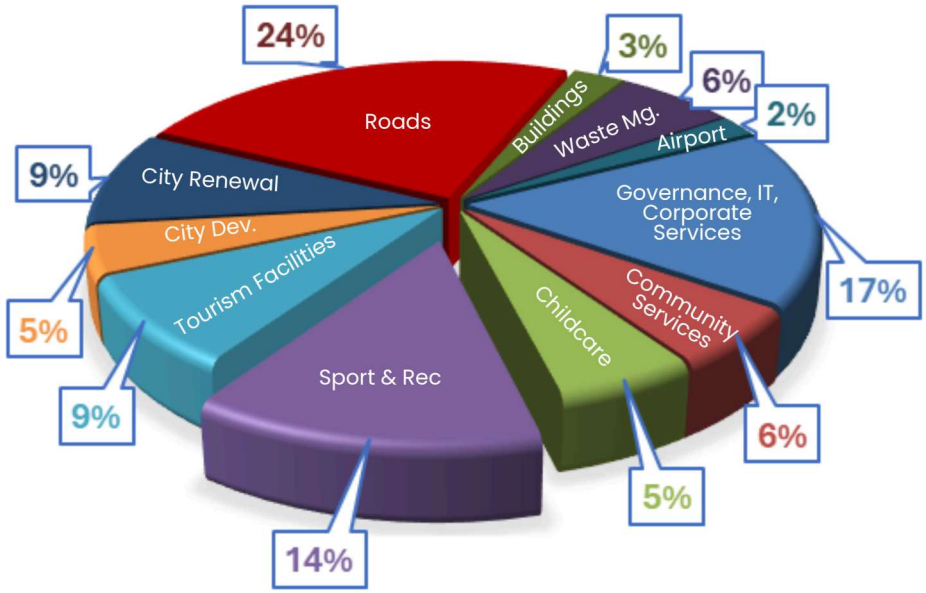
Councils also provide mandatory rate rebates to organisations such as hospitals, schools, religious groups and community services. In Port Augusta, these rebates currently total about $650,000 per year, which reduces Council's available rate income.

[1] AEC Rating Equity in SA and the Financial Impacts on Local Government's Ability to Support Growth (February 2020)



Council Service **Profile**

Where We Plan to Spend 2026/27



*based on budgeted operating expenditure, including depreciation

- Roads
- Sport, Recreation & Open Space
- Governance, IT & Corporate Services
- City Renewal
- Tourism Facilities
- Waste Management
- Community Services
- Childcare Centre
- City Development
- Buildings
- Airport

Comparison of Services

- A large city Council such as Holdfast Bay , which has a population of 37,543 people, is responsible for 180 kilometres of local roads, all of which are sealed.
- By contrast, Port Augusta City Council whose population is only 40% of Holdfast Bay is responsible for 196 kilometres of sealed roads and a further 215km of unsealed roads.
- Port Augusta City Council hosts the Australian Arid Lands Botanic Gardens – this is unique to Port Augusta Council. All other Botanic Gardens are maintained by the State Government.
- We run a Childcare Centre to ensure working parents can access employment – few City councils provide this kind of service
- We run 2 cafes which are generally outsourced by City councils to third-party commercial providers.



Budget Summary Program Level

	PROGRAM / ACTIVITY	2026/27 DRAFT BUDGET OPERATING EXPENDITURE (Excl Depn)	2026/27 DRAFT BUDGET OPERATING REVENUE	2026/27 DRAFT BUDGET NET SURPLUS / DEFICIT (Excl Depn)	2026/27 DRAFT BUDGET DEPRECIATION EXPENSE	2026/27 DRAFT BUDGET PROGRAM NET SURPLUS / DEFICIT (Incl Depn)
OPEX						
1000	City Management	2,356,800	3,949,500	1,592,700	13,200	**1,579,500**
1060	Human Resources	780,900	2,300	(778,600)	4,400	**(783,000)**
1080	Finance & Customer Services	1,919,579	21,682,430	19,762,851	5,400	**19,757,451**
1100	Information Communications Technology	571,900	31,900	(540,000)	156,300	**(696,300)**
1120	Records Management	389,100	0	(389,100)	500	**(389,600)**
1140	WHS & Risk Management	288,400	0	(288,400)	0	**(288,400)**
1160	Treasury Management	0	452,200	452,200	0	**452,200**
1180	Economic Development	162,600	0	(162,600)	0	**(162,600)**
1500	Venues & Events	268,300	0	(268,300)	0	**(268,300)**
1520	Community Sponsorship	168,100	0	(168,100)	0	**(168,100)**
1540	Community Development	348,400	500	(347,900)	0	**(347,900)**
1640	Yarta Purtli Cultural Centre	313,300	74,800	(238,500)	170,700	**(409,200)**
1660	Library Service	564,500	69,400	(495,100)	15,600	**(510,700)**
1680	Childcare Centre	2,157,900	1,402,300	(755,600)	108,700	**(864,300)**
1700	Mens Shed	64,600	59,900	(4,700)	1,400	**(6,100)**
1720	Health Focus	395,700	334,600	(61,100)	300	**(61,400)**
2000	Central Oval Community Hub	1,070,600	357,100	(713,500)	1,139,300	**(1,852,800)**
2040	Sport & Recreation	148,300	0	(148,300)	3,000	**(151,300)**
2060	Ryan Mitchell Swim Centre	347,500	0	(347,500)	108,400	**(455,900)**
2500	Wadlata	895,300	638,500	(256,800)	334,200	**(591,000)**
2600	Arid Lands Operations	2,109,100	1,888,900	(220,200)	220,500	**(440,700)**
3000	Development Services	950,900	122,500	(828,400)	700	**(829,100)**
3020	Environmental Health	187,200	14,900	(172,300)	500	**(172,800)**
3040	General Inspection	505,100	334,800	(170,300)	25,000	**(195,300)**
4000	Engineering Services & Depot Operation	3,064,300	0	(3,064,300)	637,400	**(3,701,700)**
5100	Roads - Sealed	4,217,100	1,523,900	(2,693,200)	5,467,500	**(8,160,700)**
6000	Community Waste Management Scheme	398,700	951,900	553,200	199,700	**353,500**
6800	Open Space	2,006,500	354,300	(1,652,200)	713,100	**(2,365,300)**
7400	Buildings	461,300	51,500	(409,800)	664,000	**(1,073,800)**
7800	Cemeteries	194,000	224,700	30,700	18,300	**12,400**
8000	Waste Management	1,985,000	1,855,100	(129,900)	0	**(129,900)**
8800	Airport	212,500	1,004,400	791,900	621,400	**170,500**
	DEPRECIATION	10,629,500	0	(10,629,500)	0	
	TOTAL	**40,132,979**	**37,382,330**	**(2,750,649)**	**10,629,500**	**(2,750,649)**

Financial Statements

Statement of Comprehensive Income

PORT AUGUSTA CITY COUNCIL	ADOPTED BUDGET 2025-26 $	FORECAST BR3 2025-26 $	DRAFT BUDGET 2026-27 $
INCOME			
Rates & Service Charges	22,748,646	22,748,646	24,445,830
Statutory charges	459,405	459,405	491,600
User charges	4,287,780	4,287,780	4,243,600
Grants, Subsidies & Contributions - Capital			
Grants, Subsidies & Contributions - Operating	9,600,101	7,840,771	6,680,100
Investment Income	435,696	435,696	452,200
Reimbursements	84,768	84,768	75,000
Other Income	966,268	966,268	994,000
TOTAL INCOME	38,582,664	36,823,334	37,382,330
EXPENSES			
Employee Costs	15,275,145	14,178,501	14,581,900
Materials, Contracts & Other Expenses	14,551,578	14,360,398	14,921,579
Depreciation, Amortisation & Impairment	10,542,025	10,542,025	10,629,500
Finance Costs			-
TOTAL EXPENSES	40,368,748	39,080,924	40,132,979
OPERATING SURPLUS / (DEFICIT)	(1,786,084)	(2,257,590)	(2,750,649)
Asset disposal and fair value adjustments	-	-	-
Amounts received specifically for new or upgraded assets			-
Physical resources received free of charge		-	-
NET SURPLUS/(DEFICIT) transferred to Equity Statement	(1,786,084)	(2,257,590)	(2,750,649)
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equip	6,942,348	39,523,822	10,501,944
TOTAL OTHER COMPREHENSIVE INCOME	6,942,348	39,523,822	10,501,944
TOTAL COMPREHENSIVE INCOME	5,156,264	37,266,232	7,751,295
Financial Assistance Grant Payment Reallocation 24/25			
Financial Assistance Grant Payment Reallocation 23/24			
Financial Assistance Grant Payment Reallocation 22/23			
Adjusted Operating Surplus/(Deficit)	(1,786,084)	(2,257,590)	(2,750,649)

Financial Statements

Statement of Financial Position

PORT AUGUSTA CITY COUNCIL	ADOPTED BUDGET 2025-26 $	FORECAST BR3 2025-26 $	DRAFT BUDGET 2026-27 $
ASSETS			
Current Assets			
Cash and cash equivalents	7,505,365	8,269,864	8,577,240
Trade & other receivables	1,277,016	1,369,016	1,314,931
Inventories	200,000	200,000	200,000
Non Current Assets held for Sale	-	-	-
Total Current Assets	8,982,381	9,838,880	10,092,171
Non-current Assets			
Financial Assets	67,631	90,700	54,667
Infrastructure, Property, Plant & Equipment	283,958,975	256,664,021	264,327,691
Total Non-current Assets	284,026,606	256,754,721	264,382,358
TOTAL ASSETS	293,008,987	266,593,601	274,474,529
LIABILITIES			
Current Liabilities			
Trade & Other Payables	2,717,578	2,793,000	2,806,633
Borrowings			
Provisions	1,780,548	1,860,100	1,916,376
Other Current Liabilities	-	-	-
Total Current Liabilities	4,498,126	4,653,100	4,723,009
Non-current Liabilities			
Borrowings	-	-	
Provisions	146,452	97,900	157,624
Total Non-current Liabilities	146,452	97,900	157,624
TOTAL LIABILITIES	4,644,578	4,751,000	4,880,633
NET ASSETS	288,364,409	261,842,601	269,593,896
EQUITY			
Accumulated Surplus(Deficit)	(1,743,940)	(887,440)	(3,638,089)
Asset Revaluation Reserve	290,108,349	262,730,041	273,231,985
Other Reserves	-	-	-
TOTAL EQUITY	288,364,409	261,842,601	269,593,896

Financial Statements

Statement of Cash Flow

PORT AUGUSTA CITY COUNCIL	ADOPTED BUDGET 2025-26 $	FORECAST BR3 2025-26 $	DRAFT BUDGET 2026-27 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates - general & other	22,618,009	22,618,009	24,394,066
Statutory charges	459,216	519,216	491,058
User charges	4,286,019	4,286,019	4,244,343
Investment receipts	435,219	629,719	452,125
Grants utilised for operating purposes	9,597,155	9,597,155	6,695,944
Reimbursements	84,742	174,742	75,120
Other income	965,871	875,871	993,533
Operating Receipts	38,446,231	38,700,731	37,346,189
Payments			
Payments to employees	(15,275,145)	(14,725,145)	(14,581,900)
Payments for materials, contractors and other expenses	(14,653,811)	(14,693,811)	(14,742,444)
Finance Payments	-		
Net Cash provided by (or used in) Operating Activities	8,517,275	9,281,775	8,021,845
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts specifically for new or upgraded assets	-	-	-
Sale of replaced assets	113,409	113,409	117,718
Sale of surplus assets	-	-	-
Sale of Investment Property	-	-	-
Net disposal of available-for-sale Financial Assets	-	-	-
Sale of real estate developments	-	-	-
Repayments of loans by community groups	11,600	11,600	11,701
Distributions received from associated entities	-	-	-
Payments			
Expenditure on renewal/replacement of assets	(10,311,730)	(10,311,730)	(14,139,330)
Expenditure on new/upgraded assets	(526,975)	(526,975)	(1,677,000)
Purchase of Investment Property	-	-	-
Net purchase of investment securities	-	-	-
Development of real estate for sale	-	-	-
Loans made to community groups	-	-	-
Capital contributed to associated entities	-	-	-
Net Cash provided by (or used in) Investing Activities	(10,713,696)	(10,713,696)	(15,686,911)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings	-	-	
Proceeds from Aged Care Facility deposits	-	-	-
Payments			
Repayments of Borrowings		-	
Repayment of Lease Liabilities	-	-	-
Repayment of Aged Care Facility deposits	-	-	-
Net Cash provided by (or used in) Financing Activities	-	-	-
Net Increase (Decrease) in cash held	(2,196,421)	(1,431,921)	(7,665,066)
Cash & cash equivalents at beginning of period	9,701,785	9,701,785	16,242,306
Adjustment on commencement of AASB 132 & AASB 139			
CASH & CASH EQUIVALENTS AT END OF PERIOD	7,505,364	8,269,864	8,577,241

Financial Statements

Statement of Changes in Equity

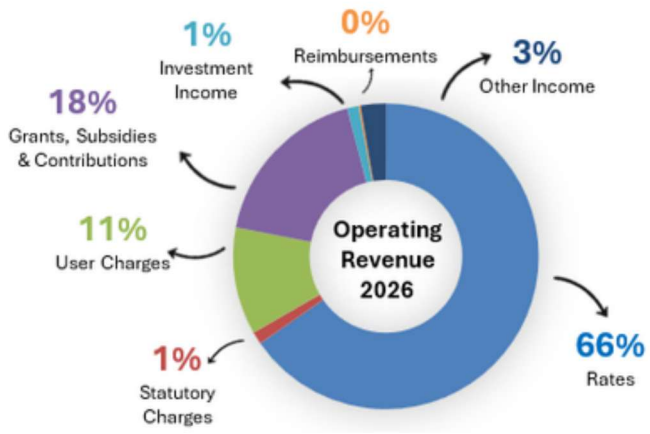
PORT AUGUSTA CITY COUNCIL	ADOPTED BUDGET 2025-26 $	FORECAST BR3 2025-26 $	DRAFT BUDGET 2026-27 $
ACCUMULATED SURPLUS			
Balance at end of previous reporting period		1,370,150	(887,440)
Net Surplus / (Deficit) for Year	(1,786,084)	(2,257,590)	(2,750,649)
Balance at end of period	(1,786,084)	(887,440)	(3,638,089)
ASSET REVALUATION RESERVE			
Balance at end of previous reporting period	283,208,146	223,206,219	262,730,041
Gain / (loss) on revaluation of infrastructure, property, plant & equipm	6,942,348	39,523,822	10,501,944
Balance at end of period	290,150,494	262,730,041	273,231,985
TOTAL EQUITY	288,364,410	261,842,601	269,593,896

