

2026-2027 **ANNUAL BUSINESS PLAN** AND BUDGET





Acknowledgement of Country

We acknowledge the Kurna and Ngadjuri Peoples as the Traditional Owners of the country that makes up the Light Regional Council. We respect their spiritual relationship to their country and acknowledge that as Traditional Custodians, their cultural heritage and beliefs are still as important today.

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Terms used in this plan

ABP	Annual Business Plan (this document).
CAD	Cash Advance Debenture (borrowing) – a borrowing instrument that can be repaid when surplus cash allows to reduce finance costs.
CWMS	Community Waste-Water Management Scheme (common effluent scheme).
Developer Land Development	Mostly residential subdivisions for private housing but will progressively involve further commercial developments.
Fees and Charges	In accordance with the <i>Local Government Act</i> councils annually review its many fees/charges – refer website for the register.
FPR	Future projects roadmap – major projects prioritised for future years.
GHG	Greenhouse Gas (emissions) by LRC.
IAMP	Infrastructure Asset Management Plan.
IGR	Internally Generated Funds - funds generated by providing for depreciation (non-cash) in the comprehensive income statement. Provided that an operating surplus is forecast these funds are expected to be available to fund the renewal of the assets that are being depreciated.
LRC	Light Regional Council.
LTFP	Long-Term Financial Plan.
PPP	Public Private Partnership – a joint venture scheme between LRC and a private sector partner.
Strategic Management Plans	Strategic Plan (revised in 2024), IAMP and LTFP.
Transportation Infrastructure	Roads (sealed and unsealed), kerbing, footpaths, stormwater drainage.
Website	Light Regional Council website www.light.sa.gov.au



Message from the Mayor



We will undoubtedly continue to experience excitement, amazement and challenges into the 2026/2027 financial year. Excitement as the Council is involved in continuously improving the quality of life for its ratepayers and residents with improved services, facilities and infrastructure.

Amazement at the economic growth now being experienced in parts of our region. Challenged by the cost of living and the need to understand our constituents' circumstances, balancing community desires and wants with the need for constraint and financial sustainability. Keeping a careful watch out for the primary production mainstay of our community.

This plan provides the financial resources that are an embodiment of how my Council represents its community. I present to you the 2026/2027 Annual Business Plan, Budget and Long-Term Financial Plan. These documents set out priorities for the coming year and the years ahead and are guided by our responsibility to serve the community while ensuring long-term financial sustainability. The Annual Business Plan embodies our shared values, priorities, and aspirations. It represents a careful balancing act in responding to the increasing cost of providing core services and infrastructure while identifying efficiencies, streamlining operations, and working to minimise rate increases.

The Council commences its financial planning processes with a planning workshop in early February. Soon after, on February 28, the World changed significantly caused by conflict between the USA and Iran. So, the Council and Management have had to pivot and best guess the consequences, which will be far greater than the large increase in the cost of fuel, and will have an impact on our primary production ratepayers and those businesses that rely upon that industry.

We welcomed a new Chief Executive Officer recently. Darryl Whicker joins us bringing extensive local government experience. His fresh vision, insight and enthusiasm is already proving positive for our Council. I would also like to thank Mark McShane for his leadership of Council, especially when commencing this year's 'budget' process, whilst he was our Acting CEO.

The ongoing rapid growth of the Roseworthy township, alongside continued development in Freeling and Kapunda, is bringing with it significant new infrastructure demands. These pressures will only intensify in the years ahead, and Council is planning responsibly to meet them. However, these challenges also bring opportunities for investment in our region.

Helping to shape a region that is successful, resilient and inclusive.

Our commitment to sound financial management remains unwavering, but not at the expense of meeting the needs and expectations of the community. We understand how much residents and local businesses rely on Council to deliver services and infrastructure, while helping to shape a region that is successful, resilient and inclusive — where everyone has opportunities.

As always, Council has made every effort to minimise the impact of rates on the community while continuing to invest in essential services. This has been made more complex by ongoing significant valuation increases for some land uses, including some parts of the primary production and residential sectors, while commercial valuations have remained flat and some viticulture land has again been devalued.

We have been so accustomed to large fluctuations in values in recent years that this year the increases appear modest but some years ago they would not have been seen that way. I need to remind the community that rates are a tax on property value so valuation increases will result in some ratepayers paying more in rates than last year, and valuation decreases will mean they will appropriately pay less because of the circumstances and economic conditions that resulted in the valuation change.

I extend my sincere thanks to our community, dedicated staff and Councillors for your input, support, and collaboration throughout my term and in shaping this Plan.

Bill Close Mayor



How the Plan was prepared

The Annual Business Plan (ABP) process enables Council to review its annual and four (4) year financial plans and Long-Term Financial Plan.

The process includes the review and refinement of budgetary considerations concerning the cost and level of service provision; management of Council's assets; proposed infrastructure programs; economic development initiatives; and new projects and initiatives proposed. All initiatives and their expenditure are assessed against the financial impact on the community, ratepayers and Council. Several economic and operational influences and assumptions were reviewed and revised to update existing financial plans.

The financial planning process commences with the development of guidelines and assumptions for forecasting. This paper (public document) was initially reviewed by Council in February 2026 and later endorsed by the Audit and Risk Committee and Council. The community can view the guidelines via Council's website in the 'Financial Plans and Documents' section. It is named the '2026/27 Guidance Paper Long Term Financial Plan & Annual Business Plan'.



Light Regional Council's suite of strategic plans, listed below, are the underpinning documents from which the 2026/2027 Annual Business Plan (ABP) is formulated:

- Strategic Plan 2024-2028
- Infrastructure and Asset Management Plan (IAMP)
- Long Term Financial Plan (LTFP) 2026-2036
- Four (4) year Capital Works and Budget program.

During 2024/2025 the IAMP's 'Land and Building' assets were reviewed. The review included a re-assessment of construction costs and useful lives and an increase in depreciation. The 'handover' of infrastructure assets gifted from developers is accelerating rapidly, bringing with it additional responsibilities. During 2025/2026 the 'CWMS, Stormwater and Buildings' assets were reviewed and revalued.

This plan proposes the 2026/2027 budget allocation and advises on the projects and services that are planned to be delivered to the community over the next 12 months and a four (4) year capital 'works' program. Included in this ABP:

- Summary of the long-term financial objectives
- An outline of Council's objectives for the 2026/2027 financial year, including activities to be undertaken to achieve those objectives and the targets (financial and non-financial) to be used to assess the performance against its objectives over the financial year
- Summary of proposed operating expenditure, capital expenditure and sources of revenue, whilst considering the financial requirements for the financial year
- Property valuation and rating structure and associated policies
- An assessment of the impact of the rates structure and policies on the community, based on analysis that has been undertaken.

Following the public consultation process, Council have reviewed the public feedback received and is scheduled to consider the final ABP at the **23 June 2026** Council Meeting. There have been no significant amendments to the draft ABP published for public consultation.



Snapshot of the Region

\$977m

Gross Regional Product
(2023 RDA)



1276.8

Area of the Light Region



16,616

Residents (2023 estimate)

40 Years

Median Age (2021 Census - SA Median = 39 Years)

2,610

Households with children
(2021 Census)

\$592,500

Median house price
(Domain.com, 2025 -
Adelaide Median =
\$1.094m)



99%

Households with internet
connection (2023)

12.3%

Households renting
(2021 Census)

70%

Residents who live in the region but
work outside of it (2021 Census)



Value of Production in the Region (ABS, 2021)



\$19.7m
Hay



\$29.8m
Wheat
\$16.1m
Barley



\$20.8m
Pigs



\$31m
Wine Grapes



Community

Service and Programs

What makes the region a great place to live, work and play.



MAINTENANCE OF COMMUNITY HALLS AND FACILITIES

Town Halls, Institutes, Hewett Centre, RSL's, Herald Printing Office, Libraries



SERVICES FOR THE AGED AND DISABLED

Provide home maintenance and support services through The Barossa Region Home Assist Scheme.



CHILDREN AND YOUTH SERVICES

Providing programs and services for young people, self-development opportunities, immunisation program and youth sponsorship.



COMMUNITY TRANSPORT

Services to assist those in the community who are transport disadvantaged, such as the aged and younger disabled residents without access to transport.



LIBRARY SERVICES

Four branch libraries, now including Hewett Centre, plus outreach locations. Programs and resources to support lifelong learning, literacy, social connectivity, and skill development.



COMMUNITY DEVELOPMENT

Grant and sponsorship programs, community, advice, advocating for the health and wellbeing of the community.



CULTURAL AND HERITAGE

Partnership support for Kapunda Museum and Community Art Gallery. Grant funding under the Heritage Incentive Scheme to owners of local heritage places.



PARKS, GARDENS AND RECREATION FACILITIES

Planning, planting and maintenance of reserves, ovals, and gardens – some in partnership with community. Operation and maintenance of the Kapunda Swimming Pool.



ECONOMIC DEVELOPMENT

Economic development plan, encouraging investment in the region, supporting the agribusiness and tourism industries.



STREET LIGHTING

Maintaining 1,200 existing public lights and installing new lighting, including reserve lighting, sports field, court and car park lighting.



PUBLIC HEALTH

Regulating food safety, vermin control, waste-water management in Kapunda, Freeling, Greenock, Roseworthy, and Neil Ave in Nuriootpa.



INFRASTRUCTURE AND ASSET MANAGEMENT

Maintenance of shelters, cemeteries, footpaths on local streets, shared use paths, and sealed, sheeted and formed roads.



TOURISM AND EVENTS

Kapunda Visitor Information Centre (accredited), visitor experience, event promotion, and website lightcountry.com.au



PLANNING AND DEVELOPMENT

Provision of planning and building related services, ensuring compliance with development legislation.



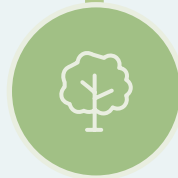
COMPLIANCE AND PARKING

Dog and cat management, nuisance, and litter control, permits for fires and burn offs, parking enforcement.



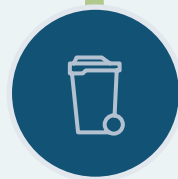
EMERGENCY PLANNING

Provide advice to residents on fire risk management, local and zone emergency management plans.



STREETSCAPING

Planning, planting and maintenance of verges and streetscapes. Street tree planting, maintenance and weed control. Emptying of public bins.



WASTE MANAGEMENT AND RECYCLING

Domestic kerbside collection, hard rubbish, e-waste, green waste, litter control, illegal dumping.



STORMWATER MANAGEMENT

Stormwater drainage within the townships is monitored and maintained to prevent flooding.



SUSTAINABILITY AND BIODIVERSITY

Maintaining and creating natural spaces that sustain local biodiversity.

2026/2027 Highlights

- Identification and prioritisation of major future projects to improve the quality of life for all residents.
- Upgrade/seal of Belvidere Road - \$3.5m (grant funding of \$2.8m)
- (Final) Stage 3 upgrade/seal of Bethel Road (subject to grant funding)
- 4-year capital works program aligned to the recommendations from the revised IAMP, including renewal funding of \$8.03m consistent with the strategic plan goal.
- Progressive implementation of Greenhouse Gas (GHG) reductions following the GHG audit in 2023/2024.
- Balanced cash-flow budget but forecasting a manageable non-cash operating deficit.



Measuring Performance

Success is measured by the achievement of key financial and strategic objectives and performance indicators aligned to the 2024-2028 Strategic Plan, Long-Term Financial Plan, Infrastructure and Asset Management Plan (IAMP) and supporting corporate documentation.

When evaluating activities undertaken during any given financial year, several factors are considered, one being the future financial sustainability (reference to the CEO Financial Sustainability Report in the Long-term financial plan (LTFP) document). These measures are all 'long-term' so the trend over time is as important as the result or target for any individual financial year. Refer section 'Long Term ratios'. The LTFP demonstrates Council's financial sustainability and was prepared considering:

- The revenue and expenditure results for the past five years
- Positive and improving cash flow
- Intergenerational equity to ensure future generations of ratepayers do not face overwhelming debt provided to the current generation
- Expenditure programs, both operating and capital aligned to Strategic Plans; and
- Rate revenue increases that are responsible and reflect the community's ability to pay.

Several service reviews were completed during 2024/2025 and 2025/2026, and further review of other programs will be undertaken in 2026/27.

Climate Influence

Climate and weather have different important influences on LRC business planning and directly impacts organisational performance.

The following chart presents monthly, annual and average (long term) rainfall statistics in the region, as being an aspect of climate that has significant influence. Influences include:

- **Operations and asset management**

High rainfall can disrupt operations and damage road infrastructure, although reasonable rainfall can also assist with unsealed road maintenance. Conversely, very dry conditions can impact maintenance grading activities, the quality of sheeted (unsealed) road surfaces and life of sheeted road assets. It is generally accepted that infrastructure construction activities are planned for lower rainfall months, with patrol grading during the wetter months. Higher rainfall is an advantage to the water recycle schemes.

- **Economy**

Rainfall is a fundamental input to the local economy heavily dependent on agriculture/viticulture, not only directly but also indirectly to the businesses and services that support industry.

- **Bushfire risk**

High rainfall results in higher-than-normal vegetation growth, which when dry later increases bushfire risk.

Business planning assumes average rainfall and seasonal patterns, but the workforce needs to be adaptive to high seasonal variability.

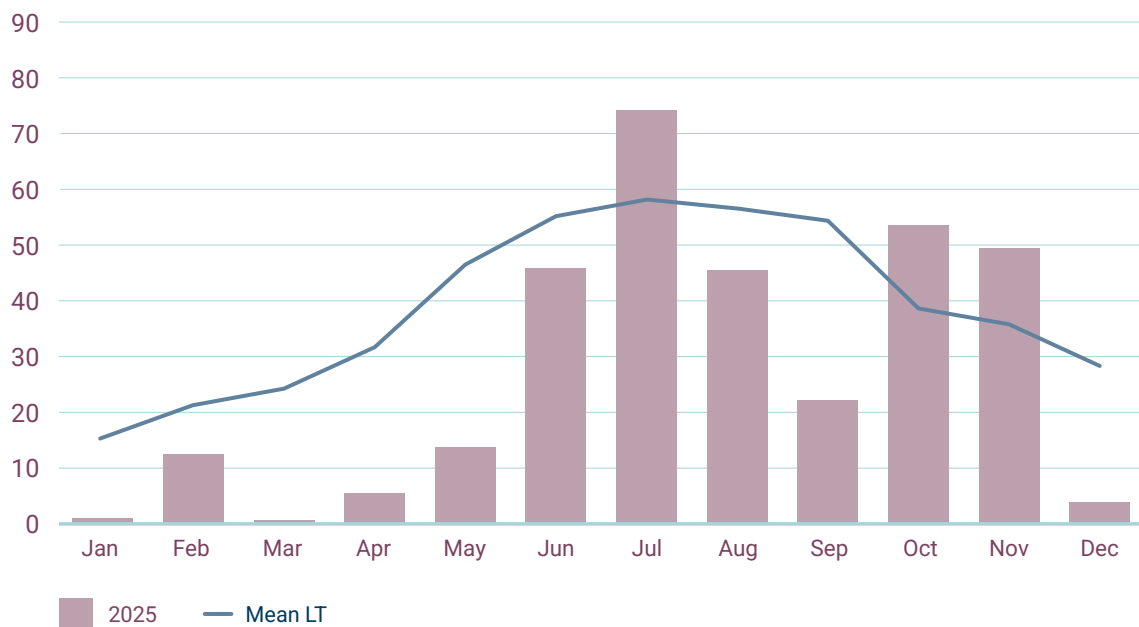


Analysis

2025 was another 'below average rainfall year' although slightly improved from 2024, with annual rainfall being less than the long-term average, even though 3 months had rainfall greater than the long-term average. This followed below-average rainfall in 2024. It was again a low rainfall autumn followed by good rainfall in June, July, and August which was broadly welcomed by the primary producers after a very dry 2024. There was late rain in October and November that were above the monthly average, which tended to disrupt the capital works program and other operations.

In the past 7 years there have been 4 years where rainfall was significantly less than the long-term average rainfall, 1 high rainfall year and 2 years approximately equal to the long-term annual average. There has been a better start to the 2026 season with both March (56mm) and May (53mm) recording rainfall much better than the those months in 2025 and June has started with rain as well.

RAINFALL (NURIOOTPA) 2025 V LONG TERM AVERAGE



Rainfall	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2025	1.4	12.6	1.0	5.8	14.0	46.0	74.4	45.6	22.4	53.8	49.8	4.2	331.0
2024	25.2	0.0	5.8	3.8	2.8	72.6	87.8	23.8	16.8	52.0	9.2	2.4	302.2
2023	7.4	5.2	24.6	28.6	52.8	57.0	31.0	24.8	12.2	12.2	31.8	34.2	321.8
2022	22.1	5.0	25.8	10.5	98.6	64.9	31.6	74.1	70.8	108.1	124.6	20.2	656.3
2021	6.2	20.2	15.2	11.5	19.7	73.9	126.1	62.1	22.5	33.2	63.6	2.8	457.0
2020	7.8	27.0	3.5	87.5	47.3	49.9	19.2	82.1	51.3	59.0	18.3	12.2	465.1
2019	0.2	9.2	4.3	0.4	64.6	51.2	47.6	53.6	42.6	12.0	14.3	8.0	308.0
2018	14.8	6.2	8.0	27.2	43.5	37.5	38.2	70.3	25.2	21.2	39.9	15.6	347.6
2017	39.1	39.0	10.2	44.0	21.1	13.8	95.6	97.3	37.4	29.0	42.7	21.8	491.0
2016	30.0	12.3	45.6	14.5	88.2	94.2	86.6	63.7	181.1	46.9	23.5	51.4	738.0
LT Ave.	15.9	18.8	22.1	32.6	43.6	53.4	55.3	53.0	43.1	31.2	33.4	29.9	



Strategic Direction

A new plan was developed for 2024 - 2028. The plan outlines the shared aspirations of the community and Council for the future development of the area. By articulating the collective vision, the plan is a roadmap for the next four years, explaining the strategic focus areas, key projects, and essential services that Council will prioritise to actively work towards achieving these overarching goals.

The Light Regional community played an important role in shaping the plan, ensuring that it reflects the needs and expectations of the residents.

The full Strategic Plan can be found on our website www.light.sa.gov.au

Our Council

Mission

To be regarded as an exemplary Council that puts the people of Light first, while creating a place that is also welcoming to visitors. Through the services we deliver, we will provide the basis for a community that can grow sustainably, but always within our environmental and financial means.

Vision

Respecting the past, partnering with our community, and sustainably creating our future.

Core Principles

Light Regional Council is guided by a focus on 'Core Principles' of Growth, Reform, Innovation and Discipline.

Values

As a Council we will be guided at all times by:

- Foundation values of respect, honesty, integrity and transparency
- Showing high performance leadership
- Having a constant awareness of the community we serve
- Our need to be viable in financial, environmental and human resources through the core principles
- Striving for quality outcomes
- A focus on achieving positive environmental, social and governance outcomes from Council's activities.



Long Term Goals



Leadership

An inclusive, accountable and collaborative Council that supports business and community.



Transport

Quality road, path, public and community transport networks that make it easy to get around.



Community

A vibrant country community, growing sustainably, with housing, services and places that support a healthy and happy life for all.



Sustainability

A thriving, healthy and resilient community working together to protect and restore our environment now and for the future.



Economy

A diverse economy sustained by its rural identity and heritage.





Focus for next 4 years of the Strategic Plan

Goal	Focus
Community	• Advocacy for health care • Improving sport and community facilities • Ensuring places and activities for people of all ages, abilities, backgrounds and means • Identifying and advocating for affordable housing, infrastructure and facilities for the existing and growing population
Transport	• Improving the quality and safety of Council roads • Advocacy for improved bus and rail services, roads and speed limits • Creating pleasant and connected pedestrian and cycle routes • Exploring community transport opportunities
Sustainability	• Protecting and restoring natural areas and creating sustainable landscapes • Encouraging community environmental sustainability • Preparedness of community and Council for extreme weather events • Striving towards environmental sustainability of operations by the progressive reduction of GHG emissions to achieve net zero
Economy	• Protecting agriculture and character areas and enhancing associated industries, including manufacturing • Encouraging value add enterprises and economic diversification • Investing in initiatives designed to attract investments that also benefit our community • Creating vibrant mainstreets and infrastructure to support local businesses • Improving tourism information and wayfinding to extend visitation
Leadership	• Enhancing community engagement for all ages and backgrounds • Improving the customer experience and enhancing the customer satisfaction • Transparency of Council decisions • Leading collaboration to share resources and strengthen advocacy



Projects identified in the Strategic Plan

		LONG TERM GOALS				
Project		Community	Transport	Sustainability	Economy	Leadership
Sport and recreation precinct master plans	Develop master plans for the major township sporting and recreation precincts to address gaps in off-field amenity provisions and ensure facilities are fit for purpose based on their hierarchy/classification and our growing communities.					
Walking and cycling network program	Walking and cycling network mapping and targeted improvements to support health and wellbeing, access to community and tourist destinations, encourage low emission transport and activating disused rail corridors where appropriate.					
Township improvement program	Collaboration with each township to identify targeted upgrades to main streets, transport corridors and community facilities that consider accessibility, community inclusion, greening and visitor attraction.					
Roseworthy recreation and community facilities	Explore and prepare a collaborative plan for new community and recreation facilities to service the Roseworthy area to meet growing community need.					
Net zero	Reduce Council's GHG emissions to achieve net zero by 2050 and help the community to achieve similar emission reductions.					
Customer success	Develop a strategy that establishes a customer-centric culture and enhances the customer experience and engagement, with a focus on continual improvement to optimise performance and elevate service delivery across all functions.					
Drovers Encounter	Partner with Investors and Operators to implement the Drovers Encounter - a multi-dimensional authentic Australian tourism experience in Kapunda centred around culinary, cultural and entertainment experiences to enhance the local economy and jobs.					
Regional collaboration and advocacy	Establish collaborative governance relationships and agendas in the region to strengthen advocacy and investment and share resources for improved regional outcomes in planning, healthcare, public and community transport, roads, recreation and wellbeing.					
Council road review program	Program of mapping, reclassification and prioritised upgrades to improve the quality and safety of Council's roads.					
Strategic land	Secure land that could be developed for affordable housing, community facilities, operational efficiencies or economic stimulus opportunities.					

Significant Influences



The following budget parameters and assumptions were applied for the purpose of preparing the 2026/2027 ABP and Budget.

