LOWER EYRE COUNCIL

# AGENDA

## NOTICE OF MEETING

An Audit and Risk Committee Meeting of the
Lower Eyre Council will be held in
Council Chambers, 32 Railway Terrace, Cummins,
on Thursday, 4 June, 2026 at 2:30 PM

The business to be considered at the above-mentioned meeting is set out in the attached Agenda.

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**SACHEEN HOPEWELL**

**ACTING CHIEF EXECUTIVE OFFICER**

25 May 2026

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# AGENDA

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## 1 WELCOME

## 2 ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Traditional Owners of the land and waterways on which we meet today and their continuing connection to culture and community. We pay our respects to Elders past and present and extend that respect to all other Aboriginal and Torres Strait Islander peoples in our communities.

## 3 APOLOGIES

## 4 CONFIRMATION OF MINUTES

***RECOMMENDATION***
***That the minutes of the Audit and Risk Committee Meeting held 11 February 2026 be received and the recommendations contained therein be adopted.***

## 5 BUSINESS ARISING FROM THE MINUTES

# 6 REPORTS

## 6.1 2025/26 THIRD QUARTER BUDGET REVIEW

**Author:** **Manager Finance & Technology**

**Attachments:** **1. 2025/26 Third Quarter Budget Review**

**Works Program Item 1.2.3**
**Table Third Quarter Budget Review**

**Relevant Documents:**
- *Local Government (Financial Management) Regulations 2011 - Section 9 - Review of Budgets*

**Requirements:**
*Ensure Council staff have prepared quarterly budget reports in line with legislative requirements.*

### PURPOSE OF REPORT

The following report identifies budget discrepancies as part of the 2025/26 third quarter budget review process.

### BACKGROUND INFORMATION

Under section 9 of the Local Government (Financial Management) Regulations 2011, Council must, at least twice between 30 September and 31 May consider a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget.

### REPORT DETAILS

The attached summary report identifies unbudgeted expenditure where a Council decision was made, an alteration in grants received, contract renewal affecting the budget performance or a significant budget discrepancy.

Note:

(E) Items for which the actual yearly expenditure/income for the budget line has not been finalised but where an estimate of the likely budget discrepancy has been made are indicated by the letter E (Estimate) in the last column. An estimate of the year's actual income or expenditure based on information available at the time of the review has been inserted.

(I) Items for which the actual yearly expenditure/income is incomplete for the year and it is not possible to estimate the final actual amount are indicated by the letter I (Incomplete). The current actual amount at the time of preparing the report has been inserted.

(A) Items for which actual expenditure/income for the year has been finalised are indicated by the letter A (Actual).

(B) Items which relate to a business activity (including CWMS) and are separated from the general cash flow of Council are indicated by the letter B (Business Activity)

(C) Items which do not affect the budget position but which require explanation are indicated by the letter C (Comment Only) in the last column.

The third quarter budget review has been conducted in conjunction with the preparation of the 2026/27 Annual Business Plan and Budget and identifies 27 projects totalling $12.263 million ($4.64m 2024/25) of project expenditure carryovers, offset by $7.270 million from related revenue sources. The full list of carryovers is listed in the table attached to this report and as previously indicated to Council during budget discussions, primarily relates to projects that have been unable to progress due to workforce and contractor shortages, or grant funding outcome delays.

The net cash position, inclusive of loan borrowings, has improved by $3.706 million with the forecast $4.480 million of new borrowings deferred to 2026/27 in line with the project carryovers.

A full list of the main the main variances (excluding carryovers) identified as part of the third quarter budget review as follows:

Expenditure

- $197,000 savings estimated in administration functions including legal fees, insurances, administration salaries, training and telecommunications
- $152,400 saving on Bratten Way Rehabilitation Stages 6 and 7
- $130,000 overbudget expenditure on Flinders Highway Bridge replacement
- $140,000 deferral of jetty pile replacements
- $69,000 savings estimated for general kerbside waste collection services
- $41,000 deferral of large machinery trailer replacement
- $33,000 saving on Warrow Road sealing and linemarking

Revenue

- $4,480,000 decrease in forecast loan borrowings aligned with the carryover of capital works to 2026/27
- $55,000 increased revenues received from Cummins Caravan Park and campgrounds
- $55,000 underbudget revenues from building and planning applications following decreased receival of development applications
- $50,000 unbudgeted Algal Bloom Response Program funding allocated to coastal area improvements

In assessing the result of the 2025/26 Budget Review 3, commentary is provided around the following three key financial indicators.

**Operating Surplus Ratio – Target 0% - 10%**

The Operating Surplus Ratio has improved from a budgeted (6.65%) to a (1.41%) and improved from the projected (5.31%) in Budget Review 2.

A 5.24% improvement to the Operating Surplus ratio equates to a $1.212 million reduction to the budgeted $1.468 million Operating Deficit to negative $255,400 noting that $700,000 of this improved result relates to projects carried over to 2026/27.

It is also noted that this deficit includes $680,200 relating to the 50% prepayment of Council's 2025/26 Financial Assistance Grants received in 2024/25.

Adjusting for these items would result in a revised operating deficit of $275,200 which equates to a (1.52)% Operating Deficit Ratio

As detailed in Budget Review 1 and 2 whilst the ratio is in deficit, Council has previously achieved a 6.80% average Adjusted Operating Surplus Ratio over the past 3 financial years indicating that Council can absorb a single year deficit without a negative impact on its overall financial sustainability.

Council's Long-term Financial Plan also forecasts future operating surplus' with an average 3.75% Operating Surplus Ratio for the 2026-2035 period which is within recommended target ranges and demonstrates longer term financial sustainability.

**Net Financial Liabilities Ratio – Target 0% - 100%**

The Net Financial Liabilities Ratio has reduced from a budgeted 22% to (4)%.

This ratio has improved by 26% primarily due to the deferral of the $4.480 million loan borrowings aligned with the deferral of capital works to 2026/27 and the forecast $2.487 million of cash on hand at the end of the reporting period which exceeds the $908,600 of debt owed resulting in a negative ratio.

This ratio is below the recommended target ranges for Local Government however Council's Long-term Financial Plan forecasts $5.3 million of new borrowings over the 2026/27 to 2028/29 period which will increase this ratio.

**Asset Renewal Funding Ratio – Target 90% - 110%**

The Asset Renewal Funding Ratio has decreased slightly from Review 2 (226%) to Review 3 (203%) largely due to the $734,000 reduction in expenditure required on Bratten Way Rehabilitation stages 6 & 7.

Whilst negatively impacting the 2025/26 Asset Renewal Funding Ratio the four-year average ratio achieves a 102% average which is in line with the recommended 90% - 110% ratio target.

This average is in line with Council's 2026-2035 Long-term Financial which averages 114% over the life of the plan and will continue to be monitored to ensure that Council continues to renew assets at the end of their useful lives.

## CONCLUSION

The 2025/26 Budget Review 3 identifies strong results across Council's Net Financial Liabilities and Asset Renewal Funding ratios with improvements to the Operating Surplus Ratio. Whilst the ratios may vary to recommended targets ranges in 2025/26, all ratios are averaging within recommended ranges over the 4 year period 2023 – 2026 and are forecast to remain within targeted ranges in Council's Long-term Financial Plan; indicating future longer-term financial sustainability..

***RECOMMENDATION***
***That the Audit and Risk Committee receives and notes the report titled '2025/26 Third Quarter Budget Review'.***

***That the Audit and Risk Committee notes:***

- ***The positive movement in the Operating Surplus Ratio from (6.65%) to (1.41%);***
- ***The reduction in the Net Financial Liabilities Ratio from 22% to (-4)%;***
- ***The decrease in the Asset Renewal Funding Ratio from 226% to 203%;***
- ***The carry forward of $12.263 million of project expenditure from 2025/26 to 2026/27 funded by $7.270 million in revenue sources.***

LOWER EYRE COUNCIL

## LOWER EYRE COUNCIL
## STATEMENT OF COMPREHENSIVE INCOME

| | 2025 ACTUAL $'000 | 2026 BUDGET $'000 | 2026 REVIEW $'000 |
|---|---|---|---|
| **Income** | | | |
| Rates | 10,669 | 11,115 | 11,123 |
| Statutory charges | 213 | 228 | 177 |
| User charges | 3,341 | 3,705 | 3,762 |
| Grants, subsidies and contributions | 4,003 | 5,865 | 1,681 |
| Investment Income | 434 | 138 | 281 |
| Dividends | | | |
| Reimbursements | 1,381 | 1,455 | 1,484 |
| Other Revenues | 9 | 39 | 44 |
| Net gain - joint ventures & associates | | | |
| **Total Revenues** | **20,050** | **22,545** | **18,551** |
| **Expenses** | | | |
| Employee Costs | 4,741 | 5,351 | 5,195 |
| Materials, contracts & other expenses | 8,364 | 13,391 | 8,341 |
| Finance Costs | 143 | 145 | 145 |
| Depreciation, Amortisation & Impairment | 3,714 | 5,126 | 5,126 |
| Share of loss – joint ventures & associates | | | |
| **Total Expenses** | **16,962** | **24,013** | **18,807** |
| **Operating Surplus / (Deficit)** | **3,088** | **(1,468)** | **(255)** |
| Asset disposal & fair value adjustments | 26 | 1,592 | - |
| Amounts received specifically for new or upgraded assets | 1,115 | 4,245 | 4,442 |
| Physical resources received free of charge | 2 | - | - |
| **NET SURPLUS/(DEFICIT)** | **4,231** | **4,370** | **4,186** |

LOWER EYRE COUNCIL

## LOWER EYRE COUNCIL
## CASH FLOW STATEMENT

| | 2025 ACTUAL $'000 | 2026 BUDGET $'000 | 2026 REVIEW $'000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| **Receipts** | | | |
| Operating receipts | 17,555 | 22,407 | 18,270 |
| Investment receipts | 434 | 138 | 281 |
| **Payments** | | | |
| Operating payments to suppliers and employees | (13,953) | (18,898) | (16,201) |
| Finance payments | 144 | 145 | 145 |
| **Net Cash provided by (or used in) Operating Activities** | **4,180** | **3,792** | **2,495** |
| **Cash Flows from Investing Activities** | | | |
| **Receipts** | | | |
| Amounts specifically for new or upgraded assets | 4,683 | 4,245 | 4,442 |
| Sale of replaced assets | 319 | 416 | 416 |
| Sale of surplus assets | - | 1,592 | - |
| Distributions received from associated entities | - | - | - |
| Repayments of loans by community groups | 55 | 38 | 67 |
| **Payments** | | | |
| Expenditure on renewal/replacement of assets | (3,585) | (8,641) | (9,092) |
| Expenditure on new/upgraded assets | (1,218) | (9,109) | (2,937) |
| Loans made to community groups | (264) | - | - |
| **Net Cash provided by (or used in) Investing Activities** | **(10)** | **(11,458)** | **(7,105)** |
| **Cash Flows from Financing Activities** | | | |
| **Receipts** | | | |
| Proceeds from Borrowings | - | 4,480 | - |
| Proceeds from Bonds and Deposits | - | - | - |
| **Payments** | | | |
| Repayments of Borrowings | (551) | (1,211) | (561) |
| Repayments of Bonds and Deposits | (7) | - | - |
| **Net Cash provided by (or used in) Financing Activities** | **(558)** | **3,269** | **(561)** |
| Net Increase (Decrease) in cash held | 3,612 | (4,398) | (5,171) |
| Cash & cash equivalents at beginning of period | 4,046 | 7,658 | 7,658 |
| **Cash & cash equivalents at end of period** | **7,658** | **3,260** | **2,487** |

LOWER EYRE COUNCIL

## LOWER EYRE COUNCIL
## BALANCE SHEET

| | 2025 ACTUAL $'000 | 2026 BUDGET $'000 | 2026 REVIEW $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash & cash equivalents | 7,658 | 3,260 | 2,487 |
| Trade & other receivables | 1,802 | 1,795 | 1,795 |
| Other financial assets | - | - | - |
| Inventories | 512 | 512 | 512 |
| **Total Current Assets** | **9,972** | **5,567** | **4,793** |
| **Non-current Assets** | | | |
| Financial Assets | 284 | 254 | 225 |
| Equity accounted investments in Council businesses | - | - | - |
| Investment Property | | | |
| Infrastructure, Property, Plant & Equipment | 96,013 | 112,670 | 108,373 |
| Other Non-current Assets | 1,908 | 1,908 | 1,908 |
| **Total Non-current Assets** | **98,205** | **114,832** | **110,506** |
| **Total Assets** | **108,177** | **120,398** | **115,299** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade & Other Payables | 3,791 | 3,886 | 1,369 |
| Borrowings | 561 | 486 | 486 |
| Short-term Provisions | 1,399 | 1,434 | 1,441 |
| Other Current Liabilities | - | - | - |
| **Total Current Liabilities** | **5,751** | **5,806** | **3,296** |
| **Non-current Liabilities** | | | |
| Trade & Other Payables | - | - | - |
| Long-term Borrowings | 909 | 4,252 | 422 |
| Long-term Provisions | 147 | 151 | 151 |
| Other Non-current Liabilities | - | - | - |
| **Total Non-current Liabilities** | **1,056** | **4,403** | **574** |
| **Total Liabilities** | **6,807** | **10,209** | **3,870** |
| **Net Assets** | **101,370** | **110,189** | **111,430** |
| **Equity** | | | |
| Accumulated Surplus | 46,996 | 54,880 | 55,149 |
| Asset Revaluation Reserve | 54,739 | 59,188 | 60,612 |
| Other Reserves | (365) | (3,879) | (4,331) |
| **Total Equity** | **101,370** | **110,189** | **111,430** |

LOWER EYRE COUNCIL

## LOWER EYRE COUNCIL
## UNIFORM PRESENTATION OF FINANCES

| | 2025 ACTUAL $'000 | 2026 BUDGET $'000 | 2026 REVIEW $'000 |
|---|---|---|---|
| Operating Revenues | 20,050 | 22,545 | 18,551 |
| *less Operating Expenses* | (16,962) | (24,013) | (18,807) |
| **Operating Surplus / (Deficit) Before Capital Amounts** | **3,088** | **(1,468)** | **(255)** |
| **Less: Net Outlays on Existing Assets** | | | |
| Capital Expenditure on Renewal/Replacement of Existing Assets | (3,585) | (8,641) | (9,092) |
| *less Proceeds from Sale of Replaced Assets* | 319 | 416 | 416 |
| *less Depreciation, Amortisation & Impairment* | 3,714 | 5,126 | 5,126 |
| **Net Outlays on Existing Assets** | **448** | **(3,098)** | **(3,550)** |
| **Less: Net Outlays on New and Upgraded Assets** | | | |
| Capital Expenditure on New/Upgraded Assets | (1,218) | (9,109) | (2,937) |
| *less Proceeds from Sale of Surplus Assets* | - | 1,592 | - |
| *less Amounts received specifically for new or upgraded assets* | 1,115 | 4,245 | 4,442 |
| **Net Outlays on New and Upgraded Assets** | **(103)** | **(3,271)** | **1,505** |
| **Net Lending / (Borrowing)** | **3,433** | **(7,838)** | **(2,301)** |

## KEY FINANCIAL INDICATORS

| | 2025 ACTUAL | 2026 BUDGET | 2026 REVIEW |
|---|---|---|---|
| **Operating Surplus Ratio - %** | 15.40% | (6.51%) | (1.38%) |
| **Net Financial Liabilities Ratio - %** | (15%) | 22% | (4%) |
| **Asset Sustainability Ratio - %** | 58% | 192% | 203% |

| 2025/26 Third Quarter Budget Review | | | | | | |
|---|---|---|---|---|---|---|
| Acc No | Account Name | Budget $'000 | Actual / Estimate $'000 | 2025/26 Surplus / (Deficit) $'000 | Comments | Estimate / Actual / Incomplete / Comment |
| 8008 | Legal Fees - Administration | 46 | 28 | 18 | Estimated savings against Administration Legal Fees annual budget allocation. | (E) |
| 8011 | Insurance General Operations | 69 | 60 | 10 | Local Government Association Asset Mutual Fund Performance Bonus applied against 2025/26 asset insurances. | (A) |
| 8012 | Consultants Fees | 227 | 102 | 125 | Carryover of the following Consultant Engagement Activities:<br>- Community Engagement Strategy<br>- Business Continuity Review<br>- Workforce Stategy<br>- Strategic Directions<br>- Customer Experience Enhancements<br>EPLGA advised that it is not commencing the EPLGA Future Digital Improvement Strategy.<br>$5,000 saving realised in completing Council's Sustainability Plan<br>$20,000 overbudget expenditure for recruitment associated with Chief Executive Officer and Director Infrastructure & Development. | (A) |
| 8020 | Administration Salaries | 2,346 | 2,171 | 175 | Estimated savings against Administration Salaries following changeover of Administration Staff. | (E) |
| 8023 | Administration Travel & Training | 59 | 39 | 20 | Estimated savings against Administration Travel & Training Annual Budget | (E) |
| 8024 | Administration - General Operations | 12 | 0 | 12 | Records Management - File Classification carried over pending sourcing of specialist contractors. | (A) |
| 8045 | Administration - Telephone | 27 | 21 | 6 | Identified savings in administration annual internet and telephone operating costs. | (E) |
| 8047 | Computer Support | 30 | 0 | 30 | Project Management reporting enhancements and ICT System Upgrades deferred pending outcome of system usage and availability assessments. | (A) |
| 8070 | Administration Sick Leave | 49 | 80 | (31) | Increased usage of Administration sick leave against budgeted 5 days per annum average, offset by reduction in Administration Salaries. | (E) |
| 8081 | WHS Risk Management Initiatives | 54 | 0 | 54 | Carryover of Local Government Risk Services funds received to progress WHS Risk Initiatives | (A) |
| 8301 | Disability Access initiatives | 30 | 0 | 30 | Carryover budget allocation for disability access initiavites. | (A) |
| 8303 | Creating Connections Program | 18 | 0 | 18 | Cummins Library taken over planning and programming of Cummins Connection. Budget provision for Library funding increased in 2026/27. | (A) |
| 8405 | Cummins Homes Maintenance | 20 | 0 | 20 | Engagement of consultant to investigation the conversion of one bedroom units into two bedroom units not required | (B) |
| 8429 | Development Act Appeals | 10 | 0 | 10 | No appeals lodged in 2025/26 resulting in surplus against annual budget allocation. | (E) |
| 8453 | Community Development Contributions | 10 | 0 | 10 | Automated External Defibrillator (AED) maintenance costs not required in 2025/26 as devices only purchased in current financial year. | (E) |

| 2025/26 Third Quarter Budget Review | | | | | | |
|---|---|---|---|---|---|---|
| 8454 | Land Development Schemes | 4,551 | 0 | 4,551 | Carryover of Coffin Bay Business Precint Regeneration works pending announcement of funding application under rPPP, offset by reduction in grant funding in account 20453. | (E) |
| 8501 | Garbage Collection | 615 | 570 | 45 | $17,000 carryover for the retrofitting of RFID tags to general waste collection bins due to ongoing contractor negotiations.<br>Identified savings in general kerbside waste collection service. | (E) |
| 8502 | Recycling Collection | 244 | 220 | 24 | Identified savings in recycling kerbside waste collection service | (E) |
| 8621 | Stormwater Studies | 26 | 0 | 26 | Stage 2 of Endeavour Heights Stormwater Management Plan deferred pending future external funding opportunities.<br>$14,000 Carryover to complete Coffin Bay Stormwater Management Plan | (A) |
| 8786 | Sport & Recreation - Grants & Donations | 75 | 0 | 75 | Carryover $72,500 Small Community Project Grants Program funding and $2,000 to conduct a Bike Track Feasibility assessment. | (A) |
| 8902 | Consultants Fees - Building Act | 31 | 17 | 14 | Increased number of privately certified building applications reducing income received, offset by reduction in building rules assessment income. | (E) |
| 10999 | Sealed Road Consultants | 78 | 58 | 20 | Savings achieved on contractor engagement for rural road sealed road pavement assessments. | (A) |
| 15551 | Jetties Maintenance | 140 | 0 | 140 | Deferral of Jetty Pile Replacements pending Council final decision on future of Council Jetties. Funded by Jetty Reserve. | (A) |
| 15901 | Radio Purchases | 212 | 106 | 106 | Carryover 50% of Council Radio Network Upgrade project due to extended project feasibility and scoping required prior to commencing to installation. | (E) |
| 16007 | Works Department Training | 72 | 52 | 20 | Estimated savings against Works Department Training Annual Budget | (E) |
| 20004 | Administration - Grants | 0 | 5 | (5) | Unbudgeted Algal Bloom Wellness Program funding received. | (A) |
| 20009 | Administration - Loan | 100 | 0 | (100) | Budget surplus' identified resulting in drawdown on Council's cash advance debenture faciltiy not being required in 2025/26. | (A) |
| 20012 | Administration Employee Wages Refund | 21 | 50 | 29 | Unbudgeted receipt of Centrelink Paid Parental Leave Scheme payments, offset by payments to employee(s) on maternity leave. | (A) |
| 20041 | Rates Fines and Interest | 33 | 40 | 8 | Additional fines and interest charges estimated to be received on outstanding rates. | (E) |
| 20453 | Community Group Grants | 4,221 | 0 | (4,221) | $4,221,000 carryover for Coffin Bay Business Precinct Regeneration Project - rPPP grant application pending announcement. | (E) |
| 20453 | Community Group Grants | 1,272 | 0 | (1,272) | $1,272,100 carryover for Coffin Bay Foreshore Revitailisation Project - main project works being undertaken in 2026/27. | (E) |
| 20454 | Community Development Loans | 2,480 | 0 | (2,480) | Community Development Loans for Cummins Residential Development, Coffin Bay Foreshore Revitalisation and Coffin Bay Business Precinct Regeneration projects not required in 2025/26 as majority of project works and expenditures to be incurred in 2026/27. | (A) |
| 20479 | Garbage Disposal Grants | 0 | 14 | 14 | Final payment associated with the successful funding application under the Regional Transport Subsidies Program to support regional kerbside recycling services for the 2024/25 financial year. | (A) |
| 20481 | Transfer Station - Processed Recyclables | 3 | 11 | 8 | Unbudgeted sale of scrap metal processed at Waste Transfer Stations | (E) |

| 2025/26 Third Quarter Budget Review | | | | | | |
|---|---|---|---|---|---|---|
| 20503 | Effluent Loans | 1,600 | 0 | (1,600) | Budget cash surplus' identified resulting in new Community Wastewater Management Scheme 10 year fixed term debenture faciltiy not being required in 2025/26. | (B) |
| 20586 | Foreshore Construction - Capital Grants | 0 | 50 | 50 | Unbudgeted Algal Bloom Response Program funding allocated to coastal area improvments. | (A) |
| 20802 | Building Fees | 53 | 15 | (38) | Increased number of privately certified building applications reducing income received, offset by reduction in building rules assessment expenditures. | (E) |
| 20803 | Planning Fees | 88 | 70 | (18) | Continued decline in number of development applications received reducing income received. | (E) |
| 20927 | Capital Grants - Road Construction | 3,073 | 2,726 | (347) | Return of Special Local Roads Program funding for Bratten Way Rehabilitation Stage 6 & 7 works due to projects completed underbudget. $184,700 of SLRP funding carried forward to 2026/27 to completed Stage 7 final seal and linemarking. | (E) |
| 21007 | Port Lincoln Airport Loan | 300 | 0 | (300) | Budget surplus' identified resulting in drawdown on Port Lincoln Airport cash advance debenture facilitiy not being required in 2025/26. | (B) |
| 21134 | Cummins Caravan Park Site Fees | 55 | 75 | 20 | Increased patronage of Cummins Caravan Park resulting in additional site fee revenue for 2025/26. | (E) |
| 21145<br>21147<br>21149 | Site Fees - Farm Beach Campground<br>Site Fees - Louth Bay Campground<br>Site Fees - Coastal Campgrounds | 75 | 110 | 35 | Per August 2025 Council resolution OCM/25/144 Council increased campground fees and charges resulting in increased revenues estimated to be received in 2025/26 | (E) |
| 21201 | Principal Repayments - Community Groups | 38 | 67 | 29 | Prepayment and closure of community group loan. | (A) |
| 21411 | Land Sales | 1,592 | 0 | (1,592) | Carryover of initial sales forcasts from allotments created through the Cummins Residential Land Development | (E) |
| 30720 | Council Building Construction | 0 | 11 | 11 | $10,500 allocation to undertake detailed design, engineering and soil sampling in preparation for quotations as part of forecast 2026/27 Depot Expansions and Upgrades. Offset by savings identified through deferral of large trailer replacement. | (E) |
| 30720 | Reserves Construciton | 14 | 10 | (4) | Carryover balance of Aesthetic Bin Enclosure Construction works to add to 2026/27 allocation. | (A) |
| 30720 | Reserves Construciton | 64 | 72 | (8) | $8,000 of additional funding required to replace existing North Shields, Dorward Reserve barbequee with 2 bay barbequee following receipt of quotations. Offset by savings identified through deferral of large trailer replacement. | (A) |
| | Furniture & Fittings Purchases | 8 | 0 | 8 | Installation of air tight doors in Council Records Shed deferred pending available builder availability. | (A) |
| | Plant & Equipment Replacements | 41 | 0 | 41 | Large Machinery Trailer deferred for replacement following internal assessment determined trailer still has 5 years additional life. | (A) |
| 30722 | Machinery - Works In Progress | 720 | 748 | (28) | Per February 2026 resolution CCM/26/031 Council approved a $28,000 over budget expenditure for the replacmeent of a grader. | (A) |

| 2025/26 Third Quarter Budget Review | | | | | | |
|---|---|---|---|---|---|---|
| 30725 | Cummins Residential Land Development | 4,110 | 700 | 3,410 | Balance of Cummins Residential Land Development project carried over to 2026/27, partially offset by carryover of land sales income deferred to 2026/27. | (E) |
| 30730 | Cummins Road Sealing | 309 | 0 | 309 | $309,000 Carryover of East Terrace, Cummins construction and sealing to be undertaken inline with Cummins Residential Land Development works | (A) |
| 30730 | Boundary Road | 0 | 40 | (40) | $40,000 carried over form 2024/25 to complete survey and design on Boundary Road, Boston. | (A) |
| 30730 | Coffin Bay Township Street Sealing | 142 | 0 | 142 | Carryover of the following Coffin Bay township sealing projects to be completed in conjuction with the Coffin Bay Foreshore Revitalisation project:<br>- Jubilee Drive Kerbing Extension<br>- Haggarty Street Car Park Sealing<br>- Esplanade Apron Sealing | (A) |
| 30730 | Roberts Road | 16 | 0 | 16 | Carryover final kerbing on Roberts Road pending contractor availability | (A) |
| 30730 | Warrow Road | 70 | 37 | 33 | Savings achieved on final sealing and linemarking of Warrow Road construction and sealing project | (A) |
| 30730 | Formed & Surfaced Road Construction | 1,535 | 1,415 | 120 | Carryover of underspend on Formed and Surfaced Road Resheeting budget following $60,000 overspend on Farm Beach Road and deferral of Fishery Bay Road resheeting. | (E) |
| 30730 | Stormwater Construction | 54 | 0 | 54 | Carryover of Giles Road, Stormwater Repairs - bundled with Coffin Bay Foreshore Revitalisation project works | (A) |
| 30730 | Flinders Highway Bridge | 785 | 915 | (130) | Significant increases in material and freight costs in aplus additional project complexities resulting in overbudget expenditure. | (E) |
| 30730 | Coffin Bay Foreshore Revitalisation | 2,600 | 200 | 2,400 | Balance of Coffin Bay Foreshore Revitalisation Project carried over to 2026/27, offset by carried over pending grant application in account 20453. | (E) |

| 2025/26 Third Quarter Budget Review | | | | | | |
|---|---|---|---|---|---|---|
| 30730 | Bratten Way Rehabilitation - Stage 6 | 2,038 | 1,778 | 260 | Stage 6 Bratten Way Rehabilitation completed $260,000 under budget. $173,300 of funding received under the Special Local Roads Program to be returned. | (A) |
| 30730 | Bratten Way Rehabilitation - Stage 7 | 1,962 | 1,488 | 474 | Stage 7 Bratten Way Rehabilitation completed $197,000 under budget inclusive of a $277,000 carryover to complete stage 2 sealing and final linemarking works. $131,300 of funding received under the Special Local Roads Program to be returned. | (E) |
| 30730 | Cummins CWMS Construction | 120 | 0 | 120 | Carryover following projects to 2026/27 pending finalisation of Pump Station Upgrade Project:<br>- Waste Transfer Plant Mechanical Upgrade - $100,000<br>- Mobile Pumps x 2 - $20,000 | (B) |
| 30730 | Tulka CWMS Construction | 65 | 0 | 65 | Carryover following projects to 2026/27 pending finalisation of Pump Station Upgrade Project:<br>- Dual Capability Large Capacity Genset Trailer - $45,000<br>- Liquid Chlorine Dosing System - $20,000 | (B) |
| 30730 | Coffin Bay CWMS Construction | 106 | 0 | 106 | Carryover following projects to 2026/27:<br>- Pump Station J Upgrade - $75,000 - Combined with Thriving Regions Grant Project<br>- Scour Valve Replacement - $4,000<br>Cancellation of Air Valve Replacements - $27,000 | (B) |
| | | | | | | |
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| 2025/26 Second Quarter Budget Review | | | | | | |
|---|---|---|---|---|---|---|
| Acc No | Account Name | Budget $'000 | Actual / Estimate $'000 | 2025/26 Surplus / (Deficit) $'000 | Comments | Estimate / Actual / Incomplete / Comment |
| 8047 | Computer Support | 60 | 100 | (40) | Per October 2025 resolution OCM/25/169 Council approved a $40,000 budget increase to undertake the migration of its mapping software and systems. | (A) |
| 30724 | Furniture & Fittings - Works in Progress | 0 | 10 | (10) | Unbudgetted allocation to replace Port Lincoln Airport Terminal data room battery backup solution. Offset by savings achieved in Airport Hygenic Services allocation. | (B) |
| 15333 | Port Lincoln Airport - Consultants | 20 | 30 | (10) | Increase to Port Lincoln Airport Consultancy provision to enable airport carparking feasibility and analysis to be undertaken inline with the Masterplan. | (B) |
| 15372 | Port Lincoln Airport - Hygenic Services | 31 | 21 | 10 | Annual allocation for Port Lincoln Airport Hygenice services not required. Offset by increased Plant & Equipment capital renewal expenditure increase. | (B) |
| 15511 | Boat Ramp Maintenance | 0 | 8 | (8) | Per October 2025 resolution OCM/25/167 Council approved an $8,000 allocation to undertake pavement investigations of failing pavement at the Coffin Bay Boat Ramp Carpark. | (E) |
| 21424 | Operating Bank Account Interest | 18 | 0 | (18) | Adjustment to allocated interest earnings. Offset by increase in account 21425. | (E) |
| 21425 | LGFA Interest | 100 | 261 | 161 | Per Investment Report, Interest Earnings are higher than budgeted due to increased levels of cash on hand available throughout financial year.<br>Council received $16,400 as a Special Distribution from the Local Government Finance Authority for the balance of debentures and deposits held with the Authority in 2024/25. | (E) |
| 30720 | Buildings - Works in Progress | 75 | 0 | 75 | Deferral of CFS House asbestos removal pending outcome of Port Lincoln Airport Masterplan and future requirements for CFS House. | (B) |
| 30720 | Buildings - Works in Progress | 30 | 0 | 30 | Deferral of Port Lincoln Airport new advertising billboard infrastructure. | (B) |
| 30722 | Machinery - Works In Progress | 673 | 720 | (47) | Per November 2025 resolution CCM/25/202 Council approved a $46,900 over budget expenditure for the replacmeent of a 4 Wheel Drive Backhoe-Loader | (A) |
| 30724 | Furniture & Fittings - Works in Progress | 80 | 0 | 80 | Deferral of Port Lincoln Airport CCTV Audit & Replacement pending finalisation of legislative changes to aviation cctv. | (B) |
| 30730 | Infrastructure - Works In Progress | 50 | 0 | 50 | Deferral of Port Lincoln Airport Carpark Survey & Desgin pending the finalisation of the carpark feasibility and analysis as part of the Port Lincoln Airport Masterplan. | (B) |
| | | | | | | |
| | Confidential Items | | | | Items considered in confidence have resulted in an adjustment to the Operating Result and funding allocated to asset renewals | |
| | | | | | | |

| 2025/26 First Quarter Budget Review | | | | | | |
|---|---|---|---|---|---|---|
| Acc No | Account Name | Budget $'000 | Actual / Estimate $'000 | 2025/26 Surplus / (Deficit) $'000 | Comments | Estimate / Actual / Incomplete / Comment |
| 12997 | Formed & Surfaced Roads - Patrol Grading | 535 | 580 | (45) | Late start to 2025 winter grading season resulting in underspend in 2024/25 grading. Carryover $45,000 balance of funding to enable full program of grading activities to occur. | (E) |
| 20927 | Capital Grants - Road Construction | 0 | 1,765 | (1,765) | Carryover of Special Local Roads Program Funding for Bratten Way Rehabilitation Stage 6 works. | (A) |
| 21404 | Financial Assistance Grants | 376 | 389 | (13) | Per September 2025 Report Council's allocation of Financial Assistance Grants for 2025/26 is $13,000 more than budgetted. | (A) |
| 30720 | Port Lincoln Airport - Buildings | 0 | 30 | (30) | Carryover Port Lincoln Airport Bird Management for front of terminal entrance | (B) |
| 30730 | Bratten Way Rehabilitation - Stage 6 | 0 | 2,038 | (2,038) | Carryover balance of Bratten Way Stage 6 works commenced in 2024-25 | (A) |
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| 2025/26 Carryover Projects | | | | | |
|---|---|---|---|---|---|
| Acc No | Account Name | Budget $ | Actual / Estimate $ | 2025/26 Carryover $ | Comments / Project |
| 8012 | Consultants Fees | 135 | 0 | 135 | Carryover of the following Consultant Engagement Activities:<br>- Community Engagement Strategy<br>- Business Continuity Review<br>- Workforce Stategy<br>- Strategic Directions<br>- Customer Experience Enhancements |
| 8024 | Administration - General Operations | 12 | 0 | 12 | Records Management - File Classification carried over pending sourcing of specialist contractors. |
| 8046 | Furniture & Fittings - Works in Progress | 8 | 0 | 8 | Installation of air tight doors in Council Records Shed deferred pending available builder availability. |
| 8047 | Computer Support | 30 | 0 | 30 | Project Management reporting enhancements and ICT System Upgrades deferred pending outcome of system usage and availability assessments. |
| 8081 | WHS Risk Management Initiatives | 54 | 0 | 54 | Carryover of Local Government Risk Services funds received to progress WHS Risk Initiatives |
| 8301 | Disability Access initiatives | 30 | 0 | 30 | Carryover budget allocation for disability access initiavites. |
| 8454 | Land Development Schemes | 4,551 | 0 | 4,551 | Carryover of Coffin Bay Business Precint Regeneration works pending announcement of funding application under rPPP, offset by reduction in grant funding in account 20453. |
| 8501 | Garbage Collection | 17 | 0 | 17 | $17,000 carryover for the retrofitting of RFID tags to general waste collection bins due to ongoing contractor negotiations. |
| 8621 | Stormwater Studies | 28 | 14 | 14 | $14,000 Carryover to complete Coffin Bay Stormwater Management Plan |
| 8786 | Sport & Recreation - Grants & Donations | 75 | 0 | 75 | Carryover $72,500 Small Community Project Grants Program funding and $2,000 to conduct a Bike Track Feasibility assessment. |
| 15901 | Radio Purchases | 212 | 106 | 106 | Carryover 50% of Council Radio Network Upgrade project due to extended project feasibility and scoping required prior to commencing to installation. |
| 20453 | Community Group Grants | (4,221) | 0 | (4,221) | $4,221,000 carryover for Coffin Bay Business Precinct Regeneration Project - rPPP grant application pending announcement. |
| 20453 | Community Group Grants | (1,272) | 0 | (1,272) | $1,272,100 carryover for Coffin Bay Foreshore Revitailisation Project - main project works being undertaken in 2026/27. |
| 20927 | Capital Grants - Road Construction | (1,308) | (1,123) | (185) | Special Local Roads Program Funding for Stage 7 Bratten Way Rehabilitation carried over to complete final sealing and linemarking. |
| 21411 | Land Sales | (1,592) | 0 | (1,592) | Carryover of initial sales forcasts from allotments created through the Cummins Residential Land Development |
| 30720 | Buildings - Works in Progress | 75 | 0 | 75 | Deferral of CFS House asbestos removal pending outcome of Port Lincoln Airport Masterplan and future requirements for CFS House. |
| 30720 | Buildings - Works in Progress | 30 | 0 | 30 | Deferral of Port Lincoln Airport new advertising billboard infrastructure. |
| 30720 | Reserves Construction | 14 | 10 | 4 | Carryover balance of Aesthetic Bin Enclosure Construction works to add to 2026/27 allocation. |
| 30724 | Furniture & Fittings - Works in Progress | 80 | 0 | 80 | Deferral of Port Lincoln Airport CCTV Audit & Replacement pending finalisation of legislative changes to aviation cctv. |

| 2025/26 Carryover Projects | | | | | |
|---|---|---|---|---|---|
| Acc No | Account Name | Budget $ | Actual / Estimate $ | 2025/26 Carryover $ | Comments / Project |
| 30725 | Cummins Residential Land Development | 4,110 | 700 | 3,410 | Balance of Cummins Residential Land Development project carried over to 2026/27, partially offset by carryover of land sales income deferred to 2026/27. |
| 30730 | Cummins Road Sealing | 309 | 0 | 309 | $309,000 Carryover of East Terrace, Cummins construction and sealing to be undertaken inline with Cummins Residential Land Development works |
| 30730 | Infrastructure - Works In Progress | 50 | 0 | 50 | Deferral of Port Lincoln Airport Carpark Survey & Desgin pending the finalisation of the carpark feasibility and analysis as part of the Port Lincoln Airport Masterplan. |
| 30730 | Stormwater Construction | 54 | 0 | 54 | Carryover of Giles Road, Stormwater Repairs - bundled with Coffin Bay Foreshore Revitalisation project works |
| 30730 | Coffin Bay Foreshore Revitalisation | 2,600 | 200 | 2,400 | Balance of Coffin Bay Foreshore Revitalisation Project carried over to 2026/27, offset by carried over pending grant application in account 20453. |
| 30730 | Bratten Way Rehabilitation - Stage 7 | 1,962 | 1,685 | 277 | Stage 7 Bratten Way Rehabilitation completed $197,000 under budget inclusive of a $277,000 carryover to complete stage 2 sealing and final linemarking works. $131,300 of funding received under the Special Local Roads Program to be returned. |
| 30730 | Coffin Bay Township Street Sealing | 142 | 0 | 142 | Carryover of the following Coffin Bay township sealing projects to be completed in conjuction with the Coffin Bay Foreshore Revitalisation project:<br>- Jubilee Drive Kerbing Extension<br>- Haggarty Street Car Park Sealing<br>- Esplanade Apron Sealing |
| 30730 | Roberts Road | 16 | 0 | 16 | Carryover final kerbing on Roberts Road pending contractor availability |
| 30730 | Formed & Surfaced Road Construction | 1,535 | 1,415 | 120 | Carryover of underspend on Formed and Surfaced Road Resheeting budget following $60,000 overspend on Farm Beach Road and deferral of Fishery Bay Road resheeting. |
| 30730 | Cummins CWMS Construction | 120 | 0 | 120 | Carryover following projects to 2025/26 pending finalisation of Pump Station Upgrade Project:<br>- Waste Transfer Plant Mechanical Upgrade - $100,000<br>- Mobile Pumps x 2 - $20,000 |
| 30730 | Tulka CWMS Construction | 65 | 0 | 65 | Carryover following projects to 2025/26 pending finalisation of Pump Station Upgrade Project:<br>- Dual Capability Large Capacity Genset Trailer - $45,000<br>- Liquid Chlorine Dosing System - $20,000 |
| 30730 | Coffin Bay CWMS Construction | 79 | 0 | 79 | Carryover following projects to 2026/27:<br>- Pump Station J Upgrade - $75,000 - Combined with Thriving Regions Grant Project<br>- Scour Valve Replacement - $4,000 |

## 6.2 2026/27 ANNUAL BUSINESS PLAN AND BUDGET ADOPTION

**Author:** **Manager Finance & Technology**

**Attachments:** **1. Draft 2026/27 Annual Business Plan**

**Works Program Item 7.1.2**
**Annually review the Draft Annual Business Plan and Budget and endorse to Council for adoption**

**Relevant Documents:**

- *Local Government Act 1999*
  - *Section 123 - Annual Business Plans and Budgets*
  - *Section 153 - Declaration of General Rate*
  - *Section 154 - Separate Rate*
  - *Section 155 - Service Rates and Service Charges*
- *Local Government (Financial Management) Regulations 2011*
  - *Section 6 - Annual Business Plans*
  - *Section 7 - Budgets*

***Requirements:***

- *Ensure Council annually adopts an Annual Business Plan and Budget. and;*
- *Ensure relevant timeframes for public consultation have been adhered to and;*
- *The Annual Business Plan and Budget are adopted after 31 May but before 31 August each year and;*
- *The Annual Business Plan and Budget include all items as identified by the Act and Regulations*
- *Rates and Charges are declared inline with sections 153, 154 and 155 of the Act*

### PURPOSE OF REPORT

To present the draft 2026/27 Annual Business Plan (ABP) and Budget to the Audit and Risk Committee for review and comment prior to Council adoption scheduled for 17 June 2026.

