

Alexandrina Council



Draft Annual Community Plan 2025/26



The Alexandrina Council and its communities acknowledge the Ngarrindjeri, Peramangk and Kurna people as the traditional custodians of the lands and waters of our Council district.



Image: Ngarrindjeri artist Cedric Varcoe with his Lakinyeri sculpture at Goolwa Beach
Cover Image: Local family at the Goolwa Wharf Precinct



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Message from the Mayor

Welcome to our *draft Annual Community Plan 2025/26*.

You may notice a change in the name of this important planning document – from the *Annual Business Plan & Budget* to the *Annual Community Plan*. This new name reflects our commitment to placing the community at the heart of everything we do.

Since consulting on Council's *Long Term Financial Plan* and *Annual Business Plan & Budget* last year, there have been significant changes within Council.

We now have a new Chief Executive Officer and Chief Financial Officer, and we have adopted a refreshed, disciplined approach to financial planning. Most importantly, we have established a new long-term financial direction.

In recent months, Council Members and our new Executive Management Team have worked collaboratively to reform the Council's finances. This has required strong financial discipline, resulting in the elimination of unnecessary spending, a substantial reduction in rate increases, and the development of a sustainable long-term financial strategy – one that considers the current cost-of-living pressures.

In February 2025, the Essential Services Commission of South Australia released a report expressing concern about the Council's long-term financial sustainability, warning that our position could become unsustainable. However, the measures introduced in recent months have significantly improved our financial outlook. These actions have eased pressure on rates, reduced debt, and set us on course to return to surplus by 2027/28 – with strong, ongoing surpluses projected thereafter.

This *draft Annual Community Plan* reaffirms our commitment to keeping rates affordable while ensuring long-term financial sustainability. The Plan proposes an average rate increase of **3.05%**, comprising the **March Adelaide CPI of 2.2%** and an additional **0.85%** to support financial sustainability – reflecting the rising cost of maintaining public assets.

In addition to the 3.05% average increase, Council has budgeted for **1.8% rates growth**, representing anticipated revenue from new developments or improvements to existing properties (such as home extensions, pergolas, sheds, etc.).

Council's rates modelling indicates that properties experiencing average valuation increases will generally see a **rate increase of approximately 3.05%**.

Key highlights of the Plan include:

- A significant reduction in discretionary expenditure
- Continued delivery of all existing community services and programs
- Full funding for the renewal of essential assets such as roads, footpaths, and buildings
- Adoption of a continuous improvement program further enhancing Council's service delivery and accountability arrangements.

The *draft Annual Community Plan 2025/26* is now available for public feedback. We encourage you to review the Plan, share your thoughts, and be part of our journey toward financial transformation.

Council is confident that this Plan, alongside the *draft Long Term Financial Plan 2025-2035*, which is also open for public feedback, sets out a clear, responsible, and achievable path to a financially secure future for the Council and, most importantly, for the community we serve.



A stylized black ink signature of Mayor Keith Parkes.

Mayor Keith Parkes

Executive summary

Over the past six months, Council has worked diligently to further control its expenditure, reduce rate increases, and ensure the long-term financial sustainability of Alexandrina Council. This process involved a disciplined approach, including a comprehensive line-by-line expenditure review, a reduction in general expenditure and the elimination of unnecessary spending.

As a result, the Council is proposing a rate increase of CPI (2.2%) plus a 0.85% sustainability amount for 2025/26.

This adjustment will ensure Council remains on track to achieve a surplus by 2027/28, is able to reduce its debt from \$46.6 million to \$9.7 million by 2035 and that it has the financial capacity necessary to support its growing community.

Council has identified several key community projects for the coming year, which span the Alexandrina Council area. These projects will be delivered in Mount Compass, Port Elliot, Middleton, Hindmarsh Island, Strathalbyn, Clayton Bay, Milang, and Langhorne Creek. While these projects are generally modest in nature due to Council's restraint in expenditure, Council remains confident they will have a positive impact on those communities.

Council is also confident it has struck a sensible balance for 2025/26 while recognising that further work remains. In 2025/26, Council will embark on a 'Continuous Improvement Program' which will focus on establishing a clear line of sight in the delivery of Council's strategic objectives, developing a Service Review Framework and progressing operational reviews to ensure Council is delivering an appropriate level of service to its community.

The *draft Annual Community Plan 2025/26*, along with a comprehensive review of Council's *Long Term Financial Plan 2025-2035*, has made significant progress in addressing the concerns raised by the Essential Services Commission of South Australia (ESCOSA) in its sustainability report dated February 2025. The report highlighted concerns that Alexandrina Council's forecasted financial position was potentially unsustainable. Council's revised financial forecast shows the organisation is now moving into surplus in 2027/28 and maintaining strong operating surpluses in future years, while also reducing borrowings to \$9.7 million by 2035. This revised financial position addresses the concerns raised by ESCOSA in its February 2025 report.

2025/26 will be a year of restraint for the Council, providing an opportunity to align its strategic plans and ensure long-term financial sustainability is achieved. The Council is committed to disciplined financial management, supporting its rapidly growing community, and enhancing the quality of life for all residents.

Budget snapshot

The *Annual Community Plan 2025/26* shows our services, programs and projects for this financial year. It also shows how we will allocate our resources to achieve the goals we set out in our *A2040 Community Vision*, while ensuring Council's long term financial sustainability.

Our focus in 2025/26 is on supporting and strengthening our community, environment and region by developing a responsible budget which recognises our unique constraints and is geared towards delivering essential services, prudent resource management, and sustainability.

The key elements of our Community Plan are outlined below and explained in more detail throughout this document.

Planned Activities

- In addition to our regular service delivery, our strategic initiatives contribute towards achieving our long-term goals. These include:
 - 187 capital projects: **\$20.384 million**
 - 13 operating initiatives: **\$0.504 million**.

Capital Budget

- **\$15.970 million** for capital expenditure on renewal of existing assets
- **\$4.414 million** for capital expenditure on new or upgraded assets.

Operating Budget

- Council is proposing an operating deficit of **\$2.118 million**.

Borrowing

- Council's borrowings will decrease by **\$1.1 million**, resulting in forecast total borrowings at 30 June 2026 of **\$45.5 million**.

Rates

- Increase in general rate revenue of **3.05%** (CPI 2.2% plus 0.85%) plus growth in new properties after rebates and concessions. This increase will allow for continued financial sustainability, maintain our much-needed services and fund new initiatives.

Financial Sustainability

- Operating surplus (deficit) ratio of **(3.0%)** which is outside of Council's Key Performance Indicator Financial Plan target of (2)% to 0%.
- Net financial liabilities ratio **73%** in line with Council's Long Term Financial Plan target of <80%.
- Asset sustainability ratio **100%** which is in line Council's target of 90% to 110%.



Community consultation

Council is seeking community feedback between **Thursday 15 May 2025 and Friday 6 June 2025** regarding the proposed activities and associated funding arrangements contained within the *draft Annual Community Plan 2025/26*.

A full copy of Council's *draft Annual Community Plan 2025/26* is available to view at Council Offices, library depots or by visiting Council's website alexandrina.sa.gov.au

The community is invited to provide feedback by attending one of four Public Meetings, via our 'My Say' website or in writing.

Public Meetings

- **Wednesday 21 May**, 10 am – 11 am, Goolwa Council Chambers, 11 Cadell Street, Goolwa
- **Monday 26 May**, 6.30 pm – 7.30 pm, Port Elliot RSL, 10 The Strand, Port Elliot
- **Wednesday 28 May**, 6.30 pm – 7.30 pm, Strath Neighbourhood Centre, 6 Parker Avenue, Strathalbyn
- **Wednesday 4 June**, 6.30 pm – 7.30 pm, Mount Compass War Memorial Hall, 5 Peters Terrace, Mount Compass.

My Say website

Visit Council's My Say website to complete an online survey mysay.alexandrina.sa.gov.au/acp2025-26

Hard copy surveys can be downloaded on our My Say website or can be collected at our Council Offices at Goolwa or Strathalbyn.

Written responses

Written responses can be sent via post to:

Alexandrina Council
PO Box 21
GOOLWA SA 5214

or via email to alex@alexandrina.sa.gov.au

All submissions or comments will need to be received by Council no later than 5pm on Friday 6 June 2025.

Special Council Meeting

A report containing submissions on the *draft Annual Community Plan 2025/26* will be presented to a Special Council Meeting on Monday 7 July 2025.

Section 123(6a) of the *Local Government Act 1999* requires councils to outline any significant amendments made to the adopted Annual Community Plan (i.e. different from the draft on which public engagement was undertaken) and these will be included in the final Plan following the community consultation.



Image: Community consultation at the Middleton Village Conversations

Your Council Members



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About us

Our community



1,827 sq km

Area of Alexandrina Council District



\$686m

Spent by visitors and residents in a year



30,887

Estimated residential population



2,405

Total number of businesses



Map of Alexandrina Council District with major townships*



12,394

Principal dwellings



4,348

Secondary dwellings



Roads

550 km

Sealed roads

770 km

Unsealed roads

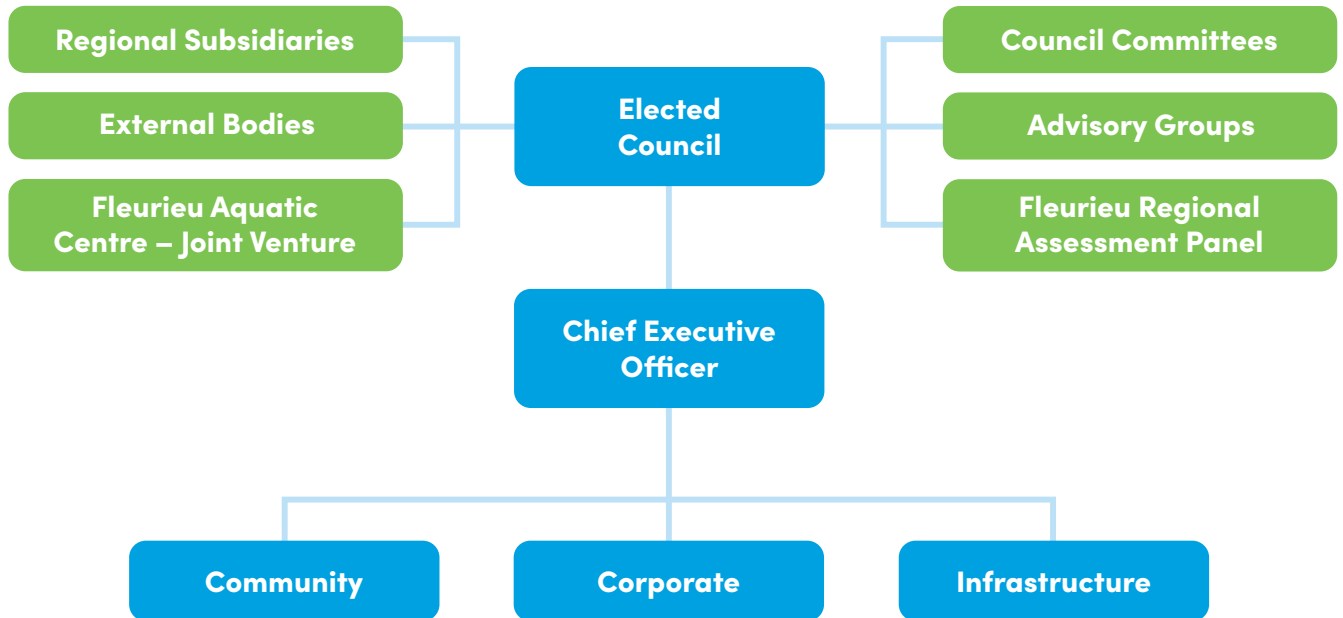
1,320 km

Total roads

*Localities in Alexandrina Council not shown on map: Angas Plains, Belvidere, Blackfellows Creek, Bletchley, Bull Creek (part), Chiton (part), Dingabledinga, Finniss, Gemmells, Hartley, Hayborough (part), Highland Valley, Hope Forest, Kuitpo (part), Kuitpo Colony, Kyeema, Lake Plains, Macclesfield (part), McHarg Creek, Montarra, Mosquito Hill, Mount Jagged (part), Mount Magnificent, Mount Observation, Mundoo Island, Nangkita, Nurragi, Pages Flat (part), Paris Creek (part), Point Sturt, Prospect Hill (part), Red Creek, Salem, Sandergrove, The Range (part), Tolderol, Tooperang, Willunga Hill, Willyaroo and Yundi.

Source: Profile id, profile.id.com.au

Council structure and functions



Council and committees

The Elected Council's role is to provide for the governance and stewardship of the Council. It does this through representing the interests of the community; providing and coordinating public services and facilities; encouraging and developing initiatives to improve the community's quality of life; and exercising its functions under legislation and its strategic management plans.

A number of committees have been established in accordance with legislation to assist the Council and the Administration to discharge their responsibilities in specific areas. These are the Audit and Risk Committee, the Australia Day Awards Committee, the Cemeteries Advisory Committee, the Chief Executive Officer Performance Management Panel, the CEO Selection Panel, the Climate Emergency and Environment Committee, the Heritage Advisory Committee, the Ratalang Basham Beach Horseshoe Bay Advisory Committee, the South Australian Wooden Boat Festival Committee, the Building Fire Safety Committee and the Health & Safety Committee. The Terms of Reference for these Committees can be viewed at alexandrina.sa.gov.au

Regional subsidiaries

Council is a member of three regional subsidiaries (created under Section 43 of the *Local Government Act 1999*) which assist in the strategic planning and service delivery activities. The subsidiaries are the Southern and Hills Local Government Association, the Fleurieu Region Waste Authority, and the Adelaide Hills Region Waste Management Authority.

Other bodies

Council makes use of Advisory Groups to provide advice to the Administration on a range of matters. Advisory Groups operate on a less formal structure and often contain community members which creates a beneficial opportunity for Council to access the skills and experience that resides in the district. Council's current Advisory Groups are the Agricultural Advisory Group and the Strathalbyn Recreation Precinct (Lot 10) Advisory Group. The Terms of Reference for these Groups can be viewed at alexandrina.sa.gov.au

Council is also a member of the Fleurieu Regional Assessment (FRAP) which is an independent body that has been established under the

Planning, Development and Infrastructure Act 2016. The FRAP is responsible for considering qualifying Development Applications within Alexandrina Council, the City of Victor Harbor and the District Council of Yankalilla.

The Fleurieu Aquatic Centre was established in 2017 as a joint project of Alexandrina Council and City of Victor Harbor. As joint owners of the centre, a Joint Venture Agreement was signed and a Joint Venture Committee formed between the Constituent Councils in August 2024 to directly oversee the management of the centre and support decision making.

Council also has membership on a number of external bodies where Council has determined that participation is beneficial to the district. Examples include the Murray Darling Association and the Southern Communities Transport Scheme Advisory Committee.

Council Administration

The Council's Administration is led by a Chief Executive Officer appointed by the Council. The Chief Executive Officer appoints staff and engages other resources to carry out the functions and duties delegated to them and to implement Council decisions.

The Administration is organised into three divisions, each led by a General Manager, and an Office of the Chief Executive Officer. Each area has a specific focus and functional responsibilities. The arrangement of the divisions provides for the separation of the regulatory activities, as far as practicable, from the other activities of the Council.

Functional areas

Services provided by the Administration to the Alexandrina community and the elected Council across the following functional areas:

Advocacy, strategic planning and reporting

Arts and culture

Business solutions and Information management

Council and member services

Cemeteries management

Community development

Community safety and regulatory services

Communications and engagement

Community transport

Customer service

Climate change adaption

Community facilities

Development assessment planning and building

Development and building compliance

Economic development and business support

Emergency management

Financial management

Fleet and plant management

Governance

Human services

Infrastructure and asset management

Infrastructure project planning and delivery

ICT operations and digital transformation

Library services

Natural resource management

Organisation development

Property and land management

Regional subsidiaries and joint ventures

Risk management and internal audit

Recreation facilities

Strategic development planning

Sustainable procurement

Stormwater management

Traffic investigations and planning

Visitor services

Work health and safety

Wastewater planning and management

Waste management



Image: Simon from Alexandria Libraries at the @Home Energy Efficiency Workshop, Goolwa.

Alexandrina 2040 - Our Plan to Thrive

Integrated Strategic Management Framework

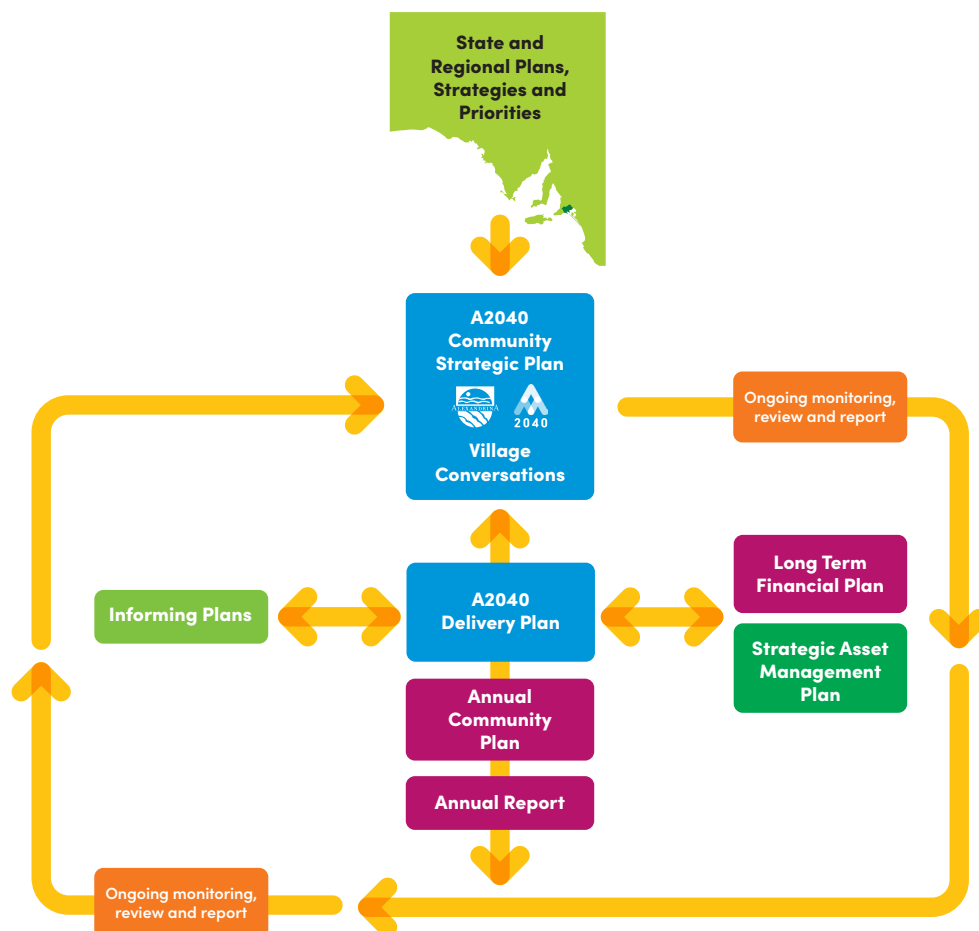
Integrated strategic management planning is a continuous cycle of consultation and engagement with the community to develop the community's long-term vision; and the objectives and activities for the strategic management plans to realise the vision.

Collectively, the strategic management plans provide readers with an understanding of:

- the community's vision
- the objectives for realising the community's vision – including how the objectives align with other spheres of government and how any overlapping services are shared

- the strategic approaches and priority actions to be taken to achieve the objectives
- the ongoing financial sustainability status of Council, including estimates of the income and expenditure needed to maintain high priority expenditure programs and projects
- the measures used to assess Council's performance.

Council will report on its performance against a series of Strategic Success Indicators to the community via Annual Reports. The Strategic Success Indicators are currently being developed for inclusion in the *A2040 Community Strategic Plan – Delivery Plan* described below.



