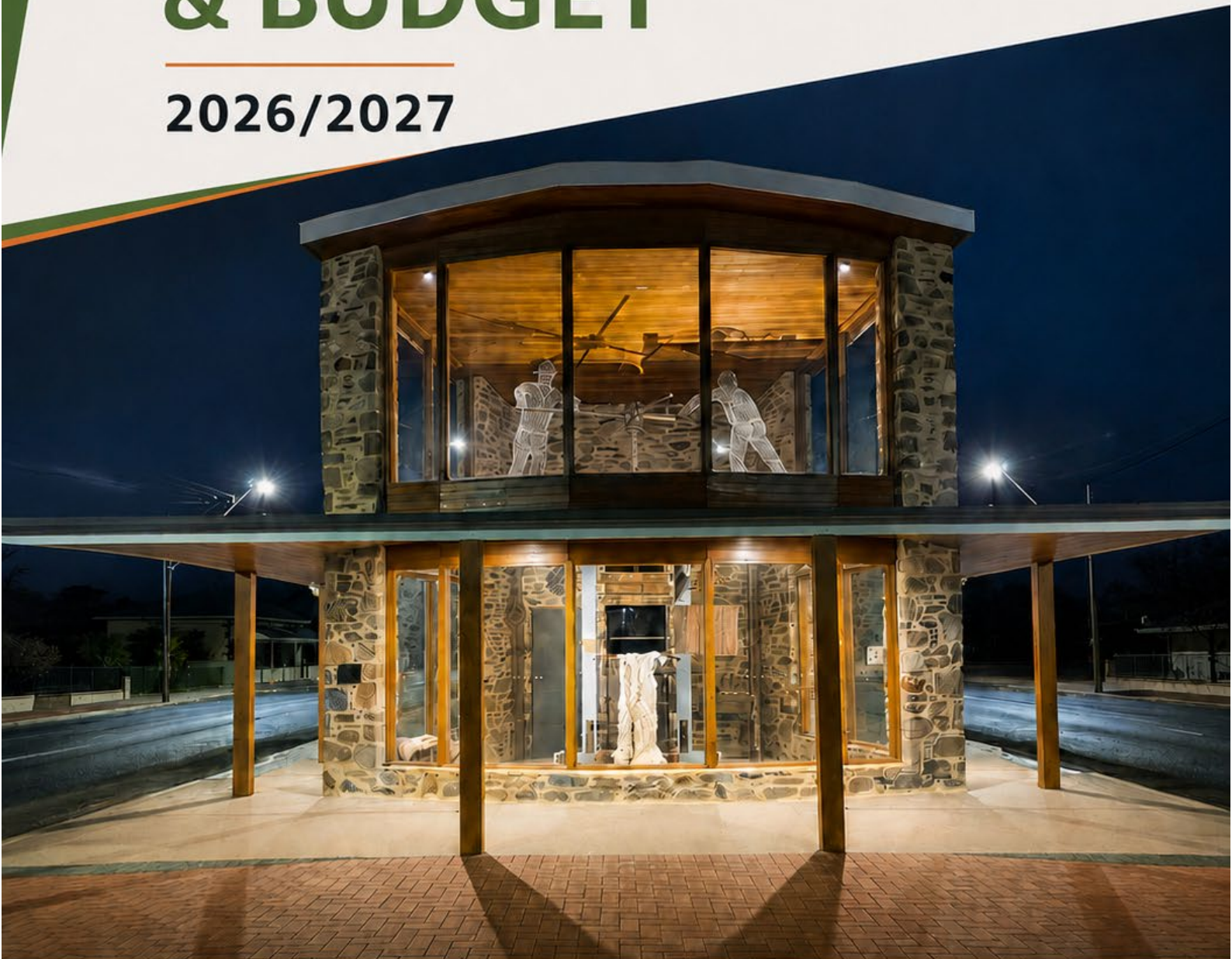




District Council of
ORROROO
CARRIETON

ANNUAL BUSINESS PLAN & BUDGET

2026/2027



ADOPTED 7 JULY 2026

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MESSAGE FROM THE MAYOR / EXECUTIVE SUMMARY

As Mayor of the District Council of Orroroo Carrieton, I am proud to present this Annual Business Plan and Budget 2026/27 to the community.

The Annual Business Plan and Budget represents the first stage in returning the Council to a position in achieving its goal of long term financial sustainability, as measured by the industry sustainability ratios. By ensuring a strong financial position, Council can implement sound strategies designed to sustain and grow our regional economy, enhance community wellbeing, and build a resilient future for all who live, work, and invest in our district.

In responding to the findings of the Essential Services Commission of South Australia (ESCOSA) in Councils Local Government Advice report, which forecast the financial position as unsustainable, Council has adopted and implemented strategies to address these findings. These strategies centre on the fundamental principle of reviewing and aligning key Strategic Management Plans, namely the Long Term Financial Management Plan and Asset Management Plan. The initial review of these key Plans has delivered a budget that satisfies Councils financial sustainability targets and ensures Councils ongoing ability to meet its infrastructure and asset renewal needs, while delivering services to meet the needs of the community.

The following provides a snap shot summary of key aspects of the Annual Business Plan and Budget for 2026/27.

- Operating Surplus of \$66,000, representing a Ratio of 2% which is within the target ranges
- Cash and Cash Equivalents forecast of \$1,752,000
- No forecast loan borrowings
- Capital investment in New/Upgrade and Renewal/Replacement of Assets of \$2,481,000, including the following:
 - Orroroo Main street Upgrade Project - \$1,200,000
 - District Road Re-Sheeting - \$310,000
 - Sealed Town Street Upgrades - \$260,000
 - Building, Structures and Other Assets - \$146,000
 - CWMS Investment - \$210,000
 - Township Footpath upgrades - \$50,000
 - Plant and Machinery New and Replacement - \$305,100
- Total Operating Expenses across all Services \$4,311,000 decreased by 4.8%, including
 - Employees Costs \$1,367,000, decrease of 2.6%
 - Materials, Contractors and Other Expenses \$1,641,000, decrease of 4.5%
 - Depreciation \$1,302,000, decrease of 7%
- Total Income of \$4,377,00, increased by 8.3% including the following
 - General Rates \$1,501,705, increase of 5.8%
 - Other Rates and Service Charges \$271,590, decrease of 5.1%
 - Commonwealth Government Grants \$2,313,500, increase of 15.8%
 - Other income – Fees and Charges, Investments \$286,000, decrease of 14.1%

For information of the Community, the Annual Business Plan and Budget excludes the following:

- Due to assessment of the damage caused by the recent storm and flooding event, which is integrated with the Disaster Recovery Funding Claim Process, no estimates have been included. It is anticipated that this work will be completed over a 6 month period with the signoff of the claim expected during the early part of 2027. This timing will provide Council with an opportunity to schedule works during the 2027/28 year.
- With investigations continuing on the Paratoo South Sub-Division on the infrastructure upgrade requirements and financial modeling incorporating projected sales, further investment into the sub-division has been excluded. Council is currently preparing a Prudential Report that will assess the financial impact on Council and assist in the decision making on the final strategy in proceeding the development.

In closing, this Annual Business Plan and Budget outlines our vision and strategic priorities, ensuring the Orroroo Carrieton district remains a place of opportunity, sustainability, and strong community spirit.

I and the Councillors thank everyone in the Community who displayed an interest and who attended the consultation forums to be held in Pekina, Carrieton and Orroroo.



Mayor Grant Chapman



YOUR ELECTED MEMBERS



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OUR DISTRICT

A clean living experience founded on Agriculture

Situated in the Mid North of South Australia at the base of the spectacular Flinders Ranges, Orroroo is a historic service centre town that retains much of its 1880's village charm. It is situated approximately three hours' drive north of Adelaide and one hour to the east of Port Augusta, ideally located at the intersection of two major road transport routes from the Eastern States and the Northern Territory and Western Australia. The district is also home to smaller communities including Carrieton, Morchard, Pekina and Black Rock.

Prior to non-Indigenous settlement, Orroroo was the home of the Ngadjuri people whose domain was the area to the east of the Flinders Ranges. The first settlers, John and James Chambers arrived in 1844, when they took up the 'Pekina Run' pastoral property that covered 320 square miles. The name 'Orroroo' was first used by an early pioneer, Charlie Easther, who conducted a nearby coaching house which served travellers on the Burra-Blinman track. The true meaning of the word is uncertain with a variety of interpretations possible. This name was officially given in 1875 by the famous South Australian surveyor-general, George Goyder in 1875 when the town was first surveyed.

The first land sales occurred in 1876. The town was granted its own local council, the District Council of Orroroo, in 1887. The town was connected by the Peterborough–Quorn railway line to Peterborough and Quorn in 1881 and rail services continued to 1987. An early irrigation scheme was formed after damming the Pekina Creek and creating the Pekina Reservoir. Water from here was supplied to over 50 dairy farms. Orroroo had its own flour mill, several bakeries, carriage manufacturer and a butter factory.

"We are a proud community and our vibrancy makes us resilient.

Our residents, businesses and visitors prosper from our beautiful landscape, healthy environment and well serviced regional centre."

Today Orroroo is a strong and well serviced regional centre for a predominantly farming community whose main focus are grains, sheep and cattle. The community is also evolving into a significant tourism centre with its central location to so many local and regional heritage, cultural and environmental attractions.

'Goyder's Line' traverses the district, a line drawn up in 1865 by Surveyor General Goyder which indicated the edge of the area suitable for agriculture. Drought is a common experience for the Orroroo farming area, and with increased climate uncertainty, the district's communities are strongly committed to creating a resilient and sustainable future through innovation, adaption and local leadership.

Orroroo is the major service centre, maintaining a range of essential services such as a major Hospital, Health Centre, Area School, Library, Aged Care facility, a variety of community and culture associations, and sporting facilities/clubs that are well supported and extremely competitive. The town centre hosts a range of business which support the district including a post office, supermarket, pharmacy, newsagent, hardware, hotels and cafes.

The District is situated at the base of the Flinders Ranges, and is a popular tourism destination for visitors, retaining much of its unique 1880's charm and heritage. The primary commerce in the region is agriculture, with the predominant agricultural commodity being food (cereal grains, legumes, meat) and wool.

Below is a map illustrating the geographic area comprising the District Council of Orreroo Carrieton.



OUR STRATEGIC DIRECTION

Prosperity & Resilience 2023-2033

Strategic Direction

Council adopted a 10 year Strategic & Community Plan in October 2023: Prosperity and Resilience 2023 - 2033. This Strategic and Community Plan is the centre piece of Council's suite of strategic management documents which also includes Council's Long Term Financial and Asset Management Plans and Annual Business Plan.

The Strategic and Community Plan is a tool for defining the direction of the district. By identifying a vision, themes, strategies and key projects, Council is creating a roadmap for 2023 – 2033.

Throughout the 10 year lifetime, the Plan will be regularly reviewed to ensure it remains relevant to the Orroroo Carrieton community and district.

Our Vision

We are a proud community and our vibrancy makes us resilient. Our residents, businesses and visitors prosper from our beautiful landscape, healthy environment and well serviced regional centre.