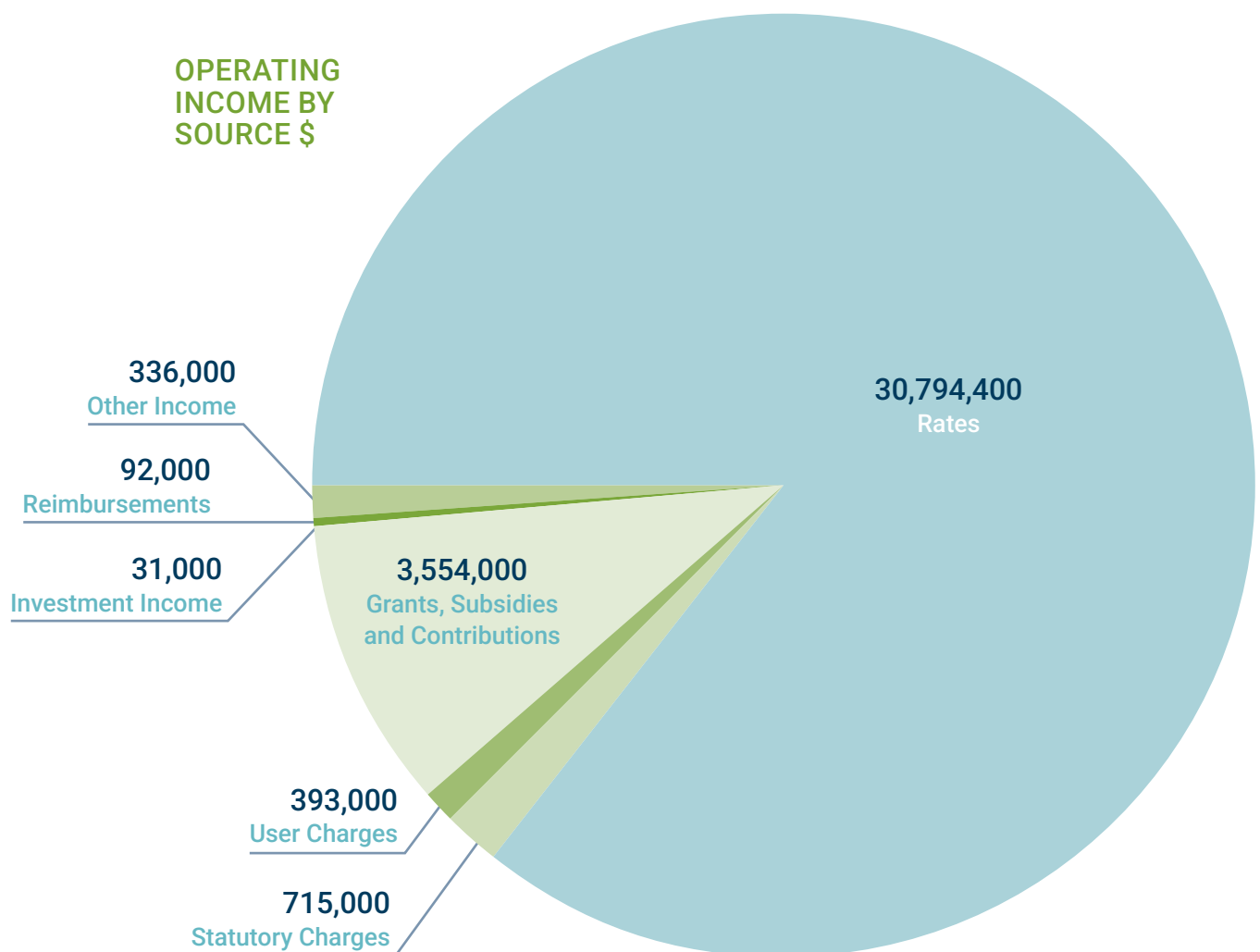
- Draft Operating Budget was developed with reference to and within the framework and guidelines of the adopted 2026-2036 updated Long Term Financial Plan (LTFP); Infrastructure Asset Management Plan (IAMP); and the 4-year budget.
Financial Plans and Documents - Guidance paper 2026/27
- Return to Operating surplus progressively **phased in until 2028/29**.
- Material, Contracts and Other Expenses indexation be set at **3%** in the absence of any other reliable way of estimating items within this expenditure group, excluding specific cost items where known cost will exceed this stretch target, e.g. energy (diesel fuel, electricity, insurance, specific contracts).
- Wages and Salaries increase by **4%** in July 2026 (as per Enterprise Agreements – final year) and then aligned with Reserve Bank wage price forecast for future years.
- Staff turnover/vacancy rate equivalent to **8%** of salaries/wages, returning to **5%** over 4 years.
- Fees and charges not otherwise set by legislation being increased by **3%** at a minimum.
- New Capital Projects consistent with the IAMP and approved within the funding parameters of the LTFP.
- New services, increases in service levels and one-off projects to be funded through revenue increases or by expenditure savings.
- Infrastructure Asset Management Plan (IAMP) forecasts indexed for inflation after 2026 using the consumer price index, have been included in the long-term financial plan.
- Participation in regionally significant projects and investigation of shared resource opportunities where practicable.
- Annual Business Plan (ABP) objectives for 2026/2027 are aligned with the goals and objectives in Council's Strategic Management Plan 2024-2028.
- Roseworthy Water Scheme / Bunyip 2 public private partnership project, forecast to have a long term positive net present value.
- Northern and Yorke Landscape Board advised the landscape levy arrangements for the 2026/2027 financial year will increase by **6.7%**.

Annual Budget

for Operational Services

Where the Revenue Comes from

Operations and programs are funded by revenue from sources such as general rates, fees and charges levied on services (Statutory Charges and User Charges), grants from State and Commonwealth Governments, interest income from investing excess cash in short-term investments, reimbursements, and other sundry revenue sources. The source of Council's estimated **\$35.915m** revenue, for the 2026/2027 Financial Year, is described below.



Note: Rates revenue amount stated includes the financial effect of a new proposed Primary Production land use/locality differential rate estimated to generate an additional \$187,000 of revenue. Refer pages 48-51 of the Annual Business Plan for details.



RATES

Rates are the main source of funding for the activities undertaken. A projected total of **\$30.196m** (\$27.8m in 2025/2026 - **excluding** the landscape levy of \$0.620m collected on behalf of State Government) will be levied in 2026/2027 Financial Year, to fund essential services (non-discretionary) such as waste collection, management of basic infrastructure, public health and safety, as well as discretionary services such as libraries, community programs, and events. Rates revenue includes a separate rate income from the Roseworthy Water Scheme for the 2026/2027 financial year (part of the year from commencement of scheme operations). The value of Rate Revenue in the chart is inclusive of the landscape levy to reconcile with the 2026/27 Budget.

Note: Rates revenue amount stated includes the financial effect of a new proposed Primary Production land use/locality differential rate estimated to generate an additional \$187,000 of revenue. Refer pages 48-51 of the Annual Business Plan for details.

STATUTORY CHARGES

Fees and fines levied in accordance with legislation including development application fees, animal registrations, Health Act registrations, and parking fines. It is estimated that statutory charges of **\$0.715m** will be collected in 2026/2027 (\$0.758m in 2025/26).

USER CHARGES

Relate to the recovery of service delivery costs through the charging of fees to users of services. These include charges for the use of Council facilities, library printing and photocopy charges, 'section 7' property searches etc. User charges income is estimated at **\$0.393m** in 2026/2027 (\$0.552m in 2025/2026).

GRANTS, SUBSIDIES, AND CONTRIBUTIONS

Includes monies received from State and Commonwealth Government sources that fund the delivery of services to ratepayers. Grants' income for the 2026/2027 financial year has been budgeted based on both confirmed and estimated funding levels. The budget includes **\$0.805m** of Roads to Recovery funding (\$0.678m 2025/2026) and **\$2.382m** of South Australian Local Government Grants Commission general and roads funding. Developer contributions of approximately **\$0.386m** (\$0.143m in 2025/2026) are expected towards the Roseworthy Water Scheme / Bunyip 2 project (displayed in the separate in the Bunyip Water Scheme 2 Income Statement).

The Government of South Australia allocates funds annually to support public libraries in South Australia, complementing the funding allocation by individual councils to public libraries. Light Regional Council anticipates **\$0.110m** of public libraries funding for 2026/2027 (\$0.108m in 2025/26).

INVESTMENT INCOME

Primarily earned in the form of interest from the investment of cash surpluses throughout the financial year. The repayment of loans given to community organisations is also reflected in income. Investment income for 2026/2027 is forecast at **\$0.031m**.

REIMBURSEMENTS

During 2026/2027 Council anticipates it will seek reimbursement of **\$0.092m** compared to \$0.263m in 2025/2026 through the provision of various services, such as private works.

OTHER INCOME

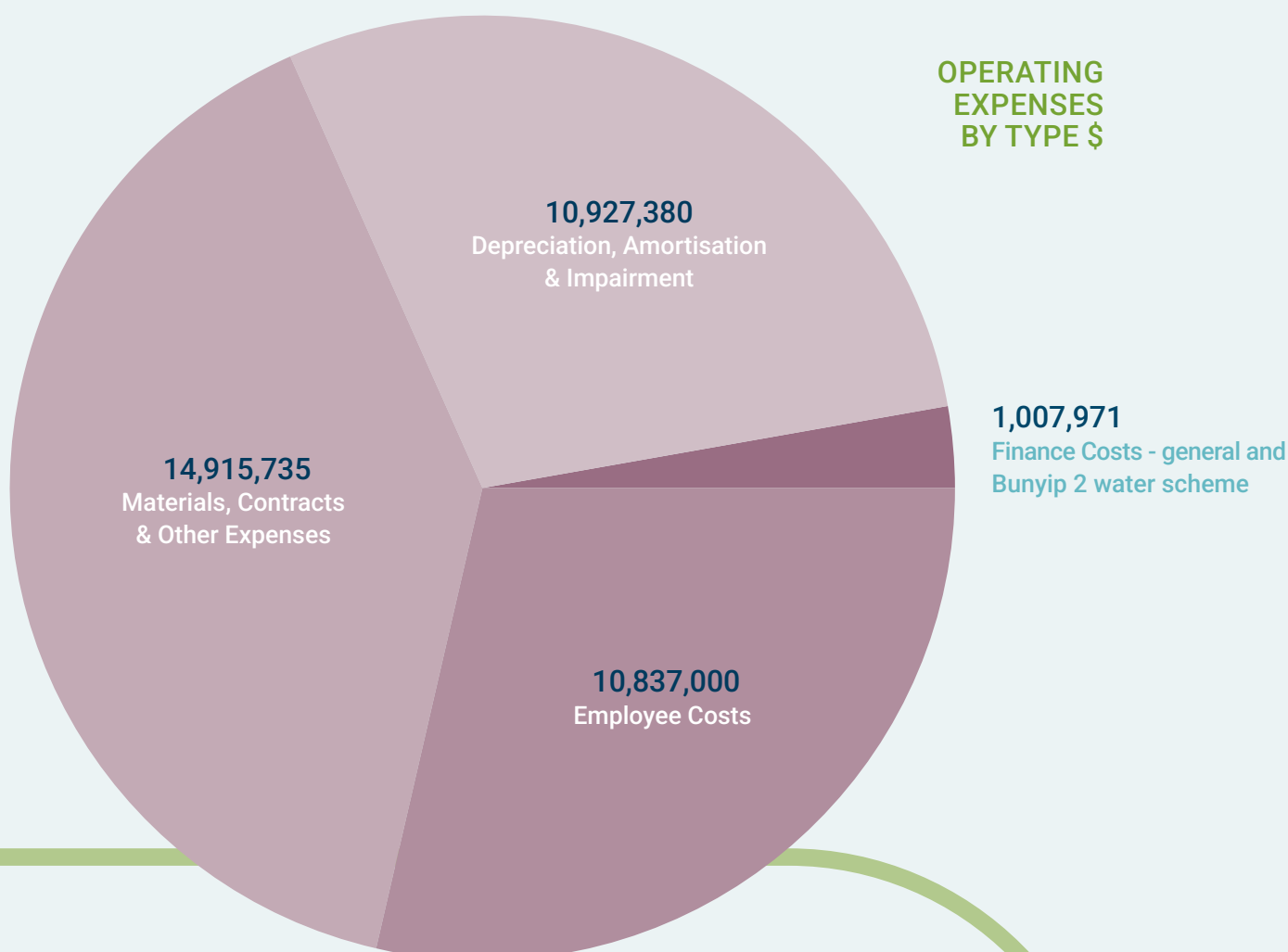
Other income relates to a range of unclassified items that do not fit within the main revenue categories. It is estimated that other income will be **\$0.336m** in 2026/2027 financial year compared to \$0.386m budgeted in 2025/2026.

How Each Dollar of Revenue is Spent

A substantial amount of operating expenditure is related to delivering ongoing services such as libraries, and the maintenance of roads, parks, playgrounds, reserves, cemeteries, economic development and township planning activities. In addition to the usual expected council services, specific one-off programs and projects are undertaken (Operating Projects) to meet its strategic objectives.

The following chart illustrates estimated 2026/2027 financial year operating expenditure of **\$37.7m** by the main expenditure categories, including depreciation of **\$10.9m**.

OPERATING EXPENSES BY TYPE \$



EMPLOYEE EXPENSES

Employee expenses include all staff related expenditure such as salaries, wages, allowances and on-costs (including Annual Leave, Long Service Leave, Superannuation, Workers Compensation Insurance etc.).

For the 2026/2027 financial year, expenses are forecast at **\$10.837m** compared with a budgeted amount of \$10.432m in 2025/2026. The increase includes:

- An increase in the third and final year of the current Enterprise Agreements of **4%**
- Statutory superannuation contributions at **12%**
- Gradual career progression through classification levels
- Resourcing levels that enable business obligations to be met, provide necessary community services, meet legislative requirements, and deliver significant infrastructure programs
- Estimated employee costs 'capitalised' to infrastructure construction projects and recovered from maintenance activities.
- A similar level of staff turnover to 2025/2026.

Another measure widely used in other governments, accurately calculates the staff turnover/vacancy 'gap', and is known as '**paid FTE**'. 'Paid FTE' is calculated by dividing the total number of work hours paid (inclusive of any overtime and leave) by the number of working hours in a year.

The 2026/2027 budget has again been prepared based on 'paid' FTE acknowledging that staff turnover with associated vacancies is expected to continue for the foreseeable future and the need to continue to deliver services with 'less'. 'Paid FTE' will be monitored carefully during the year to determine whether changes to the workforce plan should be implemented. Refer performance measure table in the long-term financial plan document.

MATERIALS, CONTRACTS AND OTHER EXPENSES

Materials include items such as electricity, water, fuel, civil construction materials, printing, and other miscellaneous costs.

Contracts relate to the provision of services by external providers and include items such as waste collection, security, leases and some infrastructure repairs and maintenance. During the 2025/2026 financial year the implementation of a revised full-cost recovery policy resulted in an increase in allocations to maintenance expenditure offset by additional recoveries against Employee Costs.

Other Expenses relate to a range of items including contributions to community groups, advertising, insurances, motor vehicle registrations, payment of the Landscape Levy and other miscellaneous expenditure.

It is estimated that **\$14.916m** will be required for materials, contracts, and other expenses during the 2026/2027 financial year, compared to an amended budget of \$13.984m in 2025/2026.





DEPRECIATION, AMORTISATION, AND IMPAIRMENT

Depreciation is a non-cash expense that measures consumption of property, plant and equipment (including infrastructure assets such as roads and stormwater drainage) over the estimated effective useful life of the assets. Another measure of infrastructure sustainability is a comparison of the long-term average infrastructure renewal expenditure with the long-term average depreciation. The long-term financial plan includes estimates of depreciation for infrastructure assets 'handed over' by land developers. A review of asset conditions and lives is being progressively undertaken which may have an impact on depreciation with the next phase being buildings and related infrastructure.

2026/2027 depreciation includes \$0.543m for Roseworthy Township Expansion and Kidman Rise, Kapunda assets handed over by developers. The accumulated depreciation for 'gifted assets' is estimated at **\$4.92m** by the end of the long-term financial plan.

The forecast amount of depreciation for 2026/2027 is **\$10.928m** compared with \$9.587m budgeted for 2025/2026, **an increase of 14%.**

FINANCE COSTS

Mainly relates to interest charged by the Local Government Finance Authority on funds that have been borrowed. Interest costs have been estimated based on the current loan portfolio plus estimated interest on new loans in 2026/2027.

Interest costs for 2026/2027 are forecast at \$1.008m (\$0.567m in 2025/2026) and reflect interest rates for variable loans and Cash Advance Debenture (CAD) borrowings during the 2026/2027 financial year. The key assumption is that there will be **two (2) increases in interest rates of 0.25%** before or during the 2026/2027 financial year. Interest cost forecasts include an estimate of offsets when surplus cash is used to reduce the amount of drawn CAD.

Budgeted Statement of Comprehensive Income

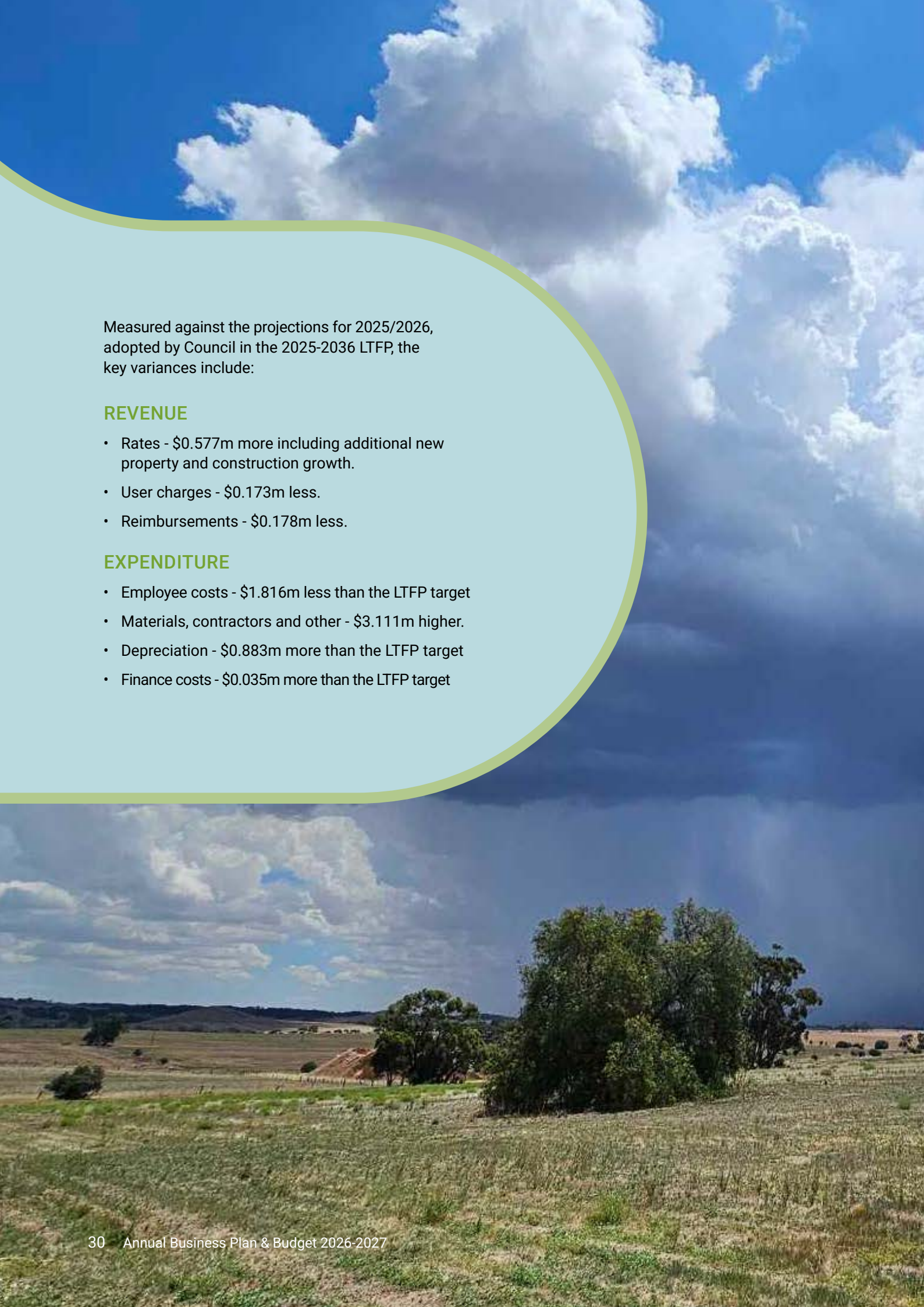
The Statement of Comprehensive Income, which incorporates all operating income and expenses is provided overpage. A deficit operating result is forecast for the 2026/2027 financial year (**deficit of \$1.773m**). This is exclusive of the Roseworthy Water Scheme / Bunyip 2 project results. Depreciation, partly attributed to 'gifted infrastructure assets' from property developers, is estimated to increase by \$1.638m since 2024/25.

The Roseworthy Water Scheme / Bunyip 2 project involves commercial information of a confidential nature and was approved by Council 'in confidence' under the *Local Government Act, 1999* in April 2022. The details of this project will be released in due course. Council approved this project to proceed subject to the receipt of State Government grants and the approval of loan funds, based on its long-term positive net present value forecast. The project's forecast results as a Statement of Comprehensive Income up to 2031/32 (the estimated 'take-out' year by Bunyip Water) are tabulated below:

STATEMENT OF COMPREHENSIVE INCOME – BUNYIP WATER SCHEME 2

Bunyip Water Scheme 2 Public Private Partnership (PPP)	Projected Years					
	2026/27 \$	2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$	2031/32 \$
Income						
Rates	375,000	900,000	900,000	900,000	900,000	900,000
Grants, Subsidies and Contributions - operating	-	-	-	-	-	-
Contributions revenue - developer - Bunyip 2	386,000	386,000	522,000	455,000	454,000	521,000
Scheme 'takeout'	-	-	-	-	-	11,000,000
Total Revenue	761,000	1,286,000	1,422,000	1,355,000	1,354,000	12,421,000
Expenses						
Materials, Contracts & Other Expenses	-	233,000	235,000	207,000	198,000	-
Advances to Bunyip Water	1,585,000	1,352,000	388,000	1,410,000	580,000	1,256,000
Bunyip2 CAD interest 52	438,000	417,000	357,000	370,000	341,000	202,000
Total Expenses	2,023,000	2,002,000	980,000	1,987,000	1,119,000	1,458,000
Operating Surplus / (Deficit)	(1,262,000)	(716,000)	442,000	(632,000)	235,000	10,963,000
Repay CAD 52 borrowing	-	-	-	-	-	8,000,000

The budgeted operating result for 2026/2027 varies unfavourably by \$1.958m against the projected deficit (exclusive of Roseworthy Water Scheme / Bunyip 2 PPP project) as stated in the 2024-2035 Long Term Financial Plan adopted by Council in June 2025.



Measured against the projections for 2025/2026, adopted by Council in the 2025-2036 LTFP, the key variances include:

REVENUE

- Rates - \$0.577m more including additional new property and construction growth.
- User charges - \$0.173m less.
- Reimbursements - \$0.178m less.