A2040 Community Strategic Plan - Vision

Outlines our long-term vision for Alexandrina – to be ‘Liveable. Green. Connected.’ to thrive into the future. It is a story developed with our community representing what we want Alexandrina to be like in 2040 and includes five objectives that Council will focus its efforts on.

Themes	Objectives	Vision
 Trusted and financially sustainable Council	Alexandrina Council is a trusted, transparent and committed organisation that listens, advocates and delivers value for our community in a financially sustainable way.	Liveable
 Well-planned towns and growth	Alexandrina is a liveable region of well-planned towns and growth areas with coordinated infrastructure, services and opportunities that support our growing population, rural heritage and lifestyle.	Liveable
 Climate and environmental stewardship	Alexandrina is a climate resilient community that values our natural assets, adopts and encourages new ways to reduce our environmental impact and support new circular economies.	Green
 Inclusive and thriving community	Alexandrina is a welcoming community and prosperous economy with places and opportunities that support the wellbeing, creativity, active participation and quality of life of all people.	Connected
 Transport connections	Alexandrina is a region with accessible roads, pedestrian, cycle and public transport networks that make it easy to get around, do business, commute and explore.	Connected

The A2040 Community Strategic Plan – Vision was originally adopted in February 2021 and was reviewed in the second half of 2024 with the revised Vision document adopted by Council at its 17 February 2025 meeting.



Long Term Financial Plan 2025-2035

Supports the delivery of the *A2040 Community Strategic Plan* by setting the short, medium and long-term priorities, based on resourcing and funding capabilities – setting out the longer-term impact on the financial sustainability of delivering the A2040 Vision.

ESCOSA released its sustainability report on Council's financial sustainability in February 2025. The report advised that Council's financial performance was unsustainable due to the 2023/24 deficit position, and the projected financial performance to be potentially unsustainable. The explanation behind being potentially unsustainable is due to, in ESCOSA's opinion, the historical and forecast high levels of expenditure on new and upgraded assets, and underspending on asset renewal and replacement, creating a stream of future liabilities that the community is likely to struggle to maintain. ESCOSA also noted a failure to have undertaken systematic asset revaluations. For more information on the ESCOSA review, see Appendices.

Prior to ESCOSA releasing its report, Council had undertaken a comprehensive review of its previous Long Term Financial Plan, making significant progress in addressing the concerns raised by ESCOSA in its February 2025 report. Specifically, that Alexandrina Council's forecasted financial position could potentially be unsustainable.

Council's revised financial forecast contained in the *draft Long Term Financial Plan 2025-2035* shows the organisation moving to surplus in 2027/28 and maintaining strong operating surpluses in the years to come, while reducing borrowings from a forecast peak of \$47.6 million to \$9.7 million by 2035.

Strategic Asset Management Plan 2025-2035

Supports the delivery of *A2040 Community Strategic Plan* by providing long-term asset management scenario modelling about when Council will intervene to improve assets based on the condition assessments and service levels determined with the community, and details the objectives, practices and actions for asset management improvements.

The *Strategic Asset Management Plan 2025-2035* was reviewed in the second half of 2024 with the revised Plan adopted by Council at its 17 February 2025 meeting. This Plan has directly informed the renewal budgets proposed in the draft *Annual Community Plan 2025/26*. In 2025/26, Council will continue its asset management journey by developing a series of individual Asset Management Plans to support the ongoing and long-term management of various asset classes across the organisation.

A2040 Community Strategic Plan – Delivery Plan

The Delivery Plan details what Council will do to work toward the community's long-term vision – Liveable. Green. Connected. The Delivery Plan is currently under development and is anticipated to be ready for Council's approval following community consultation later in the 2025 calendar year.

Annual Community Plan 2025/26

The Annual Community Plan (this document) is an annual statement of intended programs and priority actions for the financial year and links to the A2040 Delivery Plan. It links the Council's Annual Budget to the longer-term planning of resource allocations for the year and establishes the basis for performance review over the year that is included in the Annual Report.

Quarterly and Annual Reports

The Annual Report is Councils' primary means of reporting back to the community on the progress in achieving the actions, priorities and targets (financial and non-financial) contained in the Annual Community Plan for the financial year to which it relates.

Each quarter Council will also prepare a quarterly performance report showing our progress towards achieving that financial year's Annual Community Plan.



Key Achievements 2024/25

The *Annual Business Plan and Budget 2024/25* contained a series of Operating Initiatives and Capital Projects to be undertaken in the 2024/25 financial year. While a full account of the status of achievement of these undertakings will be contained in the *Annual Report 2024/25*, some of the key achievements include:

Reviewed and adopted the following strategic management plan documents:

- *A2040 Community Strategic Plan - Vision*
- *Strategic Asset Management Plan 2025-2035*

Completed the Goolwa Wharf Precinct Project

Staged the Adelaide Car Rally in Strathalbyn and surrounds

Additional funding for the Milang, Strathalbyn and Goolwa Community Centres

Renewed and upgraded footpaths across the district

Upgraded the Goolwa Aquatic Jetty

Renewed Council's carbon measuring software platform

Additional funding to support traffic management for community events

Delivered the Village Conversations priority projects for Middleton, Mount Compass and Langhorne Creek

Renewed Stage 1 of Nangkita Road - seal and line-marking

Upgraded the recreation and open space facilities across the district

Upgraded the stormwater assets across the district

Completed the 2024/25 Unsealed Road Renewal Program

Upgraded the electrical automation of Community Wastewater Management System sites.



Image: Deputy Premier, the Hon Susan Close MP, left, Senator the Hon Penny Wong, and Mayor Keith Parkes unveil a plaque at the South Australian Wooden Boat Festival to mark the completion of the Goolwa Wharf Precinct Project.

Significant influences and priorities

Macroeconomic environment

Economic outlook

As of April 2025, Australia's economic outlook presents a mix of cautious optimism and emerging challenges. The economy is projected to experience modest growth, supported by government initiatives and favourable global conditions, yet it remains susceptible to external shocks, particularly from international trade tensions.

Consumer price index

Australia is currently facing significant cost-of-living pressures, driven by various economic factors. Council costs are impacted by CPI increases in the same ways as household expenditures. While the Reserve Bank of Australia (RBA) recently reduced (2 April) the official cash rate from 4.35% to 4.10% to manage inflation and support a slowing economy, underlying inflation remains high. The trimmed mean inflation rate (CPI with one-off distortions removed) has remained consistently above CPI recently, and housing affordability continues to be a major concern. The Adelaide March 2025 quarter CPI is 2.2%, this figure has been used in the draft Community Plan as our CPI assumption.

Interest rates

Forecasts suggest that Australia's Gross Domestic Product (GDP) will grow by approximately 2% in 2025, with underlying inflation stabilising around 2.8%. This growth is anticipated to be fuelled by rising real household incomes as inflation subsides and a rebounding housing market, with expectations of interest rate cuts providing additional support.

Tariffs

The impact of United States tariffs on Australia can be multi-faceted, affecting trade, the economy, and various industries. While Australia is not directly involved in many of the US tariff disputes (such as with China), it may still be affected by the broader economic consequences. Council will remain cautious during these uncertain economic times by exercising strong financial restraint.

Rates and charges

Overview

Considering external economic pressures and global uncertainty, Council has focused on ensuring it keeps downward pressure on rates and charges increases in 2025/26.

This has required Council to exercise strong financial restraint across the life of its *draft Long Term Financial Plan 2025-2035*.

Rates growth

In addition to general rate adjustment, Council is anticipating approximately 1.8% growth in rates collected through 'Rate growth'. Rate growth is a result of new developments or property valuation increases specifically due to improvements to the property such as land division, new pergola, extensions, pool, shed etc.). These enhancements generally increase the value of the property, which in turn increases rates on that property.

General rates adjustment

It is proposed that general rates be increased in line with the March 2025 CPI, which is 2.2% for Adelaide, plus a reasonable sustainability factor of 0.85%. This adjustment is necessary to ensure the Council can continue delivering essential services such as waste management, increasing cost of asset renewal, road maintenance, parks and gardens, and community programs, while also reducing debt and maintaining financial sustainability to support the growing community.



Image: Mount Compass Area School students Liam, Billy, Dean, Flynn, Tyler and Chelsea at the newly upgraded Mount Compass Recreation Park.



Income

Overview

Council has focused on ensuring it keeps downward pressure on rates and charges whilst ensuring, where possible, increases in costs of services are being accounted for in the user charges.

User charges adjustment

Council's user charges where appropriate have been adjusted with consideration to March 2025 CPI, which is 2.2% for Adelaide. User charges include fees such as leases and licences, cemetery fees, facility hire fees etc.

Statutory Charges will be increased in line with annual adjustments imposed by government agencies.

Grants

In recent years, the Federal Government has made advanced payments, prior to 30 June, from future year allocations of financial assistance grants. This *Annual Community Plan* (and the *Long Term Financial Plan*) factor in receipt of 100% of financial assistance grants in each year of the Plan. Other ongoing government operating grants are included at known amounts or where there is a reasonable expectation of continuation. All grant income has been indexed at projected CPI.

Expenditure

Overview

Cost pressure has been present across all of Council's expenditures. Where possible, Council has engaged in competitive and transparent procurement activities to ensure that the best value for money outcomes is obtained and minimising the impact of short-term volatility.

General expenditure adjustments

Increase in the overall general expenditure has been kept below the 2.2% CPI.

This is due in part to fixed price longer term electricity contracts being sourced while exercising the required fiscal constraints to return the *Long Term Financial Plan* to surplus and renegotiating and controlling software license costs increases below CPI.

Capital expenditure

Council has a range of contracts with suppliers to deliver ongoing asset renewal programs and these contracts are subject to increase generally in line with CPI movements. With new capital projects being kept to a minimum the short-term volatility in prices has had minimal impact in the preparation of the budget.

Funding the Annual Community Plan

In developing this Annual Community Plan, Council has carefully considered the Adelaide 2025 March quarter CPI increase of 2.2%.

Accordingly, Council’s operating expenditure for 2025/26 has been adjusted as required and overall kept below the CPI. Average rates increase by 3.05% (March 2025 CPI 2.2% plus a reasonable sustainability factor of 0.85%). These adjustments are in line with Council’s *draft Long Term Financial Plan 2025–2035* and are critical to Council’s long-term financial sustainability and the future delivery of A2040.

This adjustment is necessary to ensure the Council can continue delivering essential services such as waste management, road maintenance, parks and gardens, and community programs, while also reducing debt and maintaining financial sustainability to support the growing community.

In 2025/26, Council is expected to see an increase in total general rates revenue of 4.85% – that includes a 3.05% annual adjustment to rates, plus 1.8% in rate revenue growth received from new property developments or improvements to existing properties (3.05% + 1.8% = 4.85%).

In delivering services and programs contained within this Plan, Council is targeting an operating deficit of \$2.118 million in 2025/26, due to operating revenues of \$70.587 million and operating expenses of \$72.705 million.



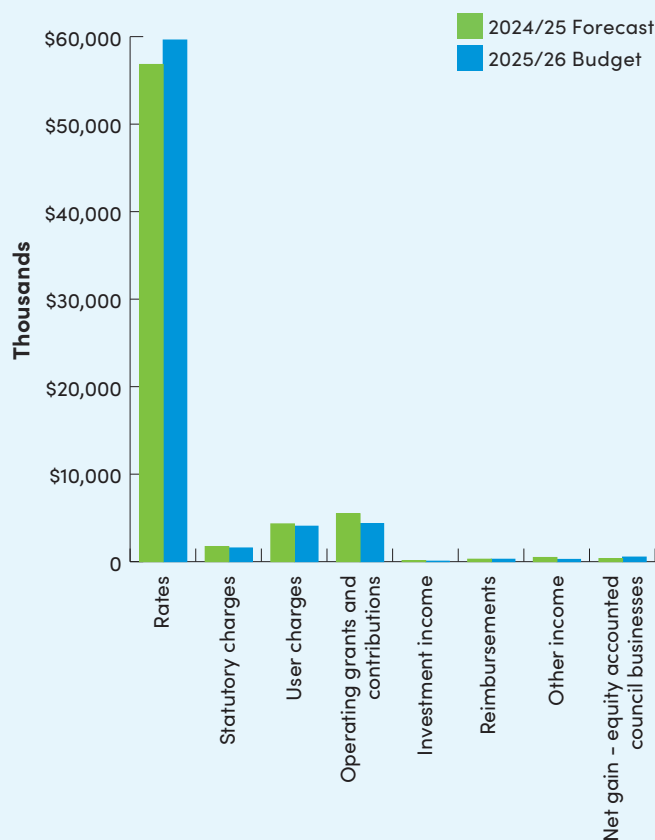
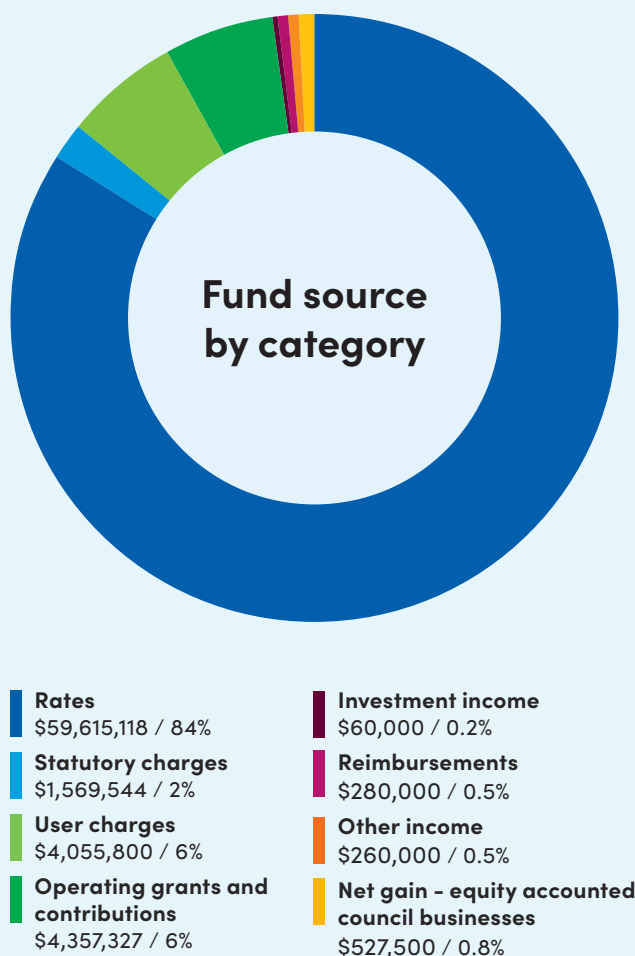
This Annual Community Plan outlines a total capital expenditure budget of \$20.384 million, which consists of \$15.970 million in renewal capital works and \$4.414 million in new capital works, related primarily to Council’s major projects.

Council’s borrowings will decrease from a forecast \$46.6 million as of 30 June 2025 to \$45.5 million as of 30 June 2026. Forecast borrowing levels are in line with Council’s *draft Long Term Financial Plan 2025–2035* and are well within Council’s responsible borrowing levels, with outstanding borrowings expected to decrease to approximately \$9.7 million as of 30 June 2035.

	Target % Short Term Years 1-3	2024/25 Forecast	2025/26 Budget
Operating Surplus/(Deficit)	(2) to 1	(4)%	(3)%
Net Financial Liabilities	≤120*	79%	73%
Asset Renewal Funding	90–110	131%	100%

Where will Council source funds?

2024/25 vs 2025/26

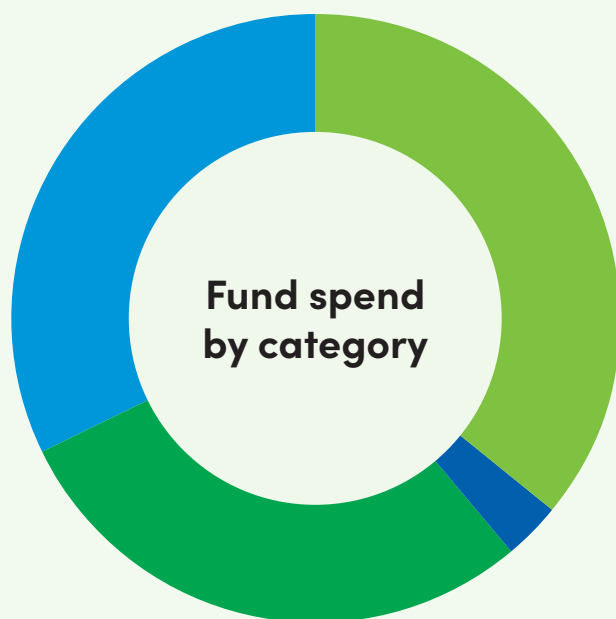


Category	2024/25 Forecast	2025/26 Budget	Variance	Notes
Rates	\$56,821,477	\$59,615,118	\$2,793,641	1
Statutory charges	\$1,734,420	\$1,569,544	-\$164,877	2
User charges	\$4,321,361	\$4,055,800	-\$265,561	3
Operating grants and contributions	\$5,487,400	\$4,357,327	-\$1,130,072	4
Investment income	\$130,824	\$60,000	-\$70,825	5
Reimbursements	\$215,555	\$280,000	\$64,445	
Other income	\$552,504	\$260,000	-\$292,504	6
Net gain - equity accounted council businesses	\$359,000	\$527,500	\$168,500	7
Total	\$69,622,541	\$70,725,289	\$1,102,748	

Notes

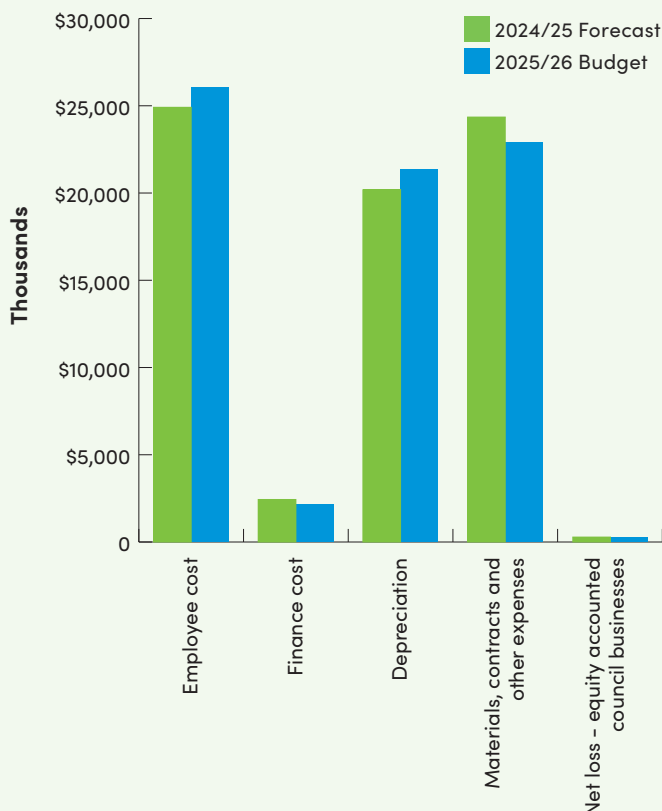
- Year on year, 'rates general' revenue has been increased by 4.85%, which includes a 2.2% CPI increase, 0.85% sustainability factor and 1.8% anticipated growth increase.
- Year on year, 'statutory charges' have been lowered by 10% due to a reduction in planning and development act fees.
- Year on year, 'user charges' have been lowered by 6% due to expected reduction in wastewater connections.
- Year on year 'operating grants & contributions' have reduced due to a number of one-off grants being received in 2024/25 financial year.
- Year on year, 'investment income' has been reduced due to a forecast reduction in invested funds.
- Year on year, 'other income' has been reduced to reflect one-off items being received in 2024/25 financial year.
- Year on year, 'net gain - equity accounted council businesses' has been increased due to the anticipated increase in surplus of Council-owned subsidiaries, mainly for the Fleurieu Regional Waste Authority.

