Adelaide Plains Council

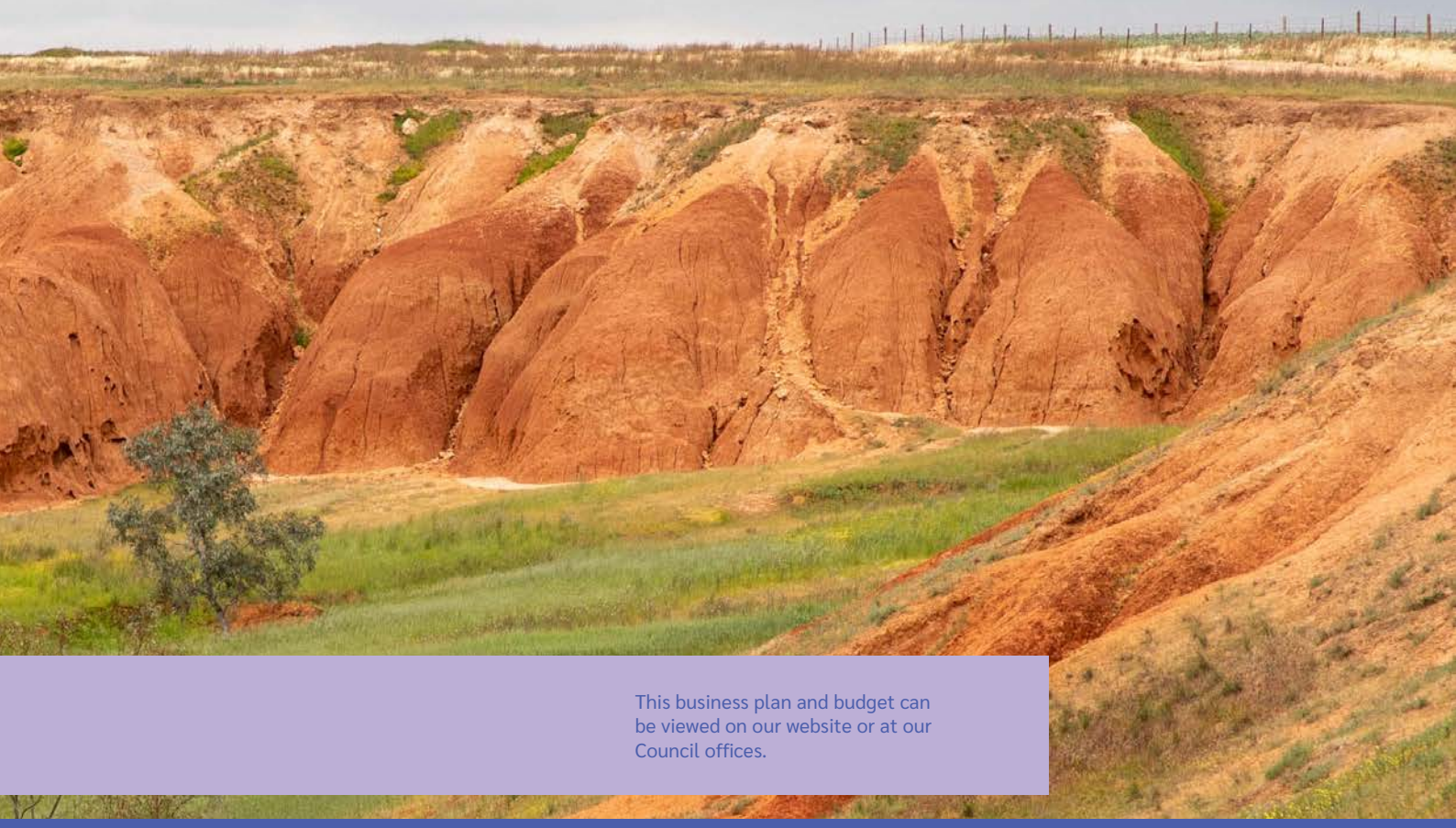
2026 2027

ANNUAL BUSINESS PLAN & BUDGET



Acknowledgement of Country

Adelaide Plains Council acknowledges that we are located on the traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past, present and emerging. We recognise and respect their cultural heritage, beliefs and relationship with the land and we acknowledge that they are of continuing importance to the Kaurna people living today.



This business plan and budget can be viewed on our website or at our Council offices.

Adelaide Plains Council

Adopted by Council 15 July 2026

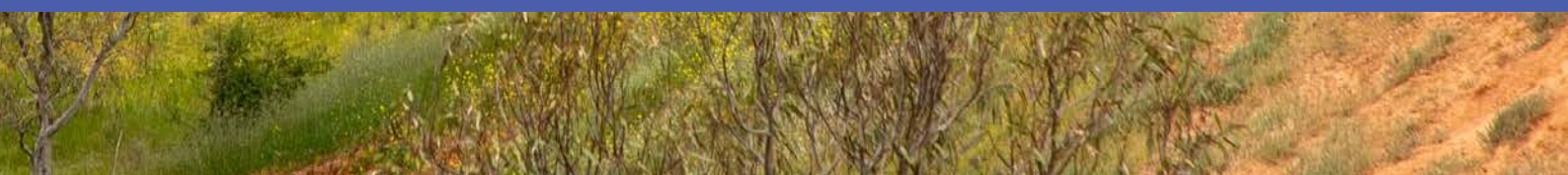
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A printed copy can be obtained for a fee.

Mallala Principal Office
2a Wasleys Road, Mallala SA 5502

Two Wells Service Centre
69 Old Port Wakefield Road, Two Wells SA 5501



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VERSION	DATE	DETAILS
1	20 May 2026	For Council meeting
2	3 June 2026	For public consultation
3	15 July 2026	Adopted by Council

Councils must prepare a business plan and budget each financial year, under section 123 of the *Local Government Act 1999*. This document has been prepared to meet our legislative requirements and inform the community of our plan for this year. We publish our business plan, budget and rating policy together in one, as they are informed by each other.

How to read this document

Our business plan and budget is our key annual operational and financial planning document. It describes the services and projects we plan to deliver to our community this year, and how they will be financed.

We prepare this document so our community can understand what our plan is for the next 12 months.

This document is presented in 4 parts:

1	**Business plan**	Our operational plan that describes the services and projects we plan to deliver this year.
2	**Budget overview**	How we will finance our business plan, what has influenced the budget, and an overview of our income and expenses.
3	**Rates overview**	How rates will be calculated, based on the budget, and a summary of how rates work.
4	**Appendices**	Information relevant to our business plan and budget, and budgeted financial statements, are included as an appendix.

Financial amounts in text, tables and figures may be rounded within this document. When in use, all amounts are rounded up to the nearest whole amount.



Legislation referred to in this document

This document references several Acts and Regulations.
Table 1 explains how we will refer to them.

Table 1: Acts and Regulations we refer to in this document

ACT OR REGULATION	REFERRED TO AS
Local Government Act 1999	Local Government Act
Local Government (General) Regulations 2013	General Regulations
Local Government (Financial Management) Regulations 2011	Financial Management Regulations
Landscape South Australia Act 2019	Landscape Act

Common terms used in this document

Some terms you may not be familiar with, or acronyms we use, are explained briefly in Table 2.

Table 2: Glossary

WORD	REFERS TO
Council	Adelaide Plains Council
CPI	Adelaide Consumer Price Index
CWMS	Community Wastewater Management Scheme
ESCOSA	Essential Services Commission of South Australia
This year	The 2026/2027 financial year, from 1 July 2026 to 30 June 2027
GRFMA	Gawler River Floodplain Management Authority
I&AMP	Our Infrastructure & Asset Management Plans 2021, adopted by Council on 25 October 2021
LTFP	Our Long Term Financial Plan 2023–2033, adopted by Council on 28 August 2023
LGFA	Local Government Finance Authority of South Australia
LGA	Local Government Association of South Australia
Last year	The 2025/2026 financial year, from 1 July 2025 to 30 June 2026
RLL	Regional Landscape Levy
RBA	Reserve Bank of Australia
Strategic management plans	Our Strategic Plan 2025–2028, Infrastructure & Asset Management Plan and Long Term Financial Plan
Strategic Plan	Our Strategic Plan 2025–2028, adopted by Council on 25 November 2024
VG	Valuer-General of South Australia

Public consultation

We received 20 submissions during public consultation of the 2026/2027 Draft Annual Business Plan & Budget. We received 17 online submissions and 3 email submissions.[1]

How We Consulted

- The consultation period was open from Wednesday 3 June 2026 and closed at 11:59pm on Sunday 28 June 2026. Verbal submissions were received outside this period, on Wednesday 1 July 2026, due to an adjourned meeting on Wednesday 24 June 2026.
- Consultation was undertaken in accordance with Council's Public Consultation Policy and section 123 of the Local Government Act.
  - Notification of the consultation period was provided via our website, local newspapers (Plains Producer and The Bunyip), social media, posters and signs.
  - 26 posts on social media (across Facebook, Instagram and LinkedIn)
- Overviews of key parts of the document were published on our consultation website and to social media during the consultation period. Across all social media content and platforms, consultation related posts were viewed 12,100 times (the number of times a post was displayed on a screen).
  - More engagement and views were received this year, compared to last year's consultation.
- 2 media releases were published, leading to 3 articles published locally;
  - 3 June 2026 – Plains plans put to the public, The Bunyip
  - 3 June 2026 – Draft debate begins for Adelaide Plains, Plains Producer
  - 24 June 2026 – Council updates rates model for draft budget, Plains Producer (online)
- The Shape APC consultation website was used as the primary information hub throughout the consultation period to receive online submissions. This provided a simple summary of key parts of the document, where to find information in the document and downloadable Draft Annual Business Plan and Budget documents.
  - **Aware:** 229 unique user views of the consultation page.
  - **Informed:** 86 downloads of the full document and 109 view of the summary page.
  - **Engaged:** 18 submissions received (17 through the online submission form).
- Further outreach to community groups in the region was undertaken at Long Plains, Thompson Beach, Parham and Two Wells visits to ask general feedback. An estimated 90 people provided informal feedback on the draft plan, plus 14 community service organisations delivering outreach in the Adelaide Plains region.
- A special council meeting was held pursuant to section 123(4)(a)(i)(A) of the Local Government Act on 1 July 2026 to enable verbal submissions to be made. It was attended by 4 people and 2 verbal submissions were made.



[1] We also received 2 verbal submissions that were also submitted by email. As they were duplicates, they have not been counted separately. Accordingly, the total number of unique submissions received by Council is 20.

Changes following public consultation

We have made changes to the Annual Business Plan and Budget following public consultation, due to:

- Updated property valuation data provided by the Valuer-General.
- Community feedback received during the public consultation period.
- Ensuring Council's financial sustainability by achieving the financial ratios forecast for the 2025/2026 financial year as outlined in the Long-Term Financial Plan 2024–2033.

The financial impact of budget changes post-consultation are summarised in Table 3.

Table 3: Summary of the financial impact of budget changes post-consultation

OPERATING CHANGES	FINANCIAL IMPACT $'000
Underlying Operating Deficit (as per the draft Budget consulted with the community on 3 June 2026 which was based on property valuation data from the VG on 11 April 2026)	298
Increase in income from:	
• General rates net of rebates due to updated valuation data from VG	427
• Kerbside waste collection due to new applications	19
• CWMS charges due to new applications	9
Increase in material, contract and other expenses due to increases in:	
• Kerbside waste collection and disposal costs following estimated cost for 2025/26 new services (properties) added, this cost is offset by increasing revenue from the kerbside waste collection service fee	(51)
• Superannuation Guarantee Contributions on sitting fees payable to independent committee members (backpay as well as new super contribution for 2026/2027)	(60)
• Council contribution to Northern Adelaide Plains Food Cluster 2026/2027 operations (new Council resolution 2026/182)	(8)
• CWMS rebate given to community and Council buildings	(13)
• Other minor increases in material, contract and other expenses	(4)
Increase in depreciation due to the anticipated use of higher replacement unit rates in the revaluation of capital assets as at 1 July 2026, reflecting the impact of elevated general inflation.	(86)
Increase in interest expenses due to forecast high interest rates for the financial year	(36)
UPDATED OPERATING DEFICIT	**495**

WELCOME

Mayor's message

2025/2026 has been a challenging year for everyone. Rising energy costs, fuel, costs of doing business has all taken its toll on residents and Council operations.You may not be aware, but councils are increasingly having to take on responsibility for managing health and aged care, childcare and mental health which is actually the state government's role.

Adelaide Plains Council's expanding regulatory role in development and infrastructure, asset management, planning, housing, environmental biodiversity and climate adaptation management has come about through cost shifting from state departments. As a council, we are tasked with having to do much more than "roads and rubbish".

Balancing the expectations of the community without extracting unreasonable rates is the priority of every council and this year we believe we have done this. Our communities are changing rapidly and trying to not just maintain but improve services into the future will come at a cost. We must plan ahead, set realistic goals and set strong foundations for the future.

Efforts have been made by your elected members to minimise the financial impact to ratepayers as best we can and I hope you will acknowledge that this year's budget is fair and reasonable.

MARK WASLEY
MAYOR





Chief Executive Officer's message



I am delighted to present Council's 2026/2027 Annual Business Plan and Budget to you, our community.

It is sadly becoming a common theme in recent forewords penned by me that cost of living pressure continues to monopolise our every household budget, our every evening family meal conversation and our everyday decisions around non-essential expenditure and we as a Council are not immune to those cost pressures or conversations either. Far from it.

With that in mind, your Council has been proactive in balancing the need to keep rates to a reasonable level while remaining cognisant of the need to maintain services for our ever-expanding community. Indeed, Council is, for the second consecutive year, seeking to embark on a rate capping exercise which would see rates capped at 2.8 percent with an average rate increase of 7.85 percent.

A focus on asset renewals remains a concerted focus and I am delighted to note that Council's vast network of asset categories will continue to be well maintained, that there will be zero backlog across our 900+ kilometre network of sheeted and sealed road network and that our financial indicators, low debt levels and financial sustainability forecasts are all considered to be in sound shape and will remain so through the adoption of this year's budget.

This, I hasten to add, is no accident; it is the culmination of years of steadfast planning and sound fiscal management, and this budget seeks to ensure strong performances across these matrixes and a continuum of service delivery right across our 950+ square kilometres that makes up the Adelaide Plains Council.

JAMES MILLER
CHIEF EXECUTIVE OFFICER



What we do

Councils are responsible for much more than roads, rates and rubbish. In addition to mandated responsibilities under various Acts and Regulations, we are required to provide services and facilities for the benefit of our region and community, plan for future requirements and care for the environment.[2]

An interim report for the inquiry into local government sustainability in Australia, released in February 2025, confirmed that the responsibilities and expectations of councils are continuing to grow well beyond the standard roads, rates and rubbish. Councils are increasingly being relied upon to deliver more services and infrastructure for their local communities, and as a fast growing region, Adelaide Plains Council is not immune to this.[3]

Figure 1 provides a summary of the services we provide, and the amount of **operating, recurrent and capital expenses** spent per every $100.

Figure 1: Summary of the services we provide, and the amount spent per every $100



Roads
$33

Maintenance and upgrades of 193km of sealed roads and 803km of unsealed roads.

Some of our capital projects are partly funded by grants or developer contribution.



Libraries
$3

Operating 2 libraries, and regular library and school holiday programs and events.

Our library service is partly funded by a grant from Public Libraries.



Ovals and sporting facilities
$1

Maintenance and upgrades, including mowing and irrigation, of ovals including 52,000m^2 of sports turf.

Other infrastructure
$23

Construction and maintenance of stormwater drainage, 14km of footpaths and CWMS. Maintenance and upgrades of council-owned buildings, bridges and public toilets.



Economic and tourism development
$1

Support and advice to local businesses, including business networking events.

[2] The principal role and functions of councils in SA are outlined in section 6 and 7 of the Local Government Act.

[3] Interim report into local government sustainability, February 2025, House of Representatives Standing Committee on Regional Development, Infrastructure and Transport.

Open spaces, recreation and reserves
$10

Maintenance of 64Ha of reserves including weed management, mowing, fire prevention slashing and irrigation. Maintenance, upgrades and safety inspections of 7 playgrounds and other amenities.

Environment
$5

Care and protection of our native vegetation, street trees and revegetation projects, and conservation of 55km^2 of coastal vegetation. Maintenance of street lighting and street sweeping in townships.

Some of these services and projects are partly funded by external organisations or grants.

Community
$3

Supporting and developing our community through advice, grants, volunteer programs, events and community transport. Management of 8 community housing units, the Mallala Museum and community land. Coordination of citizenship ceremonies, Australia Day and Citizen of the Year Awards.

Some of these services are partly funded by user charges, other organisations or grants.

Planning, development and regulatory
$10

Process and assess planning applications, inspections and building safety assessments. Public and environmental health and safety including food safety inspections, wastewater inspections, mosquito management, fire prevention compliance and investigation of nuisance and litter reports.

Some of these services are partly funded by statutory and user charges.

Dog and cat management
$1

Management of dog, cat and breeder registrations, and lost and found pets. Investigating reports and complaints.

These services are partly funded by dog registration fees.

Waste management
$8

Residential and public rubbish bin collection and disposal, illegal dumping removal, and the Two Wells Resource Recovery Centre.

These services are partly funded by user charges and service fees.

Flood prevention
$2

(Gawler River catchment) Our contribution to the Gawler River Flood Management Authority (with 5 other councils) that plans for and manages flood mitigation within the Gawler River catchment.

Note

These figures include depreciation and indirect costs. Indirect costs include critical areas behind-the-scenes that support these services and day-to-day operations like governance, finance, records management, communications, payroll, rates, work health and safety, procurement, risk management, financial costs and information technology. While these are categorised as 'administrative overheads', they are essential for our overall functionality. Without these overheads or back office support, we would struggle to deliver effective services to our community. The Regional Landscape Levy has not been included as this is a tax collected via councils to help fund state landscape boards.

What's in store for 2026/2027

Capital works
program focused on renewal, new/ upgraded assets and maintenance

Resealing 6km of sealed roads and resheeting 42km of unsealed roads

900m of new footpaths
in Dublin, Mallala and Two Wells

Sealing 3.3km of Thompson Beach Esplanade
100% funded by the State Government

Adelaide Plains Community Grants
to support local community projects

Youth development program
to support the wellbeing and skills of young people

Improvements to Lewiston Playground
including softfall and shade sail

Two Wells Town Centre development
continue to advocate for the provision of potable water infrastructure to support construction to commence[3]

[3] This is an externally funded and delivered project

Street trees
planted in Dublin, Lewiston and Mallala

Local government election in November 2026
as required under *Local Government (Elections) Act 1999*

Strengthening our service delivery
with internal resourcing to support Council's growing workload in infrastructure and open spaces.

There are no planned changes to our usual services. The above provides a summary, our full business plan is available from page 18.



How we plan

Our business plan and budget is informed by our Strategic Plan and other related strategic and action plans to achieve our vision.

Our business plan and budget is also developed in consultation with our community, Council Members, our Infrastructure & Environment Committee, Audit & Risk Committee and Council administration.



NATIONAL, STATE AND REGIONAL CONTEXT, COMMUNITY NEEDS AND ASPIRATIONS, AND LEGISLATION

ENGAGEMENT AND PARTNERSHIP

REVIEWING AND REPORTING

STRATEGIC

STRATEGIC PLAN*

Our vision for the region and priorities for the next 4 years. This provides broad policy direction, the objectives to achieve our vision and how we will measure success.

POLICIES

A high level position statement to guide decision making, aligned to our strategic vision.

DELIVERY

LONG TERM FINANCIAL PLAN*

How we will sustainably fund strategic objectives, infrastructure and services over the next 10 years.

INFRASTRUCTURE AND ASSET MANAGEMENT PLANS*

Infrastructure and assets that are needed to achieve our strategic plans, and the level of service needed over the next 10 years.

OTHER STRATEGIES AND MANAGEMENT PLANS

Focused plans to achieve objectives identified in our strategic plan, or may be required to meet our legislative requirements, or respond to environmental, social or economic issues and opportunities.

ACTION PLANS

What we need to do to achieve the objectives and actions in our strategic management plans.

ANNUAL BUSINESS PLAN & BUDGET*

Our key annual operational and financial planning document. It describes what services and projects we plan to deliver to our community and how they will be financed.

ANNUAL REPORT

* Statutory requirement under the *Local Government Act 1999*.