EXPENDITURE

- Employee costs - \$1.816m less than the LTFP target
- Materials, contractors and other - \$3.111m higher.
- Depreciation - \$0.883m more than the LTFP target
- Finance costs - \$0.035m more than the LTFP target

**STATEMENT OF COMPREHENSIVE INCOME FOR 2027 PROPOSED
BUDGET VERSUS THE 2027 YEAR OF THE 2025/2026 LTFP**

					A	B	C = A - B
	2023 Actual	2024 Actual	2025 Actual	2026 Budget Review	2027 Proposed Budget	2027 LTFP ex 25/26 ABP	Variance from LTFP UNFAV
Operating Income							
Rates	22,489,000	23,178,000	25,251,000	28,187,000	30,794,400	30,217,700	576,700
Statutory Charges	716,000	688,000	742,000	758,000	715,000	777,000	(62,000)
User Charges	581,000	431,000	462,000	345,000	393,000	566,000	(173,000)
Grants, Subsidies and Contributions - operating + capital	4,538,000	6,206,000	6,730,000	4,796,000	3,554,000	3,546,267	7,733
Investment Income	33,000	18,000	18,000	31,000	31,000	7,750	23,250
Reimbursements	1,021,000	256,000	170,000	210,000	92,000	270,000	(178,000)
Other Income	306,000	193,000	225,000	503,000	336,000	396,000	(60,000)
Total Income	29,684,000	30,970,000	33,598,000	34,830,000	35,915,400	35,780,717	134,683
Operating Expenses							
Employee Costs	9,780,000	10,029,000	10,675,000	10,432,000	10,837,000	12,653,000	1,816,000
Materials, Contracts and Other Services	11,912,000	10,649,000	15,173,000	13,984,000	14,915,735	11,804,650	(3,111,085)
Depreciation, Amortisation & Impairment	6,835,000	8,544,000	9,289,000	9,587,000	10,927,380	10,094,380	(833,000)
Finance Costs - general	387,000	365,000	1,102,000	567,000	1,007,971	682,805	(325,166)
Finance Costs - Bunyip 2 water scheme	-	257,000	-	350,000	-	360,000	360,000
Net loss - Equity Accounted Council Businesses	10,000	66,000	47,000.00	-	-	-	-
Total Expenses	28,924,000	29,910,000	36,286,000	34,920,000	37,688,086	35,594,835	(2,093,251)
Operating Surplus / (Deficit)	760,000	1,060,000	(2,688,000)	(90,000)	(1,772,686)	185,882	(1,958,568)
Asset Disposal & Fair Value Adjustments	(1,327,000)	(2,476,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	-
Amounts Received Specifically for New or Upgraded Assets	1,582,000	6,194,000	3,888,000	1,393,000	4,133,000	4,634,000	(501,000)
Physical Resources Received Free of Charge	1,791,000	5,605,000	2,170,347	10,417,000	14,000,000	3,488,744	10,511,256
Net Surplus / (Deficit)	2,806,000	10,383,000	1,370,347	9,720,000	14,360,314	6,308,626	8,051,688
Other Comprehensive Income							
Changes in Asset Revaluation Surplus	-	22,028,000	-	-	-	-	-
Equity Accounted Council Businesses	40,000	2,259,000	-	-	-	-	-
Impairment (Expense)/ Recoupments Offset to Asset Reval.	531,000	1,744,000	-	-	-	-	-
Total Other Comprehensive Income	571,000	26,031,000	-	-	-	-	-
Total Comprehensive Income	3,377,000	36,414,000	1,370,347	9,720,000	14,360,314	6,308,626	8,051,688

Note: Rates revenue amount stated includes the financial effect of a new proposed Primary Production land use/locality differential rate estimated to generate an additional \$187,000 of revenue. Refer pages 48-51 of the Annual Business Plan for details.

Four Year Budget

In addition to the LTFP, the 2026/2027 ABP details key projects, new initiatives, capital works and operational programs for the first four (4) years of the LTFP, referred to as the Four-Year Budget (4YB).

The purpose of including the 4YB in addition to the LTFP and detailed financial and non-financial information for the 2026/2027 financial year is to:

- Communicate the medium-term strategies and outcomes for the next four (4) years aligned to the strategic plan
- Implement a systematic approach towards organisational planning and reviewing, prioritising, and monitoring strategies, projects and initiatives
- Support Council's budget deliberations by providing additional decision-making assistance
- Facilitate alignment to Council's suite of corporate documents, the Strategic Plan 2024-2028, LTFP and IAMP
- In the 4YB Income Statement, a deficit operating position is forecast for 2026/2027 and 2027/2028 (excluding Bunyip 2) followed by a small surplus in 2028/2029. The first year of the 4YB includes several new initiatives and projects as outlined in the 4-Year Operating Projects Budget. Year 2 of the 4YB takes up the full year cost of new 2026/2027 initiatives and any incomplete 2025/2026 initiatives.



STATEMENT OF COMPREHENSIVE INCOME FOUR YEAR BUDGET

	Projected Years			
	2026/27 \$	2027/28 \$	2028/29 \$	2029/30 \$
Income				
Rates	30,794,400	34,306,900	37,510,100	40,546,400
Statutory Charges	715,000	744,000	770,000	797,000
User Charges	393,000	409,000	423,000	437,000
Grants, Subsidies and Contributions - capital	805,000	848,000	848,000	803,700
Grants, Subsidies and Contributions - operating	2,749,000	2,830,000	2,901,000	2,974,000
Investment Income	31,000	4,000	10,000	10,400
Reimbursements	92,000	194,000	199,000	204,000
Other Income	336,000	344,000	352,000	360,000
Net gain - equity accounted Council businesses	-	-	-	-
Total Income	35,915,400	39,679,900	43,013,100	46,132,500
Expenses				
Employee Costs	10,837,000	11,404,000	11,747,000	12,099,000
Materials, Contracts & Other Expenses	14,915,735	15,681,200	16,412,200	17,403,200
Depreciation, Amortisation & Impairment	10,927,380	11,901,930	13,015,040	14,196,098
Finance Costs - general	1,007,971	911,967	907,823	899,802
Finance Costs - Future projects roadmap	-	77,870	123,687	191,690
Net loss - Equity Accounted Council Businesses	-	-	-	-
Total Expenses	37,688,086	39,976,967	42,205,750	44,789,789
Operating Surplus / (Deficit)	(1,772,686)	(297,067)	807,350	1,342,711
Net Impact of Bunyip 2 (contribs, opex & interest)	(1,262,000)	(716,000)	442,000	(632,000)
Operating Surplus / (Deficit) including Bunyip 2	(3,034,686)	(1,013,067)	1,249,350	710,711
Asset Disposal & Fair Value Adjustments	(2,000,000)	(2,000,000)	(1,500,000)	-
Amounts Received Specifically for New or Upgraded Assets	4,133,000	4,636,000	5,567,000	4,234,000
Physical Resources Received Free of Charge (developments)	14,000,000	5,900,000	20,597,000	21,855,000
Net Surplus / (Deficit)	14,360,314	8,238,933	25,471,350	27,431,711

Note: Rates revenue amount stated includes the financial effect of a new proposed Primary Production land use/locality differential rate estimated to generate an additional \$187,000 of revenue. Refer pages 48-51 of the Annual Business Plan for details.

Programs and Projects

The Four-Year Statement of Comprehensive Income shown on the previous page incorporates various existing and new initiatives.

Projects/concepts	Budget 2025/26 \$	Year 1 2026/27 \$	Year 2 2027/28 \$	Year 3 2028/29 \$	Year 4 2029/30 \$
Operating Initiatives (OI) - project expenditure					
Local Area Plan (urban/township growth strategy)	-	150,000	-	-	-
Kapunda Railway Goods Shed Precinct Revitalisation - design	-	-	-	-	30,000
Advocacy Plan	-	40,000	-	-	-
Townships Master Planning	-	50,000	50,000	-	-
Greening Plan publishing	5,000	-	-	-	-
Greenock Creek exotic vegation removal	50,000	-	-	-	-
Roadside weed management - selective species	30,000	-	-	-	-
Sustainability strategy	64,000	-	64,000	-	64,000
Reconciliation strategy	-	-	-	-	-
Strategic Plan	-	-	-	14,000	-
Review of Character Preservation	-	-	-	-	-
Regional Public Health Plan Coordinator Contribution	-	-	-	-	-
Contract management system licence fees	60,000	-	60,000	60,000	60,000
Seppeltsfield Road Palm Trimming	-	90,000	-	-	90,000
Building Asset Rationalisation investigation	-	50,000	-	-	-
Total 'Operating' business cases/concepts	209,000	380,000	174,000	74,000	244,000

ENVIRONMENTAL SUSTAINABILITY STRATEGY

LRC has adopted a Environmental Sustainability Strategy and Action Plan. Actions that are undertaken include kerbside waste investigations, another audit review of Council's operational greenhouse gas emissions, increase of renewable energy generation and to prepare and commence delivery of a sustainability communication and engagement plan.

LTFP funding for the Environmental Sustainability Strategy Actions has historically been assigned every year in the LTFP, however has been reduced to every second year to acknowledge affordability constraints given the Council's present financial position.

Following the audit of Council's operational greenhouse gas emissions a draft GHG reduction strategy and targets were included in the LTFP in 2024/25 to track the path to 'Net Zero'. The LTFP includes targets for a combination of direct offsets (purchase Australian-compliant GHG offset certificates) and indirect offsets (e.g. Green energy), as well as GHG reduction targets, e.g. greening projects. The 2026/2027 ABP incorporates green energy projects, \$55,200 for GHG offset certificates for wastewater GHG (offset by a CWMS service charge increase in 2024/2025 and 2025/2026 - additional 3.1% increase above CWMS expenses), and has a general allocation for projects that may include other 'greening' initiatives. Note that the Council and management is adamant that offset certificates, (funded from the CWMS reserve) will only be purchased if the certificates come from reputable and proven Australian sources.

RECONCILIATION STRATEGY

Awaiting the completion of an initial Reconciliation Action Plan, before allocating funds within the LTFP which have been deferred due to current operating deficits.

STRATEGIC PLAN

The Council must undertake a comprehensive review of its strategic plan within 2 years after each general election of the Council (*Local Government Act, 1999* - section 122 (4)). The Council has reviewed its strategic direction 'from the ground up' and developed a new plan with external assistance to facilitate engagement, research and development of the strategic plan and contribute broader inputs to this process. The ABP is aligned to the new strategic plan. The next strategic plan review is due in 2028/29.

LOCAL AREA PLAN

Council is required to prepare a Local Area Plan (LAP) as part of the State Planning Commission's implementation of the Greater Adelaide Regional Plan. Councils are responsible for leading the preparation of LAPs, with guidance and technical input from the Department of Housing and Urban Development and other State agencies. Once enacted, recent legislative changes will make the LAP a statutory requirement, subject to approval by the State Planning Commission and the Minister for Planning, and reviewed every five years.

The LAP will apply across the council area and will set out Council's local housing and growth priorities, informed by infrastructure capacity, servicing needs and community input, while aligning with State-set growth targets. It will guide future residential development, identify required infrastructure and services, and inform updates to State and local planning policy. The State anticipates councils will submit LAPs by late 2027, with endorsement in early 2028. To commence this multi-year statutory project, Council has included \$150,000 in the 2026/27 Annual Business Plan to undertake background investigations, technical studies and early engagement to progress the Local Area Plan.



ADVOCACY PLAN

Council has included \$40,000 in the Annual Business Plan to prepare a clear and coordinated Advocacy Plan that sets out Council's priority advocacy matters, target audiences and engagement approach with State and Federal Government, agencies and other key stakeholders. The Advocacy Plan will provide a structured framework to ensure Council's advocacy is consistent, evidence-based and aligned with Council's strategic priorities, growth planning and infrastructure needs.

The plan will identify and prioritise key advocacy issues where Council requires external support, investment or policy change, including (but not limited to) water infrastructure to support identified urban and employment land growth; management of state-listed heritage assets such as the Seppeltsfield Road palm trees where conflicts exist with bushfire risk and overhead powerlines; upgrades to State-controlled entrance roads within townships; and tourism and visitor economy initiatives such as the Drover's Encounter visitor experience. The Advocacy Plan will define clear objectives, responsibilities and actions to guide Council's engagement over the short to medium term and support effective, targeted advocacy outcomes.

TOWNSHIPS MASTER PLANNING

In conjunction with the preparation of the Local Area Plan, Council will undertake a program of Townships Master Planning to support place-based planning, community wellbeing and infrastructure coordination at the township level. Provision has been made in the budget for \$100,000 across 2026/27 and 2027/28 (\$50,000 per year) to enable Council-led and community-informed planning focused on placemaking, social infrastructure and urban design outcomes that complement the technical planning and infrastructure studies being undertaken as part of the LAP.

This work will involve compiling and reviewing existing township-specific studies and strategies, including historical urban design frameworks, previous community engagement outcomes, sport, recreation and open space plans, main street masterplans and related studies. These will be used as a foundation for renewed engagement with local communities to prepare contemporary Township Master Plans with clear, affordable priorities, actions and timeframes for delivery. The resulting plans will provide a practical, shared vision for each township and guide future investment, advocacy and decision-making alongside the statutory Local Area Plan.

BUILDING ASSET RATIONALISATION INVESTIGATION

Council has allocated \$50,000 in the 2026/27 budget to undertake a Building Asset Rationalisation Investigation across all Council-owned land and building assets. The investigation will take a high-level, whole-of-portfolio approach to assess how Council's property holdings are currently utilised and how they might better support service delivery, community use and long-term financial sustainability. The work will identify properties that offer opportunities for repurposing or activation (including shared or community-based uses), those that may no longer be fit-for-purpose or strategically required, and assets that could potentially be divested.

The investigation will also prepare a strategic framework to guide decision-making on asset renewal and divestment, including how proceeds from any future property sales could be reinvested to fund priority upgrades, repurposing or activation of retained assets. This approach is intended to help Council optimise the use of its asset base, reduce ongoing maintenance and holding costs, and progressively improve the functionality, condition and utilisation of remaining facilities, while aligning with Council's long-term financial plan and strategic objectives.

A full-page background image showing a woman and a young girl running through a field of tall grass at sunset. The woman is in the background, wearing sunglasses and a dark shirt, and the girl is in the foreground, wearing a pink jumpsuit and smiling. The scene is bathed in warm, golden light.

CONTRACT MANAGEMENT SYSTEM LICENCE FEES

Council has acknowledged the need to improve its contract management systems and has budgeted an annual software solution subscription from 2027/2028 onwards to implement a new system.

SEPPELTSFIELD ROAD PALM TRIMMING

Periodical trimming of the state heritage listed palm trees along Seppeltsfield Road is listed in the operating projects to acknowledge that it is not undertaken annually but still has a funding requirement in the LTFP.

Capital Projects

Council is responsible for a large portfolio of assets with depreciation expense of \$10.927m for the 2026/2027 financial year.

It is therefore essential for the long-term sustainability of assets for practices that optimise assets useful lives for the benefit of the community.

The Capital Asset Renewal Program is 100% of approved IAMPs.

Projects/concepts	Budget 2025/26 \$	Year 1 2026/27 \$	Year 2 2027/28 \$	Year 3 2028/29 \$	Year 4 2029/30 \$
Capital (excluding CWP)					
RTE office accommodation feasibility/finance lease	100,000	100,000	-	-	-
Information Technology Computer Hardware Refresh/other leases	230,000	236,000	243,000	249,000	255,000
Future 'Roadmap' projects	170,000	160,000	910,000	4,260,000	3,710,000
Total 'Capital' projects (excluding capital 'works')	500,000	496,000	1,153,000	4,509,000	3,965,000
Funding for FRP capex projects	(60,000)	-	(600,000)	(1,900,000)	(1,900,000)
Net Future Projects Roadmap cost	440,000	496,000	553,000	2,609,000	2,065,000

Note: Regarding IT hardware 'refresh', the most recent refresh was funded by a finance lease which was more favourable than an outright purchase. A different funding method may be used in future years.



Capital Works Program

The Community Infrastructure Grants Program, originally intended as a capital program, has generally been awarded for projects that do not improve Council assets and therefore has been removed from the Capital Works Program.

This grants program has been discontinued due to the present financial position of Council. Separate consideration for this grants program shall occur under the operating projects area, should there be community demand and Council consideration to reinstate the program in future years.

Projects/concepts	Budget 2025/26 \$	Year 1 2026/27 \$	Year 2 2027/28 \$	Year 3 2028/29 \$	Year 4 2029/30 \$
Capital 'Works' Program (CWP)					
Community Infrastructure Grants Program	100,000	-	-	-	-
Capital Assets - new/upgrade (grant funded)	6,330,000	5,580,000	4,316,000	2,447,000	2,447,000
Capital Assets - new/upgrade/operating - capital (grants)	(2,666,000)	(4,133,000)	(3,036,000)	(1,667,000)	(1,667,000)
Capital Asset Renewal Program	7,347,000	7,479,000	8,026,000	9,109,000	10,024,000
Capital Asset Upgrade/Expansion Program - CWMS	-	-	1,500,000	3,000,000	1,000,000
Capital Asset Upgrade/Expansion Program - CWMS - funding	-	-	(1,500,000)	(3,000,000)	(1,000,000)
Capital Asset Renewal Program - CWMS	516,000	551,000	560,000	571,000	586,000
Vehicle/Plant Replacement & Renewal Program	854,000	875,000	896,000	918,000	940,000
Net Capital Works Project Costs	12,481,000	10,352,000	10,762,000	11,378,000	12,330,000
	<i>Net new/upgrade</i>	1,447,000	1,280,000	780,000	780,000

Capital Works Program - LRC only Roads and related infrastructure Excludes projects in conjunction with DIT road infrastructure (refer table below)	Year 1 2026/27 \$	Year 2 2027/28 \$	Year 3 2028/29 \$	Year 4 2029/30 \$
Unsealed to Sealed/Unsealed upgrades - Expenses				
Bethel Road Stage 2 & 3 (commenced 2024/25)	2,000,000	-	-	-
Belvidere Road	2,800,000	-	-	-
Dawkins Rd (Wilkinson to Goodger)	-	500,000	-	-
Gartrell Street	-	800,000	-	-
Seppeltsfield Road (Nuriootpa)	-	936,000	-	-
Seppeltsfield Road (Seppeltsfield)	-	1,300,000	-	-
Les Dunkley Road	-	-	1,667,000	-
Golflinks Road	-	-	-	1,667,000
Unsealed Roads upgrade program (URUP) - various projects	180,000	180,000	180,000	180,000
Sealed Roads Upgrade program (SRUP) kerb & gutter	450,000	450,000	450,000	450,000
Future project roadmap (FPR) lighting & footpaths	150,000	150,000	150,000	150,000
Total expenditure	5,580,000	4,316,000	2,447,000	2,447,000
Unsealed to Sealed/Unsealed upgrades - External Funding				
Bethel Road - special local roads (grant)	(1,333,000)	-	-	-
Belvidere Road (grant)	(2,800,000)	-	-	-
Gartrell Street (SLRIP)	-	(800,000)	-	-
Seppeltsfield Road (Nuriootpa) (SLRP)	-	(936,000)	-	-
Seppeltsfield Road (Seppeltsfield) (SLRP)	-	(1,300,000)	-	-
Les Dunkley Road (SLRP)	-	-	(1,667,000)	-
Golflinks Road (SLRP)	-	-	-	(1,667,000)
Total grants	(4,133,000)	(3,036,000)	(1,667,000)	(1,667,000)
Roads and related infrastructure – Net Council Contribution, incl renewal component	1,447,000	1,280,000	780,000	780,000

Note: Belvidere Road total project cost is \$3,500,000 (\$2,800,000 funded by a grant and \$700,000 funded by asset renewal funds).

Future Initiatives/Projects Roadmap (FPR) Excludes LRC only road infrastructure (refer table above)	Year 1 2026/27 \$	Year 2 2027/28 \$	Year 3 2028/29 \$	Year 4 2029/30 \$
Expenses				
Clare Road upgrade (LRC kerb/stormwater/footpaths)	-	-	1,500,000	1,500,000
Clare Road upgrade (DIT road asset)	-	-	1,500,000	1,500,000
Roseworthy Township Expansion oval clubrooms building design	-	200,000	-	-
Bicycle path from Gawler to Roseworthy	-	600,000	600,000	600,000
Enterprise System Upgrade	50,000	50,000	50,000	50,000
Kapunda Cemetery Land Acquisition and Expansion	-	-	550,000	-
Other FPR initiatives - allowance for smaller projects	60,000	60,000	60,000	60,000
Roseworthy CWMS treatment plant monitoring equipment and investigations for bulk water disposal into SA Water sewer system	50,000	-	-	-
Total expenditure	160,000	910,000	4,260,000	3,710,000
Grant/funding contributions/funding source				
Clare Road upgrade (DIT road asset) – State Government Grant	-	-	(1,500,000)	(1,500,000)
Roseworthy Township Expansion oval clubrooms building design – RTE Social Infrastructure Fund	-	(200,000)	-	-
Bicycle path from Gawler to Roseworthy – State Bicycle Grant	-	(200,000)	(200,000)	(200,000)
Bicycle path from Gawler to Roseworthy – RTE Social Infrastructure Fund	-	(200,000)	(200,000)	(200,000)
Total grants/other contributions	-	(600,000)	(1,900,000)	(1,900,000)
FPR initiatives Net Council Contribution	160,000	310,000	2,360,000	1,810,000



Loans

New Long-term loans

In concert with borrowings in 2025/26, the borrowing strategy proposes three (3) loans over the next three (3) financial years:

- 2025/2026: \$ 8.5m for the purpose of conversion of cash advance debentures (CAD) (estimated balances drawn in 2025/26 excluding the 'Roseworthy Water Scheme / Bunyip 2' CAD) to fixed term, fixed interest borrowing.
- 2026/2027 through to 2028/2029 it is proposed to borrow \$1.5m, \$1.0m and \$2.0m for the purpose of Council's contribution towards major projects included in this plan (refer capital budget).

During the 2023/2024 financial year Council secured Cash Advance Debentures (CADs) for the Roseworthy Water Scheme / Bunyip 2 project and a strategic land purchase/ Both are subject to commercial arrangements and have been considered by Council 'in confidence' under the *Local Government Act 1999*, with the details to be released in due course.

The initial stage of the Roseworthy Water Scheme / Bunyip 2 project is operating under interim arrangements, and further stages will be constructed and commissioned in the coming years as the Roseworthy Township Expansion development proceeds. This will require further drawing down of the associated CAD for the project but isn't anticipated to exceed the approved CAD amount.

To support cashflow variability during the quarterly rate receipt cycle, previously approved CADs have not been surrendered (refer 'Existing loans') and will be utilised. The actual timing and the amount will be managed based on cash available from day-to-day by operations in line with Council's Treasury Management Policy.



Existing loans

The estimated balance of the unpaid loan principal on 1 July 2026 is **\$10.411m** which includes loans that support assets owned by community organisations on Council land and are repayable to Council by those organisations.

A review of the utilisation of approved CADs was undertaken during 2025/2026 in association with a review of the Treasury Management Policy and intergenerational fairness. \$8.5m of other CADs were converted to a long-term fixed interest debenture which had the benefit of reducing Council's risk to 2026 interest rate increases.

Borrowing strategy

The borrowing strategy outlines four (4) key types of Council borrowings from the Local Government Finance Authority (LGFA):

- 1 Credit foncier (principal and interest) debentures made available to and repaid by community organisations (mainly sporting and recreational facilities) for the improvement of their assets.
- 2 Cash advance debentures for the purpose of cash flow management, mainly to take advantage of the benefits of operational 'during-year' surplus cash flow to minimise interest costs.
- 3 Cash advance debentures for projects where it is expected that there will be a repayment of the loan during or after the successful completion of the project. This approach is being used for the Roseworthy Water Scheme / Bunyip 2 project.
- 4 Credit foncier (principal and interest) debentures for infrastructure intergenerational assets to enable the cost of the asset to be (as best possible subject to the maximum loan length available) spread over the life of the asset, meaning the ratepayer beneficiaries of the asset share the cost over time. The policy requires that "the council should, in making any decision, take into account the financial effects of the decision on future generations". This principle includes that the Council should consider intergenerational fairness including that there should not be volatile shifts in rating levels as a consequence of expenditure on infrastructure assets.



Capital expenditure 'funding'

The following table reconciles forecast overall capital outlays with the sources of funds used. A shortfall in funds is drawn from available CADs.