### BACKGROUND INFORMATION

Nil.

### REPORT DETAILS

Council held two workshops relating to the 2026/27 Annual Business Plan (ABP) and Budget on 16 March and 13 April 2026. The Plan was developed utilising Council's Strategic Plan, Long-term Financial Plan, Asset Management Plan and works that have been identified by Council and Administration during the 2025/26 financial year

During the process of developing the 2026/27 Budget, the Council considered the following three financial indicators used in Local Government to guide financial sustainability levels.

#### Operating Surplus Ratio

It is forecast that the 2026/27 budget will result in an operating surplus of $3,500 which corresponds to a 0.02% Operating Surplus ratio which is inline with the targeted range of 0%-10%.

This result, however does not consider the $370,000 in projects funded in 2025/26 that are being carried over to 2026/27. It is therefore prudent to calculate an adjusted ratio for Council's consideration and is detailed below:

| | |
|---|---|
| Operating Surplus | $3,500 |
| Plus 2025/26 Operational Carryovers | $370,500 |
| Adjusted Operating Surplus | $374,000 |

The Adjusted Operating Surplus equates to 2.38% and is inline with Council's projected average operating surplus' projected its Long-term Financial Plan.

Council's 2027-2036 Long-term Financial Plan forecasts an average annual operating surplus ratio of 6.56% over the 10-year period, equating to approximately $1.242 million per annum and provides for an average annual operating surplus in any five-year period. This is considered a sound financial result over both the medium and long term.

**Net Financial Liabilities Ratio**

The draft 2026/27 budget projects the Net Financial Liabilities Ratio to be 22% as at 30 June 2027 with Council's total debt projected to increase by $2.014 million to $2.922 million. The Plan includes $0.486 million in principal repayments and $2.500 million of new borrowings required to fund the $14.75 million of included capital works.

The ratio, along with the forecast operating surplus' within the Long-term Financial Plan indicates that Council may have capacity to increase its net borrowings but this should be always be considered as part of Council's long-term financial projections and project needs. This approach ensures it yields a positive average operating surplus ratio over any given 3-5 year period as any new borrowings would only decrease the current forecast operating surplus' through increased finance costs (interest).

**Asset Renewal Funding Ratio**

Council's Asset Management Plan identifies $4.271 million of works required with Council budgeting to spend an estimated $4.991 million which achieves a ratio of 112%.

It should be noted that a significant portion of the budgeted expenditure relates to the Bratten Way Rehabilitation Project at $1.778 million, Rubble Road Resheeting at $1.629 million and machinery replacements at $0.699 million.

Providing Council achieves an Asset Renewal Funding ratio between 90% - 110% over any given 3-5 year period, annual fluctuations in this ratio are considered acceptable.

**Rate Increase**

The ABP reports a general rate revenue increase of 4.90% which is inline with the March 2026 Consumer Price Index and is reflective of increases in costs incurred by Council in continuing to deliver the existing services and build and maintain assets.

The ABP is currently out for public consultation which commenced on 21 May 2026 to 11 June 2026. Members of the public were advised of this process through advertisement in the local paper, Council's website, Facebook page, community reference groups and radio platforms seeking feedback.

Additionally, Council have released an online survey and a public presentation of the ABP will occur on 4 June 2026 prior to considering any submissions and feedback at a special council meeting to be held on 15 June 2026 and subsequent adoption on 17 June 2026.

**CONCLUSION**

The 2026/27 Annual Business Plan has been developed from Council's Long-term Financial Plan and considered by Council at two workshops and a Council meeting where it was subsequently endorsed for public consultation.

The Annual Business Plan includes a general rate increase of 4.90% which aligns with the movement in the March 2026 Consumer Price Index and is a direct reflection on Council's general operating costs.

***RECOMMENDATION***

***That the Audit and Risk Committee:***

1. ***Receives and notes the report titled 2026/27 Annual Business Plan and Budget Adoption.***
2. ***Notes the three key financial indicator ratios are within or exceed recommended targets for local government.***
3. ***Recommends the 2026/27 Annual Business Plan to Council for adoption.***

LOWER EYRE
COUNCIL

# 2026/27
# ANNUAL BUSINESS PLAN

Working with our Rural and
Coastal Communities



CONNECTED | COLLABORATIVE | SUSTAINABLE | PROGRESSIVE



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- Executive Summary
- Funding Acknowledgement
- Budget Snapshot
- Community Consultation
- Your Council Members

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- Strategic Management Plan
- Significant Influences and Priorities
- Projects in Focus
- Major Projects Team

## FUNDING THE BUSINESS PLAN

- Business Activities
- Rating Review
- Rates and Charges

## APPENDICES

1. Appendix 1 – Statement of Expected Rate Revenue
2. Appendix 2 – Financial Statements
3. Appendix 3 – Essential Services Commission of South Australia – Local Government Advice Report

# ACTING CEO STATEMENT



On behalf of Elected Members and staff, I am pleased to present the 2026–27 Annual Business Plan.

This Plan outlines how Council will deliver on its Strategic Plan, maintain essential services, and continue to invest in infrastructure that supports our community's current and future needs. It reflects a disciplined approach to planning, prioritisation, and financial sustainability.

A key focus for the coming year is progressing the priority actions identified in the Coffin Bay and Cummins Masterplans. These projects move from planning into delivery in 2026/27, with significant construction activity scheduled throughout the year.

Council is acutely aware of the financial pressures facing our community as rising living costs, global economic uncertainty, and increasing service delivery expenses continue to impact both households and Council operations. In developing this Plan, we have worked to strike a careful balance between maintaining service levels, investing in critical infrastructure, and limiting the burden on ratepayers. To achieve this balance, Council is proposing a 4.90% rate increase for existing ratepayers which is aligned to the rise in the March 2026 Consumer Price Index. This approach is intended to maintain service continuity while protecting Council's long-term financial position.

The 2026/27 Budget incorporates $370,000 of works carried forward from the previous financial year and overall, includes a $13.2 million capital works program, partially funded through grants, alongside operating revenue of $20.3 million. A significant portion of this investment ($5.12 million), will be directed toward road infrastructure, including resealing, rehabilitation, and upgrades across the district. While included in previous plans, the Boundary Road project at Boston has been deferred from the 2026/27 plan due to the unavailability of matching funding from the City of Port Lincoln. We will continue to engage with the City to identify opportunities to progress this project in alignment with both councils' financial plans.

A small operating surplus of $3,500 is forecast for 2026/27, primarily due to the scale of the capital works program being delivered. This is a planned position, and Council's Long-Term Financial Plan provides confidence in stronger operating surpluses in future years. Major projects such as the Cummins Residential Development and Coffin Bay Foreshore Revitalisation represent important investments in the district's growth and economic resilience. These initiatives will support population growth, improve liveability, and strengthen the region's appeal as a place to live, work, and visit.

I would like to thank our community for their ongoing engagement and input as this feedback continues to inform our planning and ensures that Council remains responsive to local priorities.

Council remains committed to delivering the outcomes identified in this Plan, while managing resources responsibly and maintaining a strong focus on long-term sustainability.

**Sacheen Hopewell**
**Acting Chief Executive Officer**

## KEY HIGHLIGHTS OF THE PLAN INCLUDE:

- Coffin Bay Foreshore Revitalisation
- Cummins Residential Land Development
- Stage 8 Bratten Way Rehabilitation
- Preparation of detailed designs, cost estimates and plans for Bruce Terrace, Cummins Streetscape upgrades
- New public toilet at Greenly Beach Campground
- Development of a Community Engagement Strategy
- Environmental Sampling to progress investigation towards swimming area in Coffin Bay

# EXECUTIVE SUMMARY



The Annual Business Plan sets out the Council's proposed programs and projects for the **2026/27** year and aims to achieve and/or progress the longer-term objectives for the District that are set out within Council's Strategic Plan, Long Term Financial Plan and Asset Management Plan.

The business plan projects a total Operating surplus of **$3,500**, however when adjusted for projects already funded in 2025/26 and carried over to 2026/27 results in a **$373,500** adjusted operating surplus.

As part of Council's Long-term financial planning, Council aims to achieve an average **3-5 year** annual operating surplus to ensure Council can meet the costs of general operations and replacement of assets, when required.

For the 2026/27 year, rates are proposed to increase by **4.90%** on average, which aligns with the March 2026 Consumer Price Index (CPI) annual indexation period.

Council acknowledges continued increases in the cost of living and has developed a plan that ensures Council can continue to provide the services to the community without adding further financial burdens on its ratepayers.

The Annual Business Plan includes the receipt of **$5.47m** in grant funding that will enable Council to continue repairs and upgrades to sections of Bratten Way, upgrade the amenity of the Coffin Bay Foreshore, and continue renewing the district's sealed and unsealed road network.

Roads and waste management continue to be a major focus of the Annual Business Plan and commentary has been provided within the plan to outline significant initiatives in these areas.

A full summary of Business Activities undertaken by Council are included within the Business Plan, covering the Port Lincoln Airport, Coffin Bay Caravan Park, Cummins Homes and Community Waste-Water Management Schemes.





# FUNDING ACKNOWLEDGEMENT

The Lower Eyre Council is budgeting to receive a total of **$5.47m** in grant funding with key contributions from Australia's Commonwealth and State Governments. Council acknowledges the importance and value that this funding provides to the community in delivering services, maintaining assets and infrastructure and enhancing the amenity of the district.

Council continues to work with several local partners such as the Cummins and District Financial Services, EP Landscapes Board and Regional Development Australia EP supporting Council in progressing community focused initiatives and objectives.

## Commonwealth Government

- **$1,600k** Financial Assistance Grants & Supplementary Local Road Funding
- **$1,272k** Growing Regions Program
- **$750k** Roads to Recovery
- **$1,752k** Special Local Roads Program **(application pending)**

## State Government

- **$75k** Thriving Regions, Enabling Infrastructure Program
- **$4k** School Immunisation Program
- **$3k** Public Libraries Grant
- **$2k** South Australian Youth Week

## Local & Other Partners

- **$22k** Cummins & District Financial Services
- **$10k** Local Government Risk Services

## OUR PARTNERS

Bendigo Bank

Government of South Australia

Australian Government

# BUDGET SNAPSHOT

**he Annual Business Plan 2026/27 outlines our ervices, programs and projects for this financial year.**

t also demonstrates how we allocate our resources to chieve the goals set out in our **2024–2034 Strategic Plan**, hile maintaining Council's long-term financial sustainability.



## RATING REVIEW – HAVE YOUR SAY

Council have conducted a review of its rating structure o consider whether the way in which rates are istributed is fair and equitable to our residents.

he review is proposing to change to rating by a roperties land use, as opposed to rating by its locality or major / minor towns, outside townships etc).

n addition to the change in land use categories, Council re proposing to increase the rates payable to the Commercial Other, Industry Other and Primary roduction land use categories whilst reducing the rates ayable to the land use categories.

Whilst Council rates have increased by 4.90%, inline with the Consumer Price Index, this altered rating tructure will result in the following average rates novements by category:

| | |
|---|---|
| • Residential | -0.70% |
| • Commercial Shop | -1.20% |
| • Commercial Office | -2.90% |
| • Commercial Other | 11.50% |
| • Industry Light | 0.10% |
| • Industry Other | 16.90% |
| • Primary Production | 10.70% |
| • Vacant Land | 5.70% |
| • Other | 4.50% |

Council encourages you to have your say on this roposed change by accessing the following survey.

## 2026/27 AT A GLANCE

### CAPITAL WORKS PROGRAM

**$14.752 million**

**$4.991m** renewal

**$9.761m** new or upgraded assets

### ROAD INFRASTRUCTURE

**$5.12 million**

Continued investment in our roads and transport networks.

### OPERATING REVENUE

**$20.3 million**

Funding the day-to-day services that support our community and quality of life.

### GRANT FUNDING

**$5.47 million**

Supporting repairs, upgrades and community initiatives across the district.

### RATE INCREASE

**4.90%**

Average rate increase of 4.90% plus growth in new properties. This increase aligns with March 2026 Consumer Price Index and will allow for continued financial sustainability and maintain our much-needed services and fund new initiatives.

### DEBT POSITION

**Within target range**

Borrowings will increase by $2.014 million, to a total of $2.922 million at 30 June 2027.

## OUR COMMUNITY ASPIRATIONS

- Continuing to enjoy a healthy lifestyle while not being disadvantaged by living in a regional area.
- Protection of the natural beauty of the landscape.
- Maintaining an attractive and functional built environment.
- Building on a strong sense of community, self-sufficiency, and innovation across the Coastal area.
- Sustaining an inclusive and diverse economy.

# COMMUNITY CONSULTATION



The draft **Annual Business Plan is available for community feedback** between **Thursday 21 May 2026** and **Thursday 11 June 2026.**

A range of consultation methods are used for the draft 2026/27 Annual Business Plan and Budget, including advertisements and media releases in the public newspaper, local radio advertising, Council's Fortnightly Focus, Facebook page and corporate website.

Copies of this document are available from the Council offices at 32 Railway Terrace, Cummins and 38 Washington Street, Port Lincoln at no cost; and online at Council's website **lowereyrepeninsula.sa.gov.au/**

Surveys are also made available via Council's website, Facebook page and offices on the Annual Business Plan. All written submissions from the community closed on **Thursday 11 June 2026.**

A Special Council Meeting will be held on **15 June 2026** for any member of the community wishing to address Council on the Annual Business Plan.

A formal public meeting to present the draft 2026/27 Annual Business Plan and Budget and hear community representations will be held on **4 June 2026** at Council's principal office 32 Railway Terrace, Cummins at **7:00pm** and will be live-streamed electronically for those unavailable to attend in person.

# YOUR COUNCIL MEMBERS

The Lower Eyre Council comprises seven (7) Elected Members who are responsible for a variety af strategic functions in accordance with the *Local Government Act 1999* and other relevant legislation.

The Mayor is currently elected from within the Council membership. From the November 2026 Local Government elections, this will change to align with State Government legislation requiring all Council Mayors to be directly elected by the community.



**Left to Right:** Cr N Trezise, Cr I Taylor, Cr S Woolley, Mayor J Quigley, Cr B Howell, Cr P Mitchel, Deputy Mayor J Isle

# OUR DISTRICT AT A GLANCE

Key statistics and indicators providing a snapshot of our district's people, economy and wellbeing.



**4,721km²**
Total Area

**29.4%**
Residents volunteer

**709km**
Coastline

**2,801**
Total Private Dwellings

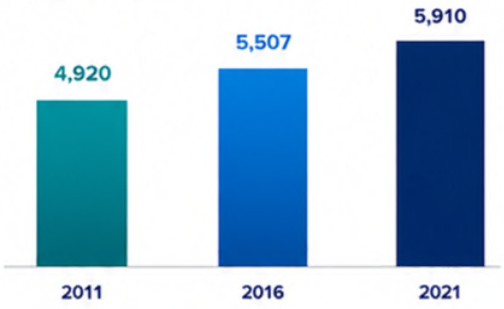
**$1,300**
Median Monthly Mortgage Repayment

**26.0%**
Unoccupied Private Dwellings

**$1,557**
Median Household Weekly Income

## POPULATION

**5,910**
Population 2021




**20.1%**
Population Increase 2011–2021

## RESIDENTS IN LABOUR FORCE

**2,845**
Residents in labour force

| | |
|---|---|
| 21.9% | Agriculture, forestry, fishing |
| 12.1% | Health care, social assistance |
| 8.1% | Education and training |
| 7.8% | Construction |
| 7.5% | Retail Trade |

**$308.6M**
Generated by agriculture, forestry and fishing exports 2021/22

**14,084**
Aircraft movements 2022

**170,000**
Passengers 2023

**26,000kg**
Seafood air-freight 2022

**44**
Median Age

**19.2%**
Aged 65+

**20.0%**
Aged <15y

# OUR COMMUNITY



**POPULATION**
**6,099**

**1,345kms** Total Roads

**246kms** Sealed

**1,099kms** Unsealed

**$170m**
Council is responsible for the annual maintenance and periodic replacement of $170m of community assets

**20.1%**
Population Increase 2011–2021

**44**
MEDIAN AGE

**FACEBOOK FOLLOWERS**
**2,700**

**RECLAIMED WATER**
**94 ML**
Council supplied 94ML of reclaimed water to local sporting grounds

The Lower Eyre Council is largely a rural community, interspaced with small country and coastal towns. The extensive east and west coasts of Council's boundaries provide magnificent fishing and surfing beaches, complimented by breathtaking views of rugged cliffs, idyllic picnic-spots and the beauty of the colour-changing Marble Ranges.

**FOOTPATHS**
**11 km**

**WALKING TRAILS**
**2**

**BOATRAMPS**
**4**
Council maintains 4 boat ramps in Coffin Bay, Dutton Bay, Farm Beach and North Shields.

AGRICULTURE
AQUACULTURE
TOURISM
FISHING

**COUNCIL AREA**
**4,754 km²**

## 22 TOWNSHIPS

- Coffin Bay
- Poonindie
- Wanilla
- Cummins
- Mount Dutton Bay
- Stamford
- Wangary
- North Shields
- Edillilie
- Point Boston
- Kellidie Bay
- Louth Bay
- Yeelanna
- Farm Beach
- Tiatukia
- Tulka
- Couta
- Karkoo
- Kapinnie
- Boston
- Mount Hope
- Little Douglas

# COMMUNITY IN FOCUS



Our Annual Business Plan and Budget has been shaped by the priorities, aspirations and feedback of our communities. Through ongoing conversations, service requests, strategic planning, advocacy and community engagement, we continue to focus on the things that matter most to our rural and coastal communities.

Across the district, we consistently hear the importance of maintaining our country lifestyle, investing in infrastructure, supporting local communities and protecting the unique environment that makes our district such a special place to live.

| YOU SAID | WE ARE RESPONDING |
|---|---|
| You told us roads and infrastructure matter | Continued investment in road renewal, maintenance and infrastructure upgrades to improve safety, access and connectivity across the district. |
| You value our country lifestyle and regional liveability | Supporting essential local services, advocacy, recreation, community wellbeing and initiatives that strengthen local communities. |
| You want to protect the natural beauty of our environment | Investing in sustainable practices, environmental management and coastal planning to help preserve our unique landscapes. |
| You want attractive and functional townships and facilities | Continuing improvements to community infrastructure, public spaces, recreation facilities and town presentations. |
| You value strong communities and local participation | Supporting community groups, volunteers, sporting clubs and local initiatives that bring people together. |
| You want a strong and diverse local economy | Supporting agriculture, tourism, business growth, grants and regional opportunities that help our district thrive. |

Your feedback helps shape Council priorities and guide the decisions we make.

**Ensuring we continue working with our rural and coastal communities.**

## WHAT MATTERS TO OUR COMMUNITY

**COUNTRY LIFESTYLE**
Continuing to enjoy a quality of lifestyle that isn't heavily disadvantaged by living in a regional area.

**NATURAL BEAUTY**
Protecting the natural beauty of our landscapes, coastlines and environment for future generations.

**BUILT ENVIRONMENT**
Maintaining attractive, safe and functional townships and community spaces.

**COMMUNITY STRENGTH**
Building on a strong sense of community, connection and civic involvement across the district.

**INCLUSIVE ECONOMY**
Supporting a diverse and sustainable economy, strengthening agriculture, tourism, local business and employment.



# COUNCIL SERVICES

**All Councils have legislated responsibilities under the *Local Government Act, 1999* and other relevant legislation. These include:**

**GOVERNANCE ACTIVITIES**
- maintaining the voters roll and supporting the elected Council;
- setting rates, preparing an annual budget and determining longer-term strategic management plans for the area
- complying with government

**REGULATORY REQUIREMENTS**
such as animal management and fire prevention

**MANAGEMENT OF BASIC INFRASTRUCTURE**
including roads, footpaths, parks, public open space, street lighting, storm-water drainage, walking trails and boat ramps, camp grounds

**STREET CLEANING AND RUBBISH COLLECTION AND DISPOSAL**

**DEVELOPMENT PLANNING AND CONTROL,**
including building safety assessment

**VARIOUS ENVIRONMENTAL HEALTH SERVICES**

**COMMUNITY WASTE-WATER MANAGEMENT SCHEMES**

**In response to community needs the Council also provides discretionary services and programs including:**

- Youth Advisory Committee
- Creating connections programs and health service advocacy
- Community Development assistance and grants
- Cemetery management
- Provision of public conveniences
- Foreshore maintenance
- Library contributions and support
- Swimming Pool contribution
- Sport & Recreation support
- Drum Muster program
- Authorised Landing Areas
- Tourism contributions
- Camping Reserves & Caravan Parks
- Assistance with School immunisation program
- Port Lincoln Airport
- Independent Living Homes
- Cans and Bottles Recycling Service



# STRATEGIC MANAGEMENT PLAN

**The Strategic Plan is the key Council document – it informs every annual budget, sets Council's priorities and workloads and forms the basis of all financial plans.**

Following community meetings in 2023 and feedback on the draft plan, Council's Strategic Plan 2024–2034 was adopted on **17 April 2024**.

## The communities of Lower Eyre Council aspire to:

- Continuing to enjoy a **country lifestyle**, while not being disadvanteged by living in a regional area
- Protection of the **natural beauty** of the landscape
- Maintaining an attractive and functional **built environment**
- Building on a **strong sense of community, self-sufficiency,** and innovation across the Council area
- Sustaining an **inclusive** and **diverse** economy

**Priority actions are those for which the Council holds itself responsible to undertake over the next four years in line with our stated Strategic Direction:**

| | |
|---|---|
| **Strategic Direction 1** | Build on the strengths of our communities |
| **Strategic Direction 2** | Address our built and social infrastructure challenges |
| **Strategic Direction 3** | Activate opportunities for economic growth |
| **Strategic Direction 4** | Implement township and location improvements |
| **Strategic Direction 5** | Align organisational planning and processes with our Strategic Directions |



A full copy of the Strategic Plan is available on Council's website:

**www.lowereyrepeninsula.sa.gov.au**

# SIGNIFICANT INFLUENCES AND PRIORITIES



A number of significant factors have influenced the preparation of the Council's 2026/27 Annual Business Plan, including:-

- Consumer Price Index increase of 4.90%, based on the Adelaide CPI for the year ended March 2026.
- Local Government Price Index (LGPI) for year ended December 2025 increased by 3.50%.
- Strategic Plan developed in 2023/24 that sets out the service standards and long-term objectives that Council aims to deliver.
- Significant increase in contractor costs and reduced contractor availability.
- 2026-2035 Long Term Financial Plan that sets out the capital works Council aims to undertake over the next ten years.
- 2026-2040 Asset Management Plan that identifies current assets that are nearing the end of their useful and serviceable life and require capital expenditure to return the asset to 'as new' condition.
- Enterprise bargaining agreements to provide for annual wages and salary rises.
- Contract renewals tied to CPI movements.
- Requirement to maintain and improve infrastructure assets to acceptable standards including roads, footpaths, street lighting, stormwater drainage, boat ramps, walking trails, reserves, garbage collection and Council property.
- Service and infrastructure needs of developing areas.
- The cost of delivering core Council services such as waste management.
- Provision of significant levels of grant funding from Commonwealth and State Governments.
- Increased visitation and tourist movements experienced on the Eyre Peninsula.

# PROJECTS IN FOCUS



The Strategic Plan 2024-2034 sets out Council's 10 year strategic direction and identifies the priority actions that Council holds itself responsible to undertake over a four year period with Council aiming to achieve the following actions in 2026/27.

| PROJECT | PLAN | BUDGET | DETAILS |
|---|---|---|---|
| **Community Engagement Strategy** | Strategic Plan – Action 1.3 | $25,000 | Develop a Community Engagement Strategy that identifies means to improve engagement with the community. |
| **Sealed and Unsealed Road Rehabilitation Programs** | Strategic plan – Action 2.3 | $5,036,500 | Annual sealed and unsealed road renewal and upgrade program including:<br>• Unsealed road resheeting<br>• Sealed road reseals<br>• Bratten Way Rehabilitation<br>• Kerbing extension - Jubilee Drive, Coffin Bay<br>• Apron sealing – Esplanade, Coffin Bay<br>• Sealed Road Pavement Assessments |
| **Building and Structure Renewals and Replacements** | Strategic plan – Action 2.3 | $121,000 | Repairs and replacement of Council buildings and structures including:<br>• Coffin Bay Boat Ramp pontoon end repairs<br>• Seating replacement – Lions Picnic Spot, Boston<br>• Gazebo replacement – Coffin Bay Boat Ramp<br>• Barbeque replacement – Coffin Bay Foreshore |
| **Economic Growth Plan Action Implementation** | Strategic Plan – Action 3.1 | $28,500 | Implementation of year 2 actions arising from Council's Economic Growth Plan. |
| **Port Lincoln Airport Masterplan** | Strategic Plan – Action 3.2 | $50,000 | Action Stage 2 and finalise the Port Lincoln Airport Masterplan commenced in 2025/26. |
| **Cummins Residential Land Development** | Strategic Plan – Action 3.4 | $3,444,100 | Construction of 30 new residential allotments in Cummins |
| **Depot Energy Efficiency Improvements** | Strategic Plan – Action 5.2 | $543,250 | As part of the upgrade to Council depots in Cummins and North Shields, install solar systems and provisions for electric vehicle charging points. |
| **Coffin Bay Foreshore Revitalisation** | Coffin Bay Masterplan – Multiple actions | $2,460,000 | 8 actions are being addressed from the Coffin Bay Masterplan. The project aims to provide infrastructure that links public spaces and recreational reserves and improves the main street foreshore amenity and carparking options. |
| **Bruce Terrace, Cummins Streetscape Upgrade** | Cummins Masterplan – Action RTI.1 | $100,000 | Engage consultant to prepare detailed design, cost estimates and supporting investigations to progress Bruce Terrace, Cummins streetscape upgrades between Hall Street and McFarlane Street. |

# MAJOR PROJECTS TEAM




*Investing in our capability today to build a stronger future for our communities.*

**Council proposes the establishment of a dedicated Civil (Major) Projects Team to strengthen delivery capability, improve cost certainty and support the efficient delivery of more than $22 million in priority infrastructure projects, with potential savings of up to $1.2 million over an initial three-year period.**

This initiative responds to increasing challenges within the regional civil construction market including:

- contractor availability
- rising construction costs
- delivery delays and workforce uncertainty
- retention of skilled work within the region

The proposed team will provide Council with greater control, certainty and flexibility in delivering key infrastructure projects identified within Council's Long-Term Financial Plan and Asset Management Plan.

The establishment of an internal project delivery capability will strengthen Council's ability to deliver these projects in a timely, cost-effective and coordinated manner while reducing reliance on limited external contractor capacity.

**With more than $22 million of civil infrastructure works over the next five years this team will have the skills and equipment to deliver projects such as:**

- Cummins Residential Development
- Bratten Way Rehabilitation
- Farm Beach Road construction
- township road and kerbing upgrades

The establishment of the Project Team will require an initial start-up investment of approximately $1.4 million for the acquisition of essential plant, equipment and supporting infrastructure.

These establishment costs will be progressively offset through project savings from reduced contractor margins, lower plant hire costs and improved project delivery efficiencies achieved through direct delivery of works and could result in up to $1.2m in savings to ratepayers over the next 3 years.

## STRATEGIC BENEFITS

In addition to financial and delivery benefits, the initiative provides broader organisational advantages including:

- **Workforce development and knowledge retention**
- **Upskill existing Council staff**
- **Retain critical infrastructure delivery expertise within the organisation and region**
- **Improve Council's long-term strategic capability to manage and deliver major infrastructure programs**

## FINANCIAL IMPACT SUMMARY

**$1.4m**
**Initial start-up investment** for plant, equipment and supporting infrastructure.

**Up to $1.2m**
**Potential savings to ratepayers** over the next 3 years through reduced contractor margins, lower plant hire costs and improved delivery efficiencies.

### KEY IMPACT

Stronger capability, greater control and long-term savings to deliver vital infrastructure that supports the growth and liveability of our district.

# FUNDING
## THE BUSINESS PLAN



### AVERAGE RATE INCREASE

Council have carefully considered the March 2026 quarter CPI increase of 4.90% in developing the 2026/27 Annual Business Plan Council is proposing a 4.90% average rate increase which is aligned to the rise in the March 2026 Consumer Price Index. This approach is intended to maintain service continuity while protecting Council's long-term financial position.

### CAPITAL WORKS PROGRAM

The Annual Business Plan includes a total capital expenditure budget of $14.752 million, which consists of $4.991 million in renewal capital works and $9.761 million in new capital works.

### BORROWINGS FORECAST

Council's borrowings are projected to increase from a forecast $908,600 to $2.922 million as at 30 June 2027. This remains consistent with the debt levels outlined in Council's Long-Term Financial Plan and falls within the net liabilities range of 0% to 100%. Borrowings are expected to continue rising over the next three financial years, reaching a peak of $5.709 million as at 30 June 2029.

### OPERATING POSITION

An operating surplus of $3,500 is forecast for the 2026/27 financial year. This includes $370,000 in projects funded in 2025/26 and carried forward. Council has recorded modest average operating surpluses in recent years and is forecasting strong operating surplus' within its Long-term Financial Plan.

### RATING REVIEW HAVE YOUR SAY

Council have undertaken a review of its rating systems to consider fairness and equity across the rate payer base.

Following this review, Council is proposing to change to rating by a properties land use, as opposed to rating by its locality (or major / minor towns, outside townships etc). To share the distribution more equitably, Council consider that rates should be increased to properties within the Commercial Other, Industry Other and Primary Production land use categories whilst reducing the rates payable to all other land use categories.

Whilst Council rates have increased by 4.90% on average for 2026/27 these planned adjustments to rating categories will result in the following average rates movements by category:

| Property Type | Change % Average Rates |
|---|---|
| Residential | -2.1% |
| Commercial Shop | -2.7% |
| Commercial Office | -3.7% |
| Commercial Other | 13.5% |
| Industry Light | -0.2% |
| Industry Other | 29.3% |
| Primary Production | 10.7% |
| Vacant Land | 5.2% |
| Other | 17.6% |
| Special (ie Silos) | 36.1% |

Council encourages you to have your say on this proposed change by accessing the following survey.

### KEY FINANCIAL INDICATORS

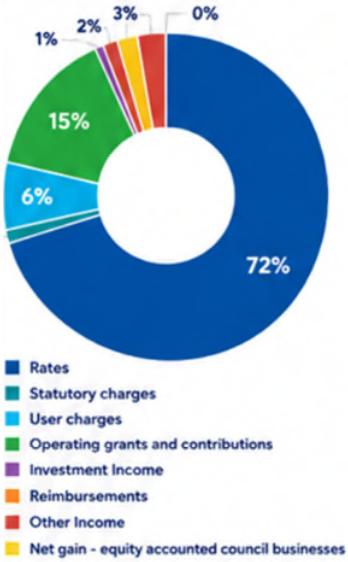
| | Target % Short Term Years 1-3 | 2025/26 Forecast | 2026/27 Budget |
|---|---|---|---|
| Operating Surplus / (Deficit) | 0% to 10% | 1.4% | 0.02% |
| Net Financial Liabilities | 0% to 100% | (4.0)% | 22% |
| Asset Renewal Funding | 90% to 110% | 203% | 112% |

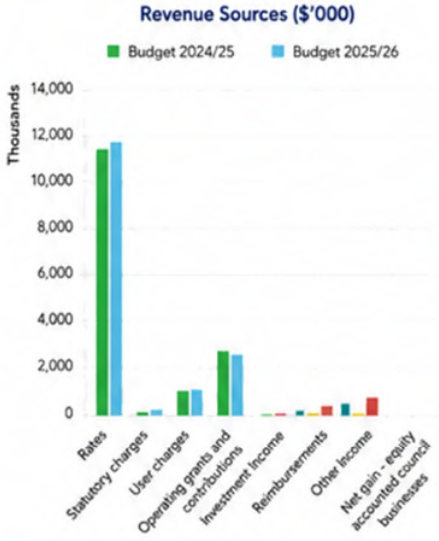
# FUNDING THE BUSINESS PLAN



The Annual Business Plan is underpinned by a financially sustainable budget that ensures Council can continue to deliver core services, maintain and develop assets and invest in projects that support our community's long term wellbeing.