Where will Council spend funds?



■	Employee cost
	\$26,070,910 / 36%
■	Finance cost
	\$2,127,840 / 3%
■	Depreciation
	\$21,342,119 / 29%
■	Materials, contracts and other expenses
	\$22,903,262 / 32%
■	Net loss - equity accounted council businesses
	\$285,700 / 0%

2024/25 vs 2025/26

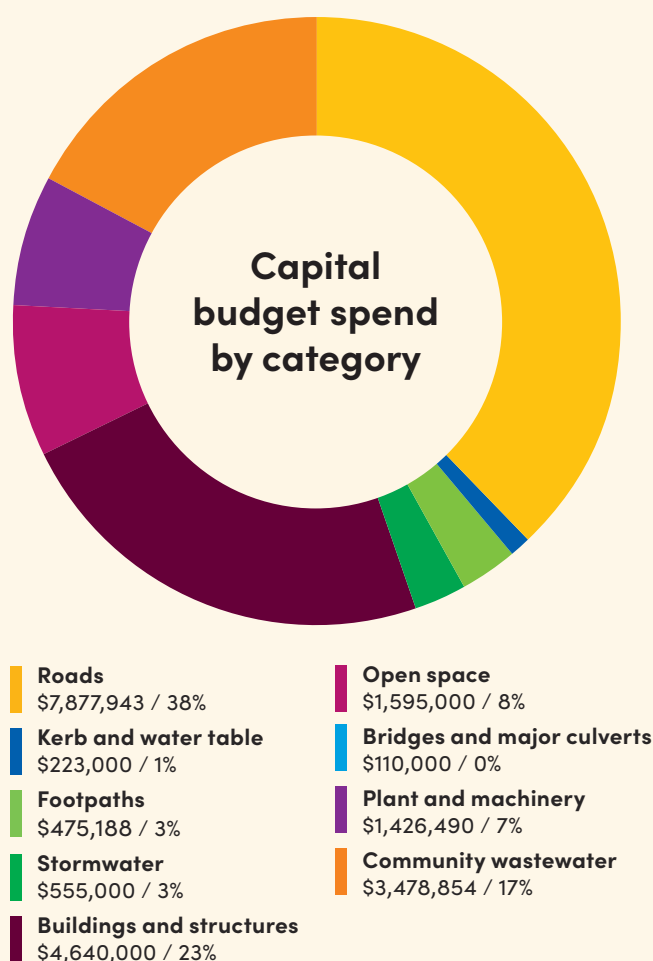


Category	2024/25 Forecast	2025/26 Budget	Variance	Notes
Employee cost	\$25,151,342	\$26,070,910	\$919,568	1
Finance cost	\$2,530,006	\$2,127,840	-\$402,166	2
Depreciation	\$20,184,823	\$21,342,119	\$1,157,295	3
Materials, contracts and other expenses	\$24,367,742	\$22,903,262	-\$1,464,480	4
Net loss - equity accounted council businesses	\$282,000	\$285,700	\$3,700	5
Total	\$72,515,913	\$72,729,831	\$213,918	

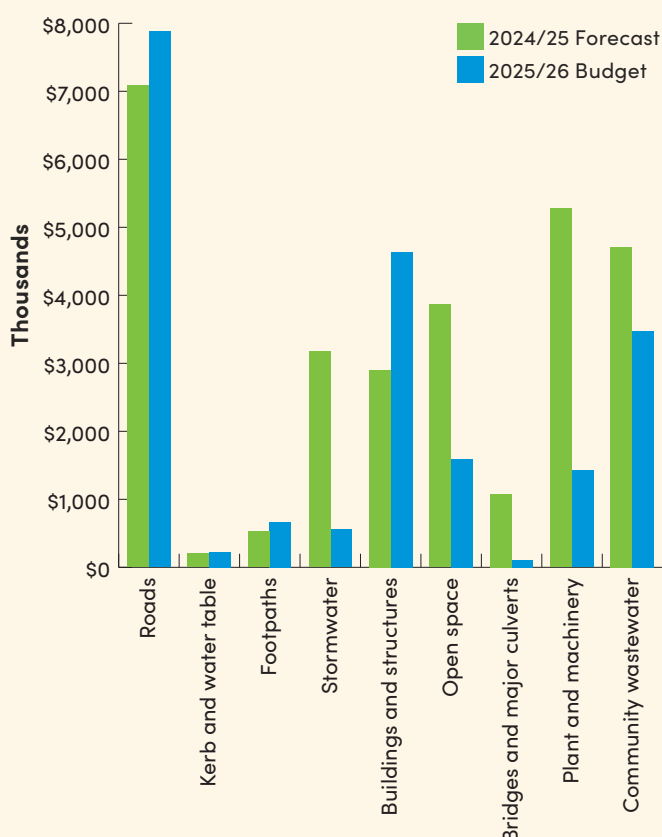
Notes

- Year on year, 'employee costs' have been increased by 3.66%, which includes 3% increase, 0.5% increase in superannuation and anticipated increase in salary levels, as per enterprise bargaining agreement increase. It should be noted that the 2024/25 forecast is lower due to a number of staff vacancies, which is over inflating year on year increase.
- Year on year, 'finance costs' have been decreased to reflect anticipated lower average level of borrowings.
- Year on year, 'depreciation' has been increased by 5.7%. This is due to an increase in asset base of the Council and the anticipated impact of the current Building asset revaluations currently being undertaken.
- Year on year, 'materials, contracts & other expenses' have been decreased by 6.1%. This includes a \$1m reduction in the overall value of operating projects being undertaken combined with the impact from the comprehensive line-by-line expenditure review, and the elimination of one-off adjustments.
- Year on year, 'net loss - equity accounted council businesses' has been increased due to the anticipated loss of Council-owned joint venture, the Fleurieu Regional Aquatic Centre.

Where will Council spend its capital budget?



2024/25 vs 2025/26



Category	2024/25 Forecast	2025/26 Budget	Variance	Notes
Roads	\$7,086,594	\$7,877,943	\$791,349	1
Kerb and water table	\$205,644	\$223,000	\$17,356	2
Footpaths	\$528,796	\$475,188	-\$53,608	3
Stormwater	\$3,174,438	\$555,000	-\$2,619,438	4
Buildings and structures	\$2,903,356	\$4,640,000	\$1,736,644	5
Open space	\$3,867,702	\$1,595,000	-\$2,272,702	6
Bridges and major culverts	\$1,075,521	\$110,000	-\$965,521	7
Plant and machinery	\$5,279,123	\$1,426,490	-\$3,852,633	8
Community wastewater	\$4,713,764	\$3,478,854	-\$1,234,910	9
Total	\$28,834,938	\$20,381,475	-\$8,453,463	

Notes

- Year on year, 'roads' has been increased to reflect the expenditure in the revised Asset Management Plan.
- Year on year, 'kerb & water table' has been increased to reflect the expenditure in the revised Asset Management Plan.
- Year on year, 'footpaths' has been increased to reflect the expenditure in the revised Asset Management Plan.
- Year on year, 'stormwater' has been reduced to reflect restraint in new capital expenditure.
- Year on year, 'buildings & structures' has been increased to reflect the expenditure in the revised Asset Management Plan.
- Year on year, 'open space' has been reduced to reflect restraint in new capital project expenditure.
- Year on year, 'bridges and major culverts' has been reduced to reflect restraint in new capital projects whilst ensuring projects are design ready.
- Year on year, 'plant & machinery' has been reduced to reflect restraint in the renewal pending the review of fleet and major plant renewal program.
- Year on year, CWMS' has been reduced due to the additional expenditure in 2024/25 from prior years.

Alexandrina Council – more than just roads, rates and rubbish

There is a well-known saying that councils are focused on roads, rates and rubbish. While roads and rubbish are very important services, Alexandrina Council, like many other Councils around the nation, provide a broad range of other services and facilities to their community.

Some of these services and facilities are in response to the multitude of legislative obligations and responsibilities created through the many Acts of State parliament that apply to councils. As such, these are considered to be mandatory and are performed in a generally similar manner across all councils.

Many of the services and facilities are provided in response to the needs expressed by the

community to promote social, economic, environmental and cultural wellbeing. These activities are discretionary and can differ between councils depending on the needs and priorities of that community.

Some of the key discretionary services and facilities provided and the cost associated with their provision are as follows:

Description	Amount
Community Support Contributions	\$280,000
Contributions for community transport, NAIDOC week, non-Council owned halls and ovals, event and road closures for Strathalbyn Christmas Pageant, Goolwa Christmas Pageant, Goolwa NYE Fireworks, ANZAC Day ceremonies and Adelaide Car Rally	
Community Centre Contributions	\$170,000
Milang Old School House Community Centre, Goolwa Community Centre and Strathalbyn Neighbourhood Centre	
Community Grants Program	\$180,000
Community grants for business initiatives, environment, events, wellbeing, heritage and small grants	
Libraries Services and Outreach	\$982,000
Goolwa, Strathalbyn, Milang, Port Elliot, Mount Compass and Outreach	
Recreational Facilities	\$998,000
Fleurieu Regional Aquatic Centre, Strathalbyn Swimming Pool, Goolwa Oval, Goolwa Sports Stadium	
Tourism and Visitor Services	\$680,000
Strathalbyn and Goolwa Visitor Information Centres, Tourism Services, funding agreements for Fleurieu Peninsula Tourism and Murray River, Lakes and Coorong	
Arts and Culture	\$563,000
Old Police Station Art Gallery, Signal Point Art Gallery, Signal Point Experience Centre, Public Art, Centenary Hall and Strathalbyn Hall	
Environment Strategy and Climate Change Strategy	\$354,000
Environment Strategy and Climate Change Strategy implementation and Murray Darling Association – Region 6 membership	
Economic Development	\$687,000
Economic Development, Business Hub, Wooden Boats and Oscar W contributions	

Rates and charges

Rating policies

Council's *Rating Policy*, *Hardship Policy* and *Debt Recovery Policy* provide full details on Council's rating arrangements and can be viewed at alexandrina.sa.gov.au

The key elements of Council's rating arrangements are set out below.

Property growth and valuation

Method used to value land

Alexandrina Council sets its rates based on the capital valuation data provided by the Valuer-General. Each year the property values are reviewed by the Valuer-General based on the market movements and recent sales trends. Capital Value is a commonly used method for valuing land for rate purposes, and it considers the total value of the land and improvements on it. It is seen as a fairer way of distributing the rate burden as it considers the full value of the property.

Valuation growth

The valuations, as advised by the Valuer General, have on average increased in market valuation by 9% across the Council area. The total valuation has increased from \$12.9 billion to \$14.0 billion.

Ratepayer impact statement

Council has taken into account the impact of rates on all ratepayers in the Council area including commercial business and primary producers.

Rate affordability is a key consideration and rates are set carefully to ensure that they are a fair and reasonable cost for the services provided. Council also considers the impact to non-residential ratepayers to support and encourage a diverse and healthy business sector, which is essential for the economic development of the community.

Differential general rates

Alexandrina Council has two differential rates being, Primary Production and General Rate. The table below shows the general rate (Gross) for each differential for the 2025/26 financial year. Council recognises that the rural sector not only contributes greatly to our economy but also has significant responsibilities in environmental conservation. This sector does not attract government financial support except in exceptional circumstances; however, local government, which has historically provided a reduction to the General Rate, has recognised its contributions.

Differential Rate	Rateable Properties	Rateable Properties %	Capital Value \$	Rates Raised 2025/26 \$	General Rates (Gross) %
General	17,411	86%	11,252,662,013	42,777,105	84%
Primary Production	2,948	14%	2,797,204,329	8,397,623	16%
Total	20,359		14,049,866,342	51,174,728	

Fixed charge

Council believes that all rateable properties should contribute a minimal amount to the costs of administering and maintaining the infrastructure that supports each property. Approximately 17% of the general rate revenue is generated through a fixed charge of \$440 for the 2025/26 financial year. This fixed charge is likely to be applied to all rateable properties within the Council area.

Community Wastewater Management Scheme

Council manages and charges for Community Wastewater Management Schemes (CWMS) for six townships.

CWMS Service Charges	Number of Connections	2025/26 Service Charge \$ (rounded to the nearest \$5)	2025/26 Total Income \$
Occupied	9,566	741	7,088,406
Vacant	868	547	474,796
Total	10,434		7,563,202

CWMS Connection Fees	2025/26 Connection Fees \$ (rounded to the nearest \$100)
Goolwa, Milang, Strathalbyn, Port Elliot, Mount Compass, Coorong Quays	6,675
Goolwa North	9,650
Hindmarsh Island	10,450
Projected 2025/26 Total Income \$	26,775

Regional Landscape Levy

Council will continue to collect the Regional Landscape Levy (formerly known as the NRM levy) on behalf of the Hills and Fleurieu Landscape Board. The levy is prescribed by the Board as listed in the table below:

Regional Landscape Levy	2024/25 \$	2025/26 \$
Hills & Fleurieu Landscape Board	1,269,000	1,334,840

Rate capping

Council's *Rating Policy* each year includes a rate capping provision by application to ensure that residential ratepayers are not affected by capital valuation increases by more than 15%, and non-residential ratepayers are not affected by capital valuation increases by more than 50% of the previous year's amount payable.

Rate capping applications are to be made in writing before the due date of the first quarter instalment.

Rate rebate

The *Local Government Act 1999* allows councils to provide discretionary rate rebates to eligible ratepayers. Councils can set their own criteria for eligibility, subject to certain requirements in the Act and these are set out in Council's *Rating Policy*.

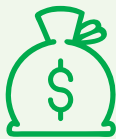
Remission and postponement of rates

Council is committed to supporting ratepayers who are experiencing financial stress through the provision of flexible rates payment options. Council will continue to offer rate relief for ratepayers (on application) experiencing financial hardship. Details are contained in Council's *Hardship Policy*, which can be viewed at alexandrina.sa.gov.au

A ratepayer who holds a State Senior's Card may apply to Council for a postponement of the payment of the prescribed proportion of rates for the current or a future financial year. Details are contained in Council's *Rating Policy*, which can be viewed at alexandrina.sa.gov.au

How your rates are calculated

Step 1 - Amount needed from council rates



Total revenue needed
from rates

-



Minus the total of
the fixed charge

=



Equals remaining amount
needed from general rates

Step 2 - Rate in the dollar calculation



Remaining amount
needed from general rates

÷



Divide by value of
all properties

=



Equals the rate
in the dollar

Step 3 - Calculation of your variable charge



Rate in the dollar

×



Times by value
of your property

=



Equals your
general rate

Step 4 - Adding up your council rates



Your general rate

+



Plus the fixed charge

=



Equals your council rates

Step 5 - Adding up your rates notice



Your council rates

+



Plus Regional Landscape Levy
and CWMS service charge

=



Equals total rates notice

Financial statements



STATEMENT OF COMPREHENSIVE INCOME

	2024 Year End Actual \$('000)	2025 Adopted Budget \$('000)	2025 Forecast Actual \$('000)	2026 Proposed Budget \$('000)
INCOME				
Rates	51,706	56,821	56,821	59,447
Statutory Charges	1,536	1,674	1,734	1,570
User Charges	4,021	2,997	4,322	4,066
Grants, Subsidies and Contributions	1,790	3,801	5,487	4,366
Investment Income	86	68	131	60
Reimbursements	218	240	216	280
Other Income	343	474	553	272
Net Gain - Equity Accounted Council Businesses	37	359	359	528
Total Income	59,737	66,434	69,623	70,587
EXPENSES				
Employee Costs	21,447	25,212	25,151	26,071
Materials, Contracts and Other Expenses	23,645	22,401	24,368	22,903
Depreciation, Amortisation and Impairment	18,450	20,185	20,185	21,346
Finance Costs	1,912	2,438	2,530	2,099
Net Loss - Equity Accounted Council Businesses	1,350	282	282	286
Total Expenses	66,804	70,518	72,516	72,705
Operating surplus/(deficit) before capital amounts	-7,067	-4,084	-2,893	-2,118
Net Gain/(Loss) on Disposal or Revaluations	-4,699	-320	-320	-301
Amounts Received Specifically for New or Upgraded Assets	4,408	3,750	6,562	0
Physical Resources Received Free of Charge	0	2,040	2,040	2,040
Net Surplus / (Deficit)	-7,358	1,386	5,389	-380
Changes in Revaluation Surplus - Infrastructure, Property, Plant & Equipment	1,000	16,297	15,574	16,849
TOTAL COMPREHENSIVE INCOME	-6,358	17,683	20,963	16,469

STATEMENT OF FINANCIAL POSITION

	2024 Year End Actual \$('000)	2025 Adopted Budget \$('000)	2025 Forecast Actual \$('000)	2026 Proposed Budget \$('000)
ASSETS				
Current Assets				
Cash & Cash Equivalent Assets	1,446	1,397	4,090	1,792
Trade & Other Receivables	5,162	6,579	5,584	3,339
Inventories	32	27	41	39
Total Current Assets	6,640	8,003	9,716	5,170
Non-Current Assets				
Trade and other receivables	70	83	73	71
Equity Accounted Investments in Council Business	9,759	11,116	9,836	10,078
Infrastructure, Property, Plant & Equipment	675,290	719,869	700,887	718,158
Other Non-Current Assets	3,319	2,415	3,319	3,319
Total Non-Current Assets	688,438	733,483	714,115	731,625
TOTAL ASSETS	695,078	741,486	723,831	736,795
LIABILITIES				
Current Liabilities				
Trade & Other Payables	5,527	7,370	8,305	5,852
Borrowings	11,943	5,003	13,983	13,428
Provisions	4,553	4,409	4,507	4,507
Total Current Liabilities	22,023	16,782	26,795	23,787
Non-Current Liabilities				
Borrowings	29,655	44,345	32,627	32,129
Provisions	809	1,151	855	855
Total Non-Current Liabilities	30,464	45,496	33,482	32,984
TOTAL LIABILITIES	52,487	62,278	60,277	56,772
NET ASSETS	642,591	679,208	663,554	680,023
EQUITY				
Accumulated Surplus	180,591	189,897	185,980	185,601
Asset Revaluation Reserves	461,029	488,341	476,603	493,451
Other Reserves	971	971	971	971
TOTAL EQUITY	642,591	679,209	663,554	680,023

STATEMENT OF CASH FLOWS

	2024 Year End Actual \$('000)	2025 Adopted Budget \$('000)	2025 Forecast Actual \$('000)	2026 Proposed Budget \$('000)
Cash Flows from Operating Activities				
Receipts:				
Rates	51,568	56,890	55,069	61,210
Statutory Charges	1,536	1,674	2,074	1,580
User Charges	4,021	2,998	4,837	4,051
Grants, Subsidies and Contributions	1,826	3,801	5,877	4,362
Investment Income	86	68	148	64
Reimbursements	218	240	266	276
Other Income	6,911	474	560	252
Payments:				
Employee Costs	-21,165	-25,212	-25,172	-26,063
Materials, Contracts and Other Expenses	-31,385	-25,356	-23,950	-23,201
Finance Costs	-1,645	-2,438	-2,294	-2,929
Net cash provided by (or used in) operating activities	11,971	13,139	17,414	19,601
Cash Flows from Operating Activities				
Receipts:				
Amounts Received Specifically for New/Upgraded Assets	2,159	3,750	8,706	-817
Sale of Replaced Assets	523	346	346	355
Repayments of Loans by Community Groups	10	-	0	0
Payments				
Expenditure on Renewal/ Replacement of Assets	-4,844	-10,016	-12,363	-15,970
Expenditure on New/Upgraded Assets	-28,698	-14,230	-16,472	-4,414
Net Cash provided (or used in) Investing Activities	-30,850	-20,150	-19,782	-20,846
Cash Flows from Financing Activities				
Receipts:				
Proceeds from Borrowings	19,121	11,220	9,000	45,557
Payments:				
Repayments from Borrowings	0	-4,200	-3,988	-46,610
Net Cash provided (or used in) Financing Activities	19,121	7,020	5,012	-1,053
Net Increase/(Decrease) in cash held	242	9	2,644	-2,298
Opening cash, cash equivalents	1,204	500	1,446	4,090
Closing cash, cash equivalents	1,446	509	4,090	1,792