Strategic Pillars

The Plan is built upon four key themes:

Prosperity	A strong and diversified local economy
Lifestyle	Healthy, connected and empowered communities with the services they need
Leadership	Informed decision making, strong advocacy and adaptive with change
Landscape	A healthy, productive environment supported by best practice

In working towards its goals in the development of this Business Plan, Council considered a long-term view of its financial situation. Through the 2027-2036 Long Term Financial Plan Council is committed to ensuring its long-term financial sustainability, which is dependent on ensuring that, on average over time, Council's expenses are within the targeted range.

FINANCIAL SUSTAINABILITY

All Councils pursuant to the Local Government Act 1999 are required to develop and maintain Long Term Financial Management and Asset Management Plans to ensure sound strategic planning principles to assist with decision making are in place.

Council is committed to ensuring its long-term financial sustainability and this is dependent on ensuring that, on average over time, its expenses are at least matched by its income level.

In addition, capital expenditure is focused on existing infrastructure and other assets and in accordance with the Infrastructure and Asset Management Plan so as to minimise whole-of-life-cycle costs of assets.

Key Financial Indicator	Budget 2026/27	LTFP target range
Adjusted Operating Surplus Ratio	2%	0% - 15%
Net Financial Liabilities Ratio	(29%)	(50%) – 50%
Asset Renewal Funding Ratio	100%	90 – 110%

Operating Surplus Ratio (OSR)

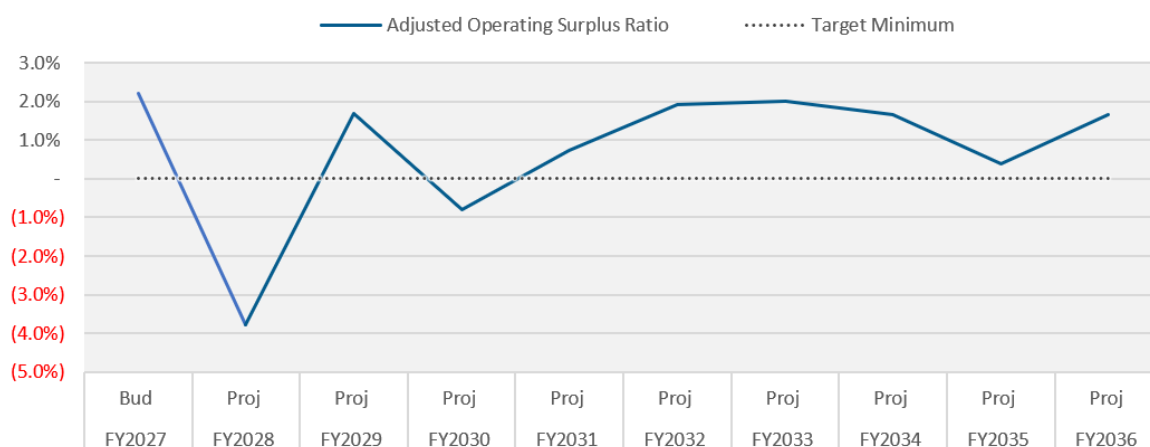
"Is Council covering its operating expenditure and depreciation charge from its operating income?"

The operating surplus ratio expresses the operating surplus / (deficit) as a percentage of total operating income. A result of greater than 0% would indicate that Council is covering its operating expenditure and depreciation charge from its operating income.

The operating surplus is \$66,000 from the proposed budgeted activity for the year. The adjusted operating surplus, excluding depreciation from non-replaced assets is \$97,000 which gives a ratio result of 2%.

The forecasted ratio result, from the draft Long Term Financial Plan, is shown below:

Adjusted Operating Surplus Ratio



Asset Renewal Funding Ratio (ARFR)

"Is Council replacing its assets at the same rate the assets are wearing out?"

The Asset Renewal Funding Ratio indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its overall stock of assets is wearing out. The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to Council's draft Asset Management Plan.

The forecast asset renewal funding ratio for the 2026/27 is 100%, within the LTFP target range. The forecasted ratio result, from the draft Long Term Financial Plan, is shown below:



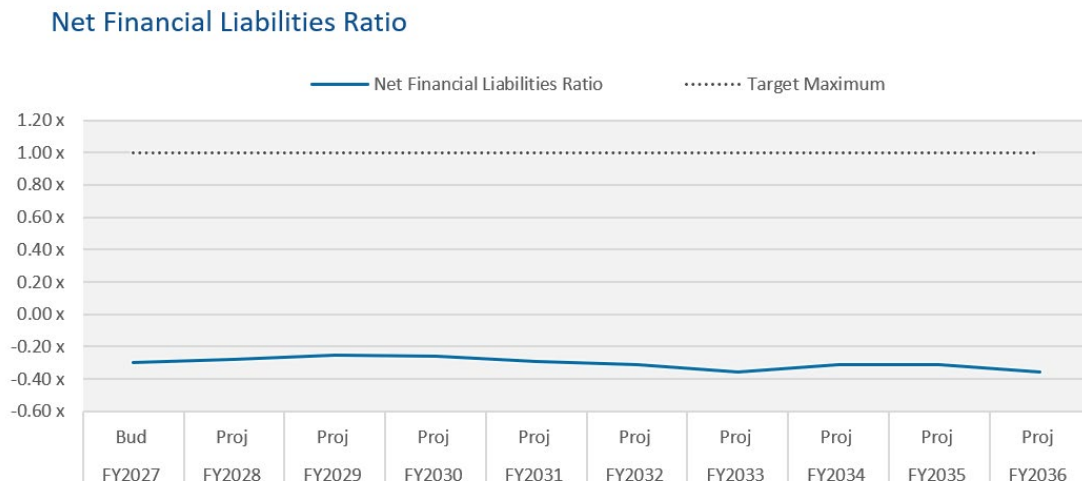
Net Financial Liabilities (NFL) and Net Financial Liabilities Ratio

"Does Council have a manageable level of debt and other liabilities when considering its available income and other cash reserves?"

Net financial liabilities is a comprehensive measure of the indebtedness of the Council as it includes items such as employee long-service leave entitlements and other amounts payable as well as taking account of the level of Council's available cash and investments.

Specifically, net financial liabilities equals total liabilities less financial assets, where financial assets for this purpose includes cash, cash equivalents, trade and other receivables, and other financial assets, but excludes equity held in Council businesses, inventories and land held for resale.

The ratio of (30%) indicates that Council is in a strong financial position and has no borrowings or debt included in the budget. The forecasted ratio result, from the draft Long Term Financial Plan, is shown below:



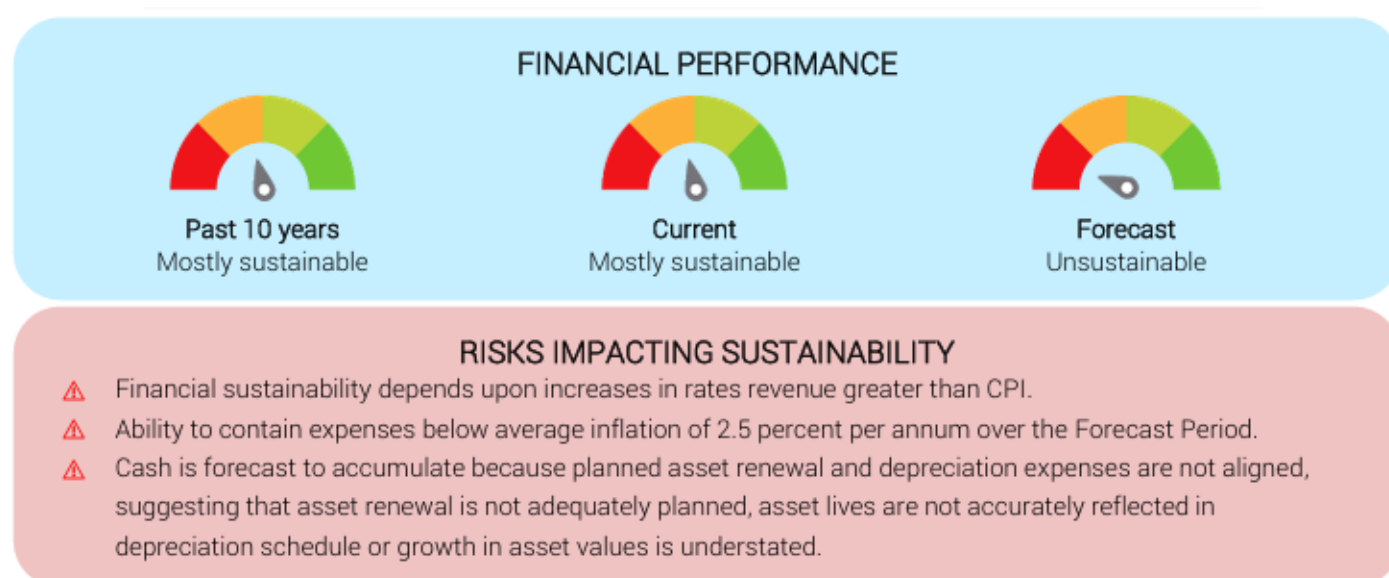
Overall Assessment of Council's Financial Sustainability

The above ratios indicate that the Annual Business Plan and the associated Budget that underpins it, is currently financially sustainable over the following 12 months, and proposes to improve its financial position on average as indicated within the Long Term Financial Plan.

ESCOSA Sustainability Report

In February 2026 Council received the Essential Services Commission of SA (ESCOSA) sustainability report under the Local Government Advice scheme, with a full copy of the report enclosed as an attachment to the Annual Business Plan.

The report highlighted that in the past and at the present, Council's performance was mostly sustainable, however when assessing the Forecast Period, performance was assessed as unsustainable, which was further integrated with a number of risks that were assessed as impacting sustainability. Reference the below graphic from the Report.



To address the findings and recommendations of ESCOSA, Council has adopted various strategies that form the basis of the revised Long Term Financial Management and Asset Management Plans that underpins the financial sustainability.

The strategies endorsed by Council that address the various recommendations are summarised below:

Report Recommendation 1 – Asset Values

1. Update Assets via Revaluations every 5 Years as per Regulations
2. Annual review to include CPI indexation as a basis and/or direct costs for asset values

Report Recommendation 2 – Depreciation

1. Asset data, classifications and depreciation to be reviewed annually
2. Continuous monitoring and reporting of potential impacts of Projects on Depreciation
3. Asset Management Plan to be updated annually

Report Recommendation 3 – Significant Asset Replacement

1. Annual projection of LTFP and AMP out to 20 years to identify potential impacts and significant asset replacement beyond the statutory 20 year period.
2. Clearly disclose identified significant asset replacement in 10 year LTFP and AMP.

Report Recommendation 4 – Monitoring

1. Continue annual review of expenditure items.
2. Report to Council on areas whereby increases are predicted or identified to be above predicted CPI, and disclose in ABP and Budget.

Report Recommendation 5 – Alternative Strategies

1. Continue the review of expenditure and service reviews to identify ongoing savings and/or to maintain expenditure consistent with inflation.
2. Continue to assess and identify other forms of income and advocate for increased financial assistance grants with the wider Local Government sector.