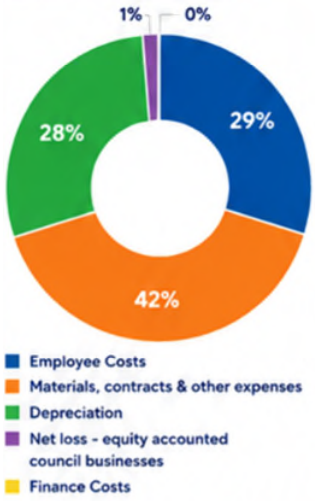
## REVENUE SOURCES

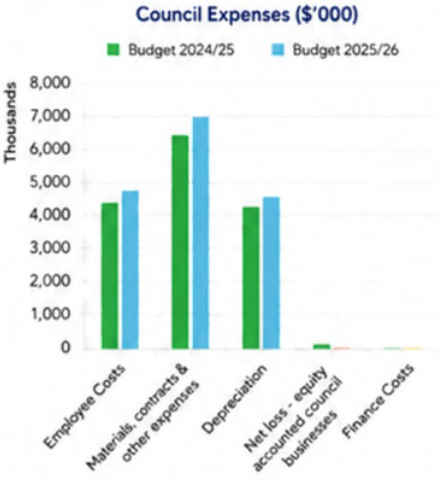



| REVENUE SOURCE | 2025/26 BUDGET | % OF TOTAL |
|---|---|---|
| Rates | $11,711,186 | 72% |
| Statutory charges | $217,100 | 1% |
| User charges | $934,800 | 6% |
| Operating grants and contributions | $2,368,200 | 15% |
| Investment Income | $143,200 | 1% |
| Reimbursements | $342,979 | 2% |
| Other Income | $456,932 | 3% |
| Net gain - equity accounted council businesses | $0 | 0% |
| TOTAL REVENUE | $16,174,397 | 100% |

## COUNCIL EXPENSES




| EXPENSE CATEGORY | 2025/26 BUDGET | % OF TOTAL |
|---|---|---|
| Employee Costs | $4,720,500 | 29% |
| Materials, contracts & other expenses | $6,846,200 | 42% |
| Depreciation | $4,460,600 | 28% |
| Net loss - equity accounted council businesses | $120,800 | 1% |
| Finance Costs | $22,800 | 0% |
| TOTAL EXPENSES | $16,170,900 | 100% |

# CAPITAL WORKS



The Annual Business Plan includes a total capital expenditure budget of $14.752 million, which consists of $4.991 million in renewal capital works and $9.761 million in new capital works.

| CAPITAL RENEWALS | TYPE | BUDGET |
|---|---|---|
| Bratten Way Rehabilitation – Stage 8** | Planning & Construction | $2,653,500 |
| Annual Sealed Road Sealing Program | Planning & Construction | $465,000 |
| Annual Unsealed Road Resheeting Program | Planning & Construction | $1,629,100 |
| Rural Road Stormwater Replacement Program | Planning & Construction | $56,000 |
| Coffin Bay Boat Ramp Repairs | Construction | $51,250 |
| Carpark Sealing – Haggarty Street, Coffin Bay | Construction | $25,000 |
| Park Seating Replacement – Lions Park, Boston | Construction | $8,200 |
| Gazebo Replacement – Coffin Bay Boat Ramp | Construction | $41,000 |
| Barbeque Replacement – Coffin Bay Foreshore | Construction | $20,500 |
| Community Wastewater Management Scheme | Construction | $101,500 |
| Council Vehicle Fleet Replacements | Purchase | $496,900 |
| Photocopier Replacement – Port Lincoln Office | Purchase | $11,000 |

| CAPITAL NEW & UPGRADED | TYPE | BUDGET |
|---|---|---|
| Coffin Bay Foreshore Revitalisation | Construction | $2,460,000 |
| Cummins Residential Land Development | Construction | $3,444,100 |
| Road Construction & Sealing - East Terrace, Cummins | Construction | $316,725 |
| Works Depot Upgrades & Expansion | Planning & Construction | $543,250 |
| New Public Toilets, Greenly Beach Campground | Planning & Construction | $133,250 |
| Road Kerbing - Roberts Road, Tiatukia | Construction | $16,000 |
| Road Kerbing – Jubilee Drive, Coffin Bay | Construction | $60,000 |
| Stormwater Upgrades – Giles Road, Coffin Bay | Construction | $54,838 |
| Footpath Crossing – Bratten Way, Cummins | Planning | $25,625 |
| Bin Enclosures – Parks & Reserves | Construction | $25,500 |
| Community Wastewater Management Scheme | Planning | $179,400 |
| Community Wastewater Management Scheme | Construction | $189,600 |
| Council Radio Network Upgrade | Construction | $106,000 |
| Major Projects Team Establishment – Plant & Equipment | Purchase | $1,370,000 |
| Minor Plant & Equipment | Purchase | $15,000 |

# OPERATING EXPENDITURE



**The following is a summary of Council's budgeted operating expenditure for the 2026/27 year by function.**

| Function | $'000 2025/26 | $'000 2026/27 |
|---|---|---|
| **Administration** | **3,327** | **3,327** |
| **Public Order and Safety** | **216** | **-** |
| Dog Control | - | 81 |
| Fire Protection | - | 128 |
| Other | - | 6 |
| **Health** | **72** | **-** |
| Health Inspections | - | 37 |
| Health Other | - | 35 |
| **Social Security and Welfare Services** | **45** | **-** |
| Aged & Disabled Services | - | 35 |
| Families and Children | - | 10 |
| **Housing & Community Amenities** | **4,742** | **-** |
| Housing | - | 209 |
| Town Planning | - | 304 |
| Other Community Development | - | 87 |
| Sanitation & Garbage | - | 2,119 |
| Sewerage | - | 1,113 |
| Urban Stormwater Drainage | - | 366 |
| Other Community Amenities | - | 545 |
| **Protection of the Environment** | **507** | **507** |
| **Recreation & Culture** | **981** | **-** |
| Libraries | - | 82 |
| Other Cultural Services | - | 15 |
| Sport & Recreation | - | 884 |
| **Agricultural Services** | **14** | **14** |
| **Mining Manufacturing Construction** | **63** | **-** |
| Building Act | - | 63 |
| **Transport & Communication** | **-** | **-** |
| Road Construction and Maintenance | 4,605 | - |
| Sealed Roads | - | 1,771 |
| Formed and Surfaced Roads | - | 2,834 |
| Bridges | 12 | 12 |
| Footpaths | 199 | 199 |
| Aerodromes | 224 | 224 |
| Other Transport | 307 | 307 |
| **Economic Affairs NEC** | **452** | **452** |
| **Other Purposes NEC** | **285** | **-** |
| Public Debt Transactions | - | 23 |
| Other Purposes NEC | - | 263 |
| **TOTAL** | **16,050** | **16,050** |

## Revenue Sources

**The Council's operating revenue of $16.174 million in 2026/27 includes $9.750 million proposed to be raised from general rates.**

**Other sources of revenue for the Council are:**

**Service Charges:**
The Community Waste Water Management Schemes are used to collect funds for the operation and improvement of schemes to dispose of septic waste.

**Separate Rates:**
Council collects the Regional Landscapes Levy on behalf of the Eyre Peninsula Regional Landscapes Board.

**User Charges:**
These comprise charges for the Council's fee for service facilities such as the Port Lincoln Airport, Cummins Homes, Caravan Parks and Camping Grounds, Cemeteries and Rental Properties.

**Statutory Charges:**
These are fees and charges set by set by State Government regulation and collected by the Council for regulatory functions such as assessment of development applications. Revenues generally off set the cost of the service.

**Grants and Partnerships:**
The Council endeavours to attract as much grant funding as possible from other levels of government, and major projects of wider State benefit may be jointly funded in partnership with the State and Commonwealth governments and other relevant parties.

## Grant Funding

**The Annual Business Plan includes $5.467 million of grants to fund the various projects included with significant funding included for:**

- $1.75m Special Local Roads Program funding to continue rehabilitation along sections of Bratten Way.
- $1.27m Growing Regions Program as part of the Coffin Bay Foreshore Upgrade that will transform the Coffin Bay's physical environment for business, residents and tourists.

# PORT LINCOLN AIRPORT MANAGEMENT AUTHORITY

*Driving our region forward*



The Port Lincoln Airport is a critical piece of infrastructure that Council owns and operates with services as a vital connection for our community and the broader region to Adelaide and beyond and is a key driver of the Eyre economy, facilitating business, trade and tourism.

Recognising the evolution of the aviation industry and its ever-increasing complexities, Council has transitioned the airport to operate under a subsidiary model to be known as the Port Lincoln Airport Management Authority.

The Authority is tasked with ensuring that the Airport is best placed to adapt, respond and grow into the future, and to realise already identified opportunities ranging from commercial property development on vacant land through to how we negotiate with key stakeholders such as airlines to ensure service reliability, frequency and affordable travel.

## Port Lincoln Airport Management Authority Key Initiatives

- Increase Return on Investment to Ratepayers
- Long-term Financial Viability
- Cost Effective & Reliable Travel
- Strategic Regional Economic Driver
- Increased Commercial Focus

| Income and Expenses | 2026/27 $'000 |
|---|---|
| **Income** | |
| Passenger levies | 2,385 |
| General Aviation Charges | 126 |
| Property rents | 170 |
| Car parking fees | 308 |
| Reimbursements | 1,557 |
| Other income | 49 |
| **Total income** | **4,595** |
| **Expenses** | |
| Employee costs | 825 |
| Materials, contractors and other expenses | 2,576 |
| Administration overheads | 224 |
| Depreciation | 833 |
| Council Dividend | 209 |
| Finance costs | 49 |
| **Total expenses** | **4,716** |
| **Operating surplus / (deficit)** | **(121)** |

## Ratepayer Dividend

6% of Airport Revenue is returned to Council Ratepayers, reducing the amount of rates they are required to pay.

**In 2026/27 this totals $209,000 or a 2.15% rate reduction.**

## Passenger Levy

78% of Airport Revenue, exclusive of security screening operations is received through a Passenger Levy with 170,000 passengers forecast to travel through the Port Lincoln Airport in 2026/27.

## Capital Works

$680,000 will be spent on existing and new assets in 2026/27 with dedicated focus on activating strategic land areas for future commercial opportunities.

- **$513,000** Commercial Land Activations
- **$80,000** CCTV System Upgrades
- **$52,000** Carpark Expansions Survey and Design
- **$31,000** Advertising Infrastructure Expansions

# COFFIN BAY CARAVAN PARK



## Lease Management

The Caravan Park is Crown Land under the care and control of Council and managed by Council through a lease agreement to a third party.

The caravan park is treated as a self-funding activity with no ratepayer funds used for its operations.

| $76,400 | $159,000 | $9,600 | $254,300 |
|---|---|---|---|
| Operating Surplus | Lease Revenue | Ratepayer Dividned | Net Closing Cash |

## Ratepayer Dividend

6% of the Caravan Park Revenue is returned to Council Ratepayers, reducing the amount of rates they are required to pay each year.

**In 2026/27 this totals $9,600 or a 0.10% rate reduction.**

# CUMMINS HOMES

Council owns and operates sixteen independent living rental accommodation units for aged and disabled persons in Cummins.

The Cummins Homes Committee is continually investigating options to make the units more appealing to tenants and their families.

The units are managed through an external rental agent as a proactive approach in the management and maintenance of the facilities, ensuring compliance with rental legislation and enables the committee and Council staff to be more strategically focused around Cummins Homes management.

The Cummins Homes has a budgeted operating deficit of $31,900 and a total accumulated cash surplus of $18,200 as at 30 June 2027.



## Two Bedroom Units

Council, through the Cummins Homes Committee have been exploring options to increase the number of units available at the Cummins Homes Precinct with concept designs completed in 2024/25.

As all units are currently fully occupied and there is an extensive Expressions of Interest list for the units, Council included $2.35m in the 2029/30 financial year of its Long-term Financial Plan to construct six new two-bedroom units subject to sufficient grant funding.

In preparation for lodgement of grant applications, and to increase Council's chances of success, a budget allocation of $50,000 has been included in 2026/27 to prepare a business case and undertake a needs analysis for new two bedroom independent living accommodation units in Cummins

# COMMUNITY WASTEWATER MANAGEMENT SCHEME (CWMS)



Council manages four Community Wastewater Schemes which service Cummins, North Shields, Coffin Bay and Tulka. An identical effluent levy is charged to all landowners who have access to the service at each locations on the basis that land-owners in each location are provided with the same, or a very similar level of service for their money.

Coffin Bay | Cummins | North Shields | Tulka

## Service Charge Review

Council undertook a detailed review of the Service Charge applicable to the CWMS' in 2023/24 and identified the need to increase the service charge by 2.25% per annum over and above the annual Consumer Price Index (CPI) over a 8 year period to bring the schemes back into operational neutrality.

Council will make every endeavour to keep the levy to the minimum amount required for future replacement, operation and maintenance of the four schemes.

**CPI for December 2025 was 3.30% resulting in an 5.55% increase to the effluent service charges in 2026/27.**

## Financial Operations

The CWMS budget forecasts a $33,500 operating surplus and a closing negative cash balance of $173,100 following the completion of major pump station upgrades in Cummins, North Shields and Tulka in 2025/26.

| | |
|---|---|
| Effluent Service Charges | $1.16m |
| Operating Surplus | $33,500 |

## Capital Works

The 2026/27 budget includes $470,500 in capital works across the four schemes.
Given recent growth in Coffin Bay and Cummins, Council are investigating options to increase the processing capacity of its Wastewater Treatment Plants and high flow volume pump stations.

**New Capital Works**

- **$175,000** **Coffin Bay Wastewater Treatment Plant**
- **$45,000** Emergency response trailer mounted generator
- **$20,000** Emergency response mobile pumps

**Asset Renewals / Replacements**

- **$30,000** Tulka CWMS domestic pump replacements x 5
- **$30,000** Coffin Bay Pump Station C Replacement

## Financial Summary

| | |
|---|---|
| Operating Surplus (2026/27) | $33,500 |
| Major Pump Station Upgrades (Cummins, North Shields & Tulka) | ($206,600) |
| Closing Cash Balance (30 June 2027) | ($173,100) |

The CWMS budget forecasts a $33,500 operating surplus and a closing negative cash balance of $173,100 following the completion of major pump station upgrades in Cummins, North Shields and Tulka in 2025/26.

# RATING REVIEW



Lower Eyre Council, in conjunction with the release and consultation of its 2026/27 Annual Business Plan and Budget, is consulting on proposed changes to Council's rating structure for properties in the Council district.

A Rating Review enables a council to consider the available methods for setting rates to determine the most appropriate method and structure for its community. It provides a valuable opportunity to ensure rating structures remain fair, equitable and aligned with evolving community needs.

Historically, Council has applied differential rates based on whether a property is predominantly inside a major or minor township, or outside a township.

Council is proposing to alter its rating structure to align with a property's use under one of the following 10 categories:

| PROPOSED CATEGORIES | PROPOSED DIFFERENTIAL RATE PERCENTAGES | |
|---|---|---|
| 1 Residential | 1 Residential | 100% |
| 2 Commercial Shop | 2 Commercial Shop | 100% |
| 3 Commercial Office | 3 Commercial Office | 100% |
| 4 Commercial Other | 4 Commercial Other | 130% |
| 5 Industry Light | 5 Industry Light | 130% |
| 6 Industry Other | 6 Industry Other | 130% |
| 7 Primary Production | 7 Primary Production | 100% |
| 8 Vacant Land | 8 Vacant Land | 100% |
| 9 Other | 9 Other | 100% |
| 10 Bulk Handling / Silos | 10 Bulk Handling / Silos | 402% |

**The above differential rates, in conjunction with annual valuation movements and the proposed 4.90% general rate increase, will result in the following average movements in properties' general rates:**

| Property Type | Number of Properties | Valuations Current Yr | Valuations New Year | Change % Valuations | Change % Average Rates |
|---|---|---|---|---|---|
| Residential | 2316 | 1,268,262,000 | 1,366,066,800 | 7.7% | -2.1% |
| Commercial Shop | 21 | 7,584,000 | 7,935,000 | 4.6% | -2.7% |
| Commercial Office | 5 | 1,762,000 | 1,796,000 | 1.9% | -3.7% |
| Commercial Other | 70 | 39,981,100 | 41,987,300 | 5.0% | 13.5% |
| Industry Light | 34 | 8,416,200 | 8,998,600 | 6.9% | -0.2% |
| Industry Other | 19 | 9,099,500 | 10,438,500 | 14.7% | 29.3% |
| Primary Production | 984 | 2,732,011,800 | 2,818,704,500 | 3.2% | 10.7% |
| Vacant Land | 746 | 137,698,800 | 158,980,600 | 15.5% | 5.2% |
| Other | 66 | 17,413,200 | 18,760,500 | 7.7% | 17.6% |
| Special (de Silos) | 20 | 20,392,620 | 21,351,160 | 4.7% | 36.1% |

## WHY THIS MATTERS

- It better reflects the relative demand for services.
- It improves the fairness and equity of the rating system.
- It contributes to the long-term financial sustainability of Council.

## HAVE YOUR SAY

Council encourages you to have your say on this proposed change by accessing the following survey.

The full Rating Review Report is provided as an Appendix to this plan or can be accessed on Council's website:

www.lowereyrepeninsula.sa.gov.au

# RATES AND CHARGES

## Valuation Method

Lower Eyre Council sets its rates based on the capital valuation data provided by the Valuer-General. Each year property values are reviewed by the Valuer-General based on the market movements and recent sales trends.

The Council adopts capital value as the basis for rating land within the Council area as it considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:-

1. The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
2. Property capital value is considered to be a relatively good indicator of wealth.
3. The distribution of property values throughout the Council area is such that few residential ratepayers will pay significantly more than the average rate per property.

## Differential Rates

The Lower Eyre Council applies a differential rate based on a properties land use and has determined that the following differential percentages apply, with the Residential being the base and comparison rate:

| | | |
|---|---|---|
| - | Residential | **100%** |
| - | Commercial Shop | **100%** |
| - | Commercial Other | **130%** |
| - | Industry Light | **100%** |
| - | Industry Other | **130%** |
| - | Primary Production | **100%** |
| - | Vacant Land | **100%** |
| - | Other | **100%** |
| - | Bulk Handling / Silos | **402%** |

## Fixed Charge

A Council may impose a fixed charge on every property in its area, provided that it has not imposed a minimum rate. Where two or more adjoining properties have the same owner and occupier, or where there is a single farm enterprise comprising more than one property, only one fixed charge is payable by the ratepayer.

Ratepayers need to apply for an exemption from the fixed charge where multiple properties form a Single Farm Enterprise.

The Council has decided to impose a fixed charge on all rateable properties on the basis that all rateable properties:-

1. Make a base level contribution to the cost of administering the Council's activities; and
2. Contribute to the cost of creating and maintaining the physical infrastructure that supports each property.

The fixed charge for the 2026/27 is **$806.50** per rateable property.

# REGIONAL LANDSCAPES LEVY



The whole Council area is in the Eyre Peninsula Landscapes Region and Council is required to raise funds by way of a fixed charge Regional Landscapes Levy to assist in funding the operations of the Eyre Peninsula Landscape Board pursuant to the Landscape South Australia Act 2019.

In the 2026/27 the Board has advised Council that the amount of **$45B,400** is required to be collected from ratepayers which Council will collect by imposing a separate **rate based on the use of the land as follows:**

| LAND USE | 2026/27 LEVY |
|---|---|
| Residential | $96.95 |
| Commercial | $145.43 |
| Industrial | $145.43 |
| Primary Producers | $193.90 |
| Other & Vacant Land | $96.95 |

The Landscapes Levy is effectively a State tax that Councils are required to collect, and return to a State Government agency, the Regional Landscapes Board. Council does not retain this revenue or determine how the revenue is spent.

Applications for an exemption from the Regional Landscapes Levy need to be made at the Council office.

## KERBSIDE RECYCLING

Since November 2021 Council has been providing a fortnightly kerbside recycling collection service to the townships of Boston, Coffin Bay, Cummins, Louth Bay, North Shields, Poonindie, Tiatukia and Tulka with Eddillie included in 2022/23.

In 2025/26 Council expanded this service to include the townships of Point Boston, Wanilla and Yeelanna.

The fortnightly kerbside recycling service is proposed at $148.00 per property for the 2026/27 financial year.

## COMMUNITY WASTEWATER MANAGEMENT SCHEME

The Council provides Community Wastewater Management Systems (CWMS) to the townships of Coffin Bay, Cummins, North Shields and Tulka. To fund the provision of this service Council has decided to impose a service charge to recover the cost to the council of establishing, operating, maintaining, improving and replacing infrastructure after considering:

1. The nature of the service;
2. The user pays system;
3. The cost of establishing, operating, maintaining and replacing the service;
4. Consistency in the level of service provided to property owners in the four different schemes across the Council district; and
5. The likelihood of an enhancement to the value of the property due to the availability of the service, whether or not the service is actually being used.

Where a service that is subject to a service charge is available to non-rateable land, a service charge is levied against that land.

The service charge in the 2026/27 financial year for each property to which the service is provided is:

| | |
|---|---|
| Occupied Allotment Charge | $676.30 |
| Vacant Allotment Charge | $457.90 |
| Extra Pump Out Charge (Small Tanks) | $92.30 |
| Occupied Pump Reduction Charge | $644.20 |
| Full Occupied Pump Reduction Charge | $457.90 |

# REBATE OF RATES

The Local Government Act 1999, requires Councils to rebate the rates payable on some land and allows Council to determine the level of rebates on certain other land.

Council may determine to provide a discretionary rebate of rates for a variety of reasons, including providing relief due to anomalies in valuations or rapid changes in valuations.

The effect of providing a rebate of rates eases the rate burden on the rebated properties and increases the rate burden on the non-rebated properties.

Under section 166 of the Act, the Council may apply discretionary rebates. A full list of the discretionary rebates are provided within Council's Rates Policy FIN-POL-02 which is available on Council's website.



# COMMUNITY EQUITY

Council has considered the impact of rates on the community, including:

**Householders, businesses and primary producers**

**The broad principle that the rate in the dollar should be the same for all properties**
except where there is clearly a different level of services available to ratepayers or some other circumstance which warrants variation from the broad principle

**Minimising the level of general rates required**
by levying fees and charges for goods and services on a user pays basis, where it is possible to recover some or all of the cost of operating or providing the service or goods, with provision for concessions to those members of the community unable to meet the full cost.



Fees and charges levied by Council are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available on the Council website or can be provided by staff at the two offices of Council.



# Appendices

## Appendix 1 - Statement of Expected Rate Revenue

### Statement on Expected Rate Revenue

| Expected Rates Revenue | 2025/26 (as adopted) | 2026/27 (estimated) | Change | Comments |
|---|---|---|---|---|
| **General Rates Revenue** | | | | |
| General Rates (existing properties) | $9,337,525 | $9,776,672 (a) | | For 2026/27 Council have proposed a General Rate Rise of 4.90% plus estimated growth (refer k) of 0.35% from new properties that have occurred over the 2025/26 year. |
| General Rates (new properties) | $12,675 | $59,928 (b) | | |
| **General Rates (GROSS)** | **$9,350,200** | **$9,836,600** (c) | | |
| Less: Mandatory Rebates | ($22,473) | ($23,289) (d) | | |
| **General Rates (NET)** | **$9,327,727** | **$9,813,311** (e) | **5.2%** | |
| | (e)=(c)+(d) | | | |
| **Other Rates (inc. service charges)** | | | | |
| Regional Landscape Levy | $443,700 | $458,400 (f) | | The Regional Landscape Levy is a State tax, it is **not retained** by council. |
| Kerbside Recycling | $306,200 | $304,000 (g) | | 0.70% decrease in fortnightly kerbside recycling service costs following adjustments to number of service collections provided. |
| CWMS | $1,069,100 | $1,158,800 (h) | | 5.55% increase to user charges plus new connections due to growth / development |
| | $11,146,727 | $11,734,511 | | |
| Less: Discretionary Rebates | ($62,242) | ($73,611) (i) | | |
| **Expected Total Rates Revenue** | **$10,640,785** | **$11,202,500** (j) | **5.3%** | Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates. |
| | (j)=(e)+(g)+(h)+(i) | | | |
| ***Estimated growth in number of rateable properties*** | | | | |
| **Number of rateable propertie** | **4,265** | **4,281** (k) | **0.35%** | Growth is expected to account for around 0.35 per cent of the estimated increase in General Rates to be collected. |
| | *Actual* | *Estimate* | | |
| '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 | | | | |
| ***Estimated average General Rates per rateable property*** | | | | |
| **Average per rateable propert** | **$2,192** | **$2,298** (l) | **4.8%** | These averages are based on the total of all rateable properties and are therefore not necessarily indicative of either the rate or change in rates that all ratepayers will experience. |
| | (o)=(c)/(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). The total General Rates paid by all 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; Royal Zoological Society of SA - 100 per cent
Community Services - 75 per cent; Public Cemeteries - 100 per cent; Educational purposes - 75 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

(h) Community Wastewater Management Systems

(i) 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

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

(k) 'Growth' as defined in the *Local Government (Financial Management) Regulations 2011* reg 6(2)



# Appendices

## Appendix 1 - Statement of Expected Rate Revenue

### Statement on Expected Rate Revenue

***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 |
| **Differential Rate Categories (General Rates - GROSS)** | | | | | | | | | | |
| Residential | $3,927,118 | **$3,856,699** | -2% | 2316 | **2316** | $1,696 | $1,665 | *(p)* | -$30 | **0.1471** |
| Commercial Shop | $28,004 | **$27,385** | -2% | 21 | **21** | $1,334 | $1,304 | *(p)* | -$29 | **0.1471** |
| Commercial Office | $6,902 | **$6,675** | -3% | 5 | **5** | $1,380 | $1,335 | *(p)* | -$45 | **0.1471** |
| Commercial Other | $96,273 | **$109,808** | 14% | 68 | **70** | $1,416 | $1,569 | *(p)* | $153 | **0.1913** |
| Industry - Light | $36,755 | **$36,838** | 0% | 34 | **34** | $1,081 | $1,083 | *(p)* | $2 | **0.1471** |
| Industry - Other | $28,317 | **$33,675** | 19% | 17 | **19** | $1,666 | $1,772 | *(p)* | $107 | **0.1913** |
| Primary Production | $4,306,136 | **$4,768,248** | 11% | 977 | **984** | $4,408 | $4,846 | *(p)* | $438 | **0.1471** |
| Vacant Land | $717,711 | **$758,000** | 6% | 742 | **746** | $967 | $1,016 | *(p)* | $49 | **0.1471** |
| Other | $24,177 | **$28,564** | 18% | 65 | **66** | $372 | $433 | *(p)* | $61 | **0.1471** |
| Rural & Emp Bulk Handling Zone + Comm Other | $91,216 | **$124,207** | 36% | 20 | **20** | $4,561 | $6,210 | *(p)* | $1,650 | **0.5884** |
| **Total Land Use** | **$9,262,608** | **$9,750,100** | 5.3% | **4,265** | **4,281** | **$2,172** | **$2,278** | *(p)* | **$106** | |
| **GRAND TOTAL (GROSS)** | **$9,262,608** | **$9,750,100** | 5.3% | **4,265** | **4,281** | **$2,172** | **$2,278** | *(p)* | **$106** | |

The Lower Eyre Council applies a differential rate using a combination of Land Use Cods and Zoning. In applying differential general rates, Council has considered and is satisfied that the rating system addresses the issues of consistency and comparability across the council.

***Fixed Charge***

| | Total expected revenue | | | Charge | | | |
|---|---|---|---|---|---|---|---|
| | 2025/26 | 2026/27 | Change | 2025/26 | 2026/27 | | Change |
| **Fixed Charge** | $3,015,038 | **$3,175,191** | 5.3% | $769 | **$807** | *(q)* | $38 |

The Council has decided to impose a fixed charge on all rateable properties on the basis that all rateable properties:-
1 - Make a base level contribution to the cost of administering the Council's activities; and
2 - Contribute to the cost of creating and maintaining the physical infrastructure that supports each property.
Council under Section 151(10) of the Local Government Act are able to impose a fixed charge up to 50% of Council's General Rate Revenue with Council proposing to raise approximately 33% of its General Rates from a Fixed Charge in 2025/26.
This revenue amount **is included** in the General Rates GROSS figure at *(c)*.

***Adopted valuation method***

**Capital Value**

Council has the option of adopting one of three 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;
**Annual Value** – a valuation of the rental potential of the property.

The Council has decided to use capital value as the basis for rating land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers

***Notes***

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

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

*(r)* 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.



## ppendix 2 – Financial Statements

### :atement of Comprehensive Income for Year Ending 30 June 2027

| | Actual 2024/25 $'000 | Budget 2025/26 $'000 | Budget 2026/27 $'000 |
|---|---|---|---|
| **INCOME** | | | |
| Rates | 10,669 | 11,113 | 11,711 |
| Statutory charges | 213 | 228 | 217 |
| User charges | 3,341 | 3,705 | 935 |
| Grants, subsidies and contributions | 4,003 | 5,900 | 2,368 |
| Investment Income | 434 | 138 | 143 |
| Dividends | 0 | 0 | 209 |
| Reimbursements | 1,381 | 1,455 | 343 |
| Other income | 9 | 3 | 248 |
| Net gain - joint ventures & associates | 0 | 0 | 0 |
| **Total Income** | **20,050** | **22,542** | **16,174** |
| **EXPENSES** | | | |
| Employee Costs | 4,741 | 5,351 | 4,720 |
| Materials, contracts & other expenses | 8,364 | 13,391 | 6,847 |
| Finance Costs | 143 | 145 | 23 |
| Depreciation, amortisation & impairment | 3,714 | 5,125 | 4,461 |
| Net loss - joint ventures & associates | | | 120 |
| **Total Expenses** | **16,962** | **24,012** | **16,171** |
| **OPERATING SURPLUS/(DEFICIT)** | **3,088** | **(1,470)** | **3** |
| Asset disposal & fair value adjustments | 26 | 1,592 | 1,592 |
| Amounts specifically for new or upgraded assets | 1,115 | 4,245 | 3,099 |
| Physical resources received free of charge | 2 | 0 | 0 |
| **NET SURPLUS/(DEFICIT)** | **4,231** | **4,367** | **4,694** |



## Appendix 2 – Financial Statements

### Statement of Cash Flows for the Year Ending 30 June 2027

| | Actual 2024/25 $'000 | Budget 2025/26 $'000 | Budget 2026/27 $'000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Receipts | | | |
| Rates | 10,601 | 11,113 | 11,712 |
| Statutory charges | 216 | 228 | 217 |
| User charges | 3,094 | 3,705 | 935 |
| Grants, subsidies and contributions | 1,981 | 5,900 | 2,368 |
| Investment Income | 411 | 138 | 143 |
| Dividends | 0 | 0 | 209 |
| Reimbursements | 1,500 | 1,455 | 343 |
| Other Income | 186 | 3 | 248 |
| Payments | | | |
| Employee costs | (4,717) | (5,311) | (4,673) |
| Materials, contracts & other services | (8,948) | (13,342) | (6,801) |
| Finance costs | (144) | (145) | (23) |
| **Net Cash Provided by (or used in) Operating Activities** | **4,180** | **3,744** | **4,678** |
| **Cash Flows from Investing Activities** | | | |
| Receipts | | | |
| Grants specifically for new or upgraded assets | 4,683 | 4,245 | 3,099 |
| Sale of replaced assets | 319 | 416 | 202 |
| Sale of surplus assets | 0 | 1,592 | 1,592 |
| Distributions received from associated entities | 0 | 0 | 1,138 |
| Repayments of loans by community groups | 55 | 38 | 31 |
| Payments | | | |
| Expenditure on renewal/replacement of assets | (3,585) | (8,641) | (4,991) |
| Expenditure on new/upgraded assets | (1,218) | (9,108) | (9,761) |
| Loans made to community groups | (264) | 0 | 0 |
| **Net Cash Used in Investment Activities** | **(10)** | **(11,458)** | **(8,690)** |
| **Cash Flows from Financing Activities** | | | |
| Receipts | | | |
| Proceeds from Borrowings, Bonds and Deposits | 0 | 4,480 | 2,500 |
| Payments | | | |
| Repayments of Bonds and Deposits | (7) | 0 | 0 |
| Repayments of Borrowings | (551) | (1,211) | (486) |
| **Net Cash from Financing Activities** | **(558)** | **3,269** | **2,014** |
| Net Increase (Decrease) in Cash Held | (3,612) | (4,445) | (1,998) |
| **Cash on Hand at Beginning of Year** | **4,046** | **4,837** | **2,487** |
| **Projected Cash on Hand at End of Year** | **7,658** | **392** | **489** |



## Appendix 2 – Financial Statements

### Balance Sheet as at 30 June 2027

| | Actual 2024/25 $'000 | Budget 2025/26 $'000 | Budget 2026/27 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 7,658 | 391 | 488 |
| Trade & other receivables | 1,802 | 1,395 | 1,795 |
| Other financial assets | 0 | 0 | 0 |
| Inventories | 512 | 390 | 512 |
| **Total Current Assets** | **9,972** | **2,176** | **2,795** |
| **Non-Current Assets** | | | |
| Financial Assets | 284 | 281 | 195 |
| Equity Accounted Investments in Council Businesses | 0 | 0 | (121) |
| Infrastructure Property, Plant and Equipment | 96,013 | 123,458 | 124,913 |
| Other Non-current Assets | 1,908 | 1,240 | 1,907 |
| **Total Non-Current Assets** | **98,205** | **124,979** | **126,894** |
| **Total Assets** | **108,177** | **127,155** | **129,689** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade & Other Payables | 3,791 | 1,979 | 1,414 |
| Borrowings | 561 | 910 | 424 |
| Provisions | 1,399 | 1,445 | 1,484 |
| **Total Current Liabilities** | **5,751** | **4,333** | **3,322** |
| **Non-Current Liabilities** | | | |
| Long -term Borrowings | 909 | 4,480 | 2,499 |
| Long-term Provisions | 147 | 196 | 156 |
| **Total Non-Current Liabilities** | **1,056** | **4,675** | **2,655** |
| **Total Liabilities** | **6,807** | **9,008** | **5,977** |
| **Net Assets** | **101,370** | **118,147** | **123,712** |
| **Equity** | | | |
| Accumulated Surplus | 46,996 | 53,339 | 60,372 |
| Asset Revaluation Reserve | 54,739 | 68,105 | 67,062 |
| Business Activities at End of Year | (365) | (3,297) | (3,722) |
| **Total Equity** | **101,370** | **118,147** | **123,712** |



## Appendix 2 – Financial Statements

### Uniform Presentation of Finances for the Year Ending 30 June 2027

| | Actual 2024/25 $'000 | Budget 2025/26 $'000 | Budget 2026/27 $'000 |
|---|---|---|---|
| Operating Revenues | 18,878 | 22,542 | 16,174 |
| *less* Operating Expenses | (16,962) | (24,012) | (16,171) |
| **Adjusted Operating Surplus / (Deficit) before Capital Amounts** | **1,916** | **(1,470)** | **3** |
| *less* Net Outlays on Existing Assets | | | |
| Capital Expenditure on renewal and replacement of Existing Assets | (3,585) | (8,641) | (4,991) |
| Add Back Depreciation, Amortisation and Impairment | 3,714 | 416 | 202 |
| Proceeds from Sale of Replaced Assets | 319 | 5,127 | 4,461 |
| | **448** | **(3,098)** | **(329)** |
| *less* Net Outlays on New and Upgraded Assets | | | |
| Capital Expenditure on New and Upgraded Assets | (1,218) | (9,108) | (9,761) |
| *less* Grants and Contributions specifically for New and Upgraded Assets | 1,172 | 4,245 | 1,592 |
| *less* Proceeds from Sale of Surplus Assets | 3,635 | 1,592 | 3,099 |
| *less* net movements in inventories | | | |
| | **3,589** | **(3,271)** | **(5,070)** |
| **Net Lending / (Borrowing) for Financial Year** | **5,953** | **(7,839)** | **(5,396)** |



## Appendix 2 – Financial Statements

### Key Financial Indicators for the Year Ending 30 June 2027

| | Actual 2024/25 $'000 | Budget 2025/26 $'000 | Budget 2026/27 $'000 |
|---|---|---|---|
| **Operating Surplus Ratio** | | | |
| Adjusted Operating Surplus / Total Operating Revenue less RL Levy | 15.4% | (6.52%) | 0.02% |
| **Net Financial Liabilities Ratio** | | | |
| Adjusted Net Financial Liabilities / Total Operating Revenue | (15%) | 32% | 22% |
| **Asset Renewal Funding Ratio** | | | |
| Net Asset Renewals / Asset Management Plan Expense | 87% | 192% | 112% |



## Appendix 3 – Essential Services Commission of South Australia – Local Government Advice Report

OFFICIAL

Advice

# Local Government Advice

## District Council of Lower Eyre Peninsula

February 2024

OFFICIAL

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)
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The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory

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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 *Essential Services Commission Act 2002* |
| CPI | Consumer Price Index (Adelaide, All Groups) |
| Council | District Council of Lower Eyre Peninsula |
| CWMS | Community Wastewater Management System |
| ESC Act | *Essential Services Commission Act 2002* |
| 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 | *Local Government Act 1999* |
| 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 | *Local Government (Financial Management) Regulations 2011* |
| 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 |

Legend: Low-risk Moderate-risk High-risk

# District Council of Lower Eyre Peninsula

## AT A GLANCE

### OVERVIEW

The Essential Services Commission finds the District Council of Lower Eyre Peninsula's current financial performance is **sustainable,** but notes that the outlook for its projected financial performance is **mostly sustainable** but with risk, when taking into account the council's forecast moderate expense growth increase over the next 7 years and the planned average rate increases of 3.6% p.a. per property over this period

### RISKS IMPACTING SUSTAINABILITY

- ⚠ 7-year long-term financial plan forecast instead of 10-year
- ⚠ If moderate growth in forecasted expenses is not realised, and are understated
- ⚠ Asset renewal funding continues to be at low levels with high backlog levels
- ⚠ Moderate operating surpluses in forecasted period not met resulting in a cumulative rolling operating deficit in the medium to long-term

### CONTINUE

- ✓ The good practice of effective cost constraint
- ✓ Updating the valuation and useful lives of assets

### COMMISSION'S RECOMMENDATIONS

- Review the inflation forecasts in the budget and forward projections
- Monitor cost growth in its budgeting and report any actual and projected cost savings
- Revise the long-term financial plan with 10-year forecasts
- Address the backlog of asset renewal in the near to medium-term using cash
- Align proposed expenditure in the asset management plan with the long-term financial plan
- Achieve the reviews of strategic documents and asset management plans
- Limit any further average rate increases above inflation

### KEY FACTS

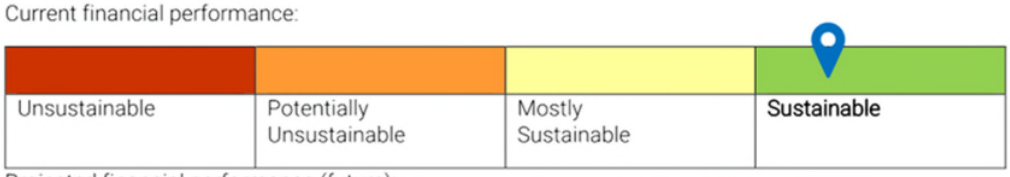
- Population in 2021 was **5,910**
- Council covers **4,771 square kilometres**
- **4,207** rateable properties in 2022-23
- **$8.94 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **$101.4 million**



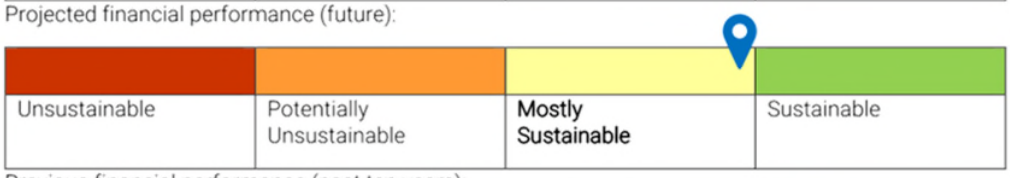
# 1 The Commission's key advice findings for the District Council of Lower Eyre Peninsula

The Essential Services Commission (**Commission**) finds the District Council of Lower Eyre Peninsula's (**Council's**) medium-term financial position **sustainable,** however, notes that it has only forecast its financial position for seven years which is less than required under section 122(1)(a) of the *Local Government Act 1999* (**LG Act**).

Current financial performance:




Projected financial performance (future):




Previous financial performance (past ten years):




The Council's sustainable forecast performance is contingent on:

- the renewal of its asset stock at the level specified in its LTFP which is lower than the identified expenditure required in the IAMP (given that the Asset Renewal Funding Ratio averages 80.7 percent throughout the seven-year life of the LTFP, it is reliant on restricted expenditure meaning that the 'sustainable' performance may be at the expense of longer-term asset degradation),
- a period of service consolidation at the minimum level accepted by the community
- continued cost control, and
- further rate increases.

The Commission identified the major risks to Council's sustainability as follows:

- The Council has forecast moderate growth in income and expenses, close to the RBA forecast inflation, and if this forecast is not realised, the Council may need to either increase rates, or reduce service levels to maintain its forecast OSR.
- The decline in projected OSR, together with increases in renewal and new capital expenditure which may be subject to inflationary pressures, could result in additional unexpected deficits.
- The Council has consistently underperformed in meeting its asset renewal funding ratio and this could decline further if capital expenditure on renewals continues to be limited due to economic or other conditions.