Our 2028 vision

Adelaide Plains is a thriving proactive community with an enviable lifestyle, emerging economy, and remarkable landscapes.





Strategic priorities

Our Strategic Plan is our key planning document. It describes our vision for Adelaide Plains in 2028 and our plan to get there. Our Strategic Plan and also informs our I&AMP and LTFP.

It includes the themes that we will focus on to bring our vision to life, the strategies and actions we plan to make this happen, outcomes – being the results we will see if we are successful – and the role we play.

Table 4: Key objectives for 2025–2028

ENVIABLE **LIFESTYLE**

- Walk with Kaurna community.
- Foster community connection, health and wellbeing, creativity and capacity.
- Foster increased housing choice including aged care, small lot and specialised disability.
- Plan ahead for population growth.
- Provide a range of recreation, sports and community facilities and events.

REMARKABLE **LANDSCAPES**

- Walk with Kaurna community. Progress research and protection measures for cultural heritage.
- Work responsibly and with partners on landscape conservation measures.
- Increase township greening and water capture and use.
- Preventative planning and emergency management.
- Divert 55% of residential waste from landfill, based on the Northern and Yorke Local Government Association's 2021–2026 Waste & Resource Recovery Strategy and Action Plan.

EMERGING **ECONOMY**

- Improve accessibility to markets and workers.
- Facilitate energy, water and communications infrastructure to match planned growth.
- Encourage on farm value-add employment generating activities.
- Activation of our townships through increasing the diversity of businesses.
- Enhance our region's visitor appeal and experience.
- Collaborate with key partners on identifying and delivering suitable services and advocacy.

PROACTIVE **LEADERSHIP**

- Informed decision making and policy setting.
- Organisational change and management provides resource to deliver the Strategic Plan.
- Proactive engage in Local Government Reform and continuous improvement.
- Seek funding and partnerships to deliver initiatives.
- Prudentially leveraging funding sources in long term financial planning.

1 BUSINESS PLAN

Our business plan is our annual operational plan. It describes what services and projects we plan to deliver to our community and region this year.

There will be no significant changes to our existing services and programs this year, and we will continue to provide specific services or programs that we are required to under the Local Government Act and other relevant Acts and Regulations.



Actions for an enviable lifestyle

1 Sealing of the Thompson Beach Esplanade, fully funded by the State Government.

2 Improvements to the Lewiston Playground, including softfall and shade sail.

3 New footpaths in Dublin, Mallala and Two Wells.

4 A capital works program with a focus on asset renewal (refer to Appendix 2 for the full program).

5 Progress Adelaide Plains Local Heritage Code Amendment Proposal.

6 Offer Adelaide Plains Community Grants with a total of $25,000 available to support local community projects that make a positive contribution to our region's community.

7 Continue our youth development program.

8 Pursue opportunities for youth, arts and culture.

9 Continue community facility planning for Two Wells to support our growing population.

10 Continue regional public health planning.

11 Finalise the Disability Access and Inclusion Plan and commence implementing.

12 Continue working on actions in our Dog and Cat Management Plan to promote responsible dog and cat ownership.

13 Encourage development of local aged care facilities.

14 Undertake background work to commence preparation of a local area plan, an action arising from the Greater Adelaide Regional Plan 2025.

15 Continue to liaise with clubs and peak bodies to advance the Two Wells Oval Master Plan.

16 Continue open space and place planning.

17 Consult on a Middle Beach settlement plan inclusive of Salt Creek remediation and boat ramp alterations.

18 Ongoing liaison with Two Wells Golf Club regarding their development plans.

19 Implement traffic calming infrastructure in Two Wells Main Street to promote safer roads and new pedestrian crossings in the main street.





Actions for an emerging economy

1 Two Wells Town Centre project development advisor to manage our role in the development.

2 Continue our Business Support Program, which provides non-financial assistance and matched funding for local businesses and residents considering starting businesses to build their capacity, create jobs and bring positive impacts to our local economy.

3 Maintain or improve our road network, as per our I&AMP, to support the local economy.

4 Continue advocacy for improved public transport.

5 Advocate for potable water, as a lack of water is a key barrier to residential and business development and investment.

6 Business development work, including with Northern Adelaide Plains Food Cluster, RDA Barossa, Adelaide Plains Business Group, PIRSA and tourism entities, as partnering presents more growth opportunities for businesses which could lead to more local jobs.

7 Work with Two Wells Main Street businesses to foster a greater relationship with the Two Wells Township development.

8 Work with tourism entities, businesses and individuals on destination development and increasing visitor accommodation.

9 Work with partners on increasing local business support, as partnering presents growth opportunities for businesses which could lead to more local jobs.



Actions for remarkable landscapes

1. New stormwater management in Chapman Street, Two Wells, to address stormwater issues and infrastructure impacts in the Chapman street catchment (engineering work).
2. Continue the assets renewal program in line with our I&AMP.
3. Street/verge tree planting.
4. Ongoing work with history groups, Mallala Museum.
5. Progress Local Heritage Code Amendment and complete comprehensive heritage survey.
6. Ongoing open space and coastal areas work, including working with Northern and Yorke Landscape Board, to promote revegetation.
7. Explore opportunities to support volunteering in greening to assist both social connection and greening.
8. GRFMA advocacy in relation to flood mitigation.
9. Continued work with Barossa Zone Emergency Management Committee.
10. Given long term growth at Two Wells, continue investigating the best future for Civic Wells precinct including the possible Two Wells Depot/Resource Recovery Centre relocation.
11. Grant applications to update our Coastal Hazard Adaptation Plan.
12. Scope approach for preparing a new waste plan in 2026/2027 for a planned approach in consultation with Northern and Yorke LGA.



Actions for proactive leadership

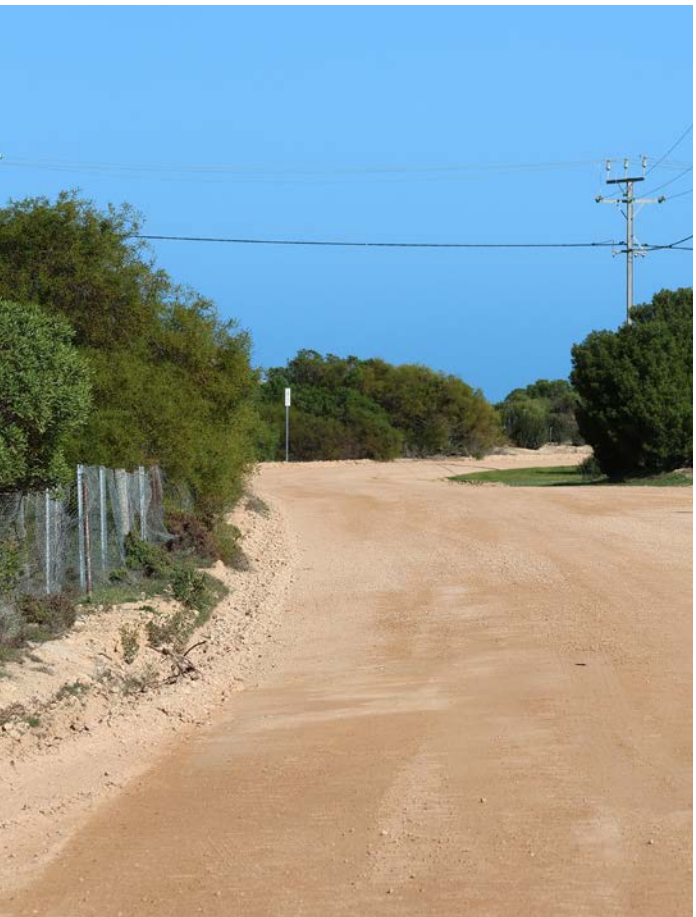
1. Local government elections in November 2026.
2. Strengthen our internal resourcing to improve operational efficiency, supporting in infrastructure and open spaces.
3. Implement internal audit program.
4. Leveraging growth, business and investment opportunities with partners such as Regional Development Australia Barossa, Gawler, Light & Adelaide Plains, and the Northern Adelaide Plains Food Cluster.
5. Ongoing compliance with LGA financial sustainability ratios.





Actions for major projects

1. Raise Bruce Eastick Dam: Ongoing advocacy to address hazards through emergency planning and management preparedness.
2. Ongoing advocacy around state government funding initiatives for a new CWMS at Two Wells.
3. Continue to liaise with Clubs and Peak bodies to advance the Two Wells Oval Master Plan.
4. Parham Foreshore Park Upgrade: Detailed design to enable a grant application subject to funding opportunities.
5. Thompson Beach Foreshore Park Upgrade (Recreational Area 1): Prepare master plan based on the word-based vision and map in the Settlement Plan subject to funding opportunities.
6. Middle Beach Salt Creek Restoration and Precinct Park area upgrade: Include in Settlement Planning to better understand the pros cons in the context of visioning Middle Beach's future.
7. Two Wells Waste Transfer Station investigations and scoping work in advance of preparing a waste plan to ensure a planned approach to Two Wells Resource Recovery Centre's future.
8. Two Wells Depot Relocation: Investigated as part of Civic Wells Master Planning.
9. Community and Civic Hub Investigations.





Influences and impacts

When developing this business plan and budget, we have considered several significant factors and assumptions that impact our community.

Growth

- We represent an estimated population of 11,736[4] people across 935km^2. We have an average of 6.59 ratepayers for every square kilometre[5] of our region, which is much lower than many councils in metropolitan Adelaide.
- Our population is continuing to grow. This includes new rateable properties and assets donated to us by developers. Inrecent financial years we have seen:
  - 2019/2020: 173 properties and donated assets valued at $5.3m.
  - 2020/2021: 257 properties and donated assets valued at $5.4m.
  - 2021/2022: 146 properties and donated assets valued at $4.7m.
  - 2022/2023: 125 properties and donated assets valued at $3.7m.
  - 2023/2024: 217 properties and donated assets valued at $4.5m.
  - 2024/2025: 172 properties and donated assets valued at $5.2m.

  From July 2025 to March 2026, there were 50 more properties, compared to 145 properties for the same period last year.
- The cost of maintaining infrastructure assets transferred to us from housing developments in Two Wells will be included in the budget, based on the assumption that the new infrastructure will maintain the same service levels previously provided by the developer, unless Council decides otherwise. Council over the last five years has received from the developers:
  - 29km kerbing;
  - 11km footpaths;
  - 14km sealed roads;
  - 7km stormwater pipes;
  - 338 side entry pits;
  - 22,000m^2 of irrigated turf, and 60,000m^2 of dryland area; and
  - 1,000+ street trees.
- There is a potential for conflict between the expectations of peri-urban versus rural services provided by us, with an increase in resident expectations.

[4] Estimated Resident Population 2025, Australia Bureau of Statistics

[5] Total number of ratepayers (6,158) divided by total square kilometres of our region (934.7)



Operational

- Superannuation contributions will remain unchanged at 12.00% from 1 July 2026. However, a shift to Payday Super requires employers to pay contributions with wages from 1 July 2026 which will impact Council's cash flow.
- Salaries and wages are projected to increase by 3.5%, in line with the enterprise agreement.
- Increased demand for updated IT infrastructure to ensure cyber security, connectivity, storage, data integrity and improved productivity.

Economy

- The RBA has set an inflation target of between 2% and 3% per annum. The RBA has indicated that it will continue to maintain higher cash rates until inflation is within this target range.
- The RBA's November 2025 inflation forecast expects headline CPI to increase to about 3.7% by mid-2026, before gradually returning to the 2–3% target range in 2027.
- The Federal Mid-Year Economic and Fiscal Outlook 2025–26, released in December 2025, predicts a CPI of 2.75% for Australia for this year.
- Unemployment in Australia and South Australia fell to 4.1% and 3.9% respectively in December 2025.
- The CPI for both Australia and Adelaide has continued its downward trend, registering 2.4% and 2.5%, respectively, for the year ending 31 December 2025.
- Higher cost of living impacts associated with the war in the Middle East.
- The State Mid-Year Budget Review for last year, published in December 2025, projects an Adelaide CPI of 2.75% for this year.
- Our region is home to 860 local businesses.

Financial

- Our long-term financial goal is to achieve financial sustainability by maintaining an operating break-even position, emphasising the importance of prudent financial management practices to ensure long-term viability and reduce the risk of any unplanned increases in rates or disruption to services.
- The Federal Government has been making advance payments of the Financial Assistance Grant over the past few years. These advance payments present a cash flow and budget risk if the Federal Government decides to cease making such payments. As this grant is untied, the amount received in advance is classified as income in the year it is received.
- An increase in overdue rates requires us to rely on short-term borrowings to continue delivering services to the community.
- Depreciation costs are expected to increase faster than CPI. Depreciation is budgeted at $4.495m for 2025/2026 and is estimated to rise to about $5.100m in 2026/2027, an increase of around 13%.
- Challenges associated with growth and the allocation of additional income generated from growth to fund the expenses related to growth.

Community infrastructure

- We own and maintain:
  - 193 kilometres of sealed roads and 803 kilometres of unsealed roads
  - 30 kilometres of footpath and 91 kilometres of kerb and spoon drains
  - 22 kilometres of stormwater network
  - 313 pram ramps
  - 45 buildings
  - 4 bridges
  - 2 CWMS
  - 73 reserves, parks, wetlands;
  - 6 cemeteries covering approximately 4.2Ha of land
  - 64Ha of reserves
  - over 250 rural intersections
  - 7 playgrounds, 52,000m^2 of sports turf, 23,000m^2 of irrigated park
- We currently have no infrastructure backlog. With a primary focus on asset renewal in our I&AMP, we continue to maintain a status of zero infrastructure backlog.

Regional collaboration and the environment

- The Department for Environment and Water has substantially completed the Gawler River Business Case, which aims to explore flood mitigation options within the Gawler River catchment. If the proposal to raise the Bruce Eastick Dam is adopted, the estimated cost will be around $205m, which would likely be shared among all 3 levels of government and potentially the private sector. Our share of the cost is currently unknown and could be significant. advocacy and lobbying of other government tiers are essential to ensure a fair distribution of costs, taking into account the financial capacity of constituent councils, which is what we seek to achieve through our involvement in the GRFMA.
- Ongoing commitments to multi-year projects and partnership initiatives include the Regional Procurement Group, Regional Development Australia Barossa Inc., Central Local Government Region of South Australia, and the Local Government Association of South Australia.



Measuring and reporting

Monitoring performance is a key aspect of ensuring we deliver on our community's aspirations as outlined in our Strategic Plan. Some measures we will use to assess our performance and accomplishments are outlined in Table 5.

Table 5: Measures to track progress of our business plan and budget

	MEASUREMENT	TARGET
Non-financial	Meet your Council Member drop in sessions (formerly public forums). Offering our community an opportunity to express their views, needs and opinions with Council Members.	3 per calendar year
	Operating projects program	Completion of projects by 30 June 2027 (external factors permitting)
	Capital works program	Completion of projects by 30 June 2027: • 42km of road resheeting • 6km of road resealing • 3.3km of streetscaping • 900m of kerbing renewal (weather and external factors permitting)
Financial	Operating surplus ratio Net financial liabilities ratio Asset renewal funding ratio	In accordance with the Model Financial Statements approved by the Minister for Local Governments and the LGA. Detailed on page 41.

At the close of each financial year, we publish an Annual Report outlining the progress we have made. Our Annual Report serves as our primary tool for updating the community on our progress on the objectives of our Strategic Plan for the relevant financial year. Table 6 includes a list of other reports we also publish throughout the year.

Table 6: Reporting throughout the year

REPORT	FREQUENCY
Library and Community Services reports to Council	Quarterly
Statistical operational reports to Council	Quarterly
Budget revisions and progress updates on the implementation of actions	Quarterly
Financial reports to Council and the Audit & Risk Committee comparing actual results against the adopted/revised budget	Bi-annually
Procurement activity reports	Bi-annually
Financial indicator reports, in accordance with the Model Financial Statements approved by the Minister for Local Government and the LGA SA	Quarterly and annual



2 BUDGET OVERVIEW

How we will fund our business plan

It will cost approximately $25.642m to fund this year's business plan and day-to-day operations[6].

The recurrent income is sufficient to cover recurrent expenses and has a surplus of $0.883m. Our proposed operating projects will cost approximately $0.388m. Therefore, the Annual Business plan and budget forecasts an underlying operating surplus of $0.495m.

This proposed budget supports a transition toward a more sustainable financial position amid ongoing uncertainty in the broader Australian economy, due to the conflict in the Middle East. Current budget estimates assume that the conflict will not have a significant impact in the next financial year on the economy, in particular, cost of fuel, inflation and interest rates.

The full budget is provided in detail in Appendix 1 and has 2 components:

1. Statement of Comprehensive Income (Profit & Loss Statement), summarised in Table 7, which includes:
   - Recurrent budget covering income and expenses for the 12 month period from July 2026 to June 2027 with regard to running our operations on a 'business as usual' basis
   - Operating projects budget (one-off service initiatives and programs that support our strategic objectives)
2. Balance Sheet as of 30 June 2027, summarised in Table 8, which includes:
   - Capital projects (income and expenses with regard to renewal/replacement of our existing assets or creating new/upgraded assets)
   - Borrowings (the outstanding amount of borrowings is recorded on the balance sheet, while the interest paid on the loan is reflected in the profit and loss statement)
   - Fixed assets (value of infrastructure, plant and fleet vehicles)
   - Other assets, receivables and payables

[6] This amount includes recurrent, operating and capital expenditure

Table 7: Summary of Statement of Comprehensive Income

	TOTAL $'000
Income	21,945
Less: Recurrent (day-to-day) expenditure	(21,062)
TOTAL RECURRENT SURPLUS	883
Less: Operating projects expenditure[7]	(388)
OPERATING SURPLUS	**495**

[7] A summary of operating projects are available on page 35.

Table 8: Summary of capital expenses and borrowings

	TOTAL $'000
Capital program	4,191
New borrowings	0 (nil)





Income and expenses

Recurrent income and expenses

Our recurrent budget covers the income and expenses associated with our day-to-day operations to maintain our current service levels. It includes costs like utilities, road maintenance, resource recovery centre operations, library services, waste collection, governance, interest on loans and administrative costs (including payroll, finance, IT, strategic planning, WHS and information management). These income and expenses occur annually.

We developed our recurrent budget estimates using zero-based budgeting, where all expenses must be justified for each new accounting period. This process starts from a 'zero base' and each of our functions are evaluated for their needs and costs. Budgets are then constructed based on the requirements for the upcoming period, regardless of whether the budget is higher or lower than last year.

To maintain our current services, the budget forecasts a recurrent surplus of $0.883m that will enable Council to move towards a more sustainable financial position amid ongoing uncertainty in the broader Australian economy, due to the conflict in the Middle East.