Implementation of the strategies has addressed the risks and achieved better alignment of the Long Term Financial Management and Asset Management Plans resulting in infrastructure and asset renewal/replacement and identified new/upgraded assets being fully funded.

With the continued implementation of the strategies, the forecast financial position of the Council will continue to closely monitor the financial position and with the aim to improve to achieve long term Financial Sustainability.

ABOUT THE ANNUAL BUSINESS PLAN

Section 123 of the *Local Government Act 1999 (SA)* requires that a council must have, for each financial year, an Annual Business Plan and Budget.

The Annual Business Plan and Budget is the key annual operational and financial planning document. It describes the priorities, programs, services and projects that we plan to deliver, our sources of revenue, financial levers, long term sustainability and how we propose to allocate our budget.

The Annual Business Plan and Budget takes into consideration:

- Council's Strategic Plan, Long Term Financial Plan, Asset Management Plan and other associated Strategies and Plans
- Elected Member priorities
- Community insights provided through consultation and engagement
- Our operational environment, key challenges and opportunities
- Planning principles of financial sustainability

Prioritising levels of service for our infrastructure will ensure we can deliver maintained community assets. In addition, maximising funding opportunities through effective advocacy and partnerships will support greater public value for ratepayers and our community.

Amendments to the Final Annual Business Plan

As documented in the draft Annual Business Plan for consultation, after the finalisation of the draft documents, Council resolved to include a budget for 2026/27 for a water drinking fountain of \$10,000 and playground shade of \$30,000 at the Orroroo Recreation Grounds. These budgets have now been included in the business plan.

SIGNIFICANT INFLUENCES

In the development of the Annual Business Plan we look at the external commercial, economic, political, ecological, social and technological influences that have an impact on our District.

External Commercial / Economic / Political

Council has taken a proactive approach to advocacy at both state and federal levels to leverage support for the delivery of essential infrastructure projects in the District.

International conflict and other disruptions have contributed to global resource demands, which have exacerbated existing materials and labour shortages. This impacts on delivery of infrastructure projects and the ability to buy plant and equipment.

Pricing increases that include climbing oil prices, electricity, local suppliers with stock shortages, and labour shortages are just a few key issues that have been felt by Council and our community.

Council purchases a range of goods and services as part of its annual capital program. Over the last 12 months the persistent disruption to supply chains and distribution network and their ongoing effects on prices has provided uncertainty. This has impacted on project delivery, tendering, pricing being received, and the availability of contractors.

The local impact on businesses and the community resulting on loss of local fuel outlet has further influenced decision making and the approach in developing the long-term financial strategy.

Extreme Weather

Effects of our changing climate are already being felt by our community. With an increasing frequency of extreme weather events there has been a need to adjust programs that react to the increased frequency of flooding, severe/extreme fire danger and a longer fire season, and longer sustained periods of drought conditions. Previous years events have determined it necessary to provide sustainable strategies and an annual budget allowance for such events.

Tourism Industry Growth

With increased tourism growth comes increased servicing and maintenance of existing assets including our public facilities.

People safety and risk management

The Council aims to provide and promote a healthy and safe working environment to minimise the risk of injury or illness for all staff while at work. Council has a broad risk profile associated with its work in the community and within the organisation and is committed to providing a workplace that:

- Is safe and healthy for all employees, volunteers, contractors and visitors.
- Minimises, manages and controls risks within the work environment.
- Minimises the risk of injury and ill health at work.
- Complies with the Work Health & Safety Act 2012 and the Performance Standards for Self-insured Employers.

ASSUMPTIONS

There are a number of assumptions and considerations that impact the development of the Annual Business Plan and Budget, which include:

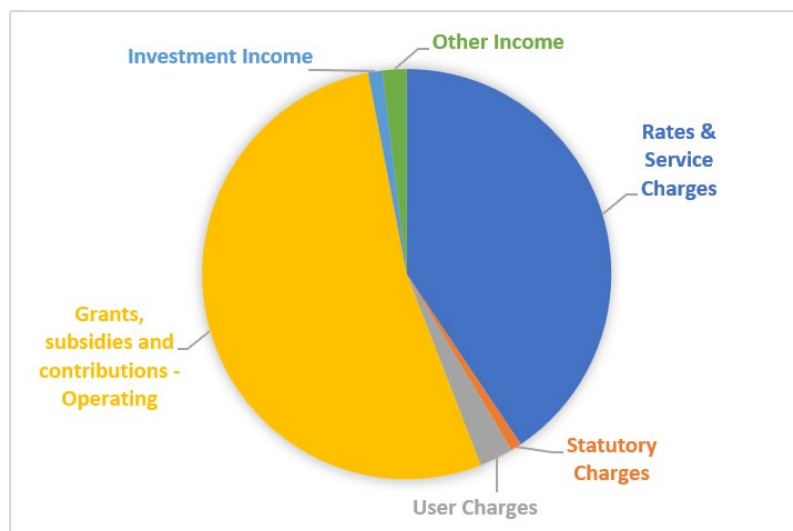
- Absorbing cost pressures where possible to minimise increases in rates and fees and charges.
- Overall sustainability and meeting target ratios.
- Consumer Price Index has been estimated for 2026/27 at 3.8%.
- General Rate Revenue increase for 2026/27 is 5.8%, which is 2% above forecast CPI.
- Commonwealth Financial Assistance Grants (FAGs) income includes an estimated increase of CPI less 1.0% and assumes that the timing of receipt of FAGs income will be paid as allocated in each respective year so there is no adjustment to reflect partial prepayments.
- Australian Government Roads to Recovery grant funds are budgeted in accordance with the approved allocation for 2026/27, plus a carry forward amount from 2025/26.
- Service Charges and User Charges have been calculated based on the estimated CPI.
- Investment Income is based on the RBA Monetary Policy Cash Rate applied to surplus cash balances held with the Local Government Finance Authority.
- Salary and wages increases have been budgeted to increase by 3% for 2026/27.
- Maintaining asset management (renewal) expenditure in line with Council's draft Infrastructure & Asset Management Plan
- Increase in Council's administrative pressures including but not limited to risk management, Work Health and Safety, increased legislative compliance requirements, government reporting and ongoing Essential Services Commission of SA (ESCOSA) reporting requirements.
- State Government cost shifting to local government in many areas.
- The Council has previously resolved not to replace a number of assets on the asset register (Council resolution 017/0524), and whilst depreciation expense must still be accounted for, this amount is shown as an adjustment to the operating position.

FINANCIAL OVERVIEW

This section provides an overview of Council's proposed revenue and expenditure for the 2026/27 financial year, presented by major category. It outlines the key funding sources that support Council's operations and capital program, together with the planned allocation of resources to deliver services, maintain infrastructure, and achieve the objectives set out in this Annual Business Plan. The information presented reflects Council's commitment to responsible financial management and long-term sustainability.

Budgeted Revenue by category:

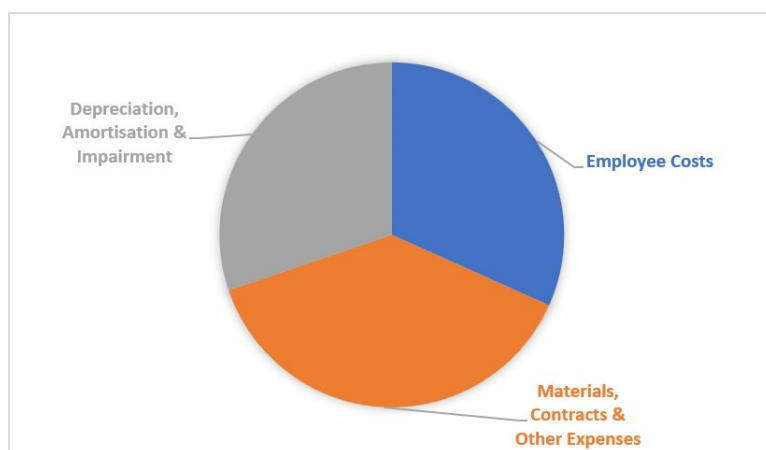
Operating Income	Adopted Budget 2025/26	Draft Budget 2026/27	%
Rates & Service Charges	\$1,709,000	\$1,777,000	40.6
Statutory Charges	\$36,000	\$37,000	0.8
User Charges	\$120,000	\$116,000	2.7
Grants Subsidies & Contributions	\$2,090,000	\$2,314,000	52.9
Investment Income	\$41,000	\$49,000	1.1
Reimbursements & Other	\$161,000	\$84,000	1.9
TOTAL OPERATING INCOME	\$4,157,000	\$4,377,000	



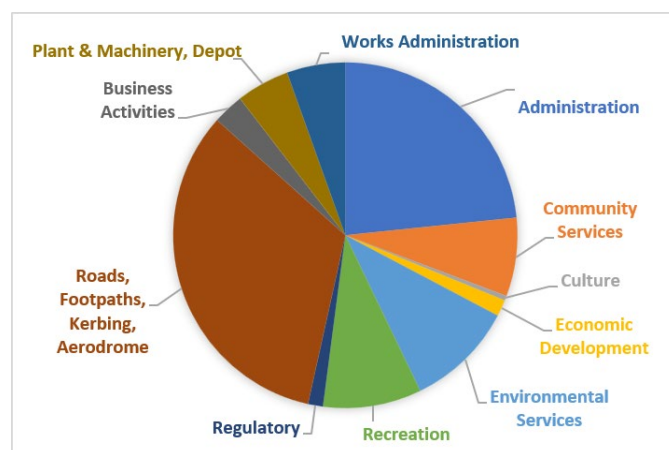
Budgeted Expenditure by category and function:

Operating Expenditure - Category	Adopted Budget 2025/26	Draft Budget 2026/27	%
Employee Costs	\$1,329,000	\$1,367,000	31.7
Materials, Contractors & Other Expenses	\$1,553,000	\$1,641,000	38.1
Depreciation, Amortisation & Impairment	\$1,518,000	\$1,302,000	30.2
Finance Charges	\$2,000	\$1,000	0
TOTAL OPERATING EXPENSES	\$4,402,000	\$4,311,000	
Operating Surplus / (Deficit)	(\$245,000)	\$66,000	

Expenditure by Category



Expenditure by Function



Operating Expenditure - Function	Adopted Budget 2025/26	Draft Budget 2026/27	%
Administration	\$968,000	\$1,007,000	23.4
Community Services	\$446,000	\$317,000	7.4
Culture	\$14,000	\$19,000	0.4
Economic Development	\$58,000	\$67,000	1.6
Environmental Services	\$386,000	\$437,000	10.1
Recreation	\$433,000	\$399,000	9.3
Regulatory	\$65,000	\$60,000	1.4
Roads, Footpaths, Kerbing, Aerodrome	\$1,437,000	\$1,428,000	33.0
Business Activities	\$122,000	\$125,000	2.9
Plant & Machinery, Depot	\$270,000	\$215,000	5.0
Works Administration	\$203,000	\$237,000	5.5
TOTAL OPERATING EXPENSES	\$4,402,000	\$4,311,000	

KEY SERVICES

The following table provides an overview of the key services delivered by Council across each functional area, including the classification of services as mandatory, traditional or discretionary, together with the associated funding and projected operating costs for the 2026/27 financial year.