	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	2031/32 \$000	2032/33 \$000	2033/34 \$000	2034/35 \$000
Outlays									
Future Initiatives/ projects roadmap (FPR)	5,740	5,226	6,707	6,157	13,778	4,055	3,949	7,045	8,143
Renewal/replacement assets (Incl. asset reserve)	9,005	9,482	10,598	11,805	12,291	12,671	12,944	13,342	12,939
Other assets incl finance leases	236	243	249	255	261	267	273	280	287
CWMS - upgrade & renewal	551	2,060	3,571	1,586	738	756	774	793	817
Bunyip 2 water scheme	1,262	278	(859)	275	(776)	-	-	-	-
FRP loan repayments	371	460	567	634	670	707	747	789	832
Other outlays (e.g RTE growth), unspent loans, investments	3,227	2,926	1,800	1,433	5,519	13,610	3,895	4,220	5,662
Total Outlays	20,392	20,675	22,633	22,145	32,481	32,066	22,582	26,469	28,680
Funded by									
Grants - specific purpose for assets	(3,333)	(480)	(1,333)	(2,778)	-	-	-	-	-
Future Initiatives/ projects roadmap (FPR) - grant funding	(4,133)	(3,636)	(3,567)	(3,567)	(10,333)	(2,494)	(2,557)	(4,621)	(5,436)
Contributions (developer Bunyip 2)	(386)	(386)	(522)	(455)	(454)	(521)	(562)	(571)	(529)
Sales of assets	-	-	-	-	(4,000)	-	-	-	-
Reserve funds - CWMS	(890)	(929)	(1,018)	(1,108)	(1,062)	(1,155)	(1,251)	(1,334)	(1,416)
Bunyip 2 water scheme - rates/takeout	(375)	(900)	(900)	(900)	(900)	(11,900)	-	-	-
Internally generated funds - depreciation/amortisation	(10,927)	(11,902)	(13,015)	(14,196)	(15,457)	(16,772)	(18,212)	(19,943)	(21,299)
Internally generated funds reduction - add back opex losses	1,773	297	-	-	-	-	-	-	-
Borrowing - FRP (3 loans)	(1,500)	(1,000)	(2,000)	-	-	-	-	-	-
Borrowing - CAD use (Bunyip 2)/ take-out value 2031/32	(621)	(1,262)	(278)	859	(275)	776	-	-	-
Borrowing - CAD use 'other' *	-	(477)	-	-	-	-	-	-	-
Total funds	(20,392)	(20,675)	(22,633)	(22,145)	(32,481)	(32,066)	(22,582)	(26,469)	(28,680)
Net outlays/funds	-	-	-	-	-	-	-	-	-

* only in-year cash flow from 2025/26



Appendix A

Rating Structure & Policy

In proposing its rates for the 2026/2027 Financial Year, Council considered its Rate Revenue Policy (originally approved in 2023, updated April 2026), the Strategic Management Plan 2024-2028, the current economic climate, the budget requirements for the 2026/2027 financial year and the impact of rates on the community. Land use categories as provided in the *Local Government (General) Regulations 1999* are used as the basis of Council's general rate calculation. Section 147 of the *Local Government Act 1999* provides Council with the power to rate all land within Light Regional Council – except for land specifically exempted, such as Crown land and land occupied by Council (unless leased).

Capital Value

Determined by the State Valuation Office (SVO) as the basis for valuing land and calculating rates, as it is felt this method provides the fairest and most efficient method of distributing the rate burden across all rate payers. If a property owner is dissatisfied with a property valuation, then an objection may be made to the Valuer-General (VG) in writing, within 60 days of receiving notice of the valuation, explaining the basis for the objection. It is important to note that Council has no role in the valuation process.

Land Use Objections

If a ratepayer believes that a particular property has been wrongly classified by Council as to its land use, then they may object (to Council) to that land use within 60 days of being notified. For further information on this matter, ratepayers may contact Council's Rates Assessment Officer.

Impact of Rates

In the 2026/2027 budget, Council proposes collecting \$25.152m of general rate revenue in a total operating revenue budget of \$35.915m. The final value of general rates revenue will be based on the final Valuer General's Light region valuation on or around 30 June 2026.

Income also includes separate charges for Refuse Collection and Community Wastewater Management Systems, and Council acts as a collection agent on behalf of the State Government regarding the collection of income for the Regional Landscape Boards.

The total capital valuation of the region (rateable properties) has increased by 12.85% (13.96% in 2025) between 1 July 2025 and 30 June 2026, excluding new assessments. The number of rateable properties increased by 2.7%. The table on the next page expands on the information above and provides comparative assessment, valuation, and rating data by Land Use Code.

Council has approved proceeding to consultation with the Annual Business Plan on a proposed Primary Production differential rate by land use and locality. Refer pages 48-51 for details.

Note: as at the time of writing this report the VG is still providing a considerable number of changes each week since the main valuation was issued early in March, and it is probable that this will continue until the 'revisit' valuation and the final week 52 valuation in late June. Therefore, further changes are probable and will impact on real growth, land use (especially vacant land to unfinished or finished residential, and valuations).

COMPARATIVE ASSESSMENT AND VALUATION DATA

Land Use	2025-26 Financial Year		2026-27 Financial Year (as at Week 41)				
			New/change Assessments		Total Assessments		
	No. of Assessments	Total District Valuation \$	Number	Valuation \$	Number	Regional Valuation \$	% Increase in Valuation
Residential	5,340	3,150,236,364	251	666,385,439	5,591	3,816,621,803	21.2%
Commercial Shop	70	28,348,426	1	1,452,760	71	29,801,186	5.1%
Commercial Office	16	7,792,799	3	3,460,050	19	11,252,849	44.4%
Commercial Other	284	156,275,030	4	12,816,802	288	169,091,832	8.2%
Industrial Light	27	12,565,987	8	6,319,967	35	18,885,954	50.3%
Industrial Other	42	159,773,227	-	1,367,582	42	161,140,809	0.9%
Primary Production	2,400	2,880,034,714	(7)	205,007,579	2,393	3,085,042,293	7.1%
Vacant Land (1)	534	150,503,854	108	15,618,241	428	166,122,095	10.4%
Vacant Land transfers/cancelled (2)	-	-	(214)	-	-	-	-
Other	95	132,578,038	-	(39,674,498)	95	92,903,540	(29.9%)
Total Rateable	8,808	6,678,108,439	154	872,818,922	8,962	7,550,862,361	12.8%
Non-Rateable	422	95,224,841	16	81,395,518	438	176,620,359	12.2%
Total Assessments	9,230	6,773,333,280	170	954,149,440	9,400	7,727,482,720	12.8%

Note 1 - excluding the value of transfers the valuation increase is only **15.4%**.

Note 2 - assessments transferred to other LUCs, mainly Residential, or cancelled.

RATE IN THE \$ BY LAND USE AND LOCALITY

Land Use	2026	2027	Change Value	Change %
Residential	0.003430	0.003272	-0.000158	-4.61%
Commercial Shop	0.005400	0.004908	-0.000492	-9.11%
Commercial Office	0.005400	0.004908	-0.000492	-9.11%
Commercial Other	0.007950	0.007558	-0.000392	-4.93%
Industry Light	0.009550	0.009849	0.000299	3.13%
Industry Other	0.009550	0.009849	0.000299	3.13%
Primary Production	0.002736	0.002618	-0.000118	-4.31%
Vacant Land	0.007500	0.007500	-	No change
Other	0.003430	0.003272	-0.000158	-4.61%
Primary Prod URB EMP Zone (locality)	-	0.007500	0.007500	New

Overall, the change in general rates for existing properties is an increase of 6.2%, representing an amount of CPI (3.7%) plus 2.5%.

The average general rates payable, inclusive of growth and new assessments, will increase from \$2,553 to \$2,807, being an increase of 9.9%

Note: The table is based on week 49 valuation data that indicated that the 2025/2026 differential rates in the dollar could be reduced in 2026/2027 to achieve the general rate revenue target. Industry rates have been increased to achieve a rate revenue contribution increase of approximately forecast CPI. The differential rate for vacant land has been retained at the same level as the past 2 financial years.

Differential General Rates

A differential rate is applied to industrial, primary production, commercial properties and vacant land. The higher differential ratio adopted for industrial and commercial properties is based on the principle that they are a greater burden on infrastructure and achieve direct benefits from parking and health regulations, events and tourism etc. For vacant land, the differential rate discourages holding vacant property and encourages development.

Every resident benefits in some part from the general amenity of the area, whether that is at the present time or in the future. The amenity includes the local economy, general Council operations and the ability to use facilities. Council rating is a system of taxation against property prescribed by the *Local Government Act 1999*. However, Council has assessed that the level of differential rating imposed is governed in part by the ability to pay, the potential for income tax deduction and the perception of accessibility or useability of council services by the residents and consumers.

Council had approved proceeding to consultation with the Annual Business Plan on a proposed Primary Production differential rate by land use and locality. Refer pages 48-51 for details.



Commercial Properties

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.

Industrial Properties

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 are delivered to site for processing, utilising Council's infrastructure.

Primary Production Properties

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 Land in Urban and Employment Zones

(Proposed Differential by Locality – Subject to Public Consultation and Final Council Decision)

BACKGROUND AND CONTEXT

Council has historically applied differential general rates by land use only, without reference to the locality of the land within the Council area. For example, for the financial year 2025/26 the Council declared differential general rates varying on the basis of land use only. Pursuant to section 156 of the *Local Government Act 1999*, Council may differentiate rates according to the use of the land, the locality of the land, or both.

For the financial year 2026/27, Council is proposing declaring differential general rates varying on the basis of land use and locality. This proposed change to include differential rating by locality is focusing on Primary Production land located within specific urban and employment planning zones, where the characteristics, development intent and servicing context differ materially from Primary Production land in rural zones.

This sub-section was included for the purposes of the public consultation and has been retained to provide background to the change in the differential rating by locality.

The modelled effect of the changes to differential rating proposed will impact approximately 22 properties and result in an increase in general rates revenue of approximately \$187,000 for the 2026/27 financial year with flow-through effects in future years of the Long Term Financial Plan.

GENERAL APPLICATION OF DIFFERENTIAL RATES BY LAND USE AND LOCALITY

Should Council adopt differential rating by locality, Council will declare its rates in a manner that specifies the applicable rate-in-the-dollar for each land-use category across all localities, including where a single rate applies uniformly.

Further explanation and for clarity of the change:

- Residential land use will be rated at the same Residential rate-in-the-dollar across all localities within Council's area.
- Commercial, Industrial, Vacant Land and Other land uses will be rated in accordance with the differentials adopted by Council across all localities, unless explicitly stated otherwise.
- Primary Production land use will be subject to locality-based differentiation, as described below.

PROPOSED DIFFERENTIAL TREATMENT FOR PRIMARY PRODUCTION LAND BY LOCALITY

Under the proposal being consulted on, under the 'consult' level of Council's Public Consultation Policy:

- 1 Primary Production land located within specified urban and employment planning zones would be rated at a higher differential, equivalent to the Vacant Land rate-in-the-dollar; and
- 2 Primary Production land located in all other localities would continue to be rated at the Primary Production rate-in-the-dollar.

The planning zones referenced below are those identified in the Planning and Design Code, as in force from time to time.



PROPOSED DIFFERENTIAL RATE APPLICATION BY LAND USE AND LOCALITY (PRIMARY PRODUCTION LAND USE)

Subject to Council's final decision and rate declaration, the specified rate-in-the-dollar would apply to Primary Production land located within the following suburbs and planning zone combinations:

Primary Production Land Use and Locality Differential Rates (Proposed) (Planning zones as defined in the Planning and Design Code)

Land Use and Locality (Planning & Design Code zone)	Rate in the \$
Primary Production in:	
Gawler Belt – Master Planned Neighbourhood (MPN)	0.0075
Kapunda – Neighbourhood (N)	0.0075
Kingsford – Strategic Employment (SE)	0.0075
Roseworthy – Master Planned Neighbourhood (MPN), Strategic Employment (SE)	0.0075
All other localities	0.002618

(The above table will be finalised prior to rate declaration, subject to Council resolution.)

PURPOSE OF THE LOCALITY-BASED APPROACH

The proposed approach seeks to recognise that some Primary Production land located within urban and employment zones:

- is subject to clear planning intent for transition to more intensive land uses;
- experiences service and amenity characteristics more aligned with urban or employment land; and/or
- gives rise to increased planning and infrastructure coordination activity by Council that is not fully recovered through fees and contributions.

Council acknowledges that these factors are not uniformly present across all such land and that practical development may be constrained by infrastructure availability, staging requirements or economic viability.

DISCRETIONARY REBATE FRAMEWORK

If Council were to adopt the proposed differential rate by locality, Council would also consider a discretionary rebate framework to ensure equitable outcomes where the higher differential is not appropriate in practice.

The discretionary rebate framework would:

- allow relief where land continues to be viably used for Primary Production and development is not economically feasible in the medium term; and/or
- allow relief where development is constrained by external infrastructure or staging requirements beyond the landowner's control.

The framework, including eligibility criteria, evidence requirements, duration and review provisions, is being considered concurrently with this proposal and would be administered under section 166 of the *Local Government Act 1999*.

CONSULTATION AND REPORT UNDER SECTION 156(14A) OF THE *LOCAL GOVERNMENT ACT 1999*

In accordance with section 156(14a)(a) of the *Local Government Act 1999*, Council has prepared and considered a report on the proposed change to its basis for differential rating relating to Primary Production land in urban and employment zones.

For the purposes of section 156(14a), the report has been prepared and considered through a two-phase process, consistent with Council's Public Consultation Policy, and is comprised of the following documents:

- 1 Council Report – “Differential Rates in Growth Areas” (Ordinary Council Meeting, 27 January 2026, Item 13.1), which set out:
 - the policy context for differential rating by land use and locality;
 - the proposed rationale for applying a higher differential to Primary Production land in urban and employment zones;
 - preliminary data analysis and rating scenarios; and
 - options available to Council.
- 2 Council Resolution OCM-2026/030 on Rating Options (Ordinary Council Meeting, 24 February 2026, Item 16.1 – Rating Options – Cr Simon Zeller, Light Ward), whereby Council:
 - resolved to progress investigation and consultation on differential rating for Primary Production land in urban and employment zones, and
 - directed Administration to undertake further locality-based analysis and consultation prior to inclusion in the Annual Business Plan and Budget process.
- 3 Consultation Paper – “Rates Proposal for Primary Production Land in Urban & Employment Areas”, which:
 - translated the Council reports and resolution into a public consultation document;
 - explained the proposed change, its purpose and indicative rate impacts;
 - outlined the proposed discretionary rebate approach;
 - invited feedback through a targeted mail-out, online survey and public submission process; and
 - formed the Phase 1 of public consultation undertaken prior to preparation of the Draft 2026/27 Annual Business Plan and Budget.

- 4 Council Report – “Differential Rates for Primary Production Land in Urban & Employment Zones” (Ordinary Council Meeting, 28 April 2026, Item 13.4), which:

- summarises and analyses submissions and survey responses received during Phase 1 consultation;
- presents a suburb-by-planning-zone analysis of affected Primary Production land, including alignment with Council's stated purposes and indicative rating revenue impacts;
- recommends whether and how a refined proposal, together with a discretionary rebate framework, should be included in the Draft 2026/27 Annual Business Plan, Budget and Long Term Financial Plan for further public consultation.

- 5 Council Resolution OCM-2026/080 on Differential Rates for Primary Production Land in Urban & Employment Zones

- (Ordinary Council Meeting, 28 April 2026, Item 13.4), whereby Council:
- Endorsed for public consultation, proposed differential rates by primary production land use and locality considered to be in high alignment with the purpose of an increased rating differential as follows:

Land Use and Locality (Planning & Design Code zone)	Rate in the \$
Primary Production in:	
Gawler Belt – Master Planned Neighbourhood (MPN)	0.0075
Kapunda – Neighbourhood (N)	0.0075
Kingsford – Strategic Employment (SE)	0.0075
Roseworthy – Master Planned Neighbourhood (MPN), Strategic Employment (SE)	0.0075
All other localities	0.002618

Together, these documents constitute the report for the purposes of section 156(14a)(a) of the *Local Government Act 1999*, addressing:

- the reasons for the proposed change;
- the relationship of the proposed change to Council's overall rating structure and policies;
- the likely impact of the proposed change on ratepayers; and
- issues of equity within the community.



PUBLIC CONSULTATION PROCESS

Public consultation on the proposed change has been undertaken in two (2) phases:

Phase 1 – Pre-Annual Business Plan consultation, consisting of:

- direct written notification to affected landowners;
- publication of the Consultation Paper on Council's Yoursay webpage;
- an online survey open from 10 March 2026 to 1 April 2026; and
- public notices published in local newspapers.

Phase 2 – Annual Business Plan and Budget consultation, being the consultation undertaken on this Draft 2026/27 Annual Business Plan, Budget and 2026–2036 Long Term Financial Plan.

In accordance with section 156(14a), copies of the documents comprising the report are:

- published on Council's website alongside the Draft Annual Business Plan and Budget;
- available for inspection at Council's principal office during the consultation period; and
- available for viewing at the public meeting at which submissions may be heard.

FINAL DECISION

Following the completion of public consultation on the Draft Annual Business Plan, Budget and Long Term Financial Plan, Council will consider all submissions received in relation to the proposed application of a differential rate by locality for Primary Production land.

Council will then determine whether to adopt, amend or not proceed with the proposed change as part of its final declaration of rates for the 2026/27 financial year.





Minimum Rate

A council may impose a minimum amount payable by way of rates if it has not imposed a fixed charge. Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer. Where a council imposes a minimum rate, it must not apply to more than 35% of properties in the council area.

In 2026/2027 Council proposes to levy a minimum rate of **\$1,057** (\$995 in 2025/2026) which will affect **408** or 4.6% of the **8,904** rateable properties. It is appropriate that all rateable properties make a base level contribution to the cost of administering Council's activities and to the cost of creating and maintaining the physical infrastructure that supports each property. The minimum rate will apply to residential assessments valued at less than **\$323,000**. The average residential property value has increased to approximately **\$675,000** (\$580,000 in 2025).

Regional Landscape Board Levies (formally the Natural Resource Management Board (NRM))

The whole of the Council area is located within the boundaries of the Northern and Yorke Landscape Board. Contributions are sought in 2026/2027 totalling **\$0.620m**.

Council is operating as a revenue collector for the Regional Landscape Board in this regard. It does not retain this revenue or determine how revenue is spent.

Service Charges

A **Community Wastewater Management System (CWMS)** is provided to residential and commercial properties in Kapunda, Freeling, Greenock, and Roseworthy (excluding the Roseworthy Township Expansion which is serviced by SA Water's sewer network). The estimated full cost of service for the 2026/2027 financial year is **\$2.003m**. Council recovers this cost through various means including the imposition of a service charge of **\$670** per unit (\$650 in 2025/2026) for all properties where the service is available. Where the service is provided to land (an assessment) to which a rate rebate applies, a CWMS service charge is levied against the land. The increase is inclusive of a GHG offset.

The provision of CWMS is a regulated service, and ESCOSA has issued a price determination and guidelines for councils to follow regarding the pricing of CWMS. The guidelines and price determination result from work done at the Commonwealth Government level, and adopted by State and Territory Governments, to ensure that the full cost of providing water and sewerage services is recovered from users. This approach ensures the sustainability of service provision over time. The proposed increases are reviewed annually and are adjusted in accordance with the costs of the scheme at that time. Only the cost of the service can be recovered by the service charge.

A **refuse collection** service inclusive of recycling collections is provided within the townships of Kapunda, Freeling, Hewett, Greenock, Roseworthy, and Wasleys. The service is also provided to those ratepayers in Council's area that can access the service along the designated collection routes. The full cost of service for 2026/2027 is budgeted to be **\$2.666m**. It is proposed to recover this cost through a service charge of **\$425** (\$390 in 2025/2026) for each property within the designated 3 bin service area (i.e., collection of domestic, recyclable and green organic refuse); and through a service charge of **\$300** (\$260 in 2025/2026) for each property within the designated 2 bin service area (i.e. collection of domestic and recyclable refuse only). Where the service is provided to land (an assessment) to which a rate rebate applies, a refuse collection service charge is levied against the land. Only the cost of the service can be recovered by the service charge.

Payment of Rates

Under Section 181 of the *Local Government Act 1999*, Council must provide the opportunity for all ratepayers to pay rates by quarterly instalments. Council payment dates for the 2026/2027 Financial Year will be 4th September 2026, 4th December 2026, 5th March 2027 and 4th June 2027.

LATE PAYMENT OF RATES

The *Local Government Act 1999* provides that councils impose an initial penalty of 2% on any payment for rates, whether by instalment or otherwise, that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late. Late payment penalties are applied in accordance with the *Local Government Act 1999*.

Appropriate delegations are made by Council to the Chief Executive Officer and other staff to undertake collection action on behalf of Council.

A final notice is issued when rates are overdue, i.e. unpaid by the due date. Should rates remain unpaid more than 21 days after the issue of the final notice, then the debt will be referred to a debt collection agency for collection.

The debt collection agency charges collection fees that are recoverable from the ratepayer. All costs incurred by Council in the recovery of outstanding rates and fines are payable by the ratepayer. When payment by the ratepayer is received for overdue rates, the money received is applied as follows:

- I firstly – in payment of any costs awarded to, or recoverable by, the Council in any court proceedings undertaken for the recovery of the rates
- II secondly – in satisfaction for any liability for interest
- III thirdly – in payment of any fine
- IV fourthly – 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).

Remission and Postponement of Rate

POSTPONEMENT OF RATES – HARDSHIP

ratepayer, to remit rates partially or wholly or to postpone rates, based on hardship. Where a ratepayer is suffering from hardship in paying rates, they are invited to contact Council's Rates Assessment Officer, on (08) 8525 3200 to discuss the matter. Such enquiries are treated confidentially.

Council is conscious that the current drought conditions may cause financial difficulties. It is aware of the following:

- 1 In accordance with the National Drought Agreement, Australian, State and Territory Governments do not make drought declarations, and that drought, disaster and rural support should be based on need – providing a simpler, fairer and more proactive approach.
- 2 The Australian Government Bureau of Meteorology issued a statement (February 2026) that agricultural regions of south-east South Australia have experienced severe or serious rainfall deficiencies in the 24 months since March 2024.
- 3 The Council Rates Hardship Policy can provide drought, disaster and rural support based on need.
- 4 The Chief Executive Officer will be promoting the Rates Hardship Policy, together with the free, independent and confidential rural financial counsellor support available to primary producers and small businesses as an acceptable representative to, in accordance with the Hardship Policy, apply for financial arrangements dependent on individual circumstances.

RELIEF FROM RAPID INCREASES IN PROPERTY VALUATIONS

Valuation increases have **not** been as extreme since 2025. For 2026/2027 the rebate for relief of rapid increases in property valuations will **not** be provided.

SENIORS RATE POSTPONEMENT

Section 182A of the *Local Government Act 1999* provides the option for State Senior Card holders to apply to postpone part of their Council rates on a long-term basis. The deferred amount is subject to monthly interest charge, with the accrued debt being payable on the disposal or sale of the property. Postponement is like a reverse mortgage by relying on the equity in the property. A ratepayer who has a State Seniors Card may apply for postponement of a portion of the Council rates payable on property they own if it is their principal place of residence and if no other person other than their spouse has an interest as owner of the property and there is appropriate equity in the property. Further information can be obtained from Council's Senior Rates Assessment Officer on (08) 8525 3200.