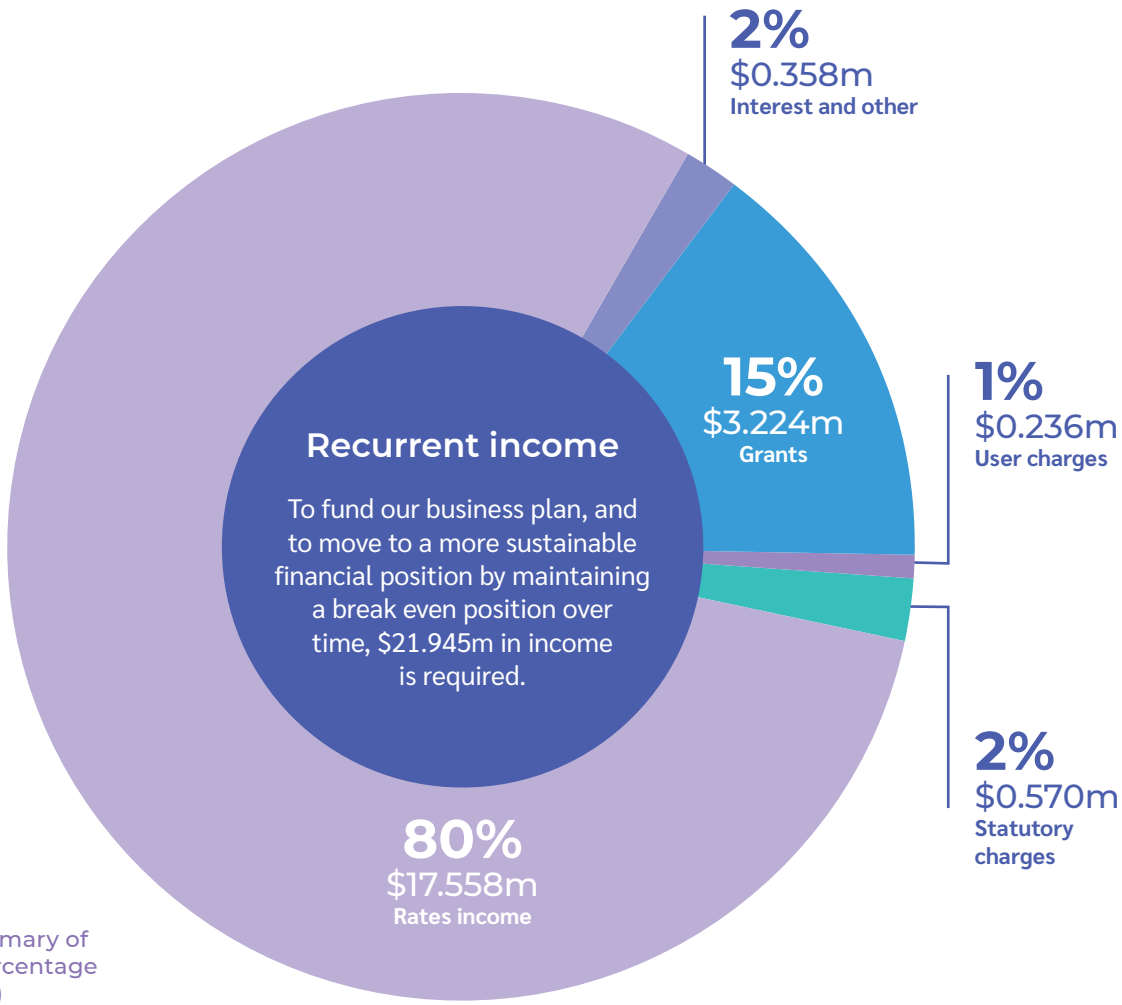


Figure 2: Summary of income by percentage of total ($'000)

Table 9: Summary of total estimated income ($'000)

INCOME	LAST YEAR $'000	THIS YEAR $'000	CHANGE $'000	CHANGE %
Rates income: General rates, service charges and Regional Landscape Levy	16,173	17,558	1,385	8.56
Statutory charges: For example, planning, building or dog registration fees	604	570	(34)	(5.62)
User charges: Fees and charges for other services we provide	263	236	(27)	(10.2)
Grants: Grants from Federal or State Government	3,026	3,224	198	6.54
Interest and other	358	358	-	-
TOTAL RECURRENT INCOME	**20,424**	**21,945**	**1,521**	**7.45**

Notes

Rates: The total income from general rates is expected to increase by 8%. The Regional Landscape Levy has risen by 5%, CWMS service charge income has increased by 7%, and income from kerbside waste collection has grown by 10%.

Statutory charges: Income from wastewater applications is projected to decline by $45,000.

User charges: Income from cemetery burials and leases is expected to decrease by $20,000.

Grants: The Federal Government's Roads to Recovery Program and Federal Assistance Grant are anticipated to be higher than last year.

Table 10: Summary of recurrent expenses ($'000)

EXPENSES	LAST YEAR $'000	THIS YEAR $'000	CHANGE $'000	CHANGE %
Employee costs: All labour-related expenses including salaries, allowances and on-costs	7,821	8,146	325	4.15
Materials, contracts and other services: All other expenses	6,806	7,231	425	6.24
Depreciation: An accounting charge that measures the usage of our assets over their estimated useful life	4,495	5,167	672	14.95
Finance charges: Interest on borrowings	556	519	(37)	(6.69)
TOTAL RECURRENT EXPENSES	**19,678**	**21,062**	**1,384**	**7.03**

Notes

Employee costs: Employee expenses encompass all labour-related costs, including salaries, wages, allowances and on-costs (such as annual leave, long service leave, superannuation, and workers' compensation insurance). The increase in employee costs is attributed to factors such as employee agreement/contract adjustments, reclassifications. This figure does not include the newly budgeted amount of $0.127m proposed in the operating projects program.

Depreciation: Due to the new infrastructure assets donated to us in 2025, and the rise in construction costs for infrastructure assets, the depreciation expense has increased by 15%.

Financial charges: Interest on loans is expected to be lower than last year, based on current and projected borrowings.

Materials, contracts and other services: The main increases are in the RLL contribution payable to the State Government (5%), waste collection contractor charges, and information technology expenses.

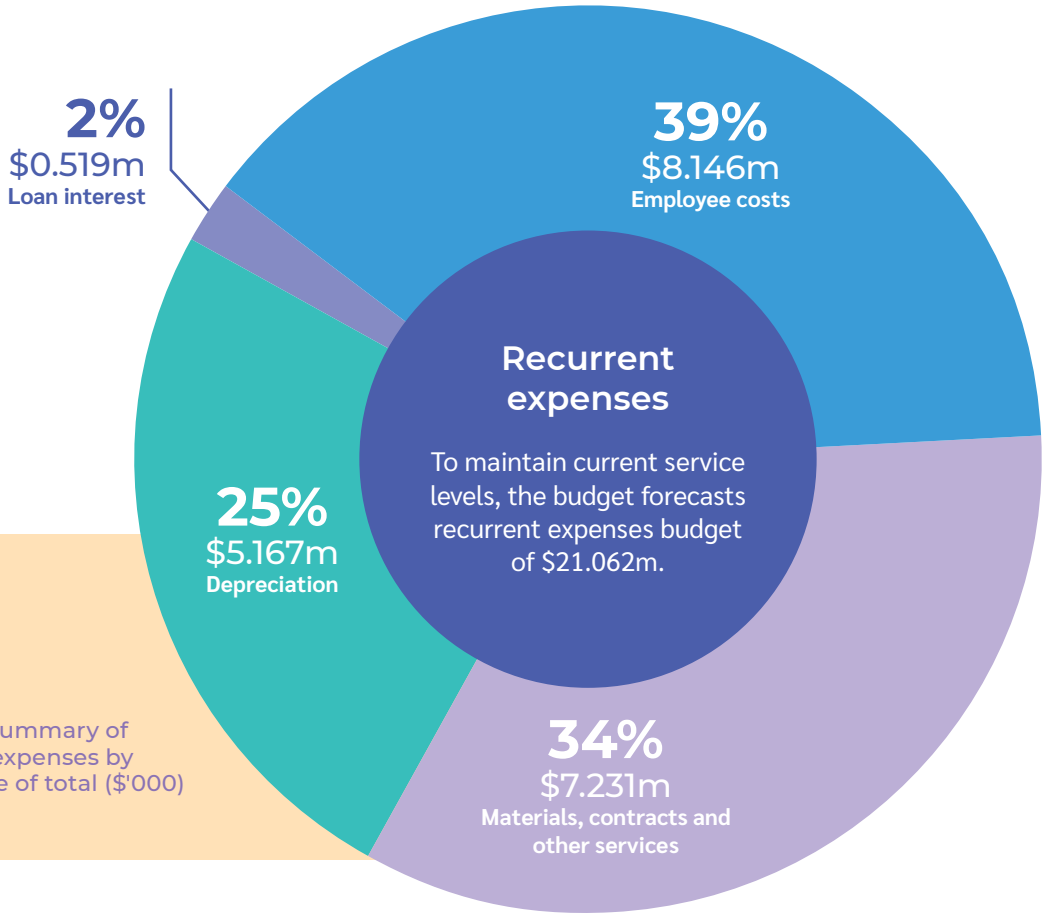


Figure 3: Summary of recurrent expenses by percentage of total ($'000)

Operating project expenses

The operating projects budget encompasses programs and activities that are in addition to our 'business as usual' services. These may be new projects or expansion of services to achieve our strategic goals, or projects that do not happen every year – for example, local government elections or By-law reviews.

Operating projects are funded by rate revenue or new borrowings. This year our operating project program is estimated to be $0.388m and projects are summarised in Table 11 and aligned to our Strategic Plan.

Table 11: Summary of operating projects

	OPERATING PROJECT	RATIONALE	ESTIMATED COST $'000
ENVIABLE LIFESTYLE			
Foster community connection, health and wellbeing, creativity and capacity			
1	Adelaide Plains Community Grants	A	25
2	Youth Development Program	A	50
Plan ahead for population growth			
3	Growth related resourcing linked to open spaces and civil	B/D	127
EMERGING ECONOMY			
Activation of our townships through increasing the diversity of businesses			
4	Two Wells Town Centre development	B	48
REMARKABLE LANDSCAPES			
Increase township greening and water capture and use			
5	Street/Verge Tree Planting	C	30
PROACTIVE LEADERSHIP			
Organisational change and management provides resources to deliver the Strategic Plan			
6	Internal Audit (subject to consideration of options to establish)	D	25
7	Local Government Elections April 2027	D	80
8	Mayoral Chain of Office	A	3
TOTAL ESTIMATED COSTS			**388**

Rationale

A Council resolutions/Council Members' feedback

B Investment for growth or economic development

C Strategic plans

D Council administration initiatives to reduce costs, for statutory compliance, or to improve productivity or service standards

Capital costs

Capital cost is the amount of money we will invest in renewing and upgrading existing assets, like roads, or in the creation of new assets in accordance with our strategic objectives and I&AMP. This cost does not include regular maintenance or repairs – those expenses are part of our 'business as usual' (recurrent) expenditure. Our capital costs result in long-term benefits for our community, typically through the creation of new or improved infrastructure like roads, footpaths and stormwater drainage.

This year, our $4.191m capital program will focus on asset renewal, with 66% ($2.784m) dedicated to renewals. This focus is in line with our I&AMP and balanced with our internal resources available to complete or manage the work. The remaining capital cost of $1.407m (34%) is proposed to be spent on new assets. Council does not have any infrastructure backlog at present.

Figure 4 provides an overview of the assets our capital costs will focus on, and the full capital works program is in Appendix 2.

Our I&AMP objectives:

- Ensure that our infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to our financial sustainability.
- Safeguard our assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Adopt our LTFP as the basis for all service and budget funding decisions.
- Meet legislative requirements for all our operations.
- Ensure resources and operational capabilities are identified and responsibility for asset management is allocated.
- Ensure operational and service delivery risks are adequately managed.
- Continually improve our asset, risk and financial management and service delivery performance.
- Provide high level oversight of financial and asset management responsibilities through our Audit and Risk Committee reporting to Council on development and implementation of our I&AMP and LTFP.

We are responsible for a large portfolio of assets, estimated at a value of $231m (as at 30 June 2027) and an estimated depreciation expense of $5.167m (2.2% of the asset base) this year. Therefore, it is critical for the long term sustainability of assets that we engage in practises that optimise assets' useful lives for the benefit of our community through maintenance and renewal.

All income received for capital works or infrastructure assets, such as grants and plant trade-in value, are considered capital receipts and will be invested back in the capital project program. In addition, $5.167m accounted under depreciation will also be spent on the capital program.



$0.017m
Plant trade-in income (capital receipt)

$0.916m
State Government Grant

$0.500m
Roads to Recovery (R2R) Grant[8]

$5.167m
Depreciation

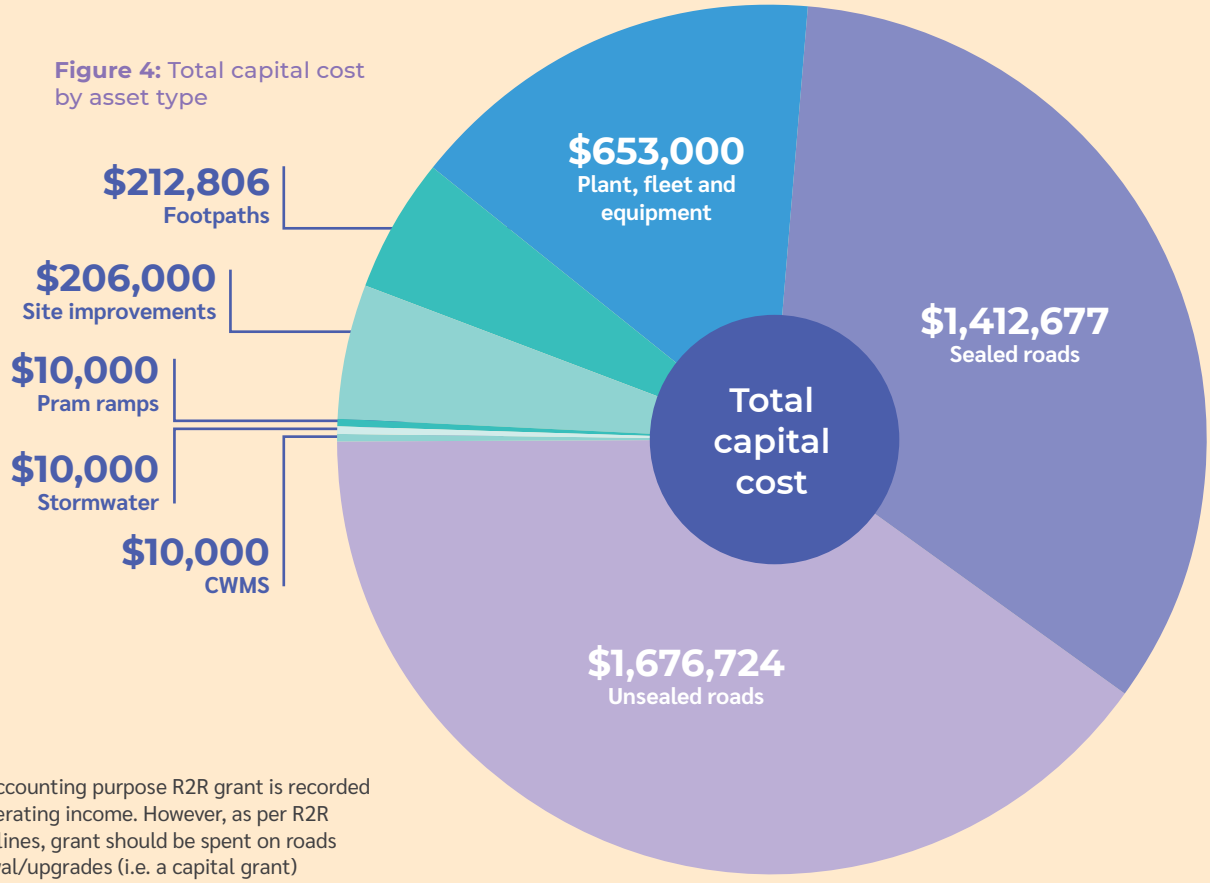
FUNDS

$4.191m
Our total investment in capital projects

Table 12: Total capital cost by asset type

CATEGORY	TOTAL $
New or upgrade	1,406,806
Renewal	2,784,401
TOTAL CAPITAL COST	**4,191,207**

Figure 4: Total capital cost by asset type



[8] For accounting purpose R2R grant is recorded as operating income. However, as per R2R guidelines, grant should be spent on roads renewal/upgrades (i.e. a capital grant)



New Assets

Sealing of Thompson Beach Esplanade, $916,000

- This project will deliver 3.3km of newly sealed road and is 100% funded by the State Government.

Footpaths, $212,806

- This project will deliver 900m of new footpaths in Mallala, Dublin and Two Wells.

Machinery, $278,000

- Purchase of 12 tonne self-propelled roller and variable message signs Mobile Message Board to assist with the infrastructure maintenance and construction by the Council.

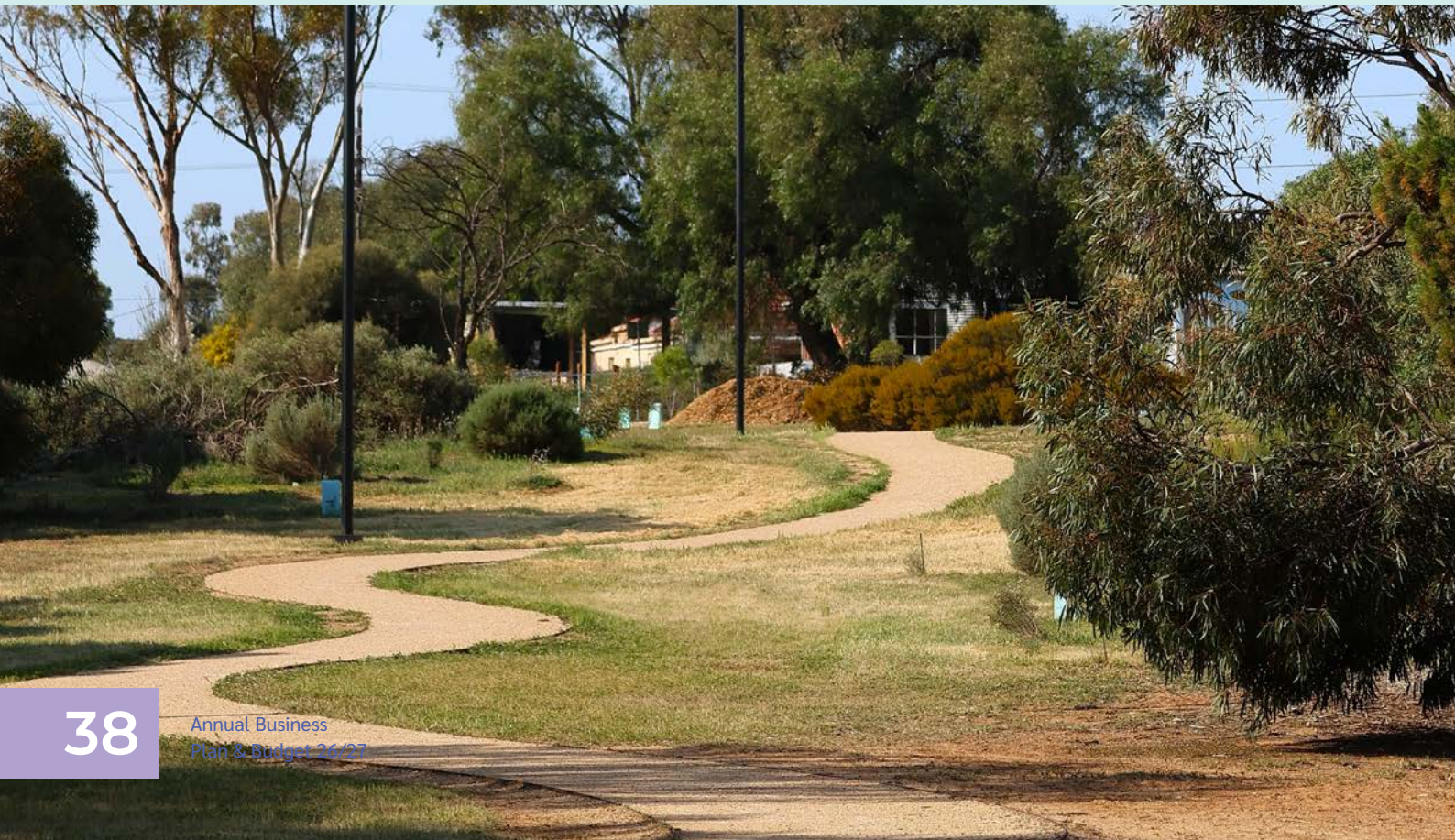
Read the full capital works program and budget, including a list of roads to be resheeted or resealed, in Appendix 2.

All new assets this year align with our Strategic Plan.

Depreciation

One of our proactive leadership strategies is '*prudentially leveraging funding sources in long term financial planning*'. A key service that contributes to this is long-term asset management and financial planning.

According to sound asset management principles, councils should (on average) spend and amount equal to its annual depreciation expenses each year. Last updates to our I&AMP made it evident that the gap that previously existed between the annual capital works program and the LTFP, caused by asset renewal deferral and the compounding effect into future capital works programs, has now closed. This is a crucial aspect of prudent financial and infrastructure management practices and ensuring that future generations are not paying for today's asset renewal.





Borrowing

Borrowing is an important funding source to help share the load across financial years, especially in regards to asset management.

For example, while it may cost $1m to renew a road, the benefit of this renewal will be experienced over multiple years. Borrowings are undertaken in accordance with our Treasury Management Policy and Funding Policy which underpin our decision-making, financing our operations in the context of cash flow, budgeting, borrowings and investments.