Acknowledging the Council's outlook, the Commission considers it would be appropriate for it to 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 constrains the extent of further rate increases.

### Budgeting considerations

1. **Review** its inflation forecasts in its budget and forward projections from 2023-24 to align more consistently with RBA inflation forecasts, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.
2. **Update** its most up-to-date long-term financial plan projections in its annual business plan and budget to provide more transparency to the community about any changes to forward projections, including rate projections, and the longer-term impacts of its short-term decisions.

### Continuing to provide evidence of ongoing cost efficiencies

3. **Monitor** cost growth in its budgeting, to keep costs constrained within the long-term financial plan forecasts, including related to depreciation expenses.
4. **Report** any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.
5. **Revise** the long-term financial plan with 10-year forecasts pursuant to section 122(1)(a) of the *Local Government Act 1999*.

### Refinements to asset management planning

6. **Provide** more funding to the renewal of its assets, rather than prioritising initiatives which involve new or upgraded infrastructure.
7. **Address** the backlog of asset renewal in the near to medium term using cash reserves to mitigate the risk of future asset failure or higher levels of deferred asset renewals.
8. **Continue** to update the valuation and useful lives of assets to reduce the risk to intergenerational equity.
9. **Align** the proposed expenditure in its asset management plans with its long-term financial plan to reduce the risk of inaccurate forecasting.
10. **Achieve** the reviews of strategic documents and asset management plans as it has proposed.

### Containing rate levels

11. **Limit** any further average rate increases above inflation, to help reduce any emerging affordability risk in the community.

# 2 About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by 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 Council.

This report provides the Local Government Advice for the 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 website[9]), nor is it compelled under the LG Act to follow the advice.

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

## 2.1 Summary of advice

In general, the Commission finds the Council's short to medium-term financial position sustainable noting the limitations of a seven-year forecast.

Operating surpluses are forecast to decline with three out of the seven forecast years forecasting operating deficits, while spending on renewal/replacement and new capital initiatives will increase. Historically, the Council has demonstrated effective cost constraint, but it has also struggled to meet the ongoing renewal needs of its existing infrastructure base.[10] This now presents a backlog of deferred renewal and rehabilitation it needs to address in the future that is not funded in the current LTFP.

Historically, rate increases have risen above inflation and are forecast to continue to grow to increase the Council's financial capacity to cover its operating and service sustainability requirements. Its

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 IAMPs.

forward projections from 2023-24 (in its LTFP) indicate a financially sustainable outlook as growth in average income slightly outpaces growth in average expenses, but with:

- continued average rate increases above the Reserve Bank of Australia (**RBA**)-based forecast inflation rate (and generally aligned with the Council's forecast inflation),
- continued cost constraint with lower average cost growth than it has experienced over the past 10 years (slightly above the rate of RBA-based forecast inflation), and
- new or upgraded capital works expenditure as forecast noting this is at a level unlikely to address the accumulation of deferred renewals as required in the IAMP.

The Commission considers that the Council is formulating the financial projections in its LTFP, with transparency around its assumptions and directions, including the ratepayer impact. The Commission encourages it to continue this approach. However, the Commission has identified an improvement opportunity in aligning the estimates (or explaining the variances) in the LTFP and annual business plan.

## 2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the 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

**Key Points:**

- ⚠ A decrease in operating performance by $4.8 million or by 5.2 percent, resulting in the Council projecting a volatile operating surplus result with deficits in 2025-26, 2026-27 and 2028-29, mainly driven by recent and Council's forecast inflationary pressures.
- ⚠ An additional $5.8 million (or 26.6 percent) for asset renewals, and an additional $0.5 million (or 2.4 percent) for new and upgraded capital works driven by inflation estimates.
- ⚠ Council's stated assumptions for indexation in its 2023-24 LTFP are transparent and based on its annual review of their forecasts, but there is still uncertainty around its assumptions.

The Council's 2023-24 LTFP includes a decrease in its projected operating performance, and increases to its projected capital expenditure estimates, compared with the 2022-23 forecasts,[12] as follows:

- A decrease in operating performance by $4.8 million or by 5.2 percent, resulting in the Council projecting a volatile operating surplus result with deficits in 2025-26, 2026-27 and 2028-29. This is mainly driven by recent and Council's forecast inflationary pressures.
- An additional $5.8 million (or 26.6 percent) for asset renewals, and an additional $0.5 million (or 2.4 percent) for new and upgraded capital works. Much of the increases are being driven by the inflation estimates.

The Council has adjusted its operating income and expense forecasts by higher amounts with increases of 13.1 percent for income and 18.3 percent for expenses on its 2021-22 estimates.[13] Based on updated

[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 2029-30 and 2023-24 to 2029-30).
[13] See footnote 13.

inflation assumptions in its 2023-24 LTFP, an increase in its cost and revenue estimates by up to 19 percent over the 2023-23 to 2029-30 forecast period,[14] compared with the same estimates in its 2022-23 LTFP, could account for higher inflation forecasts. The Council has assumed Consumer Price Index (**CPI**) inflation increases of 8.6 percent in 2023-24, 4.75 percent in 2024-25, 3.25 percent for the 2025-26, and 2.75 percent annually from 2026-27.

The Council has forecast revenue into its LTFP projections; however, its current inflation forecasts do 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, based on the midpoint of the RBA's 2 to 3 percent target range).[15]

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[16] but observes that there is still uncertainty around the assumptions given they are higher than RBA forecast inflation. Notwithstanding the need for the Council to endeavour to find savings and reduce any inflationary impact on its community, the Commission has found that it would be appropriate for it to:

1. **Review** its inflation forecasts in its budget and forward projections from 2023-24 to align more consistently with RBA inflation forecasts, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

The Council adopted its annual business plan and budget in July 2023, three months after it adopted its LTFP 2023-30 in April 2023. The Council proposed further material amendments to its 2023-30 estimates for the financial year from those proposed in its LTFP.

The Commission notes that the Council's annual business plan includes budgets for 2023-24 that vary from the adopted LTFP 2023-30. While there is no current regulatory requirement for it to publish its LTFP projections with its annual business plan and budget, it might be useful for it to republish adjusted annual budget estimates for 2023-24.

Many councils do coordinate their long-term financial projections with their annual budget process, and it might be useful for the Council to republish adjusted annual budget estimates for 2023-24 that match the LTFP, particularly if the extent of revisions to estimates in its annual business plan and budget are substantial. To this end, the Commission considers that it would be appropriate for the Council to:

2. **Update** its most up-to-date long-term financial plan projections in its annual business plan and budget to provide more transparency to the community about any changes to forward projections, including rate projections, and the longer-term impacts of its short-term decisions.

### 2.2.2 Advice on financial sustainability

**Operating performance**

**Key Points:**

- Operating surpluses consistently achieved between 2012-13 and 2021-22, with the operating surplus ratio averaging 4 percent over this period.

[14] The set of six years forecast in both the 2022-23 and 2023-24 LTFP projections.
[15] RBA, Forecast Table - August 2023, available at: https://www.rba.gov.au/publications/smp/2023/aug/
[16] Noting that the Council uses the December (Adelaide All-Groups) CPI inflation forecasts while ESCOSA uses the June (Australian Wide ) RBA inflation forecasts (as noted in District Council of Lower Eyre Peninsular feedback on draft Advice.

- ⚠ The operating surplus ratio is forecast to be an average of 0.4 percent from 2023-24 to 2029-30 (noting that the forecast is only for seven years and not the required 10 years).
- ⚠ 'Materials, contracts and other' and 'depreciation' expenses increased by an average of 3.8 and 5.4 percent per annum respectively from 2012-13 to 2021-22, when average annual CPI growth was 2.0 percent.
- ⚠ The estimated rate of growth in operating expenses projected over the next seven years (from 2023-24 to 2029-30) is an average of 2.9 percent per annum, which is slightly above RBA-based forecast inflation (noting that the forecast is only for seven years and not the required 10 years).

The Council has predominantly run operating surpluses from 2012-13 to 2021-22, with the operating surplus ratio[17] averaging 4 percent over this period. In its forward projections, the operating surplus ratio is predicted to be more volatile with an average ratio of 0.4 percent. For the period from 2023-24 to 2029-30, three of the seven years are projected to have operating deficits.

Operating income growth averaged 4.8 percent per annum from 2012-13 to 2021-22, with a similar rate of operating expense growth at 4.7 percent.[18]

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

On the cost side, its 'materials, contracts and other' and 'depreciation' expenses both increased (averaging 3.8 and 5.4 percent per annum respectively) from 2012-13 to 2021-22, when average annual CPI growth was 2.0 percent.[19] 'Employee' expenses increased by an average of 6.3 percent per annum (with approximately 1.9 percent growth in full-time equivalent (**FTE**) staff per year).

The estimated rate of growth in operating expenses projected over the next 7 years (from 2023-24 to 2029-30) is an average of 2.9 percent per annum, which is slightly above RBA-based forecast inflation.[20] Combined with rates and investment income revenue growth (above RBA-based forecast inflation), the Council's operating performance is projected to be volatile but with an average of 0.4 percent over the 7 years from 2012-13 to 2029-30. The associated impact on ratepayers is discussed further below.

The Commission notes the practice of the Council in conducting regular service level reviews of its operations, focused on achieving increased productivity, efficiency and effectiveness, and aligning services to customer demand.[21] While annual reviews of the AMP are undertaken prior to budget setting, the AMP is formally updated on a five-year basis[22] which may understate projected expenditures.

To ensure the Council is positioned to achieve the real terms reduction in its cost base that it has forecast and improve its operating performance (without the need for further rate increases above inflation), the Commission encourages it to:

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17 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).

18 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).

19 ABS data historical time series available at https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/sep-quarter-2023#capital-cities-comparison

20 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 December 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

21 Lower Eyre Council correspondence dated 26.9.2023, "2023-24 Local Government Advice Scheme – Financial Reporting Commentary", p.3.

22 Meeting with District Council of Lower Eyre Peninsular 24.11.2023.

3. **Monitor** cost growth in its budgeting, to keep costs constrained within the long-term financial plan forecasts, including related to depreciation expenses.
4. **Report** any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.
5. **Revise** the long-term financial plan with 10-year forecasts pursuant to section 122(1)(a) of the *Local Government Act 1999*.

**Net financial liabilities**

Key Points:

- Net cash flows after operating and investing (that is, capital-related) activities has averaged $70k per annum between 2012-13 and 2021-22.
- Between 2012-13 and 2021-22 the net financial liabilities ratio averaged 29.3 percent.
- The forecast net financial liabilities ratio over the next seven years is projected to be 13.1 percent which demonstrates that the council is accumulating liabilities that its operating income can reasonably service.

With the Council's frequent operating surpluses from 2012-13 to 2021-22, its net cash flow after operating and investing (that is, capital-related) activities has averaged $0.07 million annually for the period. The Council has used loan borrowings between 2012-13 and 2020-21 to fund its renewal of existing assets and acquisition of new and upgraded assets.

The Council's net financial liabilities ratio has trended between 48.8 and negative 3.1 percent between 2012-13 and 2021-22 which is within (or below) the suggested LGA target range for the indicator of between zero and 100 percent (averaging 29.3 percent over this period).[23] The Council projects it will continue to meet the suggested LGA target range under its 2023-24 to 2029-30 forecast with an average of 13.1 percent, which demonstrates that the council is only accumulating liabilities that its operating income can reasonably service.

Based on the Council's projected repayment of borrowings, relatively low forecast net financial liabilities ratio in the longer-term, and treasury management policy, the Commission notes that it might have the opportunity to utilise its cash holdings to further address its asset renewal expenditure requirements.

Furthermore, with its forecast annual end of year cash position averaging $7.4 million between 2023-24 and 2029-30, it would have operating capacity for further borrowing repayments if it is deemed appropriate.

[23] 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).

**Asset renewals expenditure**

**Key Points:**

- ⚠ Between 2012-13 and 2021-22 total capital expenditure averaged $52.8 million per annum (including $22.9 million on asset renewals and $29.9 million on new and upgraded assets, but this was insufficient to cover the asset renewal and rehabilitation requirements in its asset management plans.
- ⚠ Between 2012-13 and 2021-22 the asset renewal funding ratio averaged 78 percent.
- ⚠ The forecast asset renewal funding ratio over the next seven years is projected to average 80.7 percent.
- 🔴 Depreciation expenses (which represent the rate of asset consumption) are projected to exceed renewal spending, with renewal spending forecast to account for 68.7 percent of depreciation expenses on average to 2029-30.
- 🔴 Under investment in the renewal of assets as depreciation expenditure outpaces capital expenditure on renewals significantly in addition to lower than required expenditure per the asset management plans.

Between 2012-13 and 2021-22 the Council's total capital expenditure was $52.8 million (including $22.9 million on asset renewals and $29.9 million on new and upgraded assets). However, this was not sufficient to cover the asset renewal and rehabilitation requirements specified in its AMPs. The Council's asset renewal funding ratio (IAMP-based) was below the suggested LGA target range of 90 to 110 percent over these years,[24] and averaged 78 percent between 2012-13 and 2021-22. This indicates that the Council underperformed in meeting its asset service sustainability requirements over this period.

From 2023-24, the Council is adjusting its asset renewals spending profile with higher projected annual renewal expenditure averaging $4 million to 2031-32, in nominal terms. Despite the increase, its asset renewal funding ratio (IAMP-based) is expected to continue to trend below the suggested LGA target range (averaging 80.7 percent from 2023-24 to 2029-30) and is unlikely to address the asset renewal funding shortfall. This coincides with higher forecast spending by the Council on new or upgraded assets (estimated to average $3.4 million per annum to 2029-30). The Commission notes some of the forecast new capital expenditure relates to its airport asset which does not impact on ratepayers, but which may skew the ARFR and the forecast Asset Renewal Funding gap).[25]

The Council advised it has received unusually high levels of grant funding in the past two to three years, which has enabled it to increase and prioritise new asset funding in the short term.[26] The Council has acknowledged that a shortfall in asset renewal expenditure remains over the forecast period (2023-24 to 2029-30) but expects to fund it from its Asset Sustainability Reserve[27] which would require debt funding.

[24] 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).

[25] Meeting with District Council of Lower Eyre Peninsular 24.11.2023.

[26] Lower Eyre Council correspondence dated 26.9.2023, "2023-24 Local Government Advice Scheme – Financial Reporting Commentary", p4-5

[27] Note 25 applies.

Acknowledging the proposed asset spending priorities by the Council, which is reflected in its LTFP projections, and to reduce any further accumulation of asset renewal backlogs, the Commission considers that it would be appropriate for it to:

6. **Provide** more funding for the renewal of its assets, rather than prioritising initiatives which involve new or upgraded infrastructure.
7. **Address** the backlog of asset renewal in the near to medium term using cash reserves to mitigate the risk of future asset failure or higher levels of deferred asset renewals.

With the Council's projected spending on asset renewals, the depreciation expenses (which represent the rate of asset consumption) are projected to exceed renewal spending. Renewal spending is forecast to account for 68.7 percent of depreciation expenses on average to 2029-30.[28]

This highlights the under investment on asset renewals as depreciation expenditure outpaces capital expenditure on renewals by a significant margin in addition to lower than required expenditure as per the IAMP. This gap totalled $10 million over the period 2012-2013 to 2021-22 and is set to increase over the forecast period (2023-24 to 2029-30) to $20 million indicating that significant under expenditure on asset renewal is occurring and will continue in the forecast period. The Council has advised it has experienced material and staffing resource issues that have impacted its ability to achieve all planned asset renewals, but has strategies in place to mitigate adverse outcomes.[29] Noting that a proportion of the gap relates to known deferrals or airport assets, the ARFR gap trend may indicate an intergenerational equity risk,[30] as the Council had partly funded capital expenditure (through depreciation) but had deferred or under invested on its asset renewal needs.

For these reasons, the Commission considers that it would be appropriate for the Council to:

8. **Continue to** update the valuation and useful lives of assets to reduce the risk of intergenerational equity.

The Commission notes that the asset renewal capital expenditure funding forecasts (in its 2023-30 LTFP) do not align with its AMP renewal targets, however some of the reasons for that are noted above. The Commission's review of the AMPs has found that, on balance, the Council's strategic planning processes and the LTFP do not align well. Ideally, asset revaluations would also align with AMP reviews and update. The Council indicated to the Commission that it is proposing several amendments to its AMP and other strategic documents in 2023-24.[31]

The Commission recommends that the Council:

9. **Align** the proposed expenditure in its asset management plans with its long-term financial plan to reduce the risk of inaccurate forecasting.
10. **Achieve** the review of strategic documents and asset management plans as it has proposed.

### 2.2.3 Advice on current and projected rate levels

**Key Points:**

- Rate revenue per property growth has averaged 4.4 percent or $65 per annum for each property in the period between 2012-13 and 2021-22, which is 2.4 percent above CPI for the same period.

[28] The Council's asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses) is forecast to average 93 percent to 2031-32. 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.

[29] Meeting with District Council of Lower Eyre Peninsular 24.11.2023.

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

[31] Provided in an email to the Commission on 10 October 2023.

⚠ The forecast rate increase for 2023-24 to 2029-30 is 3.6 percent per property (noting that the forecast is only for seven years and not the required 10 years).

✓ Affordability risk among the community for the further rate increases appears to be low, based on a range of factors including the existing relatively low average rate level, and its high socio-economic SEIFA ranking.

The Council's historical rate revenue per property growth has averaged 4.4 percent or $65 per annum for each property in the period between 2012-13 and 2021-22. The average growth of 4.4 percent per annum has exceeded CPI growth at 2 percent for the same period. However, the Council still has relatively low average rates for both residential and rural categories[32] and is considering further differential rate options.[33]

Over the forward years of its LTFP, the Council is projecting average rates revenue increases of approximately 4.7 percent per annum from 2023-24 to 2029-30. It has budgeted for an average rate increase of 3.6 percent per property per annum for its existing ratepayers in 2023-24 to 2029-30,[34] which includes a significant increase of 12.6% in total rates revenue for 2023-24 between estimates in 2022-23 LTFP and 2023-24 LTFP. This long-term growth trend is impacted by the Council's projected rates increases in the first three years of its LTFP (from 2023-24 to 2025-26) being above the RBA forecast rates.[35]

In total, the LTFP effectively projects a cumulative increase of $93 per annum per existing ratepayer (to $2,774) per annum) by 2029-30, which is consistent with the Council's assumed inflation growth over this period, (estimated by the Council to be 8.6 percent in the first year of the LTFP)[36] but is above the RBA-based long-term inflation forecast of an average of 2.6 percent per annum.[37]

Affordability risk among the community for the further rate increases appears to be low, based on a range of factors including the existing relatively low rate levels,[38] and the relative average socio-economic ranking for the Council.[39]

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:

11. **Limit** any further average rate increases above inflation, to help reduce any emerging affordability risk in the community.

32 Refer to Councils in Focus rates data for 2021-22 available at https://councilsinfocus.sa.gov.au/councils/district_council_of_lower_eyre_peninsula. The Commission is not relying on these rate comparisons for its advice; the data source provides just one indicator, among many, which has informed its advice on the appropriateness of the rate levels.

33 Meeting with District Council of Lower Eyre Peninsular 24.11.2023..

34 Based on the Council's Excel template (with the 2023-30 forecasts) provided to the Commission.

35 Lower Eyre Council correspondence dated 26.9.2023, "2023-24 Local Government Advice Scheme – Financial Reporting Commentary", p8.

36 Lower Eyre Council correspondence dated 26.9.2023, "2023-24 Local Government Advice Scheme – Financial Reporting Commentary", p7.

37 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 December 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

38 See footnote 32.

39 The District Council of Lower Eyre Peninsula area is ranked 64 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 Socio-Economic Indexes for Areas Index of Economic Resources (2016), where a lower ranking (e.g., 1) denotes relatively lower access to income and other economic resources, compared with other areas, available at: https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/2021.

## 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:

- potential integration of its annual updates to its LTFP projections with its annual business plan process,
- ongoing performance against its LTFP estimates,
- achievement of cost savings and efficiencies and its continued reporting of these in its plans,
- reprioritisation 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.

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## 6.3 DRAFT 2027-2036 LONG-TERM FINANCIAL PLAN

**Author:** **Manager Finance & Technology**

**Attachments:** **1. 2027-2036 Draft Long-Term Financial Plan**

**Works Program Item 7.1.1**
**Review of annual update to the Long Term Financial Plan**

**Relevant Documents:**
- *Local Government Act 1999 - Section 122 (4)*
- *Local Government (Financial Management) Regulations 2011 - Section 5 - Long-term Financial Plans*

**Requirements:**
*Ensure Council staff undertake an annual review of its Long-term Financial plan as soon as practicable after adopting the Council's Annual Business Plan giving consideration to:*
- *Council's adopted Strategic Management Plans*
- *Council's adopted Service Standards*
- *Relevant Legislation*
- *Any known budget variations or significant items that have arisen since the last review*

### PURPOSE OF REPORT

To present the 2027-2036 Long-term Financial Plan (LTFP) to the Audit and Risk Committee for review and comment.

### BACKGROUND INFORMATION

Council is required to undertake an annual review of the LTFP which Council has conducted in conjunction with the preparation of the 2026-27 Annual Business Plan and Budget at workshops held 16 March and 13 April 2026.

Council have endorsed the LTFP for public consultation with submissions closing 5:00pm, 11 June 2026.

### REPORT DETAILS

The 2026/27 – 2035/36 LTFP has been developed in conjunction with the 2026-27 Annual Business Plan and Budget and incorporates expenditures identified within Council's 2026-2040 Asset Management Plan (AMP) and 2027-2036 Future Projects Plan (FPP).

The plan focuses on maintaining current operations and service levels and ensuring Council's long-term financial viability is met by highlighting the following key factors:

#### Assumptions

Consumer Price Index (CPI)

The LTFP uses the December Consumer Price Index as forecast by the Reserve Bank of Australia (RBA). At present, the monetary policy aims to keep consumer price inflation in the economy to 2%-3%. Recent global economic uncertainty and high inflation levels has resulted in the LTFP forecasting the following CPI increases:

- 2026-27 4.90%
- 2027-28 3.60%
- 2028-29 2.70%
- 2029-30 – 2035-36 2.50%

Future Projects Plan 2027-2036

The Future Projects Plan (FPP) was developed by Council to assist in the review of the 2027-2036 LTFP and includes $38.862 million of works that are projected to be funded through a combination of cash, loans and grant funding. The FPP has been included as Appendix A of the LTFP and is exclusive of asset renewal works identified within Council's AMP.

Council undertook sealed road pavement assessments in 2025/26 with the outcomes of these assessments to be used to determine appropriate rehabilitation treatments, cost estimates, and renewal timeframes for inclusion in future revisions of Council's Long-term Financial Plan.

General Rate Revenue

The Plan predicts an annual average rate increase of 0.40% above the annual CPI movement (or 3.27% including CPI) to existing properties which is considered reasonable given the number and cost of new assets that Council is aiming to construct over the ten year period

Council aims to ensure that it has sufficient funds available to renew or replace assets when they reach the end of their life which has resulted in an annual average rate increase of 0.30% to fund the replacement of new assets that are constructed over the life of the plan.

In addition a once off general rate increases of 1.00% has been included to fund projects arising from the Cummins and Coffin Bay Masterplans.

Table 1 below identifies the anticipated general rate revenue increases over the life of the plan:

| | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---|---|---|---|---|---|---|---|---|---|---|
| **PROJECTED RATE GENERAL INCREASES** | **4.99%** | **5.80%** | **3.49%** | **3.36%** | **2.95%** | **2.80%** | **2.87%** | **2.73%** | **3.18%** | **3.18%** |
| - Development / Growth | 0.35% | 1.00% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% |
| - Consumer Price Index | 4.90% | 3.60% | 2.57% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| - Depreciation Expense | | 0.20% | 0.59% | 0.66% | 0.25% | 0.10% | 0.17% | 0.03% | 0.48% | 0.49% |
| - Masterplan Developments | | 1.00% | | | | | | | | |

*Table 1 – Projected rate increases*

**Community Wastewater Management Scheme (CWMS) Service Fee Review**

A CWMS service charge review was conducted and presented to Council in February 2024 where Council resolved to impose a 2.25% per annum increase (over and above CPI) for the eight year period 2025 – 2034 to return the CWMS' to operational neutrality.

The CWMS' are forecast to have an operating surplus' over the life of the plan with an annual average operating surplus of $145,400 being a sound financial result that should provide sufficient funding for general operations and the renewal and replacement of existing assets as required.

**Key Financial Indicators**

Local Governments utilise the following three key financial indicators to help assess a Council's overall long term financial sustainability:

1. *Operating Surplus Ratio – Target 0% - 10%*

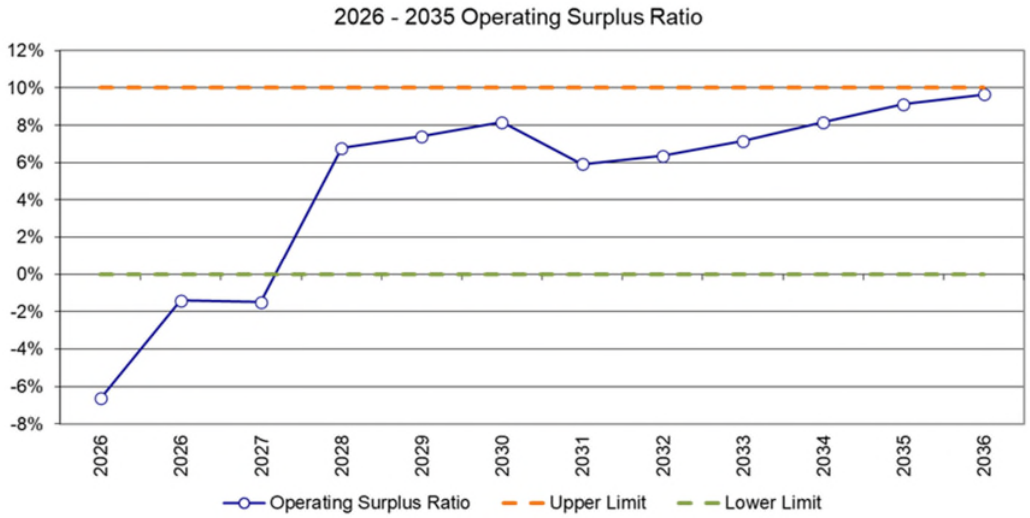
Councils should aim to achieve an Operating Surplus Ratio between 0% - 10% to ensure that it is able to fund its annual general operations and the costs associated with the consumption of its assets (depreciation).

The LTFP forecasts an average annual operating surplus ratio of 6.53% over the 10-year period, , ranging from a ratio of negative (-1.45)% in 2026/27 to 9.39% in 2035/36 providing for an average annual operating surplus in any three to five-year period.

This is considered a sound financial result over both the medium and long term.

This percentage indicates that Council should have the financial capacity to meet the costs associated with its general annual operations, replace / renew assets as required and have some capacity for new capital initiatives that can be funded either via cash or through new loan borrowings.

The following graph depicts Council's Operating Surplus Ratio over the life of the plan:



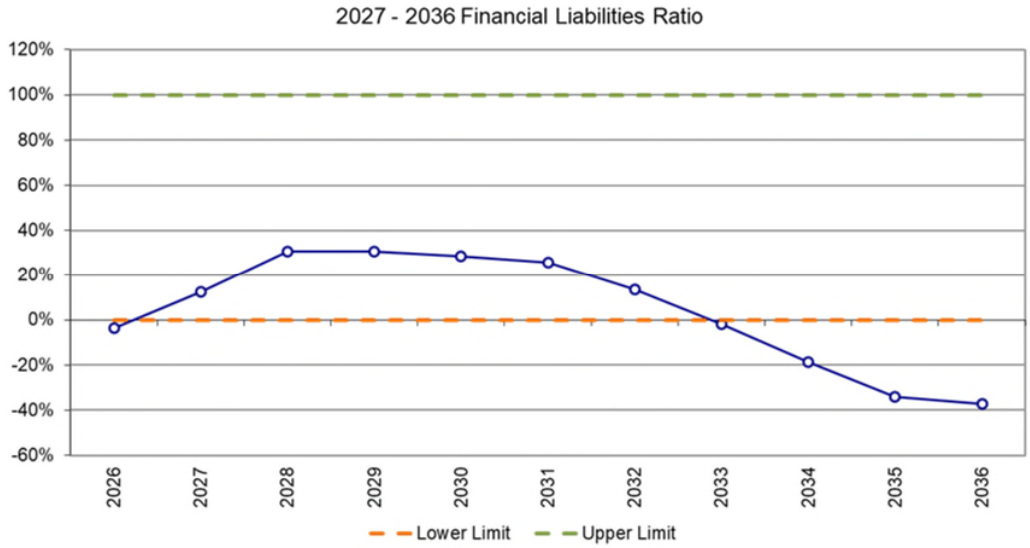

*2. Net Financial Liabilities Ratio – Target 0% - 100%*

The net financial liabilities ratio is calculated by expressing net financial liabilities as a percentage of operating revenue and councils are recommended to maintain this ratio between 0% to 100%.

Over the ten year plan this ratio declines from a maximum 31% in 2028/29 to (36%) in 2035/36, reflecting the build up of cash reserves and decrease in debt held by the Council from $4.864 million as at 30 June 2029 to $1.257 million as at 30 June 2036.

The plan includes $5.30 million of new 10 year fixed term debentures over the life of the plan to fund the $80.830 million of included capital works.

The above ratio result would indicate that Council has capacity to borrow, however this ratio needs to be considered in conjunction with Council's Operating Surplus Ratio to ensure that Council can meet any increased interest expenses without moving into a sustained operating deficit position.

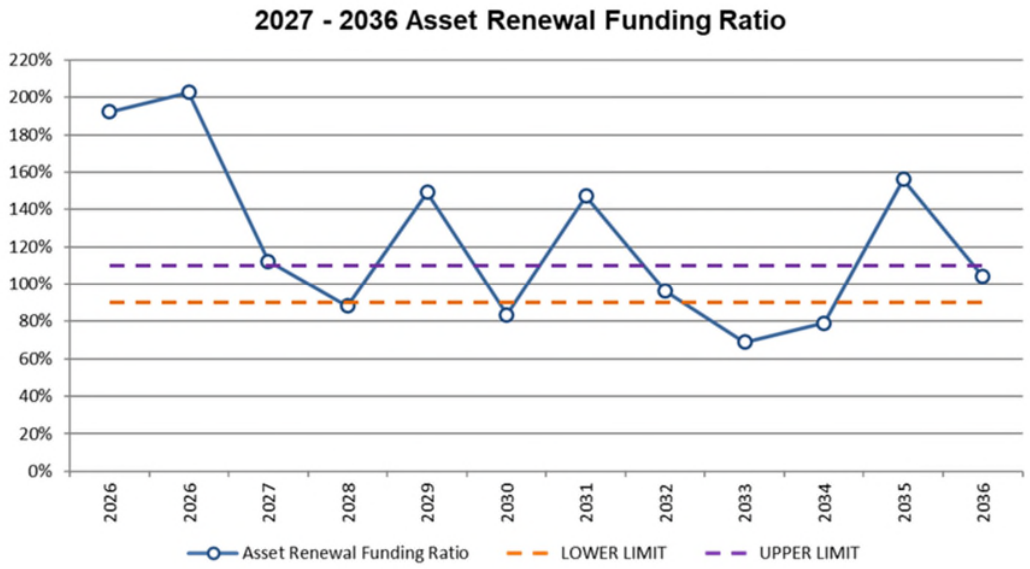



*3. Asset Renewal Funding Ratio – Target 90% - 110%*

This ratio indicates the annual expenditure in renewing Council assets as a percentage of identified works within its AMP and should achieve an average result of 100% over the life of the plan to ensure that Council's assets are renewed when required.

The Asset Renewal Funding Ratio reflects that on average Council is expending 108% of expenditure levels identified in Council's Asset Management Plan each year on the renewal of assets which is a good result and indicates that Council's overall asset condition should be improved over the 10 year period.

Key influences on this ratio exceeding the recommended 90% - 110% target include renewal works associated with the ongoing Rehabilitation of Bratten Way and the forecast cement stabilisation of works on White Flat Road.



## CONCLUSION

The 2027-2036 LTFP provides assurance that Council is operating within or exceeding the recommended ranges for its Operating Surplus Ratio, Net Financial Liabilities Ratio and Asset Sustainability Funding Ratio over the life of the plan, indicating that the Lower Eyre Council should remain financially sustainable over the medium and long-term forecast.

General Rate Revenue increases have been kept to a minimum with primary increases included for the construction of new community assets and is considered reasonable given the assets values and the desire from the community to include the assets in the plan.

Council continues to explore options for future sealed and unsealed road renewal works which, once completed, will drive future reviews of Council's Long-term Financial Plan to ensure Council's services and operations are maintained, assets are renewed in a timely manner and new Council initiatives appropriately planned for.

***RECOMMENDATION***

***That the Audit and Risk Committee:***

1. ***Receives and note the report and attachment titled 'Draft 2027-2036 Long-Term Financial Plan' and endorses to Council for adoption.***
2. ***Provides the following comments for Council's consideration:***
   - ***That the Long-term Financial Plan key financial indicators for financial sustainability operate, on average, within or exceeding recommended target ranges for the local government sector.***
   - ***The plan contains $82.200 million of capital new and renewal works that Council will need to plan for to ensure sufficient resources are available to enable project delivery without impacting Council's general operations and service standards.***
   - ***That ratepayer affordability remains a consideration against the development, maintenance and future renewal costs associated with new community asset included within the Plan.***
3. **Notes the Draft 2027/2036 Long-term Financial Plan has been prepared with appropriate due diligence, legislative compliance and regard for risk management.**

LOWER EYRE
COUNCIL

# LONG-TERM FINANCIAL PLAN 2027-2036

DRAFT

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## PURPOSE OF THE LONG TERM FINANCIAL PLAN

The Long Term Financial Plan has been developed in accordance with the requirements of the Local Government Act 1999, and forms part of Council's Strategic planning documents.

The purpose of the plan is to measure the Council's capacity to fund the objectives and services as set out in the Strategic Plan, and to ensure that the Council is adequately providing for Asset replacement.

The ten year plan has been set based on the premise that Council wishes to be financially sustainable over the ten year period, achieving at least a break even position over this time frame.

## 1. Assumptions

The following assumptions were used in the formulation of the Long-term Financial Plan (LTFP):-

### 1.1. Revenue

#### 1.1.1. Consumer Price Index

The Consumer Price Index (CPI) being a measure of the average change over time in the prices paid by consumers for goods and services has been assumed as follows:

- 2026-27 4.90%
- 2027-28 3.60%
- 2028-29 2.70%
- 2029-30 – 2035-36 2.50%

Adelaide All Groups CPI for the December 2025 annual period was 3.30% and has been forecast by the Reserve Bank of Australia's (RBA) to increase over the short term before returning withing the RBA's monetary policy which aims to keep consumer price inflation in the economy to 2-3 per cent, on average, over the medium term.

Council aligns its CPI forecasts to the December index with this plan aligning with the RBA's February 2026 forecasts: RBA_Forecast_February_2026

#### 1.1.2. Growth

Council's Growth being new development, consisting of new subdivisions will be required to service has been included at 0.20% per annum except for in 2027-28 when growth is estimated to be 1.00% following the release of land as part of the Cummins Residential Land Development occurring in 2026-27.

#### 1.1.3. General Rate Revenue

The Plan predicts an annual average rate increase of 0.40% above the annual CPI movement (or 3.27% including CPI) to existing properties which is considered reasonable given the number and cost of new assets that Council is aiming to construct over the ten year period.

Council aims to ensure that it has sufficient funds available to renew or replace assets when they reach the end of their life which has resulted in an annual average rate increase of 0.30% to fund the replacement of new assets that are constructed over the life of the plan.

In addition a once off general rate increases of 1.00% has been included to fund projects arising from the Cummins and Coffin Bay Masterplans.

Below is a table that details the anticipated general rate revenue increases over the life of the plan to existing properties:

| | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---|---|---|---|---|---|---|---|---|---|---|
| **PROJECTED RATE GENERAL INCREASES** | **5.25%** | **5.80%** | **3.49%** | **3.36%** | **2.95%** | **2.80%** | **2.87%** | **2.73%** | **3.18%** | **3.19%** |
| - Development / Growth | 0.35% | 1.00% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% |
| - Consumer Price Index | 4.90% | 3.60% | 2.70% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| - Depreciation Expense | | 0.20% | 0.59% | 0.66% | 0.25% | 0.10% | 0.17% | 0.03% | 0.48% | 0.49% |
| - Masterplan Developments | | 1.00% | | | | | | | | |

The demands of road sealing in both urban and rural areas to cope with increased population levels, increased tourism numbers, and the subsequent increases in traffic movements are considered to warrant an increased investment in road works by Council. The plan also includes construction works associated with recommendations arising from the Coffin Bay and Cummins Masterplans and it is considered that the community would support the additional level of rate payments to achieve a large program of sealed roads capital works and new township infrastructure and amenities.

### 1.1.4. Other Revenues

Council also receives revenues from several other sources including statutory charges, user charges, reimbursements and other revenues. These items (excluding business activities) have been indexed inline with movements in the Consumer Price Index.

### 1.1.5. Operating Grants

Council receives annual Financial Assistance Grants by way of a General Purpose and a Local Road grant which have been indexed by 2.00% per annum in recognition that the FA Grants do not typically increase inline with CPI.

The plan has assumed the continuation of the Local Government Supplementary Local Road funding that is provided to address the inequality in Local Road Financial Assistance Grant allocated to South Australian Councils.

The LTFP includes an 10% increase to the current 2026 level of Roads to Recovery funding in the 2029/30 financial year being slightly less than the movement in the Consumer Price Index.

### 1.1.6. Investment Income

Interest earned on investments has been calculated at an interest rate of 4.25% over the life of the plan being slightly less than current rates achieved through investment with the Local Government Finance Authority on the basis of assumed medium to long-term reduction in the current Official Cash Rate as determined by the Reserve Bank of Australia.

**Effluent Service Charge**
Council conducted an Annual Service Charge review in February 2024 with the aim to bring the CWMS' back to operational neutrality by imposing a 2.25% per annum increase (over and above CPI) to annual Effluent Service charges for the eight year period 2025 – 2034.

As per legislative requirements any funds raised through service charges applied for the Community Wastewater Management Schemes must be quarantined for future use within the scheme. These funds are managed by Council through the provision of reserve accounts, with any excess funds allocated to the reserve and available for future asset renewals and general operations as required.