Function	Mandatory	Traditional	Discretionary	Revenue 26/27	Expense 26/27
Business, Administration & Regulatory Services	Administration & HR Governance Financial Management WHS & Risk Rate Administration Asset Management Dog & Cat Management Development Services Environmental Health	Council House Community Wastewater Management	Private Works Carrieton Water Supply	2,961,300	1,192,900
Community & Recreation Services	Cemeteries WHS & Risk Development Services Website	Passenger Service Public Conveniences Community Library Community Halls Recreation Grounds Parks, Trails & Gardens Swimming Pools Culture	Health and Wellbeing Goyder's Line Gazette Community Events Grants and Program/s Historical Society Early Settlers Cottage	76,500	735,100
Economic Development			Planning & Advocacy Business Assistance Tourism Development Visitor Information Grant Submissions	-	66,500
Environment	Fire Prevention Hazard Management Street Lighting	Waste Collection Recycling Management Stormwater Management Drum Muster	Cropping land Grant submissions Pekina Reservoir Walking Trails	210,600	436,400
Transport and Infrastructure	WHS & Risk	Road Maintenance Footpaths & Kerbing Aerodromes Council Depot	Planning & Advocacy Grant Submissions	1,128,400	1,879,600

STRATEGIC PROJECTS

In addition to the service provision detailed above, Council has committed to continuing delivery of specific key initiatives all of which play a significant role in achieving the long-term goals of Council's Strategic & Community Plan 2023-2033.

The following list describes those initiatives currently known, however pursuant to the Long Term Financial Plan, Council may determine to undertake other projects throughout the financial year.

Project	Description	Budget
CAPITAL WORKS		
Main Street Upgrade Project-Orroroo	Replacement and upgrade of footpaths, kerbing & gutter, stormwater infrastructure, with the inclusion of new traffic calming protuberances and safe pedestrian crossings to improve accessibility	\$1,200,000
Sealed Streets Upgrade and Renewal	North Terrace renewal and upgrade to include new seal, stormwater drainage upgrade from Fifth Street to Railway Terrace	\$260,000
CWMS Orroroo Infrastructure	New gravity drain (Sixth Street) and flow meters	\$210,000
District Unsealed Roads Re-sheeting and Reform works	Various District Roads identified in Councils annual road program	\$310,000
Township Footpaths	Carrieton Upgrade and Renewal of identified footpaths	\$50,000
Plant & Machinery	New and Replacement of Plant and Machinery in accordance with adopted program	\$305,100
Buildings, Other Structures and Assets	Identified new and renewal works as programmed	\$90,000
Computer System Hardware	Upgrade and Replacement of Computer Hardware	\$20,000
Other Assets General		\$36,000
OPERATIONS		
Carrieton Water Supply Investigations	Review of system infrastructure and planned renew/upgrade	TBD
Building Asset Review	Develop renewal and maintenance program based on condition assessment	TBD
Public Lighting/Solar Light Review	Comparison between upgrade of solar lights v LED SAPN lighting	\$10,000

CAPITAL EXPENDITURE

Below is a summary of the budgeted capital expenditure for each asset category for the upcoming and prior financial years:

Capital Works	Budget 2025/26	Budget 2026/27
Roads & Infrastructure	\$416,000	\$1,820,000
Buildings, Other Structures & Other Assets	\$1,479,000	\$110,000
Community Wastewater Management System	\$0	\$210,000
Other assets - Fixtures & Fittings	\$48,000	\$36,000
Plant and Machinery	\$120,000	\$305,100
Total	\$2,063,000	\$2,481,100

Roads & Infrastructure - Construction New/Upgrade and Renewal Program

Council's road and infrastructure construction program is prepared in alignment with Council's 10 year Asset Management Plan and identified major projects. The state and condition of Council's road and infrastructure network is routinely assessed by independent experts and Council's own staff.

In 2026/27 Council's program consists of unsealed road re-sheeting, sealed road reconstruction, and infrastructure upgrades including footpaths, stormwater drainage, kerb & gutter and new traffic devices.

Project / Road	Project Scope	New/Upgrade (\$)	Renewal (\$)	Grant Funding (\$)
Main Street Project - Orroroo	Replacement and upgrade of footpaths, kerbing & gutter, stormwater infrastructure, with the inclusion of new traffic calming protuberances and safe pedestrian crossings to improve accessibility	686,000	514,000	630,000
Resheeting - Unsealed				258,000 (R2R Funding)
Stokes Hill	2,500m section		50,000	
Bertha Brown	2,400m section		48,000	
Amyton	1,200m section		24,000	
Chapman	1,200m section		24,000	
Belton	3,000m section		60,000	
Treehaven	2,600m section		52,000	
Rip & Reform				51,000 (R2R Funding)
Wilmington	4,400m section		22,000	
Hoare	1,000m section		5,000	
O'Laddie	2,800 section		14,000	
Chapman	2,000 section		10,000	

Project / Road	Project Scope	New/Upgrade (\$)	Renewal (\$)	Grant Funding (\$)
North Terrace Orroroo	Reconstruction with upgraded bitumen seal and new stormwater infrastructure	100,000	160,000	260,000 (R2R Funding)
Carrieton Footpath	Upgrade footpath on Western side of Fifth Street as per of the Carrieton Beautification works	50,000		

Plant and Machinery and Minor Equipment

New and Replacement in accordance with 10 year Program as per Asset Management Plan.

Item	New/Upgrade (\$)	Renewal (\$)
Utilities – x2	60,000	60,000
Tractor – Small (multipurpose)	60,000	
Excavator	105,000	
Spray Unit – Ute Mount	17,000	
Minor Equipment		3,100
Total	242,000	63,100

Buildings, Other Structures & Other Assets

New/Upgrade and Renewal projects in accordance with 10 year Asset Management Plan

Project	Project Scope	New/Upgrade (\$)	Renewal (\$)	Grant Funding (\$)
Other Structures				
Lions Park Playground	Replace Nature Play Playground equipment		25,000	TBC
Orroroo Recreation Grounds	Water drinking fountain and Playground Shade	\$40,000		
Hall & Council Office	Renew Waste Water Disposal System		5,000	
Orroroo – Second St Public Conveniences	Renew Waste Water Disposal System		5,000	
Orroroo Works Depot	New Staff Toilets and Amenities	15,000		
Other Assets				
IT – Computer System	Replacement of Computer Hardware		20,000	

Community Wastewater Management System

New/Upgrade and Renewal projects in accordance with 10 year Asset Management Plan

Project	Project Scope	New/Upgrade (\$)	Renewal (\$)	Grant Funding (\$)
Flow Meters	Install Flow meters at pump stations	10,000		
Gravity Drain	Installation of Gravity Drain in Sixth Street, between North Terrace and Second Street	200,000		

Other assets - Fixtures & Fittings

Allocation of \$36,000 included in Asset Management Plan for replacement of Furniture and Fittings as determined.

Orroroo Recreation Grounds

Council resolved to include a budget for 2026/27 for a water drinking fountain of \$10,000 and playground shade of \$30,000 at the Orroroo Recreation Grounds.

FUNDING THE PLAN

The long-term financial sustainability of Council is dependent on ensuring that on average expenses are less than income, in accordance with the Long Term Financial Management Plan and Financial Strategy.

General Rates and Other Rates and Service Charges

Council's proposed income in 2026/27 includes \$1,501,705 raised from general rates, including rebates. This is based on an increase of 5.8%. Total rates income includes General Property Rates, Service Charges for CWMS, Waste Collection, Landscape Levy, Rate Fines, Rate Rebates and Write-offs from Objection to valuations.

The below table illustrates the breakdown of the income to be received from Rates, with the amounts being net of all rebates.

Rate Revenue	Amount	% Change
General Rates	\$1,501,705	5.8% 
Regional Landscape Levy	\$42,160	-2.3% 
Waste Collection Service Charge	\$184,880	7.0% 
CWMS Service Charge	\$44,550	-36% 
Total	\$1,773,295	6.7% 

Other Income

Other sources of income are:

- User pay charges set by Council.
- Reimbursements & Other.
- Investment Income: Investment of funds with the LGFA
- Statutory charges set by other levels of Government: These are fees and charges set by regulation and collected by the Council for regulatory functions such as assessment of development applications. This income generally helps off-set the cost of the service delivered.

The below table illustrates the breakdown of the other income by category.

Other Income	Amount
Statutory Charges	\$37,000
User Charges	\$116,000
Investments	\$49,000
Reimbursements & Other	\$84,000
Total	\$286,000

Grant Funding - Operating

Local Government receives the following main ongoing types of grant funding:

General Purpose & Local Roads Financial Assistance Grants (Federal)

Council has complete discretion as to expenditure of funds received. Council's 2026/27 budget assumes that the Federal Government financial assistance grants (both general purpose and local roads components) will be received.

Supplementary Road Funding (Federal)

The funding program was reintroduced by the Australian Government for South Australian Councils, to assist with maintaining local road networks on a two year term. Council has full discretion as to the expenditure of the funds received.

Grant Funding - Capital

Roads to Recovery

Roads to Recovery funding is Australian Government funding provided directly to councils to support the maintenance and upgrade of local road infrastructure, helping improve road safety and long-term transport connectivity within the community.

The following table illustrates a summary of the grants that have been included in the 2026/27 Budget. The amounts are based on the full allocation as the amount of any prepayment has not yet been determined.

Grants and Subsidies Funding	Amount
Local Roads (Grants Commission)	\$379,700
General Purpose (Grants Commission)	\$1,210,500
Supplementary Roads (Grants Commission)	\$130,800
Roads to Recovery (annual allocation + carry forward)	\$592,500
Total	\$2,313,500

Amounts Received Specifically for New or Upgraded Assets

Council has secured significant capital grant funding aimed at supporting the development and enhancement of community infrastructure. These capital grants are strictly allocated for the construction, upgrade, or improvement of physical assets that contribute to the long-term growth, liveability, and economic development of the region. The following major capital grant has been approved:

Main Street Upgrade Grant

- **Amount Received:** \$630,000
- **Purpose:** The grant supports significant improvements to the main street precinct. Works funded under this grant will enhance streetscape aesthetics, pedestrian access, contributing to a more vibrant town centre. The project aims to support local business activity, tourism, and community pride by revitalizing key public spaces.

RATING STRATEGY

In developing a rating methodology, the Council must make political and professional judgement based on a few guiding principles and objectives. Council will carefully consider the impact of rates on the community, including:

Equity

- The equity of the distribution of the rate burden between householders, businesses and primary producers;
- The broad principle that the rate in the dollar should be the same for all properties except where there is clearly a different level of services available to ratepayers or some other circumstance which warrants variation from the broad principle;
- Community feedback on this Annual Business Plan.