As borrowing is an important financial management tool in the overall context of funding council expenditure, our Treasury Management Policy links closely to our overall strategic management plans in the context of:

- Strategic planning for our future, covering short, medium and long-term spending and investment issues.
- Current and estimated future revenues and the ability to increase the revenue stream through rates, user charges or additional grant funds.
- Intergenerational equity considerations in terms of the ratepayers who benefit from the expenditure and therefore on a user pay basis who should pay for the costs associated with such expenditure.
- Current and future funding needs for both operating and capital expenditures.
- Potential movements in interest rates.
- Any other strategic imperative such as development of local economy that is linked to revenue and expenditure capacities (for example, sealing of major freight routes servicing commercial/farming sectors).

Current short and long-term borrowings

As of 14 April 2026, our total outstanding borrowings is $9.240m of which $7.536m are short-term cash advance facilities and the remaining $1.704m is a long-term debenture loan obtained for Mallala CWMS. We have already made several resolutions to borrow funds to deliver annual budgets and some of the capital programs were delivered in partnership with State or Federal Government. However, in compliance with our Treasury Management Policy, so far we have been able to meet those expenses with short-term borrowings, which attract a lower interest charge compared to fixed rate long-term borrowings.

New borrowings proposed for this financial year

New borrowings are not proposed in this financial year.



Financial indicators in detail

A series of financial indicators have been developed by the local government sector to assist in determining whether a council is financially sustainable, or moving to a position of financial sustainability.

We use financial indicators recommended by the Model Financial Statements that are approved by the Minister for Local Government and Local Government Association of SA.

Operating surplus ratio

The operating surplus (deficit) expressed as a percentage of operating income. The desired level is between 0% and 10% on average over the long term. A positive ratio indicates the percentage of operating income available to help fund planned capital costs. A negative ratio indicates the percentage increase in operating income or the approximate decrease in operating expenses required to achieve a break-even operating result. Therefore, maintaining a negative operating surplus ratio over time would result in structural budget deficits and undermine the Council's long-term financial sustainability.

Next year: 2.26%

Net financial liabilities ratio

The extent to which our net financial liabilities or total indebtedness can be met by our total operating revenue. The desired level is between 0% and 100% on average over the long term. Where the ratio is increasing, it indicates a greater amount of a council's operating revenues is required to service its financial obligations.

Next year: 25%

Asset renewal funding ratio

Whether we are renewing or replacing existing physical assets at the same rate these assets are wearing out. The desired level is between 90% and 110% over the long term.

Next year: 88%

Long term financial plan objective

Our LTFP objective is to be a council which delivers on its strategic objectives by managing its financial resources in a sustainable and equitable manner. We plan to do this by incremental growth and service cost containment to reduce the operating deficit over time; as opposed to burdening our ratepayers with short term excessive increases to their annual rates.

Current LTFP was last updated on 28 August 2023. Following the adoption of the revised Strategic Plan, we have commenced updating the I&AMP and LTFP. It is expected that both these documents will be updated in August 2026.

3 RATES OVERVIEW

Rates are collected to fund services, infrastructure, programs and projects for our community and region. General rates are our main source of funding, representing approximately 80% of estimated total underlying operating income this year.

Rates are levied as a tax on property, and are not a service or user charge. Much like other taxes we pay, the amount of rates paid by a ratepayer may not directly relate to the services they use, but contribute to the region as a whole, for today and for future generations. For example, one ratepayer may walk the Lewiston trails every week but choose not to visit the library, and another ratepayer may visit the library regularly for social connection, but rarely visit nature reserves. Both of their rates contributions support their local environment and community services.

We have an average of 6.59 ratepayers for every square kilometre[9] of our region, which is much lower than many councils in metropolitan Adelaide and this impacts our average general rate. While our region's population is growing, more properties (and residents) also means it costs more to maintain our infrastructure and expand our services. Because rates are levied on the value of property, those who own higher, valued properties pay more in rates than those who own lower valued properties. In recognition that a high valued property do not necessarily correlate to having a higher cash flow, our rates include a fixed charge to help decrease the effect of increases in property values. For example, for the majority of our elderly population, the ability to increase their income is substantially lower, and a high valued property does not necessarily represent their yearly income. This year we are continuing rate capping which will further decrease the effect of property value increases.

In estimating this year's rates, we have considered our Strategic Plan, the estimated cost of delivering programs or activities, the current and forecast economic climate and specific issues faced by our community, and the estimated income and revenue from other sources. More information about these considerations can be found from page 24 (Influences and impacts).

In addition to general rates, we also collect services charges for waste collection and CWMS, and the Regional Landscape Levy (on behalf of the State Government).

Refer to Appendix 4 for our Rating Policy.

[9] Total number of ratepayers (6,158) divided by total square kilometres of our region (934.7)



Proposed rates and fixed charge for 2026/2027

This year, approximately $15.5m (70%) of our revenue may come from general rates (including fixed charges, excluding other charges and rates rebates).[10]

The proposed increase to the average general rate across our region is +7.85%, before any rates cap is applied. However, through the application of a discretionary rates cap of 2.8% in this financial year, the majority of ratepayers will see a 2.8% actual general rate increase.[11] This includes the fixed charge (paid by every property), which is proposed to increase by 40% to $584.

Figure 5 explains how this average general rate is calculated. It is an indication only - each land use code and property may be different.

Figure 5: How to calculate the average general rate increase

Total expected revenue from general rates in 2026/27
$15,661,907

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Total number of rateable properties
6,167

=

Average rate per rateable property
$2,540

Table 13: Average rate per rateable property, and change from last year

	LAST YEAR	THIS YEAR	CHANGE
Average rate per rateable property	$2,355	$2,540	+7.85% *or* +$185/year, or +$3.55/week

Above amounts include the fixed charge

[10] Full details are provided in Appendix 3, Uniform presentation of expected rates revenue

[11] Details on rates capping is available on page 52



What this looks like for average rates

The average rate increase within each land use code is different. This is because the average general rate is the 'mean' calculation for the region – total rates revenue divided by the total number of properties. Within each land use code, the average rate increase is different, as it is calculated within that particular land use code's valuations and total number of properties.

Figure 6: Average rate increase for each land use code

Residents
6.68% average increase
($2,363 average rate)
Capped at 2.8%

+$148 per year or $2.85 per week

64.62% of our ratepayers, 59.53% of our revenue

Primary producers
6.59% average increase
($3,281 average rate)
Capped at 2.8%

+$203 per year or $3.90 per week

24.01% of our ratepayers, 31.74% of our revenue

Commercial
3.82% average increase
($1,742 average rate)
Capped at 2.8%

+$64 per year or $1.23 per week

0.47% of our ratepayers, 0.32% of our revenue

Commercial - other
5.31% average increase
($2,931 average rate)
Capped at 2.8%

+$148 per year or $2.84 per week

1.22% of our ratepayers, 1.41% of our revenue

Industry – light
7.62% average increase
($2,327 average rate)
Capped at 2.8%

+$165 per year or $3.17 per week

0.15% of our ratepayers, 0.13% of our revenue

Industry – other
3.54% average increase
($7,175 average rate)
Capped at 2.8%

+$245 per year or $4.71 per week

0.26% of our ratepayers, 0.70% of our revenue

Vacant land
16.15% average increase
($1,457 average rate)
Capped at 2.8%

+$203 per year or $3.90 per week

8.30% of our ratepayers, 4.87% of our revenue

Other
27.91% average increase
($3,882 average rate)
Capped at 2.8%

+$847 per year or $16.29 per week

0.97% of our ratepayers, 1.30% of our revenue

The actual change you will see on your rates notice may be different to the average rate, as your rates also depend on your property value, any development on your land, and any service charges.

How your rates are calculated

- Your property's capital value is independently assessed by the Valuer-General.
- Council determines a rate in-the-dollar, for every dollar of property value, based on the annual budget. Different rates in-the-dollar are applied for different land use codes.
- The rate-in-the-dollar is multiplied by your total property value.
- A fixed charge is applied to every property to ensure everyone pays a fair base amount, and any levies or service charges are applied.



Annual rates notice example

In the following example, rates calculation is based on a property that:

- Has a median residential capital value of $660,000.
- Service charges include waste only, and is not connected to a Community Wastewater Management Scheme (CWMS).
- Has no outstanding fees, charges or outstanding rates.

Table 14: Example of the costs on an annual rates notice

CHARGE	AMOUNT
Arrears/interest/fines/receipts brought forward	$0.00
Capital Value @ 0.00323622	$2,135.90
General Rates Fixed Charge	$584.00
Waste Charge	$227.00
Regional Landscape Levy @ 0.00008214	$54.21
TOTAL DUE	**$3,001.11**
THIS QUARTER	$750.28

Arrears/interest/fines/receipts brought forward: If you have paid more or less than required for previous years' rates, this will be included on your annual rates notice.

Rates: The rate in-the-dollar for your land use code, multiplied by your property value.

Fixed charge: This is applied to every property to ensure everyone pays a fair base amount.

Service charge: Charges are applied based on the property. In this example, the ratepayer receives a 2-bin waste service.

Regional Landscape Levy: A state tax to fund the regional landscape boards that manage SA's natural resources.

Total due: The total amount due this year.

This quarter: You can pay your rates annually (the total amount due), or each quarter we will send you a rates notice. You can also arrange weekly, fortnightly, or monthly payments.



Paying rates

Financial hardship

We understand that life can be unpredictable. Assistance is available to ratepayers having difficulty in paying their rates on time. We strongly encourage those struggling to keep up with their rate payments to contact us as soon as possible, we can provide different payment options, including:

- Flexible payment plans (monthly, fortnightly or weekly payments) to catch up with arrears and pay ongoing rates.
- Extension of time to pay the debt.
- Postponement or remission of rates, late fees or interest charges.
- Stopping debt recovery proceedings/legal actions/ reminder notices.

Refer to our Rating Policy in Appendix 5 for more details.

Rebates

Refer to our Rating Policy in Appendix 5 on rates rebates made available to various district community, sporting non-profit organisations and discretionary rebates.



Differential general rates

When we set rates, we take into consideration a ratepayer's ability to pay, the potential for them to claim an income tax deduction, and the perception of accessibility or useability of our services. We charge general rates based on land use categories in the Local Government (General) Regulations and the consideration for these differences are included in Table 15.

Full details, including a comparison to last year, are available in Appendix 3 – Uniform Presentation of Expected Rates Revenue.

Table 15: Differential general rates for each land use code

LAND USE CODE	NUMBER OF ASSESSMENTS	PERCENTAGE AND VALUE OF OUR REVENUE	RATE IN THE DOLLAR
Residential: These properties are located within townships and in rural locations adding a complicity of service needs from peri-urban to rural living. These properties have a lower impact on roads and infrastructure and a higher need for open space, footpaths and other services.	3,985	59.53%, $9.409m	0.0032362
Primary production: These properties tend to be more remote from some of our services and but extensively use Council's sealed/unsealed roads. In addition, they also have potential tax deduction for council rates.	1,481	31.74%, $4.856m	0.0030712
Commercial - shop or office	29	0.32%, $0.051m	0.0043074
Commercial - other: These properties generally have the same services available to their business, employees and customers and also has an impact on services such as road maintenance and generally derive a greater benefit from services we provide. In addition, they also have potential tax deduction for council rates.	75	1.41%, $0.220m	0.0050776
Industry - light	9	0.13%, $0.021m	0.0045954
Industry - other: These properties, in many cases, have a greater impact on services we provide, such as road maintenance, and generally derive a greater benefit from these services, particularly where, for example, large amounts of raw or unrefined product is delivered to site for processing utilising our infrastructure. In addition, they also have potential tax deduction for council rates.	16	0.70%, $0.115m	0.0057443
Vacant land: These properties in most cases are allotments that are ready to be developed into residential properties.	512	4.87%, $0.746m	0.0033106
Other: These properties are mostly community services and infrastructure not owned by us. Ranging from a pump station, privately owned disability services, water, electricity and gas infrastructure facilities and sporting and community organisations to which rate rebates are provided.[12]	60	1.30%, $0.053m	0.0032427

[12] Refer to our Rating Policy in Appendix 5 on rates rebates made available to various district community, sporting non-profit organisations and discretionary rebates



Fixed charge

A fixed charge is a set base amount applied to all property rates, no matter the property value. This reduces the variable part of general rates, which is the rate in the dollar calculated from the land use and property value.

This year, we have increased the fixed charge from last year by 40%. Details on our expected revenue from rates, including the fixed charge component, are provided in Appendix 3.

Table 16: Comparison of the fixed charge to last year

	LAST YEAR	THIS YEAR
Fixed charge	$417	$584

The fixed charge is included in the actual rates payable increase of 2.8%. Because we have increased the fixed charge this year, the rate in the dollar has been reduced by 3% (compared to last year) for some land use codes. This reduction will benefit:

- properties that have reported an increase in valuations due to growth;
- primary producers conducting single farm enterprise;
- contiguous properties; and
- high value properties.

Property values

We use the capital value of properties, provided by the Valuer-General, to calculate rates. We consider that this method provides the fairest method of distributing rates across ratepayers because:

- Property value is a relatively good indicator of market value of a property.
- As a measure of wealth, it most closely reflects property owners' capacity to pay.
- Of the taxation principle that people should contribute to the community's social and physical infrastructure in accordance with their capacity to pay, as measured by property wealth.

OBJECTIONS TO PROPERTY VALUE

An objection to a property's valuation can be lodged to the Valuer-General within 60 days of receipt of the first quarter rates notice. Information on this process is available on Council's or the Valuer-General's website, or by contacting us directly.

OBJECTIONS TO LAND USE CODES

Differential general rates are based on various land use codes. If you think your property's land use code is incorrect, you can lodge an objection with us, in writing, within 60 days of receipt of your first quarter rates notice.

General Rate capping

Ratepayers that have not developed their property will not pay more than a 2.8% increase compared to their general rates paid last year*.

We acknowledge that not everyone will have capacity to pay a significant rate increase, so this year we are continuing a 2.8% cap on rate increases for properties where the valuation increase is not the result of development on the property. Any ratepayer who would have experienced a general rate increase of more than 2.8% due to an increase in capital value without improvements made to the property, will not have their rates increase by more than 2.8% from last year.

*To ensure that rate capping applies solely to properties with substantial valuation increases driven by market price changes and not development on their property, the following criteria is proposed:

- Applies to general rates only (fixed charge + differential rates).
- Not applicable to waste levy, Regional Landscape Levy or CWMS charges.
- Not applicable where since 1 July 2025 the property has been subject to:
    - change of land use or change of ownership due to sale or other property ownership transfers for a valuable consideration; or
    - change of contiguous/single farm enterprise status; or
    - a valuation increase of more than $100,000 ($20,000 last year) due to development (as advised by the Valuer-General).
- If a property that was subject to rate capping is sold before 30 June 2027, the capped amount will be payable by the new and/or former owner(s).
- Where possible, rate capping will be applied before the first rates notice is issued.
- However, if a ratepayer believes that capping has not been applied to their property, they can apply for rate capping within 60 days of receiving their first rates notice.
- The 60-day period may be extended if the ratepayer has lodged a valuation objection with the Valuer-General.

How rate capping has been applied

Usually, some properties might see a decrease in rates and others may increase. This is because property values, rates and charges change each year. To achieve an actual increase of 2.8% to rates payable, the rate-in-the-dollar and fixed charge are adjusted to ensure every property will increase by at least that amount, then a rates cap is applied to eligible properties.

This year, it means:

- Council's projected overall general rate revenue has increased by 8.7% from last year. This could result in an estimated operating surplus of $495,000.
- Significant intervention has been made through adjustments to the rate in the dollar, resulting in the application of approximately $3 million in discretionary rebates.
- By applying a rate capping based on actual rate increase, Council has made rates less sensitive to changes in property values.
- Some properties will pay different rates for the same property value, as this is the second year this method has been applied.
- The average general rate increase is 7.85%, after the rates cap is applied.

How general rate capping will affect future rates

Updated rates modelling shows that continuing this method may have an ongoing effect in future years.

Already, rates payable are falling out of line with property values. In it's second year, some eligible properties' rates are essentially based on the previous year – not the current property value. Some properties with higher valuation growth are not contributing a proportionally higher share of rates, and new owners could be paying different rates to an existing owner for the same property value. This can create financial inequities between ratepayers over time.

EXAMPLE PROPERTY	2024/25		2025/26		2026/27	
	CAPITAL VALUE	GENERAL RATE	CAPITAL VALUE	GENERAL RATE	CAPITAL VALUE	GENERAL RATE
Existing Property 1	$500,000	$1,863	$500,000	$1,915	$600,000	$1,969
Existing Property 2	$510,000	$1,879	$510,000	$1,932	$600,000	$1,986
New Property 1					$600,000	$2,526

In the long term, continuing this approach means that:

1. Increased complexity of calculating rates, extra administrative burden and reduced transparency in how rates are calculated.
2. Over time, rates are not appropriately aligned to property values.
3. Financial inequities between ratepayers, not aligning with the broader principles of equity and fairness underpinning the rating system which essentially is a property tax based on property value.
4. Limits Council's ability to progressively implement structural rating reforms.
5. New ratepayers pay higher rates than would otherwise apply.
6. If an average general rate increase of 4.88% was adopted this year instead, approximately 2,354 properties would have paid less than a 2.8% increase.
7. Conversely, approximately 3,700 ratepayers originally projected to pay more than a 2.8% increase have their increases capped, meaning there is reduced rate revenue from those properties.
8. A change of the average general rate increase from 4.88% to 7.85%. Over time, additional revenue could be largely funded by ratepayers who would otherwise have received rate increases below 2.8% under traditional methods.
9. Rate capping is usually intended to provide one-off relief to ratepayers experiencing significant increases in property valuations. If capping relief is continued, more properties are likely to require capping.
10. It could take significant adjustment in future years to change back to traditional methods.

The full rates modelling report was provided to Council as Item 14.3 in the 17 June 2026 council meeting agenda. It provided modelling on a range of scenarios with different combinations of differential rates, fixed charges and rate capping thresholds.



How growth impacts rates

Growth, as defined by the Financial Management Regulations, refers to the increase in the number of rateable properties within the council area, which is used to assess the potential for increase in rate revenue for the upcoming financial year.

Our region's growth is 0.97%, as of 30 June 2026.

Table 17: Change in number of rateable properties

	LAST YEAR	THIS YEAR	INCREASE	GROWTH %
Number of rateable properties	6,108	6,167	59	0.97%

Financial challenges of growth

While growth generates new income, it also presents several financial challenges, particularly due to the average $4.7m worth of assets donated by developers each year over the past few years. The additional costs associated with growth include:

- The cost of watering new open space areas;
- Increased electricity costs for new public lighting;
- Depreciation of assets donated by developers; and
- The need for additional labour to maintain new open space areas.

Therefore, from a sound financial management perspective, it is crucial that the additional income generated from growth be allocated to fund the expenses related to this growth (i.e new operating projects). Council over the last five years has received from the developers:

- 29km kerbing;
- 11km footpaths;
- 14km sealed roads;
- 7km stormwater pipes;
- 338 side entry pits;
- 22,000m² of irrigated turf and 60,000m² of dryland area; and
- 1,000+ street trees.

Table 18: The value of donated assets over the last five financial years

FINANCIAL YEAR	VALUE ($)
2024/2025	5,173,146
2023/2024	4,540,952
2022/2023	3,734,116
2021/2022	4,674,028
2020/2021	5,344,703
AVERAGE OVER 5 YEARS	**4,693,389**

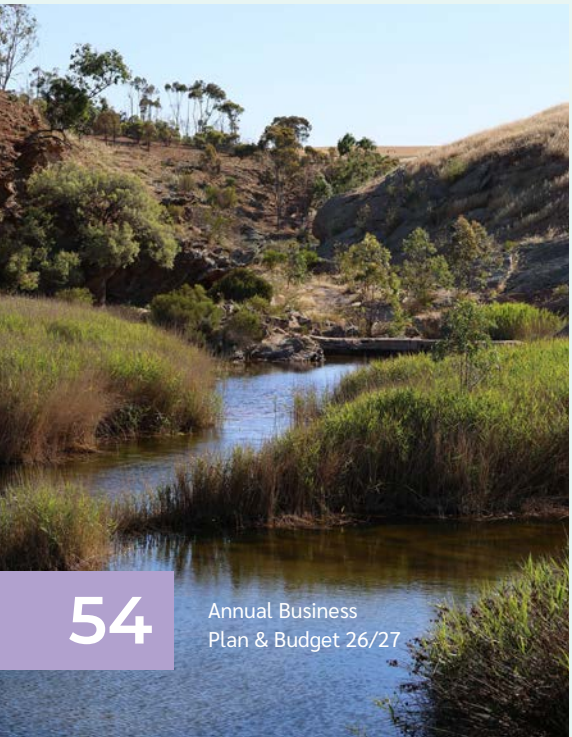
Other charges

State Government Regional Landscape Levy

The Regional Landscape Levy is a state tax to fund the regional landscape boards that manage SA's natural resources. We are required to collect this on behalf of the State Government – we do not keep this money or determine how it is spent. Our levy helps fund the Northern and Yorke Landscape Board.