UNIFORM PRESENTATION OF FINANCES

	2024 Year End Actual \$('000)	2025 Adopted Budget \$('000)	2025 Forecast Actual \$('000)	2026 Proposed Budget \$('000)
INCOME				
Rates	51,706	56,821	56,821	59,447
Statutory Charges	1,536	1,674	1,734	1,570
User Charges	4,021	2,997	4,322	4,066
Grants, Subsidies and Contributions	1,790	3,801	5,487	4,366
Investment Income	86	68	131	60
Reimbursements	218	240	216	280
Other Income	343	474	553	272
Net Gain - Equity Accounted Council Businesses	37	359	359	528
Total Income	59,737	66,434	69,623	70,587
Expenses				
Employee Costs	21,447	25,212	25,151	26,071
Materials, Contracts and Other Expenses	23,645	22,401	24,368	22,903
Depreciation, Amortisation and Impairment	18,450	20,185	20,185	21,346
Finance Costs	1,912	2,438	2,530	2,099
Net Loss - Equity Accounted Council Businesses	1,350	282	282	286
Total Expenses	66,804	70,518	72,516	72,705
Operating Surplus / (Deficit)	-7,067	-4,084	-2,893	-2,118
Net Outlays on Existing Assets				
Capital Expenditure on Renewal and Replacement of Ex	-4,844	-10,016	-12,363	-15,970
add back Depreciation, Amortisation and Impairment	18,450	20,185	20,185	21,346
add back Proceeds from Sale of Replaced Assets	523	346	346	355
Total Net Outlays on Existing Assets	14,129	10,515	8,168	5,731
Net Outlays on New and Upgraded Assets				
Capital Expenditure on New and Upgraded Assets	-27,531	-14,230	-16,472	-4,414
add back Amounts Received Specifically for New and Up	2,159	3,750	8,706	-817
Total Net Outlays on New and Upgraded Assets	-25,372	-10,480	-7,765	-5,231
Annual Net Impact to Financing Activities (surplus / (	-18,310	-4,049	-2,490	-1,618

Appendices



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Appendices

Operating Projects

Project Name	Description	Budget
Climate emergency action plan initiatives	Implement priority initiatives from the Climate Emergency Action Plan	25,000
Environmental strategy initiatives	Implement priority initiatives from the Environmental Strategy	10,000
Grant - Mount Compass Hall carpark seal	Community grant funding (in Council labour, plant and materials) for Mount Compass War Memorial Hall carpark seal (non-Council Hall)	88,000
Grant – Mount Compass tennis court resurfacing	Provide financial grant to assist in the tennis court resurfacing at Mount Compass	15,000
Grant - Langhorne Creek Hall carpark seal	Community grant funding (in Council labour, plant and materials) for Langhorne Creek Soldiers Memorial Hall carpark seal (non-Council Hall)	72,000
Heritage awards	Provide a Heritage Award event and financially reward recipients in each heritage award category	5,000
Heritage interpretive signage at Mrs Lush's Corner	Commission and install interpretive signage at Roy Galpins Reserve to identify 'Mrs Lush's Corner', Goolwa	1,760
Housing strategy – pre-requisite reviews and plans	Complete the following pre-requisite plans and reviews in 2025/26 to inform the development (in 2026-27) of a district wide housing strategy as required by the Greater Adelaide Regional Plan (2025) by March 2027: - Local Affordable Housing Plan - Langhorne Creek Accommodation Review - Mount Compass Town Plan - Rural Areas Accommodation Review	130,000
Township greening biodiversity plantings in public reserves	Engage a suitably qualified contractor to implement the tree strategy action plan – including growing specified tree species, planting trees in designated locations, supplying all relevant materials, coordinating volunteers, and managing the plantings and watering for a 3-year period.	40,000
Township greening streetscape plantings	Increase nursery capacity for greening program to grow an additional 250 trees (a 50% increase) for planting and installation of 20 stormwater inlets for improved watering capability.	57,500
Stormwater management planning	Assess catchments, complete risk-based prioritisation and cost estimates to inform the next stage of finalising stormwater management plans for each catchment.	20,000
Wastewater utility business governance model	Explore contemporary business models and governance structures for Council's community wastewater utility to establish a preferred fit-for-purpose and legally sound framework for future implementation.	40,000
Total		504,260
Murray estuary settlements long-term adaptation plan	Develop a detailed adaption plan to mitigate the impacts of sea level rise for settlements outside the barrages – Mundoo and Goolwa Channels, approximately 105 properties and Council infrastructure - to ensure their long-term viability.	150,000 Subject to securing grant funding

Capital Renewal Projects

Building Renewal

Project	Description	Location	Budget
Public amenities – decommission Middleton foreshore	Decommissioning and removal of old composting toilet near Ocean Pde Middleton that is at end of life and non-compliant as set out in the Public Toilet Management Plan	Middleton	
Goolwa Recreation Centre wet area renewal construction	Renewal wet areas to meet accessibility requirements – detail design and construct	Goolwa	
Caravan Park amenities – Milang	Renew the amenities at the Milang caravan park – detail design and construct	Milang	
Caravan Park amenities – Clayton Bay	Renew the amenities facility at the Clayton Bay – detail design and construct	Clayton Bay	
Public amenities - Middleton Arts and Craft Building	Renew the amenities and associated wastewater system at the Middleton Arts and Crafts building – detail design and construct	Middleton	
Air-conditioning system renewal – Goolwa Civic Office	Renew the Goolwa Civic Office air-conditioning system that is at end of life, and complete a detailed assessment of the fire hydrant and water fire protection system for compliance	Goolwa	
Public amenities - Chiton Rocks	Renew the public amenities at Chiton Rocks – detail design and construct – as identified in the Public Toilet Management Plan.	Chiton	
Potable water renewals - back flow prevention devices	BCA audit identified several of the potable water supplies to Council owned buildings do not have back flow prevention devices, are non-compliant and require the installation of these devices.	Various	
Milang Chapel	Renewal and underpinning to superstructure at the Milang Chapel	Milang	
Caravan Park residence building at Milang	Renew superstructure as recommended by BCA audit	Milang	
Caravan Park service plant room – Port Elliot	Renew superstructure as recommended by BCA audit	Port Elliot	
Community Hall – Clayton Bay	Renew roof trusses, nail plates to current standards and superstructure as recommended by BCA audit	Clayton Bay	
Old Headmasters Cottage – Strathalbyn	New fire hydrant and backflow prevention device required for compliance	Strathalbyn	
Port Elliot Institute and Library	Renew mechanical, electrical, fire and hydraulic components to meet building compliance.	Port Elliot	
Scout Hall - Goolwa	Renew amenities DDA compliance – design	Goolwa	
Total			3,765,000

Open Space Renewal

Project	Description	Location	Budget
Freeman Knob Lookout - Wall Renewal	Renewal of wall render/plastering and metal artwork along the inside of the wall at the Freeman Knob lookout. Deferred from 2024/25 to allocate budget for the shelters at Continental Park.	Port Elliot	
Playground installation at Port Elliot Caravan Park	Renewal of playground near the Port Elliot Caravan Park. Additional capital upgrade component funded from the Ratalang trust.	Port Elliot	
Milang jetties	Renewal of jetty components along Milang main foreshore area (5 jetties in total)	Milang	
Graham Forrest Reserve (Burkett Drive Strathalbyn)	Renew of soft fall.	Strathalbyn	
Milang Tennis Court reuse - multi use. Consultation and detailed design.	Undertake engagement and detailed design on the current and future use of the courts at the Milang Soldiers Memorial Gardens.	Milang	
Seagull Avenue playground renewal	Renewal of the playground elements at the Seagull Avenue Reserve that have reach end of asset Life	Chiton	
Potts reserve seating replacement	Renewal of picnic setting at Potts Reserve that has reached end of life.	Langhorne Creek	
Horseshoe Bay beach access review & detailed design.	Review all beach access points within Horseshoe Bay to help determine future requirements and upgrades needed, undertake consultation, detailed designs and cost estimates. All ability access to be provided where possible.	Port Elliot	
Middleton Shores Reserve Playground	Renewal of playground equipment that has reached end of life at Roscoe's Reserve.	Middleton	
Total			1,235,000

Stormwater Renewal

Project	Description	Location	Budget
Bristow Smith Drive	Renewal of Stormwater system (pits & pipes) at number 52.	Goolwa South	
West Tce	Renewal of double side entry pit at West Terrace.	Strathalbyn	
Hamburg Rd SW Culvert	Renew pipe under Hamburg Road (unsealed). Delivered internally.	Strathalbyn	
Banfield Rd	Renew pits & pipe and connect to existing Goolwa North system.		
Liverpool Rd Pump Station	Renewal electrical cabinet and electrical components.	Goolwa North	
Gardner St Pump Station	Renew Pumps 1 & 2 due to age and condition.	Goolwa	
Heinicke Reserve PS	Renew Pumps 1 & 2 due to age and condition.	Goolwa	
Goolwa Oval Pump Station	Renew pump and valve chambers, pumps and valves.	Goolwa	
Brooking St	Renew failed junction box at end of life.	Goolwa	
Heggaton Rd	Pipe renewal (reline) that has failed and at end of life.	Goolwa Beach	

Murray Smith Reserve Pump Station	Renew pump station chamber and valves at end of life.	Goolwa
Currency Creek Road	Renew side entry pit at end of life.	Goolwa South
Kessell Road	Renewal of the recycled stormwater supply pump, valves, fittings & electrical components.	Goolwa
		Total \$ 555,000

Sealed Road Renewal

Project	Treatment	Location	# Segments	Budget
Airport Road	Reseal	Middleton	1	
Arthur Road	Reseal	Mount Compass	1	
Banfield Road	Reseal	Goolwa North	2	
Barrage Road	Reseal	Goolwa South	1	
Bedford Court	Reseal	Goolwa North	2	
Bedford Drive	Reseal	Goolwa North	2	
Blackbilly Road	Reseal	Willunga Hill	1	
Bricknell Road	Reseal	Goolwa North	1	
Brooking Street	Reseal	Goolwa	2	
Burleigh Street	Reseal	Langhorne Creek	1	
Burt Avenue	Reseal	Goolwa North	1	
Captain Sturt Parade	Reseal	Hindmarsh Is	1	
CB Community Hall Car Park	Reseal	Clayton Bay	1	
Chibnall Road	Reseal	Middleton	1	
Clayton-Milang Road	Reseal	Milang	1	
Coleman Road	Reseal	Goolwa South	1	
Daniel Avenue	Reseal	Goolwa North	2	
Devon Road	Reseal	Strathalbyn	1	
Eatts Place	Reseal	Port Elliot	1	
Edison Street	Reseal	Hindmarsh Is	1	
Etona Court	Reseal	Milang	3	
Fenchurch Street	Reseal	Goolwa North	1	
Ferguson Road	Reseal	Goolwa Beach	1	
FRWA (Service Road)	Reseal	Goolwa Beach	5	
Goode Street	Reseal	Goolwa	2	
Goolwa Oval	Reseal	Goolwa	2	
Haynes Road	Reseal	Middleton	1	
Hero Avenue	Reseal	Middleton	2	
Kerr Street	Reseal	Goolwa	1	
Kessell Road	Reseal	Goolwa	2	
Kingdon Place	Reseal	Goolwa	1	
Lake Plains Road	Reseal	Lake Plains	1	
Lindsay Parade	Reseal	Goolwa	1	
Lorraine Avenue	Reseal	Middleton	2	
Marion Street	Reseal	Milang	2	
Mason Street	Reseal	Port Elliot	2	
McKinlay Court	Reseal	Goolwa North	1	
McLeod Road	Reseal	Middleton	1	
Melville Lane	Reseal	Strathalbyn	1	
Mill Terrace	Reseal	Middleton	1	
Montpelier Terrace	Reseal	Port Elliot	2	
Morrison Avenue	Reseal	Middleton	2	
Munetta Road	Reseal	Mount Compass	1	
Murray Street	Reseal	Goolwa North	1	
Myrtlegrove Road	Reseal	Currency Creek	1	

Nangkita Road	Reseal	Mount Compass	1
New Jersey Crescent	Reseal	Goolwa North	1
New Orleans Street	Reseal	Goolwa North	2
North Parade	Reseal	Strathalbyn	2
North Parade -Parking Area	Reseal	Strathalbyn	6
Nyoka Road	Reseal	Macclesfield	1
Ocean Road	Reseal	Middleton	2
Ocean Road	Reseal	Port Elliot	1
Old Bull Creek Road	Reseal	Strathalbyn	1
Oxford Street	Reseal	Port Elliot	2
Phillipps Street	Reseal	Goolwa	1
Port Elliot Holiday Park	Reseal	Port Elliot	1
Pottery Road	Reseal	The Range	1
Regent Street	Reseal	Port Elliot	1
Richardson Road	Reseal	Willyaroo	1
Seaview Avenue	Reseal	Middleton	4
Shepherd Avenue	Reseal	Goolwa South	1
Springvale Terrace	Reseal	Mount Compass	2
Stones Lane	Reseal	Strathalbyn	1
Storey Street	Reseal	Milang	1
Strathalbyn Oval	Reseal	Strathalbyn	1
Sumner Street	Reseal	Goolwa	2
Surfers Parade	Reseal	Middleton	1
Tarella Street	Reseal	Milang	3
Tottenham Court Road	Reseal	Port Elliot	2
Waterport Road	Design	Port Elliot	1
Watson Street	Reseal	Milang	1
Weeroona Drive	Reseal	Milang	1
William Street	Reseal	Port Elliot	1
Williams Road	Reseal	Currency Creek	1
Winery Road	Reseal	Finniss	1
Woodcone Road	Reseal	Mount Compass	1
Flagstaff Hill Road	Reseal	Middleton	1
Riverside Drive	Reseal	Goolwa South	1

Program Total 6,142,438

Unsealed Road Renewal

Project	Treatment	Location	# Segments	Budget
Adams Gully Road	Resheet	Kuitpo	1	
Ballandown Road	Resheet	Lake Plains	2	
Ballandown Road	Resheet	Milang	5	
Blacker Road	Resheet	Willyaroo	1	
Boat Ramp Road	Resheet	Clayton Bay	1	
Brook Road	Resheet	Woodchester	2	
Chapel Hill Road	Resheet	Mcharg Creek	1	
Chapel Road	Resheet	Lake Plains	1	
Cutler Road	Resheet	Goolwa North	1	
Dalton Lane	Resheet	Langhorne Creek	2	
Fidock Road	Resheet	Goolwa North	1	
Green Road	Resheet	Ashbourne	2	
Gun Club Road	Resheet	Milang	1	
Hanby Crescent	Resheet	Goolwa Beach	1	
Highland Valley Road	Resheet	Highland Valley	1	
Jaensch Road	Resheet	Hartley	1	
Kindaruar Road	Resheet	Milang	2	
Koennecke Road	Resheet	Strathalbyn	3	
Lovell Road	Resheet	Middleton	4	
Lyon Street	Resheet	Milang	1	
Maidment Road	Resheet	Ashbourne	1	

Micheltmore Road	Resheet	Kuitpo	2
Moore Road	Resheet	Strathalbyn	1
Mount Compass WW T Plant (Service Rd)	Resheet	Mount Compass	1
Neales Road	Resheet	Willyaroo	1
Oakley Road	Resheet	Blackfellows Creek	2
Oakley Road	Resheet	Kyeema	2
Old Telegraph Road	Resheet	Middleton	1
Olive Tree Grove	Resheet	Strathalbyn	3
Peel Road	Resheet	Pages Flat	1
Perrey Road	Resheet	Langhorne Creek	1
Peters Terrace	Resheet	Mount Compass	2
Phillips Road	Resheet	Hope Forest	1
Port Elliot Oval (Service Road)	Resheet	Port Elliot	1
Port Elliot SASES (Service Road)	Resheet	Port Elliot	1
Prizibilla Road	Resheet	Woodchester	1
Quarry Road	Resheet	Tooperang	2
Sam Court	Resheet	Mount Compass	1
Samuel Road	Resheet	Hartley	1
Samuel Road	Resheet	Red Creek	1
Scott Road	Resheet	Hope Forest	1
Sorrells Road	Resheet	Finniss	2
Sneyd Road	Resheet	Mount Jagged	1
Stark Court	Resheet	Willyaroo	1
Sunnydale Road	Resheet	Strathalbyn	1
Ti Tree Road	Resheet	Prospect Hill	2
Tinpot Road	Resheet	Woodchester	1
Vale Road	Resheet	Highland Valley	2
Waterfall Drive	Resheet	Nangkita	2
Project Total			1,675,505

Bridges and Culverts Renewal

Project	Description	Location	Budget
Braewood Road Bridges	Design works as identified in level 3 bridge audit, detailed design for renewal components.	Sandergrove	
Project Total			110,000

Footpath Renewal

Project	Description	Location	Budget
Barbara Street	Renewal of pathway on Barbara Street from The Strand to Hutton Street.	Pt Elliot	
Basham Pde	Renewal of pathway on Basham Pde	Pt Elliot	
Wildman St	Renewal of pathway on Wildman Street	Goolwa	
Barbara St	Renewal of pathway on Barbara Street	Pt Elliot	
Ashbourne Road	Renewal of pathway on Ashbourne Road	Strathalbyn	
Project Total			364,826

Kerbing Renewal

Project	Description	Location	Budget
Cadell St	Renewal of kerb on Cadell Street	Goolwa	
Oliver St	Renewal of spoon drain on Oliver Street	Goolwa	
Project Total			73,000

Capital Upgrade/New Projects

Road	Budget
Goolwa Oval disability access road sealing	
Buildings	
Detailed design of PT Elliot soccer/cricket changeroom facilities	
Clayton Caravan Park Toilet - primarily funded from renewal	
Milang Caravan Park Toilet - primarily funded from renewal	
Sugars Beach Toilet	
Strathalbyn Cemetery Toilet construction	
Footpaths	
Langhorne Creek Discovery Trail site preparation	
Open Space	
Designing the new proposed Middleton Skate Park (Stage 1)	
Design Strathalbyn Recreation Precinct - Lot 10 (Stage 1 - Dog Park, RV area, Oval)	
New BMX track - Clayton Bay	
Kerb & Gutter	
CWMS & Water	
IT Expansion Program	
ERP improvements and professional consultancy	
Total proposed new and upgrade capital	\$4,413,864

ESCOSA Report and Council Response

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

One of the main purposes of the Local Government Advice Scheme (advice or the scheme) is to review the Councils annual business plans and budgets in the context of their long-term financial plans (LTFPs) and infrastructure and asset management plans. This review enables ESCOSA to provide advice on the 'financially sustainability' of the Council. The Council is not compelled under the Act to follow the advice.

The review of Alexandrina Council was based upon the suite of existing plans Council had endorsed up to and including the adoption of the 2024/25 Budget. In the second of 2024 the Council undertook its legislative updates to the infrastructure and asset management plans and the A2040 Community Plan and new plans were adopted in early 2025. Together with this Annual Community Plan and the review of the Long-Term Financial Plan Council 2025-2035 Council has made significant adjustments to address the recommendations

The mandatory cost to Alexandrina Council to be part of the scheme is \$40,000 (\$10,000 per year of the cycle).

The following table highlights the advice provided from the Commission and Council's response including planned actions over the next four financial years. The full ESCOSA report is provided following the table.