Benefit

- Minimising the level of general rates required by levying fees and charges for goods and services on a user pays basis, where that is appropriate to recover the full cost of operating or providing the service or goods, with provision for concessions to those members of the community unable to meet the full cost;

Economic Development

- support Council's economic development focus by facilitating a strong and vibrant economic environment, supporting the growth of business within the area and balancing the issue of consumption of resources with economic development objectives

Rating Methodology

The amount you pay is determined by your property's valuation and how we apportion rates across the community. We endeavour to apportion rates across the community in an equitable fashion.

Apart from the need to ensure sufficient income to meet its expenditure needs, Council is mindful of the impact of rates to the community, both residential and business, and regularly makes comparison of its rates across Council areas.

Council uses the Consumer Price Index (CPI) each year as its benchmark of movements in the community's capacity to pay and endeavours to contain the rate increase to around this level, subject to significant cost pressures or income losses that cannot be otherwise accommodated, or service level increases desired by the community.

While there has been high increases in the total capital valuations over the previous twelve months this has not been reflected in the valuations applied to Primary Production properties which is reflective of the current local environment. The significant increase in both vacant land and residential properties is in line with economic developments more broadly.

Valuation Methodology

The council uses the capital value determined by the Valuer-General as the basis for valuing land and calculating rates in accordance with Section 167(2)(a) of the Local Government Act 1999. The Act allows Councils to utilise capital value or annual value (applicable to City of Adelaide only) as the valuation basis.

The most recent valuations available to the Council at the time that the council adopts its budget under Section 167 of the Act will govern the assessment of rates for the financial year, this may result in changes to the cents in the dollar figures provided in the draft Annual Business Plan document.

The following table summarises capital value movements for the past 12 months across the Orroroo Carrieton Council District (based on data received 29th June 2026):

Land use	Total No. Properties	Capital Value (\$)	% change in Capital Value
Non Rateable	351	12,850,189	17.4%
Residential	348	85,527,333	5.2%
Commercial/ Industrial	46	8,268,867	5.8%
Primary Production	799	371,922,600	6.5%
Vacant land	142	4,865,900	26.7%
Other	22	1,126,716	11.2%
Total	1708	484,687,400	6.7%

For the financial year ending 30 June 2027, the most recent capital valuations for the Council area total **\$484,687,400 of which \$471,837,211 is rateable**. The final rating applied is based on property valuations received from the Valuer-General up to 30th June 2026.

Should any ratepayer be dissatisfied with a property valuation then they are to contact the Office of the Valuer General, GPO Box 1354, Adelaide, SA 5001, lsg.objections@sa.gov.au or call 1300 653 346.

Note - the lodgement of an objection to a valuation does not change the due date for the payment of rates and must be paid in accordance with the rate notice, unless otherwise advised by Council.

General Rates

Rate increases and associated rate modelling is performed annually in conjunction with the review of the Long Term Financial Plan to ensure the target revenue is achieved.

To achieve the target revenue reported in the Long Term Financial Plan, Council will aim to raise approximately \$1,501,600 in general rate income in the 2026/27 financial year, including rebates. This is an increase of 5.80% from the previous year.

Council, having considered the general principles of rating in Section 150 of the Local Government Act 1999, and the requirements of Section 153 (2) the Local Government Act 1999 and pursuant to Section 152 (1)(c) of the Local Government Act 1999, declares that the general rate in respect of rateable land within the Council area for the year ending 30 June 2027 will be a rate consisting of two components:

- (a) one being the value of the rateable land
- (b) the other being a fixed charge

That pursuant to Section 153 (1)(b) and Regulation 14 of the Local Government (General) Regulations 2013, determines that the following rates for the year ending 30 June 2026, be declared on rateable land within its area, based upon the capital value of the land.

Differential Rate

The Council applies different rates based on land use as determined by the Local Government (General) Regulations 2013:

Indicative differential rates for each land use type are:

- (a) **0.2304 cents in the dollar for Primary Production land located within the Council area.**
- (b) **0.3448 cents in the dollar for all other land use types located within the Council area.**

Fixed Charge

Council considers it appropriate that all rateable properties make a base level contribution to the cost of Council's activities, including the cost of maintaining the physical infrastructure that supports each property.

Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component.

For 2026/27, Council plans to impose a **fixed rate of \$406**, which is an increase from the previous year of \$11. This equates to 17% of general rate revenue. As a component of general rates, the fixed charge is paid by each eligible ratepayer as an equitable rate base for each property.

A fixed charge is levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge is levied against two or more pieces of adjoining land (where intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier.

Regional Landscape Levy

The Landscapes South Australia Act 2019 requires Council to raise a levy on behalf of the Northern and Yorke Regional Landscape Board to enable the board to manage the land, water, pest animals and plants, and biodiversity in the Region. This levy is shown separately on the rates notice.

Council has no influence in the determination of the levy to be collected, as it remains a decision made by the Regional Landscape Board and the Minister for Environment.

The declared amount to be collected during the 2026/27 year for the Northern and Yorke Natural Landscape Board is **\$42,168**, which is to be collected at a separate rate of 0.009030 cents in the dollar. This is a decrease from the previous year of 3.4%.

For more information regarding the Levy, please contact:

Northern & Yorke Regional Landscape Centre - Clare (head office), 155 Main North Road, Clare SA 5453

Phone: (08) 8841 3400. Monday to Friday from 9am till 5pm.

Website: <https://landscape.sa.gov.au/ny/home>

Service Charge - Waste Management Collection

To recover the cost to Council of establishing, operating and maintaining a kerbside waste collection/recycling service in its area, a service charge will apply to all households, businesses and occupancies where a refuse collection service is provided

The Council will **charge \$425 per household**, for each property provided with the waste management collection service (2 bin). This is an overall increase of \$20 from the 2025/26 rate.

An **additional Service Charge of \$205** shall be applied for each additional bin collected from the property for which the service is provided, this is an increase of \$15 from the 2025/26 rate.

Service Charge – Community Wastewater Management Scheme (CWMS)

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

Unit charges are based on individual property usage. The charge **per unit for 2026/27 is \$1,100**, which is a decrease of \$620 per unit from the \$1,720 per unit charged applied in the 2025/26 year.

Rates Impact Statement

The Council has proposed that the total rate income, fixed charges, service charges (excluding the Landscapes Levy and Carrieton water supply charges) and rate rebates in the 2026/27 budget will need to be approximately \$1,690,531 (including the service charge for CWMS).

The following provided examples of the impact on Rates on the various sectors. The example uses averages and includes the anticipate changes in capital valuation of each type of property.

- Impact to householders with a house with a capital value of \$235,000 in Orroroo is an increase of \$53 or a 4% increase.
- Impact to a Single Farm Enterprise with a capital value of \$1,510,000 is an increase of \$208.74 or a 6% increase.
- Impact to owners of vacant land with a capital value of \$18,000 is an increase of \$38 or a 12% increase.
- Impact to owners of a commercial/industrial property with a capital value of \$160,000 is an increase of \$27.26 or a 5% increase.

Business Impact Statement

Council has considered the impact of rates on all forms of business and industry within the community including primary production. In considering the impact the Council considered:

- The elements of Council's development and the equity of the distribution of the rate burden between ratepayers;
- Council's policy on facilitating local economic development and current local, state and national economic conditions;
- Specific Council projects for the coming year and specific infrastructure maintenance issues that will benefit businesses and primary producers.

Rating Policy

Further information relating the rating methodology and approach is contained in the Rating Policy, which is attached at Appendix 1.

The Policy covers various matters including:

- Valuation of Land
- Fixed Charge
- Differential Rates
- Landscape Levy
- Service Charges
- Single Farm Enterprise
- Cost of Living Concessions
- Remission and Postponement of Rates
- Mandatory, Remissions & Discretionary Rebates
- Payment and Late Payment of Rates
- Recovery of Outstanding Rates
- Sale of Land for the nonpayment of Rates
- Changes to Assessment Book

The following is provided to add context to proposed implementation of Policy areas.

Payment of Rates – Quarterly Billing

In accordance with Councils Rating Policy, Rates may be paid by way of four quarterly instalments with the proposed due dates being 15th September 2026, 15th December 2026, 15th March 2027 and 15th June 2027. Rate notices will be issued prior to each quarterly instalment.

Single Farm Enterprises

Due to the Single Farm Enterprise details not being subject to review, Council will be conducting a review during the 2026/27 year.

Remissions & Discretionary Rebates

Council will be conducting a full review of all rebated properties in the 2026/27 year to ensure compliance with Division 5 Rebate of Rates of the Local Government Act 1999.

STATEMENT OF EXPECTED RATE REVENUE

Expected Rates Revenue				
	2025/26 (as adopted)	2026/27 (estimated)	Change	Comments
General Rates Revenue				
General Rates (existing properties)	\$1,440,993	\$1,524,160 (a)		The Council is proposing an 5.8% increase in general rate revenue (including rebates) for 2026/27
General Rates (new properties)		(b)		
General Rates (GROSS)	\$1,440,993	\$1,524,160 (c)		
Less: Mandatory Rebates	(\$19,934)	(\$20,226) (d)		
General Rates (NET)	\$1,421,059	\$1,503,934 (e)	5.83%	
(e)=(c)+(d)				
Other Rates (inc. service charges)				
Regional Landscape Levy	\$43,719	\$42,160 (f)		The Regional Landscape Levy is a State tax, it is not retained by council.
Waste collection	\$172,835	\$182,075 (g)		There is a separate service charge for Waste Management Collection charged to applicable properties
Water supply		(h)		
CWMS	\$69,660	\$44,550 (i)		There is a separate service charge for Community Wastewater Management Schemes charged to applicable
Separate and Special Rates		(j)		
Electricity Supply		(k)		
	\$1,707,273	\$1,772,719		
Less: Discretionary Rebates	(\$2,123)	(\$2,321) (l)		
Expected Total Rates Revenue	\$1,661,431	\$1,770,398 (m)	6.6%	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
(m)=(e)+(g)+(h)+(i)+(j)+(k)+(l)				
Estimated growth in number of rateable properties				
Number of rateable properties:	1,349	1,357 (n)	0.6%	No growth in the number of Rateable properties has been factored in to the budget for 2026/27
	Actual	Estimate		
'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and				
Estimated average General Rates per rateable property				
Average per rateable property	\$1,068	\$1,123 (o)	5.1%	
(o)=(c)/(n)				
Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area). The total General Rates paid by all rateable properties will equal the amount adopted in the				
Notes				
(d) Councils are required under the Local Government Act to provide a rebate to qualifying properties under a number of categories: Health Services - 100 per cent Religious purposes - 100 per cent Royal Zoological Society of SA - 100 per cent Community Services - 75 per cent Public Cemeteries - 100 per cent Educational purposes - 75 per cent The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).				
(e) Presented as required by the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(1)(ea) Please Note: The percentage figure in (e) relates to the change in the total amount of General Rates revenue to be collected from <u>all</u> rateable properties, <u>not</u> from <u>individual</u> rateable properties (ie. individual rates will not necessarily change by this figure).				
(f) Councils are required under the <i>Landscape South Australia Act 2019</i> to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's				
(i) Community Wastewater Management Systems				
(l) A council may grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who				
(m) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.				
(n) 'Growth' as defined in the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(2)				