Our required contribution for this year is $388,643, an increase of $17,097 or 4.60% from last year's requirement (which was $371,546).

We all benefit from having healthy landscapes and natural resources in our region, which is why all ratepayers contribute to this levy. It is collected from property owners based on the property's capital value. The rate is fixed, and is calculated to raise our required contribution – taking into account any rebates or remissions.



Kerbside waste collection service

The total cost of our kerbside waste collection program is projected to increase by 11%, reaching $1.144m. As a result, the annual waste collection service charge is expected to rise from $216 to $227, an increase of 5%.

Table 19: Summary of annual waste collection service charges

WASTE SERVICE	ANNUAL WASTE LEVY ($)
Standard 3-bin or 2-bin waste service	227
Additional organic bin	92
Additional recycle bin	67
Additional general waste bin	100
Waste service 1 (distance to pick up point) - 25% discount	170.25
Waste service 2 (distance to pick up point) - 50% discount	113.50

This service charge is levied against rebated land as well. Some ratepayers may have to utilise one of 21 collection points to have their bin emptied, as the waste collection truck does not traverse all roads in our region. Those ratepayers are entitled to the following waste levy reductions if the collection point is greater than 500 metres from the access point to their land:

- If greater than 500 metres but no more than 2 kilometres from the ratepayers access point to their land, 75% of the annual levy is charged;
- If greater than 2 kilometres but less than 5 kilometres, 50% of the annual levy is charged;
- If 5 kilometres or more from the ratepayers access point to their land, no annual levy is charged.

The Waste Levy is mandatory for properties located within the townships of Mallala, Two Wells and Dublin.

CWMS

The CWMS charges for both Mallala and Middle Beach are proposed to rise by 7%, bringing the charges to $906 and $597, respectively. This increase is required to cover the operational and maintenance costs of the scheme.

However, as shown in Table 20, even with the 7% increase in current charges we are not fully covering the costs calculated based on ESCOSA pricing principles.

Table 20: Estimated cost of the CWMS ($)

DESCRIPTION		MALLALA	MIDDLE BEACH
Depreciation		108,672	12,191
Other operating costs		94,169	23,261
TOTAL OPERATING COSTS (EXCLUDING COSTS OF CAPITAL)	A	**202,841**	**35,452**
COST OF CAPITAL (COC)			
Cost of capital - 3.00% real interest		80,860	11,392
Cost of capital - 1.60% for risk premium		101,909	6,076
TOTAL COST OF CAPITAL	B	**182,769**	**17,467**
TOTAL OPERATING COSTS (INCLUDING COSTS OF CAPITAL)	C	**385,609**	**52,919**
Number of units serviced	D	347	52
Cost per connection based on ESCOSA pricing requirement	(C divided by D)	1,111	1,018
Cost per connection based on ESCOSA pricing requirement (Ex. CoC)	(A divided by D)	585	1,018
Proposed CWMS charge for 2026/2027		906	597





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4 APPENDICES

Appendix 1: Budgeted financial statements



BUDGETED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2027

INCOME	$'000
Rates	17,558
Statutory charges	570
User charges	236
Grants, subsidies and contributions	3,224
Investment income	14
Reimbursements	91
Other income	253
TOTAL INCOME	**21,946**

EXPENSES	
Employee Costs	8,146
Materials, contracts and other expenses	6,982
Depreciation	5,167
Interest expenses	519
Share of loss - joint ventures and associates	249
TOTAL EXPENSES	**21,063**
RECURRENT SURPLUS	**883**
Cost of Operating Project Expenses	(388)
OPERATING SURPLUS	**495**
Asset disposal and fair value adjustments	17
Amounts received for new/upgraded assets	916
Physical resources received free of charge	5,000
NET SURPLUS	**6,428**

OTHER COMPREHENSIVE INCOME	
Changes in assets revaluation surplus	8,000
Share of operating loss at GRFMA	(55)
TOTAL COMPREHENSIVE INCOME	**14,373**

BUDGETED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDING 30 JUNE 2027

ASSETS	$'000
CURRENT ASSETS	
Cash and cash equivalents	296
Trade and other receivables	1,743
Inventories	472
TOTAL CURRENT ASSETS	**2,511**
NON-CURRENT ASSETS	
Equity accounted investments in Council Business	10,209
Infrastructure, property, plant and equipment	230,710
Other non-current assets	2,208
TOTAL NON-CURRENT ASSETS	**243,127**
TOTAL ASSETS	**245,638**
LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	1,444
Borrowings	2,522
Provisions	1,692
TOTAL CURRENT LIABILITIES	**5,658**
NON-CURRENT LIABILITIES	
Borrowings	1,634
Provisions	216
TOTAL NON-CURRENT LIABILITIES	**1,850**
TOTAL LIABILITIES	**7,508**
NET ASSETS	**238,130**
EQUITY	
Accumulated surplus	76,309
Asset revaluation reserve	161,741
Other reserves	80
TOTAL EQUITY	**238,130**

BUDGETED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 30 JUNE 2027

ACCUMULATED SURPLUS	$'000
Balance at end of previous reporting period	69,936
Net result for year	6,373
BALANCE AT END OF PERIOD	**76,309**

ASSET REVALUATION RESERVE	
Balance at end of previous reporting period	153,741
Gain on revaluation of infrastructure, property, plant and equipment	8,000
BALANCE AT END OF PERIOD	**161,741**

OTHER RESERVES	
Balance at end of previous reporting period	80
BALANCE AT END OF PERIOD	**80**

TOTAL EQUITY AT END OF REPORTING PERIOD	**238,130**



BUDGETED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2027

CASH FLOWS FROM OPERATING ACTIVITIES	$'000
RECEIPTS	
Rates - general and other	17,558
Fees and other charges	570
User charges	236
Investment receipts	14
Grants utilised for operating purposes	3,224
Reimbursements	91
Other revenues	253
PAYMENTS	
Employee costs	(8,273)
Materials, contracts and other expenses	(7,243)
Finance payments	(519)
NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES	**5,911**
CASH FLOWS FROM INVESTING ACTIVITIES	
RECEIPTS	
Grants specifically for new or upgraded assets	916
Sale of replaced assets	17
PAYMENTS	
Expenditure on renewal/replacement of assets	(2,784)
Expenditure on new/upgraded assets	(1,407)
NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES	**(3,258)**
CASH FLOWS FROM FINANCING ACTIVITIES	
RECEIPTS	
Proceeds from new borrowings	-
PAYMENTS	
Repayments of borrowings	(2,653)
NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES	**(2,653)**
NET INCREASE (DECREASE) IN CASH HELD	-
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**296**
CASH & CASH EQUIVALENTS AT END OF PERIOD	**296**

BUDGETED UNIFORM PRESENTATION OF FINANCES
FOR THE YEAR ENDING 30 JUNE 2027

INCOME	$'000
Rates	17,558
Statutory charges	570
User charges	236
Grants, subsidies and contributions - operating	2,723
Grants, subsidies and contributions - capital	500
Investment income	14
Reimbursements	91
Other income	253
	21,945

EXPENSES	
Employee Costs	8,273
Materials, contracts and other services	7,243
Depreciation, amortisation and impairment	5,167
Finance costs	519
Share of loss - joint ventures and associates	249
	21,450

OPERATING SURPLUS	**495**
Add Roads to Recovery funding	500
Less grants, subsidies and contributions – capital	(500)
ADJUSTED OPERATING SURPLUS	**495**

LESS: NET OUTLAYS ON EXISTING ASSETS	
Capital expenditure on renewal and replacement of existing assets	2,784
Add back depreciation, amortisation and impairment	(5,167)
Proceeds from sale of replaced assets	(17)
	(2,400)

LESS : NET OUTLAYS ON NEW AND UPGRADED ASSETS	1,407
Capital expenditure on new and upgraded assets	(916)
	491

ANNUAL NET IMPACT TO FINANCING ACTIVITIES (SURPLUS / (DEFICIT))	**2,404**

Appendix 2: Capital works program

The project budgets are based on normalised costs, however the current market conditions have created uncertainty around pricing which may impact Council's reseal and road sheeting programs outlined below.

Administration will continue to closely monitor program delivery and report back to Council if amendments or descoping are required to address budget pressures.

	CAPITAL PROJECT TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVE	EXPENDITURE TYPE	LOCATION	COSTS ($'000)
ROAD RESEALING				
1	Milbourne Court from Surface Change 400m South of Bend to End	Renewal	Lewiston	5
2	Milbourne Court from Surface Change 330m West of Bethesda Road to Surface change	Renewal	Lewiston	9
3	Karapas Court from Bethesda Road to End	Renewal	Lewiston	29
4	Morias Court from Change of Seal to End	Renewal	Lewiston	21
5	Pederick Road from Hayman Road to Gilks Road	Renewal	Lewiston	31
6	Pederick Road from Gilks Road to Dawkins Road	Renewal	Lewiston	32
7	Pederick Road from Pederick Court to Hayman Road	Renewal	Lewiston	31
8	Pederick Road from Gawler Road to Pederick Court	Renewal	Lewiston	21
9	Frost Road from Hancock Drive to Dawkins Road	Renewal	Lewiston	16
10	Coombs Court from Connell Vale Road to End	Renewal	Lewiston	23
11	Lionel Road from James Road to Betty Road	Renewal	Lewiston	22
12	Hancock Drive from Y Junction to North End	Renewal	Lewiston	6
13	Hancock Drive from Y Junction to South End	Renewal	Lewiston	6
14	Hancock Drive from Frost Road to Y Junction	Renewal	Lewiston	15
15	Morias Court from Bethesda Road to Change of Seal	Renewal	Lewiston	22
16	Milbourne Court from Surface Change South of Bend to Surface Change 400m	Renewal	Lewiston	17
17	Milbourne Court from Bethesda Road to Surface Change 330m West of Bethesda	Renewal	Lewiston	15

CAPITAL PROJECT TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVE	EXPENDITURE TYPE	LOCATION	COSTS ($'000)
18 Coombs Court from Connell Vale Road to End	Renewal	Lewiston	22
19 Lionel Road from James Road to Betty Road	Renewal	Lewiston	21
20 Aunger Road from Hayman Road to Dohnt Road	Renewal	Lewiston	27
21 Aunger Road from Dohnt Road to Gawler	Renewal	Lewiston	25
TOTAL INVESTMENT IN ROAD RESEALING			**417**
INTERSECTION TREATMENT			
22 Intersection of Dawkins Road/ Germantown Road Intersection of Hayman Road/Bethesda Road treatment	Renewal	Lewiston	80
TOTAL INVESTMENT IN INTERSECTION TREATMENT			**80**
STREETSCAPES (FOOTPATHS, KERBING AND STREET TREES)			
23 Footpath - Wasleys Road (Campground to Oval Entrance)	New/Upgrade	Mallala	32
24 Footpath - Carmel Street (Calagora Street to Hall Road)	New/Upgrade	Mallala	35
25 Footpath - Seventh Street (Second Street to Third Street)	New/Upgrade	Dublin	29
26 Footpath - Elizabeth Street (Two Wells) (Donaldson Road to End)	New/Upgrade	Two Wells	43
27 Footpath - Old Mallala Road and Mallala Road	New/Upgrade	Two Wells	24
28 Footpath - Two Wells Main Street Landscaping (design only)	New/Upgrade	Two Wells	50
TOTAL INVESTMENT IN STREET SCAPE (FOOTPATH, KERBING AND STREET TREES)			**213**
ROAD RESHEETING			
29 Fidge Road from Hawes Road to Collins Road	Renewal	Barabba	74
30 Wasleys Road from Barabba Road to Collins Road	Renewal	Mallala	68
31 Wasleys Road from Davies Road to Barabba Road	Renewal	Mallala	39
32 Powerline Road from Nairn Road to Hallion Road	Renewal	Long Plains	70
33 Hall Road (Grace Plains) from Broster Road to Nairn Road	Renewal	Grace Plains	59
34 Long Plains Road from Rowe Road to Daniel Road	Renewal	Long Plains	121
35 Frost Road (Lower Light) from Old Dublin Road to 35m South of Dublin Road	Renewal	Lower Light	126
36 Peppermint Road from Judd Road to End	Renewal	Lewiston	16
37 Gregor Road from Day Road to Aunger Road North	Renewal	Reeves Plains	117
38 Temby Road from Wasley Road to Mallala - Two Wells Road	Renewal	Two Wells	60
39 Tatura Avenue from Buckland Park Road to End	Renewal	Two Wells	37
40 Curnow Road from Old Dublin Road to Cawrse Road	Renewal	Mallala	63
41 Curnow Road from Cawrse Road to Gallipoli Road	Renewal	Mallala	81
42 Wasley Road from Navvy Hill Road to House	Renewal	Two Wells	32
43 Verner Road from Hall Road to Day Road	Renewal	Reeves Plains	146

CAPITAL PROJECT TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVE	EXPENDITURE TYPE	LOCATION	COSTS ($'000)
44 Barabba Road from Collins Road to Marshman Road	Renewal	Mallala	206
45 Germantown Road from 61m North of Kenner Road to Simpkin Road	Renewal	Two Wells	71
46 Daniel Road from End of Seal to Long Plains Road	Renewal	Long Plains	49
47 Gregor Road from Aunger Road North to Boundary Road	Renewal	Reeves Plains	82
48 Wasley Road from Temby Road to Forby Road	Renewal	Two Wells	40
49 Surface - Gallipoli Road from Mallala - Two Wells Road to Curnow Road	Renewal	Korunye	58
50 McEvoy Road (005) from Light Beach Road to River	Renewal	Lower Light	58
TOTAL INVESTMENT IN UNSEALED ROAD RESHEETING			**1,677**
PLANT & EQUIPMENT PROGRAM			
51 Investment in Plant & Equipment Program			653
TOTAL INVESTMENT IN PLANT & EQUIPMENT PROGRAM			**653**
SITE IMPROVEMENTS			
52 Fencing - Thompson Beach and Lewiston, Landscaping - Lewiston playground, Mallala reserve and Two Wells. Street and Reserve Furniture - Two Wells, Mallala and Dublin, Irrigation – Two Wells	Renewal	Two Wells	100
53 Lewiston Playground (softfall and shade sail)	Renewal	Lewiston	106
TOTAL INVESTMENT IN INVESTMENT IN SITE IMPROVEMENTS			**206**
COMMUNITY WASTE MANAGEMENT SCHEMES			
54 Mallala - Replacement of Property Pumps	Renewal	Mallala	10
TOTAL INVESTMENT IN COMMUNITY WASTE MANAGEMENT SCHEMES			**10**
STORMWATER			
55 Stormwater - Pump Station, Pump Replacements	Renewal	Various Locations	10
TOTAL INVESTMENT IN STORMWATER			**10**
SEALING UNSEALED ROADS			
56 Thompson Beach Esplanade Sealing	New/Upgrade	Thompson Beach	916
TOTAL INVESTMENT IN SEALING UNSEALED ROADS			**916**
PRAM RAMPS			
57 Pram Ramp renewal to DDA compliant	Renewal	Mallala Two Wells Dublin	10
TOTAL INVESTMENT IN PRAM RAMPS			**10**
TOTAL COUNCIL INVESTMENT IN INFRASTRUCTURE AND ASSETS IN 2026/2027 FINANCIAL YEAR			**4,191**

CAPITAL PROJECT TO ACHIEVE COUNCIL'S STRATEGIC OBJECTIVE	EXPENDITURE TYPE	LOCATION	COSTS ($'000)
RENEWAL OF EXISTING ASSETS AS PER ASSETS MANAGEMENT PLANS	RENEWAL		2,784
NEW ASSETS	NEW/UPGRADE		1,407
TOTAL COUNCIL INVESTMENT IN INFRASTRUCTURE AND ASSETS IN 2026/2027 FINANCIAL YEAR			4,191



Appendix 3: Uniform Presentation of Expected Rates Revenue

Expected Rates Revenue

	2025/26 (AS ADOPTED)	2026/27 (ESTIMATED)		CHANGE	COMMENTS
GENERAL RATES REVENUE					
General Rates (existing properties)	$15,632,973	$18,526,046	(a)		For 2026/27, an expected increase in total General Rates revenue of around 8.70% is projected inclusive of estimated growth (refer l) of 0.97% from new properties that have been created over the last year. General Rates income excludes income from fines and interest.
General Rates (new properties)	$273,649	$137,225	(b)		
Less: Rate Capping Discount	($1,522,975)	($3,001,364)	(c)		
General Rates (GROSS) (a+b+c)	**$14,383,647**	**$15,661,907**	**(d)**		
Less: Mandatory Rebates	($105,834)	($141,361)	(e)		
GENERAL RATES (NET)	**$14,277,814**	**$15,520,547**	(f)	**8.70%**	
	(f)=(d)+(e)				
OTHER RATES (INC. SERVICE CHARGES)					
Regional Landscape Levy	$371,546	$388,643	(g)		The Regional Landscape Levy is **not retained** by council.
Waste collection	$1,050,497	$1,169,235	(h)		$227 for standard 3 or 2 bin service
CWMS	$322,925	$354,486	(i)		$906 for each property unit at Mallala and $597 for each property unit at Middle Beach.
	$16,022,782	**$17,432,911**			
Less: Discretionary Rebates	($42,798)	($50,563)	(j)		
EXPECTED TOTAL RATES REVENUE	**$15,608,438**	**$16,993,704**	(k)	**8.88%**	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
	(k)=(f)+(h)+(i)+(j)				

	2025/26 (AS ADOPTED)	2026/27 (ESTIMATED)	CHANGE	COMMENTS
GROWTH IN NUMBER OF RATEABLE PROPERTIES				
Number of rateable properties	6,108 Actual	6,167 Estimate	(l) **0.97%**	Growth' is expected to account for around 0.95% of the estimated increase in General Rates to be collected (refer b).
'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.				
AVERAGE GENERAL RATES PER RATEABLE PROPERTY				
Average per rateable property	$2,355 (m)=(d)/(l)	$2,540	(m) **7.85%**	These 'averages' are based on the **total of all rateable properties** and are therefore not necessarily indicative of either the rate or change in rates that all ratepayers will experience.
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 rates paid by all rateable properties will equal the amount adopted in the budget.				

Notes

(e) Councils are **required** under the Local Government Act to provide a rebate to qualifying properties under a number of categories:

Health Services -100%

Religious purposes - 100%

Royal Zoological Society of SA - 100%

Public Cemeteries - 100%

Educational purposes - 75%

Community Services - 75%

The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).

(f) Presented as required by Regulation 6(1)(ea) of the *Local Government (Financial Management) Regulations 2011*.

Please Note: The percentage figure in (f) relates to the change in the total amount of General Rates revenue to be collected from all rateable properties, not from individual rateable properties (ie. individual rates will not necessarily change by this figure).

(g) Councils are required under the Landscape Act to collect the levy on all rateable properties on behalf of the State Government. The Regional Landscape Levy **is not retained by council**.

(i) Community Wastewater Management Systems

(j) A council **may** grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).

(k) Expected Total Rates Revenue excludes other charges such as penalties & interest for late payment and legal and other costs recovered.

(l) 'Growth' as defined in Regulation 6(2) of the Local Government (Financial Management) Regulations.