Financial Statements

Uniform Presentation of Finances

PORT AUGUSTA CITY COUNCIL	ADOPTED BUDGET 2025-26 $	FORECAST BR3 2025-26 $	DRAFT BUDGET 2026-27 $
Income			
Rates	22,748,646	22,748,646	24,445,830
Statutory charges	459,405	459,405	491,600
User charges	4,287,780	4,287,780	4,243,600
Investment income	435,696	435,696	452,200
Grants, Subsidies & Contributions - Capital	-	-	-
Grants, Subsidies & Contributions - Operating	9,600,101	7,840,771	6,680,100
Reimbursements	84,768	84,768	75,000
Other income	966,268	966,268	994,000
Total Income	38,582,664	36,823,334	37,382,330
Expenses			
Employee costs	15,275,145	14,178,501	14,581,900
Materials, contracts and other expenses	14,551,578	14,360,398	14,921,579
Depreciation, amortisation and impairment	10,542,025	10,542,025	10,629,500
Finance costs	-	-	-
Total Expenses	40,368,748	39,080,924	40,132,979
Operating Surplus / (Deficit)	(1,786,084)	(2,257,590)	(2,750,649)
Net Outlays on existing assets			
Capital Expenditure on renewal and replacement of Existing Assets	(10,311,730)	(10,311,730)	(14,139,330)
Add back depreciation, Amortisation and Impairment	10,542,025	10,542,025	10,629,500
Add back proceeds from Sale of Replaced Assets	113,409	113,409	117,718
	343,704	343,704	(3,392,112)
Net Outlays on new and upgraded assets			
Capital Expenditure on new and upgraded assets(including investment p	(526,975)	(526,975)	(1,677,000)
Add back amounts received specifically for new and upgraded assets	-	-	-
Proceeds from Sale of Surplus Assets	-	-	-
	(526,975)	(526,975)	(1,677,000)
Annual net impact to financing activities (surplus/(deficit))	(1,969,355)	(2,440,861)	(7,819,761)

Funding the Business Plan



An operating deficit of $2,750,649 is being forecast for 2026/27. The operating deficit measures the difference between operating revenue and expenses for the period. The council's long term financial sustainability is dependent on ensuring that, on average, over time, its expenses are ess than its revenue, in accordance with the Long Term Financial Plan.

Council's revenue in 2026/27 includes a proposal to raise $24,445,830 from general and other rates revenue. This is based on an increase in general rates revenue of an average $2.67 per week per property ($2.80 in 2025/26).

The graph above outlines the breakdown of operational funding budgeted to be received for the 2026/27 financial year.

Other sources of income are:

User Charges set by Council – these charges are mainly for the use or hire of Council's facilities, including ovals, courts, meeting rooms and exhibition spaces. It also includes income from café and retail spaces at our tourist facilities as well as childcare fees.

Statutory Charges set by State Government – these are fees and charges set by regulation and collected by the Council for regulatory functions such as assessment of development applications and cat and dog registrations. The review from statutory charges generally off-set the cost of the service.

Grants, Subsidies and Contribution – the Council normally seeks to attract as much grant funding as possible from other levels of government, and major projects of wider State benefit are usually jointly funded in partnership with the State Government and other relevant parties.

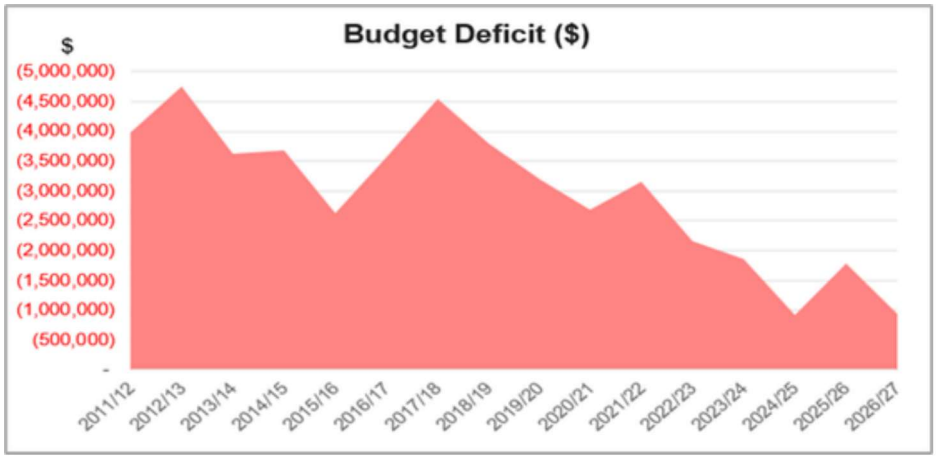
Investment Income – Council invests funds for future maintenance and capital projects in interest bearing accounts.

Other income – Council leases a range of facilities, including horse stables, office space and other property. It also receives income for accommodation at Poinsettia Village.

Financial Sustainability

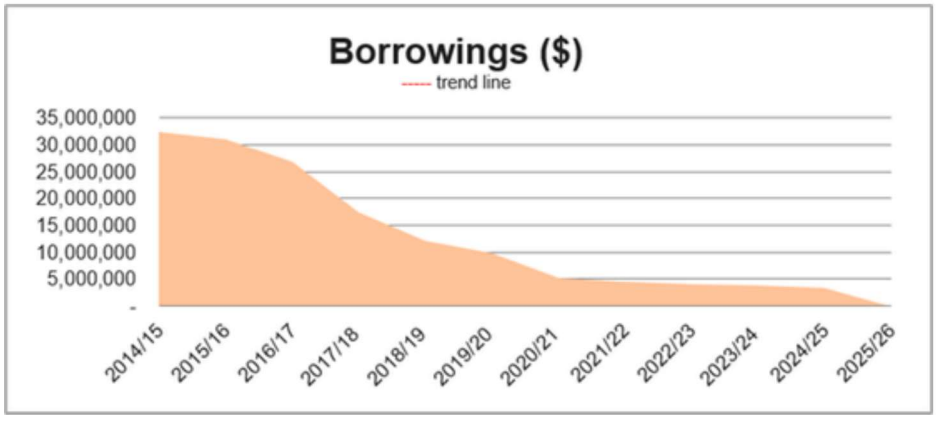
Amendments to the Local Government Act 1999 in 2021, combined with an independent review initiated by the Local Government Association of SA into the long-term financial sustainability of South Australian councils, clearly indicated that there was a need for councils to take a longer-term view into their financial planning and sustainability in working towards their goals. The ESCOSA reviews across all South Australian councils, and which provided advice to Port Augusta City Council in 2025/26 is an additional step in this independent review process.

Port Augusta City Council's financial history supports the need for this longer-term thinking.



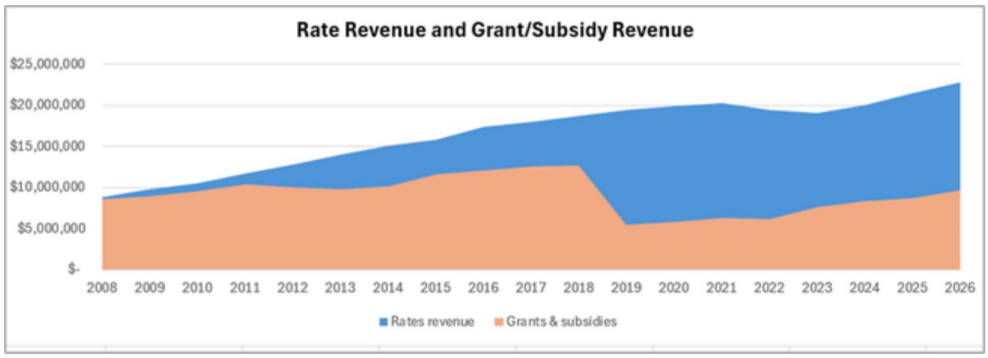
In 2011, the budget was overspent by $3,987,000.
Revenue from rates was $12,747,000.
The Council of the day spent nearly a third more than its net income from rates.

This forced the Council to borrow money to cover payments to employees and pay its bills.



By 2014/15, Council was having to borrow more than it received from rates income. (It was able do this because it had more assets at the time).
Paying off the interest increased the costs for Council and made financing the budget more difficult.

Recent Councils have been faced with paying down the debt and decreasing the deficit to remain financially viable. Difficult choices had to be made, including the sale of assets and withdrawal from services, such as Aged Care. The current Council succeeded in paying off all borrowings and has brought the deficit down to more manageable and proportionate levels. However, there are ongoing challenges to reduce the deficit. Consideration has always been given to balancing support for the community, providing infrastructure and events alongside the financial considerations. However, the unavoidable fact is that spending by previous generations has resulted in disproportionate increases in rates for today's ratepayers.



There are broader structural challenges faced by South Australian councils resulting from changes to the local government funding system. Twenty years ago, untied Financial Assistance Grants (distributed by the federal Government) and other grant funding matched the revenue raised from ratepayers. This has decreased to a position where grants represent only 40% of rate revenue. Small regional councils have been left to support the same infrastructure and service levels that the community expects, have the same legislative responsibilities as large councils, but fewer resources to meet all the obligations. In addition, they must compete for supplementary grant funding, which generally requires matched funding, against larger, better resourced councils. Deputations from other small regional councils have advocated to a Federal Inquiry into Local Government Funding and Fiscal Sustainability to:

- Restore untied Financial Assistance Grants to one per cent of Commonwealth taxation revenue;
- Reform funding distribution models to better reflect need, risk and cost;

- Increase untied funding support for small rural councils;
- Reform grant programs so funding follows need, not advocacy capacity or available cash reserves.

Pursuant to section 123(10)(b) of the Act each budget of a council under the Act must include estimates with respect to the council's operating surplus ratio, asset sustainability ratio and net financial liabilities ratio presented in a manner consistent with the note in the Model Financial Statement entitled Financial Indicators.

Operating Surplus Ratio

The operating ratio expresses the operating surplus or deficit as a percentage of operating income. This ratio answers the question: Is Council covering operating expenditure and depreciation charges from its operating revenue?

The forecast Operating Surplus Ratio for 2026/27 of -7% represents operating income budgeted to be $2,750,649 less than Council's operating expenses for the year.

This falls outside the acceptable limits of between -3% and +5% as per Council's Long Term Financial Plan.

Calculation of Operating Surplus Ratio	Budget 2026/27
Operating Surplus/(Deficit) (a)	($2,258,591)
Operating Revenue (b)	$37,832,330
Operating Surplus Ratio (a)/(b)	(7%)

Asset Renewal Funding Ratio

The asset Renewal Funding Raio indicates the extent to which existing non-financial assets are being renewed and replaced, compared with the assets renewal and replacement expenditure identified as warranted in Council's Strategic Asset Management Plan (SAMP).

The ratio is calculated by measuring capital renewal or replacement expenditure compared to the expenditure proposed in Council's SAMP.

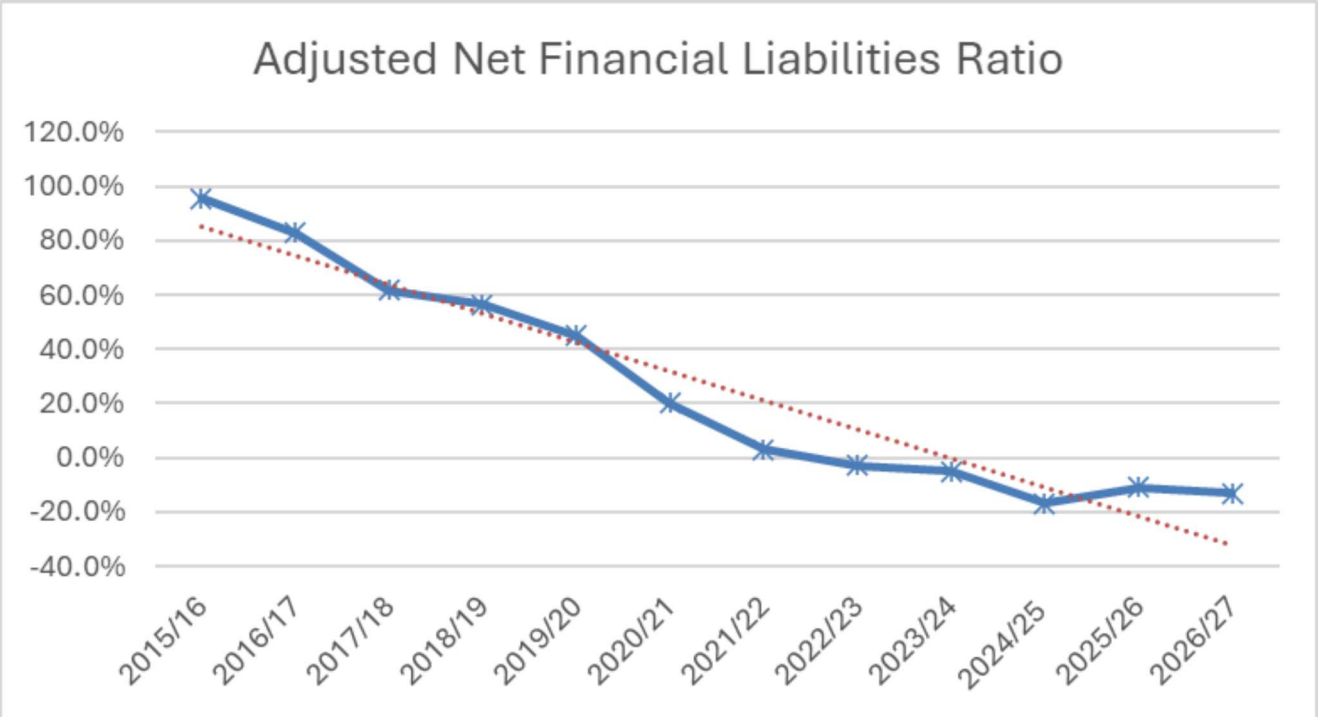
The targeted ratio is between 90% to 100% and Council budget for 100% which indicates that Council's capital renewal or replacement expenditure is in line with Council's SAMP.

Net Financial Liabilities & Net Financial Liabilities Ratio

Net financial liabilities is a comprehensive measure of the indebtedness of the Council as it includes items such as employee long-service leave entitlements and other amounts payable as well as taking account of the level of Council's available cash and investments. Specifically, Net Financial Liabilities equals total liabilities less financial assets, where financial assets for this purpose includes cash, cash equivalents, trade and other receivables, and other financial assets, but excludes equity held in Council businesses, inventories and land held for resale.

The following table sets out (estimated) as at 30 June 2026.