REBATE OF RATES

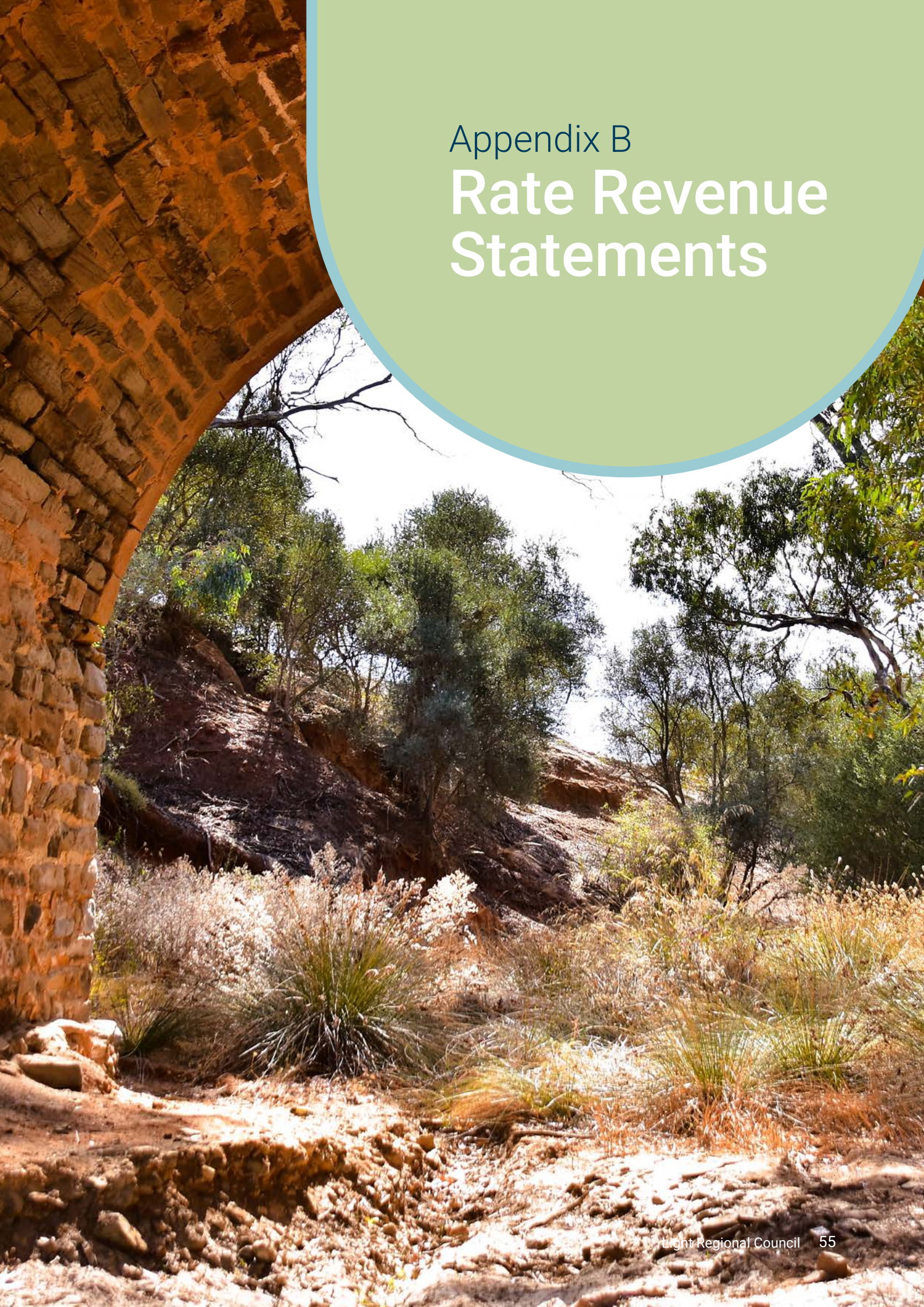
The *Local Government Act 1999* makes it mandatory for Councils to rebate the rates for certain land uses. This includes 100% rate rebates on places of worship, public cemeteries, hospitals, and land occupied by universities; and 75% rate rebates on educational facilities (subject to some qualifications).

Discretionary rebates may be applied by Council under Section 166 of the Act. Council annually considers many applications for rate rebates and has in the past, and is again for the 2026/2027 financial year, proposing to rebate rates charged to various district community and sporting organisations.

The Rate Revenue Policy requires that eligibility for discretionary rebates be reviewed each term of Council, except for rebates agreed for development purposes which have a limited timeframe or conditions.

SALE OF LAND FOR NON-PAYMENT OF COUNCIL RATES

The *Local Government Act 1999* provides that a council may sell any property where the rates have been in arrears for three years (3) or more. The principal ratepayer and the landowner must be notified (if not the same person) of the intention to sell the land and provide details of the outstanding amounts. If payment of the outstanding amount is not received within one month the property may be sold. Except in extraordinary circumstances, Council enforces the sale of land for arrears of rates.



Appendix B

Rate Revenue Statements

Statement on Expected Rate Revenue

Statement on Expected Rate Revenue

	2025/26 (as adopted)	2026/27 (estimated)	Change	Comments
General Rates Revenue				
General Rates (existing properties*)	\$21,603,000	\$22,200,000		'Existing properties' excludes the estimated high value increase discretionary rebate (HVIR). New properties ineligible. 'Net' includes the value of new properties and construction. 6.2% increase comprises CPI 3.7% plus 2.5% real increase. HVIR is not being implemented for 2026/27.
Less: High value increase rebate	(\$470,000)	-		
Less: Mandatory Rebates	(\$442,000)	(\$202,000)	(d)	
Less: Discretionary Rebates	(\$170,000)	(\$205,000)		
General Rates (after Rebates) (existing properties*)	\$20,521,000	\$21,793,000	6.2%	
General rates (new land use and locality)	-	\$187,000		
General Rates (existing properties)	\$20,521,000	\$21,980,000	(a)	
General Rates (new properties)	\$702,310	\$787,000	(b)	
General Rates (new properties - prior years)	\$905,000	\$1,965,000	(b)	
General Rates (completed construction)	\$147,690	\$420,000	(b)	
General Rates (NET)	\$22,276,000	\$25,152,000	(e)	12.9%
* Excluding new land in prior years with ongoing building construction and new locality differential rate properties (e)=(a)+(b)				
Other Rates (inc. service charges)				
Regional Landscape Levy	\$558,025	\$620,000	(f)	The Regional Landscape Levy is a State Government tax, it is not retained by council.
Waste Collection	\$2,163,560	\$2,666,000	(g)	Including property growth
Water supply	-	-	(h)	Not applicable
CWMS	\$1,861,020	\$2,003,000	(i)	Including property growth
Separate and Special Rates	\$900,000	\$375,000	(j)	Water re-use schemes licence/separate rate
Electricity Supply	-	-	(k)	Not applicable
	\$5,482,605	\$5,664,000		
Add: Penalties & legal recoveries	\$191,300	\$353,400		
Less: Discretionary Other Rebates	(\$900,000)	-	(l)	\$450k for water scheme in 2026/27 (part year)
Expected Total Revenue	\$26,300,580	\$30,196,000	(m)	14.8%
(m)=(e)+(g)+(h)+(i)+(j)+(k)+(l)				
Excluding the Landscape Levy and Water Off Water On Deed developer contributions				

Note: Includes the new proposed Primary Production land use/locality differential rate estimated to generate an **additional** \$187,000 of revenue. Refer pages 48-51 of the Annual Business Plan for details.

Estimated Growth in Number of Rateable Properties

	2025/26 (as adopted)	2026/27 (estimated)		Change	Comments
Number of rateable properties	8,726 Actual	8,962 Estimate	(n)	2.7%	
‘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.					

Estimated Average General Rates per Rateable Property

	2025/26 (as adopted)	2026/27 (estimated)		Change	Comments
Average per rateable property	\$2,553	\$2,784	(o)	9.0%	
$(o)=(c)/(n) = [(e \text{ less } (d))]/(n)$					
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). General Rates received from rateable properties will equal the amount adopted in the budget.					

Notes

- (d) Councils are **required** under the *Local Government Act* to provide a rebate to qualifying properties under a number of categories:
- Health Services - 100 per cent
 - Religious purposes - 100 per cent
 - Public Cemeteries - 100 per cent
 - Educational purposes - 75 per cent
 - Community Services - 75 per cent
 - Royal Zoological Society of SA - 100 per cent
- 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).
- (e) Presented as required by the *Local Government (Financial Management) Regulations 2011* reg 6(1)(ea).
- Please Note:** The percentage figure in (e) 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).
- (f) Councils are required under the *Landscape South Australia Act 2019* to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State’s natural resources.
- (i) Community Wastewater Management Systems.
- (l) 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).
- (m) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.
- (n) ‘Growth’ as defined in the *Local Government (Financial Management) Regulations 2011* reg 6(2).

Expected Rates Revenue

	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	\$10,851,662	\$12,498,553	15.2%	5,165	5,590	\$2,101	\$2,236 (p)	\$135 6.4%	0.3272		
Commercial - Shop	\$144,778	\$155,948	7.7%	63	71	\$2,298	\$2,196 (p)	(\$102) (4.4%)	0.4908		
Commercial - Office	\$43,049	\$56,547	31.4%	13	19	\$3,311	\$2,976 (p)	(\$335) (10.1%)	0.4908		
Commercial - Other	\$1,087,205	\$1,170,102	7.6%	282	288	\$3,855	\$4,063 (p)	\$208 5.4%	0.7558		
Industry - Light	\$119,289	\$186,008	55.9%	27	35	\$4,418	\$5,315 (p)	\$897 20.3%	0.9849		
Industry - Other	\$1,524,164	\$1,587,075	4.1%	42	42	\$36,290	\$37,788 (p)	\$1,498 4.1%	0.9849		
Primary Production	\$7,385,205	\$7,858,448	6.4%	2,395	2,371	\$3,084	\$3,314 (p)	\$230 7.5%	0.2618		
Vacant Land	\$1,026,503	\$1,251,077	21.9%	644	428	\$1,594	\$2,923 (p)	\$1,329 83.4%	0.7500		
Other	\$94,145	\$96,869	2.9%	95	96	\$991	\$1,009 (p)	\$18 1.8%	0.3272		
Total Land Use	\$22,276,000	\$24,860,627	11.6%	8,726	8,940	\$2,553	\$2,781 (p)	\$228 9.0%			
Averages above include significant new properties & new construction growth											
Primary Production Land Use and Locality (General Rates - GROSS) - refer notes for abbreviations											
MPN zone	-	\$200,850	-	-	6	-	\$33,475	-	-	0.7500	
N zone	-	\$49,463	-	-	6	-	\$8,244	-	-	0.7500	
SE zone	-	\$41,060	-	-	8	-	\$5,132	-	-	0.7500	
Total Land Use & Locality	-	\$291,373	-	-	20	-	- (p)	-	-		
Grand Total	\$22,276,000	\$25,152,000	12.9%	8,726	8,962	\$2,553	\$2,807 (p)	\$254 9.9%			

Notes

Expected revenue inclusive of new properties and new construction, e.g. new house construction on vacant land and excludes estimated high value increase rebates. Vacant land includes new allotments additions less allotments transferred to other land uses (mainly residential).

Proposed Primary Production land use/locality differential rate estimated to generate an additional \$187,000 of revenue. Refer pages 48-51 of the Annual Business Plan for details. There are 20 assessments impacted.

(p) Average per rateable property calculated as General Rates for category, including a minimum rate but excluding any separate rates, divided by number of rateable properties within that category in the relevant financial year. Land use and locality differential - MPN = Master Planned Neighbourhood, N = Neighbourhood, SE = Strategic Employment

(q) Light Regional Council does not apply a fixed charge.

Minimum Rate

No. of properties to which rate will apply

Rate

	2026/27	% of total rateable properties	2025/26	2026/27	Change
Minimum Rate	408	4.6%	\$995	\$1,057 (r)	\$62 6.2%

Rate revenue policy refers to the maximum number of assessments being approximately 10%, but significant valuation increases have increased many more properties above the minimum valuation threshold.

Minimum Rate Thresholds	\$
Residential	325,131
Commercial/Shop	216,732
Commercial/Off.	216,732
Commercial/Other	141,367
Industry - Light	108,377
Industry - Other	108,377
Primary Production	406,382
Vacant land	140,933
Other	325,131

Adopted valuation method

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.

Light Regional Council uses adopted **Capital Valuation**.

Notes

- (r) Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable.



Appendix C

Capital Asset Renewal Program

The adopted Infrastructure and Asset Management Plan (IAMP) 2020-2030 with the updated Transport Assets Chapter Technical Asset Management Plan Summary 2024-2035, is included within the Long-Term Financial Plan. Council's four-year Asset Renewal Program is summarised below.

Note: New kerb and gutter (K&G) as identified within the program is funded through the Road Upgrade Program and additional to the renewal of the roads identified within the Sealed Roads Renewal Program.

Note: 'Upgrade Grant Funding' refers to projects that are subject to successful grant funding applications.

4 Year Capital Asset Renewal Program 2026-2030

2026-2030 ROADS - SEALED PROGRAM

2026-2027 Year 1

Road Name	Locality	Nature of Work	From	To	Estimate
Belvidere Road	Ebenezer		Truro Road	Kalimna Road West	\$1,000,000
Watunga Road	Koonunga	Spray Seal	Truro Road	End of Seal	\$13,494
Goss Road	Wasleys	Inc K&G on one side	Annie Terrace	End of Seal	\$112,500
Jane Terrace	Wasleys	Road Upgrade Including K&G	Annie Terrace	Pratt Road	\$217,000
Annie Terrace	Wasleys	Reconstruction	Mudla Wirra Road	Harris Road	\$1,204,887
Pratt Road	Wasleys	SS + Reconstruction	Mudla Wirra Road	Jane Terrace	\$462,119
Road design and investigation future years					\$50,000
Road Signs					\$20,000
Total					\$3,080,000

2027-2028 Year 2

Road Name	Locality	Nature of Work	From	To	Estimate
Stockport Road	Freeling	Spray Seal	Start of Seal	Green Road	\$34,773
North Terrace	Kapunda	SS + Reconstruction	Marrabel Road	End of Seal	\$101,397
Railway Road	Kapunda	Road Upgrade Including K&G	Railway Parade	Coghill Street	\$130,500
Seppeltsfield Road	Nuriootpa	Council Contribution to SLRP Funding UPGRADE Grant Funding	North Para River	Stonewell Road	\$467,500
Seppeltsfield Road	Seppeltsfield	Council Contribution to SLRP Funding UPGRADE Grant Funding	Adealaide Road	Gerald Roberts Road	\$649,782
White Street	Kapunda	Asphalt Overlay	259.3m from South Terrace	Chapel Street	\$118,520
Bagot Street	Kapunda	Reconstruction	Branson Crescent	Hogan Street	\$173,041
Chapel Street	Kapunda	Road Upgrade Including K&G	Branson Crescent	Whittaker Street	\$152,152
Wheatley Street	Kapunda	Asphalt Overlay	Maxwell Street	North Terrace	\$165,984
Shannon Street	Kapunda	Asphalt Overlay	Maxwell Street	Nash Street	\$79,823
McCormack Street	Kapunda	Asphalt Overlay	Hogan Street	Mary Street	\$46,800
Light Street	Kapunda	Asphalt Overlay	South Terrace	High Street	\$86,580
Gartrell Street	Roseworthy	Council Contribution to SLRP Funding UPGRADE Grant Funding	Horrocks Highway	Railway Line	\$200,000
Kingfisher Drive	Hewett	Reconstruction	Main North Road	44m Past Roundabout	\$661,065
Golfcourse Road	Ebenezer	Recondition	Belvidere Road	Golf Course entrance	\$291,458
Research Road	Ebenezer	Spray Seal	Roehr Road	Start of Seal	\$16,625
Road design and investigation future years					\$50,000
Road Signs					\$20,000
Total					\$3,446,000

2028-2029 Year 3

Road Name	Locality	Nature of Work	From	To	Estimate
Pioneer Avenue	Rowland Flat	Spray Seal	Golflinks Road	End of Road	\$24,692
Gollinks Road	Rowland Flat	Deep Lift and Spray Seal	Pioneer Avenue	North Para River	\$87,817
Finch Place	Hewett	Asphalt Overlay	Brolga Way	End of Road	\$53,644
Ibis Mews	Hewett	Asphalt Overlay	Sandpiper Way	End of Road	\$26,693
Sandpiper Way	Hewett	Asphalt Overlay	Jabiru Parade	Expedition Drive	\$65,293
Wren Place	Hewett	Asphalt Overlay	Goldfinch Way	End of Road	\$45,523
Goldfinch Way	Hewett	Asphalt Overlay	Kingfisher Drive (Sth)	Kingfisher Drive (Nth)	\$160,199
Sunny Hill Court	Greenock	Asphalt Overlay	Jackman Street	End of Cul de Sac	\$53,498
Egret Place	Hewett	Asphalt Overlay	Goldfinch Way	Plover Court	\$51,035
Plover Court	Hewett	Asphalt Overlay	Goldfinch Way	Egret Place	\$51,864
Falcon Drive	Hewett	Rejuvenation	Osprey Parade (West)	Osprey Parade (East)	\$68,060
Hancock Road	Kapunda	Spray Seal	770m from Old Adelaide Road	1203m from Old Adelaide Road	\$36,050
Forster Street	Wasleys	Road Upgrade Including K&G	Annie Terrace	End of Road	\$99,400
Fisher Street	Wasleys	Reconstruction and Asphalt Overlay	Forster Street	Pratt Road	\$101,769
Oldham Street	Wasleys	Asphalt Overlay	Forster Street	Pratt Road	\$40,443
Dunn Court	Wasleys	Asphalt Overlay	Forster Street	End of Road	\$12,555
Crimson Court	Roseworthy	Asphalt Overlay	Shamrock Way	End of Road	\$43,241
Shamrock Way	Roseworthy	Reconstruction + Asphalt Overlay	Gartrell Street	End of Road	\$252,305
Jemalong Cres	Roseworthy	Reconstruction + Asphalt Overlay	Shamrock Way	Shamrock Way	\$372,471
Meadow Lane	Roseworthy	Asphalt Overlay	Shamrock Way	End of Road	\$111,154
Railway Terrace	Roseworthy	Reconstruction	Gartrell Street	Clode Street	\$309,813
Perry Road	Kapunda	Reconstruction	Adelaide Road	Johnson Road	\$235,879
Bevan Street	Greenock	Asphalt Overlay	Lina Street	Jackman Street	\$168,791
Jackman Street	Greenock	Spray Seal	Greenock Road	Branson Street	\$155,944
West Terrace	Kapunda	Asphalt Overlay	Clare Road	Maxwell Street	\$239,383
Trusscott Street	Kapunda	Asphalt Overlay	Clare Road	Tillbrook Street	\$79,550
Maxwell Street	Kapunda	Asphalt Overlay	West Terrace	Mildred Street	\$188,934
Road design and investigation future years					\$50,000
Road Signs					\$20,000
Total					\$3,206,000

2029-2030 Year 4

Road Name	Locality	Nature of Work	From	To	Estimate
Samuel Road	Nuriootpa	Partial Reconstruction and Spray Seal	113 from Tolley Road	Seppeltsfield Road	\$350,000
Tolley Road	Nuriootpa	Spray Seal	792m from Sir Condor Laucke Way	Samuel Road	\$14,300
Stelzer Road	Stone Well	Spray Seal	162m from Seppeltsfield Road	600m from Seppeltsfield Road	\$36,695
Peramangk Road	Nuriootpa	Spray Seal	End of Road	Council Boundary	\$52,740
Roseworthy Road	Roseworthy	Recondition	Horrocks Highway	263m from Faehse Road	\$880,000
Old Two Wells Rd	Buchfelde	Spray Seal	End of Road	Council Boundary	\$12,814
Weaver Street	Buchfelde	Spray Seal	Weaver Road (DIT)	End of Road	\$18,292
Borrow Street	Freeling	Spray Seal	Public Road	Thiele Highway	\$43,817
Ronda Avenue	Roseworthy	SS + Reconstruction	Gartrell Street	Cliff Road	\$599,702
Arthur Road	Roseworthy	SS + Reconstruction	Ronda Avenue	200m from Ronda Avenue	\$134,121
Bevan Street	Greenock	Asphalt Overlay	Lina Street	Jackman Street	\$168,791
Jackman Street	Greenock	Spray Seal	Greenock Road	Branson Street	\$155,944
Mill Street *	Greenock	K&G upgrade subject to Road Upgrade funding	Murray Street	End of Road	\$265,673
Clancy Road	Gawler Belt	Spray Seal	Redbanks	Ward Belt Road	\$138,412
Parkers Road	Gawler Belt	Spray Seal	Kentish Road	Nottle Road	\$136,236
Cliff Road	Roseworthy	Spray Seal	Perry Road	Gartrell Street	\$101,054
Twartz Road	Roseworthy	Spray Seal	College Road	Start of Seal	\$70,140
Holland Road	Rosedale	Recondition	Turretfield Road	End of Seal	\$588,907
Mattschoos Road	Daveyston	Recondition	Start of Seal	End of Seal	\$33,329
Kings Bridge Road	Kapunda	Spray Seal	Marrabel Road	Thiele Highway	\$280,204
Hanisch Street *	Freeling	K&G upgrade subject to Road Upgrade funding	Hanson Street	Borrow Street	\$173,476
Hamilton Street *	Freeling	K&G upgrade subject to Road Upgrade funding	View Street	Hanisch Street	\$264,353
Road design and investigation future years					\$50,000
Road Signs					\$20,000

Total \$4,589,000

* Denotes new Kerb and Gutter (K & G) installation subject to continuation of Road Upgrade Program and associated funding.