Statement on Expected Rate Revenue

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

Expected Rates Revenue

	Total expected revenue			No. of rateable properties		Average per rateable property			Cents in the \$	
	2025/26	2026/27	Change	2025/26	2026/27	2025/26	2026/27	Change	2026/27	
Land Use (General Rates - GROSS)										
Residential	\$416,131	\$434,556	4%	348	348	\$1,195.78	\$1,248.72	(p)	\$53	0.344800
Commercial - Other	\$44,727	\$46,780	5%	46	46	\$972.32	\$1,016.96	(p)	\$45	0.344800
Primary Production	\$914,028	\$968,951	6%	799	798	\$1,143.96	\$1,214.22	(p)	\$70	0.230400
Vacant Land	\$57,483	\$64,682	13%	138	142	\$416.54	\$455.51	(p)	\$39	0.344800
Other	\$8,624	\$9,190	7%	22	22	\$392.02	\$417.73	(p)	\$26	0.348800
Total Land Use	\$1,440,993	\$1,524,159	5.8%	1,353	1,356	\$1,065.04	\$1,124.01	(p)	\$59	
GRAND TOTAL (GROSS)	\$1,440,993	\$1,524,159	5.8%	1,353	1,356	\$1,065.04	\$1,124.01	(p)	\$59	

Fixed Charge

	Total expected revenue			Charge		
	2025/26	2026/27	Change	2025/26	2026/27	Change
Fixed Charge	\$317,580	\$326,504	3%	\$395	\$406	(q) \$11

Council will increase its Fixed Charge to \$406 in 2026/27

Adopted valuation method

Capital Value

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

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

Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or

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

Council is proposing to continue rating on Capital Value in 2026/27

Notes

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

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

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

BUDGETED FINANCIAL STATEMENTS

Statement of Comprehensive Income

District Council of Orroroo Carrieton

\$'000	Jun-26 BR3	Jun-27 Budget
Income		
Rates	1,709	1,777
Statutory Charges	36	37
User Charges	100	116
Grants, Subsidies and Contributions - Capital	322	494
Grants, Subsidies and Contributions - Operating	1,676	1,820
Investment Income	51	49
Reimbursements	-	-
Other Income	146	84
Total Income	4,040	4,377
Expenses		
Employee Costs	1,404	1,367
Materials, Contracts & Other Expenses	1,719	1,641
Depreciation, Amortisation & Impairment	1,402	1,302
Finance Costs	2	1
Total Expenses	4,527	4,311
Operating Surplus / (Deficit)	(487)	66
Asset Disposal & Fair Value Adjustments	6	-
Amounts Received Specifically for New or Upgraded Assets	288	630
Physical Resources Received Free of Charge	-	-
Operating Result from Discontinued Operations	-	-
Net Surplus / (Deficit)	(193)	696
Other Comprehensive Income		
Changes in Revaluation Surplus - I,PP&E	-	-
Movements in Other Reserves	-	-
Total Other Comprehensive Income	-	-
Total Comprehensive Income	(193)	696
Depreciation - Non Replaced Assets	30	31
ADJUSTED OPERATING SURPLUS / DEFICIT	(457)	97

Statement of Financial Position

District Council of Orroroo Carrieton

\$'000	Jun-26 BR3	Jun-27 Budget
Current Assets		
Cash and Cash Equivalents	2,003	1,752
Trade and Other Receivables	217	166
Inventories	304	313
Assets Held for Sale	-	-
Total Current Assets	2,524	2,230
Non-Current Assets		
Infrastructure, Property, Plant & Equipment	46,977	48,156
Financial Assets	73	50
Other Non-Current Assets	-	-
Total Non-Current Assets	47,050	48,206
Total Assets	49,574	50,435
Current Liabilities		
Trade & Other Payables	148	339
Borrowings	34	-
Provisions	287	295
Other Current Liabilities	-	-
Total Current Liabilities	469	634
Non-Current Liabilities		
Borrowings	-	-
Provisions	22	23
Total Non-Current Liabilities	22	23
Total Liabilities	491	656
Net Assets	49,083	49,779
Equity		
Accumulated Surplus	10,090	10,786
Asset Revaluation Reserves	38,924	38,924
Other Reserves	69	69
Total Equity	49,083	49,779

Statement of Cash Flows

District Council of Orroroo Carrieton

\$'000	Jun-26 BR3	Jun-27 Budget
Cash Flow from Operating Activities		
Receipts		
Rates	1,709	1,828
Statutory Charges	36	37
User Charges	100	116
Grants, Subsidies and Contributions - Operating	1,676	1,820
Investment Income	50	49
Reimbursements	-	-
Other Income	146	84
Payments		
Payments to Employees	(1,404)	(1,358)
Payments for Materials, Contracts & Other Expenses	(1,719)	(1,459)
Finance Payments	(2)	(1)
Net Cash Provided By (or Used In) Operating Activities	592	1,116
Cash Flow from Investing Activities		
Receipts		
Amounts Received Specifically for New / Upgraded Assets	288	630
Grants, Subsidies and Contributions - Capital	322	494
Repayments of Loans by Community Groups	-	23
Sale of Replaced Assets	-	-
Sale of Surplus Assets	6	-
Payments		
Expenditure on Renewal / Replacement of Assets	(499)	(1,138)
Expenditure on New / Upgraded Assets	(443)	(1,343)
Loans Made to Community Groups	-	-
Net Cash Provided By (or Used In) Investing Activities	(326)	(1,334)
Cash Flow from Financing Activities		
Receipts		
Proceeds from Borrowings	-	-
Payments		
Repayment of Borrowings	-	(34)
Net Cash Provided By (or Used In) Financing Activities	-	(34)
Net Increase (Decrease) in Cash Held	266	(251)
Cash & Cash Equivalents at the Beginning of Period	1,737	2,003
Cash & Cash Equivalents at the End of Period	2,003	1,752

Statement of Changes in Equity

District Council of Orroroo Carrieton

\$'000	Jun-26 BR3	Jun-27 Budget
Accumulated Surplus		
Balance at the end of previous reporting period	10,283	10,090
Net result for the year	(193)	696
Transfers from other reserves	-	-
Balance at the end of the period	10,090	10,786
Asset Revaluation Reserve		
Balance at the end of previous reporting period	38,924	38,924
Gain (Loss) on Revaluation of I, PP&E	-	-
Balance at the end of period	38,924	38,924
Other Reserves		
Balance at the end of previous reporting period	69	69
Transfers from Accumulated Surplus	-	-
Balance at the end of period	69	69
Total Equity at end of reporting period	49,083	49,779

Uniform Presentation of Finances

District Council of Orroroo Carrieton

\$'000	Jun-26 BR3	Jun-27 Budget
Income		
Rates	1,709	1,777
Statutory Charges	36	37
User Charges	100	116
Grants, Subsidies and Contributions - Capital	322	494
Grants, Subsidies and Contributions - Operating	1,676	1,820
Investment Income	51	49
Reimbursements	-	-
Other Income	146	84
Total Income	4,040	4,377
Expenses		
Employee Costs	1,404	1,367
Materials, Contracts & Other Expenses	1,719	1,641
Depreciation, Amortisation & Impairment	1,402	1,302
Finance Costs	2	1
Total Expenses	4,527	4,311
Operating Surplus / (Deficit)	(487)	66
Net Timing Adjustments for General Purpose Funding	-	-
Less: Grants, Subsidies and Contributions - Capital	(322)	(494)
Adjusted Operating Surplus / (Deficit)	(809)	(428)
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(499)	(1,138)
add back Depreciation, Amortisation and Impairment	1,402	1,302
Grants, Subsidies and Contributions - Capital Renewal	315	494
add back Proceeds from Sale of Replaced Assets	15	-
	1,233	658
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(443)	(1,343)
Grants, Subsidies and Contributions - Capital New / Upgraded	7	-
add back Amounts Received Specifically for New and Upgraded Assets	288	630
Add back proceeds from sale of surplus assets	6	-
	(142)	(713)
Net Lending / (Borrowing) for Financial Year	282	(483)

CONSULTATION AND ADOPTION

Consultation

The Public Consultation on the Annual Business Plan and Budget 2026/commenced on Friday 29th May 2026 and concluded on Thursday 18th June 2026 at 5pm.

Council invited feedback on the draft Plan and hosted the following information sessions to give the community every opportunity to engage with us:

Community Information Session 1 - 1 attendee + 4 EMs / Staff

Pekina Recreation Ground
Tuesday 2nd June 2026
6.30pm – 7.30pm

Community Information Session 2 - 10 attendees + 5 EMs/ Staff

Carrieton Recreation Ground
Wednesday 10th June 2026
7.00pm – 8.00pm

Community Information Session 3 - 6 attendees + 5 EMs / Staff

Orroroo Council Chambers
Thursday 11th June 2026
6.30pm – 7.30pm

An opportunity for members of the community to make a verbal submission at the Ordinary Council meeting held on Wednesday 24th June 2026 from 10.30am to 11.30am. At the conclusion of the allocated time no verbal submissions were received.

At the conclusion of the consultation period, no submissions were received by Council.

Adoption

The Annual Business Plan and Budget 2026/2027 was adopted and the Rate Declaration was made at a Special Meeting of Council held on Tuesday 7th July 2026.



Advice

Local Government Advice

District Council of Orroroo Carrieton

February 2026

Enquiries concerning this advice should be addressed to:

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District Council of Orroroo Carrieton

AT A GLANCE

OVERVIEW

The Essential Services Commission finds Orroroo Carrieton's Council's historical performance **mostly sustainable**, while noting that although the Council mostly delivered an operating surplus over the Historical Period, the Council did not fully achieve its asset renewal and replacement targets. The Council's current performance is **mostly sustainable**, because it delivered an operating surplus in 2024-25 as well as achieving its asset renewal and replacement target, although the target was based on unreliable data. Over the Forecast Period, however, the Council's performance has been assessed as **unsustainable**. The Council forecasts that it will deliver a small cumulative deficit, despite increasing rates above CPI. It will also be challenging for the Council to contain growth in expenses to below CPI, since the key expenses (employees and contracts) tend to increase at or above average inflation.

The Council forecasts that it will accumulate cash and that it will achieve 100 percent of its asset renewal and replacement requirements. Over the Historical Period, the Council was unable to achieve its asset renewal targets as required by its Asset Management Plans, which has led to a backlog in asset renewal. There is a significant and persistent misalignment between depreciation expenses and planned asset renewal expenditure, suggesting that review of forecast asset values and useful lives is required, with alignment between the Infrastructure and Asset Management Plan (IAMP) and the Long-Term Financial Plan, to ensure that the requirements of the IAMP are implemented.

The Commission acknowledges that the Council recently updated the values, condition and remaining useful lives of its assets in its asset management plans, which will provide a stronger foundation for future asset management, with a focus on implementation.

FINANCIAL PERFORMANCE



Past 10 years
Mostly sustainable



Current
Mostly sustainable



Forecast
Unsustainable

RISKS IMPACTING SUSTAINABILITY

- ⚠ Financial sustainability depends upon increases in rates revenue greater than CPI.
- ⚠ Ability to contain expenses below average inflation of 2.5 percent per annum over the Forecast Period.
- ⚠ Cash is forecast to accumulate because planned asset renewal and depreciation expenses are not aligned, suggesting that asset renewal is not adequately planned, asset lives are not accurately reflected in depreciation schedule or growth in asset values is understated.