Calculation of Net Financial Liabilities Ratio	Budget 2026/27
Net Financial Liabilities (a)	$4,897,730
Operating Revenue (b)	$37,832,330
Operating Surplus Ratio (a)/(b)	-13.10%



Rating Policy & Arrangements

Net Financial Liabilities & Net Financial Liabilities Ratio

The rate revenue increase has been kept to a level to enabled funding of on-going operational expenses, renewal infrastructure works, priority new/upgrade capital works and operational new initiatives.

Council has budgeted to increase general rate revenue by an average of $3.71 per week or $191 per year (which equates to a 7.8% increase) in 2026/27. This takes into account inflation and an above inflation increase necessary to continue progress to achieving financial sustainability.

Basis of Rating – Capital Value

Port Augusta City Council has used capital value as its basis of rating since the 2021/22 financial year.

Capital Value provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires taxpayers of greater wealth pay more tax than those of lesser wealth.
- Property value is a reasonable indicator of wealth and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.

Differential Rating

Council has applied land use and zone codes so properties of similar purpose can be rated proportionately under the capital value system. This is known as differential rating.

Land use Codes:

- Residential
- Commercial - Shop
- Commercial - Office
- Commercial - Other
- Industry - Light
- Industry – Other
- Primary Production
- Vacant Land
- Other

Council has also adopted its Development Plan as the basis for differential rating by location for Rural Shack Settlement, Rural Living, Conservation, Rural, and Rural Neighbourhood within Residential Land Use.



General Rates

General Rates are calculated by multiplying the set rate in the dollar for the relevant rating category by property capital values as determined by the Office of the Valuer General. A fixed charge is also applied to each assessment as part of the General Rates (excluding contiguous properties).

General Rate Revenue does not include service charges for Kerbside Waste Collection and Recycling or Community Wastewater Management Schemes which are based on cost recovery, or the Regional Landscape Levy collected on behalf of the State Government.

Rating Policy

As part of developing its Annual Business Plan and Budget, Council reviews its policy for the setting of property rates.

Due to the change in the basis of rating that occurred in the 2021/22 rating year, Council had determined under Section 166(1)(i) of the Local Government Act 1999 to apply a discretionary rebate (capping rebate) to limit the increase in rates for a three year period, to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to the redistribution of the rates burden within the community. This ceased in 2024/25 and the capping rebate no longer applies.

Differential Rating	
Land Use Type	
Residential – Urban	100%
Residential – Non Urban	80%
Coastal Holiday Settlement	80%
Commercial/Industrial	200%
Primary Production	80%
Vacant Land	150%
Other	100%



State Government concessions ('Cost of Living Concession' as well as the 'Water and Sewerage Rate Concession') will be paid directly into eligible ratepayers' bank accounts by the State Government.

Council has set differential general rates in the dollar to raise the necessary revenue, by way of utilising specific locations within Residential Land Use and the 9 different categories of land use incorporated under the Local Government (General) Regulations. Changes are proposed in 2026/27 to alleviate the rate burden for urban residents and to encourage the development of vacant land and drive increased (adjusted for new properties and other movements) to prevent redistribution of the rate burden between categories of ratepayers.

Service Charges

Council provides specific services for the benefit of properties, for which service charges are applied on the whole of life cost recovery basis. Services charges may be raised to cover the cost of establishing, operating, maintaining, improving, and replacing such services. Funds raised may not be immediately required until future capital expenditure is necessary for renewing or replacing assets used in the provision of the service.

The following service charges for the 2026/27 financial year are imposed:

Kerbside Waste Collection and Recycling Charge

To recover the cost to Council of establishing, operating and maintaining a kerbside waste collection/recycling service in its area, a service charge will apply to all households, businesses and occupancies that receive or are capable of receiving a service.

In 2026/27 financial year, the service charge is $250 per service ($240 per service in 2025/26).

In areas where the kerbside waste collection is only available on a fortnightly basis such as Blanche Harbour and Miranda, the service charge is $125 per service ($120 per service in 2025/26).

Port Augusta City Council continues work with the other Upper Spencer Gulf Cities in relation to waste management strategies in an endeavour to minimise costs to ratepayers.



Community Wastewater Management Scheme (Effluent Drainage Scheme)

In some areas in the City of Port Augusta, Council manages a Community Wastewater Management Scheme (CWMS). Other areas are serviced and charged through SA Water on a quarterly basis for sewerage systems.

All revenue raised from the CWMS service charge must be used to cover the cost to the Council of establishing, operating, maintaining, improving, and replacing the service (including future capital works). The service charge for CWMS is calculated using the Local Government Association's Code for Establishing and Applying Property Units for the Imposition of Annual Services Charges for CWMS.

In the 2026/27 financial year, the CMWS service charge is $595 per property unit ($570 in 2025/26) on all land to which the Council provides or makes available the service.

**Additional charges may apply where non-biodegradable products are found within a septic tank during a desludging process resulting in additional work to be undertaken.

Regional Landscape Levy

Council collects the Regional Landscape Levy for the SA Arid Lands Landscape Board under the Landscape South Australia Act 2019 to enable the board to manage the land, water, pest animals and plants, and biodiversity in the Region. The SA Arid Lands Landscape Board has determined Council's contribution for 2026/27 as $418,479. The total revenue will be generated from a service charge applied to all rateable properties.

The SA Arid Lands Landscape Board have advised of the levies for 2026/27 financial year:

Regional Landscape Levy

	2026/27	2025/26	$ Increase	% Increase
Residential / Vacant / Other	$49.06	$48.07	$0.99	2.06%
Commercial / Industrial	$98.12	$96.14	$1.98	2.06%
Primary Production	$245.30	$240.34	$4.96	2.06%

Valuation Movement

Each year, Council receives data from the Office of the Valuer General which it uses for rating purposes.

Across the City of Port Augusta area, there has been an increase in capital values of approximately 13.05% from the 2025/26 to the 2026/27 rating year. The Commercial - Shop use category has experienced the highest increase at 31.03%, followed by Commercial - Office at 19.69%. Miranda has experienced a higher percentage (21.87%) of increases in capital values than the other areas of Port Augusta.

As at 11th May 2026, the Valuer General has proposed the following Capital Values for 2026/27:

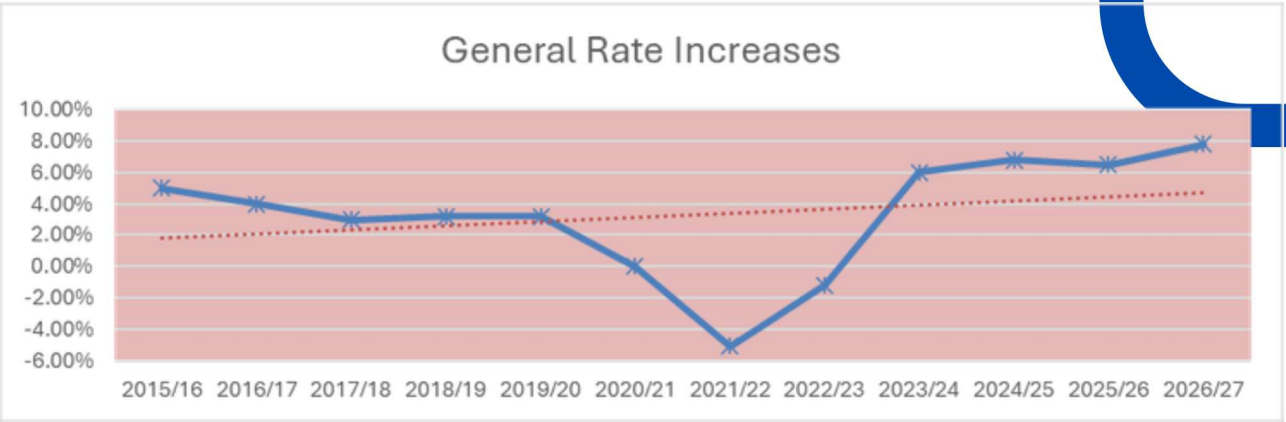
Land Use Category	2026/27 Total Valuation (Proposed)	Change from 2025/26
Residential	$1,895,955,000	13.55%
Commercial – Shop	$95,658,000	31.03%
Commercial – Office	$43,091,000	19.69%
Commercial – Other	$193,703,700	7.47%
Industry - Light	$38,625,000	12.25%
Industry – Other	$29,765,000	10.72%
Primary Production	$96,357,800	10.46%
Vacant Land	$57,611,600	7.64%
Other	$221,850,900	9.17%
Total	**$2,672,618,000**	**13.05%**

For the 2025/26 financial year, Council must adopt, pursuant to Section 167(2) (b) of the Local Government Act 1999, the valuations of the Valuer-General of capital values for all rateable property in the area of the Council.

Council must specify a date upon which the adoption of such valuations of the Valuer-General shall become the valuations of the Council; this date must be no later than 15 August 2026, in conjunction with adoption of the final Annual Business Plan and Budget following community consultation.

General Rate Revenue Calculation[2]

Total general rate revenue for 2025/26 budget (before rebates)	Total percentage increase 2025/26	In comparison total increase to 2024/25	Total general rate revenue for 2026/27 budget	Total percentage increase 2026/27	In comparison total increase to 2025/26
$20,112,385	6.5%	-0.3%	$21,681,151	7.8%	+1.3%



General Rate Revenue Calculation[3]

2025/26 Total General Rate Revenue (after rebates)	2025/26 Number of properties (actual)	2025/26 Average General Rate per property	2026/27 Total General Rate Revenue (after rebates)	2026/27 Number of properties (estimated)	2026/27 Average General Rate per property
$19,472,522	7,871	$2,555	$20,991,379	7,889	$2,748

Growth is estimated 0.2% additional rateable properties.

Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area).

The total General Rates paid by all rateable properties will equal the amount adopted in the budget.

[2] Please note: These figures represent a considered estimate of Expected Rate Revenue based on the most current information available at the time of going out to consultation on the DRAFT Annual Business Plan and Budget (ABP&B). This information is updated regularly and therefore these figures may be subject to confirmation at the time of actual adoption of the ABP&B.

[3]"Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.

Expected Differential Rates Revenue									
	Total Expected Revenue			No. of Rateable Properties		Average per Rateable Property			Rate in $
Land Use	2025/26	2026/27	Change	2025/6	2026/7	2025/6	2026/7	Change	2026/27
Residential	$12,804,429	$13,630,964	6%	5891	5,894	$2,174	$2,313	$139	$0.005215
Commercial / Industrial	$3,963,909	$4,529,898	14%	523	525	$7,579	$8,628	$1,049	$0.010430
Primary Production	$377,750	$404,243	7%	81	81	$4,664	$4,991	$327	$0.004172
Vacant Land	$797,221	$840,165	5%	529	526	$1,507	$1,597	$90	$0.007823
Other	$376,837	$394,107	5%	142	158	$2,654	$2,494	-$159	$0.005215
Total Land Use	**$18,320,146**	**$19,799,377**	**8.1%**	**7,166**	**7,184**	**$2,557**	**$2,756**	**$200**	
Locality									
Shack, etc[4]	$1,792,239	$1,881,774	5%	705	705	$2,542	$2,669	$127	$ 0.004172
GRAND TOTAL	**$20,112,385**	**$21,681,151**	**7.8%**	**7,871**	**7,889**	**$2,555**	**$2,748**	**$193**	

Expected Average Increase to Rates		
	Annual Change	Weekly Change
Residential	$139	$2.68
Commercial / Industrial	$1,049	$20.18
Primary Production	$327	$6.29
Vacant Land	$90	$1.73
Other	-$159	-$3.06
Shack, etc[5]	$127	$2.44
GRAND TOTAL	$193	$3.71

Fixed Charge

Council has elected to impose a fixed charge system as it considers it appropriate that all rateable properties contribute towards the cost of administering the Council's activities and to the cost of creating and maintaining the physical infrastructure that supports each property.

Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component. In 2026/27, Council has retained a fixed charge of $900. This equates to 32% of general rate revenue.

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

[4] Residential in Rural Shack, Rural Living, Conservation, Rural and Rural Neighbourhood
[5] Residential in Rural Shack, Rural Living, Conservation, Rural and Rural Neighbourhood

Fixed Charge Summary					
Total Expected Revenue			Change		
2025/26	2026/27	Change	2025/26	2026/27	Change
$6,961,500	$6,973,200	0.20%	$900	$900	$0

Payment of Rates

Payment of rates for the year ending 30 June 2027 will be allowed to be paid in quarterly instalment with the first payment due on 30 September 2026, 11 December 2026, 12 March 2027 and 11 June 2027.

A quarterly rates notice will be sent to ratepayers at least 30 days prior to each due date. A ratepayer may also pay their rates in a single instalment due by 30 September 2026.

To make bill paying more convenient for customers, Port Augusta City Council provides a range of services for the payment of the rates notice, including:

- BPAY service using the telephone or internet. BPAY is available 24 hours a day, 7 days a week. Contact your Bank or financial institution for further details.
- Payment in person at the Council Officer, Civic Centre, 4 Mackay Street, Port Augusta. Cheque, cash and EFTPOS facilities are available Monday to Friday 9am to 4.30pm.

Late Payment of Rates

The Local Government Act provides that Council imposes an initial 2% on any payment of rate, whether by instalment or otherwise, that is received late. A payment that continues to be late is then charged a prescribed interest rate on the expiration of each month that it continues to be late. Should Council refer the debt to a debt collection agency for collection, then any debt collection charges will be recoverable from the ratepayer. When Council receives a payment in respect of overdue rates, Council applies the money as follows:

- To satisfy any costs awarded in connection with court proceedings to satisfy any interest costs incurred by Council in the recovery of debt,
- Payment of any fines imposed, and
- Payment of rates, in chronological order, starting with the oldest account first.

Recovery of Outstanding Rates

The Council has a documented procedure for the recovery of outstanding rates. The Council first issues an overdue notice for payment of rates when rates are unpaid by the due date. Should rates remain unpaid for more than 14 days after the issue of the overdue notice then the Council may refer the debt to a debt collection agency for collection unless contact is otherwise made.

Sale of Land for Non-Payment of Rates

Section 184 of the Local Government Act 1999 provides that a Council may sell any property where the rates have been outstanding for three years or more. The Council is required to notify the owner of the land of its intention to sell the land, provide the owner with details of the outstanding amount(s), and advise the owner of its intention to sell the land if payment is not received within one month.

Rates Concessions

Council rates concessions are no longer directly applied by Council and the full rates account is payable. The State Government manages the Cost of Living Concession for pensioners and self-funded retirees and should be contacted directly for further information.

Remission and Postponement of Rates

Individuals and businesses can apply to have their rates postponed and/or enter into an agreed payment plan if they met the hardship criteria outlined in Council's Financial Hardship Policy (available on Council's website).

Individuals experiencing hardship are encouraged to contact local counselling services for advice and support. Local counselling services are provided by Centacare Catholic Country SA and Uniting Country SA.