2026-2030 ROADS - UNSEALED PROGRAM

2026-2027 Year 1

Road Name	Area	Comment	Class	From	To	Estimate
Zerk Road	Rosedale		L3	Gomersal Road	Eckerman Road	\$150,480
Holland Road	Rosedale		L3	End of Seal	Bend in Road	\$105,000
Braunack Road	Gomersal		L3	Lyndoch Road	Hentschke Road	\$104,640
Apley Heights Road	Kapunda		L3	Tarlee Road	End of Road	\$40,350
Bagot Well Road	Bagot Well	portion of road	L1	Thiele Highway	Brennan Road	\$219,904
Cambria Street	Kapunda		LC	Railway Road	Carrington Street	\$4,640
Lewis Street	Kapunda		LC	Railway Parade	End of Road	\$10,360
Leske Road	Freeling		L3	Thiele Highway	350m from Neindorf Road	\$129,000
Fisher Road	Morn Hill		L3	Horrocks Highway	Wychunga Road	\$49,380
Lienert Road	Shea-Oak Log		L2	Sturt Highway	Gomersal Road	\$244,510
Booker Road	Freeling		L3	Railway Reserve	1139m from Shannahan Road	\$39,600
Faehse Road	Freeling		L3	Railway Reserve	Bamann Road	\$82,980
Schwerdt Road	Magdala		L3	Magdala Road	600m from Magdala Road	\$36,120
Schwerdt Road	Magdala		L3	Pinkerton Road	400m from Pinkerton Road	\$24,000
Schwerdt Road	Magdala		L3	1026m from Wedding Road	Mudla Wirra Road	\$8,400
Bald Road	Linwood		L3	Horrocks Highway	Meaney Road	\$269,400
Green Road	Morn Hill		L3	Horrocks Highway	600m from Horrocks Highway	\$36,000
Mattiske Road	Freeling		L3	920m From Ryan Road	Green Road	\$150,404
Roehr Road	Ebenezer		L3	Schneider Road	Belvidere Road	\$189,000
Stockport Road	Freeling		L2	Horrocks Highway	Start of Seal	\$587,706
Ward Belt Road	Ward Belt		L2	Wingate Road	Parkers Road	\$73,920
Oates Road	Ward Belt		L3	Parkers Road	Hatcher Road	\$157,248
Presser Road	Tanunda		L2	Gomersal Road	Smyth Road	\$273,208
Lange Road	Freeling		L3	Thiele Highway	750m from Thiele Highway	\$33,750
Total						\$3,020,000

2027-2028 Year 2

Road Name	Area	Comment	Class	From	To	Estimate
Freshwater Road	St Kitts		L3	Mosey Road	Noack Road	\$48,780
Tableland Road	St Kitts		L2	Noack Road	Public Road (1413)	\$282,534
Dutton Road	St Kitts		L2&3	Tableland Road	St Kitts Road	\$107,820
Noack Road	St Kitts		L3	Tableland Road	300m from Tableland Road	\$76,800
St Kitts West Road	St Kitts		L2	Steinert Road	Tableland Road	\$435,610
Oaklynn Road	Hamilton		L3	Marrabel Road	Hydedale Road	\$70,380
Mary Mckillop Walk	Kapunda		L3	East Terrace	676m from Public Road (236)	\$49,400
Weichert Road	Bethel		L2	Wild Dog Hill Road	Bethel Road	\$487,270
Wild Dog Hill Road	Bethel		L2	Horrocks Highway	Weichert Road	\$278,640
Peltz Road	Bethel		L2	Weichert Road	Tilley Road	\$89,544
St Johns Road	Kapunda		L3	Truro Road	350m from Kotz Road	\$85,860
Scottys Grave Road	Kapunda		L3	Marrabel Road	500m from Marrabel Road	\$30,000
Scottys Grave Road	Kapunda		L3	850m from School Road	Moyle Road	\$25,140
Christian Road	Linwood		L3	Horrocks Highway	670m from Horrocks Highway	\$33,550
Christian Road	Linwood		L3	Bald Road	Jas Ryan Road	\$58,650
Jas Ryan Road	Linwood		L3	Christian Road	Walpole Road	\$117,150
Walpole Road	Linwood		L3	Bald Road	Jas Ryan Road	\$69,960
Peters Road	Linwood		L3	Ryan Road	Jas Ryan Road	\$81,594
Ryan Road	Freeling		L3	Coffey Road	Peters Road	\$27,240
St Kitts Road	St Kitts		L2&3	Council Boundary	Lusatia Road	\$400,722
School Road	Allendale North		L3	Tarlee Road	Ray Road	\$85,896
Almond Corner Road	Fords		L3	Greenock Road	220m from Schwartz Road	\$167,460

Total **\$3,110,000**



2028-2029 Year 3

Road Name	Area	Comment	Class	From	To	Estimate
Woods Road	Ward Belt		L3	Parkers Road	1000m from Parkers Road	\$70,560
Heinjus Road	Shea-Oak Log		L3	Les Dunkley	Leinert Road	\$83,160
Wedding Road	Pinkerton Plains		L3	Newman Road	250m from Schwerdt Road	\$85,200
Wedding Road	Pinkerton Plains		L3	200m from Roenfeldt Road	Coleman Road	\$100,000
Heinze Road	Gomersal	resheet with limestone	L3	Gerald Roberts Road	Stonewell Road	\$438,313
Stonewell Road	Nuriootpa		L3	Sir Condor Laucke Road	End of Road	\$7,205
Stonewell Road	Gomersal		L3	Stelzer Road	Heinze Road	\$33,792
Phelps Road	Roseworthy		L3	Lowe Road	Molloy Road	\$75,636
Farrelly Road	Pinkerton Plains		L3	Jarmyn Road	Coleman Road	\$192,000
Mattiske Road	Stonewell		L2	635 from Stonewell Road	296m from Hanisch Road	\$79,104
Hanisch Road	Stonewell		L3	Mattiske Road	Start of Seal	\$74,250
Both Road	Gomersal		L3	700m from Lienert Road	900m from Les Dunkley	\$96,030
Graingers Road	Wasleys		L3	George Road	Mudla Wirra Road	\$207,108
Keane Road	Nain		L3	Boundary Road	Nain Road	\$167,244
Les Dunkley Road	Shea-Oak Log	Upgrade to seal, Council contribution to SLRP UPGRADE to SEAL subject to Grant Funding	L1	Gomersal Road	Sturt Highway	\$833,333
Day Road	Woolsheds		L3	Council Boundary	George Road	\$155,694
George Road	Woolsheds		L3	Day Road	900m from Buckby Road	\$38,005
Jarmyn Road	Pinkerton Plains		L3	450m from River Light	McCabe Road	\$374,872
Kernich Road	Freeling		L3	Muster Road	Mattiske Road	\$76,494
Total						\$3,188,000

2029-2030 Year 4

Road Name	Area	Comment	Class	From	To	Estimate
Molloy	Roseworthy		L3	850 from Tucker Road	Horrocks Highway	\$196,020
Mackereth	Roseworthy		L3	600m from Barrow Road	Molloy Road	\$167,574
Tarnma	Tarnma		L1	Marrabel Road	Public Road (532)	\$1,154,208
Golfinks Road	Rowland Flat	Upgrade to seal, Council contribution to SLRP UPGRADE to SEAL subject to Grant Funding	L1	Gomersal Road	Pioneer Drive	\$670,000
Forrest Road	Pinkerton Plains		L1	Coleman Road	Owen Road	\$1,080,198
Total						\$3,268,000

2026-2030 BRIDGES & FLOODWAYS

2026-2027 Year 1

Project Name	Scope/Comments	Allocation
	No Allocation within IAMP	

2027-2028 Year 2

Project Name	Scope/Comments	Allocation
	No Allocation within IAMP (Condition audit scheduled for 2026) Rosedale Bridge subject to commitment from Barossa Council given joint ownership.	

2028-2029 Year 3

Project Name	Scope/Comments	Allocation
Ayliffe Bridge	SLRIP Funding (Scope of works to be finalised in conjunction with adjoining Council prior to project delivery)	\$519,000
Total		\$519,000

2029-2030 Year 4

Project Name	Scope/Comments	Allocation
	No Allocation within IAMP	

2026-2030 BUILDINGS RENEWAL PROGRAM

2026-2027 Year 1

Project Name	Scope/Comments	Allocation
Thompson Building	Renewal - Improve access/egress, new slab to basement, timber renewal externally, stormwater upgrade, internal and external repointing	\$549,000
Kapunda RSL/Craft Shop	Renewal - Stormwater management, external timber and masonry, internal masonry	\$90,000
Furniture Renewal	Community and Operational Buildings	\$45,000
Total		\$684,000

2027-2028 Year 2

Project Name	Scope/Comments	Allocation
Kapunda Pool	Renewal in line with inspection report - inc new changerooms, chemical storage, pool safety and access upgrades	\$430,000
Freeling Institute	Renewal - Cellar floor replacement and fitout	\$196,000
Furniture Renewal	Community and Operational Buildings	\$50,000
Total		\$676,000

2028-2029 Year 3

Project Name	Scope/Comments	Allocation
Kapunda Senior Citizens Club	Renewal - Replace and expand existing shed	\$294,000
Hewett Centre	Renewal - Internal and external repointing, internal fitout	\$340,000
Furniture Renewal	Community and Operational Buildings	\$59,000
Total		\$693,000

2029-2030 Year 4

Project Name	Scope/Comments	Allocation
Hill Street Toilets	Replace and upgrade capacity	\$380,000
Freeling Railway Barn	Renewal - Internal works to allow safe use, stormwater management, stonework and external timber repair	\$200,000
Kapunda - 9 Hill Street, 102 and 104 Main Street	Renewal - Stormwater management, external timber and masonry, internal masonry	\$80,000
Furniture Renewal	Community and Operational Buildings	\$51,000
Total		\$711,000

2026-2030 STORMWATER PROGRAM

2026-2027 Year 1

Project Name	Scope/Comments	Allocation
Wasleys	Implement Wasley Township Stormwater Management Priority in conjunction with township road upgrades	\$430,000
Stormwater Renewals	SEP's Cross Drain, Pipe replacement, Junction Box - Renewals	\$187,000
Total		\$617,000

2026-2027 Year 2

Project Name	Scope/Comments	Allocation
Kapunda Wetlands - Spillway Improvements	R4-M1 Kapunda SMP Stormwater Quality Management Strategy	\$168,000
Greenock Creek Rehabilitation	Greenock Stormwater Management Plan Priority Listing works	\$171,000
Stormwater Renewals	SEP's Cross Drain, Pipe replacement, Junction Box - Renewals various locations	\$266,000
Total		\$605,000

2027-2028 Year 3

Project Name	Scope/Comments	Allocation
Stormwater Renewals	SEP's Cross Drain, Pipe replacement, Junction Box - Renewals	\$120,000
SMP Projects	Scope and Deliver SMP projects for townships	\$586,000
Total		\$706,000

2028-2029 Year 4

Project Name	Scope/Comments	Allocation
Stormwater Renewals	SEP's Cross Drain, Pipe replacement, Junction Box - Renewals	\$500,000
SMP Projects	Scope and Deliver SMP projects for townships	\$694,000
Total		\$1,194,000

2026-2030 OPEN SPACE PROGRAM

2026-2027 Year 1

Project Name	Scope/Comments	Allocation
Regional renewals	Renewal - Gates, Fencing, Bollards, Seats, Bins, Benches	\$27,000
Total		\$27,000

2027-2028 Year 2

Project Name	Scope/Comments	Allocation
Regional renewals	Renewal - Gates, Fencing, Bollards, Seats, Bins, Benches at various locations including Gundrys Hill	\$137,000
Total		\$137,000

2028-2029 Year 3

Project Name	Scope/Comments	Allocation
Regional - Minor Renewals	Renewal - Gates, Fencing, Bollards, Seats, Bins, Benches at various locations	\$100,000
Wasleys	Wasleys Oval Junior playground improvements and shelters	\$300,000
Freeling	Becker Reserve Playground	\$200,000
Various Renewals	Fencing & bollards multiple sites, softfall renewals multiple sites, play equipment renewals	\$144,000
Total		\$744,000

2029-2030 Year 4

Project Name	Scope/Comments	Allocation
Kapunda	Lions Park Rotunda and Seating renewal	\$40,000
Roseworthy	Railway Terrace Senior Play area	\$127,000
Freeling	Mattiske park Rotunda and Seating	\$40,000
Total		\$207,000

2026-2030 FOOTPATH RENEWAL PROGRAM

2026-2027 Year 1

Project Name	Scope/Comments	Allocation
Kapunda	Footpath Renewal (multiple locations)	\$51,000
Total		\$51,000

2027-2028 Year 2

Project Name	Scope/Comments	Allocation
Hewett	Footpath Renewal (multiple locations)	\$52,000
Total		\$52,000

2028-2029 Year 3

Project Name	Scope/Comments	Allocation
Greenock	Footpath Renewal (multiple locations)	\$53,000
Total		\$53,000

2029-2030 Year 4

Project Name	Scope/Comments	Allocation
Freeling	Footpath Renewal (multiple locations)	\$55,000
Total		\$55,000



2026-2030 CWMS PROGRAM

2026-2027 Year 1

Project Name	Scope/Comments	Allocation
Pump Stations	Pump Replacements and Purchases	\$41,000
WWTP	Screen - KWWTP	\$110,000
Reticulation	Storage lagoon	\$400,000
Total		\$551,000

2027-2028 Year 2

Project Name	Scope/Comments	Allocation
Pump Stations	3 Phase Power Inlets, Diallers, Hydrostatic Level Sensors, Flow Meters, VSDs, Chamber Repairs.	\$25,000
Pump Stations	Pump Replacements and Purchases	\$36,000
WWTP	Pump & Eq Replacements & Upgrades	\$44,000
WWTP	WWTP Upgrades - Roseworthy Plant	\$260,000
Reticulation	Retic Cleaning & Replacement, Manhole works	\$150,000
Pipe	Pipe replacement and Upgrade	\$45,000
Total		\$560,000

2028-2029 Year 3

Project Name	Scope/Comments	Allocation
Pump Stations	3 Phase Power Inlets, Diallers, Hydrostatic Level Sensors, Flow Meters, VSDs, Chamber Repairs.	\$28,000
Pump Stations	Pump Replacements and Purchases	\$33,000
WWTP	Pump & Eq Replacements & Upgrades	\$40,000
WWTP	WWTP Upgrades - Roseworthy Plant	\$260,000
Reticulation	Retic Cleaning & Replacement, Manhole works	\$150,000
Pipe	Pipe replacement and Upgrade	\$60,000
Total		\$571,000

2029-2030 Year 4

Project Name	Scope/Comments	Allocation
Pump Stations	3 Phase Power Inlets, Diallers, Hydrostatic Level Sensors, Flow Meters, VSDs, Chamber Repairs.	\$35,000
Pump Stations	Pump Replacements and Purchases	\$51,000
WWTP	Pump & Eq Replacements & Upgrades	\$50,000
WWTP	WWTP Upgrades - Roseworthy Plant	\$300,000
Reticulation	Retic Cleaning & Replacement, Manhole works	\$100,000
Pipe	Pipe replacement and Upgrade	\$50,000
Total		\$586,000

Appendix D

ESCOSA Advice

Responses

ESCOSA recommendations	Original LRC response
Further define the basis, including inflation assumptions, for preparation of Annual Business Plans, budget and long-term financial plan.	New long term financial model developed in 2024/25 that includes significant more detail regarding the assumptions underpinning all forecasts with the forecast statements of comprehensive income and financial position and capital expenditure outlays and funding.
Increase funding to address deferred asset renewals	A comprehensive review was undertaken of 'Transportation Infrastructure Assets' condition in 2024 and resulted in a revised IAMP. The revised IAMP has now increased the recommend value for asset renewal expenditure which has been funded to 100% in the 2024/25 LTFP. \$41m has been committed to asset renewal, including the renewal component of grant funded road upgrade programs, over the first 4 years of the 2024/25 LTFP in line with IAMP recommendations
Review adequacy of renewal spending by 2028	Transport Infrastructure renewal spending reviewed in 2024 and increased in LTFP. Other asset categories will be progressively reviewed, including building and other open space assets, prior to 2028.
Forecast and include the impact of new assets into the long-term financial plan	This recommendation relates to new assets funded by external grants and the receipt of new infrastructure assets for newly developed areas. Previously, due to the uncertainty of forecasting the approval and receipt of government grants the practice was to only forecast the Council's contribution to such projects. From 2024/25 the total cost of externally funded capital projects has been included in the LTFP, together with the best estimate of expected grants, but only for the next three (3) years as after that time scoping and approval is very uncertain. From 2024/25 it is expected that the first tranches of infra-structure asset 'handover' will begin from Roseworthy expansion developers. Estimates have been made of the value of these assets over the next 3 years where there is some knowledge of the assets being constructed through the development approval process. These estimates will be further refined over time.

OFFICIAL



Advice

Local Government Advice

Light Regional Council

February 2024

OFFICIAL

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

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



Light Regional Council

AT A GLANCE

OVERVIEW

The Essential Services Commission finds the Light Regional Council's current and projected financial performance **sustainable** taking into account the council's average expected growth in properties of 3.2% p.a. over the next 10 years, and the planned average rate increases per property of 0.6% p.a. over this period

RISKS IMPACTING SUSTAINABILITY

- ⚠ Delays or non-achievement of forecast growth through property development
- ⚠ Anticipated economies of scale relating to property growth are not achieved
- ⚠ Asset renewal projects are deferred worsening the asset renewal backlog
- ⚠ Unexpected operating costs and additional capital renewal liabilities resulting from the Transport Asset Management Plan Review

CONTINUE

- ✓ Reviewing inflation forecasts in the budget and forward projections from 2024-25
- ✓ Monitoring cost growth in its budgeting
- ✓ Reporting any actual and projected cost savings in the annual budget and long-term financial plan
- ✓ Consider limiting future increases in rates to no more than expected inflation

COMMISSION'S RECOMMENDATIONS

- Further define the basis, including inflation assumptions, for preparation of annual business plans, budgets and the long-term financial plan
- Increase funding to address deferred asset renewals
- Review adequacy of renewal spending by 2028
- Forecast and include the impact of new assets into the long-term financial plan

KEY FACTS

- Population in 2021 was **16,321**
- Council covers **1,277 square kilometres**
- **8,265** rateable properties in 2022-23
- **\$22.6 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **\$243.8 million**



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

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Glossary of terms

ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index (Adelaide, All Groups)
Council	Light Regional Council
CWMS	Community Wastewater Management System
ESC Act	<i>Essential Services Commission Act 2002</i>
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	<i>Local Government Act 1999</i>
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plan
Regulations	<i>Local Government (Financial Management) Regulations 2011</i>
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme

1 The Commission's key advice findings for the Light Regional Council

The Essential Services Commission (**Commission**) finds the Light Regional Council's (**Council's**) short-term financial position sustainable. The Council's longer-term financial performance is reliant on its continued commitment to the renewal of its asset stock, and continued cost control.

Current financial performance:



Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable
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Projected financial performance (future):



Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable
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Previous financial performance (past ten years):



Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable
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Acknowledging the Council's outlook, the Commission recommends that the Council undertake the following steps to ensure it budgets prudently and transparently, continues to manage its cost base efficiently, renews its asset base to meet sustainable service levels, plans its asset needs appropriately and contains the extent of further rate increases:

Budgeting considerations

1. **Continue** to review its inflation forecasts in its annual budget and forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.
2. **Further define** the basis, including inflation assumptions, for preparation of annual business plans, budgets and the long-term financial plan in the accompanying documentation to increase transparency about the assumptions underpinning the figures.

Continuing to provide evidence of ongoing cost efficiencies

3. **Continue** to monitor cost growth in its budgeting, including related to employee expenses, to contain it within the forecast long-term financial plan.
4. **Continue** its practice of reporting any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of containing cost growth and achieving efficiency across its operations and service delivery.

Refinements to asset management planning

5. **Increase funding** to address deferred asset renewals and review adequacy of renewal spending by 2028.
6. **Forecast and include** the impact of new assets into the long-term financial plan to provide transparency for existing and future ratepayers.

Containing rate levels

7. **Consider** limiting future increases in rates to no more than expected inflation.

2 About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by the State Parliament to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**) and on the proposed revenue sources, including rates, which underpin those plans.¹

One of the main purposes of the Local Government Advice Scheme (**advice or the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**LTFPs**) and infrastructure and asset management plans (**IAMPs**)² – both required as part of a council's SMP.³ Financial sustainability is considered to encompass intergenerational equity,⁴ as well as program (service level) and rates stability in this context.⁵ The other main purpose is for the Commission to consider ratepayer contributions in the context of revenue sources, outlined in the LTFP.⁶ In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.⁷

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the second scheme year (2023-24), including the Light Regional Council (**Council**).

This report provides the Local Government Advice for the Light Regional Council in 2023-24.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2024-25 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.⁸ It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website⁹), nor is it compelled under the LG Act to follow the advice.

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

2.1 Summary of advice

In general, the Commission finds the Light Regional Council's short-term financial position sustainable and notes that it has improved its sustainability position by partly addressing capital renewals, following a period of deferred capital renewal expenditure¹⁰ and spending on new capital initiatives. Historically, the Council experienced deficits between 2012-13 and 2014-15 but has since generated consistent operating surpluses.

The past rate increases above inflation, together with higher reimbursements income, increased the Council's financial capacity to cover its operating and service sustainability requirements.

Its forward projections from 2023-24 (in its LTFP) forecast a financially sustainable outlook due to:

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

² Commonly referred to as asset management plans.

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

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

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

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

⁹ The Commission must publish its advice under LG Act s122(1i)(a).

¹⁰ As recommended by its AMPs.

- ▶ forecast operating revenue growth,
- ▶ contained expense growth,
- ▶ continued average rate increases below the Reserve Bank of Australia (RBA)-based forecast inflation rate,
- ▶ the realisation of income from capital projects,
- ▶ lower spending on new or upgraded capital works than on renewal and replacement capital works in contrast to expenditure in 2012-13 to 2021-22, and
- ▶ higher asset spending on renewal and rehabilitation capital works, including to continue to partly address the accumulation of deferred renewals over the next 10 years.

The Commission considers that the Council is demonstrating good practice regarding the formulation of its financial projections in its LTFP, and transparency around its assumptions and directions, including the ratepayer impact; however, additional detail about inflation assumptions may be helpful for stakeholders.

2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the Light Regional Council's material changes to its 2023-24 plans (compared with the previous year's plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure) and its current and projected rate levels.

In providing this advice, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (F&A). The attachment explores these matters further.¹¹

2.2.1 Advice on material plan amendments in 2023-24

The Light Regional Council's 2023-24 LTFP includes an improvement to its projected operating performance, and no changes to its projected capital expenditure estimates, compared with the 2022-23 forecasts,¹² as follows:

- ▶ An improvement in operating performance by \$20 million or by 7.3 percent. This is mainly driven by a 2.1 percent increase in general rates, receipt of delayed grant funding and income from major water projects.
- ▶ An overall decrease in operating expenses that is a combination of lower materials, contracts and other expenses, along with higher finance costs.

The Council has factored several savings into its LTFP projections and includes sharing the benefit of its successful capital water project with ratepayers as discussed in the advice on current and projected rates section below (section 2.2.3). However, its forecasts may present a risk to its cost and income projections in the current inflationary environment. The RBA currently forecasts the CPI (Australia-wide) to increase by 3.9 percent in the year to the June 2024 quarter and by 3.3 percent in the year to June 2025. Thereafter, it is reasonable to anticipate a return to long-run averages (and growth of 2.6 percent per annum from 2025-26).¹³

The Commission notes that the Council's stated assumptions for indexation in its 2023-24 LTFP are transparent and based on its annual review of these forecasts. Noting the Council has endeavoured to find savings and reduce any inflationary impact on its community, the Commission has found that it would be appropriate for it to:

¹¹ The attachment will be available on the Commission's website with the Advice.

¹² The overlapping forecast period in both LTFPs (2022-23 to 2031-32 and 2023-24 to 2032-33).

¹³ RBA, Forecast Table - November 2023, available at <https://www.rba.gov.au/publications/smp/2023/nov/economic-outlook.html>.

1. **Continue** to review its inflation forecasts in its annual budget and forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

The Light Regional Council adopted its annual business plan and budget in June 2023, together with its LTFP 2023-24. The Council proposed further material amendments to its 2023-24 estimates for the financial year from those proposed in its 2022-2023 LTFP.

The Commission observes that the Council's LTFP identifies the risks to the financial estimates (due to environmental and economic factors, for example) and that the annual business plan also includes its 2023-24 estimates (from the LTFP). The Commission notes the transparency in indexation assumptions underpinning the financial documents; however, assumptions about inflation were not explicitly stated. The Commission recommends that the Council:

2. **Further define** the basis, including inflation assumptions, for preparation of annual business plans, budgets and the long-term financial plan in the accompanying documentation to increase transparency about the assumptions underpinning the figures.

2.2.2 Advice on financial sustainability

Operating performance

Key Points:

- ✓ The operating surplus ratio averaged 0.6 percent or \$0.3 million from 2012-13 to 2021-22 and is forecast to average 6.2 percent or \$2.3 million between 2023-24 and 2032-33.
- ⚠ Income growth is forecast to reduce while expenditure growth is forecast to increase which will require close monitoring.
- ⚠ Employee costs, 'materials, contracts and other' expenses increased by an average of 4.7 and 3.5 percent respectively from 2012-13 to 2021-22 where average CPI growth was 2 percent per annum.
- ⚠ Projected operating expenses over the next 10 years is forecast to be an average of 3.2 percent, which is slightly above the RBA-based forecast inflation for the same period.
- ✓ Conducts regular service level reviews of its operations, focused on achieving increased productivity, efficiency and effectiveness, and ultimately real savings.

The Light Regional Council experienced operating deficits from 2012-13 to 2014-15, followed by consistent operating surpluses until 2021-22, with the operating surplus ratio¹⁴ averaging 0.6 percent over this period (from 2012-13 to 2021-22). In its forward projections, the operating surplus ratio is expected to be within the suggested LGA target range at an average of 6.2 percent.

Operating income growth averaged 5.1 percent per annum from 2012-13 to 2021-22, while operating expense growth averaged 2.9 percent per annum.¹⁵ From 2015-16, the Council generated a sustained operating surplus with an average surplus of \$1 million between 2015-16 and 2021-22.

¹⁴ 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).

¹⁵ 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).

The Council received a combination of additional rates, 'grants, subsidies and contributions', and reimbursements income over this period to generate its relatively strong operating income growth.

On the cost side, its 'employee costs', and 'materials, contracts and other' expenses increased by an average of 4.7 and 3.5 percent per annum respectively from 2012-13 to 2021-22 while average annual CPI growth was 2 percent per annum.¹⁶

The estimated rate of growth in operating expenses projected over the next 10 years is an average of 3.2 percent per annum, which is above the RBA-based forecast inflation¹⁷ for the same period. The associated impact on ratepayers is discussed further below in section 2.2.3.