No additional growth has been included for the CWMS given minimal new connections are added annually.

### 1.2. Expenditure

#### 1.2.1. Operating Expenditure
Operating expenditures have been indexed inline with the movements in the Consumer Price Index.

#### 1.2.2. Wages
The plan includes the provision for one additional Project Manager, for a three year period 2027 - 2029 to assist with the management and delivery of Council's increasing capital works program. No other increases in staffing levels has been assumed and all other wages have been increased inline with the movements in the Consumer Price Index.

#### 1.2.3. Finance Charges
Finance charges for new loan borrowings have been assumed at 6.00% for fixed term and 5.60% for Cash Advance Debentures for the life of the plan with all borrowings enacted with the Local Government Finance Authority.

#### 1.2.4. Depreciation
Depreciation has been calculated using the 'Straight Line Method' based on Current Replacement Cost (CRC) of an asset and its expected life. Annual depreciation amounts have been indexed inline with the assumed Consumer Price Index Movement to ensure depreciation rates maintain relativity to the cost of renewing or replacing assets in any given year.



**CAPITAL WORKS**

### 1.3. Future Projects Plan

Council developed a ten year Future Projects Plan (included as Appendix A) for the development of its 2027-2036 Long-term Financial Plan includes $38.862 million of works that are projected to be funded by a combination of cash and grant and are summarised in the following categories:

| | |
|---|---|
| - Authorised Landing Areas | $61,000 |
| - Boat Ramps | $131,000 |
| - Bridges | $55,000 |
| - Buildings | $588,000 |
| - Cemeteries | $55,000 |
| - Community Wastewater Management Scheme | $2,474,000 |
| - Council Plans | $9,185,000 |
| - Cummins Homes | $2,291,000 |
| - Footpaths & Walking Trails | $1,223,000 |
| - Formed & Surfaced Roads | $256,000 |
| - Playgrounds / Reserves & Other Rec | $1,054,000 |
| - Sealed Roads | $20,726,000 |
| - Stormwater | $498,000 |
| - Streetlighting | $265,000 |

As detailed above the enactment of Council plans, new road sealing works and new footpaths has been a key consideration in the review and development of this Long-term Financial Plan.

Council undertook as part of its 2025/26 Annual Business Plan sealed road pavement assessments to determine rehabilitation processes, costings and timeframes to rehabilitate a number of its key rural and urban sealed roads.

This work, and associated outcomes will be used in formulating future Long-term Financial Plans of Council in the 2026/27 financial year.

### 1.4. Asset Management Plan

The Long-term Financial Plan includes $43.673 million of works associated with assets that have been identified in Council's Asset Management Plan as reaching the end of their useful lives over the duration of the Plan.

The plan includes the renewal of all assets identified in Council's Asset Management Plan, excluding Council's Sealed and Unsealed Road assets due to:

- The requirement to conduct a sealed road pavement assessment to help determine the best renewal processes and timelines for several sealed roads.
- Locating an opening up new rubble pits to enable the efficient renewal of Council's unsealed road network.

In 2025/26 Council increased sealed and unsealed road renewal expenditures by $113,700, indexed annually over the life of the plan as a proactive approach to road maintenance and renewal.

Council continues to work with the community to identify and secure new rubble sources and undertook sealed road pavement assessments during 2025/26. The outcomes of these assessments will be used to determine appropriate rehabilitation treatments, cost estimates, and renewal timeframes for inclusion in future revisions of Council's Long-term Financial Plan

## 2. Business Activities

### 2.1. Port Lincoln Airport

The Port Lincoln Airport transitioned to a standalone subsidiary in 2025/26 as the Port Lincoln Airport Management Authority (PLAMA). While PLAMA maintains its own financial management documentation and processes, its operating result and equity continue to be consolidated within Council's financial statements.

PLAMA is projected to be in open in a $977,400 net cash debt position as at 30 June 2026 with this debt forecast to be fully repaid by 2028/29 prior to undertaking the $13.25 million main runway upgrade and extension which is forecast to be funded through a combination of cash, new loan borrowings and grant funding.

The Plan incorporates annual passenger movements of 170,000, with forecast growth of 0.75% per annum, representing a key objective of the subsidiary. It also assumes that the current Regular Passenger Transport (RPT) passenger levy will be indexed annually in line with the Consumer Price Index (CPI).

Asset renewal works, as identified in the Asset Management Plan, totalling $3.452 million along with $15.234 million of new capital works have been included as part of the Port Lincoln Airport operations.

The airport shows an average operating profit of $175,700 per year (or 3.14% operating surplus ratio) over the ten years.

The Port Lincoln Airport continues to provide 6% of its operating income as a return on investment to Council's ratepayers. This averages $248,600 per annum over the life of the plan and equates to a 2.55% of Council's 2026/27 general rate revenue saving to Council's ratepayers.

The overall financial position of the Port Lincoln Airport is considered sustainable given the Plan predicts the repayment all debt over the life of the plan, strong annual operating surplus', the continued provision of a dividend to Council ratepayers all whilst ensuring current assets are renewed and new assets constructed.

**Coffin Bay Caravan Park**

The Caravan Park will having an average annual operating surplus of $113,700 over the life of the plan with a forecast closing cash balance of $1.509 million as at 30 June 2036 and no debt.

A total of $442,800 of capital works are included which relate to the renewal or replacement of existing assets identified as reaching end of life over the duration of the Plan.

The Coffin Bay Caravan Park continues to provide 6% of its operating income as a return on investment to Council's ratepayers. This averages at $10,700 per annum over the life of the plan and equates to a 0.11% of Council's 2026/27 general rate revenue saving to Council's ratepayers.

The ten year plan provides for a $113,700 average annual operating profit, sufficient funds to renew / replace assets when due and will repay all loan borrowings for new capital works which is considered to be a good result and sound financial position.

## 2.2. Cummins Homes

Occupancy rates at the Cummins Homes remained stable at 90%-100% with the plan having been put together based on approximately 90% occupancy per year. The increased occupancy relates to a combination of more pro active management of the facility, increased demand for such accommodation and significant capital renewal works that have modernised the facilities.

Council's Asset Management Plan identified $164,000 of asset renewal works in 2035/36 in addition to the $2.35m of new asset renewal works which includes the construction of 6 new double bedroom units.

The construction of the new double bedroom units in the 2029/30 financial year results in the Cummins Homes going $446,500 into debt prior to being repaid in 20and having a closing cash position of $518,700 as at 30 June 2035.

The Cummins Homes will have a forecast average annual operating profit of $20,500 being a 5.84% average Operating Surplus Ratio indicating the Cummins Homes are financially sustainable over the medium to long-term.

## 2.3. Community Waste Water Management Schemes

The Community Wastewater Management Schemes (CWMS) were subject to a revaluation and condition assessment with detailed componentisation as at 1 July 2021 which resulted in the schemes annual depreciation expense increasing by 45% from $239,000 to $346,000.

This depreciation increase resulted in the combined CWMS projecting annual $131,000 operating deficits of approximately $130,000 and indicated that the CWMS will have likely be unable to fund all future asset replacements when required.

To bring the CWMS back to an operating neutral or surplus position an internal Annual Service Charge review was conducted and presented to Council in February 2024 where it resolved that to bring the CWMS' back to operational neutrality with 2.25% per annum increases (over and above CPI) over an eight year period of 2025 – 2034.

The CWMS' are projected to have an average operating surplus of $145,400 and are forecast to have a predominant cash deficit position with a closing deficit of $1.426 million as at 30 June 2037.

The deficit is largely attributed to the $8.076 million of capital works split across $5.225 million for replacement of existing assets and $2.851 for new and upgraded assets and the $1.90 million pump station upgrades that were completed in 2025/26.

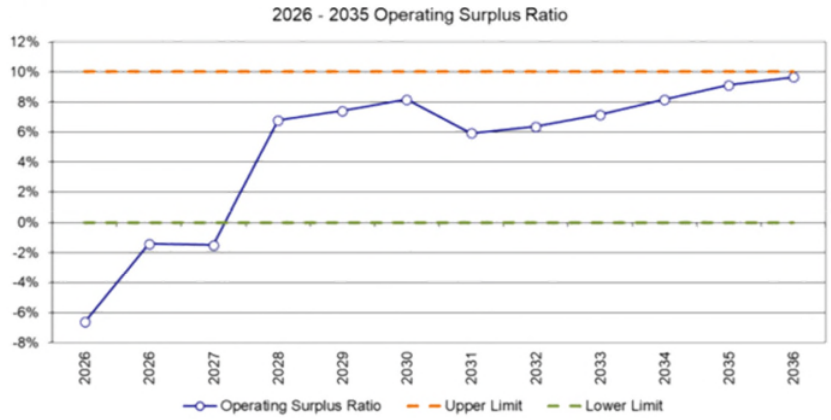
## 3. Sustainability Ratios

### 3.1. Operating Surplus Ratio – Target 0% - 10%

The operating surplus ratio is the operating surplus (deficit) expressed as a percentage of total operating income.

The operating surplus ratio averages 6.53% over the ten years of the plan, and ranges from a surplus ratio of negative (1.45)% in 2026/27 to 9.39% in 2035/36.

An Operating Surplus Ratio ranging from 0% to 10% is considered sound for Local Government, and on that basis the surplus is considered to be appropriate.



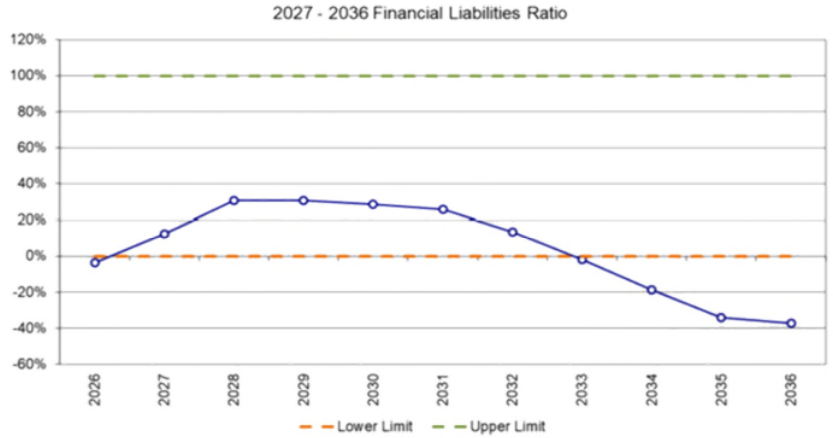
### 3.2. Net Financial Liabilities Ratio – Target 0% - 100%

The net financial liabilities ratio is calculated by expressing net financial liabilities as a percentage of operating revenue.

The Local Government Association suggests a Council's net financial liabilities ratio should range between 0% and 100% of total operating income.

Over the ten year plan this ratio declines from a maximum 31% in 2028/29 to (36%) in 2035/36, reflecting the build up of cash reserves and decrease in debt held by the Council from $4.864 million as at 30 June 2029 to $1.257 million as at 30 June 2036.

The plan includes $5.30 million of new 10 year fixed term debentures over the life of the plan to fund the $80.830 million of included capital works.



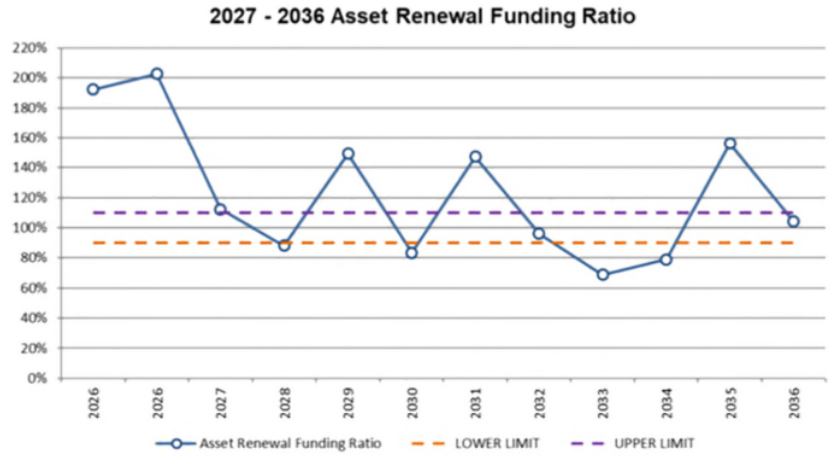

### 3.3. Asset Renewal Funding Ratio – Target 90% - 110%

The Asset Renewal Funding Ratio is calculated by measuring capital expenditure on renewal or replacement of assets, divided by the level of spend specified in the Asset Management Plan.

The LGA suggest Councils should be aiming for a result between 90%-110%.

The Asset Renewal Funding Ratio reflects that on average Council is expending 108% of expenditure levels identified in Council's Asset Management Plan each year on the renewal of assets which is a good result and indicates that Council's overall asset condition should be improved over the 10 year period.

Key influences on this ratio exceeding the recommended 90% - 110% target include renewal works associated with the ongoing Rehabilitation of Bratten Way and the forecast cement stabilisation of works on White Flat Road.




## 4. Council Debt

Council's policy on loan borrowings reflects that Council will maintain its annual debt repayments for loans serviced by general rate revenue at less than a 15 percent of general rate revenue.

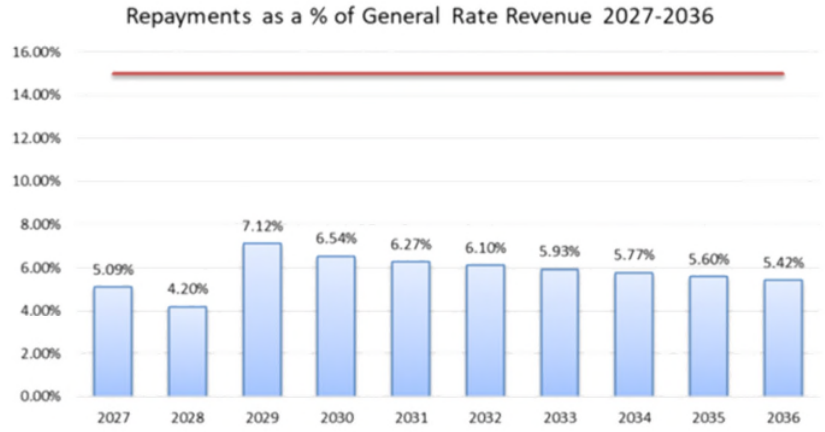
The Long-term Financial Plan includes $5.30 million of new 10 year fixed term debentures over the life of the plan to fund the $80.830 million of included capital works.

These repayments amount to an annual average of 5.81% of general rate revenue with peak repayments of 7.12% in the 2029/30 financial year and not exceeding the 15 percent threshold over the duration of the plan.

A the conclusion of the plan, Council (excluding business activities and self funding loans) has $1.257 million of debt outstanding which is forecast to be repaid by 30 June 2039.

The total forecast debt levels and repayments as a percentage of general rate revenue are considered to be at a sustainable level.

The following graph details the levels for each financial year:-




**5. Analysis of the Long-term Financial Plan**

The cash flow statement indicates that Council has (including reserves) $7.122 million of cash on hand at 30 June 2036 whilst undertaking $80.830 million of capital works over the life of the plan.

The Long-term Financial Plan provides for an average operating surplus ratio of 6.53% which when combined with Council's 108% Asset Renewal Funding Ratio and 5% Net Financial Liabilities Ratio indicates that Council is in a sound financial position over the life of the plan.

Council debt levels are projected to increase over the three-year period from 2026/27 to 2028/29 as Council delivers its significant short-term capital works program, partly funded through the utilisation of existing cash reserves. Despite this, Council's debt servicing levels remain relatively low in comparison to general rate revenue, providing capacity for Council to proactively respond to unforeseen future capital requirements or financial pressures.

The Long-term Financial Plan has been updated by elected members and staff in conjunction with the preparation of the 2026/27 Annual Business Plan and Budget. The additional general rate revenue increases above that of CPI have been determined as required for council to be sustainable into the future and are at a level that would be acceptable to the community given the significant investment in both current and new infrastructure across the district.

**Sacheen Hopewell**
**Acting Chief Executive Officer**
**Lower Eyre Council**



**LOWER EYRE COUNCIL**
**BALANCE SHEET**

| | 2027 BUDGET $'000 | 2028 LTFP $'000 | 2029 LTFP $'000 | 2030 LTFP $'000 | 2031 LTFP $'000 | 2032 LTFP $'000 | 2033 LTFP $'000 | 2034 LTFP $'000 | 2035 LTFP $'000 | 2036 LTFP $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | |
| **Current Assets** | | | | | | | | | | |
| Cash & cash equivalents | 559 | 510 | 909 | 789 | 907 | 2,639 | 5,118 | 7,970 | 10,780 | 11,123 |
| Trade & other receivables | 1,795 | 1,795 | 1,795 | 1,795 | 1,795 | 1,793 | 1,793 | 1,779 | 1,764 | 1,764 |
| Other financial assets | - | - | - | - | - | - | - | - | - | - |
| Inventories | 512 | 512 | 512 | 512 | 512 | 512 | 512 | 512 | 512 | 512 |
| **Total Current Assets** | **2,865** | **2,816** | **3,215** | **3,095** | **3,213** | **4,944** | **7,423** | **10,260** | **13,056** | **13,399** |
| **Non-current Assets** | | | | | | | | | | |
| Financial Assets | 195 | 164 | 134 | 103 | 73 | 44 | 15 | - | - | - |
| Equity accounted investments in Council businesses | (121) | 198 | 337 | 299 | 55 | 58 | 124 | 198 | 275 | 333 |
| Investment Property | | | | | | | | | | |
| Infrastructure, Property, Plant & Equipment | 123,543 | 136,312 | 145,717 | 156,589 | 165,379 | 171,488 | 177,241 | 182,896 | 190,867 | 201,782 |
| Other Non-current Assets | 1,908 | 1,908 | 1,908 | 1,908 | 1,908 | 1,908 | 1,908 | 1,908 | 1,908 | 1,908 |
| **Total Non-current Assets** | **125,524** | **138,582** | **148,096** | **158,899** | **167,415** | **173,498** | **179,288** | **185,002** | **193,050** | **204,022** |
| **Total Assets** | **128,390** | **141,398** | **151,311** | **161,994** | **170,628** | **178,442** | **186,711** | **195,262** | **206,106** | **217,421** |
| **Liabilities** | | | | | | | | | | |
| **Current Liabilities** | | | | | | | | | | |
| Trade & Other Payables | 1,414 | 1,465 | 1,504 | 1,542 | 1,580 | 1,620 | 1,660 | 1,702 | 1,744 | 1,788 |
| Borrowings | 348 | 510 | 437 | 454 | 481 | 510 | 542 | 575 | 610 | 647 |
| Short-term Provisions | 1,484 | 1,538 | 1,579 | 1,619 | 1,659 | 1,701 | 1,743 | 1,787 | 1,831 | 1,877 |
| Other Current Liabilities | - | - | - | - | - | - | - | - | - | - |
| **Total Current Liabilities** | **3,246** | **3,512** | **3,520** | **3,614** | **3,721** | **3,831** | **3,945** | **4,063** | **4,185** | **4,312** |
| **Non-current Liabilities** | | | | | | | | | | |
| Trade & Other Payables | - | - | - | - | - | - | - | - | - | - |
| Long-term Borrowings | 1,574 | 3,864 | 4,427 | 3,974 | 3,493 | 2,982 | 2,441 | 1,866 | 1,257 | 610 |
| Long-term Provisions | 156 | 162 | 166 | 170 | 174 | 179 | 183 | 188 | 192 | 197 |
| Other Non-current Liabilities | - | - | - | - | - | - | - | - | - | - |
| **Total Non-current Liabilities** | **1,730** | **4,026** | **4,593** | **4,144** | **3,667** | **3,161** | **2,624** | **2,054** | **1,449** | **807** |
| **Total Liabilities** | **4,976** | **7,538** | **8,114** | **7,758** | **7,388** | **6,992** | **6,569** | **6,117** | **5,634** | **5,119** |
| **Net Assets** | **123,414** | **133,860** | **143,197** | **154,236** | **163,240** | **171,450** | **180,142** | **189,145** | **200,472** | **212,302** |
| **Equity** | | | | | | | | | | |
| Accumulated Surplus | 60,074 | 63,496 | 66,385 | 69,989 | 73,707 | 73,835 | 73,695 | 73,477 | 74,385 | 78,361 |
| Asset Revaluation Reserve | 67,062 | 74,806 | 81,085 | 87,257 | 93,830 | 100,758 | 107,978 | 115,485 | 123,283 | 131,435 |
| Other Reserves | (3,723) | (4,441) | (4,273) | (3,010) | (4,297) | (3,144) | (1,531) | 183 | 2,804 | 2,507 |
| **Total Equity** | **123,414** | **133,860** | **143,197** | **154,236** | **163,240** | **171,450** | **180,142** | **189,145** | **200,472** | **212,302** |



| LOWER EYRE COUNCIL<br>STATEMENT OF COMPREHENSIVE INCOME | 2027<br>BUDGET<br>$'000 | 2028<br>LTFP<br>$'000 | 2029<br>LTFP<br>$'000 | 2030<br>LTFP<br>$'000 | 2031<br>LTFP<br>$'000 | 2032<br>LTFP<br>$'000 | 2033<br>LTFP<br>$'000 | 2034<br>LTFP<br>$'000 | 2035<br>LTFP<br>$'000 | 2036<br>LTFP<br>$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | | | | |
| Rates | 11,711 | 12,373 | 12,816 | 13,257 | 13,668 | 14,075 | 14,503 | 14,928 | 15,385 | 15,857 |
| Statutory charges | 217 | 225 | 230 | 236 | 242 | 247 | 253 | 259 | 266 | 272 |
| User charges | 935 | 956 | 973 | 988 | 1,091 | 1,110 | 1,129 | 1,149 | 1,169 | 1,190 |
| Grants, subsidies and contributions | 6,589 | 2,386 | 2,415 | 2,546 | 2,575 | 2,606 | 2,636 | 2,668 | 2,785 | 2,818 |
| Investment Income | 143 | 34 | 30 | 46 | 39 | 42 | 114 | 218 | 337 | 456 |
| Dividends | 209 | 219 | 232 | 239 | 246 | 253 | 260 | 268 | 276 | 284 |
| Reimbursements | 343 | 348 | 355 | 363 | 370 | 378 | 386 | 394 | 403 | 411 |
| Other Revenues | 248 | 260 | 274 | 281 | 289 | 297 | 305 | 314 | 323 | 332 |
| Net gain - joint ventures & associates | - | 198 | 337 | 299 | 55 | 58 | 124 | 198 | 275 | 333 |
| **Total Revenues** | **20,395** | **16,999** | **17,662** | **18,255** | **18,576** | **19,067** | **19,712** | **20,396** | **21,218** | **21,953** |
| **Expenses** | | | | | | | | | | |
| Employee Costs | 4,720 | 4,819 | 4,937 | 4,907 | 5,165 | 5,286 | 5,452 | 5,591 | 5,677 | 5,788 |
| Materials, contracts & other expenses | 11,367 | 6,265 | 6,273 | 6,457 | 6,672 | 6,794 | 6,916 | 7,067 | 7,332 | 7,567 |
| Finance Costs | 23 | 98 | 249 | 285 | 278 | 240 | 210 | 171 | 138 | 103 |
| Depreciation, Amortisation & Impairment | 4,461 | 4,697 | 4,932 | 5,156 | 5,392 | 5,572 | 5,765 | 5,947 | 6,186 | 6,434 |
| Share of loss – joint ventures & associates | 121 | - | - | - | - | - | - | - | - | - |
| **Total Expenses** | **20,691** | **15,879** | **16,392** | **16,805** | **17,507** | **17,891** | **18,343** | **18,776** | **19,333** | **19,893** |
| **Operating Surplus / (Deficit)** | **(296)** | **1,119** | **1,270** | **1,450** | **1,069** | **1,176** | **1,369** | **1,620** | **1,885** | **2,060** |
| Asset disposal & fair value adjustments | 1,592 | 161 | 161 | 161 | 161 | 161 | 161 | - | - | - |
| Amounts received specifically for new or upgraded assets | 3,099 | 1,302 | 1,824 | 3,592 | 1,500 | - | - | - | 1,842 | 1,894 |
| Physical resources received free of charge | - | - | - | - | - | - | - | - | - | - |
| **NET SURPLUS/(DEFICIT)** | **4,395** | **2,583** | **3,256** | **5,203** | **2,730** | **1,337** | **1,531** | **1,620** | **3,727** | **3,954** |



| LOWER EYRE COUNCIL<br>CASH FLOW STATEMENT | 2027<br>BUDGET<br>$'000 | 2028<br>LTFP<br>$'000 | 2029<br>LTFP<br>$'000 | 2030<br>LTFP<br>$'000 | 2031<br>LTFP<br>$'000 | 2032<br>LTFP<br>$'000 | 2033<br>LTFP<br>$'000 | 2034<br>LTFP<br>$'000 | 2035<br>LTFP<br>$'000 | 2036<br>LTFP<br>$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | | | | | | |
| **Receipts** | | | | | | | | | | |
| Operating receipts | 20,252 | 16,569 | 16,958 | 17,611 | 18,426 | 18,908 | 19,350 | 19,782 | 20,330 | 20,831 |
| Investment receipts | 143 | 34 | 30 | 46 | 39 | 42 | 114 | 218 | 337 | 456 |
| **Payments** | | | | | | | | | | |
| Operating payments to suppliers and employees | (16,040) | (11,169) | (11,623) | (11,853) | (12,310) | (12,473) | (12,701) | (12,911) | (13,193) | (13,467) |
| Finance payments | 23 | 98 | 249 | 285 | 278 | 240 | 210 | 171 | 138 | 103 |
| **Net Cash provided by (or used in) Operating Activities** | **4,378** | **5,531** | **5,614** | **6,089** | **6,433** | **6,717** | **6,973** | **7,260** | **7,612** | **7,923** |
| **Cash Flows from Investing Activities** | | | | | | | | | | |
| **Receipts** | | | | | | | | | | |
| Amounts specifically for new or upgraded assets | 3,099 | 1,302 | 1,824 | 3,592 | 1,500 | - | - | - | 1,842 | 1,894 |
| Sale of replaced assets | 202 | 461 | 49 | 588 | 393 | 298 | 550 | 401 | 38 | 722 |
| Sale of surplus assets | 1,592 | 161 | 161 | 161 | 161 | 161 | 161 | - | - | - |
| Distributions received from associated entities | 121 | (198) | (337) | (299) | (55) | (58) | (124) | (198) | (275) | (333) |
| Repayments of loans by community groups | 31 | 31 | 31 | 31 | 31 | 31 | 29 | 29 | 15 | - |
| **Payments** | | | | | | | | | | |
| Expenditure on renewal/replacement of assets | (4,991) | (5,416) | (4,764) | (3,893) | (6,679) | (4,419) | (4,152) | (4,233) | (3,565) | (6,730) |
| Expenditure on new/upgraded assets | (8,391) | (4,769) | (3,343) | (6,550) | (1,323) | (633) | (696) | (262) | (2,832) | (3,189) |
| Loans made to community groups | - | - | - | - | - | - | - | - | - | - |
| **Net Cash provided by (or used in) Investing Activities** | **(8,338)** | **(8,428)** | **(6,380)** | **(6,370)** | **(5,973)** | **(4,620)** | **(4,232)** | **(4,263)** | **(4,778)** | **(7,636)** |
| **Cash Flows from Financing Activities** | | | | | | | | | | |
| **Receipts** | | | | | | | | | | |
| Proceeds from Borrowings | 1,500 | 2,800 | 1,000 | - | - | - | - | - | - | - |
| Proceeds from Bonds and Deposits | - | - | - | - | - | - | - | - | - | - |
| **Payments** | | | | | | | | | | |
| Repayments of Borrowings | (486) | (348) | (510) | (437) | (454) | (481) | (510) | (542) | (575) | (610) |
| Repayments of Bonds and Deposits | - | - | - | - | - | - | - | - | - | - |
| **Net Cash provided by (or used in) Financing Activities** | **1,014** | **2,452** | **490** | **(437)** | **(454)** | **(481)** | **(510)** | **(542)** | **(575)** | **(610)** |
| Net Increase (Decrease) in cash held | (2,946) | (444) | (275) | (718) | 7 | 1,616 | 2,231 | 2,455 | 2,259 | (323) |
| Cash & cash equivalents at beginning of period | 3,260 | 314 | (130) | (406) | (1,124) | (1,116) | 500 | 2,730 | 5,186 | 7,445 |
| **Cash & cash equivalents at end of period** | **314** | **(130)** | **(406)** | **(1,124)** | **(1,116)** | **500** | **2,730** | **5,186** | **7,445** | **7,122** |

| LOWER EYRE COUNCIL<br>UNIFORM PRESENTATION OF FINANCES | 2027<br>BUDGET<br>$'000 | 2028<br>LTFP<br>$'000 | 2029<br>LTFP<br>$'000 | 2030<br>LTFP<br>$'000 | 2031<br>LTFP<br>$'000 | 2032<br>LTFP<br>$'000 | 2033<br>LTFP<br>$'000 | 2034<br>LTFP<br>$'000 | 2035<br>LTFP<br>$'000 | 2036<br>LTFP<br>$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating Revenues | 20,395 | 16,999 | 17,662 | 18,255 | 18,576 | 19,067 | 19,712 | 20,396 | 21,218 | 21,953 |
| *less Operating Expenses* | (20,691) | (15,879) | (16,392) | (16,805) | (17,507) | (17,891) | (18,343) | (18,776) | (19,333) | (19,893) |
| **Operating Surplus / (Deficit) Before Capital Amounts** | **(296)** | **1,119** | **1,270** | **1,450** | **1,069** | **1,176** | **1,369** | **1,620** | **1,885** | **2,060** |
| **Less: Net Outlays on Existing Assets** | | | | | | | | | | |
| Capital Expenditure on Renewal/Replacement of Existing Assets | (4,991) | (5,416) | (4,764) | (3,893) | (6,679) | (4,419) | (4,152) | (4,233) | (3,565) | (6,730) |
| *less Proceeds from Sale of Replaced Assets* | 202 | 461 | 49 | 588 | 393 | 298 | 550 | 401 | 38 | 722 |
| *less Depreciation, Amortisation & Impairment* | 4,461 | 4,697 | 4,932 | 5,156 | 5,392 | 5,572 | 5,765 | 5,947 | 6,186 | 6,434 |
| **Net Outlays on Existing Assets** | **(329)** | **(258)** | **217** | **1,850** | **(894)** | **1,451** | **2,163** | **2,115** | **2,659** | **426** |
| **Less: Net Outlays on New and Upgraded Assets** | | | | | | | | | | |
| Capital Expenditure on New/Upgraded Assets | (8,391) | (4,769) | (3,343) | (6,550) | (1,323) | (633) | (696) | (262) | (2,832) | (3,189) |
| *less Proceeds from Sale of Surplus Assets* | 1,592 | 161 | 161 | 161 | 161 | 161 | 161 | - | - | - |
| *less Amounts received specifically for new or upgraded assets* | 3,099 | 1,302 | 1,824 | 3,592 | 1,500 | - | - | - | 1,842 | 1,894 |
| **Net Outlays on New and Upgraded Assets** | **(3,700)** | **(3,305)** | **(1,358)** | **(2,796)** | **338** | **(471)** | **(535)** | **(262)** | **(990)** | **(1,295)** |
| **Net Lending / (Borrowing)** | **(4,325)** | **(2,443)** | **130** | **504** | **513** | **2,156** | **2,997** | **3,473** | **3,554** | **1,191** |

| KEY FINANCIAL INDICATORS | 2027<br>BUDGET | 2028<br>LTFP | 2029<br>LTFP | 2030<br>LTFP | 2031<br>LTFP | 2032<br>LTFP | 2033<br>LTFP | 2034<br>LTFP | 2035<br>LTFP | 2036<br>LTFP |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Surplus Ratio - %** | (1.45%) | 6.6% | 7.2% | 7.9% | 5.8% | 6.2% | 6.9% | 7.9% | 8.9% | 9.4% |
| **Net Financial Liabilities Ratio - %** | 12% | 31% | 31% | 29% | 26% | 14% | (2%) | (18%) | (33%) | (36%) |
| **Asset Sustainability Ratio - %** | 112% | 88% | 149% | 83% | 147% | 96% | 69% | 79% | 156% | 104% |

## 6. Appendix A – Future Projects Plan

| Project / Activity | Works Type | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | TOTALS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Depot Upgrades / Expansions | Buildings | 471,000 | - | - | - | - | - | - | - | - | - | 471,000 |
| | | - | - | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | - | - | |
| New Public Toilet, Coastal Campground | Buildings | 117,000 | - | - | - | - | - | - | - | - | - | 117,000 |
| Bin Enclosures with Logos on Reserve Bins | Playgrounds / Reserves & Other Rec | 16,000 | - | - | - | - | - | - | - | - | - | 16,000 |
| Bin Enclosures with Logos on Reserve Bins | Playgrounds / Reserves & Other Rec | - | 17,000 | - | - | - | - | - | - | - | - | 17,000 |
| Bin Enclosures with Logos on Reserve Bins | Playgrounds / Reserves & Other Rec | - | - | 17,000 | - | - | - | - | - | - | - | 17,000 |
| | | - | - | - | - | - | - | - | - | - | - | |
| Florence, St Andrews Rd, East Terrace, Sabey Cummins | Sealed Roads | 317,000 | - | - | - | - | - | - | - | - | - | 317,000 |
| Murray Drive, North Shields | Sealed Roads | - | - | - | - | - | 315,000 | - | - | - | - | 315,000 |
| Boundary Rd (jointly with CPL), Boston | Sealed Roads | - | 814,000 | - | - | - | - | - | - | - | - | 814,000 |
| Ford Ave, Boston | Sealed Roads | - | - | - | - | 707,000 | - | - | - | - | - | 707,000 |
| Roberts Rd - Stage 2, Tiatukia | Sealed Roads | - | - | - | - | - | - | 679,000 | - | - | - | 679,000 |
| Brocubruna Drive, Mount Dutton Bay | Sealed Roads | - | - | - | - | 230,000 | - | - | - | - | - | 230,000 |
| Bruce Terrace Widening and Kerbing, Cummins | Sealed Roads | - | 407,000 | - | - | - | - | - | - | - | - | 407,000 |
| Bruce Tce, Cummins | Sealed Roads | - | 24,000 | - | - | - | - | - | - | - | - | 24,000 |
| McFarlane St, Cummins | Sealed Roads | - | 21,000 | - | - | - | - | - | - | - | - | 21,000 |
| Farm Beach Road - Stage 1 | Sealed Roads | - | - | 2,735,000 | - | - | - | - | - | - | - | 2,735,000 |
| Farm Beach Road - Stage 2 | Sealed Roads | - | - | - | 2,810,000 | - | - | - | - | - | - | 2,810,000 |
| Bratten Way Cement Stabilisation & Overlay Stage 1 | Sealed Roads | - | - | - | - | - | - | - | - | - | - | 1,850,000 |
| Bratten Way Cement Stabilisation & Overlay Stage 2 | Sealed Roads | 1,901,000 | - | - | - | - | - | - | - | - | - | 1,901,000 |
| Bratten Way Cement Stabilisation & Overlay Stage 3 | Sealed Roads | - | 1,953,000 | - | - | - | - | - | - | - | - | 1,953,000 |
| White Flat Road Rehabilitation | Sealed Roads | - | - | 1,932,000 | - | - | - | - | - | - | - | 1,932,000 |
| Bratten Way Western End Stabilisation & Repairs | Sealed Roads | - | - | 279,000 | - | - | - | - | - | - | - | 279,000 |
| Airport Lane (Year 1 of 2) | Sealed Roads | - | - | - | - | - | - | - | - | 2,763,000 | - | 2,763,000 |
| Airport Lane (Year 2 of 2) | Sealed Roads | - | - | - | - | - | - | - | - | - | 2,839,000 | |
| | | - | - | - | - | - | - | - | - | - | - | |
| Coulta Bridge Design and Stormwater Flood Modelling | Bridges | - | 55,000 | - | - | - | - | - | - | - | - | 55,000 |
| | | - | - | - | - | - | - | - | - | - | - | |
| Realignment of Ducklake & Morgan Road, Wangary | Formed & Surfaced Roads | - | - | - | 256,000 | - | - | - | - | - | - | 256,000 |
| | | - | - | - | - | - | - | - | - | - | - | |
| Repair Coffin Bay Boat Ramp Parking Area | Boat Ramps | - | 131,000 | - | - | - | - | - | - | - | - | 131,000 |
| | | | | | | | | | | | | |
| | | - | - | - | - | - | - | - | - | - | - | |
| Coffin Bay Swimming Area Implementation | Playgrounds / Reserves & Other Rec | - | 1,004,000 | - | - | - | - | - | - | - | - | 1,004,000 |
| Coffin Bay Masterplan - Project Works - Stage 2 | Council Plans | - | - | - | - | 295,000 | - | - | - | - | - | 295,000 |
| Cummins Masterplan - Project Works - Stage 1 | Council Plans | - | 272,000 | - | - | - | - | - | - | - | - | 272,000 |
| Cummins Masterplan - Project Works - Stage 2 | Council Plans | - | - | - | 287,000 | - | - | - | - | - | - | 287,000 |
| | | - | - | - | - | - | - | - | - | - | - | |
| Cummins Residential Land Development | Council Plans | 4,110,000 | - | - | - | - | - | - | - | - | - | 8,220,000 |
| Coffin Bay Precinct Regeneration Project | Council Plans | 4,221,000 | - | - | - | - | - | - | - | - | - | 8,442,000 |
| | | - | - | - | - | - | - | - | - | - | - | |
| Coffin Bay ALA Fencing | Authorised Landing Areas | - | - | - | - | - | 61,000 | - | - | - | - | 61,000 |
| | | - | - | - | - | - | - | - | - | - | - | |
| McFarlane St - School Entrance to Library Entrance, Cummins | Footpaths & Walking Trails | - | 47,000 | - | - | - | - | - | - | - | - | 47,000 |
| Warrow Road - Walkom St to Asphalt Footpath, Cummins | Footpaths & Walking Trails | - | 50,000 | - | - | - | - | - | - | - | - | 50,000 |
| Walkom St - Hall Street to Warrow Road | Footpaths & Walking Trails | - | 98,000 | - | - | - | - | - | - | - | - | 98,000 |
| Tumby Bay Rd - Railway Crossing (Continuation of Footpath by Bascombe Auto Ag) | Footpaths & Walking Trails | - | 18,000 | - | - | - | - | - | - | - | - | 18,000 |
| South Eastern Ring Route from Playground to O'Shanahan Drive, Louth Bay | Footpaths & Walking Trails | - | - | - | 107,000 | - | - | - | - | - | - | 107,000 |
| Campbell Court to Beach Access Staircase, Louth Bay | Footpaths & Walking Trails | - | - | - | 13,000 | - | - | - | - | - | - | 13,000 |
| Lear Street - Esplanade to End of Section 669 (Retirement Village), Coffin Bay | Footpaths & Walking Trails | - | - | 93,000 | - | - | - | - | - | - | - | 93,000 |