Long Term Financial Plan

Certain factors impacting the Long Term Financial Plan could alter the position over the life of the plan. Council is currently developing plans to reconstruct the Westside Jetty. The planning stage is anticipated to take place across the next financial year and there is a requirement, for a project of such magnitude, for Council to consult with the community before embarking on the construction phase. As a result, no cost estimates have been factored into the long term financial plan.

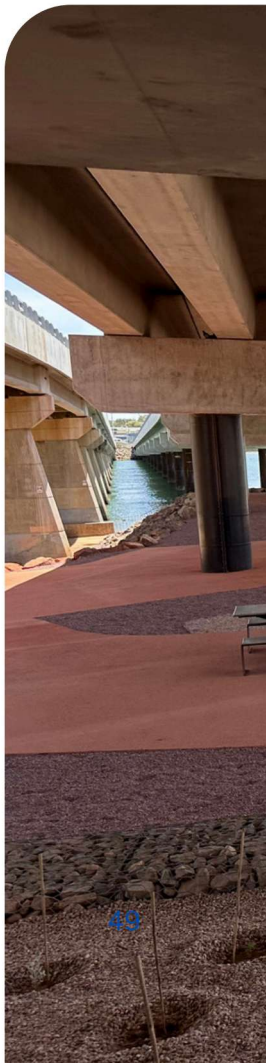
Another consideration is improvements to the Childcare Centre. The Centre has been unable to operate at full capacity due to the inability to recruit a qualified teacher. This has recently changed, which could mean the centre is able to offer more places. The Childcare Centre is forecast to generate an operating deficit of $864,300 in 2026/27 and this level of loss is built into the forward plan. Operating at capacity would allow the Centre to breakeven, which would significantly impact the Plan and shift Council out of deficit as soon as financial year 2027/28.

The State Government promised to provide a further 4 years of funding for the Australian Arid Lands as an Election commitment. Council spent a lot of time and energy engaging with Ministers and officials, as well as benefiting from unwavering community support and efforts to achieve this outcome and is already advocating for a change to the arrangements to provide longer term financial sustainability for our unique gardens which have state, national and international importance. As this outcome has not yet been achieved, there is no funding provided in the Long Term Financial Plan beyond the 2029/30 financial year, but long term committed funding would also materially improve the deficit.

CEO Report on Financial Sustainability

There is an express statutory obligation of the position of the CEO to report as part of the annual review of the Long Term Financial Plan on the sustainability of the Council's long term financial performance and position, having considered the Annual Business Plan and Strategic Management Plans.

The Council has a responsibility to be financially sustainable and ensure that it can provide essential services to the community. Council has committed to achieving an operating surplus, acknowledging that a surplus position should be reached within three years. However, lack of ongoing support beyond a 4 year time horizon for the Australian Arid



Lands Botanic Garden and ongoing losses due to under-capacity at the Childcare Centre both detract from the ability to achieve this target in the current modelling. By raising Council rates, reviewing service levels and rating policy, the Council can adjust its revenue and expenditure and better meet its financial obligations. Council has undertaken a project to train additional early childhood workers which is successfully increasing the number of staff available. Further modelling of the Childcare Centre business plan will be undertaken as it is likely that the forecast ongoing losses can be reduced or reversed by offering additional places to fill the capacity of the Centre over the next couple of years.

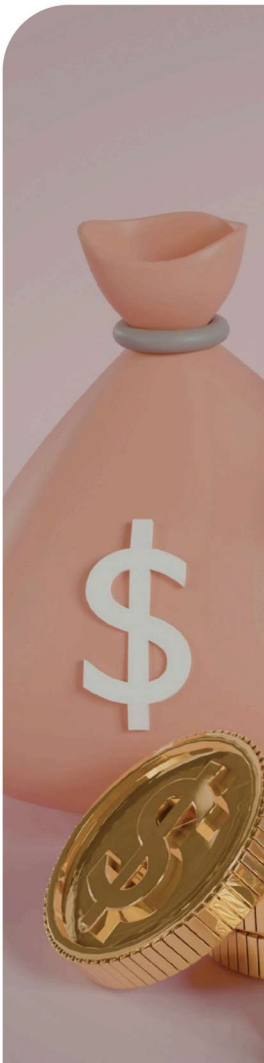
For a period of four years, Council raised rates at a level less than described in the Long Term Financial Plan and less than CPI. In two of those years, rates were negative. Notwithstanding, the Council has carefully considered the development of the Annual Business Plans and its ability to meet its financial obligations concern is expressed and in 2024/25, rates were increased by 6.8%, 6% in 2025/26 and a 7.8% increase due to re-emerging inflationary pressures is proposed for 2026/27 in order to support longer term financial sustainability.

The substantive issues are:

- The prior long term financial plan of 2022/23 did not achieve a surplus financial position within the ten-year period. This was addressed by curtailing expenditure over the last 3 financial years in order to work towards a surplus position. Council is now in a position where reduced spending is undermining efficiency gains. Council does not have a history of meeting its endorsed long term financial plan.

- The financial operating position of Council is strained, and it will struggle to achieve its strategic objectives without external funding assistance, which cannot be relied upon. The likelihood and negotiating position of Council to achieve external funding will be inhibited by Council's operating position.

- The achievement of Strategic Objectives compatible with expectations is essential to the community value proposition for the rates raised and can lead to lower levels of satisfaction with Council.



Port Augusta City Council
10 Year Financial Plan for the Years ending 30 June 2036
STATEMENT OF CHANGES IN EQUITY - GENERAL FUND
Scenario: LTFP with no Jetty

	Actuals	Current Year	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	$	$	$	$	$	$	$	$	$	$	$	$
Opening Balance	224,149,000	228,365,000	233,048,757	240,800,052	246,720,502	252,649,728	259,300,975	265,302,633	271,537,241	277,783,514	284,016,438	290,287,231
Net Surplus / (Deficit) for Year	4,216,000	(2,258,591)	(2,750,649)	(2,268,509)	(1,511,477)	(845,032)	(1,633,351)	(1,361,412)	(1,274,234)	(1,304,158)	(1,194,806)	(2,349,632)
Other Comprehensive Income												
- Gain (Loss) on Revaluation of I,PP&E	-	6,942,348	10,501,944	8,188,959	7,440,702	7,496,280	7,635,009	7,596,020	7,520,507	7,537,082	7,465,600	7,600,000
- Available for Sale Financial Instruments: change in fair value	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-
- Transfer to Accumulated Surplus on Sale of I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-
- Transfer to Acc. Surplus on Sale of AFS Financial Instruments	-	-	-	-	-	-	-	-	-	-	-	-
- Share of OCI - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
- Other Equity Adjustments - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
- Other Movements	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	6,942,348	10,501,944	8,188,959	7,440,702	7,496,280	7,635,009	7,596,020	7,520,507	7,537,082	7,465,600	7,600,000
Total Comprehensive Income	4,216,000	4,683,757	7,751,295	5,920,450	5,929,226	6,651,247	6,001,658	6,234,608	6,246,274	6,232,924	6,270,793	5,250,368
Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	228,365,000	233,048,757	240,800,052	246,720,502	252,649,728	259,300,975	265,302,633	271,537,241	277,783,514	284,016,438	290,287,231	295,537,600

Port Augusta City Council
10 Year Financial Plan for the Years ending 30 June 2036
STATEMENT OF COMPREHENSIVE INCOME - GENERAL FUND
Scenario: LTFP with no Jetty

	Actuals	Current Year	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	$	$	$	$	$	$	$	$	$	$	$	$
Income												
Rates	21,138,000	22,748,646	24,445,830	25,975,195	27,526,695	29,175,401	29,910,889	30,664,929	31,437,989	32,230,550	33,043,103	33,876,154
Statutory Charges	442,000	459,405	491,600	505,365	517,999	530,949	544,223	557,829	571,774	586,069	600,720	615,738
User Charges	4,053,000	4,287,780	4,243,600	4,362,420	4,471,481	4,583,268	4,697,850	4,815,296	4,935,678	5,059,070	5,185,547	5,315,186
Grants, Subsidies and Contributions - operating	11,865,000	7,840,771	6,680,100	6,846,143	6,998,547	7,154,761	6,564,880	6,729,002	6,897,227	7,069,657	7,246,399	7,427,559
Grants, Subsidies and Contributions - capital	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	860,000	435,696	452,200	259,469	261,921	198,862	261,395	538,421	708,380	797,943	1,037,721	-
Reimbursements	412,000	84,768	75,000	90,452	92,714	95,032	97,407	99,842	102,339	104,897	107,519	110,207
Other Income	113,000	966,268	994,000	1,031,069	1,056,846	1,083,267	1,110,349	1,138,108	1,166,560	1,195,724	1,225,617	1,256,258
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	**38,883,000**	**36,823,333**	**37,382,330**	**39,070,114**	**40,926,203**	**42,821,539**	**43,186,992**	**44,543,426**	**45,819,947**	**47,043,911**	**48,446,627**	**48,601,102**
Expenses												
Employee Costs	14,182,000	14,178,501	14,581,900	14,990,193	15,364,948	15,749,071	16,142,798	16,546,368	16,960,027	17,384,028	17,818,629	18,264,094
Materials, Contracts & Other Expenses	13,283,000	14,360,398	14,921,579	15,342,116	15,727,073	16,121,690	16,525,470	16,939,363	17,363,622	17,798,507	18,244,284	18,700,742
Depreciation, Amortisation & Impairment	7,691,000	10,542,025	10,629,500	11,006,315	11,342,890	11,677,287	12,024,747	12,390,394	12,770,532	13,165,534	13,578,521	13,985,897
Finance Costs	57,000	1,000	-	-	2,768	118,523	127,328	28,714	-	-	-	-
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	**35,213,000**	**39,081,924**	**40,132,979**	**41,338,624**	**42,437,679**	**43,666,571**	**44,820,343**	**45,904,838**	**47,094,181**	**48,348,069**	**49,641,434**	**50,950,733**
Operating Surplus / (Deficit)	**3,670,000**	**(2,258,591)**	**(2,750,649)**	**(2,268,509)**	**(1,511,477)**	**(845,032)**	**(1,633,351)**	**(1,361,412)**	**(1,274,234)**	**(1,304,158)**	**(1,194,806)**	**(2,349,632)**
Asset Disposal & Fair Value Adjustments	(67,000)	-	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	613,000	-	-	-	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-	-	-
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**4,216,000**	**(2,258,591)**	**(2,750,649)**	**(2,268,509)**	**(1,511,477)**	**(845,032)**	**(1,633,351)**	**(1,361,412)**	**(1,274,234)**	**(1,304,158)**	**(1,194,806)**	**(2,349,632)**
Other Comprehensive Income												
Amounts which will not be reclassified subsequently to operating result												
Changes in Revaluation Surplus - I,PP&E	-	6,942,348	10,501,944	8,188,959	7,440,702	7,496,280	7,635,009	7,596,020	7,520,507	7,537,082	7,465,600	7,600,000
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated Surplus on Sale of Revalued I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-
Net assets transferred - Council restructure	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Amounts which will be reclassified subsequently to operating result												
Available-for-Sale Financial Instruments - Change in Fair Value	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated Surplus on Sale of Available-for-Sale Financial Instru	-	-	-	-	-	-	-	-	-	-	-	-
Movements in Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	**-**	**6,942,348**	**10,501,944**	**8,188,959**	**7,440,702**	**7,496,280**	**7,635,009**	**7,596,020**	**7,520,507**	**7,537,082**	**7,465,600**	**7,600,000**
Total Comprehensive Income	**4,216,000**	**4,683,757**	**7,751,295**	**5,920,450**	**5,929,226**	**6,651,247**	**6,001,658**	**6,234,608**	**6,246,274**	**6,232,924**	**6,270,793**	**5,250,368**

Port Augusta City Council
10 Year Financial Plan for the Years ending 30 June 2036
STATEMENT OF FINANCIAL POSITION - GENERAL FUND
Scenario: LTFP with no Jetty

	Actuals	Current Year	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	$	$	$	$	$	$	$	$	$	$	$	$
ASSETS												
Current Assets												
Cash & Cash Equivalents	19,598,000	16,242,306	8,490,511	2,978,711	500,000	500,000	500,000	3,141,609	3,745,679	8,011,780	9,567,900	11,700,628
Trade & Other Receivables	3,233,000	1,253,001	1,314,931	1,389,290	1,464,835	1,544,629	1,573,333	1,603,448	1,640,481	1,682,144	1,725,530	1,764,169
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	214,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Other Current Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	23,045,000	17,695,306	10,005,442	4,568,001	2,164,835	2,244,629	2,273,333	4,945,057	5,586,160	9,893,924	11,493,430	13,664,797
Non-Current Assets												
Financial Assets	79,000	66,699	54,667	42,297	29,577	16,498	3,050	-	-	-	-	-
Equity Accounted Investments in Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	212,941,000	220,066,618	235,637,673	247,100,121	256,050,973	269,402,124	271,290,675	271,915,456	277,602,082	279,610,740	284,367,619	287,534,278
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	213,020,000	220,133,317	235,692,340	247,142,418	256,080,550	269,418,622	271,293,725	271,915,456	277,602,082	279,610,740	284,367,619	287,534,278
TOTAL ASSETS	236,065,000	237,828,623	245,697,782	251,710,419	258,245,385	271,663,251	273,567,058	276,860,513	283,188,242	289,504,664	295,861,049	301,199,075
LIABILITIES												
Current Liabilities												
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	5,564,000	2,705,866	2,823,730	2,915,917	3,002,578	3,092,288	3,169,808	3,249,272	3,330,728	3,414,226	3,499,817	3,587,475
Borrowings	51,000	-	-	-	-	-	-	-	-	-	-	-
Provisions	1,879,000	1,916,376	1,916,376	1,916,376	1,916,376	1,916,376	1,916,376	1,916,376	1,916,376	1,916,376	1,916,376	1,916,376
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	7,494,000	4,622,242	4,740,106	4,832,293	4,918,954	5,008,664	5,086,184	5,165,648	5,247,104	5,330,602	5,416,193	5,503,851
Non-Current Liabilities												
Cash Advance Debenture	-	-	-	-	519,079	7,195,988	3,020,617	-	-	-	-	-
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	11,000	-	-	-	-	-	-	-	-	-	-	-
Provisions	195,000	157,624	157,624	157,624	157,624	157,624	157,624	157,624	157,624	157,624	157,624	157,624
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	206,000	157,624	157,624	157,624	676,703	7,353,612	3,178,241	157,624	157,624	157,624	157,624	157,624
TOTAL LIABILITIES	7,700,000	4,779,866	4,897,730	4,989,917	5,595,657	12,362,276	8,264,425	5,323,272	5,404,728	5,488,226	5,573,817	5,661,475
Net Assets	228,365,000	233,048,757	240,800,052	246,720,502	252,649,728	259,300,975	265,302,633	271,537,241	277,783,514	284,016,438	290,287,231	295,537,600
EQUITY												
Accumulated Surplus	5,128,000	2,869,409	118,760	(2,149,749)	(3,661,226)	(4,506,258)	(6,139,609)	(7,501,021)	(8,775,255)	(10,079,413)	(11,274,220)	(13,623,851)
Asset Revaluation Reserves	223,237,000	230,179,348	240,681,293	248,870,251	256,310,954	263,807,233	271,442,242	279,038,262	286,558,769	294,095,851	301,561,451	309,161,451
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	228,365,000	233,048,757	240,800,052	246,720,502	252,649,728	259,300,975	265,302,633	271,537,241	277,783,514	284,016,438	290,287,231	295,537,600