The Commission has observed the current practice of the Council in conducting regular service level reviews of its operations, focused on achieving increased productivity, efficiency and effectiveness and, ultimately, real savings. As an example, it has factored in savings of approximately \$0.4 million to its expense estimates in 2023-24, compared to these items in 2022-23, due to a combination of reduced materials and contracts expenses but with increased finance costs. The Council anticipates benefitting from economies of scale with respect to its forecast growth.

To ensure the Council is positioned to contain its expenses within its forecast and achieve its operating performance (without the need for further rate increases above inflation), the Commission encourages it to:

3. **Continue** to monitor cost growth in its budgeting, including related to employee expenses to contain it within the forecast long-term financial plan.
4. **Continue** its practice of reporting any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of containing cost growth and achieving efficiency across its operations and service delivery.

Net financial liabilities

Key Points:

- ✓ The net financial liabilities ratio averaged 18 percent from 2021-13 to 2021-22 and is forecast to average 24 percent between 2023-24 and 2032-33.
- ✓ The reduction in the net financial liabilities ratio from 2022-23 to 2032-33, comes from progressive repayment of total borrowings, via operating income growth and costs constraint.
- ⚠ Net cash flows after operating and investing (that is, capital-related) activities has averaged negative \$2 million annually between 2012-13 and 2021-22.
- ✓ Past and projected borrowings for capital projects have a downwards trend and are at a level that the Council can affordably service, also leaving capacity for further investment.

With the Council's operating deficits from 2012-13 to 2014-15, followed by ongoing operating surpluses, its net cash flows after operating and investing (that is, capital-related) activities has averaged negative \$2 million annually between 2012-13 and 2021-22. The Council has relied partly on rates revenue and supplementary grant funding to fund its capital expenditure program over this period. The Council has also consistently used borrowings to partly finance its capital expenditure, and over time, this has been

¹⁶ CPI Adelaide (All groups) available at [Consumer Price Index, Australia, September Quarter 2023 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/Consumer-Price-Index-Australia-September-Quarter-2023).

¹⁷ The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) and the Commission's calculations of average annual percentage growth; RBA forecasts available at: RBA, Forecast Table - November 2023, available at <https://www.rba.gov.au/publications/smp/2023/nov/economic-outlook.html>.

within or below the suggested LGA target range for the net financial liabilities ratio (averaging 18 percent from 2011-12 to 2020-21).¹⁸

The Council continues to meet the suggested LGA target range under its 2022-23 forecasts and projects fluctuation in the ratio, with an average of 24 percent over the 10-year period to 2032-33.

Asset renewals expenditure

Key Points:

- ✓ Between 2012-13 and 2022-23 the Council's total capital expenditure averaged \$12.6 million per annum (including \$3.4 million on asset renewals and \$9.2 million on new and upgraded assets).
- ✓ The asset renewal ratio averaged 108.8 percent between 2012-13 and 2022-23.
- ✓ From 2023-24 to 2032-33, the ratio is forecast to average 112.6 percent.
- ⚠ The IAMP renewal replacement gap is minimal while the depreciation gap is larger suggesting possible intergenerational inequity or a mismatch between actual and predicted useful asset lives.
- ⚠ Asset renewal expenditure has been highly variable in the past as deferred capital renewals have been partly addressed and higher levels of expenditure on renewals are forecast but with an on-going deferred asset renewal backlog.

Between 2012-13 and 2022-23, the Council's total capital expenditure averaged \$12.6 million per annum (including \$3.4 million on asset renewals and \$9.2 million on new and upgraded assets). The Council's asset renewal funding ratio (IAMP-based) was within the suggested LGA target range of 90 to 110 percent over these years,¹⁹ and averaged 108.8 percent between 2012-13 and 2022-23. This reflected the Council's need to renew assets that were not renewed in a timely manner historically²⁰ (and as noted in meeting with Council).

From 2023-24 to 2032-33, the ratio is forecast to average 112.6 percent reflecting continuation of the historical trend that has been focused on renewing deferred asset renewals. Average annual spending on renewal or rehabilitation of assets is projected to increase to \$8 million (in nominal terms) and has also been influenced by the historical expenditure on new and upgraded assets. With reference to increased costs for construction, the Council has noted that it has kept its capital expenditure within its forecast budgets by deferring projects.²¹

The Council has significantly grown its asset base over the past 10 years, averaging \$9.2 million per annum on new or upgraded assets between 2012-13 and 2021-22. This has led to a steady increase in the value of the asset stock per property of \$550 or 2.5 percent for each year over the 10 years to 2021-22.

¹⁸ 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).

¹⁹ 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).

²⁰ Correspondence with Light Regional Council dated 11 December 2023 and Council Responses to ESCOSA Questions, p. 4.

²¹ Correspondence with Light Regional Council dated 11 December 2023 and Council Responses to ESCOSA Questions, p. 1.

The Council is forecasting a continuation of the levels of spending on renewals of asset stock as described above, in addition to expenditure on new/upgraded assets partly in relation to water projects and township expansion. The Council forecasts that expenditure on new and upgraded assets will average \$1.5 million per annum from 2023-24 to 2032-33, with growth averaging 3.5 percent per annum.

Forecasts for both asset renewals and new/upgraded assets may be understated however, due to the Council's practice of only including known grants in its LTFP (impacts projects scheduled), as well as the financial impacts from a scheduled update to the Transport AMP not yet being known. The Council intends to address some deferred asset renewals in the forecast period (2024-2033); however, it estimates there will continue to be a shortfall in funding.²²

Acknowledging the significant financial impact of the Councils major water projects, transport related projects and strong development pipeline, the Commission considers that it would be appropriate for it to:

5. **Increase funding** to address deferred asset renewals and review adequacy of renewal spending by 2028.
6. **Forecast and include** the impact of new assets into long-term financial plan to provide transparency for existing and future ratepayers.

Asset renewals can also be evaluated by the depreciation-based asset renewal funding ratio,²³ which is projected to track slightly above the LGA-recommended range (for the IAMP-based ratio) of 90-110 percent, averaging 112.6 percent per annum to 2032-33. Historically (between 2012-13 and 2021-22) depreciation expenses have outpaced renewal capital expenditure by a significant margin (totalling \$23.2 million over ten years). This earlier period may indicate an intergenerational equity²⁴ risk, as the Council had partly funded capital expenditure (through depreciation) but had deferred or under invested on its asset renewal needs. Alternatively, there may also be a mismatch between assessed useful lives of assets and actual useful lives of assets as indicated by renewals required.

The Commission notes that the Council had prepared comprehensive AMPs with supporting technical specifications that cover most of the Council's asset base, coupled with the Councils' intention to review its AMPs and consider its long-term funding/borrowing strategy with a focus on inter-generational impacts.²⁵

2.2.3 Advice on current and projected rate levels

Key Points:

-  Rate revenue per property growth has averaged 4.6 percent per annum for each property in the period between 2012-13 and 2021-22, which is 2.6 percent above CPI for the same period.
-  The average rate income per annum for each property is forecast to grow by 0.6 percent between 2022-23 and 2032-33 based on achievement of growth in rateable properties.

²² Correspondence with Light Regional Council dated 11 December 2023 and Council Responses to ESCOSA Questions, p. 5.

²³ 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.

²⁴ 'Intergenerational equity' relates to fairly sharing of services and the revenue generated to fund the services between current and future ratepayers.

²⁵ Correspondence with the Council dated 31 August 2023 (p. 6) and in meeting with Council on 12 December 2023.

- ✓ The Council has implemented a strategy to provide rates relief for ratepayers that experience substantial property valuation increases of more than 10 percent, noting that rateable property valuations increased 13.62 percent from July 2022 until April 2023 when rates were set.
- ✓ The constraint in rates growth is a result of Council subsidies based on income realised from successful water projects and rates relief against substantial property valuation increases.
- ✓ Affordability risk for further average rate increases appears low based on a range of factors including an assessment of the economic resources available to the community and low levels of community concern.

The Council's rate revenue per property growth has averaged 4.6 percent or \$93 per annum for each property between 2012-13 and 2021-22, which exceeded CPI growth (at an average of 2.0 percent per annum over this period). The Commission notes the Council has set its rates after undertaking its own benchmarking reflecting its services and ratepayer's service level expectations.²⁶

The Council has budgeted for an average rate increase of 3 percent or \$81 per property for its existing ratepayers in 2023-24.²⁷ The rates increases are contained despite recent higher short-term inflation, and this was enabled by the realisation of benefits from the Bunyip 1 water project income and a consequent significant reduction in finance costs.²⁸ The Council also has a strategy to provide rates relief for ratepayers that experience property valuation increases of more than 10 percent,²⁹ noting that rateable property valuations increased 13.62 percent from July 2022 until April 2023 when rates were set.³⁰

Different rate categories are subject to varying changes, with residential ratepayers to pay a lower increase of 2.7 percent or \$48 per property on 2022-23 levels. Primary production (mostly farmland) ratepayers are budgeted to pay 2.8 percent or \$74 per property.³¹

The Council has also assumed growth in the area will be strong with growth in rateable properties increasing at 3.2 percent over the forecast period. Significant regional population growth is anticipated in the area surrounding Roseworthy over the next decade.³²

As a result of the modest rates increases, the percentage of the Council's total income contributions from ratepayers is projected to average around 83.5 percent, a constant percentage compared to the historical average.

Risks for ratepayers arise however if:

- ▶ the anticipated growth does not eventuate,
- ▶ inflation exceeds the Council's estimates,
- ▶ additional operational expenditure is required due to a revised transport AMP, or
- ▶ unanticipated remedial expenditure is required due to deferred asset renewal backlogs.

²⁶ Correspondence with the Council dated 31 August 2023, p. 7.

²⁷ Based on the Council's 2023-24 Annual Business Plan and its Excel template (with the 2023-24 forecasts) provided to the Commission. The Commission has used \$23.239 million (in 2023-24 budgeted rates revenue) compared to unaudited 2023-23 estimates. Individual rate level changes may be higher or lower depending on the rates category and property value.

²⁸ Correspondence with the Council dated 31 August 2023, p. 3.

²⁹ Light Regional Council 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 10.

³⁰ Light Regional Council 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 8.

³¹ Rate in the dollar applied to the capital value of the property in the Council area. Light Regional Council, 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 49.

³² Light Regional Council 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 5.

As the current economic environment is putting more pressure on most communities' capacity to pay for further rate increases, including those of the Council, the Commission considers it would be appropriate for the Council to:

7. **Consider** limiting future increases in rates to no more than expected inflation.

2.3 The Commission's next advice and focus areas

In the next cycle of the scheme, the Commission will review and report upon the Council's:

- ▶ ongoing performance against its LTFP estimates and transparency in underlying assumptions,
- ▶ achievement of cost savings and efficiencies and its continued reporting of these in its plans,
- ▶ review of its capital spending towards asset renewal and rehabilitation works and how it has addressed the backlog of asset renewal expenditure, and
- ▶ how it has sought to minimise any emerging affordability risks.



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444
E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au

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Advice

Local Government Advice - Attachment

Light Regional Council

February 2024

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Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

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

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A The Commission's approach

In providing the Advice for the Light Regional 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

- ▶ 2023-2024 Annual Business Plan Budget and 2023-2033 LTFP (adopted June 2023)
- ▶ 2012-2013 to 2032-2033 Long Term Financial Plan
- ▶ 2020-2030 Asset Management Plan
- ▶ Technical Asset Management Plan Summary – Bridges, Floodways, Footpaths, Stormwater, Transport (Roads), 2020-2030
- ▶ Technical Asset Management Plan Summary – Buildings & Open Space, 2020-2030
- ▶ Technical Asset Management Plan Summary – Community Wastewater Management System (CWMS), 2020-2030
- ▶ Economic Development Plan 2020-2030
- ▶ Letter from Light Regional Council dated 31 August 2023 – Material matters – 2023-24 ABP and LTFP
- ▶ Letter from Light Regional Council dated 11 December 2023 – Council Responses to ESCOSA Questions
- ▶ Audit and Risk Committee Meeting Agenda, Item ARC7.3 – Public Consultation – Draft 2023/2024 Annual Business Plan, Budget and 2023-2033 Long-Term Financial Plan (June 2023)
- ▶ Meeting in-person between Light Regional Council and ESCOSA at Kapunda on 12 December 2023

The Commission notes that most of the Council's asset base is covered by its existing asset management plans (**AMPs**), and asset valuations for those assets have been carried out within the last four years.

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

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 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).

in that context. Findings regarding the content of the Council's AMPs, and the alignment between its LTFP and AMPs,⁵ are discussed in section C.3.

The Commission has also reviewed the Council's template data which contains its 2023-24 LTFP forecasts for 2023-24 to 2032-33, as well as its 2022-23 LTFP forecasts, and historical financial data and number of rateable properties and council staff (Full Time Equivalent (FTE)) numbers from 2012-13 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 2012-13, and then projections of this series from 2023-24 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 (2.6 percent) thereafter.

Finally, in formulating this Advice, the Commission has had regard to the circumstances of the Council, including its location as a regional council, its income level (\$28.4 million) and the size of its rates base (more than 8,265 ratepayers⁸).

Summary of the Light Regional Council's financial sustainability performance and the Commission's risk assessment

Financial sustainability indicators:	Last 10 years from 2012-13 (Actual performance)	2022-23 estimate	Next 10 years from 2023-24 (Council forecasts)
Operating surplus ratio (target 0-10%)	Operating deficits Improved performance ----->		Surpluses projected ----->
Net financial liabilities ratio (target 0-100%)	Ratio met historically ----->		Ratio projected within target from FY27 ->
Asset renewal funding ratio (target 90-110%)	Volatility in renewal works spending & some years below target range ----->		Ratio within or above LGA target range as deferred renewals addressed ----->
Identified Risks:			
Cost control risk	Operating expenses per property average growth 2.1% pa to 2021-22 (CPI 2.0%) ----->		On average, operating expenses growth less than forecast CPI ----->
Affordability risk	Rates revenue per property average growth of 4.6% pa to 2021-22 (CPI 2.0%) ----->		Projected rate revenue per property average growth below forecast CPI (CPI 2.8%) ----->

- Ratio outside suggested LGA target range or higher risk
- Ratio close to suggested LGA target range or medium risk
- Ratio within suggested LGA target range or lower risk

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

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

⁷ The Council's estimates for the 2022-23 financial year, relied on at the time of preparing this advice, were unaudited.

⁸ Based on the estimated number of property assessments in 2023-23.

B Material plan amendments in 2023-24

The Council has made various amendments to its 2023-24 budget and forward projections, partly for inflation and partly for other revenue and spending initiatives. The material amendments to some of its main financial forecasts are listed in the table below (in nominal terms).⁹ To ensure a comparable analysis of estimates between the 2022-23 and 2023-24 LTFPs, the Commission has reviewed the nine overlapping years' statistics, 2023-24 to 2031-32, and identified material amendments accordingly.

Selected Financial Item	Sum of 2023-24 to 2031-32 estimates in 2022-23 LTFP (\$ million)	Sum of 2023-24 to 2031-32 estimates in 2023-24 LTFP (\$ million)	Change in 2023-24 estimates (\$ million)	Change in 2023-24 estimates (percent)
Total operating income	280.6	301.0	20.4	7.3
Total operating expenses	278.6	278.1	-0.4	-0.1
Operating surplus / (deficit)	2.1	22.8	20.8	7.4
Capital expenditure on renewal of assets ¹⁰	70.1	70.1	-	-
Capital expenditure on new and upgraded assets ¹¹	13.1	13.1	-	-

B.1 Changes to operating performance

The Council has budgeted (in 2023-24) for an increase in its operating surplus of \$22.8 million compared to a surplus of \$2.1 million in the 2022-23 LTFP. In aggregate, the projections in its current and previous LTFPs (that is, over the nine-year comparative period to 2030-31, as shown in the table above) indicate the Council's cumulative operating surplus improved by \$20.8 million. This outcome reflects the Council's significant increase in operating income arising from the receipt of funds pertinent to its Bunyip 1 Water project completed in 2022-23.¹²

For the 2023-24 budget year, the Council has also noted a decrease in finance costs that contributed to the improvement in the operating deficit (compared to the LTFP) and certainty in employee expenses as a result of its enterprise agreement, (together a \$0.4 million decrease in operating expenses).

Some of the amendments, compared to the LTFP, include:¹³

- ▶ Decreased cost pressures for 'materials, contracts and other' expenses.
- ▶ Employee expenses contained by enterprise agreement (for the known period of the agreement).
- ▶ A further 2.1 percent increase in rates revenue.
- ▶ Increase in income of \$11 million from Bunyip 1 project, with an associated decrease in finance costs.

⁹ This table shows only selected financial items to demonstrate the material amendments made by the Council in its 2023-24 estimates. It excludes various financial items and individual items do not sum to totals.

¹⁰ The capital expenditure estimates are based on the 2023-24 LTFP estimates provided by the Council to the Commission (in an Excel template).

¹¹ Footnote 10 applies.

¹² Correspondence from Light Regional Council dated 31 August 2023, p. 3.

¹³ Footnote 12 applies.

The Council's historical and projected operating performance is discussed further in section C.1.

B.2 Indexation adjustments

The Council applies indexation adjustments to its cost and revenue estimates, including 2.1 percent for rates, 3 percent for materials, contracts and other expenses and 2 percent for wages and salaries.¹⁴ The Council stated that its general rate revenue and services charges are increased at a rate below CPI inflation.¹⁵ Based on updated inflation assumptions in its 2022-23 LTFP, an increase in its revenue estimates by 1.3 percent over the 2023-24 to 2031-32 forecast period,¹⁶ including recognition of deferred grant income compared with the same estimates in its 2022-23 LTFP, supports the Council's statement.

The Council has factored several genuine savings into its LTFP projections, discussed in section C.1. The RBA currently forecasts the CPI (Australia-wide) to increase by 3.9 percent in the year to the June 2024 quarter and by 3.3 percent in the year to June 2025. Thereafter, it is reasonable to anticipate a return to long-run averages (and growth of 2.6 percent per annum from 2025-26, based on the RBA's 2 to 3 percent target range).¹⁷

The Commission notes that the Council's stated assumptions for indexation in its 2023-24 LTFP are based on its annual review of these and other forecasts. Noting the Council has endeavoured to find savings and reduce any inflationary impact on its community, the Commission has found that it would be appropriate for it to:

1. **Continue** to review its inflation forecasts in its annual budget and forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

B.3 Increase to capital expenditure estimates

The Council's 2023-24 LTFP indicate no changes in capital expenditure for asset renewals nor for new and upgraded assets compared to the previous year's LTFP (for the period from 2022-23 to 2030-31). The Council's capital expenditure outlook is discussed further in section C.3.

B.4 Changes between 2023-24 long-term financial plan and annual business plan

The Council adopted its LTFP in June 2023, together with its annual business plan and budget.

The Commission notes that the Council's LTFP identifies the risks to its estimates after it is adopted (due to environmental and economic factors, for example) and that the annual business plan also includes its 2023-24 estimates (from the LTFP). The Commission also acknowledges the Council's efforts in community consultation on budget development and material budget adjustments and inclusion of community feedback.¹⁸

The Commission has noted that the Council has prepared its AMP in real terms as opposed to nominal terms and it stated that these costs were included in budgets following indexation for inflation. The Commission notes the Council's process in disclosing information underpinning capital expenditure in its LTFP. Other parameters and assumptions were also provided;¹⁹ however, the Council's assumptions about inflation were not explicitly stated. The Commission recommends that the Council:

¹⁴ Final 2023 2024 ABP and Budget, p. 23.

¹⁵ Final 2023 2024 ABP and Budget, p. 12.

¹⁶ The set of nine years forecast in both the 2022-23 and 2023-24 LTFP projections.

¹⁷ RBA, Forecast Table - November 2023, available at <https://www.rba.gov.au/publications/smp/2023/nov/economic-outlook.html>.

¹⁸ Light Regional Council, Audit and Risk Committee Meeting Agenda – 13 June 2023, Item ARC7.3 Public Consultation – Draft 2023/2024 Annual Business Plan, Budget and 2023-2033 Long-Term Financial Plan, p. 18 available at https://www.light.sa.gov.au/_data/assets/pdf_file/0031/1413598/ARC20230613AGN.PDF.

¹⁹ Light Regional Council, 2023/2024 Annual Business Plan, Budget, and Long Term Financial Plan, p. 21.

2. **Further define** the basis, including inflation assumptions, for preparation of annual business plans, budgets and the long-term financial plan in the accompanying documentation to increase transparency about the assumptions underpinning the figures.

C Financial sustainability

C.1 Operating performance

The Council had operating deficits from 2012-13 to 2014-15, followed by consistent operating surpluses until 2021-22. The operating income surplus averaged \$0.3 million per annum from 2012-13 to 2021-22 (see the left chart below).

The projected operating performance is expected to remain in surplus, with revenue growth at 1.3 percent and expenditure growth at 3.2 percent (see the right chart below). Spikes in the operating surplus are related to the Council's Bunyip water projects.



Rates revenue has increased on average by 5.5 percent per annum from 2012-13 to 2021-22,²⁰ during which time rateable property growth averaged 0.8 percent and CPI growth averaged 2.0 percent. Over the same period 'grants, subsidies and contributions' (accounting for 8.9 percent of total operating income) increased by an average of 2.8 percent per annum. Grants income has been 'lumpy' from year to year,²¹ and the three-year average of \$271 per ratepayer in 2021-22 reflects an increase in value in real terms compared with the three-year average of \$194 in 2014-15.

The Council's operating expense growth of 2.9 percent (from 2012-13 to 2021-22) was primarily due to an average annual increase of 4.7 percent in 'employee' expenses and 3.5 percent in 'materials, contracts and other' expenses (see the changes by expense type in specific time periods in the left chart over the page).

Looking forward, the Council is projecting average annual rates revenue growth of 3.3 percent to 2032-33, which encompasses forecast growth in rateable properties. This growth is above the forecast long-term inflation,²² and represents a small real terms increase in rates per property (mainly from the period 2023-24 to 2024-25). After that time, rates are projected to increase at a rate below forecast inflation. The average growth in annual rates revenue is also higher than expected expense growth (rates are discussed in more detail in section D).

Forecast average expense growth of 3.2 percent per annum is above the RBA-based forecast inflation growth²³ and represents a decline from the Council's cost control performance historically (with average annual growth of 2.9 percent in the 10 years to 2020-21).

²⁰ 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).

²¹ Due to the timing of different grants and sometimes advance grant payments (as for the 2023-24 grant allocation, which was received and accounted for in 2022-2023).

²² The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to June 2026 (and the Commission's calculations of average annual percentage growth) and within the RBA's target range (2 - 3 percent) from 2025-26.

²³ Footnote 22 applies.

Expenses per property (a metric which also accounts for growth) are expected to remain relatively static over this period, which would represent a significant cost reduction in real terms (based on current inflation projections) (see the right chart below). The Council anticipates benefitting from economies of scale with respect to its forecast growth. This may be a risk, but it appears to be mitigated by significant progress and ongoing demand within the Roseworthy expansion.²⁴



The Council's template data (provided to the Commission) shows that employee numbers are assumed to increase from a current level of 97 FTE to 108 FTE. Most of Council's operating income and expense lines indicate growth close to or above current inflation forecasts. Grants income represents a forecast of \$2.8 million per annum (on average in nominal terms), compared to a historical average of \$1.9 million per annum.²⁵ In addition, 'employee' expenses and 'materials, contracts and other' expenses are forecast to increase by an average of 3.1 percent and 3.8 percent per annum respectively, from 2023-24 to 2032-33. Overall, this would reflect contained growth, close to forecast inflation. This is a positive trend, noting that the Council's improved financial sustainability outlook does rely on continued cost containment and the economies of scale associated with growth in rateable properties as mentioned above.