| Project / Activity | Works Type | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | TOTALS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Harder Street - Flinders Ave to Shepperds Ave | Footpaths & Walking Trails | - | - | 29,000 | - | - | - | - | - | - | - | **29,000** |
| Footpaths Program - Stage 1 | Footpaths & Walking Trails | - | - | - | - | - | 242,000 | - | - | - | - | **242,000** |
| Footpaths Program - Stage 2 | Footpaths & Walking Trails | - | - | - | - | - | - | - | 256,000 | - | - | **256,000** |
| Footpaths Program - Stage 3 | Footpaths & Walking Trails | - | - | - | - | - | - | - | - | - | 270,000 | |
| Footpaths Program - Stage 4 | Footpaths & Walking Trails | - | - | - | - | - | - | - | - | - | - | |
| Footpaths Program - Stage 5 | Footpaths & Walking Trails | - | - | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | - | - | |
| SMP implementation, Coffin Bay (Marine Discharge) | Stormwater | - | 109,000 | - | - | - | - | - | - | - | - | **109,000** |
| SMP and Condition Assessment, Cummins | Stormwater | 159,000 | - | - | - | - | - | - | - | - | - | **159,000** |
| Stormwater impact investigation, Wangary (Stormwater Flooding) | Stormwater | - | 22,000 | - | - | - | - | - | - | - | - | **22,000** |
| Coastal Township Stormwater Investigations (Marine Discharge)<br>- Gledstanes Tce<br>- North Shields | Stormwater | - | - | - | - | - | - | - | - | 30,000 | - | **30,000** |
| Marine Discharge Stormwater Improvements - North Shields | Stormwater | - | - | - | - | - | - | - | - | - | - | |
| Marine Discharge Stormwater Improvements - Gledstanes Tce | Stormwater | - | - | - | - | - | - | - | - | - | - | |
| Tidal Inundation Mitigation Works - Farm Beach | Stormwater | - | - | - | 58,000 | - | - | - | - | - | - | **58,000** |
| Tidal Inundation Mitigation Works - North Shields | Stormwater | - | - | - | - | 59,000 | - | - | - | - | - | **59,000** |
| Coastal Adaptation Plan - Action Implementation, Tulka | Stormwater | - | - | - | - | - | 61,000 | - | - | - | - | **61,000** |
| Penmarric Lane Swale Drain Construction | Stormwater | - | - | - | - | - | - | - | - | - | - | **21,000** |
| | | - | - | - | - | - | - | - | - | - | - | |
| Easton Road - Dorward St to New Beach Access Point, North Shields | Streetlighting | - | - | - | - | - | - | - | - | - | 74,000 | |
| Louth Tce and Central St, Louth Bay | Streetlighting | - | - | - | - | - | - | 68,000 | - | - | - | **68,000** |
| Wattle Drive - Southern End, Tulka | Streetlighting | - | - | - | - | - | - | - | 42,000 | - | - | **42,000** |
| Woolshed Dve - near jetty, Henderson Ct, Broccubruna Dr, Mount Dutton Bay | Streetlighting | - | - | - | - | - | - | - | - | 58,000 | - | **58,000** |
| Farm Beach | Streetlighting | - | - | - | 23,000 | - | - | - | - | - | - | **23,000** |
| | | - | - | - | - | - | - | - | - | - | - | |
| Coulta, Lake Hamilton & Yeelanna Cemetery Improvements | Cemeteries | - | 11,000 | - | - | - | - | - | - | - | - | **11,000** |
| Mount Hope Cemetery Expansion | Cemeteries | - | 33,000 | - | - | - | - | - | - | - | - | **33,000** |
| Coulta Ashes Memorial Garden | Cemeteries | - | 11,000 | - | - | - | - | - | - | - | - | **11,000** |
| Coffin Bay Cemetery Improvements | Cemeteries | - | - | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | - | - | |
| New Carports | Cummins Homes | - | - | - | - | - | - | - | - | - | - | **103,000** |
| Development / Renovation on New Units - Stage 1 | Cummins Homes | - | - | - | 2,291,000 | - | - | - | - | - | - | **2,291,000** |
| Development / Renovation on New Units - Stage 2 | Cummins Homes | - | - | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | - | - | |
| Extension and Upgrade of Runway 01/19 | Port Lincoln Airport | - | - | - | 13,744,000 | - | - | - | - | - | - | **13,744,000** |
| Enabling Property Feasibility Study Recommendations | Port Lincoln Airport | 528,000 | - | - | - | - | - | - | - | - | - | **528,000** |
| Secure & General Carpark Expansion & Upgrades | Port Lincoln Airport | - | 695,000 | - | - | - | - | - | - | - | - | **695,000** |
| Secure & General Carpark Expansion & Upgrades | Port Lincoln Airport | - | - | 680,000 | - | - | - | - | - | - | - | **680,000** |
| Secure & General Carpark Expansion & Upgrades - Design | Port Lincoln Airport | 53,000 | - | - | - | - | - | - | - | - | - | **53,000** |
| | | - | - | - | - | - | - | - | - | - | - | |
| New Storage Shed at Cummins WWTP | Community Wastewater Management Scheme | - | - | 112,000 | - | - | - | - | - | - | - | **112,000** |
| Coffin Bay Lagoon Liner Replacement | Community Wastewater Management Scheme | - | - | - | 573,000 | - | - | - | - | - | - | **573,000** |
| Coffin Bay WWTP Capacity Upgrade | Community Wastewater Management Scheme | - | 1,085,000 | - | - | - | - | - | - | - | - | **1,085,000** |
| Coffin Bay WWTP Capacity Upgrade - Design | Community Wastewater Management Scheme | 53,000 | - | - | - | - | - | - | - | - | - | **53,000** |
| Coffin Bay Pump Station J Upgrade | Community Wastewater Management Scheme | - | 651,000 | - | - | - | - | - | - | - | - | **651,000** |
| Cummins Mechannal Upgrade | Community Wastewater Management Scheme | - | - | - | - | - | - | - | - | - | - | **26,000** |
| | | - | - | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | - | - | |
| **TOTAL OF WORKS PROGRAM** | | **11,946,000** | **7,528,000** | **5,877,000** | **20,162,000** | **1,291,000** | **679,000** | **747,000** | **298,000** | **2,851,000** | **3,183,000** | **54,562,000** |

## 6.4 RATING REVIEW

**Author:** **Manager Finance & Technology**

**Attachments:** **1. Rating Review Consultation Paper**

Budget Impact
Nil.

Risk Assessment
Risk Level: Low
Risk comment: N/A

### PURPOSE OF REPORT

To present the Rating Review Consultation Paper to the Audit and Risk Committee for their review.

### BACKGROUND INFORMATION

Council rates (excluding fees and charges) represents the largest source of revenue for Australian local governments with the Lower Eyre Council raising 49% of its operating revenue from general rates in 2025/26.

Council last reviewed its rating methodology in 2001/02 and as a form of taxation it is reasonable to undertake a review of the systems and methodologies used for taxation purposes to ensure that the system of taxation remains equitable, has regard to both benefits received (noting rates are a tax and not a fee for service) and people's capacity to pay along with ensuring current and future generations share contributions towards district services and infrastructure.

When setting such systems and associated rating policies the Council should make reasonable provisions to provide relief from rates where appropriate, take into account the financial effects of the system of taxation on future generations and give due regard to the five Principles of Taxation being:

- Equity – taxpayers with the same income pay the same tax, wealthier taxpayers pay more tax.
- Benefit – taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid
- Ability to pay – the ability of the taxpayer to pay the tax must be taken into account
- Efficiency – if a tax is designed to change behaviour and the behaviour changes the tax is efficient, if a tax is designed to be neutral in its effect on taxpayers and it changes their behaviour it is inefficient.
- Simplicity –the tax must be understandable, hard to avoid, easy to collect

Council currently uses capital valuations for rating as supplied annually by the valuer-general and imposes a differential rate and fixed charge to rateable properties. Four tiers of differential rates are applied based on a properties locality as follows:

- **Category 1** - 0.1765 cents in the dollar in respect of rateable land within the gazetted townships of Cummins, Coffin Bay, North Shields, Louth Bay, Boston, Poonindie, Tulka & Tiatukia;
- **Category 2** - 0.1471 cents in the dollar in respect of rateable land within the gazetted townships of Edillilie, Yeelanna, Coulta, Mount Hope, Wanilla, Farm Beach, Little Douglas, Mount Dutton Bay and Lake Wangary; and
- **Category 3** - 0.1353 cents in the dollar in respect of all other rateable land outside of those gazetted townships and within the area of the Council.

- **Category 4** - 0.5884 cents in the dollar in respect to all properties within the Employment (Bulk Handling) Zone under the Planning and Design Code.

The following table is reflective of Council's current Rating Categories

| Rating Category | RID 25/26 | Differential % |
|---|---|---|
| Category 1 | 0.001765 | 120% compared to Category 2 |
| Category 2 | 0.001471 | 100% |
| Category 3 | 0.001353 | 92% compared to Category 2 |
| Category 4 | 0.005884 | 400% compared to Category 2 |

In undertaking a Rating Review the Local Government Act 199 sets out specific requirements when a council considers changing the basis of its rating. Section 151(5) of the Act requires that before a council changes the basis of the rating of land or introduces a separate rate or service charge, it must prepare a report on the proposed change and undertake public consultation in accordance with the Minister's Community Engagement Charter (made under section 50 of the Act) and Council's community engagement/public consultation policy (as applicable).

## REPORT DETAILS

Council has undertaken an extensive review of its rating methodology during multiple workshops in November 2025, December 2025, February 2026 and May 2026 to consider the available methods and the options available for setting rates and determining the most equitable way to distribute the rate burden among properties within its community.

### Rating by Land Use

In undertaking this review, Council is proposing changes to the basis upon which its rates are charged, primarily from its current locality based rating to rating by a properties land use. This is due to the current Locality-based rating system resulting in anomalies, where properties of the same type and usage are rated differently depending on their location.

Rating by locality would group properties into one of the following nine categories:

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

Land Use can be a better indicator of how a property impacts council services, such as heavy machinery moving on roads from large commercial, industrial and primary production activities, compared to residential properties with similar activities have similar impacts regardless of where they are located.

Rating by locality, which is reliant on setting boundaries can become outdated as towns grow, rural living expands, or planning zones change. Land Use can be a more stable basis when development patterns shift.

Rating by Land Use enables Council to apply rating strategically, as it focuses on where a property is located rather than how it is used and it is able to target specific property types that could have higher or lower differentials to either discourage or encourage activities.

**Rating Distribution**

In addition to transitioning to rating by a properties land use as opposed to locality, Council have also considered the distribution of rates and are proposing the following differential rating system, which is the comparison of a properties Rate in the Dollar compared to Residential properties.

| Rating Category (Land Use) | Differential |
|---|---|
| Residential | 100% |
| Commercial Shop | 100% |
| Commercial Office | 100% |
| Commercial Other | 130% |
| Industry Light | 100% |
| Industry Other | 130% |
| Primary Production | 100% |
| Vacant Land | 100% |
| Other | 100% |

Council are also proposing to expand the current Category 4 Employment (Bulk Handling) Zoned properties to include all similar silo / grain receival site properties that are also within the Rural Zone with the Land Use of Commercial other.

**Impacts and Rationale**

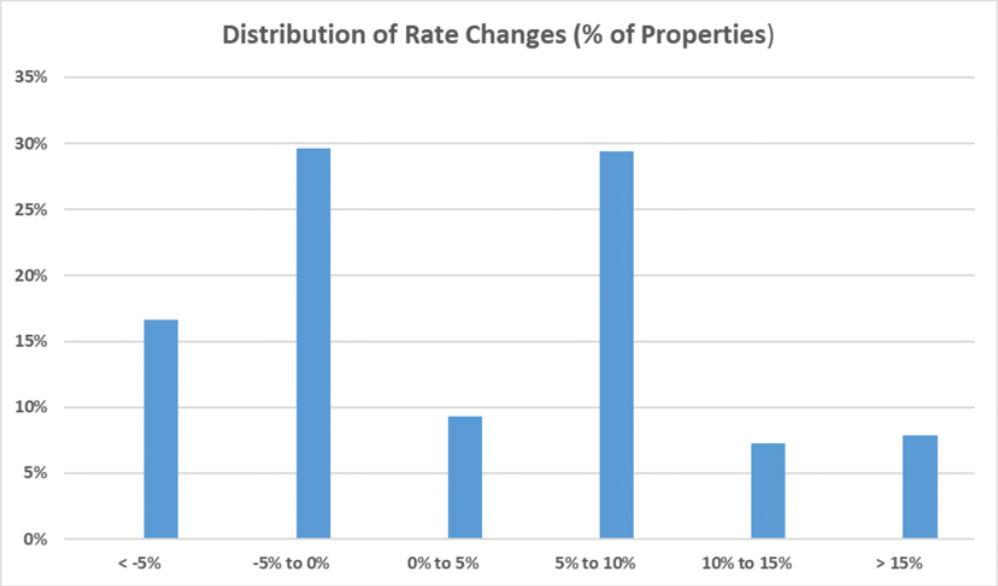
As part of the Rating Review process Council have considered modelling on the impacts to Council properties with this modelling indicating a mixed distribution of impacts across the district, with both increases and decreases in rates depending on property type and location.

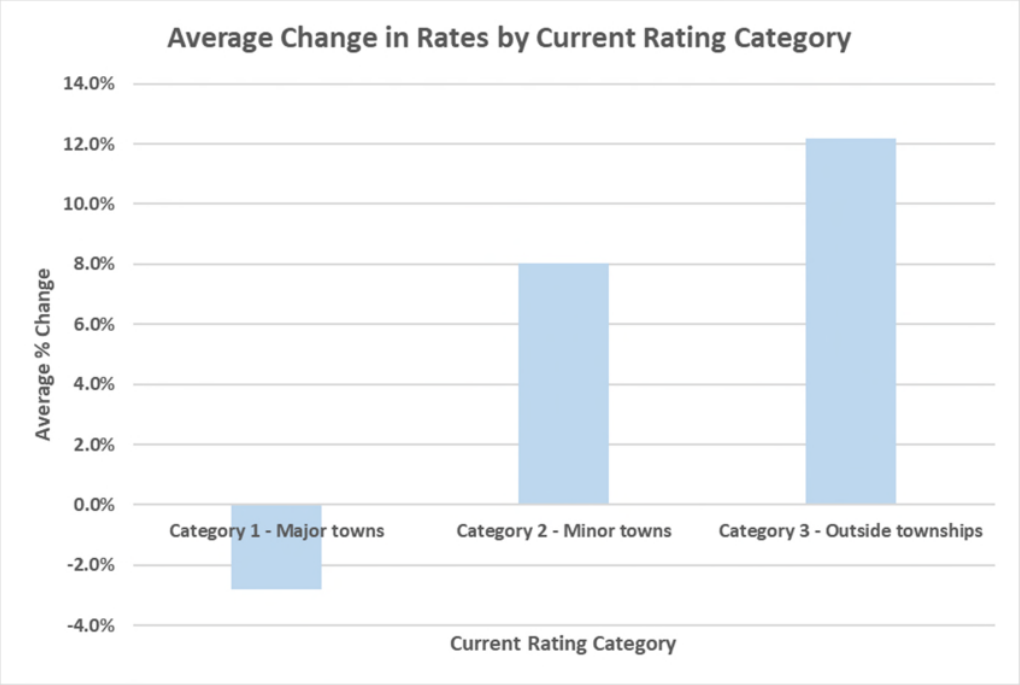
A significant number of properties, particularly within major townships (Category 1), are projected to experience decreases or relatively small changes in rates.

In contrast, properties located outside townships (Category 3), including primary production properties, are more likely to experience increases. The following table provides a summary of the impact of the proposed changes by land use.

| Land Use | No. Properties | Ave. Change $ | Ave. Change % | % Increasing | % Decreasing | Increase/Decrease Pattern |
|---|---|---|---|---|---|---|
| Residential | 2316 | -31 | -0.7% | 28% | 72% | Most decrease |
| Commercial Shop | 21 | -30 | -1.2% | 38% | 62% | Most decrease |
| Commercial Office | 5 | -45 | -2.9% | 20% | 80% | Most decrease |
| Commercial Other | 70 | 207 | 11.5% | 97% | 0% | 2 stay the same Remainder Increase |
| Industry Light | 34 | 1 | -0.1% | 26% | 74% | Most Decrease |
| Industry Other | 19 | 254 | 16.9% | 89% | 0% | 2 stay the same Remainder Increase |
| Primary Production | 984 | 455 | 10.7% | 95% | 4% | Most Increase |
| Vacant Land | 746 | 47 | 5.7% | 71% | 28% | Most Increase |
| Other | 66 | 33 | 4.5% | 76% | 20% | Most Increase |
| Employment Bulk Handling and Rural Zone-Commercial Other | 20 | 2,214 | 76.8% | 100% | 0% | All Increase |

The following graphs summarise the overall distribution of impacts and how they vary across the district.




*Commercial & Industrial Other*

Council are proposing to increase the Rate in the Dollar to 130% to properties with a Commercial Other & Industry Other land use with Council acknowledging the impact that these larger commercial and industrial activities and has therefore proposed setting the differential for these types of properties higher than for other rating categories for the following reasons:

- In businesses rates are generally treated as a deductible expense
- Commercial and Industry other activities can have a significant impact on infrastructure and services
- applying lower differentials results in higher rates for other ratepayers

This is resulting in rates increasing to these two property land uses categories by an average of 11.5% for Commercial Other and 16.9% for Industry Other.

*Primary Production*

Under Council's current locality based rating structure, those properties outside of townships, predominately Primary Production received a reduced or discounted Rate in the Dollar charge. This effectively reduced the rates payable by Primary Producers and increased the rates payable by residential properties.

The Rate in the Dollar difference was approximately 77% of Council's larger township properties and 92% of Council's smaller township properties. This reduction was largely in response to the significant increase in capital valuations experience by the Primary Production sector over a number of years as a means and would have resulted in a disproportionate increase to primary production rates.

Council have reviewed this existing Rate in the Dollar differential and are proposing to realign it with all other rating land use categories (excluding Commercial Other and Industry Other) on the basis that:

- primary production activities are businesses, and rates are generally treated as a deductible expense
- increases in land values are often associated with the long-term financial capacity of the business
- primary production activities can have a significant impact on infrastructure, particularly road networks, due to the use of heavy machinery
- applying lower differentials results in higher rates for other ratepayers

This is resulting in rates increasing to Primary Production properties by an average of 10.8%.

*Residential and Other Categories*

With the redistribution of rates through increased differential Rates in the Dollar applied to Commercial Other, Industry Other and Primary Production properties, Residential properties (Category 1) generally experience decreases or relatively small changes whilst properties within minor townships (Category 2) show moderate increases.

Overall residential properties, on average are modelled to have an average rate reduction of -0.7%.

## CONCLUSION

Council have undertaken a review of its rating methodology and considered the available methods and the options for setting rates and determining the most equitable way to distribute rates among properties within its community.

Council are proposing a change to rating by a properties Land Use and have made alterations to the Rate in the Dollar differentials applied to each category.

Council have endorsed and released the full Rating Review Consultation paper attached to this report for public consultation which aligns with the Draft 2026/27 Annual Business Plan, opening 21 May 2026 with written submissions closing 11 June 2026.

***RECOMMENDATION***

***That the Audit and Risk Committee:***

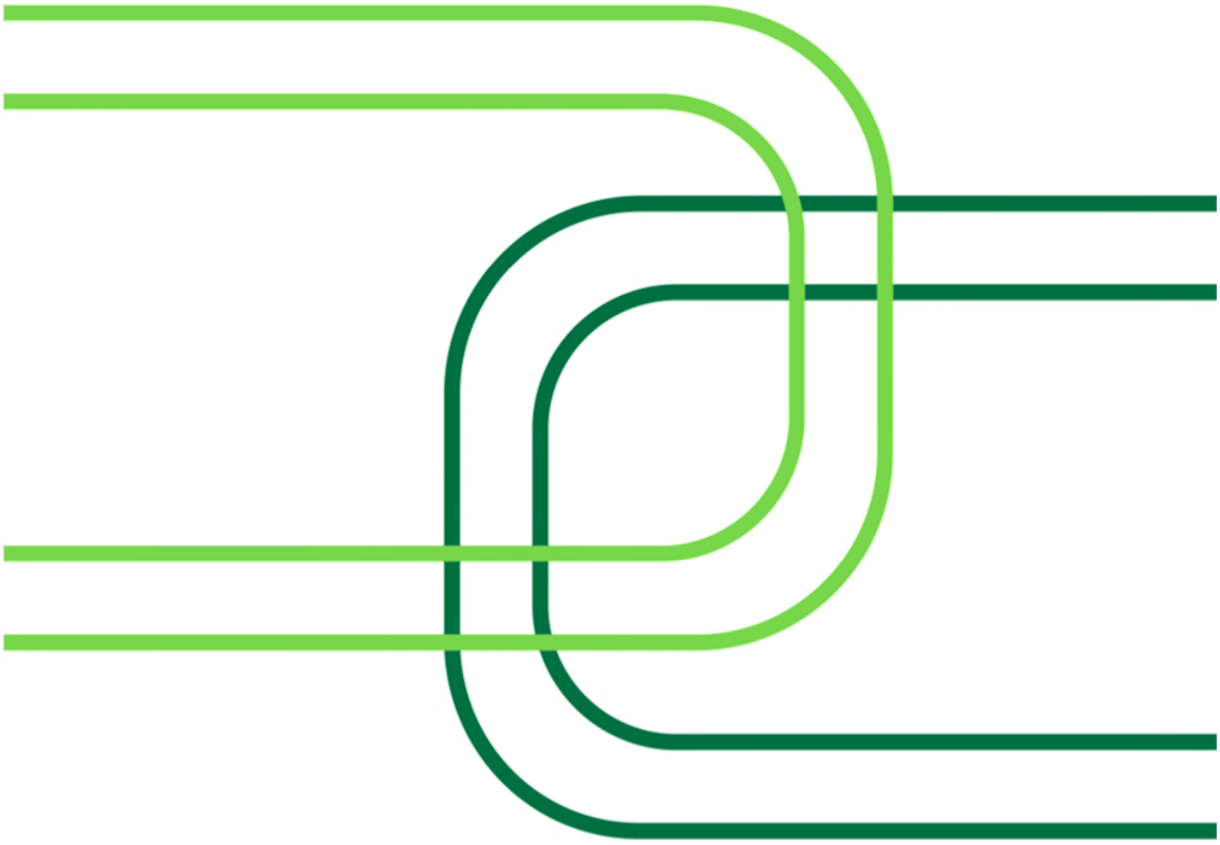
1. ***Receives and notes the report titled Rating Review.***
2. ***Notes the processes undertaken by Council in reviewing its rating structure, acknowledging that Council last reviewed its rating methodology in 2001/02.***
3. ***Recommends that, in reviewing its rating methodology, Council ensures its system of taxation remains equitable, has regard for benefits received and peoples capacity to pay and supports a fair distribution of contributions to district services and infrastructure across current and future generations.***

UHY Haines Norton

# A Review of the Basis of Rating Consultation Paper

Lower Eyre Council

May 2026



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# 1. What is a Review of the Basis of Rating (Rating Review)?

A Rating Review enables a council to consider the available methods for setting rates and determine the most appropriate method for their community.

The Local Government Act 1999 (the Act) enables councils to raise rates and provides flexibility in the options available to them.

The Lower Eyre Council is considering making changes to the basis upon which rates are charged. When considering changes to the basis for setting rates, a council must conduct a rating review and determine the most equitable way to distribute the rate burden among properties within its community.

The Act sets out specific requirements when a council considers changing the basis of its rating. Section 151(5) of the Act requires that before a council changes the basis of the rating of land or introduces a separate rate or service charge, it must prepare a report on the proposed change and undertake public consultation in accordance with the Minister's Community Engagement Charter (made under section 50 of the Act) and Council's community engagement/public consultation policy (as applicable).

The report required must address the following:

- The reasons for the proposed change
- The relationship of the proposed change to the council's overall rates structure and policies
- In so far as may be reasonably practicable, the likely impact of the proposed change on ratepayers
- Issues concerning equity within the community
- The report may also address other issues considered relevant by the council.

This Consultation Report provides the background information of:

- Proposed Changes and reasons.
- An overview of Rating and options that councils can consider
- Information about the Lower Eyre Council
- Comparisons of rating with other councils
- The options that the Council considered and those that the Council determined they wished to send to the community to consult upon.
- Modelling of proposed changes and the likely effect on ratepayers
- Information about:
  - the consultation process
  - the information Session/Public Meeting that will be held for the community to ask questions and provide submissions
  - how the Community can provide the Council with submissions.

## 2. Proposed Changes to Rates

The Elected Members have considered the information contained in this paper over several workshops. The available rating methods, proposed changes, and likely impacts are detailed in this paper, which is now available for public consultation.

**Note: The changes in this paper are proposed changes. The Council will make a decision after receiving community feedback. The proposed changes may be revised after the Council considers the feedback.**

The changes proposed in this paper are explained below. The likely effects on Ratepayers of these changes are included in Section 12.

### Expand the Employment Bulk Handling Zone Rating Category

Currently Silos in the Employment Bulk Handling Zone are rated at a higher Differential Rate in the Dollar (RID) than other rating categories. However, some Silos are in the Rural Zone and are not being charged a higher RID. To capture these properties and not include farms and residential properties that are also in the Rural Zone, the rating category would need to become:

- All properties in the Employment Bulk Handling Zone (current category) and
- All properties in the Rural Zone with the Land Use of Commercial Other.

The following types of ratepayers would also be captured in this Rating Category:

- Telecommunications
- Council-owned Caravan and Camping Ground, which is rebated
- Community Sports Clubs, which are rebated
- One private owner – Short Term Accommodation

The Private Owner of the Short-Term Accommodation could be rebated to ensure it paid the same rates as other commercial properties of the same type.

### Move to Land Use

The current Locality-based rating system is resulting in anomalies, where properties of the same type are rated very differently depending on their location.

Council is proposing to move from the current locality-based rating system to one based on property land use being:

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

This is in addition to the proposed expanded Employment Bulk Handling Zone Rating category.

### Land Use Differential

The following table shows the proposed rating categories and their differential, which is the comparison of their Rate in the Dollar compared to Residential properties:

**Table 1 – Proposed Rating Categories and Differential**

| Rating Category (Land Use) | Differential |
|---|---|
| Residential | 100% |
| Commercial Shop | 100% |
| Commercial Office | 100% |
| Commercial Other | 130% |
| Industry Light | 100% |
| Industry Other | 130% |
| Primary Production | 100% |
| Vacant Land | 100% |
| Other | 100% |

## 3. Reasons for Proposed Changes

### Reasons for Expanding the Employment (Bulk Handling) Zone

In 2025/26, the Council implemented a higher RID charge to properties within the Employment (Bulk Handling) Zone, which included larger businesses, such as Silos and grain receival sites, higher rates to reflect both their greater capacity to pay and the impact that their operations had on Council's infrastructure and services such as roads.

Setting up a separate Rating Category for those properties in the Employment (Bulk Handling) Zone did not capture all of these businesses.

Expanding this rating category to include properties within the Employment (Bulk Handling) Zone, as well as those in the Rural Zone with the Land Use of Commercial Other, rates more of these businesses appropriately.

### Reasons for Moving to Land Use

The majority of councils in South Australia already use Land Use instead of Locality for their rating categories, and the Lower Eyre Council is proposing to move to Land Use for the following reasons:

#### *Impact on Council Services*

Land Use can be a better indicator of how a property impacts council services, such as heavy machinery moving on roads from large commercial and industrial activities, compared to residential properties. Similar activities have similar impacts regardless of where they are.

This is the reason that the Council is proposing higher differentials for Commercial Other and Industry Other properties compared to Residential properties.

#### *Locality Boundaries*

Locality boundaries can become outdated as towns grow, rural living expands, or planning zones change. Land Use can be a more stable basis when development patterns shift.

Locality systems can create 'edge effects' where significant variations occur across an arbitrary line. Land-use systems can reduce disputes about which side of a boundary a property sits on.

***Strategic Targeting***

Rating by Land Use makes it easier for a Council to strategically rate specific property types with higher or lower differentials to either discourage or encourage activities or fund initiatives within the Council's Strategic Plans that benefit a certain property type.

## 4. Support for Ratepayers

Changes to how the Council sets its rates will result in some ratepayers paying higher rates than they currently pay, while others will pay lower rates.

Assistance is available to ratepayers who need help paying their rates due to these changes or for any other reason. The following support is available:

- Payment Plans for ratepayers who need to spread their payments out over a period of time
- Seniors can postpone a portion of the rates. The postponed portion would not require payment until a property is sold. Interest would still apply.
- Residents experiencing financial hardship may be eligible for further support in line with the Council's Financial Hardship Policy.

## 5. Consultation

It is important for the Council to receive community feedback when making decisions that affect ratepayers. The Council is required to consult when reviewing the basis of its rating, and this consultation will be undertaken in accordance with the Minister's Community Engagement Charter (made under section 50 of the Local Government Act 1999) and the Council's community engagement/public consultation policy (as applicable).

**Note that the changes in this paper are proposed changes. The Council will decide after receiving community feedback. The proposed changes may be altered after the Council considers feedback received.**

Consultation on this Rating Review will be undertaken with consultation on the Council's Annual Business Plan and Budget.

Consultation will be from Thursday, 21st May to the 11th June 2026.

Consistent with the Charter, Council invites written submissions from community members during the consultation period and will consider all submissions received before making its final decision.

Submissions can be made by writing to Council via email: mail@lec.sa.gov.au, post: PO Box 41 Cummins, SA 5631 or by completing the online survey that is available on Council's website.

There will be a formal presentation on the Annual Business Plan and Rating Review on Thursday, 4th June at 7 pm at the Cummins Office, which will also be live-streamed.

On Monday, 15th June, at 9.00 am at the Cummins Council Office, there will be a Special Council meeting for the Council to hear submissions from the community members on the Annual Business Plan and Rating Review.

## 6. The Purpose of this Consultation Paper

The purpose of this consultation paper is to provide the community with information concerning the following, which the Council has considered as background to the proposed changes:

- Why Councils collect rates.
- Council's current rating methodology.
- The legislative framework for setting Council rates.
- Rating options available.
- The proposed option for the Council and Community
- Consultation Requirements.

## 7. Rating – An Overview

Councils use rates to fund services such as roads, waste, and community facilities.

Rates are based on the value of a property. Council can change how rates are distributed across different types of properties (for example, residential, commercial or farming land) to improve fairness, better align with community needs and in recognition of the impact property types have on Council's services and infrastructure.

When a council proposes changes to how rates are set, it must consult with the community before making a final decision.

### How Rates are Calculated

A council can choose to apply either a Minimum Rate or a Fixed Charge, and the rates are calculated differently depending on the option selected.

Note that a council cannot choose to apply a Fixed Charge to some properties and a Minimum Rate to others.

Contiguous Land provisions within the Act provide that only one Minimum Rate or Fixed Charge is payable across adjoining properties occupied by the same ratepayer.

Only one Minimum Rate or Fixed Charge is payable across properties that make up a Single Farm Enterprise.

The effect of applying a Minimum Rate compared to a Fixed Charge is:

- A Minimum Rate generally has a higher rate in the dollar, so higher-valued properties pay more than they would with a Fixed Charge, and lower-valued properties pay less.
- A Fixed Charge generally has a lower rate in the dollar, so high-valued properties pay less than they would with a Minimum Rate and lower-valued properties pay more.

These are generalised effects and depend on the level of Minimum Rate or Fixed Charge set.

***Minimum Rate***

Where a council sets a Minimum Rate, the total value of all rateable properties in the council is divided by the rates the council needs. This results in a Rate in the Dollar (RID). The value of each property is multiplied by the RID to calculate the amount of rates each property must pay. If the calculated rates are below the Minimum Rate, the Minimum Rate applies.

The RID calculation is adjusted for varying differentials and rebates.

The Act stipulates that no more than 35% of properties can be on the Minimum Rate.

### *Fixed Charge*

Where a council sets a Fixed Charge, the Fixed Charge is levied against all rateable properties. The amount from the Fixed Charge is deducted from the total rates required, leaving a balance that will be raised via the RID. The total value of all rateable properties is divided by the amount of rates still to be raised, yielding a RID.

The rates for each property will be the Fixed Charge + the (RID multiplied by the value of the property).

The RID calculation is adjusted for varying differentials and rebates.

The Act stipulates that no more than 50% of the Rate Revenue can come from the Fixed Charge.

## Valuation Options Available

A Council can use two different valuation methods to determine the value of property within its Council.

- Capital Valuation – the value of land and all of the improvements on the land
- Annual Value – a valuation of the rental potential of the property.

All Councils in South Australia, except for the City of Adelaide, use the Capital Valuation Method.

## Rating Options Available

The Local Government Act allows councils to choose how rates are distributed across properties. The main options include:

- General rate: all properties pay the same rate in the dollar
- Differential rate:
  - different types of properties (such as Residential, Commercial or Primary Production) pay different rates in the dollar
  - properties in different localities pay different rates in the dollar.
- Separate rates and service charges: used to fund specific services or activities

Lower Eyre Council currently applies a differential rate based on locality.

All rating options offer different methods for distributing the Council's operating costs among ratepayers. Councils need to consider their communities' profiles and issues and determine the most appropriate method for distributing the tax burden.

The proposed changes in this paper involve moving to a differential rate based on land use. The Council is not proposing to change separate rates and service charges.

# 8. Lower Eyre Council

## Current Rating Structure

The Lower Eyre Council declares a Differential Rate against the Locality of properties. The Council set a Fixed Charge of $768.75 for 2025/26.

The rating categories are:

- Inside the gazetted townships of Boston, Cummins, Coffin Bay, Louth Bay, North Shields, Poonindie, Tulka & Tiatukia – **Category 1**
- Inside the gazetted townships of Coulta, Edillilie, Farm Beach, Lake Wangary, Little Douglas, Mount Dutton Bay, Mount Hope, Wanilla & Yeelanna– **Category 2**
- Outside Gazetted Townships – **Category 3**
- Employment (Bulk Handling) Zone – **Category 4**

The differential percentage is compared to Category 2, resulting in the following:

**Table 2 - Lower Eyre Council Rating Categories**

| Rating Category | RID 25/26 | Differential % |
|---|---|---|
| Category 1 | 0.001765 | 120% compared to Category 2 |
| Category 2 | 0.001471 | 100% |
| Category 3 | 0.001353 | 92% compared to Category 2 |
| Category 4 | 0.005884 | 400% compared to Category 2 |

### *Service Charges & Separate Rates*

Council also applies service charges (Waste and Community Wastewater Management Systems) and separate rates (Regional Landscape Levy) in accordance with the Local Government Act 1999. These charges contribute to the funding of specific services and activities.

Council is not proposing any changes to existing service charges or separate rates as part of this review. The proposed changes outlined in this paper relate only to the general rate structure.

## Equity Considerations

This section outlines the broader equity considerations that have informed Council's review of the rating structure.

One of the principles of taxation is the concept of "capacity to pay", which the Council has considered in assessing equity within the community.

Council has reviewed socio-economic information, including measures of disadvantage and mortgage stress. This data is based on the most recent available Census information and is therefore subject to some limitations due to its age. Notwithstanding this, the analysis indicates limited variation in capacity to pay across the current rating categories, suggesting that existing differences in rates between areas may not fully reflect differences in capacity to pay.

Council has also considered available information on income levels for both residential households and Primary Production activities. This information is limited and does not provide a comprehensive basis for comparing capacity to pay across different areas of the district. However, the available data does not indicate a consistent difference in capacity to pay that would support the current variation in rating outcomes based on location.



In addition, Council has reviewed the distribution and characteristics of rateable properties across the district. This indicates that similar property types are located across different areas of the Council and are currently subject to different rating outcomes depending on location.

Collectively, these findings suggest that the current rating structure may not achieve an equitable distribution of rates across the community, particularly where similar properties are subject to different rating outcomes based on location. These considerations have informed the proposed changes outlined in this paper.

### Information on Rateable Properties

Council has reviewed the distribution and characteristics of rateable properties across the district as part of this review.

This analysis indicates that similar types of properties are located across different areas of the Council. Under the current rating structure, these properties may be subject to different rating outcomes depending on their location.

## 9. Council Comparisons

Council has considered rating approaches adopted by other South Australian councils as part of this review. These comparisons provide context only, as each council's rating structure reflects its own community, property base and policy objectives.

The review indicates that:

- Most councils apply differential rating based on land use (e.g. Residential, Commercial, Primary Production etc.)
- Fewer councils apply differential rates based on location
- Differential rates are commonly used to achieve a more consistent treatment of similar types of properties
- The level of differentials varies significantly depending on local circumstances

While the level of rates and specific differentials vary between councils, there is no single standard approach.

These comparisons have been considered alongside local factors, including the characteristics of rateable properties and equity within the community.

### Comparison Councils

A selection of South Australian councils has been used for comparison purposes in this review. These councils were chosen to provide a relevant cross-section of regional and rural councils with characteristics comparable to Lower Eyre Council, including population size, geographic spread, and the proportion of Primary Production and Residential properties.

A small number of councils with different rating approaches have also been included to illustrate the range of rating structures used across the local government sector.

The selection is intended to provide general context only and does not represent a comprehensive review of all councils.

The councils that were used for comparison are:

- Elliston
- Franklin Harbour
- Kimba
- Port Lincoln
- Tumby Bay

## Comparisons

### *Differentials*

The table below illustrates the range of differential rates applied by the selected comparison councils across different land uses.

The data show significant variation in how Commercial, Industry, Primary Production, and Vacant Land are treated. These differences reflect the varying circumstances and policy objectives of each council.

Lower Eyre does not currently apply differential rates based on land use; instead, it applies them based on location.

The table also shows the average for South Australia's country councils. These are included for general context only and mask significant variation between individual councils.