Port Augusta City Council
10 Year Financial Plan for the Years ending 30 June 2036
STATEMENT OF CASH FLOWS - GENERAL FUND
Scenario: LTFP with no Jetty

	Actuals 2024/25 $	Current Year 2025/26 $	Projected Years 2026/27 $	2027/28 $	2028/29 $	2029/30 $	2030/31 $	2031/32 $	2032/33 $	2033/34 $	2034/35 $	2035/36 $
Cash Flows from Operating Activities												
Receipts:												
Rates Receipts	20,150,000	22,645,812	24,394,066	25,928,549	27,479,374	29,125,115	29,888,457	30,641,931	31,414,411	32,206,377	33,018,320	33,850,746
Statutory Charges	442,000	501,078	491,058	505,133	517,787	530,731	544,000	557,600	571,540	585,828	600,474	615,486
User Charges	4,437,000	4,668,642	4,244,343	4,360,420	4,469,645	4,581,386	4,695,921	4,813,319	4,933,652	5,056,993	5,183,418	5,313,003
Grants, Subsidies and Contributions (operating purpose)	12,044,000	8,355,684	6,695,944	6,843,877	6,996,467	7,152,628	6,572,931	6,726,761	6,894,930	7,067,304	7,243,986	7,425,086
Investment Receipts	860,000	459,666	452,125	260,346	261,910	199,149	261,110	537,161	707,607	797,535	1,036,630	4,722
Reimbursements	412,000	120,617	75,120	90,263	92,686	95,003	97,378	99,813	102,308	104,866	107,487	110,174
Other	1,518,000	962,632	993,533	1,030,445	1,056,412	1,082,822	1,109,893	1,137,640	1,166,081	1,195,233	1,225,114	1,255,742
Payments:												
Payments to Employees	(14,034,000)	(14,178,501)	(14,581,900)	(14,990,193)	(15,364,948)	(15,749,071)	(16,142,798)	(16,546,368)	(16,960,027)	(17,384,028)	(17,818,629)	(18,264,094)
Payments for Materials, Contracts & Other Expenses	(12,803,000)	(16,146,762)	(14,829,173)	(15,272,869)	(15,663,685)	(16,056,711)	(16,458,962)	(16,871,210)	(17,293,762)	(17,726,897)	(18,170,881)	(18,625,580)
Finance Payments	(57,000)	(1,000)	-	-	(2,768)	(118,523)	(127,328)	(28,714)	-	-	-	-
Net Cash provided (or used in) Operating Activities	12,969,000	7,387,868	7,935,116	8,755,971	9,842,879	10,842,530	10,440,581	11,067,933	11,536,739	11,903,211	12,425,921	11,685,284
Cash Flows from Investing Activities												
Receipts:												
Amounts Received Specifically for New/Upgraded Assets	613,000	32,132	-	-	-	-	-	-	-	-	-	-
Grants utilised for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Replaced Assets	85,000	113,409	117,718	121,014	124,040	127,141	130,319	133,577	136,917	140,340	143,848	147,444
Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Non Current Assets "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Net Disposal of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Developments	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	11,000	11,600	11,701	12,032	12,370	12,720	13,079	13,448	3,982	-	-	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Expenditure on Renewal/Replacement of Assets	(3,494,000)	(10,311,730)	(14,139,330)	(14,119,931)	(12,689,171)	(17,511,747)	(6,257,366)	(5,397,709)	(10,914,669)	(7,614,578)	(10,846,706)	(9,500,000)
Expenditure on New/Upgraded Assets	(1,225,000)	(526,973)	(1,677,000)	(280,886)	(287,908)	(147,553)	(151,242)	(155,023)	(158,898)	(162,871)	(166,943)	(200,000)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Net Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Development of Real Estate for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure on Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Loans Made to Community Groups	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(4,010,000)	(10,681,562)	(15,686,910)	(14,267,771)	(12,840,670)	(17,519,439)	(6,265,210)	(5,405,707)	(10,932,669)	(7,637,110)	(10,869,801)	(9,552,556)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from CAD	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Receipt of Funds from Leases	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Bonds & Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Receipts from Other Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayments of CAD	-	-	-	-	-	-	-	-	-	-	-	-
Repayments of Borrowings	(3,764,000)	-	-	-	-	-	-	-	-	-	-	-
Repayment of Principal Portion of Lease Liabilities	(33,000)	(62,000)	-	-	-	-	-	-	-	-	-	-
Repayment of Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds & Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Payments of Other Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(3,797,000)	(62,000)	-	-	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	5,162,000	(3,355,694)	(7,751,795)	(5,511,800)	(2,997,790)	(6,676,909)	4,175,371	5,662,226	604,070	4,266,101	1,556,120	2,132,728
plus: Cash & Cash Equivalents - beginning of year	14,436,000	19,598,000	16,242,306	8,490,511	2,978,711	(19,079)	(6,695,988)	(2,520,617)	3,141,609	3,745,679	8,011,780	9,567,900
Cash & Cash Equivalents - end of the year	19,598,000	16,242,306	8,490,511	2,978,711	(19,079)	(6,695,988)	(2,520,617)	3,141,609	3,745,679	8,011,780	9,567,900	11,700,628
Cash & Cash Equivalents - end of the year	19,598,000	16,242,306	8,490,511	2,978,711	(19,079)	(6,695,988)	(2,520,617)	3,141,609	3,745,679	8,011,780	9,567,900	11,700,628
Investments - end of the year	-	-	-	-	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year	19,598,000	16,242,306	8,490,511	2,978,711	(19,079)	(6,695,988)	(2,520,617)	3,141,609	3,745,679	8,011,780	9,567,900	11,700,628

Port Augusta City Council
10 Year Financial Plan for the Years ending 30 June 2036
STATEMENT OF CASH FLOWS - GENERAL FUND
Scenario: LTFP with no Jetty

	Actuals	Current Year	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	$	$	$	$	$	$	$	$	$	$	$	$
Cash Flows from Operating Activities												
Receipts:												
Rates Receipts	20,150,000	22,645,812	24,394,066	25,928,549	27,479,374	29,125,115	29,888,457	30,641,931	31,414,411	32,206,377	33,018,320	33,850,746
Statutory Charges	442,000	501,078	491,058	505,133	517,787	530,731	544,000	557,600	571,540	585,828	600,474	615,486
User Charges	4,437,000	4,668,642	4,244,343	4,360,420	4,469,645	4,581,386	4,695,921	4,813,319	4,933,652	5,056,993	5,183,418	5,313,003
Grants, Subsidies and Contributions (operating purpose)	12,044,000	8,355,684	6,695,944	6,843,877	6,996,467	7,152,628	6,572,931	6,726,761	6,894,930	7,067,304	7,243,986	7,425,086
Investment Receipts	860,000	459,666	452,125	260,346	261,910	199,149	261,110	537,161	707,607	797,535	1,036,630	4,722
Reimbursements	412,000	120,617	75,120	90,263	92,686	95,003	97,378	99,813	102,308	104,866	107,487	110,174
Other	1,518,000	962,632	993,533	1,030,445	1,056,412	1,082,822	1,109,893	1,137,640	1,166,081	1,195,233	1,225,114	1,255,742
Payments:												
Payments to Employees	(14,034,000)	(14,178,501)	(14,581,900)	(14,990,193)	(15,364,948)	(15,749,071)	(16,142,798)	(16,546,368)	(16,960,027)	(17,384,028)	(17,818,629)	(18,264,094)
Payments for Materials, Contracts & Other Expenses	(12,803,000)	(16,146,762)	(14,829,173)	(15,272,869)	(15,663,685)	(16,056,711)	(16,458,982)	(16,871,210)	(17,293,762)	(17,726,897)	(18,170,881)	(18,625,580)
Finance Payments	(57,000)	(1,000)	-	-	(2,768)	(118,523)	(127,328)	(28,714)	-	-	-	-
Net Cash provided (or used in) Operating Activities	12,969,000	7,387,868	7,935,116	8,755,971	9,842,879	10,842,530	10,440,581	11,067,933	11,536,739	11,903,211	12,425,921	11,685,294
Cash Flows from Investing Activities												
Receipts:												
Amounts Received Specifically for New/Upgraded Assets	613,000	32,132	-	-	-	-	-	-	-	-	-	-
Grants utilised for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Replaced Assets	85,000	113,409	117,718	121,014	124,040	127,141	130,319	133,577	136,917	140,340	143,848	147,444
Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Non Current Assets "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Net Disposal of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Developments	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	11,000	11,600	11,701	12,032	12,370	12,720	13,079	13,448	3,982	-	-	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Expenditure on Renewal/Replacement of Assets	(3,494,000)	(10,311,730)	(14,139,330)	(14,119,931)	(12,689,171)	(17,511,747)	(6,257,366)	(5,397,709)	(10,914,669)	(7,614,578)	(10,846,706)	(9,500,000)
Expenditure on New/Upgraded Assets	(1,225,000)	(526,973)	(1,677,000)	(280,886)	(287,908)	(147,553)	(151,242)	(155,023)	(158,898)	(162,871)	(166,943)	(200,000)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Net Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Development of Real Estate for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure on Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Loans Made to Community Groups	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(4,010,000)	(10,681,562)	(15,686,910)	(14,267,771)	(12,840,670)	(17,519,439)	(6,265,210)	(5,405,707)	(10,932,669)	(7,637,110)	(10,869,801)	(9,552,556)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from CAD	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Receipt of Funds from Leases	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Bonds & Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Receipts from Other Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayments of CAD	-	-	-	-	-	-	-	-	-	-	-	-
Repayments of Borrowings	(3,764,000)	-	-	-	-	-	-	-	-	-	-	-
Repayment of Principal Portion of Lease Liabilities	(33,000)	(62,000)	-	-	-	-	-	-	-	-	-	-
Repayment of Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds & Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Payments of Other Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(3,797,000)	(62,000)	-	-	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	5,162,000	(3,355,694)	(7,751,795)	(5,511,800)	(2,997,790)	(6,676,909)	4,175,371	5,662,226	604,070	4,266,101	1,556,120	2,132,728
plus: Cash & Cash Equivalents - beginning of year	14,436,000	19,598,000	16,242,306	8,490,511	2,978,711	(19,079)	(6,695,988)	(2,520,617)	3,141,609	3,745,679	8,011,780	9,567,900
Cash & Cash Equivalents - end of the year	19,598,000	16,242,306	8,490,511	2,978,711	(19,079)	(6,695,988)	(2,520,617)	3,141,609	3,745,679	8,011,780	9,567,900	11,700,628
Cash & Cash Equivalents - end of the year	19,598,000	16,242,306	8,490,511	2,978,711	(19,079)	(6,695,988)	(2,520,617)	3,141,609	3,745,679	8,011,780	9,567,900	11,700,628
Investments - end of the year	-	-	-	-	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year	19,598,000	16,242,306	8,490,511	2,978,711	(19,079)	(6,695,988)	(2,520,617)	3,141,609	3,745,679	8,011,780	9,567,900	11,700,628



Financial Sustainability Rating

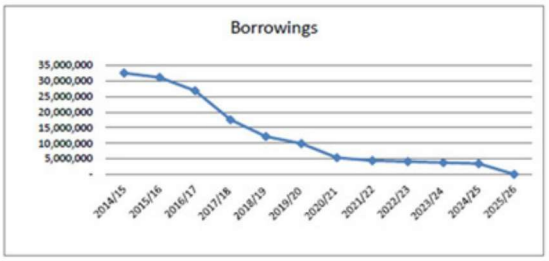
Port Augusta City Council has significantly improved its financial sustainability rating in the recent review by the Essential Services Commission of South Australia (ESCOSA). Council is now rated **'Mostly Sustainable'**, joining a small group of councils recognised for demonstrating strong financial management and strategic planning. This represents a substantial improvement from previous years, when Council was assessed as **'Unsustainable'**. This result reflects Council's ongoing commitment to responsible financial management and long-term planning to support the community now and into the future.

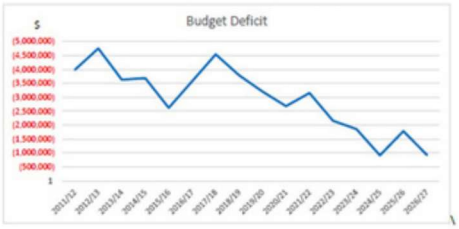
What This Means:

- Stronger financial footing for our city.
- Improved ability to deliver quality services.
- Greater confidence in our long-term planning.

Key Achievement:

- One of only 7 councils out of 19 rated 'Mostly Sustainable' this year.
- One of only 15 councils out of 68 over the last four years to receive this rating.





Historically, in 2011, the budget was overspent by $3,987,000. Revenue from rates was $12,747,000. The Council of the day overspent nearly a third more than its net income from rates.

We're tackling key financial challenges head-on:

- **Rating Equity:** Addressing challenges due to increasing renewable energy infrastructure.
- **Community Support:** Balancing rate exemptions for vital community service providers.
- **Grant Reliance:** Adapting to declining government grant funding.

We're committed to responsible asset management:

- Regular asset revaluations to accurately reflect value.
- Continuously updated asset management plans.
- Indexation and planned service reviews.

We're actively investigating projects that enhance liveability and drive economic growth:

- The new Westside Jetty is a premier destination.
- Attracting new residents to build our community.
- Supporting local businesses.

We're dedicated to continuous improvement and ensuring a financially sustainable Port Augusta for generations to come.

Advice

Local Government Advice

Port Augusta City Council

February 2026

Enquiries concerning this advice should be addressed to:

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Web: www.escosa.sa.gov.au

Port Augusta City Council
AT A GLANCE

OVERVIEW

The Essential Services Commission finds Port Augusta City Council's past financial performance as **unsustainable** and current financial performance **mostly sustainable.** The Council's projected financial performance is **potentially unsustainable**, with ongoing operating deficits forecast until at least 2029-30. This outlook is driven by high depreciation costs, as well as continued reliance on rate increases above inflation. The Council faces significant affordability risk among its ratepayers, given already high rates and the community's limited economic resources. Achieving long-term sustainability will require effective cost control, regular review of service levels, and careful management of future rate increases.