KEY FACTS

- ▶ Population in 2024 was **890** residents
- ▶ Council covers **3,322** square kilometres and **1,349** rateable properties in 2024-25
- ▶ **\$4.9 million** of income in 2024-25
- ▶ Value of infrastructure, property, plant and equipment assets held in 2024-25 equals **\$46.7 million**

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1 Executive summary

1.1 Summary of observations

The District Council of Orroroo (**Council**) delivered a very modest cumulative operating surplus over the Historical Period; however, this was achieved through rates growth more than the Consumer Price Index, with expenditure on new and upgraded assets but failing to meet its asset renewal targets.

For the Forecast Period, the Council plans to deliver operating deficits in most years, with a modest return to surplus occurring only over the last four years of the Forecast Period. However, this return to surpluses is dependent upon rate increases at greater than average inflation over the Forecast Period, placing an increased burden upon ratepayers.

Over the Forecast Period, the Council plans to take steps to constrain growth in its operating expenses, by keeping the number of Full-Time Equivalents constant and limiting expenditure on new and upgraded assets, however, it will be difficult for the Council to contain growth in expenses to below the average Consumer Price Index as forecast, placing further risk on the Council's sustainability.

The Essential Services Commission (**Commission**) commends the Council for its intention to fully deliver its asset renewal and replacement plans over the Forecast Period. To achieve this outcome, it will be necessary for the Council to continue its work to develop robust Asset Management Plans, ensure that they are well integrated with annual updates to the Long-Term Financial Plan, and maintain effective cost control.

The Council undertook a significant review of asset condition and values in 2024, which will provide a good foundation for future asset management. However, for the Forecast Period, there is a significant and persistent misalignment between depreciation expenses and planned asset renewal expenditure. Infrastructure and Asset Management Plan expenditure is only 54.0 percent of depreciation. This discrepancy suggests that the Council has not adequately planned the implementation of its asset renewal and replacement program in line with its Infrastructure and Asset Management Plan; the Council expects assets to last much longer than the depreciation schedule indicates; or that growth in asset values is under-estimated. This discrepancy is corroborated by cash balances increasing by \$7.3 million over the Forecast Period, further indicating an imbalance between depreciation charges and spending on asset renewal and replacement.

The Commission recommends that the Council also undertake revaluations of assets at least every four years and index the values of assets in the intervening years in the Asset Management Plans, aligning the updates with the Long-Term Financial Plan. It is also recommended that the Council further improve its asset management by updating and refining its data regarding asset condition, remaining asset lives and replacement costs, and by defining its service delivery standards. Along with these actions, the Council should review its forecast of depreciation expenses to better align it with their forecast of asset lives and ensure that funds do not accumulate well in advance of being required for asset renewal.

The Council should also pay close attention to the rate of increase in total expenses, in particular, any increases in the cost of 'materials, contracts and other' expenses, which are forecast to increase at a rate lower than average inflation over the Forecast Period. The containment of growth in costs to below the Consumer Price Index and the projected increases in rates are essential to deliver the operating surpluses in 2031-32 to 2034-35.

1.2 Summary of recommendations

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

- ▶ consulting with its community regarding the draft budgets, Long-Term Financial Plans and Asset Management Plans
- ▶ considering the community's ability to pay when planning increases in rates, and
- ▶ ensuring that asset renewals are financed through operating income and not by borrowing.

To further strengthen the Council's sustainability, the Commission recommends that the Council:

Within the next two years undertake these activities and maintain them into the future:

1. **Update** asset values at least every four years and index values annually, in line with the relevant accounting standard, update and maintain currency of data regarding asset condition and remaining asset lives.
2. **Review** depreciation to ensure that it reflects current data for asset values and remaining asset lives consistent with the updated Asset Management Plans and ensure that future Long-Term Financial Plans are in alignment with the Asset Management Plans.
3. **Disclose** to ratepayers any requirements to replace significant assets, beyond the term of the Long-Term Financial Plan and consult with ratepayers about any future accumulation of cash and implications for rates and services, to improve transparency.
4. **Closely monitor** and report growth in expenses, noting that the Council's sustainability is dependent upon the growth in expenses being contained below the Consumer Price Index.
5. **Consider** alternative strategies to achieve an operating surplus while keeping increases in rates more in line with forecast inflation, to ensure that rates remain affordable over the long term.

2 About the advice

2.1 Background

The State Parliament has tasked the Essential Services Commission (**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.¹

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**).² 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.³ Financial sustainability encompasses intergenerational equity,⁴ program (service level) and rates stability in this context.⁵ The other main purpose is for the Commission to consider ratepayer contributions in the context of all revenue sources, as outlined in the LTFP.⁶ In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.⁷

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

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

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2026-27 Annual Business Plan (including any draft Annual Business Plan) and in subsequent plans until the next cycle of the Scheme.⁸ Decision-making remains in the control of the Council.

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

2.2 The Commission's approach

In providing its Advice for the Council, the Commission has followed the approach set out in the Framework and Approach – Final Report (**F&A**).⁹

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

² Commonly referred to as Asset Management Plans (**AMP**).

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

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

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

⁶ LG Act s122(1f)(a) and (1g)(a)(ii).

⁷ LG Act s122(1f)(b) and (1g)(b).

⁸ LG Act s122(1h).

⁹ Commission, *Framework and Approach – Final Report*, August 2022, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

The Commission has considered the Council's SMP documents and other documents (set out in the box below), with a particular focus on its performance and outlook against three financial indicators: the Operating Surplus Ratio (**OSR**), the Net Financial Liabilities Ratio (**NFLR**) and the Asset Renewal Funding Ratio (**ARFR**).¹⁰ Analysis of these three indicators captures financial and service sustainability, cost control and affordability risk.¹¹

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

Table 1: Strategic management documents referred to

- ▶ District Council of Orroroo Carrieton, Annual Business Plan 2025-26 approved 30 July 2025
- ▶ District Council of Orroroo Carrieton, Annual Business Plan 2024-25 adopted 6 June 2024
- ▶ District Council of Orroroo Carrieton, Long-Term Financial Plan 2026-2035 approved 30 July 2025
- ▶ District Council of Orroroo Carrieton, Long-Term Financial Plan 2024-2033 approved 24 May 2023
- ▶ District Council of Orroroo Carrieton, Long-Term Financial Plan 2025-2034 approved 26 June 2024
- ▶ District Council of Orroroo Carrieton, Asset Management Plan 2024-2033 approved 12 October 2023
- ▶ District Council of Orroroo Carrieton, Asset Management Plan 2026-2034 approved 30 July 2025
- ▶ District Council of Orroroo Carrieton, Road Standards as at 10th June 2020
- ▶ District Council of Orroroo Carrieton, Orroroo Recreation Grounds Stage 1 Preliminary Master Plan August 2024
- ▶ District Council of Orroroo Carrieton, Council Meeting Agenda 30th July 2025
- ▶ District Council of Orroroo Carrieton, Agenda for Special Council Meeting Agenda 11th June 2025
- ▶ District Council of Orroroo Carrieton, Special Council Meeting Minutes 11th June 2025
- ▶ District Council of Orroroo Carrieton, Agenda for Audit & Risk Management Committee Meeting Monday 2nd June 2025
- ▶ District Council of Orroroo Carrieton, Agenda and Minutes for Council Meeting 28th May 2025
- ▶ Council of Orroroo Carrieton, Agenda and Minutes for Council Meeting 23rd April 2025

¹⁰ The three financial indicators are specified in the Local Government (Financial Management) Regulations 2011. Since 2011, each council has been required to include these three indicators in its plans, annual budget, mid-year budget review and annual financial statements. Councils can adopt their own target range for each ratio, but the Commission is guided by the Local Government Association (**LGA**) target ranges, which were established and agreed during the development of the LGA Financial Sustainability Papers (2006-2011).

¹¹ The F&A listed 29 analytical questions that the Commission has considered in assessing the Council's performance against these indicators to determine affordability, cost control and other sustainability risks.

Given that the Commission must, in providing its advice, have regard to the objective of councils maintaining and implementing their IAMPs and LTFPs,¹² 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,¹³ are discussed in Section 5.

The Commission has also reviewed the financial template provided by the Council, including its LTFP forecasts for 2025-26 to 2034-35, adopted in 2025, historical financial data, the number of rateable properties and Council staff (Full Time Equivalent or **FTE**) numbers from 2014-15 onwards. 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 to identify 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (**CPI**) line for the Historical Period is calculated as the compound annual growth rate in the CPI (Adelaide) series from 2014-15 to 2023-24, being 2.9 percent¹⁴. Each financial year is the average of the four quarterly results. The CPI for the Forecast Period is calculated as the compound annual growth rate in the CPI (Australia) series from 2025-26 based on the Reserve Bank of Australia (RBA) (Australia-wide) inflation forecasts to the December 2027 quarter, and the midpoint of the RBA target range (2.5 percent) thereafter, yielding an average inflation rate for the Forecast Period of 2.5 percent. Similarly, for the current year 2024-25, we have observed a CPI (Adelaide) of 2.4 percent.

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

- ▶ its location as a rural agricultural small and medium council
- ▶ its total income level (\$3.9 million in 2024-25¹⁵), and
- ▶ the size of its rates base (around 1,349 ratepayers in 2024-25¹⁶).

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

¹² LG Act s122(1g)(a)(i).

¹³ As required under s122(1b) of the LG Act.

¹⁴ The assumed CPI for the Historical Period is 2.9 percent, being the compound annual growth rate in the CPI (Adelaide) series from 2014-15 to 2023-24. Source: [Consumer Price Index, Australia, June Quarter 2024 | Australian Bureau of Statistics](#)

¹⁵ See District Council of Orreroo Carrieton, Annual Report 2024-25, p.4.

¹⁶ Based on the Council's financial reporting template provided to the Commission.

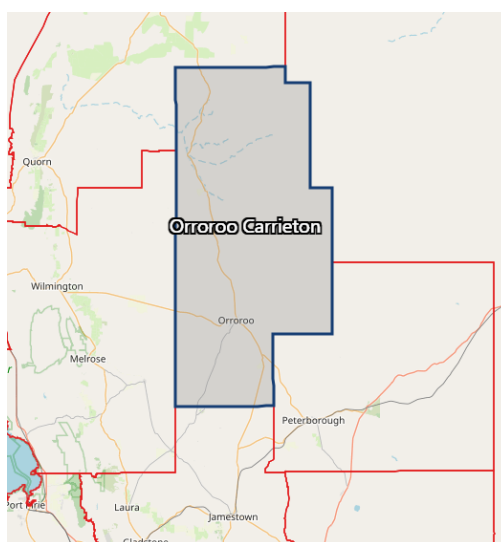
3 Council profile

The Council is classified by the Commission as a 'rural agricultural small and medium' council and is one of nineteen in this category in South Australia.¹⁷ It covers an area of 3,322 square kilometres, has an estimated resident population of 890 (at 30 June 2024),¹⁸ and approximately 1,349 rateable properties (at 1 January 2025).¹⁹

The Council is located in the Mid-North region of South Australia at the base of the Flinders Ranges and was created in 1997 from the merger of the District Council of Carrieton and the District Council of Orroroo.