The Commission has observed the current practice of the Council in conducting regular service level reviews of its operations, focused on achieving increased productivity, efficiency and effectiveness, and ultimately, real savings,²⁶ for example, some of the forecast developments will also contribute community assets such as community centres and sports facilities.²⁷

To ensure the Council is positioned to contain its expenses within its forecast cost base and achieve its operating performance targets (without the need for further rate increases above inflation), the Commission encourages it to:

3. **Continue** to monitor cost growth in its budgeting, including related to employee expenses, to contain it within the forecast long-term financial plan.
4. **Continue** its practice of reporting any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of containing cost growth and achieving efficiency across its operations and service delivery.

C.2 Net financial liabilities

With the Council's operating deficits from 2012-13 to 2014-15, followed by ongoing operating surpluses, its net cash flows after operating and investing (that is, capital-related) activities has averaged negative \$2 million annually between 2012-13 and 2021-22 – strongly influenced by major new capital

²⁴ Email Correspondence with Council dated 31 January 2023 and Council comments on draft advice.

²⁵ Based on the Council's Excel template provided to the Commission. Historical average is based on the 10-year period from 2011-12 to 2021-22; and forecast average is based on the 10-year period from 2023-24 to 2032-33.

²⁶ Council, 2023/2024 Annual Business Plan, Budget, and Long-Term Financial Plan, p. 4.

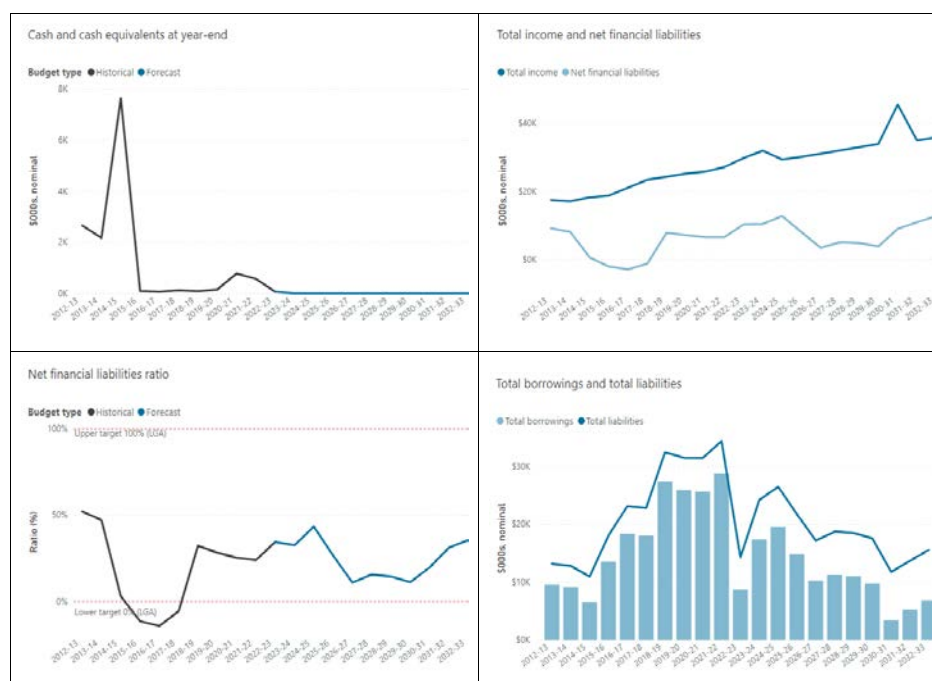
²⁷ Meeting between Council and ESCOSA on 12 December 2023.

acquisitions in 2015-16 and 2018-19. This is different to the chart below which shows cash held by the Council at the end of each year, including financing activities, has been minimal in most years but which has averaged \$1.4 million due to the high level of cash held at year end 2014-15.

The Council has predominantly used borrowings to fund its renewal of existing assets and acquisition of new and upgraded assets and public private partnership projects (e.g. Bunyip water). For example, in the 2015-16 LTFP, the Council included borrowings of \$11.3 million to fund the 'Bunyip1' major water project.²⁸ The Council discharged this loan in 2022-23 and used returns from the project to surrender additional cash advance debenture loans, reducing overall indebtedness.²⁹

The Council's net financial liabilities ratio has trended between 52.1 and negative 14.3 percent between 2012-13 and 2022-23 (see the bottom left chart below). This is within (or below) the suggested LGA target range of between zero and 100 percent (averaging 18 percent over this period) and is at a level which demonstrates that the Council is only accumulating liabilities that its operating income can reasonably service (see the top right chart below).³⁰ The Council has estimated that the ratio will peak at 43.3 percent in 2024-25, with additional borrowings related to the Bunyip2 major water project as noted in the December 2023 meeting with Council.

The ratio will then have a general downwards trajectory until 2029-30 then start rising again, which reflects both the declining trend in borrowings and other liabilities (see bottom right chart below), and the projected operating income growth (an average of 1.3 percent per annum). As previously stated, the Council is relying predominantly on growth in rateable properties and lower growth in operating expenses to maintain or improve its overall financial sustainability.



²⁸ Correspondence with Light Regional Council dated 31 August 2023, p. 3.

²⁹ Note 28 applies.

³⁰ 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).

C.3 Asset renewals expenditure

The Council has experienced a highly variable asset renewal funding ratio³¹ between 2012-13 and 2021-22, and the 2022-23 unaudited estimates³² continue the trend (see chart overleaf top right).

Between 2012-13 and 2021-22, the asset renewal funding ratio (under the 'IAMP-based' approach) averaged 111.9 percent,³³ signifying spending on the renewal and rehabilitation needs of its asset stock that is slightly above the LGA target range over this period but reflecting the Council's need to renew assets that were not renewed in a timely manner prior to 2012³⁴ (as also noted in meeting with Council). The Council's spending on renewal and rehabilitation of assets averaged \$3.3 million each year over the period 2021-13 to 2021-22 (see chart overleaf top left). With reference to increased costs for construction, the Council noted it kept capital expenditure within forecast budgets by deferring projects.³⁵

Over the 10-year projections in the 2023-24 LTFP, the Council has factored in a total of \$94.8 million in capital renewal and replacement works: \$80.2m on renewal and replacement works and \$14.5 million in new and upgraded capital works, accounting for 84.6 percent and 15.4 percent of the total capital expenditure program respectively. The Council's stated practice³⁶ is to take a conservative approach and include only known grants in its LTFP, which may result in the capital expenditure on asset renewals appearing to be more significant. This may present difficulty in comparing historical performance (which includes all grants received) to forecast performance, noting that grants as a percentage of income were 8.9 percent in the period 2012-13 to 2021-22 compared to forecast 8.3 percent for the period from 2023-24 to 2032-33.

The Council's transport assets (mainly road assets) represent a significant asset class, and is a major focus of its renewal investment, estimated to account for approximately 77.5 percent³⁷ of the total asset renewal budget averaging \$6.2 million per annum over the next 10 years. The renewal budget incorporates a portion of deferred renewal expenditure; however, the Council estimates that there will be a 12.5 percent funding shortfall for transport assets,³⁸ which will not be covered over the 10-year projections in the 2023-24 LTFP as it is not included in the projected funding. The Council intends to continue addressing deferred asset renewals as funding is available.³⁹ The intentional exclusion of funding to cover all deferred asset renewals presents a risk of asset failure or service level provision that is lower than expected.

From 2023-24 to 2032-33, the asset renewal funding ratio is forecast to average 112.6 percent (see chart overleaf top right), reflecting continuation of the historical trend that has been focused on renewing deferred asset renewals. Average annual spending on renewal or rehabilitation of assets is projected to increase to \$8 million (in nominal terms).

The Council has significantly grown its asset base over the past 10 years, averaging \$9.2 million per annum on new or upgraded assets between 2012-13 and 2021-22 (see the right chart overleaf). This has led to a steady increase in the value of the asset stock per property of \$550 or 2.5 percent for each year over the 10 years to 2020-21 (see the bottom left chart overleaf).

The Council has forecast a continuation of its high levels of spending on renewals of asset stock as described above, in addition to expenditure on new/upgraded assets partly in transport asset projects

³¹ 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).

³² 2022-23 Unaudited figures as reported in the LTFP template.

³³ The quoted averages for the ratio are based on 'gross asset renewal expenditure' (before the sale of replaced assets) rather than 'net asset renewal expenditure'.

³⁴ Correspondence with Council dated 11 December 2023, and Council Responses to ESCOSA Questions (p. 4).

³⁵ Correspondence with Council dated 11 December 2023 and Council Responses to ESCOSA Questions (p. 1).

³⁶ Council Responses to ESCOSA Questions and Meeting between Council and ESCOSA on 12 December 2023.

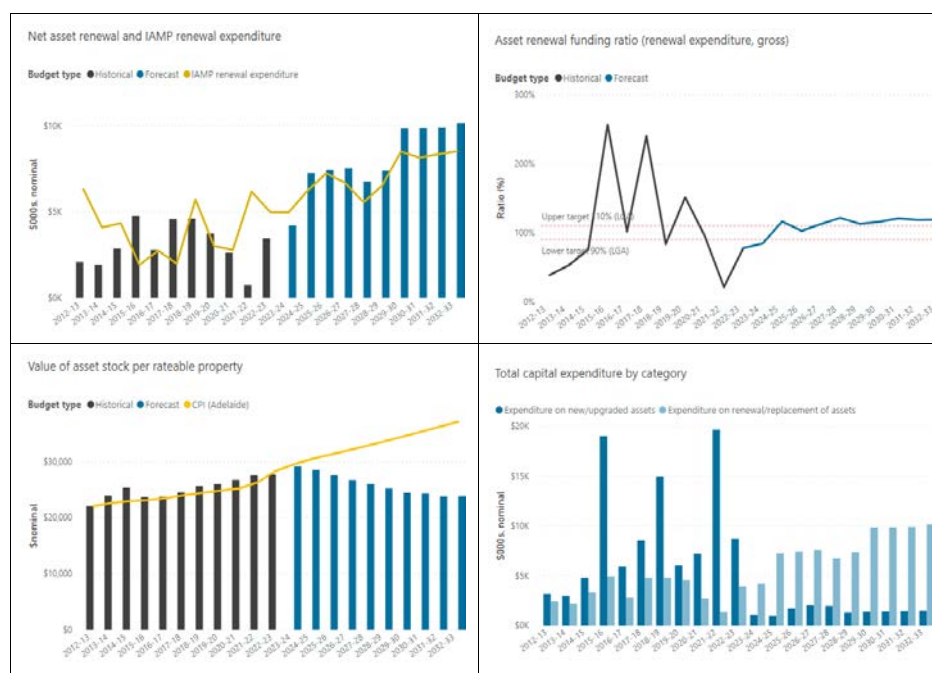
³⁷ Technical Asset Management Plan Summary Bridges, Floodways, Footpaths, Stormwater, Transport (Roads) 2020-2030, p. 4 and LTFP renewal projections.

³⁸ Note 37 applies.

³⁹ Correspondence with Council dated 11 December 2023, and Council Responses to ESCOSA Questions (p. 5).

and township expansion. The Council further forecasts that expenditure on new and upgraded assets will average \$1.5 million per annum from 2023-24 to 2032-33 with growth averaging 3.5 percent per annum (a modest level in comparison to historical expenditure – see chart below right), noting that grants supporting additional expenditure may be excluded as discussed above.

As discussed in a meeting with the Council, the Commission notes the financial impact of the Council's major water projects, significant transport related projects and strong development pipeline causing material differences to the historical expenditure and forecasts.⁴⁰ The forecast asset value per property is expected to decline from \$28,419 in 2022-23 to \$23,820 in 2032-33 (see bottom left chart below) noting that this may be a characteristic applicable to any fast-growing council where rateable property growth is high.



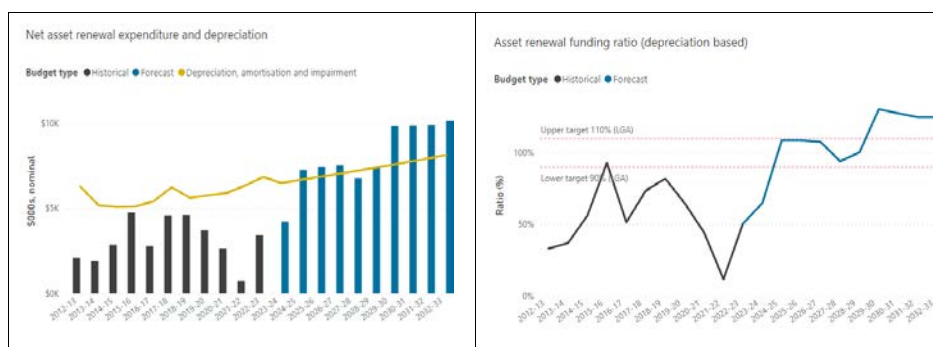
Asset renewals can also be evaluated by the depreciation-based asset renewal funding ratio,⁴¹ which is projected to track in line within the LGA recommended range (for the IAMP-based ratio) of 90-110 percent, averaging 103.7 percent per annum to 2031-32 (see chart overleaf below right). Historically (between 2012-13 to 2021-22) depreciation expenses have outpaced renewal capital expenditure by a significant margin (totalling \$23.8 million over ten years). This earlier period may indicate an intergenerational equity⁴² risk, as the Council had partly funded new/upgrade capital expenditure (through depreciation), while deferring or under investing on its asset renewal needs. There may also be a mismatch between the assessed useful lives of assets and actual useful lives of assets as indicated by renewals required.

⁴⁰ Correspondence with Council dated 31 August 2023 (p. 3); Correspondence with Council dated 11 December 2023; and Council Responses to ESCOSA Questions (p. 1).

⁴¹ 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.

⁴² 'Intergenerational equity' relates to fairly sharing of services and the revenue generated to fund the services between current and future ratepayers.

Council has also noted that significant increases in construction costs in later years (2020-2022) has led to reduced construction outcomes, as costs were contained within the capital works program aligned to LTFP targets.⁴³ Limiting expenditure to budget when costs have risen gives rise to additional deferred asset renewals which, when combined with known shortfalls in funding allocation (refer discussion above), creates a risk of asset failure.



The Council has a comprehensive AMP 2020-2030 in addition to detailed technical AMPs for transport assets, buildings and open spaces, and CWMS assets. These cover most of the Council's asset base and reflect asset valuations that have been carried out within the last four years. In formulating its AMPs, the Council has considered several matters such as customer levels of service, utilisation and demand of its assets, life cycle management, and risk management planning. These matters (among others) have informed the Council's planned operating and maintenance budgets, and asset renewal needs over the period to 2030. The Council has also detailed how its asset renewal funding forecasts (in its 2023-24 LTFP) aligns with its AMP renewal targets. The Commission notes the Council's process of annual review of asset register data and rolling 4-year reviews of specific asset classes.⁴⁴ The Commission's review of the AMPs has found that the Council's strategic planning processes aligns with good practice for a council of its size and complexity.

The Council advises that the current asset class under review is transport assets and potential expenditure from this review is not yet included in the LTFP.⁴⁵ Given that transport assets form a major part of the Council's asset base, there is a risk that significant additional expenditure may be required for depreciation and operational or capital expenditures.

The Council's planned renewal expenditure is mainly attributed to transport assets, covering bridges, floodways, footpaths, stormwater and transport, and accounts for approximately 81 percent of total renewals from 2023-2030.⁴⁶ Aside from transport works, the Council has planned renewals for buildings and open spaces, and CWMS assets (together approximately 19 percent of total renewals). The Council has a strong focus on, and successful track record in attracting, funding to undertake renewal and new capital projects.⁴⁷

As previously noted, the Council has identified some deferral of completion of construction outcomes due to budgetary constraints which has led to a 'renewal funding gap', across all asset classes in its AMPs. This gap is estimated to be \$6 million in 2023-24 and potentially extending to \$16 million in 2032-33; however, the Council anticipates a lower inflation and lower interest rates environment in coming years which may mitigate the size of the gap. In addition, the Council is reviewing its long-term

⁴³ Correspondence with Council dated 31 August 2023, p. 1.

⁴⁴ Council's Responses to ESCOSA Questions (p. 1) and meeting between the Council and ESCOSA on 12 December 2023.

⁴⁵ Correspondence with Council dated 31 August 2023, p. 6.

⁴⁶ Data from Technical Asset Management Plan Summaries - Budget Summary by Lifecycle Activity

⁴⁷ Correspondence with Council dated 11 December 2023; Council's Responses to ESCOSA Questions (p. 1); and meeting between the Council and ESCOSA on 12 December 2023.

funding/borrowing strategy with a focus on inter-generational impacts.⁴⁸ The Commission notes that a deferred asset renewal gap under the current funding regime will remain unless the Council assigns more funding to renewal capital expenditure. For these reasons, the Commission considers that it would be appropriate for the Council to:

5. **Increase funding** to address deferred asset renewals and review adequacy of renewal spending by 2028.
6. **Forecast and include** the impact of new assets into long-term financial plan to provide transparency for existing and future ratepayers.

The Council indicated to the Commission that it is proposing several amendments to its AMPs, as follows:⁴⁹

- ▶ Comprehensive review of all transport infrastructure including asset condition assessments.
- ▶ Revaluation of transport assets.
- ▶ Review and update of AMP with potential changes in priorities.

⁴⁸ Note 43 applies.

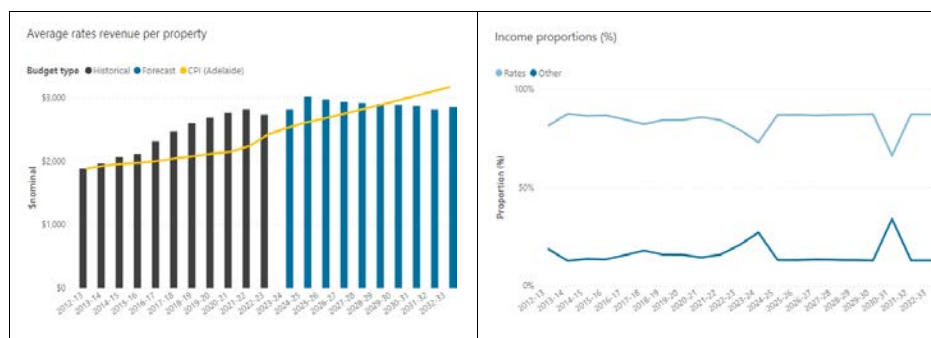
⁴⁹ Correspondence with Council dated 31 August 2023 (p. 6) and in meeting with Council on 12 December 2023.

D Current and projected rate levels

D.1 Historical rates growth

The Council's rate revenue per property growth has averaged 4.6 percent or \$93 per annum for each property over the past 10 years,⁵⁰ to reach an estimated \$2,811 per property in 2021-22 (see the left chart below). This has exceeded CPI growth (2.0 percent per annum over this period⁵¹), but also encompasses 0.8 percent average annual growth in rateable property numbers. Current rate levels partially reflect its recent history of spending growth, predominantly on capital expenditure (on renewals, and new and upgraded assets), higher employee-related costs, and the Council's focus to improve its operating surplus.

The Council remains mostly reliant on its rate base for its operating sustainability although income from capital projects has supported the Council to minimise future rates rises and absorb some expenditure increases.⁵² As the chart below indicates (to the right), rates revenue has been maintained at a steady proportion of income, forecast to account for 83.5 percent of budgeted operating income on average between 2023-24 and 2032-33, compared with 81.4 percent of income in 2012-13. The Commission notes the Council has set its rates after undertaking its own benchmarking reflecting its services and ratepayer's service level expectations.⁵³



D.2 Proposed 2023-24 rate increases

The Council has budgeted for an average rate increase of 3 percent or \$81 per property for its existing ratepayers in 2023-24.⁵⁴ The rates increases are contained despite recent higher short-term inflation, and this was enabled by a significant reduction in finance costs following the realisation of benefits from the Bunyip 1 water project.⁵⁵ The Council also has a strategy to provide rates relief for ratepayers that experience property valuation increases of more than 10 percent,⁵⁶ noting that rateable property valuations increased 13.62 percent from July 2022 until April 2023 when rates were set.⁵⁷ The Council has also assumed growth in the area will be strong, with growth in rateable properties increasing at 3.2

⁵⁰ From 2012-13 to 2021-22.

⁵¹ CPI Adelaide (All groups). Available at: <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/sep-quarter-2023#capital-cities-comparison>

⁵² Light Regional Council 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 10.

⁵³ Correspondence with Council dated 31 August 2023, p. 7.

⁵⁴ Based on the Council's 2023-24 Annual Business Plan and its Excel template (with the 2023-24 forecasts) provided to the Commission. The Commission has used \$23.239 million (in 2023-24 budgeted rates revenue) compared to unaudited 2023-23 estimates. Individual rate level changes may be higher or lower depending on the rates category and property value.

⁵⁵ Correspondence with Council dated 31 August 2023, p. 3.

⁵⁶ Note 45 applies.

⁵⁷ Light Regional Council 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 8.

percent over the forecast period. Significant regional population growth is anticipated in the area surrounding Roseworthy over the next decade.⁵⁸

Different rate categories are subject to varying changes, with residential ratepayers to pay a lower increase of 2.7 percent or \$48 per property on 2022-23 levels. Primary production (mostly farmland) ratepayers are budgeted to pay 2.8 percent or \$74 per property.⁵⁹

Other than 'general rates' revenue, the Council collects income from waste collection, the CWMS charge, and the Regional Landscape Levy.

D.3 Projected further rate increases

Over the forward years of its LTFP, the Council is projecting average rates increases per property for its existing ratepayers of approximately 0.6 percent per annum from 2022-23 to 2032-33 primarily due to the forecast growth in rateable properties.

In total, the LTFP effectively projects a modest cumulative increase of \$171.35 per existing ratepayer by 2032-33,⁶⁰ which is consistent with the Council's assumption of growth in rateable properties, lower inflation and interest rate growth over this period but is also below the RBA-based inflation forecast of an average of 2.6 percent per annum.⁶¹

As a result of the modest rates increases, the percentage of the Council's total income contributions from ratepayers is projected to average around 83.5 percent, a consistent percentage compared with the historical average.

Risks for ratepayers may arise if:

- ▶ the anticipated growth does not eventuate,
- ▶ inflation exceeds the Council's estimates,
- ▶ additional operational expenditure is required due to a revised transport AMP, or
- ▶ unanticipated remedial expenditure is required due to deferred asset renewal backlogs.

D.4 Affordability risk

Affordability risk among the community for these further rate increases appears to be low, on balance, when considering:

- ▶ the Council's relative average socio-economic indexes for areas (SEIFA) economic resources ranking for the Council area,⁶²
- ▶ the current rates without further forecast increases above inflation for ratepayers,

⁵⁸ Light Regional Council 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 5.

⁵⁹ Rate in the dollar applied to the capital value of the property in the Council area. Light Regional Council, 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 49.

⁶⁰ The Commission has calculated growth based on removing the effect of the Bunyip water projects income on rates revenue following discussion with the Council on 31 January 2024.

⁶¹ The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to June 2026 (and the Commission's calculations of average annual percentage growth) and within the RBA's target range (2 - 3 percent) from 2025-26.

⁶² The Light Regional Council area is ranked 70 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (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-%20Iga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&27.03.2018&Latest>.

- ▶ the effect of cumulative increases in rates per existing ratepayer of approximately 2.0 percent per annum to the period 2031-32, below the forecast rate of inflation, and
- ▶ the overall financial sustainability risks of the Council and its LTFP trend towards ongoing operating surpluses.

However, as the current economic environment is putting more pressure on most communities' capacity to pay for further rate increases, including those of the Council, the Commission considers it would be appropriate for the Council to:

- | |
|---|
| 7. Consider limiting future increases in rates to no more than expected inflation. |
|---|



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444
E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au



PO Box 72, Kapunda SA 5373

(08) 8525 3200

light@light.sa.gov.au www.light.sa.gov.au