FINANCIAL PERFORMANCE



Past 10 years
Unsustainable



Current
Mostly Sustainable



Projected
Potentially Unsustainable

RISKS IMPACTING SUSTAINABILITY

- ⚠ The Council has forecast cost growth slightly above CPI and risks further rate increases if it cannot deliver this containment of costs.
- ⚠ There is a risk the Council may be understating the cost of asset renewal and replacement as asset revaluations were not up to date when AMPs were prepared.
- ⚠ Rates are forecast to increase at greater than CPI over the Forecast Period, which might impact affordability.

KEY FACTS

- ▶ Population in 2024 was **14,453** residents
- ▶ Council covers **1,158.0 square kilometres**
- ▶ **7,649** rateable properties in 2024-25
- ▶ **$39.2 million** of income in 2024-25
- ▶ Value of infrastructure property plant and equipment assets held in 2024-25 equals **$212.0 million**

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit www.escosa.sa.gov.au.

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1 Executive summary

1.1 Summary of observations

The Essential Services Commission (**Commission**) finds the Port Augusta City Council's (**Council**) historical performance unsustainable, and current financial performance mostly sustainable. However, projections indicate its future performance is potentially unsustainable.

The Council has taken sensible steps, including eliminating debt and reducing its cost base through divestment of aged care facilities. However, its strategy of increasing rates by CPI plus 4.2 percent until 2029-30, combined with a forecast cash balance of $43.8 million by 2034-35, raises concerns about the affordability and appropriateness of this plan, for a community with limited economic resources, as evidenced by its low Socio-Economic Indexes for Areas ranking.[1] A further risk for asset renewal and replacement is that asset value and condition data were significantly out of date when its Asset Management Plans were prepared, resulting in the Council's understanding of costs to renew and replace assets being materially understated (over the historical 10-year period), which has had a significant impact on expected future expenditure to maintain its asset base.

To address these issues, the Commission recommends prioritising foundational actions over the next two years. This approach includes updating the Long-Term Financial Plan and related business plans to ensure annual indexation between asset valuations and condition assessments is accurately reflected across financial accounts, strategic planning documents, and implementation plans. This recommendation also includes suspending all non-essential new or upgrade capital expenditure. These steps will allow the Council to reassess its position and determine a more sustainable path forward.

A critical priority is asset management. The Council has made progress in updating its Asset Management Plans and over the next four years, intends to address a substantial renewal backlog. The Commission notes that the Council has underspent on asset renewal and replacement while accumulating cash balances of $19.6 million as at June 2025. The Council should undertake comprehensive condition assessments and develop a fully costed renewal program, supported by independent expert advice and community consultation. Existing cash reserves should be used to fund renewal activities, and asset data must be regularly updated to inform planning.

The Council's cost structure continues to place pressure on its operating position and underlines the importance of ongoing cost control and efficiency measures. The Commission acknowledges that, due to the Council's geographic location, it delivers a range of community services that would otherwise not be provided by a council, effectively operating as a service provider of last resort. Several of these services are fully funded through external agency agreements, and some are delivered by staff whose positions are wholly tied to specific grant funding, such that these activities do not contribute to the Council's underlying operating position.

Looking ahead, the Council must identify a sustainable approach to rates and service charges, based on updated asset and cost information and informed by community preferences. The Council plans to accumulate significant cash reserves over the Forecast Period, however, it appears that the cash accumulation represents underspending on asset renewal and replacement relative to the Asset Management Plans. If the Council implements the Commission's recommendations, assets will be

[1] Port Augusta City Council area is ranked 8 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, available at https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/latest-release.

renewed and replaced in line with Asset Management Plans, depreciation charges will better reflect asset condition and useful lives, and cash will not accumulate to the extent planned.

Over the Historical Period, the Council rapidly reduced its debt. If the Council takes on debt in the future, the Commission suggests that it consider its pace of repayment of the debt, to balance the reduction of finance costs with the impact on ratepayers, having regard to intergenerational equity.

Regular reviews of asset condition and staffing, conducted transparently and with community engagement, will be essential to maintaining service standards and financial stability.

By adopting this staged and consultative approach, the Council can strengthen its financial sustainability, deliver services valued by the community, and make informed decisions about rates, expenditure, and asset management.

1.2 Summary of recommendations

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

- aiming to fully fund asset renewal and replacement over the Forecast Period
- recent commencement of indexation of asset values, and
- regularly reviewing its assumptions and inflation forecasts in its budget and forward projections.

To further strengthen the Council's sustainability, the Commission recommends the following staged approach:

Immediate Action

1. **Ensure** that annual indexation between asset valuations and condition assessments is reflected in the financial accounts, all strategic planning documents and implementation plans.

- **Update** Long-Term Financial Plan and business plans to reflect this approach.
- **Halt** all non-essential expenditure on new and upgraded assets not committed to.

Within the next two years

2. **Upgrade** its Asset Management Plans to more accurately reflect formal asset valuations, condition assessments, remaining useful lives and corresponding depreciation schedules, and include these expenditure forecasts in the annual budget and annual Long-Term Financial Plan update.
3. **Undertake** a strategic review of its operating costs, in consultation with its community on service level standards and the services that the community values and is prepared to pay for, to determine the services and asset stock this can accommodate and that will achieve a more robust sustainable position.

Within the next five years and after the previous recommendations

4. **Identify** a sustainable approach to rates and service charges within five years, based on updated asset and cost information and informed by community preferences. Consult with the community regarding various cash reserve scenarios and the implications for rates and services for implementing them.

Every five years

5. **Assess** the condition of assets, revise renewal plans as needed and share this information with the community for feedback. Incorporate the results into financial accounts, Long-Term Financial Plans and Asset Management Plans to ensure alignment and transparency.

2 About the advice

2.1 Background

The State Parliament has tasked the Commission, South Australia's independent economic regulator and advisory body, to provide advice on material changes proposed by local councils in relation to elements of their Strategic Management Plans **(SMP)**, and on the proposed revenue sources, including rates, which underpin those plans.[2]

A primary purpose of the Local Government Advice Scheme **(Advice** or **the Scheme)** is to support councils to make financially sustainable strategic decisions in their annual business plans and budgets, in the context of their Long-Term Financial Plans **(LTFP)** and Infrastructure and Asset Management Plans **(IAMP).**[3] IAMPs are commonly referred to as Asset Management Plans **(AMP)**. The LTFP and the IAMP are both required as part of a council's SMP.[4] Financial sustainability encompasses intergenerational equity,[5] program (service level) and rates stability in this context.[6] The other main purpose is for the Commission to consider ratepayer contributions in the context of all revenue sources, as outlined in the LTFP.[7] In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.[8]

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

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

The Council is obliged under the *Local Government Act 1999* **(LG Act)** to publish this advice and its response, if applicable, in its 2026-27 Annual Business Plan (including any draft Annual Business Plan) and in subsequent plans until the next cycle of the Scheme.[9] Decision-making remains in the control of the Council.

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

2.2 The Commission's approach

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

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

3 Commonly referred to as Asset Management Plans **(AMP).**

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

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

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

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

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

9 LG Act s122(1h).

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

The Commission has considered the Council's SMP documents and other documents (set out in the box below), with a particular focus on its performance and outlook against three financial indicators: the Operating Surplus Ratio **(OSR)**, the Net Financial Liabilities Ratio **(NFLR)** and the Asset Renewal Funding Ratio **(ARFR)**.[11] Analysis of these three indicators captures financial and service sustainability, cost control and affordability risk.[12]

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

Table 1: Strategic management documents referred to

- Port Augusta City Council Annual Business Plan 2025-26 (July 2025)
- Port Augusta City Council Annual Business Plan 2024-25 (August 2024)
- Port Augusta City Council Long-Term Financial Plan 2024-25 to 2033-34 (August 2024)
- Port Augusta City Council Long-Term Financial Plan 2022-23 to 2032-33 (August 2022)
- Port Augusta City Council Asset Management Plan Transport (November 2024)
- Port Augusta City Council Asset Management Plan Stormwater (November 2024)
- Port Augusta City Council Asset Management Plan Community Wastewater Management System and Wastewater Treatment Plant (November 2024)
- Port Augusta City Council Asset Management Plan Building & Land Improvements (November 2024)
- Port Augusta City Council Annual Financial Statements 2023-24
- Port Augusta City Council Annual Financial Statements 2022-23
- Port Augusta City Council Annual Financial Statements 2021-22

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

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

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

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

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

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

[15] The Council's estimates for the 2024-25 financial year were unaudited at the time of preparing this advice.

The Commission has reported estimates in nominal terms to identify 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (**CPI**) line for the Historical Period is calculated as the compound annual growth rate in the CPI (Adelaide) series from 2014-15 to 2023-24, being 2.9 percent[16]. Each financial year is the average of the four quarterly results. The CPI for the Forecast Period is calculated as the compound annual growth rate in the CPI (Australia) series from 2025-26 based on the Reserve Bank of Australia (RBA) (Australia-wide) inflation forecasts to the December 2027 quarter, and the midpoint of the RBA target range (2.5 percent) thereafter, yielding an average inflation rate for the Forecast Period of 2.5 percent. Similarly, for the current year 2024-25, we have observed a CPI (Adelaide) of 2.4 percent.

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

- its location as an Urban Regional council
- its income level ($39.2 million in 2024-25[17]), and
- the size of its rates base (around 7,649 ratepayers in 2024-25[18]).

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

Legend: Low-risk Moderate-risk High-risk

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

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

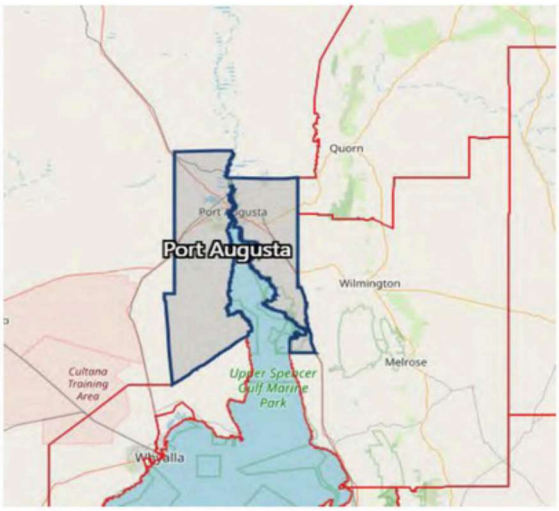
[18] Based on the Council's financial reporting template provided to the Commission.

3 Council profile

The Council is classified by the Commission as an 'Urban Regional' council and is one of nine in this category in South Australia.[19] It covers an area of 1,158.0 square kilometres, has an estimated resident population of 14,453 (at 30 June 2024),[20] and approximately 7,649 rateable properties (at 1 January 2025).[21]

The Council is in the far north region of South Australia.

Figure 1: Council Area



The Council region has the following attributes:

- modest rateable property growth of less than 0.1 percent per annum[22]
- population density of 12.5 persons per square kilometre[23]
- 412 kilometres of sealed and unsealed roads, of which 52.2 percent are unsealed roads[24]
- employment sectors mainly in public administration (12.3 percent), retail trade (10.7 percent), education and training (9.2 percent),[25] and
- a median population age of 38.5 years.[26]

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

20 Refer to Australian Bureau of Statistics, *Data by region*, available at https://dbr.abs.gov.au/region.html?lyr=lga&rgn=46090

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

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

23 Refer to Australian Bureau of Statistics, *Data by region*, available https://dbr.abs.gov.au/region.html?lyr=lga&rgn=46090

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

25 Refer to Australian Bureau of Statistics, *Data by region*, available at https://dbr.abs.gov.au/region.html?lyr=lga&rgn=46090

26 Refer to Australian Bureau of Statistics, *Data by region*, available at https://dbr.abs.gov.au/region.html?lyr=lga&rgn=46090

4 Material plan amendments in 2025-26

The material amendments to some of the Council's main financial forecasts are listed in the table below (in nominal terms).[27] To ensure a comparable analysis of estimates between the 2024-25 and 2025-26 LTFPs, the Commission has reviewed the nine overlapping years' statistics: 2025-26 to 2033- 34 and identified material amendments accordingly.

4.1 Key points

- Higher rate revenue increases above CPI (CPI plus 4.0 percent annually to 2029-30) are proposed in the 2025-26 LTFP compared to the previous LTFP (CPI plus 2.0 percent annually to 2029-30).
- Operating performance is projected to decline by $1.8 million compared to the previous LTFP, as the cumulative increase in operating expenses exceeds the increase in income.
- Capital renewal expenditure increases by $16.6 million (24.9 percent), reflecting the Council's plan to address a $15.7 million asset renewal backlog.

Table 2: Historical and forecast financial items

Selected Financial Item	Sum of 2025-26 to 2033-34 estimates in 2024-25 LTFP ($ million)	Sum of 2025-26 to 2033-34 estimates in 2025-26 LTFP ($ million)	Change in 2025-26 estimates ($ million)	Change in 2025-26 estimates (percent)
Rates	239.0	253.4	14.4	6.0
Grants, subsidies and contributions	81.9	90.0	8.1	9.9
Total operating income	383.9	405.6	21.7	5.7
Operating Surplus/Deficit	-0.6	-2.4	-1.8	-297.5
Depreciation, amortisation and impairment*	85.8	107.1	21.3	24.9
Total operating expenses*	384.5	408.0	23.5	6.1
Capital expenditure on renewal of assets[28]	66.7	83.2	16.6	24.9
Capital expenditure on new and upgraded assets[29]	1.9	2.4	0.5	27.8

[27] Table 2 shows only selected financial items to demonstrate the material amendments made by the Council in its 2024-25 estimates. It excludes various financial items, and individual items do not sum to totals.

[28] The capital expenditure estimates are based on the 2024-25 LTFP estimates provided by the Council to the Commission (in an Excel template).

[29] The capital expenditure estimates are based on the 2024-25 LTFP estimates provided by the Council to the Commission (in an Excel template).

4.2 Changes to operating performance

The Council's updated LTFP projects that the cumulative operating deficit of $0.6 million will worsen to $2.4 million, as the forecast increase in income is less than the forecast increase in expenses.

4.2.1 Income forecast

- Cumulative total income is forecast to increase by $21.7 million or 5.6 percent relative to the previous LTFP, primarily from higher rates and grants.
- Grants revenue increases between the two LTFPs by a forecast $8.1 million or 9.9 percent.