Differential Rates

	TOTAL EXPECTED REVENUE ($)			NO. OF RATEABLE PROPERTIES		AVERAGE PER RATEABLE PROPERTY ($)			CENTS IN THE $
	2025/26	2026/27	CHANGE	2025/26	2026/27	2025/26	2026/27	CHANGE	2026/27
LAND USE (GENERAL RATES - GROSS)									
Residential	8,531,177	**9,417,990**	4.39%	3,851	**3,985**	2,215	**2,363** (m)	**148**	**0.0032362**
Commercial	48,671	**50,530**	2.80%	29	**29**	1,678	**1,742** (m)	**64**	**0.0043074**
Commercial - Other	200,376	**219,813**	6.44%	72	**75**	2,783	**2,931** (m)	**148**	**0.0050776**
Industry - Light	19,458	**20,941**	2.80%	9	**9**	2,162	**2,327** (m)	**165**	**0.0045954**
Industry - Other	103,944	**114,795**	4.96%	15	**16**	6,930	**7,175** (m)	**245**	**0.0057443**
Primary Prod.	4,555,107	**4,858,733**	5.76%	1,480	**1,481**	3,078	**3,281** (m)	**203**	**0.0030712**
Vacant Land	742,797	**746,159**	20.27%	592	**512**	1,255	**1,457** (m)	**203**	**0.0033106**
Other	182,117	**232,945**	10.11%	60	**60**	3,035	**3,882** (m)	**847**	**0.0032427**
GRAND TOTAL (GROSS)	**14,383,647**	**15,661,907**	**5.74%**	**6,108**	**6,167**	**2,355**	**2,540** **(m)**	**185**	

Council uses a differential rating system, using Land Use Codes as the factor to apply such differential rates. In applying differential general rates, Council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all council areas, particularly as it relates to the various sectors of the business and wider community.

Fixed Charge

	TOTAL EXPECTED REVENUE			CHARGE			
	2025/26	2026/27	CHANGE	2025/26	2026/27		CHANGE
Fixed Charge	$2,388,159	**$3,381,944**	42%	$417	**$584**	(n)	**$167**

A Fixed Charge ensures all rateable properties pay a base amount to the cost of administering council activities and maintaining the services and infrastructure that supports each property. Rates based on values are then applied in addition to the fixed charge. 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 proposes to raise 18% of its general rate revenue by way of the fixed charge. This revenue amount is **included** in the General Rates GROSS figure at (d).

Adopted valuation method

CAPITAL VALUE

Council has the option of adopting one of two valuation methodologies to assess the properties in its area for rating purposes:

Capital Value – the value of the land and all improvements on the land; or

Annual Value – a valuation of the rental potential of the property.

Council continues to use **Capital Value** as the basis for valuing land within the Council area. Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

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

Notes

(m) Average per rateable property calculated as General Rates for category, including any fixed charge but excluding any separate rates, *divided* by number of rateable properties within that category in the relevant financial year.

(n) A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be 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.



Appendix 4: Rating Policy



Rating Policy

As required by section 123 of the *Local Government Act 1999*

Adoption by Council:	15 July 2026
Resolution number:	2026/256
Current version:	3
Administered by:	Chief Financial Officer
Last review date:	2026
Next review date:	2027[1]
Document number:	D26/33279
Strategic outcomes:	**Proactive Leadership**: *Strategic and Sustainable Financial Management*

Related documents:	Rates Arrears & Debtor Management Policy Financial Hardship Policy & Procedure Funding Policy Long-Term Financial Plan

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[1] Must be reviewed annually along with adoption of the Annual Business Plan & Budget, see section 123 of the Act.

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1. Purpose

1.1. The purpose of this policy is to outline Council's approach to determining and collecting rates from the community.[2] The policy aims to balance the strategic objectives of rating equity (share of rate burden), rating fairness (annual adjustments) and external influences including capital valuation changes and the economic environment.

1.2. This policy represents Council's commitment to balancing the 5 main principles of taxation:

(a) **Benefits received** (i.e. services provided, or resources consumed)–suggests that (all other things being equal) a person who received more benefits should pay a higher share of tax. Ratepayers should receive some benefit from the tax paid, but not necessarily to the extent of tax paid as rates are not a fee-for-service.

(b) **Capacity to pay**–suggests that a person who has less capacity to pay should pay less; and those persons of similar means should pay similar amounts.

(c) **Administrative simplicity**–refers to the costs involved in applying and collecting the tax and how difficult it is to avoid. The tax must also be understandable and easy to collect.

(d) **Economic efficiency**–refers to whether or not the tax distorts economic behaviour. For example, a tax, which is designed to change behaviour, and the behaviour changes, then the tax, is considered efficient.

(e) **Policy consistency**–that taxes should be internally consistent, and based on transparent, and predictable rules.

1.3. Recognising that these principles may sometimes conflict, Council is dedicated to finding an appropriate balance between their application, the objectives of rate levying, the necessity of revenue generation, and the overall impact on the community. Each principle has been carefully considered in the development of this policy.

2. Scope

2.1. This policy applies to all Council Members and employees responsible for making and implementing decisions related to rates.

2.2. When setting rates each year, Council will consider, in conjunction with this policy, its strategic management plans, the economic climate and relevant issues faced by the community.

3. Definitions

3.1. ***Act*** means the *Local Government Act 1999*;

3.2. ***Council*** means Adelaide Plains Council;

3.3. ***contiguous land*** (adjoining land) are parcels of land which abut (touch) one another or are separated only by certain types of public land and only one fixed charge may be imposed against the whole of that land;

3.4. ***principal ratepayer*** means owner of the land in accordance with the Act;

[2] Chapter 10 of the Act.

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3.5. ***rates*** is a local government tax on a property, calculated on the value of a property, in accordance with the Act; [3]

3.6. ***The Regional Landscape Levy*** is a State Government tax, which Council is required to collect under the *Landscape South Australia Act 2019*, in order to make a specified contribution to the funding of the operations of the Green Adelaide Board.

3.7. ***remissions*** *means any reduction in rates payable granted by Council*[4]

3.8. ***strategic management plans*** – refers to Council's Strategic Plan, Infrastructure and Assets Management Plan and Long-Term Financial Plan;

3.9. ***Single Farm Enterprise*** – A single farm enterprise must be comprised of two or more pieces of ratable land, which are farmland and are occupied by the same person or persons and only one fixed charge may be imposed against the whole of the land.

4. Our core values

Our approach to applying rates is underpinned by Council's core values:

Honesty and Integrity	Innovative and Open-minded	Leadership and Diplomacy	Professionalism	Respect	Teamwork
Building trust and loyalty with the community and within Council.	Being proactive in continually improving our services.	By acting strategically and effectively managing our relationships.	Through commitment, quality and timeliness of work delivered.	For others, acting with humility and empathy.	Through unity, cooperation and support.

5. Rating structure

5.1. Council raises revenue for the broad purposes of Council through a general or differential rate, which applies to all rateable land.

5.2. All land within Council area is rateable, except land specifically exempt.[5]

5.3. Rates are assessed against land subject to separate ownership or occupation and requires that the division of land for the purposes of establishing separate ownership and occupation be made fairly and in accordance with principles and practices that apply on a uniform basis across the area of the council.

6. Method used to value land

6.1. Council may adopt 1 of 2 valuation methodologies to value the land in its area[6]:

(a) **Capital Value** – the value of the land and all of the improvements on the land; and

(b) **Annual Value** – the valuation of the rental potential of the land.

[3] Section 150 of the Act

[4] Under Section 182 of the Act.

[5] Section 147 of the Act

[6] Section 151 of the Act.

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7. Adoption of valuations

7.1. Council adopts the capital valuations as assessed by the Valuer-General[7], effective at 1 July as the Capital Value of each property.

7.2. If a ratepayer is dissatisfied with the valuation made by the Valuer- General then they may object to the Valuer-General in writing **within 60-days** of receiving the first notice of the valuation, explaining the basis for the objection - provided they have not:

(a) previously received a notice of this valuation under the Act, in which case the objection period is 60 days from the receipt of the first notice; or

(b) previously had an objection to the valuation considered by the Valuer-General.

7.3. The 60 day objection period may be extended by the Valuer- General where it can be shown there is reasonable cause. Contact details to lodge an objection are included on the Rates Notice sent by Council.

7.4. Council has no role in this process. It is also important to note that the lodgment of an objection does not alter the due date for payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by Council.

7.5. If an objection is upheld, and a new value issued by the Office of the Valuer General, rates will be adjusted accordingly for the current financial year and an amended rate notice will be issued.

7.6. Retrospective adjustments will not be made for prior financial years.

8. Differential general rates

8.1. Every resident will benefit from the general amenity of the Council area in some way, whether that is now or in the future. The amenity includes the local economy, general Council operations and the option to use Council facilities.

8.2. However, Council has assessed that the level of differential rating imposed is governed in part by the:

(a) ability to pay;

(b) the potential for income tax deductions; and

(c) the perception of accessibility or usability of council services by the residents and consumers.

8.3. To this end, Council has determined the following.

(a) Commercial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases commercial users have a greater impact on the main services such as road maintenance and generally derive a greater benefit from the services provided. In addition, commercial properties have potential taxation benefits.

(b) Industrial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases industrial users have a greater impact on the main services such as road maintenance and generally derive a greater benefit from the services provided, particularly where, for example, large amounts of raw or unrefined product is delivered to site for processing utilising Council's

[7] Section 167(2)(1) of the Act.

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infrastructure. Similar to commercial properties, industrial properties have potential taxation benefits.

(c) Primary Production properties tend to be more remote from some of the services provided by Council. In terms of infrastructure adjacent to their properties, they may not have sealed or formed roads, footpaths or street lighting. However, they do have capacity to enjoy the formed roads, footpaths or street lighting and enjoy the same level of amenity as other residents of the Council area. Primary production properties also have potential taxation benefits.

8.4. Council can impose a general rate on all rateable land/or a differential rate based on location of land and/or the use to which the land is put.[8] In applying the equity and benefit principles, Council will apply a differential rate based on the use of the land.

8.5. Land use categories as provided in the *Local Government (General) Regulations 1999* (regulation) are used as the basis of Council's general rate calculation.

8.6. Definitions of land use are prescribed by regulation and are categorised as follows for rating purposes:

(a) Residential;
(b) Commercial – Shop;
(c) Commercial – Office;
(d) Commercial – Other;
(e) Industrial – Light;
(f) Industrial – Other;
(g) Primary Production;
(h) Vacant Land; and,
(i) Other

8.7. If a ratepayer believes a particular property has been incorrectly classified as to its land use, then an objection may be made to Council **within 60-days** of being notified of the land use classification.

8.8. It is important to note that the lodgment of an objection does not alter the due date for the payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by Council.

8.9. For the 2026/2027 Financial Year, Council determined that the following differential rates will be applied to all of its rateable assessments:

Land Use	Differential Rate in-the-Dollar
Residential	0.00323622
Commercial – Shop	0.00430740
Commercial - Office or Other	0.00507762
Industry - Light	0.00459543
Industry - Other	0.00574428
Primary Production	0.00307117

[8] Section 153 of the Act.

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Vacant Land	0.00331065
Other	0.00324269

9. Fixed charge

9.1. Council's rates are made up of both a fixed charge component and a variable (differential general rates) charge.[9]

9.2. Council considers it appropriate that all rateable properties make a base level contribution (Fixed Charge) to the cost of providing Council services and to the cost of creating and maintaining the physical infrastructure, that supports each property.

9.3. If two or more pieces of rateable land are contiguous, ratepayers may be eligible for a reduction in the fixed charge component of annual rates, meaning you only pay one fixed charge across all applicable properties.[10]

9.4. 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.

9.5. In the 2026/2027 Financial Year, Council adopted a fixed charge of $584. This equates to approximately 18% of general rate revenue which is below the limit of 50% allowed in the Act.[11]

10. Service charges

10.1. Council provides specific services for the benefit of specific properties for which service charges are applied. Services charges may be raised to cover the cost of establishing, operating, maintaining, improving, and replacing such services.

10.2. 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. Council imposed the following service charges for the 2026/2027 Financial Year.

(a) Community Wastewater Management Scheme (CWMS)

i. Council operates 2 CWMS, located in Mallala and Middle Beach, under a license from The Essential Services Commission of South Australia (ESCOSA).

ii. ESCOSA has determined that the common effluent drainage schemes (i.e. CWMS) that the council provides are a regulated service and as such charges applied by councils are effectively oversighted by ESCOSA.

iii. ESCOSA's responsibility is to ensure that councils charge a fair price (that complies with sound economic and equity principles) on an ongoing basis.

iv. Councils set their own charges but ESCOSA can provide directions and seeks to be satisfied that prices determined are reasonable and appropriate.

v. In accordance with South Australian and other states commitments, ESCOSA requires that council's pricing methodology is not in conflict with the National Water Initiative (NWI) principles/objectives.

[9] Section 152 of the Act

[10] Ratepayers will still have to pay the variable charge for each piece of rateable land.

[11] Section 151 (10) of the Act.

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vi. All revenue raised from the CWMS service charge must be used to cover the cost to Council of establishing, operating, maintaining, improving, and replacing (including by future capital works) the CWMS service.
vii. The service charge for CWMS is calculated using the Code for Establishing and Applying Property Units for the Imposition of Annual Services Charges for CWMS.
viii. In the 2026/2027 financial year, the CMWS service charge for Mallala and Middle Beach is $906 and $597 per property unit respectively on all land to which Council provides or makes available the service.

(b) Kerbside Waste Collection and Recycling Charge

i. Council provides a three-bin refuse collection service (Domestic Waste, Recycling and Organic) within the townships of Mallala, Two Wells and Dublin and a two-bin refuse collection service (Domestic Waste and Recycling) in rural and coastal settlement areas.
ii. The annual service charge is $227 per standard service.
iii. The service is provided to those ratepayers in Council's area that are able to access the service along the designated collection routes.
iv. Where the service is provided to rebated land, a service charge is still levied against the land.
v. Some residents may have to utilise one of the collection points to have their bin emptied as the waste collection truck does not traverse all roads in the district.
vi. Those residents are entitled to the following waste levy reductions if the resident's collection point is greater than 500 meters from the access point to their land: -
i. If greater than 500 meters but no more than 2 kilometers from the resident's access point to their land, 75% of the annual levy is charged;
ii. If greater than 2 kilometers but less than 5 kilometers, 50% of the annual levy is charged; and
iii. If 5 kilometers or more from the resident's access point to their land, no annual levy is charged.
vii. The waste levy is mandatory for properties located within the townships of Mallala, Two Wells and Dublin.

11. Regional Landscape Levy

11.1. Revenue collected from this levy is not retained by Council and does not determine how the State Government allocates the revenue raised.
11.2. Council's contribution to the Green Adelaide Board is collected from property owners through a separate rate, the Regional Landscape Levy, based on Capital Value. The rate is fixed and calculated to raise the equivalent amount as Council's share to be contributed to the Green Adelaide Board, taking into account any rebates/remissions under section 159-166 of the Act.
11.3. The Regional Landscape Levy is separate to the general rates levied by Council.
11.4. For the 2026/2027 financial year, Council will collect $0.389m for the payment of the State Government Regional Landscape Levy. The Regional Landscape Levy has been set at 0.00008214 rate in-the-dollar against all rateable properties.

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12. Payment of rates

12.1. Rate notices are issued to the principal ratepayer either by post or email to an address nominated by the principal ratepayer 30 days prior to the due date of each instalment (unless paid in full by the due date of the first instalment).

12.2. Council rates will be due in 4 instalments in the months of September, December, March and June. The exact date that rates fall due are detailed on the rates notice. Alternatively, the total outstanding balance of rates may be paid in full at any time.

12.3. Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalment due dates may contact Council's Rates Officer to discuss alternative payment arrangements. Council treats such enquiries confidentially.

12.4. Where it appears to Council that non-payment of rates is due to ratepayer experiencing financial hardship, Council will take proactive steps to advise the ratepayer they may apply for financial hardship under Council's ***Financial Hardship Policy and Procedure***.[12]

12.5. Fines and interest are still levied in accordance with the Act while there is an arrears balance.

12.6. Council provides various methods to enable the payment of rates, which are detailed on the rates notice.

Late Payment of Rates

12.7. If the Council does not receive quarterly rates instalment in full on or before the due date of the instalment, fines (and interest) will apply.[13]

12.8. When paying online (via Council website, Payble, Bpay or Australia Post), ratepayers need to be mindful that it can take up to 72 hours for funds to be transferred to Council.

12.9. It is the ratepayer's responsibility to ensure Council receives payment on or before the due date of each instalment. If an instalment of rates is not paid on or before the date on which it falls due, the instalment:

(a) will be regarded as being in arrears;

(b) will incur a fine of 2% of the amount of the instalment, applied immediately after the due date of the instalment;[14] and

(c) on the expiration of each full month from that date, will incur interest at the prescribed percentage as per the Act of the amount in arrears (including the amount of any previous unpaid fine and including interest from any previous month).

12.10. Council will consider applications for remissions of fines in certain extenuating circumstances. A request for waiver of fines should be made in writing, setting out detailed reasons why a fine remission has been requested.

12.11. Council allows a further two working days after the due date for payment as a grace period. Thereafter late payment fines are applied in accordance with the Act.

13. Collection of overdue rates

13.1. Steps will be taken to recover overdue rates including fines and interest as per Council's ***Rates Arrears and Debtor Management Policy***.

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[12] Section 182 of the Act.

[13] In accordance with section 181(8) of the Act.

[14] Section 181(8)(b) of the Act.

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13.2. When Council receives a payment in respect of overdue rates, Council applies the money received as follows:
   (a) First – in payment of any costs awarded to, or recoverable by, Council in any court proceedings undertaken by Council for the recovery of the rates;
   (b) Second – in satisfaction for any liability for interest;
   (c) Third – in payment of any fine;
   (d) Fourth – in satisfaction of liabilities for rates in the order in which those liabilities arose in payment of rates, in date order of their imposition (starting with the oldest account first).

14. Financial hardship

If a ratepayer is experiencing difficulties meeting rates payments on time and are experiencing financial hardship, an assistance may be available[15]

15. Rebate of rates

15.1. Councils must rebate the rates payable for certain land uses.[16] This includes a 100% rate rebate granted on places of worship, public cemeteries, hospitals and land occupied by universities, and 75% rate rebates have been granted on educational facilities (subject to some qualifications).

15.2. Discretionary rebates may be applied by Council.[17] Council annually considers rate rebates and for the 2026/2027 Financial Year has rebated rates charged to various district community and sporting organisations.

16. Rate capping rebate

16.1. Pursuant to sections 153(3) and (4) of the Act, Council will grant a rebate of general rates to the principal ratepayer where there is a significant increase in the rates payable as a result of a rapid change in the property value.

16.2. For the 2026/2027 Financial Year, the rebate will be automatically applied where the increase in rates payable is greater than 2.80%.

16.3. Where this rebate is not automatically applied, ratepayers who consider they are eligible for the Rate Capping Rebate may lodge an application form, which will be assessed against the eligibility criteria.

16.4. The application must be lodged within 60 days of receiving their first rates notice, noting the 60-day period may be extended if the ratepayer has lodged a valuation objection with the Valuer-General.

16.5. The rebate will not apply where since 1 July 2025 the property has been subject to:
   (a) change of land use; or
   (b) change of ownership due to sale or other property ownership transfer for valuable consideration; or
   (c) change of contiguous/single farm enterprise status; or

[15] As specified in Council's *Financial Hardship Policy* and P*rocedure*
[16] Section 159 and 160 to 165 of the Act.
[17] Section 166 of the Act.

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(d) a valuation increase of more than $100,000 due to development (as advised by the Valuer-General); or

(e) The land must not have a change of ownership due to sale or other property ownership transfer for valuable consideration on or before 30 June 2027 (and, to avoid doubt, if this occurs, the rebate is taken never to have applied and the new and/or former owner(s) may accordingly be required to pay outstanding rates).

17. Sale of land for non-payment of rates

17.1. Council may sell any property where the rates have been in arrears for 3 years or more, and Council has unsuccessfully pursued all reasonable attempts to secure payment.[18]

17.2. Before a Council sells land, it must send a notice to the principal ratepayer at the address appearing in the assessment record stating:

(a) the period for which the rates have been in arrears; and

(b) the amount of rates presently outstanding in relation to the land; and

(c) that if that amount is not paid in full within 1 month of service of the notice (or such longer time as Council may allow) Council intends to sell the land for non-payment of rates.

17.3. Except in extraordinary circumstances, Council enforces the sale of land for arrears of rates, in accordance with the Act.

18. References

Local Government Act 1999
Local Government (Financial Management) Regulations 2011
Local Government (General) Regulations 1999
Landscape South Australia Act 2019
Financial Hardship Policy & Procedure
Rates Arrears and Debtor Management Policy

19. Records management

All documents relating to this policy will be registered in Council's Record Management System and remain confidential where identified.[19]

20. Document review

This policy will be reviewed in accordance with Council's *Policy Review Schedule* to ensure legislative compliance and its continued relevance to Council's needs, activities and programs.