**Table 3– Comparison of Differential Percentages**

| Land Use | Lower Eyre Main Towns | Lower Eyre Minor Towns | Lower Eyre Outside Townships | Elliston | Franklin Harbour | Kimba | Port Lincoln | Tumby Bay | State Ave Country Councils |
|---|---|---|---|---|---|---|---|---|---|
| Residential | 120% | 100% | Current 92% compared to Minor Townships, 76.7% compared to Main Townships | 100% | 100% | 100% | 100% | 100% | 100% |
| Commercial-Shop | 120% | 100% | | 100% | 117% | 100% | 130% | 100% | 132% |
| Commercial – Office | 120% | 100% | | 100% | | 100% | 130% | 100% | 133% |
| Commercial – Other | 120% | 100% | | 100% | 138% | 100% | 130% | 100% | 136% |
| Industry Light | 120% | 100% | | 100% | 112% | 100% | 130% | 100% | 134% |
| Industry Other | 120% | 100% | | 100% | 110% | 100% | 130% | 100% | 146% |
| Primary Production | | | | 100% | 207% | 80% | 130% | 100% | 89% |
| Vacant | 120% | 100% | | 100% | 245% | 500% | 300% | 100% | 163% |
| Other | 120% | 100% | | 100% | 97% | 100% | 100% | 100% | 117% |
| Silos | | | Rating Category 4 400% compared to Main Towns and 333% compared to Minor Towns | 438% | 918% | 234% | 400% | 373% | 609% |
| Marinas | | | | | | | | 100% | 100% |

While differential percentages indicate how rates are distributed across land uses, they do not, in isolation, determine the level of rates payable.

The actual impact of a differential depends on the underlying property valuations within each council. Differences in valuation levels between councils can result in significantly different rating outcomes, even where similar differentials are applied.

The graphs following the table show comparisons for rates for different land uses. Lower Eyre doesn't currently apply differential rates based on land use, but instead applies differential rates based on location.

**Table 4 - Comparison information – 2025/26 Rates**

| | Lower Eyre Main Towns | Lower Eyre Minor Towns | Lower Eyre Outside Townships | Elliston | Franklin Harbour | Kimba | Port Lincoln | Tumby Bay |
|---|---|---|---|---|---|---|---|---|
| Fixed | $768.75 | | | $350 | $505 | | $660 | $848 |
| Minimum | | | | | | $612 | | |
| Separate Rates other than Landscape Levy | No | | | No | Yes | No | No | Yes |
| Waste Charge | Recycling $151.65 | | | per cubic metre. Equivalent to 1 bin $376 pa per bin | $355 140l bin, $397 240l bin + $258 additional bins | $264 | Waste $328, Recycling $67 | $271 |
| **Lower Eyre**<br>Outside of Townships for has all Land Uses. Main Towns and Minor Towns have most Land Uses.<br>Differential for Outside of Township is 92% compared to Minor Townships and 76.7% compared to main townships<br>Waste is not included in the calculations for Outside of Townships. | | | | | | | | |
| Average Residential Rates (Gross) $ | $1,674 | $1,125 | | $1,331 | Not in ABP | Not in ABP | $2,201 | $1,208 |
| Residential Differential | 120% | 100% | 92% or 77% | 100% | 100% | 100% | 100% | 100% |
| Residential RID | .001765 | .001471 | .001353 | .00288815 | .00196 | .0037661 | .00235121 | .00170669 |
| Residential Rates – Value $500k Incl. waste (not for LE rural) | $1,803 | $1,656 | $1,445 | $2,170 | $1,840 | $2,147 | $2,231 | $1,972 |
| Residential Rates - Value $1,000,000 (incl waste charge) - 1 standard 140l bin (not for LE rural) | $2,685 | $2,391 | $2,122 | $3,614 | $2,820 | $4,030 | $3,406 | $2,826 |
| Commercial Other Differential | 120% | 100% | | 100% | 138% | 100% | 130% | 100% |
| Commercial Other RID | 0.001765 | 0.001471 | 0.001353 | 0.00288815 | 0.002705 | 0.0037661 | 0.00305657 | 0.00170669 |
| Commercial Other Value $500,000 (incl waste charge) - 1 standard 140l bin (not for LE Rural) | $1,803 | $1,656 | $1,445 | $2,170 | $2,213 | $2,147 | $2,583 | $1,972 |
| Industry Other Differential | 120% | 100% | | 100% | 110% | 100% | 130% | 100% |
| Industry Other RID | 0.001765 | 0.001471 | 0.001353 | 0.00288815 | 0.00215 | 0.0037661 | 0.00305657 | 0.00170669 |
| Industry Other Value $500,000 (incl. waste charge) - 1 standard 140l bin (not for LE Rural) | $1,803 | $1,656 | $1,445 | $2,170 | $1,935 | $2,147 | $2,583 | $1,972 |
| Primary Differential (Outside of Townships) | Current 92% compared to Minor Townships, 76.7% compared to Main Townships | | | 207% | 80% | 80% | 130% | 100% |
| Primary Production RID | | | 0.001353 | 0.00288815 | 0.00405 | 0.0030129 | 0.00305657 | 0.00170669 |
| Primary Production Value $2,000,000 (incl. waste charge-discount for distance from collection) | | | | $6,502 | | | $7,168 | |
| Primary Production Value $2,000,000, no waste collection or charge for Primary Production | | | $3,475 | | $8,605 | $6,026 | | $4,261 |
| Primary Production Value $5,000,000, (incl waste charge - discount for distance from collection) | | | | $15,167 | | | $16,338 | |

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| | Lower Eyre Main Towns | Lower Eyre Minor Towns | Lower Eyre Outside Townships | Elliston | Franklin Harbour | Kimba | Port Lincoln | Tumby Bay |
|---|---|---|---|---|---|---|---|---|
| Primary Production Value $5,000,000 no waste collection or charge for Primary Production | | | $7,534 | | $20,755 | $15,065 | | $9,381 |
| Vacant Land Differential | 120% | 100% | 92% or 77% | 100% | 245% | 500% | 300% | 100% |
| Vacant Land RID | 0.001765 | 0.001471 | 0.001353 | 0.00288815 | 0.0048 | 0.0188304 | 0.00705363 | 0.00170669 |
| Vacant Land Value $300,000 (doesn't incl. waste charge) | $1,298 | $1,210 | $1,175 | $1,216 | $1,945 | $5,649 | $2,776 | $1,360 |
| Vacant Land Value $500,000 (doesn't incl. waste charge) | $1,651 | $1,504 | $1,445 | $1,794 | $2,905 | $9,415 | $4,187 | $1,701 |

The comparison highlights that while differential rating is widely used, the specific levels of differentials vary significantly between councils.

It is also important to note that the differential applied to a property is only one component in determining the rates payable. The overall impact depends on the differential, the value of the property to which it is applied, and the level of any fixed charge or minimum rate.

As a result, councils with similar differentials can generate different rating outcomes depending on their valuation base and the distribution of property types.

Council has also considered how different rating structures translate into actual rate outcomes for a range of typical property values. This analysis confirms that the level of rates payable is influenced by the interaction between differentials, property valuations and fixed charges or minimum rates.

Accordingly, comparisons based solely on differential percentages do not fully reflect the rates payable across different councils.

### *Minimum Rate and Fixed Charge*

Four of the comparison councils apply a fixed charge as part of their rating structure, with one utilising a minimum rate.

The Local Government Act 1999 places limits on both approaches, including a maximum of 50% of general rates raised from a fixed charge and a limit of 35% of properties being subject to a minimum rate.

These mechanisms influence how rates are distributed between properties, particularly for lower-value properties.

# 10. Issues with Current Rating Approach

## Rating by Locality

The current rating structure is based on locality, with different rating categories applying to main townships, smaller townships and rural areas.

This approach can result in similar properties being rated differently depending on their location. For example, properties on the edge of town may be subject to materially different rates than neighbouring properties with similar characteristics.

Rating by locality also limits the Council's ability to apply rating strategically, as it focuses on a property's location rather than its use.

### *Inconsistent Treatment of Business Properties*

Commercial and industrial properties are spread across the current rating categories.

As a result, similar business activities may receive different rating outcomes depending on their location. Some large businesses located outside the main townships pay lower differentials than similar businesses within township areas.

This can create inconsistencies in how business activities are treated across the district.

## Capacity to Pay

The Council considered socio-economic indicators as a measure of capacity to pay. This analysis indicates that there is limited variation in capacity to pay across the rating categories. The current rating structure applies higher differentials to larger township properties and lower differentials to smaller townships and rural properties.

This suggests that the current structure may not align with the capacity-to-pay principle.

## Discounted Rates for Rural Properties

The current rating structure results in lower differentials being applied to properties in rural areas, including those engaged in Primary Production.

There is a range of considerations in relation to this approach:

- Primary Production income can be variable and subject to external factors such as climate and market conditions
- Supporting Primary Production helps maintain local employment, businesses and services within the community
- However, reduced differentials for some properties result in higher rates for other ratepayers
- Rates are based on property values, not income, and similar concessions are not generally applied to other property types

There are also a number of considerations against applying discounted rates to Primary Production properties, which make up most of the properties in the current rural rating category:

- Primary Production activities are businesses, and rates are generally treated as a deductible expense



- Increases in land values are often associated with the long-term capacity of the business
- Primary Production activities can have a significant impact on infrastructure, particularly road networks, due to the use of heavy machinery
- Applying lower differentials results in higher rates for other ratepayers

Many councils address temporary hardship arising from changed circumstances, such as significant unexpected increases in valuations or drought impacts, through targeted rebates rather than permanently lower differentials.

### Lack of Services

A common argument is that properties in rural areas receive fewer services and should therefore pay lower rates. However, property values already reflect differences in services and location. Properties in rural areas generally have lower land values per unit area than those in townships.

Providing additional discounts through lower differentials may therefore result in a "double benefit" and shift the cost to other ratepayers.

In addition, servicing dispersed rural areas can involve higher infrastructure costs, particularly for road networks.

### Specialised Uses (Bulk Handling)

Certain properties, such as bulk handling facilities, are currently subject to higher differentials.

However, similar activities are not always treated consistently, where they are located outside the designated rating category.

## 11. Proposed Changes

Council has undertaken a detailed review of its rating structure, including a series of workshops with Elected Members.

During this process, Council considered a range of options, including different combinations of rating approaches and differential levels across various land uses.

The options were assessed having regard to equity within the community, the characteristics of rateable properties, and the potential impact on ratepayers.

Following this process, Council has identified the following proposed changes as the preferred approach, as they provide a more consistent and equitable distribution of rates across the community.

### Expand Employment Bulk Handling Zone Rating Category

Currently, properties within the Employment Bulk Handling Zone (e.g. silos) are subject to a higher differential. However, similar activities located within the Rural Zone are not subject to this higher rate.

To address this inconsistency, Council is proposing to expand this rating category to include:

- All properties within the Employment Bulk Handling Zone; and
- Properties within the Rural Zone with a land use classification of Commercial Other that are associated with bulk handling activities.

This approach is intended to ensure that similar activities are treated consistently, regardless of their location.

A small number of other properties would also fall within this expanded category. Where appropriate, Council may apply rebates to ensure that these properties are not unintentionally impacted.

## Move to Land Use-Based Rating

Council is proposing to move from a locality-based rating structure to a land-use-based structure.

The current locality-based system can result in similar properties being rated differently depending on their location. A land-use-based approach provides a more consistent framework by applying the same rating treatment to properties with similar characteristics.

Land Use can make it easier to effect a rating strategy due to how activities in certain land uses are impacting council services, such as heavy machinery moving on roads from large commercial and industrial activities, compared to the activity from residential properties. Similar activities have similar impacts regardless of where they are.

The proposed land use categories are:

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

This is in addition to the expanded Employment Bulk Handling Zone category.

## Land Use Differential

Council has acknowledged the impact that large commercial and industrial activities can have on council assets and has proposed setting the differential for these types of properties higher than for other rating categories.

The proposed differentials for each land use category are shown below. These represent the relative rate in the dollar applied compared to residential properties.

**Table 5 - Proposed Rating Categories and Differential**

| Rating Category (Land Use) | Differential |
|---|---|
| Residential | 100% |
| Commercial Shop | 100% |
| Commercial Office | 100% |
| Commercial Other | 130% |
| Industry Light | 100% |
| Industry Other | 130% |
| Primary Production | 100% |
| Vacant Land | 100% |
| Other | 100% |

*This table replicates the data presented in Table 1 for ease of reference.*

# 12. Likely Impact on Ratepayers from Proposed Changes

The information presented in this section is based on modelling of a potential rating approach for consultation purposes.

Council has not made any decisions regarding changes to the rating structure at this stage. The modelling is intended to illustrate potential impacts and support community feedback.

The modelling indicates a redistribution of impacts across the district, with both increases and decreases in rates depending on property type and location.

A significant proportion of properties experience relatively small changes, while others experience decreases, particularly in main township areas.

Properties outside townships, which are predominantly Primary Production properties, are more likely to experience increases under the proposed changes.

The proposed changes to the rating structure will impact ratepayers through a combination of factors, including:

- Changes to the rating methodology (differential rates by land use)
- An increase in total rates required to fund the Annual Business Plan and Budget
- An increase in the fixed charge applied to all rateable properties
- Changes in property valuations determined by the Valuer-General

These factors operate together and influence individual rate outcomes.

## Fixed Charge and Total Rates

The total amount of rates to be raised has increased in line with the Council's Annual Business Plan and Budget, being 4.90% plus growth.

This increase in total rates means that, all else being equal, upward pressure is applied to rates overall; however, individual outcomes vary depending on valuation changes and the proposed rating structure.

The Fixed Charge has been increased by the same proportion as the total rates to $806.50. The increase in the fixed charge has a proportionally greater impact on lower-valued properties, while higher-valued properties are more influenced by changes in the rate in the dollar and valuation movements.

## Changes to Valuations

Property valuations have been updated for the rating year and will vary across the district. Modelling demonstrates that:

- Valuation movements vary significantly between properties, including both increases and decreases
- Many properties have experienced increases in capital value
- The extent of change depends on property type, location and market conditions

Valuation changes are a key driver of changes in rates payable, as rates are calculated based on property value.

## Overall Distribution of Impacts



The modelling indicates a mixed distribution of impacts across the district, with both increases and decreases in rates depending on property type and location.

A significant number of properties, particularly within major townships (Category 1), are projected to experience decreases or relatively small changes in rates.

In contrast, properties located outside townships (Category 3), including Primary Production properties, are more likely to experience increases.

These outcomes reflect both changes in property valuations and a redistribution of the rate burden under the proposed rating structure relative to the previous system.

The pattern of changes is also influenced by the existing rating structure, under which properties within townships have historically contributed a higher proportion of total rates. The proposed changes result in a rebalancing of this distribution.

In simple terms, the model redistributes part of the rate burden across the district, with relatively lower impacts in the main townships and higher impacts on many properties in smaller townships and outside townships, as well as on more significant commercial and industrial properties.

## Key Land Use Category Changes

The graphs below (Figures 1 and 2) summarise the overall impact and distribution of rates under the transition to a Land Use-based rating structure. The proposed differential percentages will result in several key impacts for specific land use categories, as outlined below.

### *Commercial Other and Industrial Other*

Council is proposing to increase the Rate in the Dollar to 130% for properties with a Commercial Other or Industry Other land use. Council acknowledges the impact that these larger commercial and industrial activities can have and therefore proposes setting the differential for these types of properties higher than for other rating categories for the following reasons:

- Business rates are generally treated as a deductible expense
- These business types are typically larger organisations that have a higher capacity to pay
- Commercial Other and Industry Other activities can have a significant impact on infrastructure and services
- Applying lower differentials results in higher rates for other ratepayers

This results in rates increasing for these two property land use categories by an average of 11.5% for Commercial Other and 16.9% for Industry Other.

### *Primary Production*

Under the Council's current locality-based rating structure, properties outside townships, which are predominantly Primary Production properties, receive a reduced or discounted Rate in the Dollar charge. This effectively reduces the rates payable by Primary Producers and increases the rates payable by residential properties.

The Rate in the Dollar difference was approximately 77% of Council's larger township properties and 92% of Council's smaller township properties. This reduction was largely in response to the significant increases in capital valuations in the Primary Production sector over several years, which would otherwise have led to a substantial increase in Primary Production rates.

Council has reviewed this existing Rate in the Dollar differential and is proposing to realign it with all other rating land use categories (excluding Commercial Other and Industry Other) on the basis that:

- Primary Production activities are businesses, and rates are generally treated as a deductible expense
- Increases in land values are often associated with the long-term financial capacity of the business
- Primary Production activities can have a significant impact on infrastructure, particularly road networks, due to the use of heavy machinery
- Applying lower differentials results in higher rates for other ratepayers

This results in rates for Primary Production properties increasing by an average of 10.7%.

### *Residential and Other Categories*

With the redistribution of rates through increased differential Rates in the Dollar applied to Commercial Other, Industry Other and Primary Production properties, Residential properties (Category 1) generally experience decreases or relatively small changes, while properties within minor townships (Category 2) show moderate increases.

Overall, residential properties are modelled to experience an average rate reduction of 0.7%.

## Interaction of Changes

It is important to note that the impact on any individual property is not driven by a single factor. Rather, it reflects the combined effect of:

- The revised rating differentials
- The increased fixed charge
- The overall increase in total rates
- Changes in property valuation

As a result, properties with similar uses may experience different outcomes depending on their valuation movements and previous rating categories.

## Indicative Nature of Modelling

The modelling presented in this paper is indicative only.

The final impact on individual ratepayers will depend on:

- Final property valuations provided by the Valuer-General
- Any supplementary valuations issued prior to the adoption of rates
- Council's final decisions on the Annual Business Plan, Budget and rating structure

Valuations may continue to change until Council formally adopts the rates for the financial year. Accordingly, the results presented should be considered as a guide to the likely distribution and nature of impacts, rather than a prediction of final rates payable.

The following graphs summarise the overall distribution of impacts and how they vary across the district.



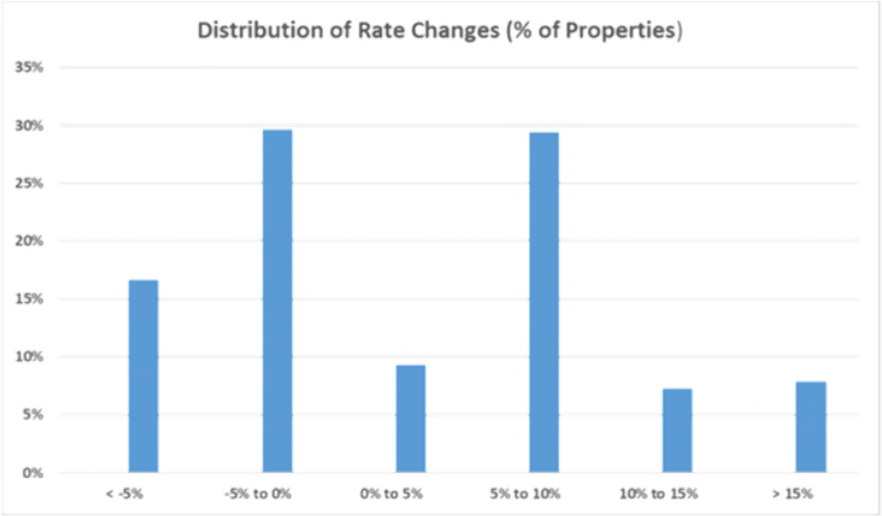



**Figure 1 – Distribution of Rate Changes**

The distribution of impacts demonstrates a mix of increases and decreases across the district.

A significant proportion of properties experience relatively small changes, with many within the 0% to 10% range.

Notably, a substantial number of properties experience decreases, particularly in main township areas, while larger increases are concentrated among a smaller proportion of properties.

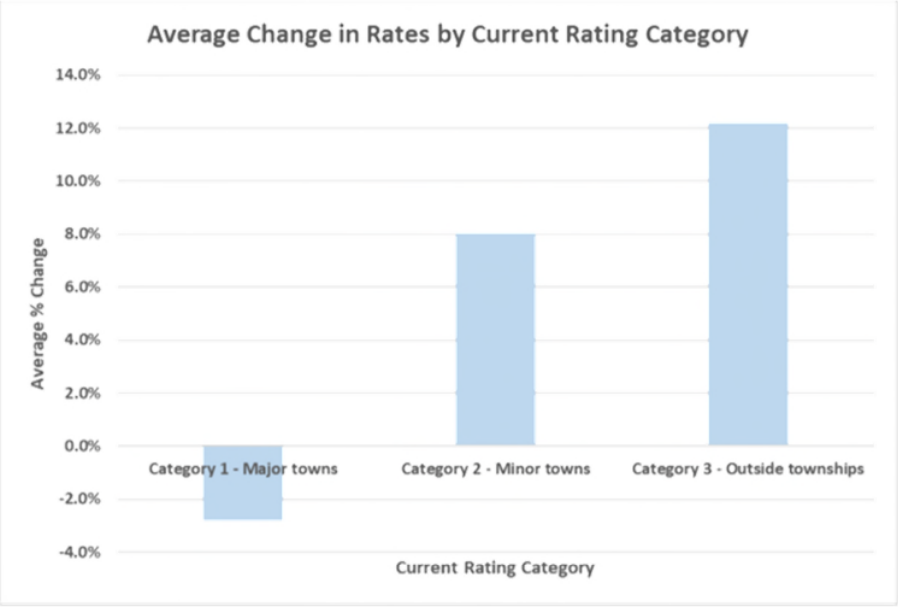



**Figure 2 – Average Change in Rates by Current Rating Category**

The modelling demonstrates that the impact of the proposed rating changes varies by location.

Properties within major townships (Category 1) generally experience decreases or relatively small changes in rates.

Properties within minor townships (Category 2) show moderate increases, while properties outside townships (Category 3), which are predominantly Primary Production properties, are more likely to experience higher increases.

This reflects a redistribution of the rate burden relative to the current rating structure.

The following table provides a summary of the impact of the proposed changes by land use.

**Table 6 – Land Use Impact Summary**

| Land Use | No. Properties | Ave. Change $ | Ave. Change % | % Increasing | % Decreasing | Increase/Decrease Pattern |
|---|---|---|---|---|---|---|
| Residential | 2316 | -31 | -0.7% | 28% | 72% | Most decrease |
| Commercial Shop | 21 | -30 | -1.2% | 38% | 62% | Most decrease |
| Commercial Office | 5 | -45 | -2.9% | 20% | 80% | Most decrease |
| Commercial Other | 70 | 207 | 11.5% | 97% | 0% | 2 stay the same Remainder Increase |
| Industry Light | 34 | 1 | -0.1% | 26% | 74% | Most Decrease |
| Industry Other | 19 | 254 | 16.9% | 89% | 0% | 2 stay the same Remainder Increase |
| Primary Production | 984 | 455 | 10.7% | 95% | 4% | Most Increase |
| Vacant Land | 746 | 47 | 5.7% | 71% | 28% | Most Increase |
| Other | 66 | 33 | 4.5% | 76% | 20% | Most Increase |
| Employment Bulk Handling and Rural Zone-Commercial Other | 20 | 2,214 | 76.8% | 100% | 0% | All Increase |

Overall, modelling produces a mixed pattern of impacts by land use, with Residential generally decreasing on average. Note that the total rates are increasing by 4.9%.

**Table 7 – Impact on Example Properties**

| Location | Old Category | New Category | Current CV | New CV | 25/26 Gross Rates | 26/27 Modelled Gross Rates | Rate Change % |
|---|---|---|---|---|---|---|---|
| Coffin Bay | Major Towns | Residential | $380,000 | $395,000 | $1,439 | $1,324 | -8.00% |
| Coffin Bay | Major Towns | Commercial Shop | $440,000 | $460,000 | $1,545 | $1,419 | -8.20% |
| North Shields | Major Towns | Residential | $305,000 | $315,000 | $1,307 | $1,246 | -4.60% |
| Cummins | Major Towns | Commercial Office | $465,000 | $490,000 | $1,589 | $1,527 | -3.90% |
| Louth Bay | Major Towns | Residential | $230,000 | $235,000 | $1,175 | $1,145 | -2.60% |
| Cummins | Major Towns | Residential | $640,000 | $680,000 | $1,898 | $1,869 | -1.50% |
| Coffin Bay | Major Towns | Commercial Other | $1,275,000 | $1,350,000 | $3,019 | $3,389 | 12.20% |
| Mount Dutton Bay | Minor Towns | Residential | $400,000 | $420,000 | $1,357 | $1,424 | 4.96% |
| Yeelanna | Minor Towns | Industry Light | $7,200 | $7,600 | $779 | $818 | 4.90% |
| Yeelanna | Minor Towns | Vacant Land | $4,800 | $5,100 | $774 | $830 | 7.30% |

| Location | Old Category | New Category | Current CV | New CV | 25/26 Gross Rates | 26/27 Modelled Gross Rates | Rate Change % |
|---|---|---|---|---|---|---|---|
| North Shields | Outside Towns | Other | $155,000 | $160,000 | $1,003 | $1,069 | 6.60% |
| Little Douglas | Outside Towns | Residential | $570,000 | $600,000 | $1,540 | $1,690 | 9.69% |
| North Shields | Outside Towns | Primary Production | $2,200,000 | $2,200,000 | 3,745 | 4,043 | 7.95% |
| Coulta | Outside Towns | Primary Production | $1,025,000 | $1,075,000 | $2,155 | $2,521 | 17.00% |
| Cummins | Outside Towns | Primary Production | $5,100,000 | $5,100,000 | $7,669 | $8,310 | 8.36% |

The above sample of properties illustrates the range of impacts observed in the modelling and reflects the broader distribution of results.

The examples demonstrate that properties within major townships are more likely to see decreases, whereas those in minor townships and outside townships are more likely to see increases.

The results remain subject to variation depending on final valuations and the Council's final decisions.

The results presented are indicative only and should be considered alongside the broader information contained in this consultation paper.

## 13. Consultation Requirements

### Legislative Requirements for Consultation

There is a legal requirement for councils to consult with their communities when considering changes to the basis of their rating.

Section 151 (5) of the Act states that a Council must prepare a report for public consultation before:

- Changing the basis of rating of any land, or
- Changing the basis on which land is valued for rating purposes, or
- Imposing separate rates, service rates or service charges.

The Minister for Local Government's Community Engagement Charter, established on the 11th December 2025, sets out the engagement principles, categories, and mandatory requirements that councils must apply to their consultation activities.

The Charter requires a Council to:

- Publish information about the matter that can be easily found on a council website
- Publish information about the matter in a local news publication (print where available, but otherwise digital) that circulates in the council area and is not produced by the council
- Consider appropriate forms of notifications to the council area.



- Consider whether additional information or notification should be made available to the community to bring their attention to the matter and to support participation
- Provide information about how the community can make a submission, including the timeframe.
- In the material prepared, explain what the council proposes to do, why it proposes to do it, and what it seeks to achieve.
- Explain how community feedback will inform the council's decision
- Consider how best to invite feedback from the community.
- Provide a minimum community engagement period of 21 days to enable the community to provide feedback.
- Include a summary of the community engagement feedback to the council ahead of the decision
- Hold a public meeting where the community is invited to provide submissions (written or verbal) on the matter.
- The public meeting may be part of a council meeting or a separate event



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## 6.5 2025/26 EXTERNAL AUDIT MANAGEMENT LETTER

**Author:** **Manager Finance & Technology**

**Attachments:** **1. 2025/26 Interim Audit Management Letter**

**Works Program Item 5.1.3**
**Review Interim Audit External Audit Management Letter as provided by the Auditors**

**Relevant Documents:**
- *Australian Auditing Standard 260 - Communication With Those Charged With Governance*
- *Australian Auditing Standard 265 - Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*
- *Local Government Act 1999*
  - *Section 125 - Internal Control Policies*
  - *Section 126 (4c) - Audit Committee*

**Requirements:**
*Audit Committee to receive the External Audit Management Report provided by Council's auditors following the interim audit*

### PURPOSE OF REPORT

To present the Interim Audit Management Letter to the Audit and Risk Committee, noting identified areas for review.

### BACKGROUND INFORMATION

Section 125 of the Local Government Act 1999 states:

> *A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records.*

Section 129(1)(b) of the Local Government Act 1999 requires the Council's auditors to audit:

> *the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities*

### REPORT DETAILS

Council's auditors Galpins conducted the interim audit for the 2025-26 financial year on 18 and 19 February 2026 with 2 auditors in attendance as part of year 1 of 5 of their appointment as Council's external auditors.

The interim audit is undertaken to enable the auditors to gain an understanding of the internal controls Council has in place for the relevant financial year and to assess the effectiveness of these controls. This review supports the auditors in forming an opinion on Council's internal controls, as required under Section 129 of the Local Government Act 1999.

The interim audit reviewed 30 out of 36 core internal controls with eight improvements identified noted in the attached Interim Management Letter and categorised into one of the following four categories:

- High Risk Weaknesses – 0 findings
- Moderate Weaknesses – 3 findings
- Low Risk Weaknesses – 3 findings
- Better Practice Weaknesses – 2 findings

A detailed list of the interim audit findings is included in the attached Interim Management Letter, along with Administration's responses for the Committee's information. Administration is currently working through the required actions to address the identified weaknesses and better practice findings.

**CONCLUSION**

The Interim Audit Management Letter identifies 8 items for action that Administration are currently addressing and it is recommended the Committee notes the correspondence.

***RECOMMENDATION***
***That the Audit and Risk Committee receives and notes the report titled 2025/26 External Audit Management Letter.***

Galpins

Accountants, Auditors & Business Consultants

# Financial Controls Review

## Lower Eyre Council

2025/26 Interim Management Letter

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# 1. EXECUTIVE SUMMARY

## 1.1 Background

During our interim audit we perform procedures to gain an understanding of the internal controls in place relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess the audit risks to define the extent and nature of our substantive procedures (e.g. inspection of documents, recalculation, reconciliation, etc) for our final visit.

In addition to an opinion on the financial statements, section 129 of the Local Government Act 1999 requires auditors to provide an opinion regarding internal controls of councils. This opinion focuses on Council's obligations under s125 of the Local Government Act 1999:

> *"A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."*

The audit opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

In order to assist the Council in addressing the requirements of s129, we have reviewed a prioritised list of controls from the better practice model based on our initial audit risk assessment. Further details about our scope can be found in item 1.2 of this report.

## 1.2 Objectives and scope

The objectives of our interim audit were to:

- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas we consider critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in our final audit
- review a prioritised list of internal financial controls we consider critical for the purpose of issuing a controls opinion.

The scope of our audit included a review of internal controls we consider key controls to be in place for the purpose of addressing the requirements of s129.

These key internal controls consist of a prioritised list of controls from the better practice model. This list was defined based on our risk assessment to determine the key business cycles, and key risks within these business cycles, that we understand should be the focus of the Council's control self-assessment.

The identification of key core controls and key business risks included the following risk assessment procedures:

**Risk review** – A review of Council's inherent risk assessment for internal financial controls.

**Financial statement review** – A high level financial statement review performed to identify key accounts and transaction streams.

**Internal / external audit results review** – The findings and recommendations of internal / external financial audits are reviewed to identify known areas of weakness, and areas known to be attracting audit attention.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

- General Ledger
- Fixed Assets
- Purchasing and Procurement/Contracting
- Accounts Payable (AP)
- Rates / Rates Rebates
- Banking
- Credit Cards
- Payroll
- Debtors

We have included a list of key controls identified by the audit for these business cycles as an appendix to this report (see Appendix 1). This list does not represent a complete population of internal controls that the Council should have in place. There is an expectation that controls not in this list will still exist and be operating effectively within Council.

The list of controls is only intended to be a guide for Council to prioritise its resourcing in readiness for the audit opinion, and for the ongoing monitoring of internal controls i.e. it is a risk based listing of controls which may be desirable for Council to include in its ongoing monitoring program for internal financial controls.

The list should not be considered a minimum standard – rather, it is a starting reference point for Council to consider. It is expected that Council will have performed a risk assessment of financial risks, and given consideration to the need to monitor controls that address High / Extreme risks that may not be included in this listing.

## 1.3 Category of findings

In order to assist the Council in establishing the overall level of control effectiveness and prioritising areas for attention, we have provided an overall assessment of the business cycles for which we have identified performance improvements opportunities (this report is prepared on an exception basis).

We assessed each business cycle using our risk assessment which was focused on the risk of finding material weaknesses which could lead to a modified controls opinion in the 2022/23 financial year. An overall assessment of the risk of a potential modified audit opinion per business cycle is provided in item 1.5 of this report.

Detailed findings including the controls tested as per the Better Practice Model, findings and recommendations are provided in section 2 of this report. The individual findings are also rated to assist the Council in prioritising corrective actions.

The overall assessment of the risk of non-compliance with s125 of the Local Government Act 1999 and the related findings and recommendations were rated as follows:

| Category | Description |
|---|---|
| High Risk Weaknesses | The issue described could lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act. |
| Moderate Weaknesses | The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act. |
| Low Risk Weaknesses | The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the Council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act. |
| Better Practice Weaknesses | The issue described has been included in this report as an opportunity for better practice. |

The Council should also perform its own assessment of priority based not only on audit risks, but also other risks management considers relevant such as non-compliance with pertinent legislations and regulations, and reputational risks.

## 1.4 Overall review of the Council's internal controls

During our interim visit we found that the majority of key internal controls reviewed were in place and were operating effectively (30 out of 36 core controls reviewed).

A summary of the results of our review is provided in the table below:

| Business cycles | Controls Reviewed | Operating Effectively | | | | | 2026 Findings | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2029 | 2028 | 2028 | 2027 | 2026 | H | M | L | BP |
| General Ledger | 4 | TBC* | TBC* | TBC* | TBC* | 4 | | | | |
| Fixed Assets | 5 | TBC* | TBC* | TBC* | TBC* | 4 | | | 1 | |
| Purc & Procur/Contr | 3 | TBC* | TBC* | TBC* | TBC* | 2 | | 1 | | 1 |
| Accounts Payable | 4 | TBC* | TBC* | TBC* | TBC* | 4 | | | | 1 |
| Rates | 4 | TBC* | TBC* | TBC* | TBC* | 3 | | 1 | | |
| Banking | 3 | TBC* | TBC* | TBC* | TBC* | 2 | | | 1 | |
| Debtors | 3 | TBC* | TBC* | TBC* | TBC* | 3 | | | | |
| Credit Cards | 4 | TBC* | TBC* | TBC* | TBC* | 2 | | 1 | 1 | |
| Payroll | 5 | TBC* | TBC* | TBC* | TBC* | 5 | | | | |
| Financial Governance | 1 | TBC* | TBC* | TBC* | TBC* | 1 | | | | |
| **Total** | **36** | | | | | **30** | **-** | **3** | **3** | **2** |

*TBC – To be confirmed in future audits for benchmarking and comparison purposes.

We recommend that Council prioritises the moderate risk findings, as failure in compensating controls addressing the same risk or existence of multiple moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

Audit have concluded that there is a high likelihood of issuing an unmodified controls opinion at the end of the financial year. This will depend on the Council demonstrating continued progress towards addressing identified control weaknesses, ensuring that the existing core controls in place continue to operate effectively and that annual internal control activities are performed at year end.