4.2.2 Expense forecast

- Operating expenses are also forecast to rise by 6.1 percent ($23.5 million) relative to the previous LTFP, driven by a cumulative $21.3 million increase in depreciation and a $3.0 million (2.0 percent) increase in employee costs.
- In 2025-26, the Council commenced annual indexation of its asset values, which helps explain the depreciation difference between LTFPs. The Council's depreciation expenses are discussed further in Sections 5.

The Council's historical and projected operating performance is discussed further in Section 5.1.

4.3 Indexation adjustments

The Council's LTFPs for 2024-25 and 2025-26 propose general rate revenue increases above CPI to achieve an operating surplus by 2029-30.

- The 2024-25 LTFP forecasts annual increases of CPI plus 2.0 percent from 2025-26 to 2029- 30, then aligning with CPI thereafter.
- The 2025-26 LTFP forecasts annual increases of CPI plus 4.0 percent from 2025-26 to 2029- 30, reverting to CPI for later years.
- Table 3 shows that the Council has reduced its overall CPI forecast for the nine years in its 2025-26 LTFP, however its rate revenue still increased due to its above CPI component increasing to 4 percent.

Table 3: Indexation Adjustments

Council's Forecast CPI	2024-25 LTFP[30]	2025-26 LTFP[31]
2025-26	3.8 percent	2.5 percent
2026-27	3.8 percent	3.7 percent
2027-28	2.5 percent	2.8 percent
2028-29 onwards	2.5 percent	2.5 percent

Capital expenditure estimates the Council's 2025-26 LTFP forecasts an increase in capital expenditure for asset renewals (by $16.6 million or 24.9 percent), and an increase for new and upgraded assets (by $0.5 million or 27.8 percent), compared to the previous year's LTFP for the nine-year comparative period. This reflects the Council's plan to begin to address its asset renewal backlog of about

[30] Port Augusta City Council, 2024-25 to 2033-34 Long-Term Financial Plan, p. 3.
[31] Port Augusta City Council, 2025-26 Annual Business Plan, p. 12.

$15.7 million in works across 5,760 individual assets.[32] During its budget preparation, it was found that the Council had cash reserves of about $16.1 million earmarked for asset renewal.[33] These reserves accumulated due to previous annual budget underspends, deferred or incomplete projects identified in Asset Management Plans and unexpended funds moved to cash reserves.

The Council's capital expenditure outlook is discussed further in Section 5.5.

[32] Port August City Council, Ordinary council meeting 8 July 2024, Asset Renewal Backlog report, p. 75, available at https://www.portaugusta.sa.gov.au/__data/assets/pdf_file/0022/1836031/Council-Meeting-Agenda-and-Attachments-08.07.2025-Public-Copy.pdf.

[33] Port August City Council, Ordinary council meeting 8 July 2024, Asset Renewal Backlog report, p. 74, available at https://www.portaugusta.sa.gov.au/__data/assets/pdf_file/0022/1836031/Council-Meeting-Agenda-and-Attachments-08.07.2025-Public-Copy.pdf.

5 Financial sustainability

5.1 Overview

The Council recorded six operating deficits over the Historical Period and does not project an operating surplus until 2029-30, with risks to the Council's financial sustainability needing to be carefully balanced with increasing affordability risks amongst its community.

- The Council is forecasting rate increases at CPI plus 4 percent until 2029-30, while also projecting its cash balance to reach $43.8 million by 2034-35.
- These financial strategies are occurring in the context of a community with a low Socio-Economic Indexes for Areas economic resources ranking, raising concerns about affordability and the sustainability of further rate increases.
- The Commission notes that the Council has underspent on asset renewal and replacement while accumulating cash balances of $19.6 million as at June 2025. Over the Forecast Period, it intends to address its asset renewal backlog while forecasting its cash balance to rise to $43.8 million by June 2035. This degree of cash accumulation appears excessive.
- A further risk for asset renewal and replacement is that asset value and condition data were significantly out of date, with the result that the Council's understanding of costs to renew and replace assets could have been materially understated when it prepared its AMPs.

5.2 The Commission's recommendations on financial sustainability

The Commission has observed that the Council has a range of good practices that support its financial sustainability and effective asset management:

- aiming to fully fund asset renewal and replacement over the Forecast Period
- recent commencement of indexation of asset values, and
- regularly reviewing its assumptions and inflation forecasts in its budget and forward projections.

Building on these observations, the Commission has set out in this advice various findings and recommendations along with a set of practical steps aimed at assisting the Council to improve its financial performance in the future.

Immediate Action

1. **Ensure** that annual indexation between asset valuations and condition assessments is reflected in the financial accounts, all strategic planning documents and implementation plans.

- **Update** LTFP and business plans to reflect this approach.
- **Halt** all non-essential expenditure on new and upgraded assets not committed to.

Within the next two years

2. **Upgrade** its AMPs to more accurately reflect formal asset valuations, condition assessments, remaining useful lives and corresponding depreciation schedules and include these expenditure forecasts in the annual budget and annual LTFP update.
3. **Undertake** a strategic review of its operating costs, in consultation with its community on service level standards and the services that the community values and is prepared to pay for,

to determine the services and asset stock this can accommodate and that will achieve a more robust sustainable position.

Within the next five years and after the previous recommendations

4. **Identify** a sustainable approach to rates and service charges within five years, based on updated asset and cost information and informed by community preferences. Consult with the community regarding various cash reserve scenarios and the implications for rates and services for implementing them.

Every five years

5. **Assess** the condition of assets, revise renewal plans as needed and share this information with the community for feedback. Incorporate the results into financial accounts, LTFPs and AMPs to ensure alignment and transparency.

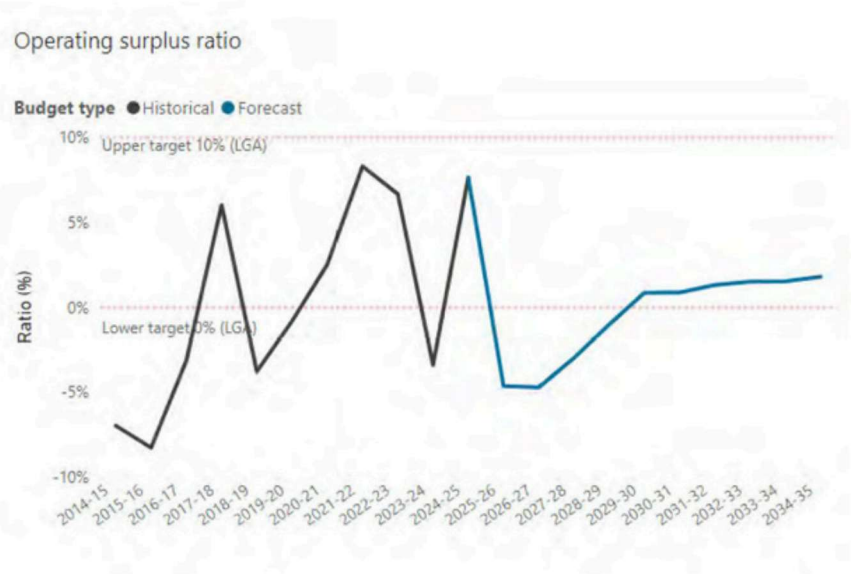
5.3 Operating performance

5.3.1 Key points

- The Council recorded six operating deficits over the Historical Period and is not forecasting an operating surplus until 2029-30.
- The Council is forecasting rate revenue increases of CPI plus four percent until 2029-2030.
- The Council risks further rate increases if it cannot limit expense growth (whilst maintaining asset renewal expenditure), in line with its forecast that is only slightly above CPI.
- The Council's overall cost base remained elevated following the divestment of its Aged Care Facilities, which has contributed to its current financial challenges.

5.3.2 Operating Surplus Ratio

Figure 2: Operating surplus ratio – historical and forecast



The Council recorded six operating deficits and an average annual operating surplus ratio[34] of negative 0.4 percent in the 10 years to 2023-24 (see Figure 2).

In 2017-18, the Council sold two aged care facilities that were impacting its sustainability. Figure 3 shows the resulting reduction in income and expenditure. The Council advised that it had been subsidising the two aged care facilities by approximately $1 million a year.[35]

The Council also increased rates at levels less than described in its LTFPs and less than the CPI for the three years to 2022-23 (see Figure 3).

Figure 3: Total income and expenses – historical and forecast

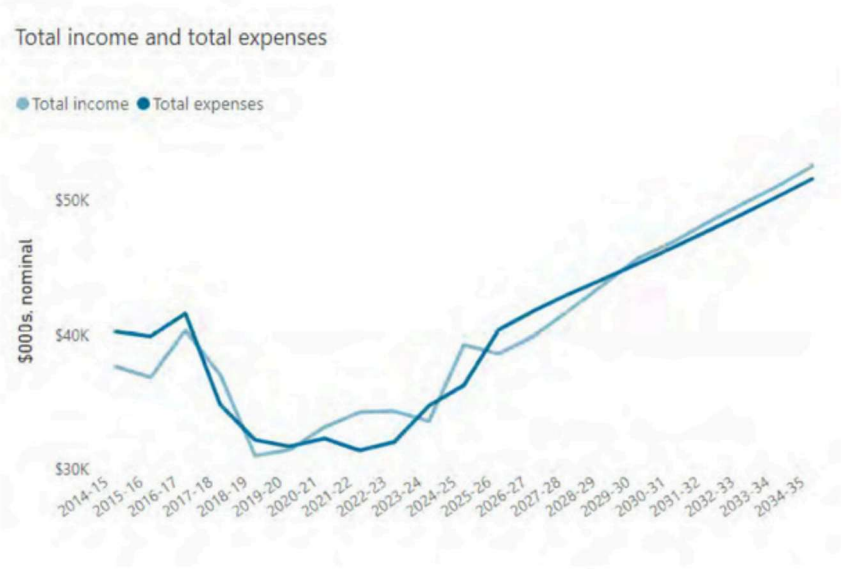


Table 4: Comparison of growth in income – historical and forecast periods

	Average (CAGR) growth over Historical Period	Average (CAGR) growth over Forecast Period
Total income	2.9 percent	3.5 percent
Rates component of income	2.1 percent	4.2 percent

5.3.3 Income

5.3.3.1 Over the Forecast Period

- Rate revenue is forecast to increase by an average (CAGR) of 4.2 percent per annum, which is above forecast average CPI of 2.5 percent per annum over the same period. This is driven by rates increasing by the Council's inflation forecast (see Table 3) plus four percentage points for 2025-26 to 2029-30 to achieve an operating surplus in 2029-30.

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

[35] Port Augusta City Council, meeting with the Commission, 12 May 2025.

- If there is a decline in rateable properties or population the Council risks a greater burden of revenue shifting to remaining ratepayers in order to achieve its forecast.

5.3.4 Expenditure

Table 5: Comparison of growth in expenses – historical and forecast periods

	Average (CAGR) growth over Historical Period	Average (CAGR) growth over Forecast Period
Operating expenses	-1.6 percent	2.8 percent
Expenses per rateable property	-1.7 percent	2.8 percent
Depreciation	3.9 percent	3.0 percent
Employee costs	-3.3 percent	2.7 percent
Materials contracts other	-1.5 percent	2.6 percent

5.3.4.1 Over the Historical Period:

- The Council's decision to sell its two Aged Care Facilities in 2017 contributed to the fall in Council's overall total operating expenses (see Figure 3).
- The Council's operating expense per property averaged $4,272 from 2017-18 to 2023-24.
- Depreciation for the 2025-26 year increases by 27.1 percent compared to the previous year, as a result of the Council beginning annual indexing of its asset values.

5.3.4.2 Over the Forecast Period:

Total expenses are projected to increase at an annual average (CAGR) of 2.8 percent, slightly above the RBA-based inflation forecast of 2.5 percent.

- Most of the Council's assets were last revalued in 2020, with the Council indicating it was in the process of revaluing all its assets, which it expected to have completed by the end of November 2025.[36]
- Total operating expenses grew by 8.4 percent from 2022-23 to 2023-24 and is forecast to grow by a further 4.4 percent the following year (see Figure 3).

See Section 6 for discussion of the affordability of the Council's cost structure.

5.4 Net financial liabilities

5.4.1 Key points

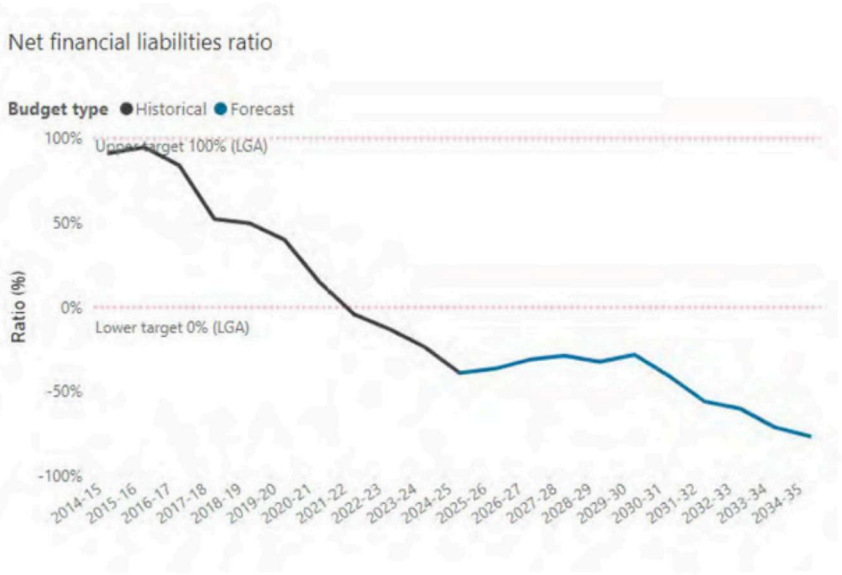
✓ Net Financial Liabilities Ratio (NFLR) averaged 40.5 percent over the historical period, indicating liabilities have remained within the Council's capacity to service through operating income.

⚠ Over the Historical Period, the Council reduced its total borrowings from $32.5 million in 2014-15 to $3.8 million in 2023-24. At the same time the Council underspent on its asset renewals. From 2024-25 Council is forecasting nil borrowings.

[36] Port Augusta City Council, Email to the Commission, 12 November 2025.

⚠ The Council already holds a high level of cash and is forecasting an even higher level, although this forecast depends on cost constraints that will be difficult to achieve.