21. Further information

Public Access:	Members of the community may inspect this policy (and any other related documents) free of charge at: Council's website: **www.apc.sa.gov.au;** or Council's Principal Office: **2a Wasleys Rd, Mallala SA 5502**. *A copy of this policy may be obtained on payment of a fee.*[20]

[18] Section 184 of the Act.
[19] Refer to Council's ***Information Management Policy***.
[20] As outlined in Council's Fees & Charges Schedule.

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Queries:	Any queries in relation to this policy must be in writing to info@apc.sa.gov.au, marked: *Attention: Manager Governance*

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Appendix 5: ESCOSA Report



Advice

Local Government Advice - Attachment

Adelaide Plains Council

February 2023

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

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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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A The Commission's approach

In providing the Advice for the Adelaide Plains Council (**Council**), the Essential Services Commission (**Commission**) has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**).[1]

The Commission has considered the Council's strategic management plan (**SMP**) documents (as in the box below), with a particular focus on its performance and outlook against three financial indicators: the operating surplus ratio, the net financial liabilities ratio and the asset renewal funding ratio.[2] Analysis of these three indicators captures financial and service sustainability, in addition to cost control and affordability risk.[3]

- 2022-23 Annual Business Plan and Budget (adopted July 2022)
- 2022-23 to 2031-32 Long Term Financial Plan (adopted February 2022)
- Strategic Asset Management Plan (adopted October 2021)
- Transport Asset Management Plan (approved October 2021)
- Open Space Asset Management Plan (approved October 2021)
- Buildings and Land Asset Management Plan (approved October 2021)
- Stormwater Asset Management Plan (approved October 2021)
- Community Wastewater Management System Asset Management Plan (approved October 2021)

The Council does not yet have asset management plans (**AMPs**) for bridges, and plant and fleet, but the Commission notes that most of its asset base is covered by its existing AMPs.

Given that the Commission must, in providing advice, have regard to the objective of councils maintaining and implementing their infrastructure and asset management plans (**IAMPs**) (usually termed AMPs) and long-term financial plans (**LTFPs**),[4] it has also considered the Council's performance in that context. Findings regarding the content of the Adelaide Plains Council's AMPs, and the alignment between its LTFP and AMPs,[5] are discussed in section C.3.

The Commission has reviewed the Council's template data which contains its 2022-23 LTFP forecasts for 2022-23 to 2031-32, as well as its historical financial data and rateable property and staffing (Full

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

2 The indicators are specified in the *Local Government (Financial Management) Regulations 2011*. Since 2011, each council has been required to refer to these three indicators in its plans, annual budget, mid-year budget review and annual financial statements. The councils can adopt their own target range for each ratio, but the Commission has adopted the previously suggested Local Government Association (**LGA**) target ranges as a basis for its analysis, which were established and agreed during the development of the LGA Financial Sustainability Papers (2006-2011).

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

4 *Local Government Act 1999* (**LG Act**) s122(1g)(a)(i).

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

Time Equivalent (**FTE**)) numbers from 2011-12 onwards.[6,7] All charts and tables in the Advice are primarily sourced from these datasets. In addition, the Commission has reviewed the Council audit committee reports, and other public information, as appropriate.

The Commission has reported estimates in nominal terms, for consistency with the Council's plans and actual rate levels, but it has compared estimated inflation impacts to these trends as a guide to identify 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (**CPI**) line shows the cumulative growth in the CPI (Adelaide) series from 2011-12, and then projections of this series from 2022-23 based on the Reserve Bank of Australia (**RBA**) (Australia-wide) inflation forecasts (to the June quarter 2025), and the midpoint of the RBA target range (2.5 percent) thereafter.

Finally, in formulating this Advice, the Commission has had regard to the circumstances of the Adelaide Plains Council, including its location as a regional council, income level ($14.8 million) and the size of its rates base (more than 5,600 ratepayers[8]).

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

7 The Council's estimates for the 2021-22 financial year, relied on at the time of preparing this advice, were unaudited.

8 Based on the estimated number of property assessments in 2022-23.

B Material plan amendments in 2022-23

The Adelaide Plains Council's 2022-23 LTFP was adopted in February 2022 and is used as a basis for assessing the Council's material plan amendments. The Commission notes the Council does not have an updated 2021-22 LTFP to use as a comparison. As such, the Commission considers it appropriate to provide commentary on the most recent material changes (identified by the Commission) arising from the 2022-23 budget (adopted in July 2022). This approach has been taken as the Council's prior LTFP (the pre-2022-23 LTFP) was not updated since the 2019-20 LTFP was adopted on 27 June 2019.[9] The Commission's finding regarding the reviews of its LTFP are discussed in section B.4 below.

B.1 Revisions to operating expenses

The Adelaide Plains Council has proposed, in its 2022-23 LTFP, 27 operating programs and initiatives targeted to achieve the objectives of its Strategic Plan 2021-2024 and the IAMPs.[10] These costs represent 9.0 percent of the Council's total operating costs (including depreciation) over the next 10 years, of which 75.3 percent of these costs are related to additional labour resources.

The Council has made some downward revisions to its 2022-23 budget by deferring certain projects (totalling about $1.0 million) into 2023-24, for example the Two Wells, Main street - Underground Powerlines, and the Relocation of the Two Wells Waste Transfer Station.[11] This change contributes to the improvement in the operating budget deficit in 2022-23, to a $1.0 million deficit, compared to a $1.7 million deficit estimated in the LTFP.

The Council has also budgeted for significant cost increases in 2022-23 compared to the estimated actuals in 2021-22, with:

- an increase in 'employee' expenses by 18.1 percent, which appears to be driven by an additional 10 FTEs over the two-year period between 2021-22 and 2022-23; and
- an increase in 'materials, contracts and other' expenses by 24.0 percent.[12]

The Council states that 'employee' expenses have increased since 2020-21 to strengthen its internal capacity to respond to significant increases in economic development opportunities and residential growth within the district.[13] The Commission notes that the Council experienced growth of 4.9 percent in rateable property numbers in 2021-22 (with 254 more properties), following 1.2 percent average

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9 Adelaide Plains Council, *Special Council Meeting Agenda – 27 June 2019, Item 4.2 Adoption of 2019/2020 Annual Business Plan, Budget and 2020-2029 Long Term Financial Plan and Declaration of Rates for 2019/2020*, p. 19, available at https://www.apc.sa.gov.au/__data/assets/pdf_file/0032/356387/Agenda-Special-Council-Meeting-27-June-2019.pdf.

10 These costs are referred by the Council as 'net operating project expenses' or 'non-recurrent expenses' which are expenses where a program or activity does not make up part of the Council's regular core services or there is a finite funding life required. Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p. 25, available at https://www.apc.sa.gov.au/__data/assets/pdf_file/0021/931611/2022-2023-Annual-Business-Plan-and-Budget.pdf.

11 Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p. 73. The Commission has compared the Council's budget for 'materials, contracts, and other' expenses ($5.0 million); the net cost of two CWMS ($0.2 million); and growth initiatives ($0.9 million) in its analysis. The Council's 2021-22 unaudited estimates were reported to the Commission in its Excel Template.

12 This category includes costs associated with kerbside waste collection, disposal and street sweeping, information technology, general and infrastructure maintenance, utilities, insurances and legal, motor vehicle costs, marketing and advertising, and staff training. Additionally, this category captures costs associated with the Council's growth initiatives ($0.9 million in 2022-23) and the costs of operating two Community Wastewater Management Systems (**CWMS**) ($0.4 million in 2022-23).

13 Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p. 19.

annual growth in the preceding 10 years.[14] Further, the Council noted that it has been accumulating significant new assets which must be managed, including $5 million per annum in donated assets over three years.[15]

The Council has identified a range of external inflation influences on its 2022-23 budget estimates including estimated Adelaide CPI growth of 2.25 percent in 2022-23 based on the 2021-22 Mid-Year Economic and Fiscal Outlook of the Government of South Australia and that prices for its 'materials, contract and other' expenses have increased by 3.47 percent (exclusive of kerbside waste collection charges).[16] Given the current inflationary environment, the Commission notes that it is important for the Council to review its inflation assumptions annually as part of its LTFP projections, in accordance with the finding in section B.4 below.

B.2 Revisions to capital expenditure

The Adelaide Plains Council has estimated a total capital expenditure program in 2022-23 of $8.9 million (as per its current LTFP). However, the Council has revised down its capital expenditure in the 2022-23 adopted budget by 9.5 percent, to $8.1 million. The change in the budget reflects an increase in asset renewals expenditure of $0.4 million, to $4.6 million (representing 56.9 percent of the total capital expenditure budget), offset by a decrease in new asset expenditure of $1.3 million, to $3.5 million (representing 43.1 percent of the total capital expenditure budget).

The Council has generally aligned its 2022-23 asset renewal budget to its adopted AMPs; however, some renewals, such as for plant and equipment and bridges, are included in the budget or identified outside of the AMPs. Additionally, new asset expenditure for the sealing of Middle Beach Road (of $2.4 million) is also included in the budget or identified outside of the AMPs.[17] The asset renewals expenditure is further discussed in section C.3.

B.3 Revisions to new borrowings

The Adelaide Plains Council has revised down new borrowing requirements in its 2022-23 budget to $4.5 million, compared to $10.3 million proposed in the LTFP. This material revision appears to be driven by some inconsistencies in its cash flow modelling in the LTFP, as well as the Council's net lending /borrowing calculation in the Uniform Presentation of Finances published in its LTFP. The Council's borrowings contribute to the performance of the net financial liabilities ratio and is discussed in section C.2.

B.4 Review of LTFP

The Commission's advice on material plan amendments has been limited to one financial year, as previous years LTFP were unavailable (as a basis of comparison). For this reason, the Adelaide Plains Council has not provided a written statement explaining any material amendments; but has also not proposed any material amendments to its LTFP or AMPs (or a reference in its plans to these amendments). The Commission has provided guidance on these matters under its Guideline for information provision, prepared for the purposes of section 122(1e) of the LG Act.[18]

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

[15] Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p. 9.

[16] Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p. 16.

[17] The Council will receive capital grants in 2022-23 under the Local Government Infrastructure Partnership Scheme to seal Middle Beach Road (or 50 percent of $2.4 million). Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p.42.

[18] Commission, *Guideline for information provision under the Local Government Advice Scheme 2022-23,* August 2022, pp. 3-4, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

The Commission notes that under s122(4)(a) of the LG Act, a council must undertake a review of its LTFP (and any other elements of its strategic management plans prescribed by the regulations), on an annual basis. In addition, under s122(4)(b), a council must undertake a comprehensive review of its strategic management plans within 2 years after each general election of the council (s122(4)(b)).

The Adelaide Plains Council has indicated that its Audit Committee had considered updating the previous LTFP at its meeting on 12 April 2021; however, the Council had decided to defer updating the LTFP until various strategic documents were updated and initiatives costed, such as the IAMPs and Tourism and Economic Development Strategy.[19]

While the Commission does not have an administrative role in relation to compliance with the LG Act, it would encourage the Council to:

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

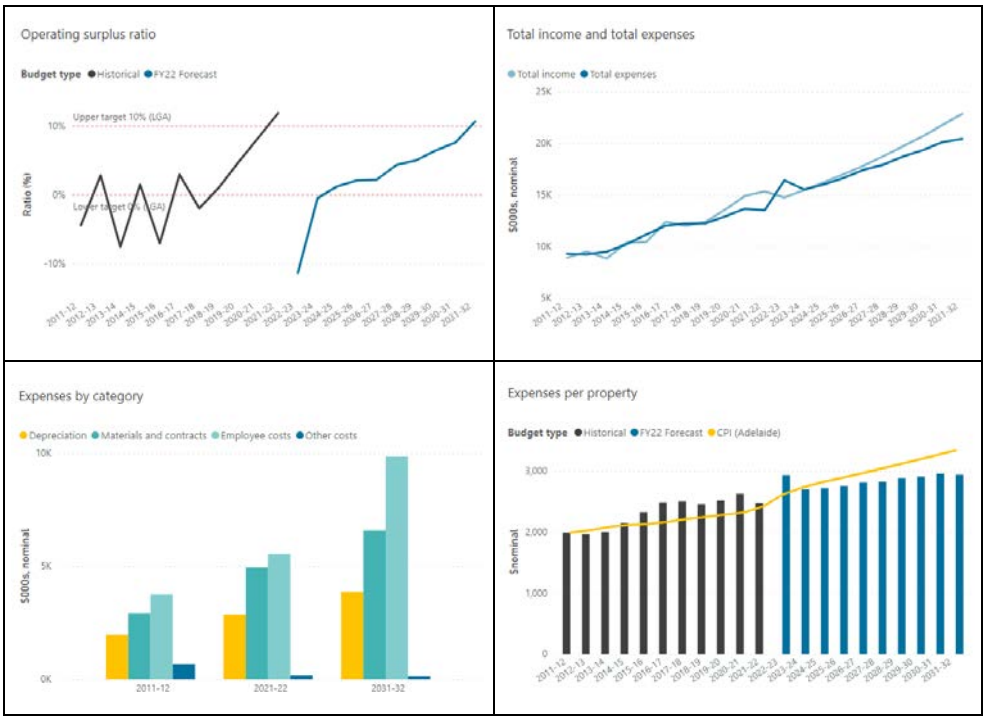
[19] Adelaide Plains Council, *Ordinary Council Meeting Agenda – 27 April 2021, Item 14.1 Draft 2021/2022 Annual Business Plan and Budget for Public Consultation*, p. 76, available at https://www.apc.sa.gov.au/__data/assets/pdf_file/0024/883014/Agenda-Ordinary-Council-Meeting-27-April-2021.pdf.

C Financial sustainability

C.1 Operating performance

The Adelaide Plains Council has run a mix of operating surpluses and operating deficits historically but the average from 2011-12 to 2020-21 is a small surplus of 0.1 percent.

In the last four years, the operating surplus ratio[20] has averaged 6.9 percent per annum. In the forward years, the Council is projecting initial operating deficits (totalling $1.7 million over 2022-23 and 2023-24); however, over the long-term, the operating surplus ratio progressively trends toward the upper level of the suggested LGA target range (of 10 percent) by 2031-32 (see the top left chart below). The improvement to its projected operating performance is attributable to budgeting for continued rate increases (including growth in rateable properties) and relatively slower expenses growth (see the top right chart below).



As further discussed in section D, the Council is projecting average annual rates revenue growth of 5.5 percent to 2031-32, which is set to outpace inflation[21] and expense growth.

[20] 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).

[21] The forecast average annual growth in the CPI from 2022-23 to 2031-32 is estimated to be 2.8 percent based on the RBA forecasts for the CPI (Australia-wide) to June 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

Average expense growth of 2.5 percent per annum is marginally below forecast inflation growth;[22] however, this excludes the 2022-23 forecast step-up in costs (discussed in section B). This long-term trend marks a shift from the Council's past performance (with average annual expense growth of 4.4 percent in the 10 years to 2020-21, and 3.1 percent on a 'per property' basis). This compared with average annual inflation growth of 1.7 percent over this period.[23]

The higher historical operating expense growth was primarily due to an average annual increase of 7.1 percent in 'materials, contract and other' expenses,[24] and 4.5 percent in depreciation expenses. 'Employee' expenses (contributing approximately 41 percent of total operating expenses) also increased at an average rate of 3.6 percent (see bottom left chart on the previous page). While these costs increased at a rate above inflation, the Commission notes the Council's rateable properties have increased on average by 1.2 percent per annum over the same period.

'Employee' expenses are forecast to increase by an average of 5.5 percent per annum, higher than forecast inflation. The LTFP stated that it applied an indexation of 2.5 percent per annum; in addition, the Council has projected a growth in FTEs on average of 2.8 percent per annum (or two FTEs per annum).

The Adelaide Plains Council has also stated that it will look to deliver quality services in the most cost effective and efficient manner.[25] This is a prudent approach, noting it's improving long-term financial sustainability outlook does rely on more 'cost constraint' than it has demonstrated in the past. Apart from the significant increase in 'employee' expenses and 'material, contracts and other' expenses in 2022-23, the Council's long-term trends appear broadly in-line with RBA-based inflation forecasts of 2.8 percent per annum to 2031-32. On a per rateable property basis, operating expenses are relatively stable (in nominal terms) indicating that scale effects are forecast to help constrain cost growth (see bottom right chart on the previous page).

Growth in rateable properties is a key factor in the Council's long-term operating performance, where it has assumed an average increase of 2.4 percent per annum (to 2031-32), which is notably higher than 1.5 percent per annum (2011-12 to 2021-22, which includes the 4.9 percent increase in 2021-22).

If this forecast growth does not occur but the cost trajectory is maintained, the operating costs per rateable property will rise. Also, the Commission notes, the LTFP was last updated 12 months ago (in February 2022) and the economic environment facing the Adelaide Plains Council may have become less favourable. This further emphasises the value of cost flexibility to the council in managing growth.

The Commission has found that it would be appropriate for the Council to:

2. **Review** the rateable property growth forecasts in its budget projections each year to ensure that they remain current and do not create a need for additional rate increases to generate the same level of projected revenue.
3. **Report** its actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

C.2 Net financial liabilities

The Adelaide Plains Council has consistently used borrowing and other financing options to supplement any annual shortfall of funds and, over time, this has been within the suggested LGA target

[22] See footnote 21.
[23] CPI Adelaide (All groups) for the period 2011-12 to 2020-21.
[24] This also includes the increase in the solid waste levy over the past 10 years which has impacted councils' waste management costs.
[25] Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p. 18.

range for the net financial liabilities ratio of between zero and 100 percent.[26] The Council's net debt has historically represented, on average, 72.6 percent (or $4.5 million annually) of its net financial liabilities and, on 30 June 2022, the Council has reported net debt of $2.6 million (or total borrowings of $2.8 million, and a cash balance of $0.2 million) representing 53.5 percent of net financial liabilities. The Commission has reviewed the historic fluctuations in this ratio and has broadly observed the Council's change in borrowings (a key driver of this ratio) is driven by:

- the shortfall funding requirements arising from its net cash flow deficits (after capital expenditures)
- additional repayment of borrowings arising from the Council's surplus funds from its cash balances or the net cash flow surpluses it generated, and
- the debt and repayment terms associated with the Council's long-term investment in CWMS and other assets. For example, the Council has an outstanding fixed rate long-term debt for the Mallala[27] CWMS assets of $1.8 million on 30 June 2022.

The charts below provide a representation of the Council's net financial liabilities ratio (included in the LTFP) and the key drivers.



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

[27] The Adelaide Plains Council was formerly known as the District Council of Mallala.

As discussed in section B.3 (above), the Council has revised down the borrowing requirements in its 2022-23 budget to $4.5 million, compared to $10.3 million proposed in the LTFP. This material revision changes the Council's forecast borrowings and net financial liabilities profile depicted in the charts above. The key reason for this appears to be related to cash flow inconsistencies identified in the Council's Uniform Presentation of Finances (included in the LTFP)[28] which result in the incorrect calculation of the Council's net lending/borrowing, in effect overstating its borrowing requirements in 2022-23.[29] These inconsistencies include:

- incorrect reporting for '*less* Amounts received specifically for New and Upgraded Assets', and
- omission of 'net operating project expenses' which have been included in both the Council's Statement of Comprehensive Income and Uniform Presentation of Finances in the 2022-23 Budget documents.

Broadly, because of this and the material revisions noted in section B, the Commission estimates the budget borrowings will reduce the net financial liabilities ratio from 112.2 percent to approximately 73 percent in 2022-23. Under the LTFP, the Council is forecasting a progressive repayment of borrowings and higher operating income which will reduce the net financial liabilities ratio to 8.9 percent by 2031-32; however, this amortisation profile will need to be updated to reflect the Council's revised level of borrowings.

For these reasons, the Commission has found that it might be appropriate for the Council to:

4. **Improve** the transparency and consistency of borrowing assumptions in its long-term financial plan, particularly in the calculation of 'net lending/borrowing' as per the Uniform Presentation of Finances.

C.3 Asset renewals expenditure

During 2011-12 to 2020-21, the Adelaide Plains Council has spent a more on new and upgraded assets than the renewal and rehabilitation of its existing stock, averaging $1.9 million per annum on new or upgraded assets, compared with $1.7 million on the renewal of its asset base. The Council's accumulation of infrastructure reflects the demands of property growth (of 1.5 percent on average per annum over this period).