ESCOSA Recommendation 1	Improve the transparency of assumptions and explicitly state the basis of preparation of ABPs, budgets and the LTFP.
Council Response	<i>Council agrees with the need to ensure that all assumptions underpinning the 2025/26 Annual Business Plan and Budget are clearly explained. The 2025/26 Annual Business Plan and Budget process is a reset on how the Council is presenting the underlying assumptions contained within the plan as well as the Councils Long Term Financial Plan. Council Members are now fully involved in scrutinising all budgets and associated assumptions.</i>
ESCOSA Recommendation 2	Continue the good practice of providing 10-year forecasts that show separate results for the CWMS and the total result including the CWMS, to provide ratepayers with transparency on the financial sustainability of its CWMS facilities.
Council Response	<i>Council will continue with the good practice of providing 10-year forecasts that show separate results for the CWMS.</i>
ESCOSA Recommendation 3	Review the recurrent budget to identify opportunities for savings and adopt savings targets, track achievements and report the target savings and achievements in the annual budget, to provide evidence of controlling the growth in costs, and achieve efficiencies across its operations and service delivery.

Council Response	<i>A review has been undertaken as part of the development of the 2024/25 Annual Business Plan and Budget process and is an area of continuous improvement.</i>
ESCOSA Recommendation 4	Consider undertaking a detailed review with its community on what the community is willing to pay and the services and asset stock this can accommodate, to achieve a more robust financially sustainable position.
Council Response	<i>Alexandrina is committed to community engagement and acknowledges the need to continue to have these conversations with the community and will continue to progress various service reviews.</i>
ESCOSA Recommendation 5	Consider the pace of repayment of debt, balancing the proposed rate increases, levels of debt and cash held by the Council while ensuring the Council fully funds its asset renewals.
Council Response	<i>Council acknowledges this finding. Debt management is part of the development of the 2024/25 Annual Business Plan and Budget and Long-Term Financial Plan. It is also especially an element that will be an area of continued focus as Council undertakes its review of the individual class Asset Management Plan.</i>
ESCOSA Recommendation 6	Ensure a formal valuation of assets every four years, including condition assessment and assessment of remaining useful lives. Incorporate these in AMPs and corresponding depreciation schedules and include these expenditure forecasts in the annual budget and annual long-term financial plan update.
Council Response	<i>Council acknowledges the importance of formal valuation processes, which is why it has already adopted a three-year process independent to the ESCOSA review.</i>
ESCOSA Recommendation 7	Review its asset register to ensure it contains a full list of the Council's assets and include the detail in the AMP.
Council Response	<i>Council is regularly reviewing the assets it owns as part of the formal three-year revaluation and condition assessment cycle.</i>
ESCOSA Recommendation 8	Consider undertaking a period of consolidation, focusing on asset renewal and constraining expenditure on new and upgraded infrastructure.
Administration Response	<i>Council acknowledges the need for a period of consolidation. This has been considered as part of the development of the 2024/25 Annual Business Plan and Budget and Long-Term Financial Plan process.</i>

ESCOSA Recommendation 9	Consult with ratepayers on the proportions of expenditure on asset renewal and replacement and on new and upgraded assets, including the services that the ratepayers both want and are prepared to pay for.
Administration Response	<i>Alexandrina is committed to community engagement and will continue to have these conversations with the community and will continue to progress various service reviews.</i>
ESCOSA Recommendation 10	Continue the good practice of consulting with the community on its strategic management plans and on proposed rate increases.
Administration Response	<i>Council acknowledges the need to consult with the community with respect to its strategic management plans and on the whole Annual Business Plan and Budget process.</i>



Advice

Local Government Advice

Alexandrina Council

February 2025

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Alexandrina Council

AT A GLANCE

OVERVIEW

The Essential Services Commission finds Alexandrina Council's current financial performance **unsustainable** due to the \$7.1 million deficit, and its projected financial performance to be **potentially unsustainable**. This is due to historical and forecast high levels of expenditure on new and upgraded assets, and underspending on asset renewal and replacement, creating a stream of future liabilities that the community is likely to struggle to maintain. This together with a failure to have undertaken systematic asset revaluations, can lead to an inadequate understanding of the costs of asset renewal and replacement.

FINANCIAL PERFORMANCE



Past 10 years
Partially Sustainable



Current
Unsustainable



Forecast
Potentially Unsustainable

RISKS IMPACTING SUSTAINABILITY

- ⚠ Increasing affordability risk, due to each rateable property having to cover the cost of maintaining, renewing and replacing a high value of asset stock, exacerbated by the continued development of new assets.
- ⚠ No reported plan for cost savings targets and productivity improvements, increasing financial sustainability risk.

KEY FACTS

- ▶ Population in 2023 was **30,323** residents
- ▶ Council covers **1,827 square kilometres**
- ▶ **19,957** rateable properties in 2022-23
- ▶ **\$59.7 million** of income in 2023-24
- ▶ Value of assets held in 2023-24 equals **\$695.1 million**

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1 Executive summary

1.1 Summary of observations

The Essential Services Commission finds Alexandrina Council's current financial performance unsustainable, and its projected financial performance potentially unsustainable. Alexandrina Council recorded an operating deficit of \$7.1 million in 2023-24 and is forecasting operating deficits for the next four years. This was predominantly caused by Alexandrina Council's depreciation expense increasing by \$4.3 million or 30.5 percent after it revalued most of its infrastructure asset base. Alexandrina Council is expecting a further increase to its depreciation expense of \$0.9 million in 2024-25 for other asset revaluations. The Council achieved seven operating surpluses in the 10 years to 2022-23 which would likely have been fewer in number had the Council's depreciation expense more accurately reflected its asset valuations.

Alexandrina Council is forecasting rate increases of Consumer Price Index (CPI) plus a three percent sustainability levy for the years 2024-25 to 2028-29, and a reduction in its operating expense growth to achieve a projected surplus in year five of its Long-Term Financial Plan.¹ From 2029-30 to 2033-34, the Council is forecasting rate revenue to increase in line with CPI.

Noting Alexandrina Council's average annual growth in expenses over the historical 10 years of 4.8 percent per annum, it is unclear from the annual business plan, budget and Long-Term Financial Plan how it will manage to constrain expense growth to 3.4 percent per year for the 10 years to 2033-34. No reductions in staff or service rationalisation plans have been articulated to support this objective. If the Council is unable to achieve its operating expense forecast, it risks further deficits and a greater burden on ratepayers either through higher rates or increased debt levels.

Between 2013-14 and 2022-23, Alexandrina Council chose to allocate nearly two thirds (approximately \$98.4 million) of its capital expenditure to new and upgraded assets, requiring future ratepayers to bear the cost of the renewal expenditure foregone, and with the increase in future liabilities, lead to potential intergenerational inequity. In its 2024-25 long-term financial plan, the Council is forecasting expenditure of \$202.3 million on total capital expenditure, of which 49.8 percent (\$100.8 million) is for new and upgraded assets, further expanding its asset base and exacerbating the problem of future liabilities. The Commission understands that this is despite concerns having been expressed by some ratepayers about rate increases and the ongoing level of expenditure on new and upgraded assets.

In the Commission's view, the Council should reassess its rate of expenditure on new and upgraded assets in the context of community concerns and the creation of a stream of future liabilities associated with each new asset. The Commission considers there to be considerable merit in the Council undertaking a period of consolidation, focusing on asset renewal and constraining expenditure on new and upgraded infrastructure.

The Council's asset stock per rateable property was \$34,000 in 2023-24, which is already high relative to other councils and could present a challenge to effectively manage over the longer term for a community of the Council's size, particularly noting the Council's plans to continue to invest in new and upgraded assets.

Noting that most of the Council's assets have been revalued in the last two years, it would be prudent for the Council to promptly update its Asset Management Plan (AMP), to better inform the Council about the level of ongoing investment required to adequately renew and replace its existing asset stock. This is particularly important for the Council given it has historically underspent on asset renewals.

Against this backdrop, the Council is faced with affordability risks for its community. Its rate revenue per property increased at an average rate of 3.8 percent per annum over the 10-year historical period, which

¹ Since publishing its 2024-25 Annual Business Plan, the Council has advised in an email to the Commission on 22 January 2025 that as part of the recent community consultation for the strategic community plan and asset management plan, a revision of the LTFP was also consulted on, resulting in this rate dropping to 2.0 percent in 2028-29. The Council indicated it expects that with service reviews currently being undertaken, and other initiatives of Council, this downward pressure on the increase above CPI will continue and additional reductions will be made in future budgets without impacting the projected return to surplus.

is above the average rate of inflation (2.6 percent over the historical period). The Council's forecast rate revenue per property is to increase at an annual average rate of 3.5 percent, again materially higher than the average Consumer Price Index of 2.6 percent.

Overall, the current economic environment is putting pressure on many communities' financial capacity, including those in the Council area. The Council's public consultation report concluded that there was a strong message within the consultation findings that the community is concerned about the impact rate increases will have on household budgets in the current economic climate. The Commission is of the view that the Council and its community needs to consider the options available in terms of what the community is willing to pay and the services and asset stock this can accommodate.

1.2 Summary of recommendations

The Commission recommends that the Alexandrina Council:

1. **Improve** the transparency of assumptions and explicitly state the basis of preparation of ABPs, budgets and the LTFP.
2. **Continue** the good practice of providing 10-year forecasts that show separate results for the CWMS and the total result including the CWMS, to provide ratepayers with transparency on the financial sustainability of its CWMS facilities.
3. **Review** the recurrent budget to identify opportunities for savings and adopt savings targets, track achievements and report the target savings and achievements in the annual budget, to provide evidence of controlling the growth in costs, and achieve efficiencies across its operations and service delivery.
4. **Consider** undertaking a detailed review with its community on what the community is willing to pay and the services and asset stock this can accommodate, to achieve a more robust financially sustainable position.
5. **Consider** the pace of repayment of debt, balancing the proposed rate increases, levels of debt and cash held by the Council while ensuring the Council fully funds its asset renewals.
6. **Ensure** a formal valuation of assets every four years, including condition assessment and assessment of remaining useful lives. Incorporate these in AMPs and corresponding depreciation schedules and include these expenditure forecasts in the annual budget and annual long-term financial plan update.
7. **Review** its asset register to ensure it contains a full list of the Council's assets and include the detail in the AMP.
8. **Consider** undertaking a period of consolidation, focusing on asset renewal and constraining expenditure on new and upgraded infrastructure.
9. **Consult** with ratepayers on the proportions of expenditure on asset renewal and replacement and on new and upgraded assets, including the services that the ratepayers both want and are prepared to pay for.
10. **Continue** the good practice of consulting with the community on its strategic management plans and on proposed rate increases.

2 About the advice

2.1 Background

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

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

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the third year (2024-25) of the Scheme, including the Alexandrina Council.

This report provides the Local Government Advice for the Council in 2024-25.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2025-26 Annual Business Plan (including any draft Annual Business Plan) and in subsequent plans until the next cycle of the Scheme.⁹ The Council is not compelled under the LG Act to follow the advice.

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

2.2 The Commission's approach

In providing its Advice for the Council, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**).¹⁰

The Commission has considered the Council's SMP documents (set out in the box below), with a particular focus on its performance and outlook against three financial indicators: the Operating Surplus Ratio (**OSR**), the Net Financial Liabilities Ratio (**NFLR**) and the Asset Renewal Funding Ratio (**ARFR**).¹¹

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

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

⁴ The objectives of the advice with reference to a council's LTFP and 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.

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

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

⁷ LG Act s122(1f)(a) and (1g)(a)(ii).

⁸ LG Act s122(1f)(b) and (1g)(b).

⁹ LG Act s122(1h).

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

¹¹ The three financial indicators are specified in the Local Government (Financial Management) Regulations 2011. Since 2011, each council has been required to refer to these three indicators in its plans, annual budget, mid-year budget review and annual financial statements. The councils can adopt their own target range for each

Analysis of these three indicators captures financial and service sustainability, cost control and affordability risk.¹²

Table 1: Alexandrina Council Strategic Management documents

- ▶ Alexandrina Council Annual Business Plan and Budget 2024-25 (June 2024)
- ▶ Alexandrina Council Annual Report 2023-2024 (December 2024)
- ▶ Alexandrina Council Annual Report 2022-2023 (December 2023)
- ▶ Alexandrina Council 2040 – Four Year Plan 2020-2024 (February 2020)
- ▶ Alexandrina 2040 Narrative (February 2021)
- ▶ A2040 Plan on a Page (February 2021)
- ▶ Alexandrina 2040 Long term Financial Plan 2022-2031 (November 2020)
- ▶ Alexandrina 2040 Asset Management Plan 2022-2031 (November 2020)
- ▶ Delivering 2040 Six-monthly Progress Report (December 2023)

The Commission notes that most of the Council's infrastructure asset base is covered by its existing AMPs. Additionally, the Council advised that some of its assets were revalued in 2022-23 and 2023-24 and this uplift is not reflected in its current AMP.

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

The Commission has also reviewed the Council's template data, which contains its 2024-25 LTFP forecasts for 2024-25 to 2033-34, as well as its 2024-25 LTFP forecasts, historical financial data, the number of rateable properties and Council staff (Full Time Equivalent or **FTE**) numbers from 2013-14 onwards.¹⁵ The charts and tables in the Advice are primarily sourced from these datasets. In addition, the Commission has reviewed the Council's audit committee reports, and other public information, as appropriate.

The Commission has reported estimates in nominal terms, for consistency with the Council's plans and actual rate levels, but it has compared estimated inflation impacts to these trends as a guide to identify 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (**CPI**) line shows the cumulative growth in the CPI (Adelaide) series from 2013-14, and then projections of this series from 2024-25 based on the Reserve Bank of Australia (**RBA**) (Australia-wide) inflation forecasts to the December quarter 2026, and the midpoint of the RBA target range (2.5 percent) thereafter.

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

ratio, but the Commission has adopted the previously suggested Local Government Association (**LGA**) target ranges as a basis for its analysis, which were established and agreed during the development of the LGA Financial Sustainability Papers (2006-2011).

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

¹³ LG Act s122(1g)(a)(i).

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

¹⁵ The Council's estimates for the 2023-24 financial year, relied on at the time of preparing this advice, were unaudited.

- ▶ its location as an urban fringe Council
- ▶ its income level (\$59.7 million in 2023-24¹⁶), and
- ▶ the size of its rates base (around 19,861 ratepayers in 2023-24¹⁷).

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

Legend:  Low-risk  Moderate-risk  High-risk

¹⁶ Alexandrina Council, Annual Report 2023-24, p.3.

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

3 Council profile

The Alexandrina Council is classified by the Commission as an 'Urban Fringe' council and is one of five in this category in South Australia.¹⁸ It comprises 1,827 square kilometres with an estimated resident population of 30,323 (at 30 June 2023),¹⁹ and approximately 19,861 rateable properties (at 1 January 2024).²⁰

The Council is in the Fleurieu region of South Australia and was formed on 1 July 1997 by the amalgamation of Port Elliot and Goolwa and Strathalbyn Councils, and part of Willunga Council.

Figure 1: Council Area



The Council region has the following attributes:

- ▶ stable rateable property growth of approximately 1.1 percent per annum²¹
- ▶ population density of 16.6 persons per square kilometre²²
- ▶ 1,397 kilometres of sealed and unsealed roads, of which 59.1 percent are unsealed roads²³
- ▶ employment sectors mainly in health care and social assistance (15.7 percent), construction (10.5 percent), retail trade (9.8 percent), and agriculture, forestry and fishing (8.4 percent),²⁴ and
- ▶ a median population age of 53.5 years.²⁵

¹⁸ Commission, *Fact Sheet - Local Government Advice Scheme – Schedule of Councils*, May 2023, available at <https://www.escosa.sa.gov.au/ArticleDocuments/21947/20240731-Advice-ScheduleOfCouncils-FactSheet.pdf.aspx?Embed=Y>.

¹⁹ Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lyr=lga&rgn=40220>

²⁰ Based on the Council's Financial Reporting template provided to the Commission.

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

²² Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lyr=lga&rgn=40220>

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

²⁴ Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lyr=lga&rgn=40220>

²⁵ Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lyr=lga&rgn=40220>

4 Material plan amendments in 2024-25

The Council has made various amendments to its 2024-25 budget and forward projections, compared with the previous year's plan, partly for inflation and partly for other revenue and spending initiatives. The material amendments to some of its main financial forecasts are listed in the table below (in nominal terms).²⁶ To ensure a comparable analysis of estimates between the 2023-24 and 2024-25 LTFPs, the Commission has reviewed the nine overlapping years' statistics: 2024-25 to 2032-33 and identified material amendments accordingly.

4.1 Key points

Table 2: Historical and forecast financial items

Selected Financial Item	Sum of 2024-25 to 2032-33 estimates in 2023-24 LTFP (\$ million)	Sum of 2024-25 to 2032-33 estimates in 2024-25 LTFP (\$ million)	Change in 2024-25 estimates (\$ million)	Change in 2024-25 estimates (percent)
Rates income	595.0	640.9	+45.9	+7.7
User charges	23.2	30.3	+7.1	+30.5
Grants, subsidies and contributions	39.7	42.7	+3.0	+7.5
Total operating income	684.9	742.2	+57.4	+8.4
Employee costs	252.0	270.6	+18.6	+7.4
Depreciation, amortisation and impairment*	166.6	213.5	+47.0	+28.2
Total operating expenses*	671.3	739.6	+68.3	+10.2
Operating surplus / (deficit)	13.6	2.6	(11.0)	(80.6)
Capital expenditure on renewal of assets ²⁷	87.7	89.7	+2.0	+2.3
Capital expenditure on new and upgraded assets ²⁸	89.3	91.9	+2.5	+2.8

4.2 Changes to operating performance

The Council has budgeted (in its 2024-25 LTFP) for a decline in its operating performance, with a cumulative projected surplus over the nine-year comparative period of \$2.6 million, compared to a surplus of \$13.6 million in the 2023-24 LTFP, as shown in Table 2. In aggregate, the projections in the

²⁶ Table 2 shows only selected financial items to demonstrate the material amendments made by the Council in its 2024-25 estimates. It excludes various financial items, and individual items do not sum to totals.

²⁷ The capital expenditure estimates are based on the 2024-25 LTFP estimates provided by the Council to the Commission (in an Excel template).

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

Council's current and previous LTFPs indicate the Council's cumulative operating performance is expected to decline by \$11.0 million.

Overall, the decline in the Council's operating performance was due to an increase in total expenses of \$68.3 million or 10.2 percent compared to its total income, which increased by \$57.4 million or 8.4 percent. This was predominantly caused by the Council's revaluation of its infrastructure asset base that resulted in a \$169.0 million²⁹ (34.1 percent) increase, causing the Council's depreciation expense to increase by 30.5 percent or \$4.3 million in 2023-24. The Council is expecting a further \$0.9 million depreciation increase arising from other assets to be revalued in 2024-25. As a result, the depreciation expense increased by a cumulative \$47.0 million or 28.2 percent over the nine-year comparative period to 2032-33, as shown in Table 2.

Employee expenses increased by \$18.5 million or 7.3 percent. The Council plans to increase full-time equivalent staff (FTE) from 186 in 2024-25 to 194 in 2032-33. The increase also includes a 0.5 percentage point increase in superannuation expense, as required by the *Superannuation Guarantee (Administration) Act 1992*.

The Council's total operating income increased by \$57.4 million or 8.4 percent, compared with the same estimates in its 2023-24 LTFP. This is largely due to a cumulative nine-year increase in rates revenue of \$45.9 million or 7.7 percent. In response to the revaluation of its infrastructure asset base and the resultant depreciation increase, and to ensure its financial sustainability, the Council has forecast rate increases of CPI plus a three percent sustainability levy for the years 2024-25 to 2028-29, to derive a surplus in year five of the plan (2028-29).³⁰ From 2029-30 to 2033-34, the Council is forecasting rate revenue to increase in line with CPI. In the previous LTFP, the Council had applied a financial sustainability levy of 1.5 percent for the three years to 2026-27 and one percent thereafter.

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

4.3 Indexation adjustments

The Council last produced a stand-alone LTFP for the 10-year forecast 2021-22 to 2030-31, setting out its assumptions on projected rate income, projected fees, charges and grants, and future operational and capital expenditure.