Figure 4: Net financial liabilities ratio – historical and forecast



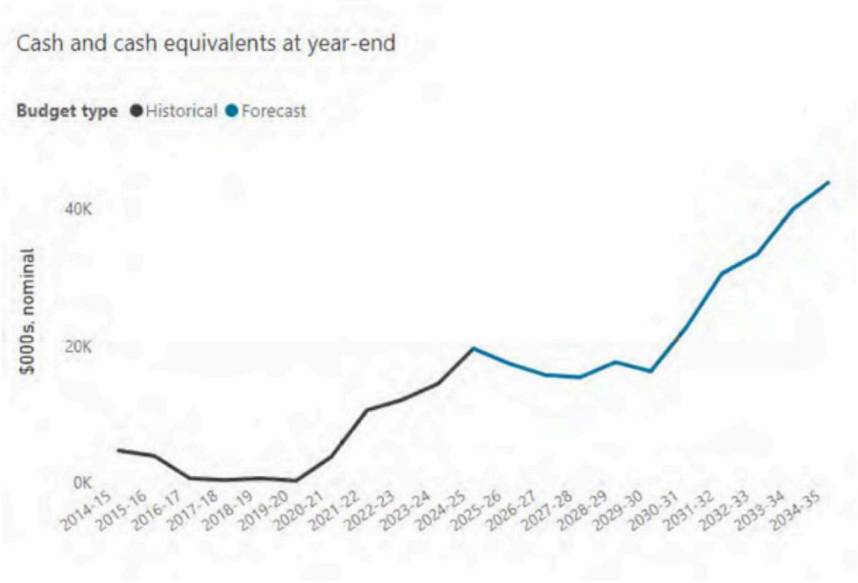
Over the Historical Period, the Council's NFLR ranged from 94.8 percent to negative 23.5 percent, due to the rapid repayment of debt and increase in cash holdings (see Figure 4), showing that liabilities have remained within the Council's capacity to service through operating income (and whilst maintaining a negative Operating Surplus Ratio).

The Council reported nil borrowings as at June 2025 and plans to continue at nil borrowings for the entire Forecast Period.

The forecast NFLR (see Figure 4) reflects nil borrowings and increasing cash, reaching negative 47.6 percent by 2034-35. By the end of the Forecast Period the Council is projected to hold more financial assets than liabilities.

The Council has rapidly reduced its total borrowings from $32.5 million in 2014-15 to nil in 2024-25 and throughout the Forecast Period. If the Council takes on debt in the future, the Commission suggests that it consider its pace of repayment of the debt, to balance the reduction of finance costs with the impact on ratepayers, having regard to intergenerational equity.

Figure 5: Cash and cash equivalents at year end – historical and forecast



Over the Historical Period, the Council reduced its total borrowings from $32.5 million in 2014-15 to $3.8 million in 2023-24. From 2024-25 the Council forecasts nil borrowings. Over the same period, the Council increased its cash holdings from $4.7 million in 2014-15 to $14.4 million in 2023-24, while also incurring operating deficits. This indicates that the Council was underspending on asset renewal and replacement, relative to depreciation charges and the requirements of its AMPs. This is evidenced by the ARFR and is further discussed in section 5.5.

Over the Forecast Period, cash holdings continue to grow at an annual average (CAGR) of 10.8 percent.

During the preparation of its 2025-26 budget, the Council determined that it held cash reserves of approximately $16.1 million allocated for asset renewal and replacement. These reserves have resulted from previous annual budget underspends and the deferral or non-completion of projects identified in Asset Management Plans.[37]

In addition, the Council projects its cash balance to rise from $16.3 million in 2029-30 to $43.8 million by 2034-35. This increase is driven by the gap between Infrastructure and Asset Management Plan (IAMP) expenditure and depreciation costs. Over this six–year period, the Council is forecasting it will spend $54.6 million on asset renewals, while its depreciation forecast (a non-cash expense) is $76.8 million.

However, the degree of accumulation of cash will also depend upon the Council's capacity to constrain its growth in expenses. Should these reserves eventuate, it is the Commission's view that the Council should discuss with its community a range of options for cash reserves and explain how each option could affect rates and services.

See section 5.3 for discussion of asset renewals and section 6.4 for discussion of affordability risks.

[37] Port August City Council, Ordinary council meeting 8 July 2024, Asset Renewal Backlog report, p. 75, available at https://www.portaugusta.sa.gov.au/__data/assets/pdf_file/0022/1836031/Council-Meeting-Agenda-and-Attachments-08.07.2025-Public-Copy.pdf.

5.5 Asset renewals expenditure

5.5.1 Key points

- The ARFR averaged 69.6 percent over the historical period, below recommended levels, raising concerns about underfunding of asset renewals and risk of service deterioration.
- AMPs were based on outdated data, and future renewal expenditure requirements are likely to be understated, potentially leading to asset deterioration and higher future maintenance costs.
- The Council is forecasting its ARFR to average 128.4 percent over the Forecast Period, aiming to address a $15.7 million asset renewal backlog.

5.5.2 Asset management practices

The Council has established a structured and strategic approach to asset management, supported by updated plans and lifecycle planning. In its 2025-26 LTFP, the Council has commenced annual indexation of its asset values by CPI, which will smooth future increases in depreciation charges.

The Council manages its assets through individual Asset Management Plans (AMPs).

- Individual AMPs exist for major asset classes – transport, buildings, stormwater infrastructure, and community wastewater management system and wastewater treatment plant. These plans were adopted by the Council in November 2024.
- However, the Commission notes that AMPs were adopted based on valuations of assets as at 1 July 2020. In addition, the Council reviews the useful lives of its assets every five years with the most recent assessment in July 2021.
- There is a risk that although AMPs were adopted in November 2024, they are based on outdated data and the necessary level of renewal expenditure required is understated.

The Council's Asset Renewal Funding Ratio (ARFR)[38] has been below recommended levels, raising concerns about under-funding of asset renewals and the risk of service deterioration and increased maintenance costs. See Figure 6.

- Over the 10-year Historical Period, the Council's gross ARFR averaged 69.6 percent, indicating that it undertook on average 69.6 percent of the asset renewal and replacement required by its AMPs.
- The Council forecasts its gross ARFR to average 128.4 percent over the Forecast Period.
- The Council has a $15.7 million asset renewal backlog[39] but given the extent of historical underspend on asset renewals and the risk that the Council's forecast IAMP expenditure is not accurate, there is a risk that its asset backlog is greater.

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

[39] Port August City Council, Ordinary council meeting 8 July 2024, Asset Renewal Backlog report, p. 75, available at https://www.portaugusta.sa.gov.au/__data/assets/pdf_file/0022/1836031/Council-Meeting-Agenda-and-Attachments-08.07.2025-Public-Copy.pdf.

The Council's asset renewal targets are ambitious and will require detailed, actionable implementation plans to ensure success. It is essential to develop clear timelines, allocate resources effectively, and regularly update asset condition data to guide renewal activities. The Commission believes there is merit in the Council considering this work be undertaken with independent well regarded expert assistance. Without effective planning and ongoing monitoring, there is a risk that renewal goals may not be met, potentially impacting service levels and long-term sustainability.

Figure 6: Asset renewal funding ratio (renewal expenditure gross) – historical and forecast

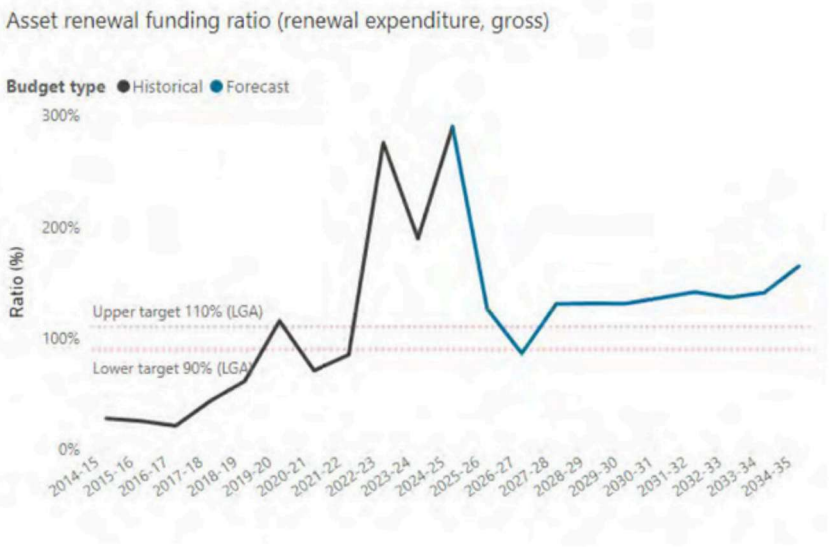


Figure 7: Net Asset renewal expenditure and depreciation – historical and forecast

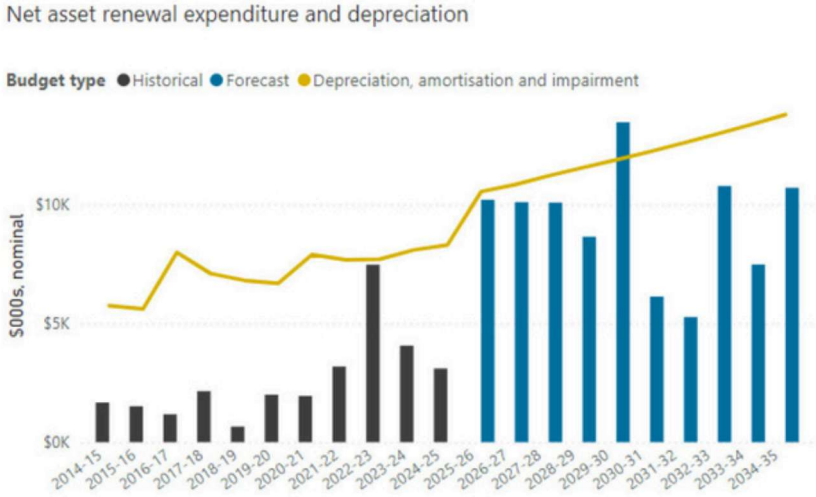


Figure 7 shows considerable gaps between depreciation charges and capital expenditure on asset renewal and replacement. While it is to be expected that they would be different in any given year, the Commission would expect that depreciation and expenditure would tend to converge over time. The results indicate a misalignment between depreciation charges and expenditure on asset renewal and

replacement – and between the AMPs and the LTFP – over the Historical Period and the Forecast Period.

- Over the Historical Period, depreciation expenses exceeded renewal capital expenditure by a cumulative $29.0 million (see Figure 7).
- This trend continues over the Forecast Period.

As a result, the Council is forecasting to accumulate significant cash reserves, since less is being spent on asset renewals than is being collected through depreciation.

This trend has resulted in underspending on asset renewals and replacements and may be caused by:

- understated asset lives and/or condition which may also impact on overstated depreciation or other inaccuracies in depreciation
- inaccurate AMPs, or
- a combination of these factors.

This potential underfunding poses a risk of asset deterioration, potential reduction in service levels, and higher future maintenance costs.

It is essential that the Council reviews and reconciles its asset management plans and depreciation schedules to ensure that renewal expenditure is appropriately aligned with the funding collected from ratepayers, thereby supporting both asset sustainability and intergenerational equity.

6 Advice on current and projected rate levels

6.1 Key points

- Rate revenue per property increased at an average rate of 2.1 percent per annum over the Historical Period, which is below the average rate of inflation (2.9 percent over the Historical period).
- Over the Forecast Period rate revenue per property will increase at a rate significantly higher than the Historical Period and the rate of the forecast inflation.
- Affordability risk among the community for the further rate increases appears to be emerging.

Figure 8: Average rates revenue per property – historical and forecast



Over the Historical Period, the Council's rate revenue per property grew at an annual average (CAGR) of 2.1 percent, compared with average CPI for the period of 2.9 percent.[40] Over the Forecast Period, rates per property are planned to grow on average (CAGR) of 4.2 percent, compared with forecast CPI of 2.5 percent. See Figure 8.

6.2 Proposed rate increases for 2025-26

The Council's proposed 2025-26 rate increases exceed the previous LTFP and reflect its reliance on rate revenue to fund capital works. The Council applies differential general rates based on land use categories. This approach helps maintain proportional contributions across categories.

- The Council has budgeted for an average rate increase of 6.5 percent across its differential rate categories and Community Wastewater Management Scheme charge in 2025-26.[41]

[40] Over the same period, the number of rateable properties grew by just 0.1 percent per annum.
[41] Port Augusta City Council 2025-2026 annual business plan, p. 16.

- The increase is based on the Council's CPI estimate of 2.5 percent plus 4.0 percent in order for the Council to achieve a surplus by 2029-2030.

The Council assumes 0.4 percent growth in the number of rateable properties for 2025-26.

6.3 Projected further rate increases

Over the Forecast Period, the Council projects an average rate revenue per property increase of 4.2 percent,[42] annual rate increases of CPI plus 4.0 percent until 2029-2030 to reach an operating surplus, then increases in line with the Council's inflation forecast of 2.5 percent. This increase is significantly higher than the Historical Period and the rate of forecast inflation.

6.4 Affordability risk

The Council has relatively low Socio-Economic Indexes for Areas (SEIFA) economic resources ranking.[43] Affordability risk among the community for these further rates increases appears to be emerging on balance, when considering:

- the cumulative effect of further planned increases in rates per existing ratepayer of approximately 4.2 percent per annum for the Forecast Period, which is above the forecast rate of CPI of 2.5 percent per annum
- community concerns expressed through 10 submissions received during the 2025-26 budget process regarding the planned 2025-26 general rate rise of 6.5 percent
- doubt about the feasibility of forecast constraint in expense growth, with a risk of further rate increases, and
- current average rates per property are above average for South Australia.

The Council faces the challenge of operating sustainably, while also minimizing growth in rates, to improve affordability for its community. It forecasts annual growth in operating expenses per property of 2.8 percent, compared with forecast average CPI of 2.5 percent.

In the Commission's view, the Council and its community would benefit from a strategic review of its costs, including consulting with the community about service level standards and the services that the community values and is prepared to pay for.

[42] The Council is forecasting no growth in the numbers of rateable properties over the Forecast Period.

[43] Port Augusta City Council area is ranked 8 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, available at https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/latest-release

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Public Consultation

The public consultation period for the Draft Budget and Business Plan 2026/27 commenced on 1 June 2026 and closed on 24 June 2026.

Members of the public were invited to engage via a number of platforms including:

Online: Your Say on Council's website
1 response was submitted via the Your Say online platform.

Email Correspondence
1 email was received during the consultation period and included feedback and suggestions.

In person
Copies of the plan were also available to be viewed at the Council Administration Office and Port Augusta Library. No members of the public made submissions using the feedback forms at the Civic Centre.

Public information sessions and meetings
Public information sessions were held on Tuesday 9 June 2026 at 11.30am at Central Oval and 6.30pm in the Civic Centre, with a total of 3 attendees across the two sessions. The information sessions allowed an opportunity for direct questioning and feedback with elected members and members of Council's executive team.

Verbal Submissions
A special meeting of Council was held Tuesday 30 June 2026 at 5:30pm to receive verbal submissions. No members of the public registered.

Port Augusta
CITY COUNCIL

Contact

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