The Council's expenditure on asset renewals has been highly volatile but over the long term, higher than the level recommended by its AMPs. Between 2011-12 and 2020-21, the average asset renewal funding ratio (IAMP-based) was 125 percent which is above the suggested LGA target range of (90 to 110 percent).[30] In 2016-17, the annual ratio was 418 percent, reflecting a spike in capital expenditure, followed by lower expenditure over the next five years (with the ratio then averaging 76 percent).

In 2021-22 and 2022-23, the ratio is estimated to be high (around 130 percent) before returning to 100 percent consistently from 2023-24 (with asset renewal expenditure then projected to align exactly with

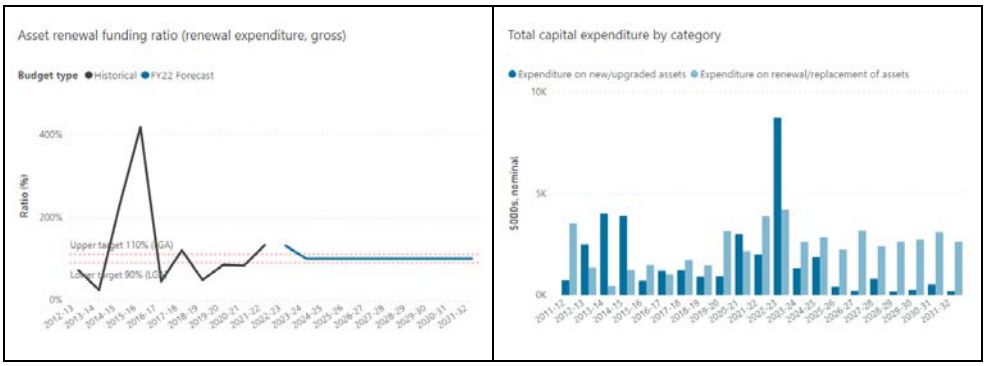
[28] Regulation 5(1) of the *Local Government (Financial Management) Regulations 2011* requires that a LTFP must include (among other things) a summary of proposed operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances.

[29] However, the correct accounting is applied in the Council's Uniform Presentation of Finances published in its annual business plan. Adelaide Plains Council, *2022-23 Annual Business Plan and Budget*, July 2022, p. 70.

[30] 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 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

AMP-recommended expenditure). The Council's spending on renewal assets is projected to average $2.9 million to 2031-32 (in nominal terms).

The charts below provide a depiction of these spending trends.



Since the preparation of the Council's AMPs (adopted in October 2021), it is projecting that the renewal and new asset expenditure in the LTFP will generally align to its AMPs. However, the Council has advised that AMPs have not been prepared for bridges, and plant and fleet assets, and some expenditure has been included in the LTFP and identified outside of the AMPs. Additionally, some new and upgraded expenditure has been excluded from the LTFP but included in the AMPs. For example, expenditure included in the LTFP and identified outside of the AMPs include:

- bridge renewals – $1.0 million (in 2022-23)
- plant and fleet renewals – $4.9 million (over the period 2022-23 to 2030-31)
- new 'strategic' land acquisition – $4.0 million (in 2022-23), and
- new transport expenditure for the sealing of Middle Beach Road – $2.4 million (in 2022-23).[31]

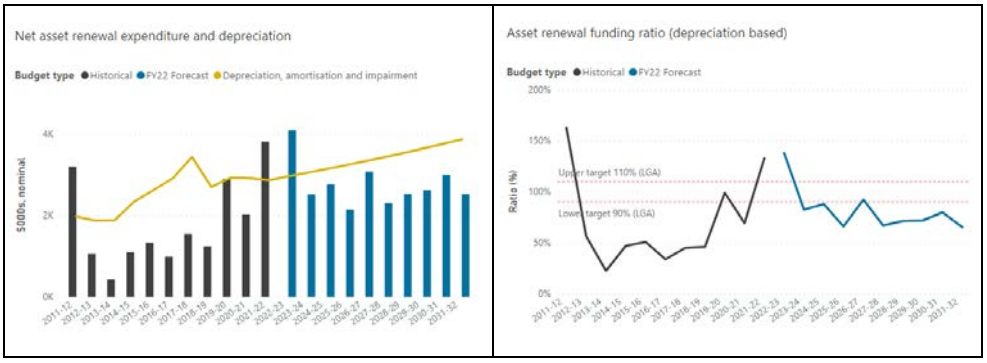
The Commission notes that there can be legitimate budget reasons for adjusting capital expenditure from year to year, as well as additional inflation impacts, but encourages the Council to review this area to determine if there can be better alignment. However, given these differences, the Commission would encourage the Council to improve the alignment between the AMPs and LTFP, and therefore finds it appropriate to for the Council to:

5. **Consider** including bridges, and plant and equipment assets in new or existing asset management plans to support the prioritisation of renewal expenditure in its long-term financial plan.

Asset renewals expenditure can also be assessed with the asset renewal funding ratio based on the depreciation approach.[32] Between 2012-13 and 2020-21, depreciation expense growth outpaced renewal capital expenditure by $11.0 million, and this has resulted in an average asset renewal funding ratio (depreciation-based) of 53.3 percent. The charts below depict these trends.

[31] The Council is expected to receive capital grants of $1.2 million (50 percent) in 2022-23 under the Local Government Infrastructure Partnership Scheme to seal Middle Beach Road.

[32] The Council's asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses). This ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the estimated rate at which these assets are used or consumed.



A high-level review of the Council's asset base over the five-year period to 2020-21 indicates the Council has grown its assets through both renewal asset expenditure and new asset investment (relative to depreciation), as:

- total capital expenditure has exceeded total depreciation expense by 12.1 percent; however, renewal capital expenditure is lower than total depreciation expense by 36.3 percent
- total assets received free of charge have totalled $14.6 million (from 2016-17 to 2020-21) or an average of $2.9 million per annum, and
- the overall asset base has continued to grow from a carrying value of $100.8 million to $121.1 million (on 30 June 2021), representing an average increase of 4.7 percent per annum (see more on this point below).

Over the 10-years to 2031-32, the Council's depreciation expenses are again forecast to outpace renewal capital expenditure on average by 19 percent, resulting in the asset renewal funding ratio (depreciation-based) averaging 81.1 percent per annum.

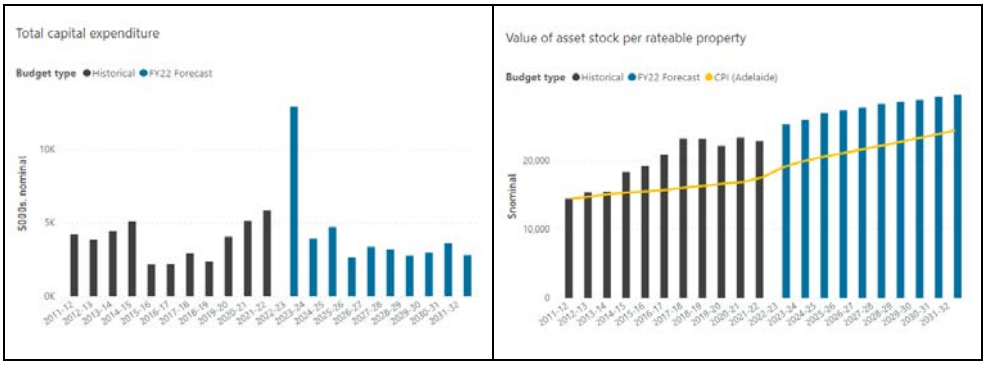
There may be legitimate reasons why depreciation expenses are higher than renewal expenditure. The risk that arises when depreciation expenses exceed spending on asset renewals is that the asset lives are assumed to be shorter (in the depreciation calculation) than occurs in practice. The implication of projecting higher than necessary depreciation expenses is that higher operating income (and potentially higher rates revenue) is required to generate an operating surplus for the Council.

Therefore, it would be appropriate for the Council to:

6. **Review** the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better align with the allocations in its long-term financial plan as necessary, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.

In 2022-23, the Council has budgeted a relatively large capital program of $8.1 million ($4.6 million on asset renewals and $3.5 million on new and upgraded works), and this compares to an average total capital expenditure of $3.8 million per annum over the last 10 years (see the left chart over the page). Practically and logistically, the increase in capital expenditure may be challenging to achieve, even though the projects incorporate grant funding and developer contributions.[33]

[33] For example, the Council will receive capital grants in 2022-23 under the Local Government Infrastructure Partnership Scheme to seal Middle Beach Road (or 50 percent of $2.4 million).



As the above right chart indicates, the growth in the value of asset stock per property was 5.4 percent in the Adelaide Plains area over the 10 years to 2020-21. This reflects a combination of capital expenditure and asset accumulation by the Council (including those assets provided by developers), as well as asset revaluations over this period.

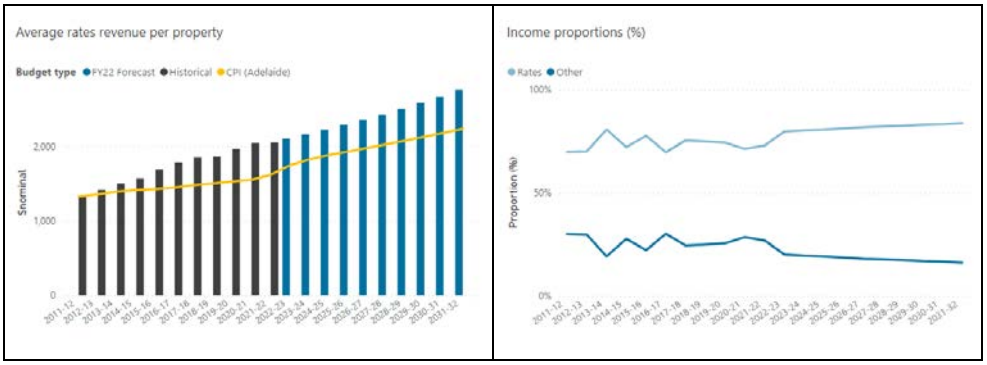
The Council's forward projections indicate that the value of the assets per property will increase at a much lower rate to 2031-32 - by an average of 1.4 percent per annum - which is lower than the RBA-based forecast rate of inflation (2.8 percent per annum). Notwithstanding that the spike in capital expenditure in 2022-23 does not yet appear to be reflected in the future asset value estimates, these projections, as they stand, would contribute to the Council's sustainability into the future and reflect a period of asset and service consolidation accompanying higher growth. Nonetheless, the Council's annual review of its LTFP from 2023-24 might also need to incorporate further revisions to the asset value estimates.

D Current and projected rate levels

D.1 Historical rates growth

The Adelaide Plains Council's rate revenue per property has increased on average by 4.9 percent per annum (or $79 per annum),[34] to reach an estimated $2,043 per property in 2020-21 (see the left chart below).[35] This has exceeded CPI growth of an average of 1.7 percent per annum over this period, but also encompasses 1.2 percent average annual growth in rateable property numbers.[36] Current rate levels partially reflect its recent history of spending growth, predominantly on the costs associated with renewing and upgrading its community infrastructure and accumulating new assets, as was discussed in the previous section.

Based on external data, the Commission notes that the Adelaide Plains Council has relatively high average rates, reflecting its relatively high-rate levels for residential categories, but relatively low non-residential rates.[37] Arguably, the residential rates are more indicative of some metropolitan council levels, rather than rural council levels.



D.2 Proposed 2022-23 rate increases

The Adelaide Plains Council has budgeted for an average rates increase of 6.2 percent applying to ratepayers in 2022-23, which will provide for an estimated increase in net general rates revenue of 9.0 percent (including growth).[38] This represents a higher increase than the Council's projection in the LTFP of 2.5 percent or 5.3 percent (including growth).[39] The Commission also notes that the Council's

[34] From 2011-12 to 2020-21.

[35] These estimates are based on the Council's Excel Template data which include total general rates revenue and other service charges.

[36] CPI Adelaide (All groups). Average annual growth in the Local Government Price Index (**LGPI**) published by the South Australian Centre for Economic Studies was similar (at 1.9 percent). Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.

[37] Refer to Councils in Focus rates data for 2019-20 available at https://councilsinfocus.sa.gov.au/councils/adelaide_plains_council. The Commission is not relying on these rate comparisons for its advice; the data source provides just one indicator, among many, which has informed its advice on the appropriateness of the rate levels.

[38] This year-on-year increase compares the 2022-23 adopted budget to the 2021-22 adopted budget (Adelaide Plains Council, *2022/2023 Annual Business Plan and Budget*, July 2022, p. 50).

[39] The Council noted a 2.25 percent increase in general rates for 'business as usual' plus 0.25 percent to fund new assets / programs, plus 2.75 percent to allow for growth. This results in a total increase to existing rates of 2.50 percent or 5.25 percent when growth is considered (Adelaide Plains Council, *2022-23 to 2031-32 Long Term*

rateable properties has increased by 4.9 percent in 2021-22 (to 5,460 rateable properties), the largest annual increase in the last 10 years, being a key driver of its large revenue increase in 2022-23.

Different rate categories are subject to varying changes, with residential ratepayers to pay an average increase of 5.5 percent (or $95 per property) on 2021-22 budget levels (which accounts for 57.2 percent of general rates revenue). Primary production (mostly farmland) ratepayers will pay an average increase of 4.0 percent (or $101 per property) on 2021-22 budget levels (which accounts for 34.3 percent of general rates revenue). Vacant land ratepayers will experience the largest increase – an average increase of 10.4 percent (or $131 per property); however, these ratepayers account for approximately 1 percent of general rates revenue.

In terms of income from other charges incurred by ratepayers, these include the Regional Landscape Levy, waste collection,[40] and CWMS charges, increasing by 2.5 percent, 6.7 percent, and 4.8 percent, respectively. These three charges account for approximately 10 percent of the Council's total expected rates revenue in 2022-23.

D.3 Projected further rate increases

Over the forward years of its LTFP, the Council is projecting average growth in total rates revenue per rateable property of 3.1 percent per annum from 2023-24 to 2031-32. In total, the LTFP effectively projects a cumulative increase of $655 per existing ratepayer (to $2,758) by 2031-32, an increase of approximately $200 above the Council's assumed inflation growth over this period (see previous chart on the left side).[41] This increase partially reflects the Council's assumption in its 2022-23 budget of an additional 0.25 percent above inflation to fund new assets/programs.[42]

The Commission notes that rate revenues are a key driver for the Council's projected financial performance but notes that it also relies on additional sources of funding such as 'grants, subsidies and contributions', statutory charges and user charges. Over the long-term (in 2031-32), grant income and user charges are projected to account for a lower percentage of total operating income, at 9.8 percent (down from 21.5 percent in 2021-22) and 0.9 percent (down from 1.4 percent in 2021-22), respectively. By implication, the Council projects higher contributions from rate revenue and statutory charges, at 83.8 percent (up from 73.0 percent in 2021-22) and 4.9 percent (up from 3.4 percent in 2021-22), respectively.

D.4 Affordability risk

Affordability risk among the community for the current and projected rate levels appears to be moderate. The Commission notes that the Adelaide Plains Council area has relatively high socioeconomics based on its Socio-Economic Indexes for Areas (SEIFA) ranking, which indicates that on average, the community has relatively higher access to economic resources than many other council areas.[43]

Financial Plan, February 2022, p. 6, available at https://www.apc.sa.gov.au/__data/assets/pdf_file/0029/1113995/Long-Term-Financial-Plan-2023-2032.pdf).

40 The Commission notes the increase in the solid waste levy over the last 10 years, which has impacted waste management costs in the local government sector.

41 The CPI forecasts in the chart are based on RBA forecasts and then a return to long term averages (2.5 percent per annum), which are different to Council's inflation forecasts (as was discussed in section B.1).

42 Adelaide Plains Council, *2022-23 to 2031-32 Long Term Financial Plan*, February 2022, p. 6.

43 The Adelaide Plains Council area is ranked 65 among 71 South Australian '*local government areas*' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of SEIFA (2016), where a lower ranking (eg, 1) denotes relatively lower access to economic resources in general, compared with other areas, available at https://www.abs.gov.au/ausstats/subscriber.nsf/log?openagent&2033055001%20-

However, the current economic environment is putting more pressure on most communities' capacity to pay for further rate increases, including Adelaide Plains. Further, it is not evident that the Council has tested the support for the rate increases through community consultation (for example, with a survey or discussion forum about rate increases and service levels). Given that residential rates are already so comparatively high in the Council area and more increases above inflation are projected to 2031-32, the Commission considers that it would be appropriate for the Adelaide Plains Council to:

7. **Review** and consider limiting future increases above inflation on its average residential rates (for which average rate levels are high) to help reduce affordability risk in the community.
8. **Consult** directly with its community about future rate increases and service levels (for example, through a community survey or discussion forum).

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Adelaide Plains Council's response to the SMP Advice

Adelaide Plains Council (the Council) acknowledges the receipt of Essential Services Commission of South Australia's (ESCOSA) strategic management plans (SMP) Advice dated 28 February 2023.

The Council has reviewed the advice provided by ESCOSA and makes the following response/ commentary for the Advice.

ESCOSA ADVICE	COUNCIL COMMENT	IMPLEMENTATION TIMEFRAME
GOVERNANCE CONSIDERATIONS		
1 **Review** its long-term financial plan annually (including its 10-year projections and all relevant assumptions (including for inflation)) to better inform its decision-making and any relevant consultation processes.	Due to uncertainties surrounding the impact of COVID-19, Council deferred updating LTFP in 2020. It was deferred again in 2021 until various strategic documents were updated and costed.	LTFP is currently being updated as part of 2023/2024 budget process. Expected to be completed by July 2023.
BUDGETING CONSIDERATIONS		
2 **Review** the rateable property growth forecasts in its budget projections each year to ensure that they remain current and do not create a need for additional rate increases to generate the same level of projected revenue.	As part of developing 2023/2024 budget, rateable property growth is being reviewed. If the projected growth does not occur, Council will adjust growth related expenditure specially in the area of new labour resources.	As part of 2023/2024 budget process and ongoing every year.
3 **Report** its actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.	Past and future cost savings will be reported in the 2023/2024 Annual Business Plan and Budget as recommended.	As part of 2023/2024 budget process and ongoing every year.
4 **Improve** the transparency and consistency of borrowing assumptions in its long-term financial plan, particularly in the calculation of 'net lending/borrowing' as per the Uniform Presentation of Finances.	Uniform Presentation of Finances will be updated to ensure transparency in the calculation of net lending/borrowing.	As part of 2023/2024 budget process and ongoing every year.

ESCOSA ADVICE	COUNCIL COMMENT	IMPLEMENTATION TIMEFRAME
REFINEMENTS TO ASSET MANAGEMENT PLANNING		
5 **Consider** including bridges, and plant and equipment assets in new or existing asset management plans to support the prioritisation of renewal expenditure in its long-term financial plan.	Transport - Infrastructure Asset Management Plan updated in 2021 has already covered bridges. Assets management plan will be updated to include all major plant and equipment assets when next comprehensive review of Council's assets management plans occurs following the review of strategic plan.	As part of next update to the Council's assets management plan. Expect to occur in 2024.
6 **Review** the assumptions underpinning its asset management plans to ensure those plans incorporate a more accurate picture of required asset expenditure and better align with the allocations in its long-term financial plan as necessary, including the estimate for asset lives and valuations feeding into the forecast rates of asset consumption and depreciation expenses.	Assumptions will be reviewed as part of the next review of Council's asset management plans.	In 2024.
CONTAINING RATE LEVELS		
7 **Review** and consider limiting future increases above inflation on its average residential rates (for which average rate levels are high) to help reduce any emerging affordability risk in the community.	Some of the Council's expenses have increased by more than inflation in recent years (For example, fuel, electricity, insurance, road construction/maintenance). In addition, APC is a growth Council, resulting more and more high value new houses being built every year. Therefore, average residential rates could be increased above inflation, however, this will mostly impact residential properties with increased value. For example, although average residential rates were increased by 5.46% in 2022/2023, 34% of the residential rate payers had their rates increased by less than 5.46%. (The inflation in the December 2022 quarter is 8.6% in Adelaide).	As part of 2023/2024 budget process and ongoing every year.
8 **Consult** directly with its community about future rate increases and service levels (for example through a community survey or discussion forum).	With a dedicated Marketing and Communications Officer on board, Council will explore options/avenues to directly engage with the community about future rate increases and service levels.	In 2024 as part of 2024/2025 budget process.


Adelaide
Plains
Council