However, since 2021-22 the Council has produced a yearly Annual Business Plan and Budget that contain an updated 10-year LTFP forecast in the Appendix. The Commission notes that the Council's stated assumptions for indexation are not fully transparent, because the assumptions included in the 2024-25 budget only relate to the current financial year. In addition, the 2024-25 LTFP does not include the assumptions for key expenses, for example materials and wages. The Council also does not explicitly state its inflation assumptions, as a percentage increase each year in its LTFP or Annual Business Plan (separate to other impacts).

Ratepayers would benefit from a clearer LTFP, to better distinguish anticipated inflationary impacts from real (efficiency or service-related) changes for each line item.

The Council also maintains and manages Community Wastewater Management Schemes (CWMS) for the townships of Goolwa, Strathalbyn, Port Elliot, Mount Compass and Milang, and the Finnis water scheme. The Commission notes the Council's good practice of preparing a LTFP that includes the CWMS, and a separate forecast that excludes the CWMS impact. The Council also provides a 10-year forecast of financial statements and financial indicators separately for CWMS activity.

The Commission encourages the Council to continue this good practice that provides ratepayers with transparency on the financial sustainability of its CWMS facilities.

The Commission recommends that the Council:

²⁹ Alexandrina Council, Annual Business Plan & Budget 2024-25, p.30.

³⁰ Alexandrina Council, Annual Business Plan & Budget 2024-25, p.30.

1. **Improve** the transparency of assumptions and explicitly state the basis of preparation of Annual Business Plans (ABPs), budgets and the LTFP.
2. **Continue** the good practice of providing 10-year forecasts that show separate results for the CWMS and the total result including the CWMS, to provide ratepayers with transparency on the financial sustainability of its CWMS facilities.

4.4 Increase to capital expenditure estimates

The Council's 2024-25 LTFP indicates an increase in capital expenditure for asset renewals (by \$2.0 million or 2.3 percent), and for new and upgraded assets (by \$2.5 million or 2.8 percent), compared to the previous year's LTFP (for the period from 2024-25 to 2032-33). For the nine-year projections in the 2024-25 LTFP, the Council has factored in a total of \$89.7 million in capital renewal and replacement works and \$91.9 million in new and upgraded capital works, accounting for 49.4 percent and 50.6 percent of the total capital expenditure program respectively.

The Council provides a capital expenditure forecast for its budget year (2024-25) that includes a breakdown of all of its planned capital renewal and replacement works and new and upgraded capital works.

In its LTFP, the Council annually updates its capital expenditure forecast for new and upgraded items, and renewal and replacement, but provides no breakdown of what the expenditure relates to.

Assets, the AMPs, and the Council's capital expenditure outlook are discussed further in Section 5.3.

5 Financial sustainability

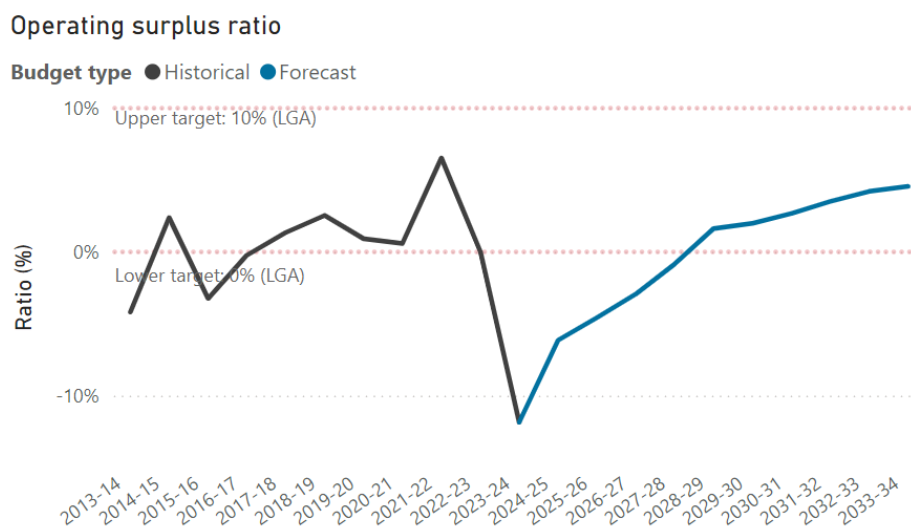
5.1 Operating performance

5.1.1 Key points

-  The Council's revaluation of its infrastructure asset base caused its depreciation expense to increase by \$4.3 million in 2023-24 with a further depreciation increase of \$0.9 million expected in 2024-25 in other asset revaluations. As a result, the Council recorded an operating deficit for the 2023-24 accounts and is forecasting deficits in the first four years of the forecast period (2024-25 to 2027-28) and a return to surpluses thereafter.
-  The Council recorded three deficits in the 10 years to 2022-23. Had the Council not understated its depreciation expense, its historical operating performance would likely have been worse.
-  Council is forecasting lower average cost growth than it has experienced over the past 10 years. If the historical cost growth trajectory is maintained, the Council may need to increase rates further to achieve operating surpluses or accept a higher level of debt.

5.1.2 Operating Surplus Ratio

Figure 2: Operating surplus ratio – historical and forecast



Historically, the Operating Surplus Ratio (OSR) has been volatile. It ranged from a deficit of 4.2 percent in 2013-14 to a surplus of 6.5 percent in 2021-22 (see Figure 2), with a deficit in three of the ten historical years and a negligible surplus of \$20,000 in 2022-23. Had the Council not understated its depreciation expense, its historical operating performance would have been worse. The Council's annual average OSR for the ten years to 2022-23 was 0.7 percent. The OSR for 2023-24 was a deficit of 11.9 percent.

Growth in the Council's operating income averaged 5.3 percent per annum from 2013-14 to 2022-23, and growth in operating expenses averaged 4.8 percent per annum.³¹ Both operating revenue and operating expenses have increased at a rate higher than historical CPI (which averaged 2.6 percent per

³¹ Based on the compound average annual growth rate formula (which is the adopted approach for calculating average annual growth rates throughout the Commission's advice).

annum). Over the same period Council's average annual growth in rateable properties has been 1.1 percent (this is discussed further below).

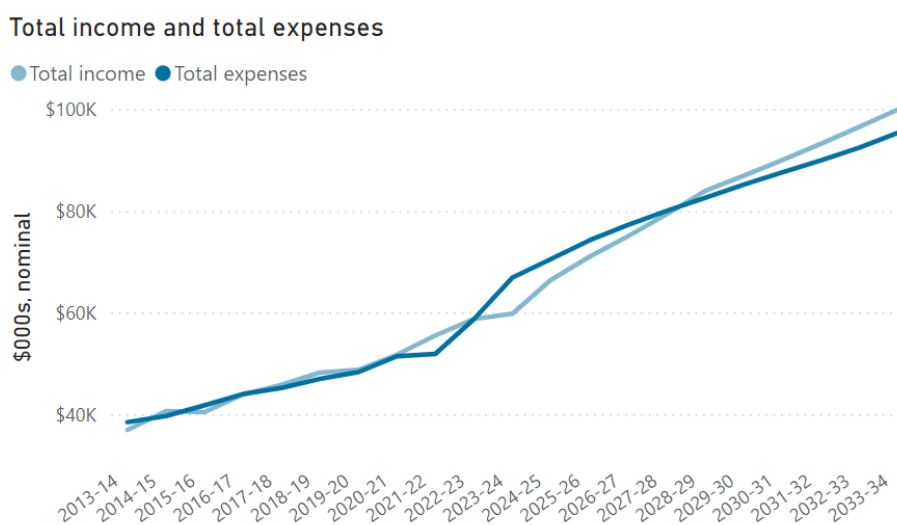
The Council forecasts operating deficits for the first four years of the forecast period (2024-25 to 2027-28), then a return to surpluses (see Figure 3) and an average OSR across the 10 years of 0.4 percent. The main driver for the Council's worsening performance over this period was the Council's revaluation of its infrastructure asset base that resulted in a \$169.0 million³² (34.1 percent) increase to its infrastructure asset base. This caused the Council's depreciation expense to increase by 30.5 percent or \$4.3 million in 2023-24 (see Figure 4). The Council is expecting a further \$0.9 million depreciation increase from other assets to be revalued in 2024-25.

The Council is also forecasting its total operating income to grow at a Compound Annual Growth Rate (CAGR) of 4.6 percent and growth in total operating expenses at a CAGR of 3.4 percent per annum (2024-25 to 2033-34) (see Figure 3). Both income and expenditure are therefore expected to grow at rates higher than projected average CPI for the period of 2.6 percent.

The Council's OSR is projected to increase progressively from negative 6.1 percent (2024-25) to positive 4.6 percent (2033-34) (see Figure 2) which is initially outside the Council's own target for this ratio. That is, between negative two percent and one percent (2024-25 to 2026-27), zero to two percent (2027-28 to 2029-30), and three to five percent (2030-31 to 2033-34). This is compared with the LGA target range of zero to 10.0 percent.

The Commission notes this forecast improvement; however, it is the Commission's view that achievement of the Council's OSR targets should come from Council efficiency or productivity improvements and expenditure reductions, rather than increases in rates above inflation.

Figure 3: Total income and expenses – historical and forecast



5.1.3 Income

The Council's primary source of income over the period from 2013-14 to 2022-23 was from rates, which on average accounted for 82.7 percent of total operating income. Rates revenue has increased on average by 4.9 percent per annum from 2013-14 to 2022-23 (when growth in the number of rateable properties was averaging 1.1 percent and CPI growth averaged 2.6 percent). Over the same period, 'user charges' (accounting for 4.6 percent of total operating income) increased by an average of 3.1 percent per annum, and 'grants, subsidies and contributions' (accounting for 7.8 percent of total operating income) increased by an average of 13.2 percent per annum.

³² Alexandrina Council, Annual Business Plan & Budget 2024-25, p.30.

Grants income has been 'lumpy' from year-to-year.³³ The three-year average was \$137 per ratepayer in 2015-16, compared with the three-year average of \$241 per ratepayer in 2022-23, reflecting an increase in value in real terms (or 12.0 percent increase per annum in nominal terms across the 2013-14 to 2022-23 period).

The Council is projecting average annual rates revenue growth of 4.9 percent to 2033-34, which is above the projected long-term inflation rate,³⁴ a real increase in rates revenue. The Council's projected average annual growth in the number of rateable properties is 1.3 percent per annum. As such, its rates revenue on a per rateable property basis is projected to grow at an average of 3.5 percent per annum. This is higher than projected long-term inflation, which averages 2.6 percent per annum over the same period and largely reflects the Council seeking to offset the increasing depreciation charge noted previously, which, in part, is a consequence of the Council's historical capital program (see Section 5.3). Rates are discussed in more detail in Section 6.

5.1.4 Expenditure

Over the historical period 2013-14 to 2022-23, total operating expenses increased by an average of 4.8 percent per annum. Accounting for the increase in rateable properties over time, expenses per property increased by 3.7 percent on average. This was above CPI inflation, which averaged 2.6 percent per annum over the same period. The Council's historical growth in operating expenses was primarily due to an average annual increase of 5.7 percent in 'employee costs',³⁵ 4.8 percent in 'depreciation, amortisation and impairment' expenses, and 4.6 percent in 'materials, contracts and other' expenses (see the changes by expense type in Figures 4 and 5).

For the forecast period (from 2024-25 to 2033-34), the Council projects a 3.4 percent average expense increase. While this is lower than the average expense growth in the historical period, it remains materially higher than the RBA-based forecast inflation growth (an average of 2.6 percent for the forecast period).

Between 2024-25 and 2033-34, employee costs are forecast to increase at an average of 4.4 percent per annum and depreciation is forecast to increase at an average of 3.4 percent per annum. Both expenses categories also increase as a proportion of total expenses in 2033-34 (compared to 2013-14) (see Figure 5). 'Materials, contracts and other' expenses increased at an annual average rate of 3.5 percent (from 2024-25 to 2033-34).

The Council forecasts an average annual increase of 1.3 percent in the number of rateable properties. When expenses are considered on a per property basis, which takes into account the growth in number of rateable properties, total expenses increased by an average of 3.7 percent per annum over the historical period and are forecast to increase at an average of 2.1 percent per annum over the forecast period. While forecast average growth in total expenses materially exceeds average inflation over the period, the forecast growth on a per rateable property basis is below inflation projections (see Figure 6).

³³ Due to the timing of different grants and advance grant payments (as for the 2023-24 grant allocation, which was received and accounted for in 2022-23).

³⁴ The forecast average annual growth in the CPI from 2024-25 to 2033-34 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2026 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2026-27.

³⁵ The Council's template data shows that employee numbers increased by four FTEs over this period. In 2023-24, the Council's unaudited data shows FTE numbers increased to 185. Long term planning projections assumes it will increase to 195 FTEs in 2033-34.

Figure 4: Expenses by category – historical and forecast

Expenses by category

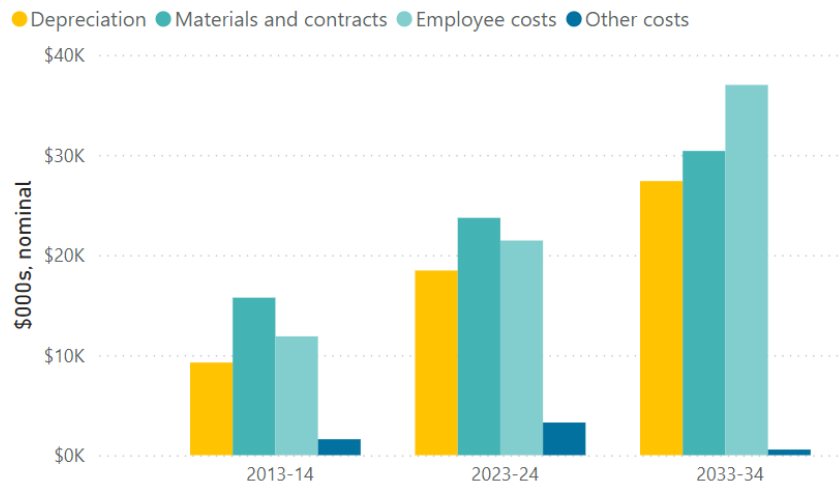


Figure 5: Expense by category – proportions

Expenses by category (proportions)

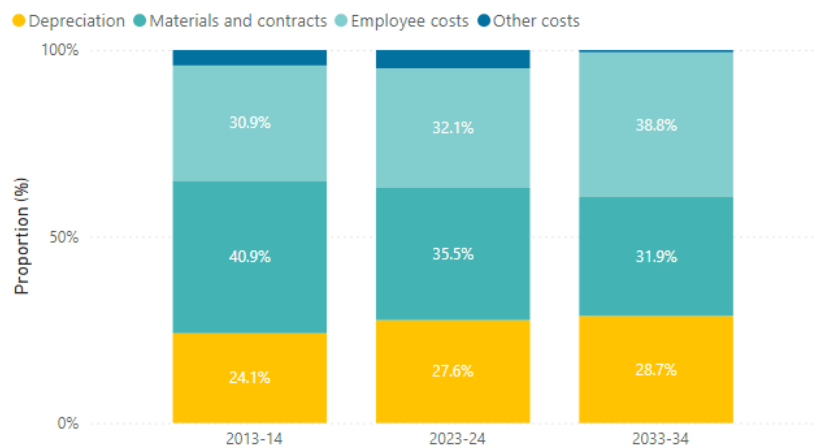
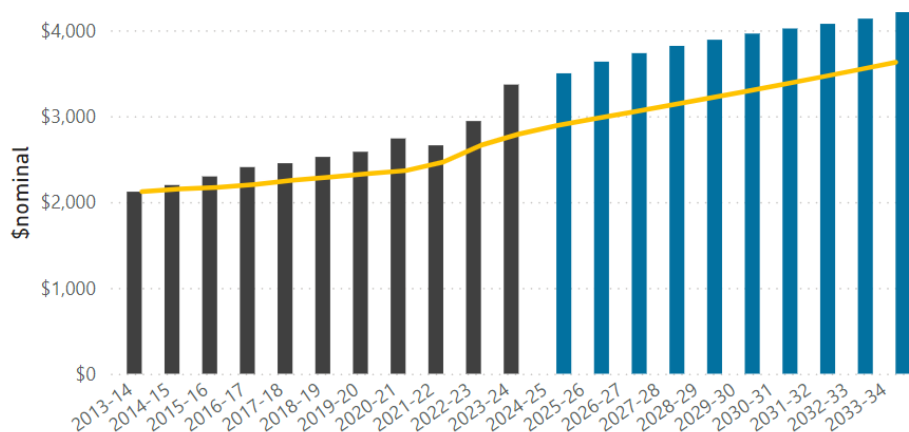


Figure 6: Expense by rated property - historical and forecast

Expenses per property

Budget type ● Historical ● Forecast ● CPI (Adelaide)



The Commission's analysis of the Council's financial information shows that its total operating expenses grew by 13.2 percent from 2021-22 to 2022-23 and in 2023-24 grew by a further 13.8 percent relative to the prior year. The Council has maintained financial sustainability largely through higher rates and understating its depreciation expense. While the Council has considered cost savings in its budgets and long-term forecasts (notably in 'materials, contracts and other' expenses), there is a risk that this higher cost trend will continue. For example, over a cumulative four-year period from 2024-25 to 2027-28, the Commission observes:

- ▶ 13.5 percent cumulative increase in 'employee costs' (accounting for 35.6 percent of total operating expenses),
- ▶ 14.8 percent cumulative increase in 'depreciation, amortisation and impairment' expenses (accounting for 28.9 percent of total operating expenses), and
- ▶ 23.2 percent cumulative increase in finance costs to \$3.0 million (accounting for 3.7 percent of total operating expenses).

If the Council's trend of high growth in expenses continues, its ratepayers risk shouldering the burden through unexpected further rate increases or greater levels of debt.

The increase in employee costs represents an expansion of employee numbers to 195 FTEs in 2033-34 (from 178 FTEs in 2022-23), with higher costs per employee associated with enterprise bargaining agreements. Finance cost increases reflect a full-year impact of prior interest rate increases and higher borrowings, which are projected to peak in 2026-27 (this is discussed in Section 5.2).

In the 2023-24 accounts, depreciation expense increased by \$4.3 million or 30.5 percent, relative to the prior year. This was due to Bridges and Culverts, Recreation and Open Space and CWMS assets being revalued as at 30 June 2024, along with the revaluation of Stormwater assets as at 30 June 2023 that was captured in the 2024 financial year. The significant increase in depreciation suggest that Council does not have a systematic approach to maintaining asset valuations and its asset registry (this is discussed in Section 5.3).

The higher depreciation expenses have contributed to a deficit of \$7.1 million in the 2023-24 year, and further deficit forecasts from 2024-25 to 2027-28. The forecast net operating result then returns to surplus for the remainder of the forecast period. The OSR for 2023-24 is negative 11.9 percent and an average of positive 0.4 percent over the forecast period.

5.1.5 Commission's recommendations on operating performance

In reviewing the Council's LTFP and ABP (applicable from 2024-25 and onwards), the Commission found little evidence of cost savings or productivity targets that could assist the Council to reduce its cost growth and exposure to inflationary pressures. A focus on savings and productivity targets would assist Council to minimise rate increases for its community or avoid a reduction in service levels.

To achieve a more robust sustainable position, the Commission is of the view that the Council needs to consider, in consultation with its community, the options available in terms of what the community is willing to pay and the services and asset stock this can accommodate.

The Commission recommends that the Council:

3. **Review** the recurrent budget to identify opportunities for savings and adopt savings targets, track achievements and report the target savings and achievements in the annual budget, to provide evidence of controlling the growth in costs, and achieve efficiencies across its operations and service delivery.
4. **Consider** undertaking a detailed review with its community on what the community is willing to pay and the services and asset stock this can accommodate, to achieve a more robust financially sustainable position.