## 1.5. Summary of findings

| Business Cycle | Findings | Risk |
|---|---|---|
| General Ledger | *Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.* | N/A |
| Fixed Assets | **2.2.1** Absence of a reconciliation of assets between GIS and Conquest. | L |
| Purch. Proc. Contracting | **2.3.1** Opportunities to improve the Procurement Policy. | BP |
| | **2.3.2** Improvements required in the use of digital signatures on procurement exemption forms. | M |
| Accts Payable (AP) | **2.4.1** Potential improvements can be made to the Purchasing Procedures regarding the use of Purchase Orders. | BP |
| Rates | **2.5.1** The rates notices raised for finance officers who own properties in Council's area have not been independently reviewed. | M |
| Banking | **2.6.1** Absence of approval of reversal of cash receipts. | L |
| Accts Receivable (AR) | *Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.* | N/A |
| Credit cards | **2.8.1** CEO's credit card statements and transactions are not reviewed by Council or the Audit & Risk Committee. | M |
| | **2.8.2** Instances where credit card transactions did not have invoices attached to the credit card statement and no missing invoice forms were filled out. | L |
| Payroll | *Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.* | N/A |
| Financial Governance | *Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.* | N/A |

# 2. DETAILED AUDIT FINDINGS

## 2.2 FIXED ASSETS

| 2.2.1 Absence of a reconciliation of assets between GIS and Conquest | Low |
|---|---|
| **Control** | There is a process in place for the verification of fixed assets which is reconciled to the FAR. |
| **Risk** | Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent. |

| Finding | Recommendations | Management Response |
|---|---|---|
| Councils are highly asset intensive in delivering service to rate payers. Council's infrastructure assets are widespread and require a strong geographical inventory to manage and monitor these assets effectively.<br><br>A Geographic Information System (GIS) is designed to store, retrieve, manage, display and analyse geographic and spatial data, including geographical features and their characteristics.<br><br>To ensure accuracy and completeness of asset databases, it is important for Councils to set up a direct link (or if not possible, a robust reconciliation process) between the GIS system and the asset register. This assists in ensuring that all assets, components of assets and modifications to assets captured by the GIS system are reflected in the asset register.<br><br>Whilst Council's assets are recorded in a GIS system (Esri), the system is not integrated with the asset register. The two systems have not been reconciled since assets were migrated from inhouse asset registers maintained in excel spreadsheets to being maintained in Conquest and managed by Tonkins in 2020. | Audit supports Council's plans to implement annual reconciliation between Conquest and the GIS system. | Council is currently migrating its GIS environment to the ESRI platform, with the majority of asset registers maintained in Conquest under a bureau service arrangement with Tonkin. As part of the comprehensive revaluation of all asset classes planned for the 2026/27 financial year, Council, in collaboration with Tonkin, aim to integrate GIS and Conquest systems to establish a one-to-one asset relationship and strengthen asset data reconciliation and integrity. |

| | | |
|---|---|---|
| Audit understands that Council is currently in the process of harmonising asset register & GIS mapping, and consideration is being given to using Tonkins to assist with annual reconciliation of the Conquest assets with the GIS system. | | |

## 2.3 PURCHASE AND PROCUREMENT/CONTRACTING

| 2.3.1 Opportunities to improve the Procurement Policy | | BP |
|---|---|---|
| **Control** | Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest. | |
| **Risk** | Council does not obtain value for money in its purchasing and procurement. | |

| Finding | Recommendations | Management Response |
|---|---|---|
| Audit notes that Council has used the same fuel supplier for several years and has not recently gone to market for this contract, the value of which is in excess of $150k. Following discussion with staff, Audit understands that the supplier offers competitive pricing and a number of value add benefits not offered by other suppliers. Whilst council's rationale for continuing to use this supplier has been internally considered with the intent of maintaining value for money, this reasoning is not strictly allowable under the procurement policy.<br><br>If Council is comfortable with the methodology for procuring fuel, then there is opportunity to update the procurement policy to allow for this scenario. This could be achieved, for example, by including additional detail in the exemptions section of the policy that describes Council's circumstances with their fuel supplier. The procurement could then be approved via an authorised exemption form documenting the reasons why a single supplier approach is considered appropriate, and describing how Council will periodically test the market to ensure value for money is maintained. | Council considers this opportunity for better practice when next reviewing policy *FIN-POL-09 - Procurement*. | Council's Procurement Policy (FIN-POL-09) is due for review in November 2026. As part of this review, Council will assess the need to incorporate exemption provisions for specific procurement scenarios, including single-supplier arrangements, supported by documented approval and periodic market testing to ensure value for money. |

| 2.3.2 Improvements in the use of digital signatures on procurement exemption forms | Moderate |
|---|---|
| **Control** | Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies. |
| **Risk** | Fraud risk as unauthorised purchases may be made |

| Finding | Recommendations | Management Response |
|---|---|---|
| Procurement exemption forms provided to Audit are in the form of a word document with the CEO's signature inserted as a picture. From an audit perspective, this signature can be easily replicated and does not authenticate that the CEO has viewed and signed off on this document.<br><br>Finance staff have advised that the audit trail of document edits within Content Manager can be viewed as evidence to identify any fraudulent editing of the document. However, Audit notes that this still carries risk as documents are able to be edited outside of Content Manager without proper authorisation and without maintaining this audit trail. | Implement a digital electronic signature method (e.g. Docusign, digital signatures in a PDF, etc) as a way of evidencing an authentic signature, or alternatively use email approvals as an added level of assurance that exemption forms have been appropriately approved. | Council will investigate options as part of the review of its Procurement Policy (FIN-POL-09) which is due for review in November 2026 to strengthen the integrity and approval controls associated with procurement documentation. This will include reviewing and updating existing templates, and assessing alternative approaches to improve authentication and auditability, such as controlled forms or digital approval mechanisms.<br><br>Any proposed changes will be considered in the context of implementation cost, system capability, and proportionality to risk, to ensure that improvements are practical and cost-effectives.<br><br>In the interim, an email will be issued to staff with procurement responsibilities requesting that they save a note against the record in Content Manager confirming their approval of the document and authorising the use of their signature. |

## 2.4 ACCOUNTS PAYABLE (AP)

| 2.4.1 Potential improvements can be made to the Purchasing Procedures regarding the use of Purchase Orders | BP |
|---|---|
| **Control** | All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority. |
| **Risk** | Council staff potentially being uncertain regarding the proper use of Purchase Orders |

| Finding | Recommendations | Management Response |
|---|---|---|
| Section 3 *Purchasing Procedures* of *FIN-PRO-08 - Internal Controls Procedures* includes a list of conditions where it is not necessary to issue a Council Purchase Order (PO). Under the headings in this list (*see bold items below*), there is an opportunity to including some examples of common items within each category to assist staff in applying the exclusions (*see non-bold list under headings below*). An additional heading for 'Other payments for which it is not typically expected for a purchase order to be used' has also been provided in the example below for consideration. In addition, a dollar value threshold (e.g. $1,000) under which no PO is required could be considered.<br><br>The following examples are provided for consideration:<br><br><u>It shall not be necessary to issue a Council PO for:</u><br>**(a) Fees or payments imposed under any Act**<br>- Government levies, fees and charges<br>- Statutory charges<br>- LGA, EPLGA & RDAEP subscriptions<br>- Vehicle registrations<br><br>**(b) Professional Services, insurance and freight charges**<br>- Premiums associated with Local Government Risk Services | Council considers this opportunity for better practice when next reviewing procedure *FIN-PRO-08 - Internal Controls Procedures*. | Council have undertaken a review of FIN-PRO-08 – Internal Controls Procedure and incorporated additional items and examples for items where it is not necessary to issue a Council Purchase Order. |

| | | |
|---|---|---|
| - Insurance payments<br>- Legal services<br>- Banking services<br>- Courier services<br>- Debt collection<br><br>**(c) Payments pursuant to any award binding upon Council**<br>- employee costs<br><br>**(d) Payments pursuant to any Court order binding upon Council**<br><br>**(e) Goods purchased from petty cash**<br><br>**(f) Payments pursuant to any Contract binding upon Council**<br>- Utilities (water, gas, energy, etc.)<br>- Fuel (diesel, petrol, etc.)<br>- Subscriptions<br>- Phone accounts<br>- Software licences and maintenance<br>- Other licence and membership fees<br>- Labour hire<br>- Employee Assistance Program costs<br>- Other contracts with suppliers for goods and/or services<br><br>**(g) Other payments for which it is not typically expected for a purchase order to be used**<br>- Vehicle servicing<br>- Travel and accommodation<br>- Postal services<br>- Refunds or reimbursements<br>- Medical treatment and tests<br>- Online services<br>- Lease and rental payments | | |

## 2.5 RATES / RATES REBATES

| 2.5.1 The rates notices raised for finance officers who own properties in Council's area have not been independently reviewed | Moderate |
|---|---|
| **Control** | Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run. |
| **Risk** | Rates and rebates are either inaccurately recorded or not recorded at all. |

| Finding | Recommendations | Management Response |
|---|---|---|
| The Rates Officer, Manager Finance & Technology and Finance Coordinator all own property within the boundaries of the Council.<br><br>Whilst spot checks of individual properties is reportedly undertaken following the raising of rates in both the testing and production environments, the rate notices generated for the properties owned by the Rates Officer, Manager Finance & Technology and Finance Coordinator are not independently reviewed. In addition, evidence of the spot checks is not maintained in Council's records. | Ensure that rate notices generated and issued for properties owned by officers responsible for generating rates and processing rate payments are reviewed by an independent person.<br><br>Ensure that evidence of the spot check process, including sufficient detail to identify which specific rates notices have been sampled, is saved in Council's records management system (Content Manager).<br><br>If the officers responsible for generating rates and processing rate payments do not own any property within the boundaries of Council, it is better practice to obtain an annual declaration from these officers confirming this fact. | Council will update its procedures to ensure that the spot checking of rates levied on properties is documented and will implement the checking of rates levied on properties owned by officers responsible for generating rates and processing rate payments to be reviewed by an independent person. |

## 2.6 BANKING

| 2.6.1 Absence of approval of reversal of cash receipts | | Low |
|---|---|---|
| **Control** | There is a process in place to ensure all cash collected is adequately recorded and banked regularly. | |
| **Risk** | Banking transactions are either inaccurately recorded or not recorded at all.<br>Fraud. | |

| Finding | Recommendations | Management Response |
|---|---|---|
| There is no process in place for the authorisation of the reversal of cash receipts taken at the front counter. This is partly due to Magiq not producing a physical receipt for cash reversals, instead only noting the processed reversal with an asterix within the system. As such, front desk staff process cash reversals without requiring approval.<br><br>The Manager Finance & Technology has lodged a job with Magiq to produce a monthly receipt reversal report with the intent that this be reviewed by Finance Management.<br><br>Audit notes there is a process in place for the authorisation and review of the back end receipt reversals (BPAY errors in rates payments). These are generally performed by the Rates & Payroll Officer and are reviewed and approved by the Finance Coordinator or Manager Finance & Technology against source records and system information. | Establish mechanisms to ensure that reversals of receipts are independently approved.<br><br>Audit supports management's proposed approach of producing and independently reviewing a monthly report out of Magiq listing all receipt reversals. | Council has lodged an enhancement request with its financial system provider, Magiq Software Pty Ltd, to develop a standard report identifying receipts that have been reversed or cancelled. Pending the availability of this report, Council has requested that Magiq prepare and provide a manual cash receipting reversal report on a monthly basis. |

## 2.8 CREDIT CARDS

| 2.8.1 CEO's credit card statements and transactions were not reviewed by Council or the Audit & Risk Committee | Moderate |
|---|---|
| **Control** | There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage. |
| **Risk** | Credit Cards are used for purchases of a personal nature. |

| Finding | Recommendations | Management Response |
|---|---|---|
| Audit noted that the CEO's credit card statements and transactions for the months of September and November were approved by the Director of Corporate Services & Community, who reports directly to the CEO. Normally the CEO's card is signed off by the Manager Finance & Technology, who reports directly to the Director Corporate Services & Community.<br><br>Recent credit card audits performed by the South Australian Auditor-General's Department (*Examination of Credit Card Use and Management for a number of councils in SA – March 2020*) indicated that better practice is to send the CEO's credit card transactions to the Audit and Risk Committee for review to ensure the expenditure is reasonable and for business purposes.<br><br>The Victorian Auditor-General Office (Fraud and Corruption Control in Local Government audit – June 2019) consider better practice to refer the CEO credit card full transaction history to the Audit Committee or Council.<br><br>The Western Australian Auditor General's Report (Controls Over Corporate Credit Cards – May 2018) consider better practice to report CEO's credit card transactions to Council on a regular basis. | Council ensures that the CEO's credit card transactions are reviewed by an appropriate authority.<br><br>Better practice provided by credit card audits performed by Auditor-General's departments across Australia recommend that this process can be improved by reporting the CEO's credit card transactions to Council or to the Audit & Risk Committee. | Council considers credit card transactions to be operational in nature and, as such, does not currently report these transactions to Council or the Audit and Risk Committee, noting their primary focus is on the strategic management and oversight.<br><br>Notwithstanding this, and to better align with contemporary better practice as outlined by the South Australian Auditor-General's Department, Council will discuss with the Chairperson of the Audit and Risk Committee conducting quarterly independent reviews of the CEO's credit card transactions. |

| 2.8.2 Instances where credit card transactions did not have invoices attached to the credit card statement | Low |
|---|---|
| **Control** | Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council. |
| **Risk** | Credit cards are used for purchases of a personal nature. |

| Finding | Recommendations | Management Response |
|---|---|---|
| Audit selected a sample of credit cards statements and transactions for two card holders for two different months. Of these sampled transactions, there were three instances of missing credit card receipts.<br><br>Council does not have in place a 'Missing Receipt Form' process. This can be a simple form whereby the cardholder acknowledges that they are unable to locate the receipt and signs a declaration of what the payment was for and that it was in accordance with the requirements of Council policy and their Corporate Credit Cardholder Agreement. | Tax invoices are attached to the credit card reconciliations and the credit card statements.<br><br>For all missing tax invoices, a 'Missing Receipt Form' is filled out, including details of the reason for the purchase and a signed declaration from the cardholder that the payment was in accordance with the requirements of Council policy and their Corporate Credit Cardholder Agreement. | Council will look to implement a "Credit Card – Missing Receipts" form to be provided to all staff assigned a corporate credit card who will be required to complete this form in every instance that a missing receipt occurs. |

# APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS

## GENERAL LEDGER

| Risks | |
|---|---|
| R1 | General Ledger does not contain accurate financial information |
| R2 | Data contained within the General Ledger is permanently lost. |

| RISKS | Control | Control Type |
|---|---|---|
| R1,R2 | Access to General Ledger maintenance is restricted to appropriately authorised personnel. | Core |
| R1 | All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. | Core |
| R1 | Journal entry access is restricted to appropriately authorised personnel. | Core |
| R1 | There is a process in place to review actual vs budget and significant variances investigated. | Core |

## FIXED ASSETS

| Risks | |
|---|---|
| R1 | Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. |
| R2 | Fixed assets are not valued correctly initially or on subsequent revaluation. |
| R3 | Fixed Asset maintenance and/or renewals are inadequately planned. |

| RISKS | Control | Control Type |
|---|---|---|
| R1 | All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies | Core |
| R3 | Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999. | Core |
| R1 | Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure. | Core |
| R2 | Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans. | Core |
| R1 | There is a process in place for verification of fixed assets which is reconcilied to the FAR. | Core |

## Purchasing and Procurement

**Risks**

| | |
|---|---|
| R1 | The Authority does not obtain value for money in its purchasing and procurement. |
| R2 | Purchases of goods and services are made from non-preferred suppliers. |
| R3 | Purchase orders are either recorded inaccurately or not recorded at all. |
| R4 | Purchase orders are made for unapproved goods and services. |
| R5 | Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file. |

| RISKS | Control | Control Type |
|---|---|---|
| R1 | The Authority has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest. | Core |
| R1,R2 | Employees must ensure all purchases are in accordance with the Authority's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies. | Core |
| R3 | There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines. | Core |

## ACCOUNTS PAYABLE

**Risks**

| | |
|---|---|
| R1 | Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all. |
| R2 | Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all. |
| R3 | Disbursements are not authorised properly. |
| R4 | Accounts are not paid on a timely basis. |
| R5 | Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file. |

| RISKS | Control | Control Type |
|---|---|---|
| R1 | Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee. | Core |
| R3 | All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority. | Core |
| R1 | Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority. | Core |
| R5 | Requested changes or additions to supplier masterfile are verified independently of source documentation. | Additional |

## RATES

| Risks | |
|---|---|
| R1 | Council does not raise the correct level of rate income. |
| R2 | Rates and rate rebates are either inaccurately recorded or not recorded at all. |

| RISKS | Control | Control Type |
|---|---|---|
| R2 | All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents. | Core |
| R1 R2 | Annual valuation update is balanced prior to the generaton of rates, all mismatches resolved prior to finalising rate generation. | Core |
| R1 R2 | Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run. | Core |
| R1 | There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation | Core |

## BANKING

| Risks | |
|---|---|
| R1 | Banking transactions are either inaccurately recorded or not recorded at all. |
| R2 | Fraud (i.e. misappropriation of funds) |

| RISKS | Control | Control Type |
|---|---|---|
| R1,R2 | There is a process in place to ensure all cash collected is adequately recorded and banked regularly. | Core |
| R1 | Access to EFT Banking system is restricted to appropriately designated personnel. | Core |
| R1,R2 | Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. | Core |

## CREDIT CARDS

| Risks | |
|---|---|
| R1 | Credit Cards are issued to unauthorised employees. |
| R2 | Credit Cards are used for purchases of a personal nature. |
| R3 | Credit Card limits are set at inappropriate levels. |

| RISKS | Control | Control Type |
|---|---|---|
| R1,R3 | There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits. | Core |
| R1,R2 | Credit card holders sign a declaration confirming compliance with the Authority policy and procedures prior to the Credit Card being released. | Core |
| R2 | There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage. | Core |
| R2 | Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to the Authority. | Core |

## PAYROLL

| Risks | |
|---|---|
| R1 | Payroll expense is inaccurately calculated. |
| R2 | Payroll disbursements are made to incorrect or fictitious employees. |
| R3 | Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all. |
| R4 | Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file. |

| RISKS | Control | Control Type |
|---|---|---|
| R1, R3 | There is a process to ensure all overtime is verified and approved by relevant appropriate staff. | Core |
| R1 R2 | All calculations for generating payroll payments are verified for accuracy. | Core |
| R2 | There is a process to ensure an independent review of proposed payroll payments by authorised staff. | Additional |
| R3 | Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor. | Core |
| R4 | There is a process in place to ensure employees are not added to the payroll master file, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff. | Core |

## DEBTORS

**Risks**

| | |
|---|---|
| R1 | Debtors are either inaccurately recorded or not recorded at all. |
| R2 | Debtor are either not collected on a timely basis or not collected at all. |

| RISKS | Control | Control Type |
|---|---|---|
| R1 | Debtor's reconciliation is performed on a regular basis to the general ledger and reviewed by an appropriate person. | Core |
| R2 | Relevant staff reviews debtors ageing profile on a regular basis and investigates any outstanding items, and considers provisions for doubtful debts. | Core |
| R1 | The organisation maintains a debt collection policy and/or procedures. | Core |

## FINANCIAL GOVERNANCE

**Risks**

| | |
|---|---|
| R1 | Policies and Procedures do not reflect current requirements. |

| RISKS | Control | Control Type |
|---|---|---|
| R1 | There is a process in place to ensure all policies and procedures referenced in the Better Practice Model are reviewed for appropriateness and relevance. | Core |

## 6.6 AUDIT COMMITTEE WORK PROGRAM

**Author:** **Manager Finance & Technology**

**Attachments:** **1. 2025/26 Audit Committe Works Program**

**Works Program Item 9.1.2**
**Audit Committee Workplan - Progress Report**

**Relevant Documents:**
*Nil.*

**Requirements:**
*Received updated Audit Committee Works Program*

### PURPOSE OF REPORT

To provide an update Audit Committee Works Program for 2025/26 for review.

### BACKGROUND INFORMATION

N/A

### REPORT DETAILS

The Audit Committee Works Program for 2025/26 is presented for review and has 38 items assigned with a current status':

| Status | Number of Items |
|---|---|
| Agenda | 4 |
| Complete | 18 |
| Not-Due | 12 |
| In-Progress | 1 |
| On-going | 3 |

### CONCLUSION

N/A

***RECOMMENDATION***
***That the Audit and Risk Committee notes the Committee's 2025/26 Work Program and progress on the Program.***

**ɔwer Eyre Council**
**udit and Risk Committee**

**2025-26 Works Program**

| Task | | Associated Legislation / Terms of Reference | Requirements | Status | Previous Action | Motion Reference | Action Frequency | Future Action | Status Comment |
|---|---|---|---|---|---|---|---|---|---|
| **1. Financial Reporting** | | | | | | | | | |
| **1.1** | **General Purpose Financial Statements** | | | | | | | | |
| 1.1.1 | Annually review the General Purpose Financial Statements | Local Government Act 1999<br>- Section 126 (4a) - Audit Committee<br>- Section 127 - Financial Statements<br><br>Local Government (Financial Management) Regulations 2011<br>- Section 13 - Form of Financial Statements<br>- Section 14 - Certification of Financial Statements | Ensure Council prepare each year Financial Statements in accordance with the prescribed regulations and;<br>- The financial statements are adopted prior to 30 November each year and;<br>- The statements have been audited by the Council's auditor and;<br>- The Mayor and Chief Executive Officer sign the Certification of Financial Statements and;<br>- The Chief Executive Officer and Senior Corporate Services Officer sign the Management Representation letter that identifies:<br>- All material variances between the financial years reported on<br>- Results of all asset valuations undertaken for the financial year<br>- Compliance with relevant acts, regulations and standards<br>- Ensure the General Purpose Financial Statements include:<br>- Council's Certification of Auditors Independence<br>- Auditor's Certification of Auditors Independence<br>- Ensure the General Purpose Financial Statements have been povided to the prescribed bodies | ***Completed*** | 2025/26 | ARC/25/027 | Annual | 2026/27 | |
| 1.1.2 | Report to the Audit Committee on the impact of any new AASBs on the financial performance, position and dislosures in Council's financial statements | Local Government Act 1999 - Section 127 - Financial Statements<br><br>Local Government (Financial Management) Regulations 2011 - Section 11 - Accounting Standards | Ensure the impact of any new AASB's on the financial performance, position and disclosures are included in the financial statements | ***Completed*** | 2025/26 | ARC/25/026 | Annual | 2026/27 | |
| | | | | | | | | | |
| **1.2** | **Budget Reviews** | | | | | | | | |
| 1.2.1 | Table First Quarter Budget Review | Local Government (Financial Management) Regulations 2011 - Section 9 - Review of Budgets | Ensure Council staff have prepared quarterly budget reports in line with legislative requirements. | ***Completed*** | 2025/26 | ARC/25/028 | Annual | 2026/27 | |
| 1.2.2 | Table Second Quarter Budget Review | Local Government (Financial Management) Regulations 2011 - Section 9 - Review of Budgets | Ensure Council staff have prepared quarterly budget reports in line with legislative requirements. | ***Completed*** | 2025/26 | ARC/26/004 | Annual | 2026/27 | |
| 1.2.3 | Table Third Quarter Budget Review | Local Government (Financial Management) Regulations 2011 - Section 9 - Review of Budgets | Ensure Council staff have prepared quarterly budget reports in line with legislative requirements. | ***Agenda*** | 2024/25 | ARC/25/010 | Annual | 2025/26 | |
| 1.2.4 | Table Fourth Quarter Budget Review | Local Government (Financial Management) Regulations 2011 - Section 9 - Review of Budgets | Ensure Council staff have prepared quarterly budget reports in line with legislative requirements. | ***Completed*** | 2025/26 | ARC/25/025 | Annual | 2026/27 | |
| 1.2.5 | Budget to Actual Review | Local Government (Financial Management) Regulations 2011 - Section 10 - Report on Financial Results | Ensure Council staff have prepared budget Vs actual reports by 31 December | ***Completed*** | 2025/26 | ARC/25/025 | Annual | 2026/27 | |
| | | | | | | | | | |

**›wer Eyre Council**
**udit and Risk Committee**

**2025-26 Works Program**

| | Task | Associated Legislation / Terms of Reference | Requirements | Status | Previous Action | Motion Reference | Action Frequency | Future Action | Status Comment |
|---|---|---|---|---|---|---|---|---|---|
| **1.3** | **Valuations and Depreciation** | | | | | | | | |
| 1.3.1 | Infrastructure - Ensure assets values and depreciation rates are up to date and soundly based | Local Government (Financial Management) Regulations 2011 - Section 12 - Revaluation of Assets<br><br>AASB 116 - Property, Plant and Equipment | Ensure revaluations are made with sufficient regularity to ensure that the carrying amound does not differ materially from that which would be determined using fair value at the end of the reporting period | ***Not-Due*** | 2021/22 | | Every 5 Years | 2026/27 | Infrastructure assets were revalued by:<br>- CWMS - Richard Gayler - Gayler Professional Services<br>- Roads - Tonkins Consulting and Council Staff<br>- PLA - Aerodrome Design Services Pty Ltd<br>- Other Infrastrucutre - Council Staff<br>The new asset values, lives and depreciation rates were included in the 2016-17 Financial Statements. |
| 1.3.2 | Buildings - Ensure assets values and depreciation rates are up to date and soundly based | Local Government (Financial Management) Regulations 2011 - Section 12 - Revaluation of Assets<br><br>AASB 116 - Property, Plant and Equipment | Ensure revaluations are made with sufficient regularity to ensure that the carrying amound does not differ materially from that which would be determined using fair value at the end of the reporting period | ***Not-Due*** | 2021/22 | | Every 5 Years | 2026/27 | Building assets were revalued by Maloney Field Services with the new asset values, live and depreciation rates being included in the 2016-17 Financial Statements. |
| 1.3.3 | Land - Ensure assets values and depreciation rates are up to date and soundly based | Local Government (Financial Management) Regulations 2011 - Section 12 - Revaluation of Assets<br><br>AASB 116 - Property, Plant and Equipment | Ensure revaluations are made with sufficient regularity to ensure that the carrying amound does not differ materially from that which would be determined using fair value at the end of the reporting period | ***Not-Due*** | 2021/22 | | Every 5 Years | 2026/27 | Land asset valuations were updated using the Valuer Generals land valuation report used for the setting of Council rates for the 2016-17 Financial Year. |
| | | | | | | | | | |
| **1.4** | **Investment Reviews** | | | | | | | | |
| 1.4.1 | Annually review the Performance of Council's investments against budgeted amounts | Local Government Act 1999 - Section 140 - Review of Investments | Ensure Council staff review and report on the performance of its investments at least once per year | ***Completed*** | 2025/26 | ARC/26/002 | Annual | 2026/27 | |
| **2. Risk Management** | | | | | | | | | |
| **2.1** | **Internal Controls** | | | | | | | | |
| 2.1.1 | Review the effectiveness of the Council's internal controls and risk management systems | Terms of Reference - Audit Committeete - 8.2.1<br><br>Local Government Act 1999<br>- Section 125 - Internal Control Policies<br>- Section 126 (4c) - Audit Committee | Ensure staff are annually reviewing controls via Control Track and;<br>- Reports are presented to the Audit Committee detailing progress internal controls identified for improvement in:<br>- External Audit Management Report<br>- Control Track Action Plan Report | ***Completed*** | 2025/26 | ARC/26/005 | Continuous | 2026/27 | |
| **2.2** | **Insurances** | | | | | | | | |
| 2.2.1 | Insurance of Council Assets | Local Government Act 1999 - Section 142 - Duty to Insure Against Liability<br><br>Local Government (Financial Management) Regulations - Section 24 - Duty to Insure Against Liability | Ensure Council has appropriate asset insurance. | ***Completed*** | 2024/25 | ARC/25/022 | Annual | 2026/27 | |
| 2.2.2 | Civil Liability Insurance | Local Government Act 1999 - Section 142 - Duty to Insure Against Liability<br><br>Local Government (Financial Management) Regulations - Section 24 - Duty to Insure Against Liability | Ensure Council has appropriate Civil Liabilities Insurance. | ***Completed*** | 2024/25 | ARC/25/022 | Annual | 2026/27 | |

**ɔwer Eyre Council**
**udit and Risk Committee**

**2025-26 Works Program**

| Task | | Associated Legislation / Terms of Reference | Requirements | Status | Previous Action | Motion Reference | Action Frequency | Future Action | Status Comment |
|---|---|---|---|---|---|---|---|---|---|
| **3. Whistle Blowing** | | | | | | | | | |
| **3.1** | **Whistle Blowing** | | | | | | | | |
| 3.1.1 | Review Policy GOV-POL-08 - Public Interest Disclosure | Terms of Reference: Audit Committee - 8.3<br><br>Local Government Act 1999<br><br>Public Interest Disclosure Act 2018 | Ensure Council's Public Interest Disclosure policy has been presented and considered by Council in line with its scheduled review date. | ***Not-Due*** | 2019/20 | AC:2019:07:09 | Every 4 Years | 2026/27 | Policy was issued in November 2023 and requires review in November 2026. |
| **4. Internal Audit** | | | | | | | | | |
| **4.1** | **Internal Audit** | | | | | | | | |
| 4.1.1 | Develop and maintain an annual internal auditing works program and checklist | Local Government Act 1999<br>- Section 125 - Internal Control Policies<br>- Section 126 (4(g)(ii)) - Audit Committee | Receive an annual report from the Chief Executive Officer on Council's Internal Control Policies and Procedures | ***Completed*** | 2025/26 | ARC/25/024 | Annual | 2026/27 | |
| 4.1.2 | Undertake review of internal controls and procedures annually through ControlTrack | Local Government Act 1999<br>- Section 125 - Internal Control Policies<br>- Section 126 (4c) - Audit Committee | Receive an annual internal controls review report from staff | ***Completed*** | 2025/26 | ARC/26/005 | Annual | 2026/27 | |
| **5. External Audit** | | | | | | | | | |
| **5.1** | **External Audit** | | | | | | | | |
| 5.1.1 | Oversee Council's relationship with external Auditors relative to matters raised within audit management letters received | Local Government Act 1999 - Section 126(4b) - Audit Committee | Audit Committee to meet annually with Council's Auditors | ***Completed*** | 2025/26 | November 2024 | Annual | 2026/27 | Council's Auditors Dean Newbery attended the October 2025 Audit & Risk Committee meeting to discuss the results of the 2024/25 Interim and Balance Date Audits. |
| 5.1.2 | Appointment of External Auditor inline with Legislative Requirements | Local Government Act 1999 - Section 128 - The Auditor | Ensure Council has an auditor that is a registered company auditor and;<br>- The term of an auditor of Council does not exceed 5 years and;<br>- Make recommendations to Council regarding the appointment of an auditor | ***Not-Due*** | 2024/25 | ARC/25/018 | Contract Expiry | 2029/30 | External Auditor appointed for a 5 year period commecing the 2025/26 financial year. |
| 5.1.3 | Review Interim Audit External Audit Management Letter as provided by the Auditors | Australian Auditing Standard 260 - Communication With Those Charged With Governance<br><br>Australian Auditing Standard 265 - Communicating Deficiencies in Internal Control to Those Charged with Governance and Management<br><br>Local Government Act 1999<br>- Section 125 - Internal Control Policies<br>- Section 126 (4c) - Audit Committee | Audit Committee to receive the External Audit Management Report provided by Council's auditors following the interim audit | ***Agenda*** | 2025/26 | ARC/25/027 | Annual | 2025/26 | |

**ɔwer Eyre Council**
**udit and Risk Committee**

**2025-26 Works Program**

| | Task | Associated Legislation / Terms of Reference | Requirements | Status | Previous Action | Motion Reference | Action Frequency | Future Action | Status Comment |
|---|---|---|---|---|---|---|---|---|---|
| 5.1.4 | Review Balance Date Audit Completion Report and Management Letter as provided by the Auditors | Australian Auditing Standard 260 - Communication With Those Charged With Governance<br><br>Australian Auditing Standard 265 - Communicating Deficiencies in Internal Control to Those Charged with Governance and Management<br><br>Local Government Act 1999<br>- Section 125 - Internal Control Policies<br>- Section 126 (4c) - Audit Committee | Audit Committee to receive the Balance Date Audit Completion Report and Management Letter provided by Council's auditors following the balance date audit | ***Completed*** | 2025/26 | ARC/25/027 | Annual | 2026/27 | |
| 5.1.5 | Authorise the CEO and Presiding Member to sign the Certification of Auditors Independence for the preceeding years Financial Statements | Local Government (Financial Management) Regulations 2011 - Section 22(3a) - Independence of Council Auditor | Ensure Council does not engage its appointed auditor to provide services to Council outside the scope of the Auditors function under the Act and;<br>- Endorse the Audit Committee Presiding Member and Chief Executive Officer to sign the Certification of Auditors Independence for inclusion in the Annual Financial Statements | ***Completed*** | 2025/26 | ARC/25/027 | Annual | 2026/27 | |
| **6. Reporting** | | | | | | | | | |
| **6.1** | **Reporting** | | | | | | | | |
| 6.1.1 | Prepare an annual report of the Audit Committees Activities | | Endorse the Audit Committees Annual Report for presentation to Council | ***Completed*** | 2025/26 | ARC/25/023 | Annual | 2026/27 | |
| 6.1.2 | Minutes and Agendas of Audit Committee Meetings | Terms of Reference: Audit Committee - 7.2 | - Ensure Audit Committee Minutes and Agendas are prepared and provided to Council and;<br><br>- Ensure Audit Committee Minutes and Agendas are placed on Council's website | ***On-going*** | | | Continuous | | |
| 6.1.3 | Reporting significant matters identified by the Audit Committee to Council | | Ensure any significant matters identified by the Audit Committee are reported to Council. | ***On-going*** | | | Continuous | | Provide reports to Council as issues arise |
| 6.1.4 | Receive Report from the Chief Executive Officer regarding Council's Internal Controls | Local Government Act 1999<br>- Section 126 (4(g)(ii) - Audit & Risk Committee | Review and comment on an Annual Report from the Chief Executive Officer in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures | ***Completed*** | 2025/26 | ARC/25/024 | Annual | 2026/27 | |

ɔwer Eyre Council
udit and Risk Committee

**2025-26 Works Program**

| Task | | Associated Legislation / Terms of Reference | Requirements | Status | Previous Action | Motion Reference | Action Frequency | Future Action | Status Comment |
|---|---|---|---|---|---|---|---|---|---|
| **7. Review of Documentation** | | | | | | | | | |
| **7.1** | **Strategic Documents** | | | | | | | | |
| 7.1.1 | Review of annual update to the Long Term Financial Plan | Local Government Act 1999 - Section 122 (4)<br><br>Local Government (Financial Management) Regulations 2011 - Section 5 - Long-term Financial Plans | Ensure Council staff undertake an annual review of its Long-term Financial plan as soon as practicable after adopting the Council's Annual Business Plan giving consideration to:<br>- Council's adopted Strategic Management Plans<br>- Council's adopted Service Standards<br>- Relevant Legislation<br>- Any known budget variations or significant items that have arisen since the last review | ***Agenda*** | 2024/25 | ARC/25/012 | Annual | 2025/26 | |
| 7.1.2 | Annually review the Draft Annual Business Plan and Budget and endorse to Council for adoption | Local Government Act 1999<br>- Section 123 - Annual Business Plans and Budgets<br>- Section 153 - Declaration of General Rate<br>- Section 154 - Seperate Rate<br>- Section 155 - Service Rates and Service Charges<br><br>Local Government (Financial Management) Regulations 2011<br>- Section 6 - Annual Business Plans<br>- Section 7 - Budgets | Ensure Council annually adopts an Annual Business Plan and Budget. and;<br>- Ensure relevant timeframes for public consultation have been adhered to and;<br>- The Annual Business Plan and Budget are adopted after 31 May but before 31 August each year and;<br>- The Annual Business Plan and Budget include all items as identified by the Act and Regulations<br>- Rates and Charges are declared inline with sections 153, 154 and 155 of the Act | ***Agenda*** | 2025/26 | ARC/26/003 | Annual | 2025/26 | |
| 7.1.3 | Review annual update to Infrastructure & Asset Management Plan (Long Term Capital Works Program) | Local Government Act 1999<br>- Section 122(1ab) - Strategic Management Plans<br>- Section 126(4ab) - Audit Committee | Ensure Council staff undertake an annual review of its Infrastructure and Asset Management Plan with consideration to:<br>- Any amendments to depreciation figures<br>- Any amendments to Council's adopted Service Standards<br>- Council's adopted Strategic Management Plans | ***Not-Due*** | 2024/25 | ARC/25/011 | Annual | 2026/27 | |
| **8. Policy Review** | | | | | | | | | |
| **8.1** | **Policy Review** | | | | | | | | |
| 8.1.1 | Review of Council's Financial Management policies | Local Government Act 1999 - Section 126(4c) - Audit Committee<br><br>Terms of Reference - Audit Committee - 8.1.2.1 | Esnure policies have been presented and considered by Council in line with their scheduled review dates | ***Not-Due*** | 2024/25 | ARC/25/016 | Per Review Dates | 2026/27 | |
| 8.1.2 | Review of Council's Governance policies | Local Government Act 1999 - Section 126(4c) - Audit Committee<br><br>Terms of Reference - Audit Committee - 8.1.2 | Esnure policies have been presented and considered by Council in line with their scheduled review dates | ***Not-Due*** | 2019/20 | AC:2019:10:05 | Per Review Dates | 2026/27 | |

**ɔwer Eyre Council**
**udit and Risk Committee**

**2025-26 Works Program**

| Task | | Associated Legislation / Terms of Reference | Requirements | Status | Previous Action | Motion Reference | Action Frequency | Future Action | Status Comment |
|---|---|---|---|---|---|---|---|---|---|
| **9. Other Matters** | | | | | | | | | |
| **9.1** | **Other Matters** | | | | | | | | |
| 9.1.1 | Review Audit Committees Terms of Reference | Terms of Reference: Audit Committee - 10.7 | Biennially review the Audit Committees Terms of Reference | ***Not-Due*** | 2024/25 | ARC/24/012 | Biennial | 2026/27 | |
| 9.1.2 | Audit Committee Workplan - Progress Report | | Received updated Audit Committee Works Program | ***On-Going*** | | | | | |
| 9.1.3 | Annual review of Council's Annual Report | Local Government Act 1999 - Section 131 - Annual Report to be Prepared and Adopted<br><br>Local Government Act 1999 - Schedule 4 - Material to be Included in the Annual Report of a Council<br><br>Terms of Reference - Audit Committee - 8.2.2 | Ensure Council prepares and adopts an annual report for the preceding financial year on or before 30 November each year which;<br>- Includes all material as identified by Schedule 4 of the Act and;<br>- That a copy of the adopted Annual Report has been submitted by Council to bodies as detailed in Section 131(5) of the Act | ***Completed*** | 2025/26 | ARC/25/029 | Annual | 2026/27 | |
| 9.1.4 | Council to appoint Independent Member(s) to the Audit Committee | Local Government Act 1999 - Section 126(2) Audit Committee<br><br>Local Government (Financial Management) Regulations 2011 - Section 17(1) - Membership<br><br>Terms of Reference - Audit Committee - 2 - Membership | Ensure Council appoints a minimum of one independent member to the Audit Committee with consideration of:<br>- The Audit Committee must have between 3 and 5 members (inclusive) and;<br>- The Audit Committee must have 1 person who is not a member of Council and;<br>- The term of an independent member is to commence part-way through an election cycle, so that their terms overlap each Council election and provide some continuity. | ***Not-Due*** | 2022/23 | FN/29/21 | Every 4 Years | 2026/27 | Independent Members Pamela Lee & Ian Swan were appointed by the selection panel of the new Audit and Risk Committee in March 2023. |
| 9.1.5 | Council to appoint an Elected Members to Audit Committee for the period of their election to Council | Local Government Act 1999 - Section 126(2) Audit Committee<br><br>Local Government (Financial Management) Regulations 2011 - Section 17(1) - Membership<br><br>Terms of Reference - Audit Committee - 2 - Membership | Ensure Council appoints a minimum of one elected member to the Audit Committee with consideration of:<br>- The Audit Committee must have between 3 and 5 members (inclusive) and;<br>- The Audit Committee must have 1 person who is not a member of Council and;<br>- The term of an elected member shall be until the end of the term of Council. | ***Not-Due*** | 2023/24 | CL:2024:02:31.2 | Every 4 Years | 2026/27 | TAYLOR/TREZISE<br>4. That Cr Taylor be appointed to the Audit and Risk Committee for the remainder of the Council term. |
| 9.1.6 | Audit Committee to appoint the Presiding Member of the Audit Committee | Terms of Reference: Audit Committee - 2.7 - Membership | The Audit Committee shall appoint the Presiding Member of the Committee. An Elected Member of Council or an Independent Member of the Committee may be the presiding member of the Audit Committee. | ***Not-Due*** | 2022/23 | AC:2019:03:05 | Every 4 Years | 2026/27 | The Chairperson, Pamela Lee, was appointed by the selection panel of the new Audit and Risk Committee in March 2023. |
| **10. Governance** | | | | | | | | | |
| **10.1** | **Governance** | | | | | | | | |
| 10.1.1 | Annual Review of Council's Governance Plan | Refer Governance Plan | Receive annual updated Governance Plan | ***In Progress*** | | | Annual | 2025/26 | The Director Corproate Services & Community is a member of the LGA working party developing a template for Local Government's to use as a complainace plan |

## 7 GENERAL BUSINESS

## 8 NEXT MEETING

The next meeting of the Lower Eyre Council Audit and Risk Committee Meeting will be .

..... .....

**CHIEF EXECUTIVE OFFICER** **MAYOR**

**DATE:** enter date