5.2 Net financial liabilities

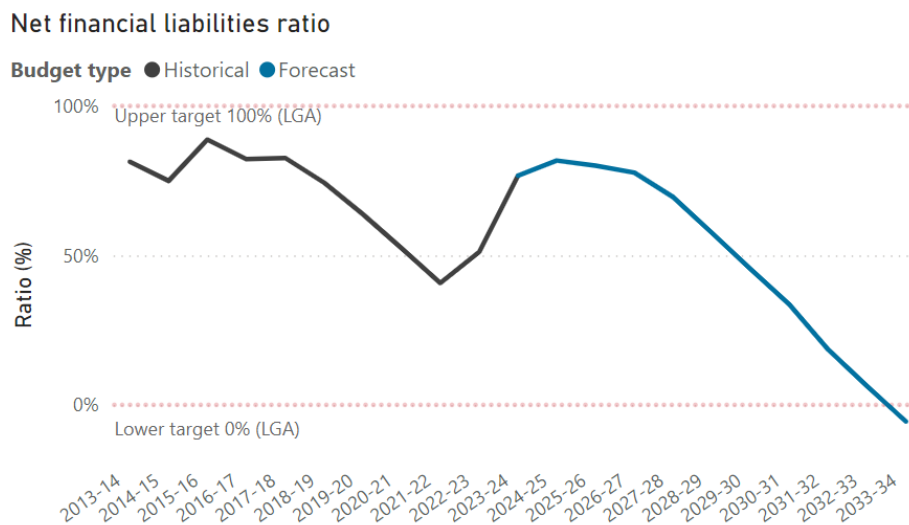
5.2.1 Key points

Key Points:

- ⚠ The Council's forecast suggests that it is planning to reduce its levels of debt from \$49.3 million in 2024-25 to \$1.9 million in 2033-34, while at the same time underspending on its asset renewals and forecasting annual average rate increases of 3.5 percent per property per annum, which is materially above the RBA-based forecast average inflation rate of 2.6 percent over the same period.
- ⚠ As of 30 June 2024, Council had negotiated five Cash Advance Debentures (CADs), within limits totalling \$50.0 million spread out over various end dates.

The Council's Net Financial Liabilities Ratio (NFLR)³⁶ ranged between 88.7 percent and 40.8 percent between 2013-14 and 2022-23 (see Figure 7), averaging 69.2 percent over this period. It is at a level that demonstrates that the Council has only been accumulating liabilities that its operating income can reasonably service.

Figure 7: Net financial liabilities ratio – historical and forecast

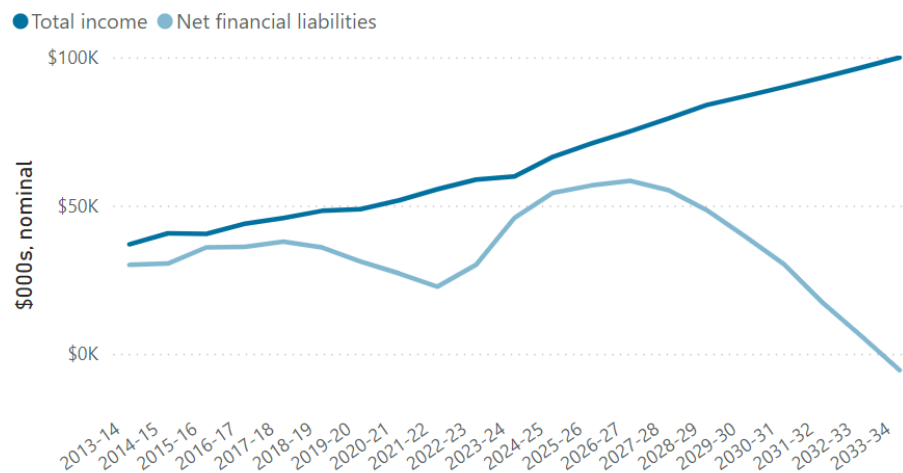


From a high of 81.7 percent in 2024-25, the forecast annual NFLR trends downwards due to decreasing borrowings, reaching negative 5.6 percent in 2033-34 (see Figure 7).

³⁶ Net financial liabilities ratio = 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, p.7-8).

Figure 8: Total income and net financial liabilities – historical and forecast

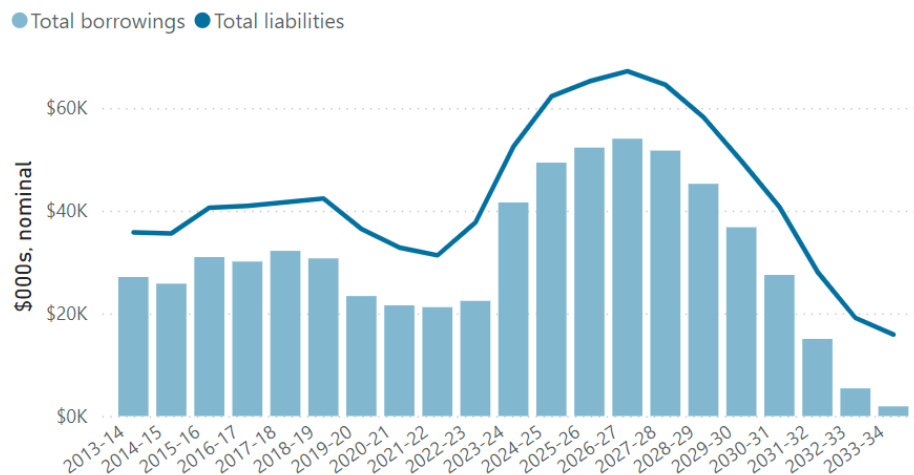
Total income and net financial liabilities



From 2027-28, the Council can comfortably cover its obligations as its net financial liabilities trend downwards while its total income continues to trend upwards. This is mainly due to its rates income, which is forecast to grow at an annual average of 4.9 percent between 2024-25 and 2033-34 and which comprises 86.4 percent of the Council's total revenue over that period.

Figure 9: Total borrowings and total liabilities – historical and forecast

Total borrowings and total liabilities



The Council's total borrowings increased from \$27.0 million in 2013-14 to \$30.7 million in 2018-19 before reducing in 2019-20 and remaining at that level until 2022-23. As a percentage of total liabilities, borrowings decreased from 75.7 percent (2013-14) to 59.5 percent (2022-23) and increased to 79.3 percent in 2023-24. The Council used loans to fund its renewal of existing assets and acquisition of new and upgraded assets in 2023-24.³⁷

As of 30 June 2024, Council had negotiated five Cash Advance Debentures (CAD), with limits totalling \$50.0 million spread out over various end dates.³⁸ This covers around half of the \$10.0 million the Council is forecasting to be spent on new and upgraded assets over the LTFP. As noted in the

³⁷ Alexandrina Council, Annual Business Plan and Budget 2024-25.

³⁸ Alexandrina Council, Annual Report 2023-24, p.33.

summary, the value of the asset stock per rateable property that the community is having to finance is already high, and community concern appears to be developing with respect to the need and cost of further infrastructure development. Given this, the Commission considers it beneficial for the Council, in collaboration with its community, to further review the need for having access to this additional debt and the need for further infrastructure development.

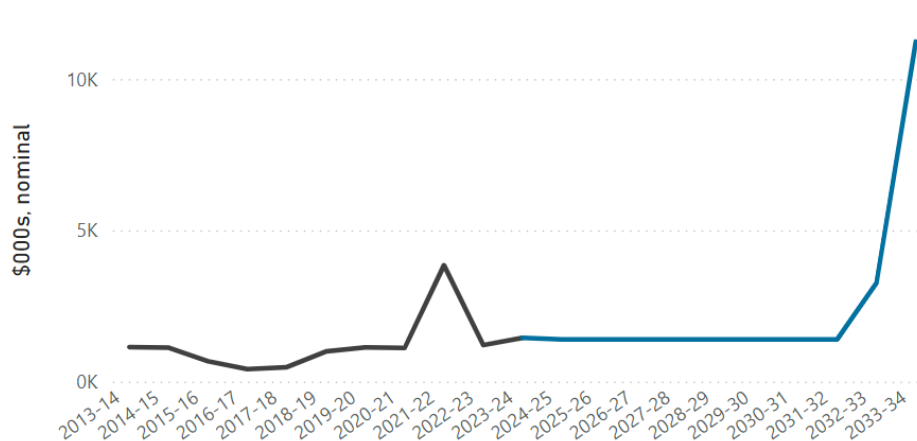
The Council's latest LTFP and Annual Report indicates that it plans to use borrowings to fund major capital infrastructure projects and to facilitate cash flow. The Council's repayment plan for borrowings will reduce its total borrowings to \$1.9 million in 2033-34 (see Figure 9). This suggests that the Council's characterisation of its increment above CPI increase in rates for sustainability reasons is partially true. It is also related to financing the Council's infrastructure expansion program.

The Commission also has some concern about whether the pace of repayment of debt, particularly in the later years of the plan is appropriate. Given the Council is spending less on asset renewals than what its AMPs have stated is required, both historically and forecast, the Commission is of the view there is merit for the Council to consider reducing the pace of debt repayment, and fully funding its asset renewals.

Figure 10: Cash and cash equivalents at year end – historical and forecast

Cash and cash equivalents at year-end

Budget type ● Historical ● Forecast



The Council's net cash flows after operating and investing (that is, capital-related) activities averaged \$0.4 million annually between 2013-14 and 2022-23. These are the cash flows generally available for debt repayments and after interest payments. Although the Council reduced its borrowings by \$4.6 million (17.2 percent), its total liabilities increased by \$1.9 million (5.4 percent) (see Figure 9).

Figure 10 shows cash held at the end of each year, including financing activities, remaining relatively steady and averaging \$1.2 million from 2013-14 to 2022-23. For the forecast period, it holds steady at \$1.4 million until 2031-32, then jumps to \$3.3 million and then \$11.2 million.

Looking forward, the Council's net cash flows after operating and investing (that is, capital-related) activities is forecast to average \$5.0 million annually between 2024-25 and 2033-34. This improvement to its forecast net cash flow (after operating and investing) is being used by Council to repay borrowings. As previously noted, the Council's repayment plan for borrowings will reduce its total borrowings from \$49.3 million in 2024-25 to \$1.9 million in 2033-34 (see Figure 9).

5.2.2 The Commission's recommendations on financial liabilities

Historically, the Council's spending on asset renewals was less than planned in its IAMP. Looking ahead, the Council is forecasting this to continue.

The Commission is of the view that there is merit for the Council to consider a smoother approach to the balancing of its proposed rate increases, cash held at the end of the year, and the levels of debt repayment while fully funding its asset renewals.

The Commission recommends that the Council:

5. **Consider** the pace of repayment of debt, balancing the proposed rate increases, levels of debt and cash held by the Council while ensuring the Council fully funds its asset renewals.

5.3 Asset renewals expenditure

5.3.1 Key points

-  Between 2013-14 and 2022-23, the Council averaged an ARFR of 71.6 percent (under the 'IAMP- based' net expenditure approach), indicating an underspend on the renewal and replacement needs of its asset stock over this period.
-  The underspend or potential shortfall means there is a risk that the Council may not be able to adequately maintain its infrastructure asset base.
-  Over the forecast period, the Council plans to spend \$100.8 million or 49.8 percent of its total capital expenditure on new and upgraded assets, after spending \$98.4 million or 65.0 percent in the 10 years to 2022-23 and \$27.5 million in 2023-24.
-  The Council's AMPs were last updated in 2021 and require updating to reflect the recent revaluations to the Council's infrastructure asset base.

Between 2013-14 and 2022-23, the Council's ARFR³⁹ (under the 'IAMP-based' approach)⁴⁰ averaged 71.6 percent, indicating an underspend on the renewal and replacement needs of its existing asset stock over this period (see Figure 11). The Council's net spending on renewal and replacement of assets averaged \$4.8 million each year (over this period) (see Figure 12). The Commission notes that the Council's audited 2023-24 ARFR result was 74.1 percent.^{41 42}

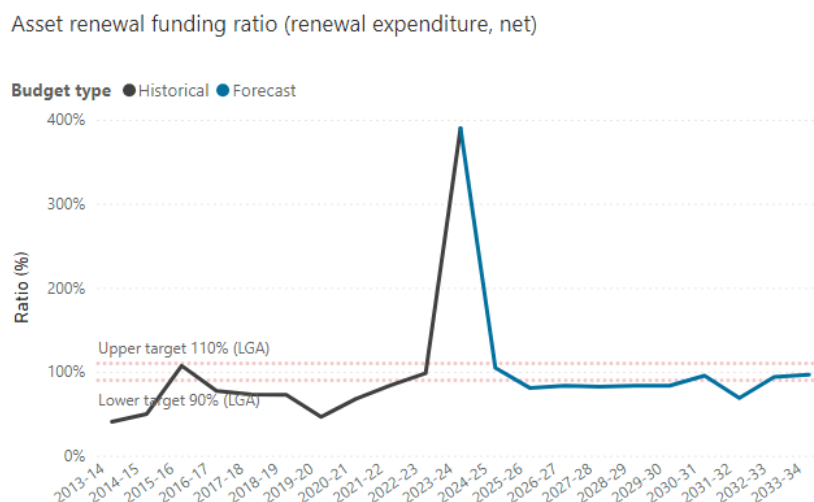
³⁹ The IAMP-based method for calculating that Asset Renewal Funding Ratio is the current industry standard, under which asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested LGA target range for the ratio is 90.0 to 110.0 percent (LGA SA Financial Indicators Paper, p.9).

⁴⁰ The quoted averages for the ratio are based on 'net asset renewal expenditure' (after the sale of replaced assets) rather than 'gross asset renewal expenditure'.

⁴¹ Alexandrina Council, Annual Report 2023-24, p.35.

⁴² The Council's 2023-24 unaudited result of 399 percent that can be seen Figure 11 was based on the reporting template provided to the Commission.

Figure 11: Asset renewal funding ratio (renewal expenditure net) – historical and projected



From 2024-25 to 2033-34, the ratio is forecast to rise to an average of 87.2 percent, which is only slightly below the suggested LGA target range for ARFR.⁴³ Average annual spending on renewal and replacement of assets is projected to increase to \$9.5 million (in nominal terms) (see Figure 12).

Between 2013-14 and 2022-23, the Council chose to allocate nearly two thirds (65.0 percent) of its capital expenditure, approximately \$98.4 million, towards new and upgraded assets, requiring future ratepayers to bear the cost of the renewal expenditure foregone. Over the forecast period to 2033-34, this allocation reduces to 49.8 percent of total capital expenditure or \$100.8 million. In the Commission's view, this proportion remains high.

The Commission believes there is benefit in the Council considering undertaking a detailed review with its community on what the community is willing to pay and the services and asset stock this can accommodate, to achieve a more robust sustainable position.

The Council's high proportion of spending on new and upgraded assets, combined with underspending on renewal and replacement of existing assets, risks deterioration of the existing asset base and resultant services to the community. It also risks an increasing burden of asset renewal and replacement for current and future ratepayers arising from the expanding asset base. This is compounded by an apparent failure to maintain current asset values in the IAMP (discussed below), creating a risk of the Council not being able to adequately manage its assets, as it is not always aware of the true cost of asset renewal and replacement.

⁴³ The Commission notes that under the ARFR, gross method the Council is forecast to achieve 93.4 percent which is within the suggested range.

Figure 12: Net asset renewal and IAMP renewal expenditure – historical and projected

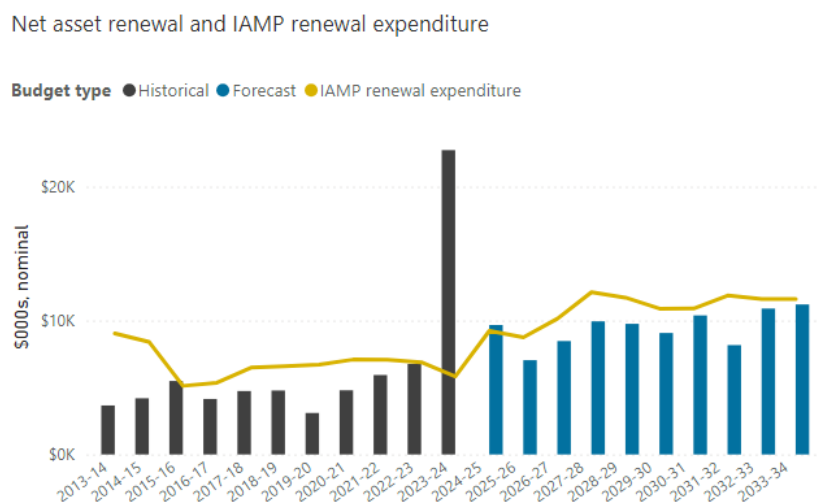
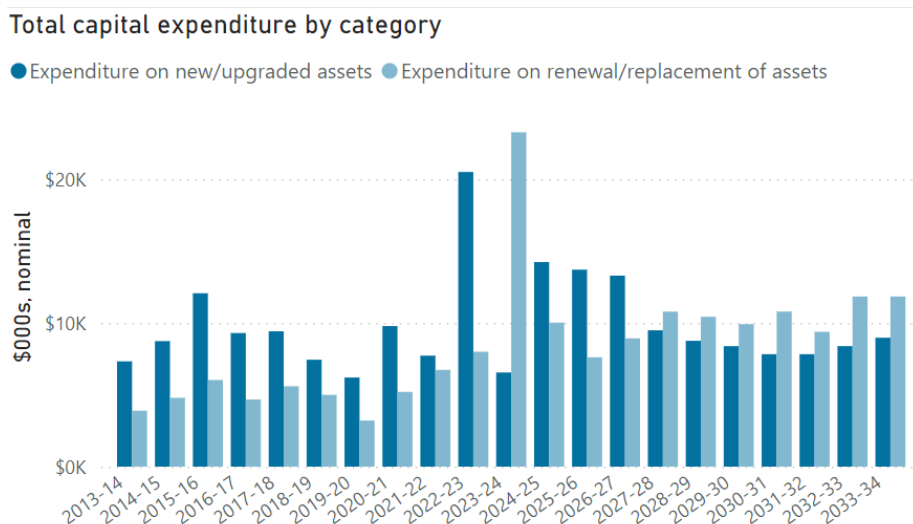


Figure 13: Total capital expenditure by category – historical and projected



The expenditure on new and upgraded assets includes a portion of grant funding for certain projects. The growth in the Council's asset base reflects a combination of capital expenditure and other asset accumulation by the Council (including those assets provided by developers), as well as asset revaluations over this period.

This has led to an average annual increase in the value of the asset stock per property of 4.4 percent, or \$1,181 each year over the 10 years to 2022-23 (see Figure 14). The Commission notes that the Council's asset stock per rateable property was \$33,344 in 2022-23, which is high relative to other councils and could present a challenge to effectively manage over the longer term for a community of this Council's size. The Council will need to assess the risk of adding new infrastructure in the context of creating a stream of future liabilities associated with each asset and would benefit from a period of consolidation, focusing on asset renewal and constraining expenditure on new and upgrade infrastructure.

The Council forecasts that it will spend \$100.8 million in capital expenditure on new and upgraded items between 2024-25 and 2033-34 which will create additional future liabilities.

The Council's value of asset stock per property grew at 1.4 percent for the eight years to 2021-22 reaching \$25,418. The Council revalued some of its assets in 2022-23 (roads, footpaths and kerbs), causing its asset base to increase and its asset stock per rateable property to increase to \$33,344 (from

\$25,418 in 2021-22). Prior to 2022-23, the Council had been indexing its assets based on the local government price index and undertook condition-based assessments of its infrastructure assets on a four-yearly rolling program. The Commission notes that roads, footpaths and kerbs had external valuations performed in 2017.⁴⁴

The Council advised in its 2024-25 ABP and budget that a recent revaluation had increased the value of its infrastructure asset base by approximately \$169.0 million⁴⁵ (or 34.1 percent). The Council states that the increase was largely attributable to the roads, footpaths and kerbs revaluation. However, it is unclear why the Council experienced the large increase to its asset base given that it has reported that it indexes its asset base annually. The Commission notes that two different engineering consultants performed the external valuations (2017 and 2023). It is also unclear whether different assumptions were used.

As a result of the valuation increase, the Council's depreciation expense increased by 30.5 percent or \$4.3 million in its 2023-24 accounts. The impact on the depreciation provision of the revaluation of roads, footpaths and kerbs⁴⁶ is reflected in the Council's accounts in 2023-24.

The results for depreciation suggest that Council does not have a systematic approach to maintaining asset valuations and its asset registry. In addition, the Commission also notes that in its external audit report,⁴⁷ the following findings were made:

- ▶ Council's asset capitalisation process requires improvement,
- ▶ Council's asset revaluation data preparation process requires improvement,
- ▶ Council should assess whether its asset depreciation schedule is still fit for purpose, and
- ▶ Council's land revaluation variance needs investigation.

For the forecast period, the Council projects that its asset stock per rateable property will grow at an annual rate of 0.7 percent, reaching \$38,124 per rateable property in 2033-34 (see Figure 14). This is a decrease in real-terms and potentially indicates that the Council's projections of asset valuations (and associated depreciation) are unreliable or require further updates.

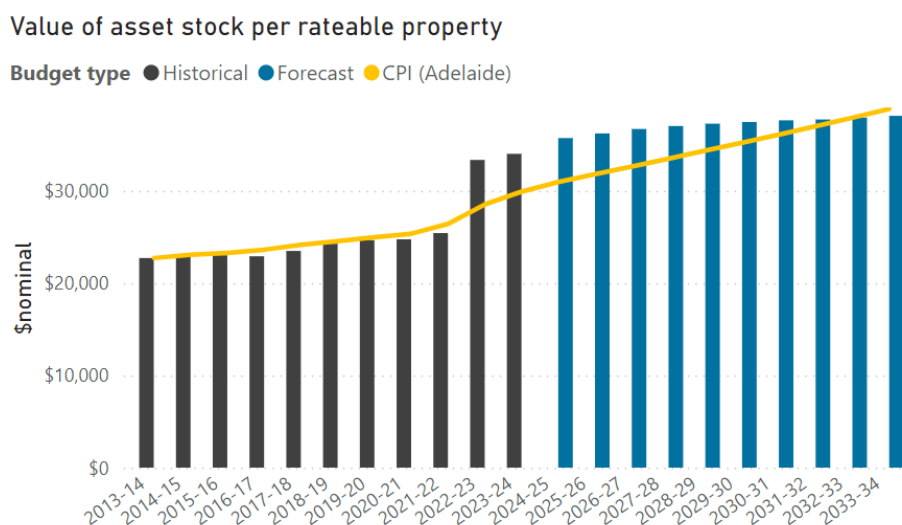
⁴⁴ Alexandrina Council, Annual Report 2020-21, p.23-24.

⁴⁵ Alexandrina Council, Annual Business Plan & Budget 2024-25, p.30.

⁴⁶ Alexandrina Council, Annual Report 2023-24, p.24.

⁴⁷ Alexandrina Council, 2023-24 Audit Completion Report, Galpins, p14, available at: [Public Agenda for Alexandrina Council Audit and Risk Committee 9-00 AM - Friday, 29 November 2024](#)

Figure 14: Value of asset stock per rateable property – historical and projected



Asset renewals can also be evaluated by the depreciation-based ARFR.⁴⁸ The Commission has chosen not to evaluate the Council using this method due to accuracy concerns regarding historical depreciation.

The Council currently has an AMP for all major asset classes that was last updated 1 July 2021 and has implemented a rolling schedule to update its plan in line with its legislative commitments.⁴⁹ In formulating its AMP, the Council has considered several matters such as levels of customer service, utilisation and demand of its assets, life cycle management, and risk management planning.

However, the Commission notes that the Council's AMP does not identify and list its various assets. It is unclear whether the AMP was based upon current asset valuations and asset condition assessments at the time it was prepared. Most of the Council's assets have been revalued in the last two years but prior to that, were mostly revalued between 2017 to 2019.

Overall, the Commission considers that the Council's current AMP would benefit from being updated urgently, as up to date AMPs that contain accurate and current asset values, asset conditions and assessments of remaining asset life are important to ensuring the right level of asset renewal funding and provision for depreciation.

5.3.2 The Commission's recommendations regarding asset renewals expenditure

The Commission recommends the Council consider the following regarding its approach to its AMPs and asset information. The objective of the recommendations is to support the behavioural change and information needed to understand/manage the risks of its asset renewal program.

6. **Ensure** a formal valuation of assets every four years, including condition assessment and assessment of remaining useful lives. Incorporate these in AMPs and corresponding

⁴⁸ The Council's asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses). This ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the estimated rate at which these assets are used or consumed. Prior to 2013, the calculation of the ratio in the sector was based on the 'depreciation method' and was known as the asset sustainability ratio until 2018.

⁴⁹ Under s.122(1a)(b) of the LG Act the Council must in effect develop and adopt an IAMP, relating to the management and development of infrastructure and other major asset classes by the Council for a period of at least 10 years.

depreciation schedules and include these expenditure forecasts in the annual budget and annual long-term financial plan update.

7. **Review** its asset register to ensure it contains a full list of the Council's assets and include the detail in the AMP.
8. **Consider** undertaking a period of consolidation, focusing on asset renewal and constraining expenditure on new and upgraded infrastructure.
9. **Consult** with ratepayers on the proportions of expenditure on asset renewal and replacement and on new and upgraded assets, including the services that the ratepayers both want and are prepared to pay for.

6 Advice on current and projected rate levels

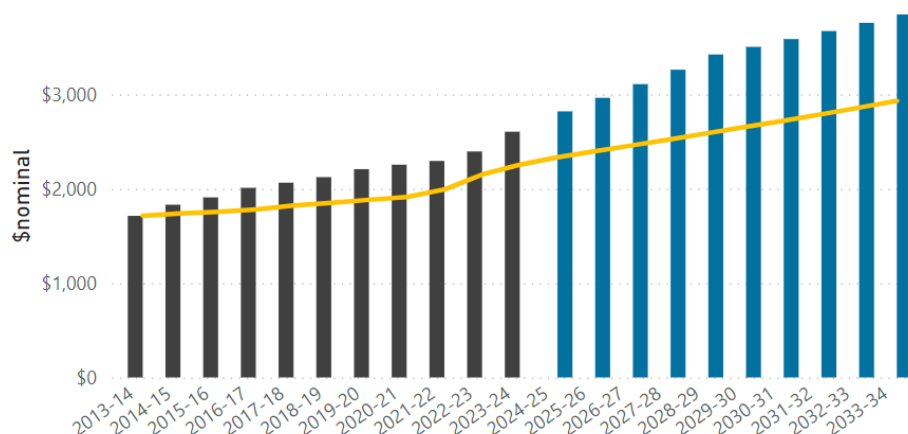
6.1 Key points

- ▲ Rate revenue per property increased at an average rate of 3.8 percent per annum over the 10-year historical period, which is above the average rate of inflation (2.6 percent over the historical period).
- ▲ The forecast average rate increase from 2024-25 to 2033-34 is 3.5 percent per property per annum, which is above the RBA-based forecast average inflation rate of 2.6 percent over the same period.
- ▲ Affordability risk among the community for the further rate increases appears to be high on balance, when considering:
 - ▶ the current economic environment is putting pressure on many communities' financial capacity, including those in this Council area
 - ▶ the average age is 53.5 years in the Council area with 33.3 percent of the population aged over 65 years,
 - ▶ the reliability of the AMP data and a consequent risk of higher than expected renewal costs, and
 - ▶ the Council's expanding asset base which it may not be able to adequately maintain.

Figure 15: Average rates revenue per property – historical and projected

Average rates revenue per property

Budget type ● Historical ● Forecast ● CPI (Adelaide)

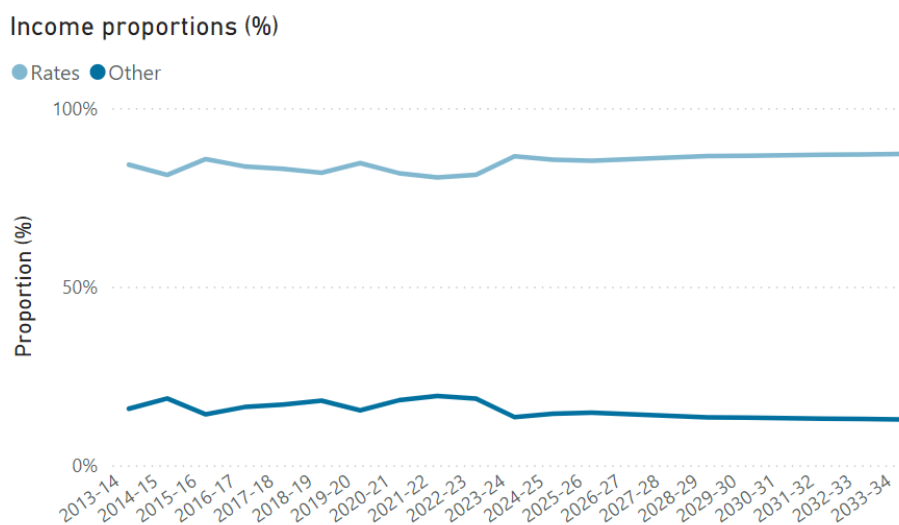


Over the 10 years to 2022-23, the Council's rate revenue per property increased at an average annual rate of 3.8 percent, equating to \$76 per property per year, reaching an estimated average \$2,394 per property in 2022-23 (see Figure 15). This growth rate was higher than the average CPI increase of 2.6 percent per annum during the same period.⁵⁰ The number of rateable properties grew by an average of 1.1 percent per annum over this period.

⁵⁰ CPI Adelaide (All groups). Average annual growth in the Local Government Price Index published by the South Australian Centre for Economic Studies was similar (at 2.5 percent), available at <https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index>.

Current rate levels generally reflect the Council's ongoing costs of service provision and spending growth in operating and capital expenditure. Employee costs, materials, contracts and other expenses and depreciation charges all increased at an average annual rate higher than CPI.

Figure 16: Income proportions (%)



The majority of the Council's income comes from ratepayers (approximately 82.7 percent on average over the period 2013-14 to 2022-23, see Figure 16), and therefore the Council predominantly remains reliant on its rate base for its operating sustainability. Income from grants is the second largest funding source for the Council, accounting for approximately 7.8 percent on average over the same historical period.

6.2 Proposed rate increases for 2024-25

The Council has budgeted for an average rate increase of 7.9 percent or \$175 per residential property, and \$235 per primary production property in 2024-25,⁵¹ including 3.0 percent sustainability levy. These proposed rate increases are higher than the Council anticipated charging for the year 2024-25 in its 2023-24 ABP projections of CPI plus a 1.5 percent sustainability levy.

The rates increase (and forecast variations) are based on revisions to the CPI (for Adelaide) as well as a 3.0 percent sustainability levy.⁵² The Commission also notes CPI has been above the RBA's long-term target range (of 2.0 – 3.0 percent per annum).⁵³

The Council's rates increase in 2024-25 of 7.9 percent reflects the following:

- ▶ CPI (for Adelaide) of 4.8 percent, and
- ▶ a 3.0 percent sustainability levy.

The Council has assumed 1.5 percent growth in rateable properties⁵⁴ (consistent with its historical average and Valuer-General estimates) for the purposes of its current planning period (and its required rates revenue).

⁵¹ Alexandrina Council, *Annual Business Plan 2024-25*, June 2024, p.30. Individual rate level changes may be higher or lower depending on the rates category and property value.

⁵² Alexandrina Council, Email to the Commission, 18 October 2024.

⁵³ CPI Adelaide (All groups) increased by 4.8 percent and 4.3 percent in the year to December 2023 and year to March 2024 quarter, respectively, available at <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release#data-downloads>.

⁵⁴ Alexandrina Council, *Annual Business Plan and Budget 2024-25*, p.63.

Different (or differential) rate categories apply to ratepayers based on the land use category of rateable property.⁵⁵ The Commission notes that although the Council has various land use categories, it has two differential rates, being a primary production rate and a general rate, which applies to all land use categories other than primary production.

On a proportional revenue basis, residential ratepayers account for around 75.6 percent of 2024-25 budgeted rates revenue, followed by primary production (16.6 percent), vacant land (3.9 percent) and commercial (2.6 percent). The Council regularly updates its rating structure (and rating policy) to account for changes in capital valuations (through changes in the 'rate in the dollar').⁵⁶ This policy appears to ensure the Council maintains the relative rates revenue contributions from each category.

Other than 'general rates' revenue (which is forecast to represent 84.4 percent of total rates revenue in 2024-25),⁵⁷ the Council also collects income from its water supply and Community Wastewater Management Schemes (CWMS) charge (around 13.3 percent of total rates revenue) and the Regional Landscape Levy (around 2.3 percent of total rates revenue).

The Commission notes that the Council is responsible for managing and maintaining the CWMS for the townships of Goolwa, Strathalbyn, Port Elliot, Mount Compass, Hindmarsh Island, and Milang, as well as the Finnis Water Scheme.⁵⁸ This LG Advice scheme is not intended to assess the Council's pricing compliance under the *Water Industry Act 2012*.

6.3 Projected further rate increases

Over the forward years of its LTFP, the Council has projected average rates increases for its existing ratepayers of approximately 3.5 percent per annum from 2024-25 to 2033-34, slightly lower than its average historical increases (of 3.8 percent per annum), and higher than projected CPI increases averaging 2.6 percent per annum.

The Council has made several long-term planning assumptions for rates as part of its annual review. The Council has modelled CPI plus 3 percent rate increases for the 2025-26 to 2028-29 which it says are needed, combined with cost control to ensure financial sustainability.⁵⁹ Despite these measures, the Council is not projecting to return to operating surpluses until year five of its LTFP (2028-29).

The Council's 2024-25 LTFP effectively projects a cumulative increase of \$1,027 per existing ratepayer (to \$3,846 per annum) by 2033-34, an average increase of 3.5 percent per annum (see Figure 17).

6.4 Affordability risk

The Commission notes the Council has relatively high Socio-Economic Indexes for Areas (SEIFA) economic resources ranking.⁶⁰ However, affordability risk among the community for these further rates increases appears to be high on balance, when considering:

- the effect of cumulative increases in rates per existing ratepayer of approximately 3.8 percent per annum for the 10-year historical period to 2022-23, which was above average CPI of 2.6 percent per annum,

⁵⁵ 'Land use' categories consist of residential, commercial, industry, primary production, vacant land, and other.

⁵⁶ Section 152(1) of the LG Act provides that a general rate may be a rate based on the value of the land subject to the rate (commonly referred to as the 'rate in the dollar').

⁵⁷ Before discretionary rebates.

⁵⁸ Alexandrina Council, Annual Business Plan and Budget 2024-25, p.42.

⁵⁹ Alexandrina Council, Annual Business Plan and Budget 2024-25, p.30.

⁶⁰ Alexandrina Council area is ranked 57 among 71 South Australian 'local government areas' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the *Australian Bureau of Statistics SEIFA Index of Economic Resources (2021)*, where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, available at <https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/2021>.

- ▶ the continued cumulative effect of further planned increases in rates per existing ratepayer of approximately 3.5 percent per annum for the 10-year forecast period to 2033-34, which is again above the forecast rate of inflation (average 2.6 percent per annum),
- ▶ a number of community concerns, with various written submissions received during the 2024-25 budget process; some expressing concerns about the 2024-25 initial planned rate rise of 8.3 percent that was reduced to 7.9 percent.⁶¹,
- ▶ the reliability of the AMP data and a consequent risk of higher than expected renewal costs, and
- ▶ the Council's expanding asset base which it may not be able to adequately maintain.

6.4.1 The Commission's advice regarding affordability risk

The Council's community consultation processes appear comprehensive and transparent, and it regularly seeks community feedback on proposed projects and initiatives.⁶² The Council has used a range of approaches and media channels to inform its community on its proposed plans and, as a result, achieves a high level of engagement.⁶³ In general, the written responses showed that a significant proportion of respondents were not supportive of the Council's proposed rate increase and raised concerns regarding the Council's level of capital expenditure on new projects. Concerns were also raised around the Council's general levels of expenditure and its increased levels of debt and the projected deficit of around \$4.0 million dollars. Overall, the current economic environment is putting pressure on many communities' financial capacity, including those in this Council area. The Council's public consultation report concluded that there was a strong message within the consultation findings that the community is concerned about the impact the rate increases will have on their household budgets in the current economic climate. Despite this finding, the Council's LTFP continues to provide for extensive investment in new and upgraded assets and does not focus on cost control measures.

In 2024-25, the Council's residential ratepayers will pay rates which will represent an average increase of \$175 per property (7.6 percent). Over a cumulative four-year period (from 2021-22 to 2024-25), the Commission observes that the average residential rate increased by \$546 to reach \$2,468 in 2024-25. This equates to an average annual increase of 8.7 percent over this period. The Commission also notes that 33.3 percent of the population is aged over 65 years and believes there is merit in the Council undertaking research to determine affordability levels among this section of its community. There may also be some benefit in the Council undertaking research into its rating structure noting that all land use categories other than primary production have the same rate in the dollar. The Commission recommends that the Council:

10. **Continue** the good practice of consulting with the community on its strategic management plans and on proposed rate increases.

⁶¹ Alexandrina Council, *Draft Annual Business Plan and Budget 2024-25 and Updated Long Term Financial Plan, Community Engagement Report*, available at <https://mysay.alexandrina.sa.gov.au/abp2024-25>

⁶² Alexandrina Council, *Public Consultation Policy*, available at https://www.alexandrina.sa.gov.au/_data/assets/pdf_file/0020/195302/Public-Consultation-Policy-v3.pdf

⁶³ The Council sought community engagement through online and written submissions; budget roadshows; and through verbal submissions at Council meetings (in total 307 responses to the survey and 13 written submissions were received by the Council), available at <https://mysay.alexandrina.sa.gov.au/abp2024-25>

7 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:

- ▶ currency of assessment of asset values, asset condition and useful lives and alignment of those data with the AMP, LTFP, ABP, budget and provision for depreciation, as appropriate,
- ▶ the planned asset renewal and replacement expenditure versus new and upgraded asset expenditure, and ongoing performance against its current LTFP estimates,
- ▶ achievement of cost savings and efficiencies and its continued reporting of these in its plans,
- ▶ progress on improving its operating surpluses,
- ▶ management of debt and cash, and
- ▶ how it addresses the financial sustainability risks and affordability risks.

8 Appendix: Glossary of terms

Item	Explanation
ABP	Annual Business Plan
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
ARFR	Asset Renewal Funding Ratio Since 2013, the asset renewal funding ratio has been defined as: $\text{Asset Renewal Expenditure} \div \text{IAMP Renewal Expenditure}$ Where IAMP Renewal Expenditure is that required according to the IAMP.
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index (Adelaide, All Groups)
Council	Alexandrina Council
CWMS	Community Wastewater Management System
ESC Act	<i>Essential Services Commission Act 2002</i>
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	<i>Local Government Act 1999</i>
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Pa per 9 - Financial Indicators Revised May 2019
LTFP	Long-term financial plan
NFLR	Net Financial Liabilities Ratio Net Financial Liabilities are defined as: Total Liabilities LESS Current Assets (Cash and Cash Equivalents) LESS Current Assets (Trade and Other Receivables) LESS Current Assets (Other Financial Assets) LESS Non-Current Assets (Financial Assets - excluding equity accounted investments in council businesses) The net financial liabilities ratio is: $\text{Net financial liabilities} \div \text{Total Operating Income}$
OSR	Operating Surplus Ratio The Operating Surplus (Deficit) is defined as: $\text{Total Operating Income} \text{ LESS } \text{Total Operating Expenses}$

Item	Explanation
	The Operating Surplus Ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income
Regulations	<i>Local Government (Financial Management) Regulations 2011</i>
RBA	Reserve Bank of Australia
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
The scheme or advice	Local Government Advice Scheme



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