Orroroo is a regional centre providing essential services and business and cultural facilities for a predominantly farming community whose main focus are grains, sheep and cattle. The area is also evolving into a significant tourism centre due to its central location relative to local and regional heritage, cultural and environmental locations.

Figure 1: Council Area



The Council region has the following attributes:

- ▶ 1,349 rateable properties with forecast growth of approximately 0.2 percent per annum²⁰
- ▶ 1,628 kilometres of sealed and unsealed roads, of which 96.3 percent are unsealed roads²¹
- ▶ employment sectors mainly in agriculture, forestry and fishing (34.4 percent), health care and social assistance (15.1 percent) and education and training (10.8 percent),²² and
- ▶ a median population age of 52.3 years.²³

¹⁷ 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>.

¹⁸ Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lyr=lga&rgn=45400>.

¹⁹ Based on the Council's Financial Reporting template provided to the Commission.

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

²¹ 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>

²² Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lyr=lga&rgn=45400>.

²³ Refer to Australian Bureau of Statistics, *Data by region*, available at <https://dbr.abs.gov.au/region.html?lyr=lga&rgn=45400>.

4 Material plan amendments in 2025-26

The material amendments to some of the Council's main financial forecasts are listed in the table below (in nominal terms).²⁴ To ensure a comparable analysis of estimates between the 2024-25 and 2025-26 LTFPs, the Commission has reviewed the nine overlapping years' statistics: 2025-26 to 2033-34 and identified material amendments accordingly.

4.1 Key points

	The Council forecasts that it will achieve an average ARFR of 100 percent over the 10-year Forecast Period, that is, it will renew its assets in line with the AMP requirements.
	The Council forecasts in its LTFP 2026 – 2035 that it will keep increases in operating expenses below average forecast inflation. This may be difficult to achieve but will be key to delivering an operating surplus when rates are already projected to increase at a level higher than forecast inflation and would impact affordability if increased further.
	The Council has reduced its forecast increases in rates in its LTFP 2026 – 2035 compared with the previous LTFP to improve affordability under current drought conditions, but this delays the return to an operating surplus until year seven (2031-32) of the Forecast Period.

Table 2: Historical and forecast financial items

Selected Financial Item	Sum of 2025-26 to 2033-34 estimates in 2024-25 LTFP (\$ million)	Sum of 2025-26 to 2033-34 estimates in 2025-26 LTFP (\$ million)	Change in 2025-26 estimates (\$ million)	Change in 2025-26 estimates (percent)
Rates income	19.4	17.8	-1.6	-8.3
Depreciation, amortisation and impairment*	16.6	14.4	-2.2	-13.4
Total operating expenses*	44.3	41.7	-2.5	-5.7

4.2 Changes to operating performance

Total income from rates is forecast to decrease by 8.3 percent over the nine common years of the two LTFPs, as part of the Council's response to reduce hardship on the community due to the impact of drought conditions.²⁵ Whilst the previous LTFP projected that the Council would achieve an operating surplus in 2027-28, the 2026-2035 LTFP adopted in 2025 projects deficits until 2031-32, when a modest surplus is forecast. (see Figure 2)

At the same time, total expenses are forecast to decrease by 5.7 percent between the two LTFPs, primarily due to a reduction in depreciation expenses, a review of useful lives of plant and equipment assets, and a removal of non-Council assets from the Register.²⁶

²⁴ 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.

²⁵ See District Council of Orroroo Carrieton, draft Long Term Financial Plan 2026-2035 p. 3.

²⁶ See District Council of Orroroo Carrieton, Long Term Financial Plan 2026-2035 p. 7.

The Council's CEO has provided a Statement on Financial Sustainability,²⁷ which sets out the Council's recent progress in improving its asset management and its strategy to achieve long-term financial sustainability.²⁸

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

4.3 Indexation adjustments

The Council based its forecast for inflation over the 10-year period of the new LTFP on forecasts prepared by the South Australian Centre for Economic Studies (SACES) released in March 2025, which includes an inflation forecast for the period.²⁹

The Commonwealth Financial Assistance Grants (**FA Grants**) income includes a forecast annual increase of CPI less 1.0 percentage point, and Supplementary Roads to Recovery grant funding has been assumed to continue through the period of the LTFP budgeted at the 2025-26 level, with annual CPI adjustments. The LTFP includes the current annual allocation of 'Roads to Recovery' grant funds to 2029, as advised by the funding body, with CPI adjustments applied from 2029-30 for future allocations.³⁰

Employee costs are based on a projected increase of 0.5 percentage point above inflation for 2025-26 and at forecast inflation for the remaining years of the Forecast Period, with a constant number of FTEs. This assumption appears reasonable.

'Materials, Contracts and Other' Expenses are forecast to increase at a rate lower than average forecast CPI, which might under-estimate costs, noting the long-term historical increases in such costs have been above average historical inflation.

²⁷ See District Council of Orroroo Carrieton, draft Long Term Financial Plan 2026-2035 p. 12.

²⁸ See District Council of Orroroo Carrieton, draft Long Term Financial Plan 2026-2035 p. 12.

²⁹ SACES forecast in March 2025 that inflation will increase by 3.0 percent in 2025-26, 2.8 percent in 2026-27 and 2.5 percent for years three to 10 of the Forecast Period (i.e., 2027-28 to 2034-35).

³⁰ See District Council of Orroroo Carrieton, Long Term Financial Plan 2026-2035 p. 6.

5 Financial sustainability

5.1 Operating performance

5.1.1 Key points

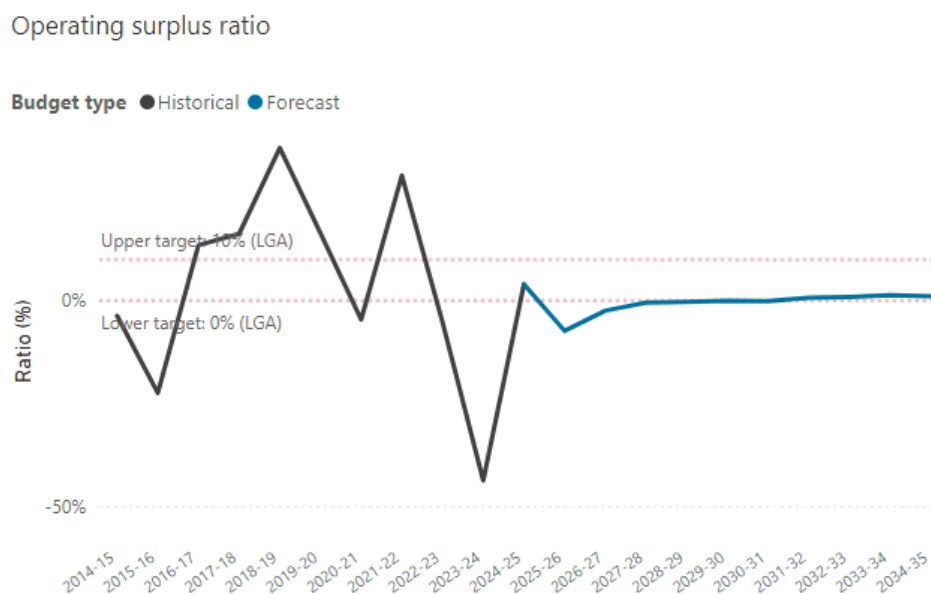
- ⚠ The Council's OSR is forecast to decrease from an average of 7.1 percent over the Historical Period to negative 0.5 percent over the Forecast Period.
- ⚠ The Council forecasts that it will constrain increases in expenses to a CAGR of 2.2 percent, which is below the average forecast CPI of 2.5 percent.

5.1.2 Operating Surplus Ratio

The Council forecasts that it will operate in deficit for six of the 10 years of the Forecast Period, generating a small cumulative deficit over the Forecast Period. The Council plans to return to an operating surplus through growth in total income by an average (CAGR) of 3.1 percent, compared to average CPI of 2.5 percent over the Forecast Period, while containing the growth in total expenses to a CAGR of only 2.2 percent.

- ▶ Over the Historical Period, the OSR had an average value of 7.1 percent, which sits within the LGA target range of zero to 10 percent.
- ▶ Over the Forecast Period, however, the average OSR is negative 0.5 percent, indicating a cumulative deficit over the period. The forecast OSRs shift to small positive values for the years 2031-32 to 2034-35. (see Figure 2)

Figure 2: Operating surplus ratio – historical and forecast



5.1.3 Income

Over the Historical Period, total income slightly declined in real terms due to growth in rates revenue being more than offset by a decrease in grants revenue.

Over the Forecast Period, the total income is forecast to increase by an annual average (CAGR) of 3.1 percent, compared with forecast average CPI of 2.5 percent.

5.1.4 Expenditure

5.1.4.1 Over the Historical Period:

- ▶ Total expenses increased by a CAGR of 2.1 percent, compared to average inflation of 2.9 percent
- ▶ 'Materials contracts and other expenses' increased by a CAGR of 4.5 percent
- ▶ Depreciation increased by a CAGR of only 1.0 percent, including an increase of 7.6 percent in 2023-24 arising from a revaluation of assets that year³¹, and
- ▶ Employee costs increased by a CAGR of 1.5 percent, much lower-than-average annual inflation of 2.9 percent, as the FTE decreased for several years.

5.1.4.2 Over the Forecast Period:

- ▶ Total expenses are forecast to increase by a CAGR of 2.2 percent, which is lower than forecast average inflation of 2.5 percent.
- ▶ 'Materials, contracts and other' expenses are forecast to grow by a CAGR of 2.2 percent, in line with the forecast average growth in total expenses, and at a lower rate than forecast inflation (2.5 percent).

Depreciation expense is forecast to increase by a CAGR of 1.9 percent, or 0.6 percentage points below inflation, although the Council plans to adjust its asset values annually for inflation³² and in line with adjustments to its assets register.³³ The Council has advised that it based its indexation adjustments to expenses in the LTFP upon the RBA's CPI forecasts³⁴ and closely monitors performance against budgets through monthly and quarterly reports for Senior Leadership Team and Council. The LTFP is reviewed annually in line with the budget process, which includes consultation. If any material information emerges during the year that impacts the forecast expenditure, LTFP modelling is undertaken to inform the Council of the potential impact of this information, to ensure that expenditure remains within the LTFP limits.

³¹ See District Council of Orroroo Carrieton, Annual Financial Statements for the year ended 30 June 2025 p. 4.

³² Depreciation is adjusted for inflation each financial year, along with changes to the asset base - see District Council of Orroroo Carrieton, Long Term Financial Plan 2026-2035 p 4. The Council has introduced residual values and undertaken a review of the useful lives and plans to remove from the Asset Register assets that it does not own. These steps enable the Council to refine depreciation expenses – see District Council of Orroroo Carrieton Long Term Financial Plan 2026-2035 p. 7.

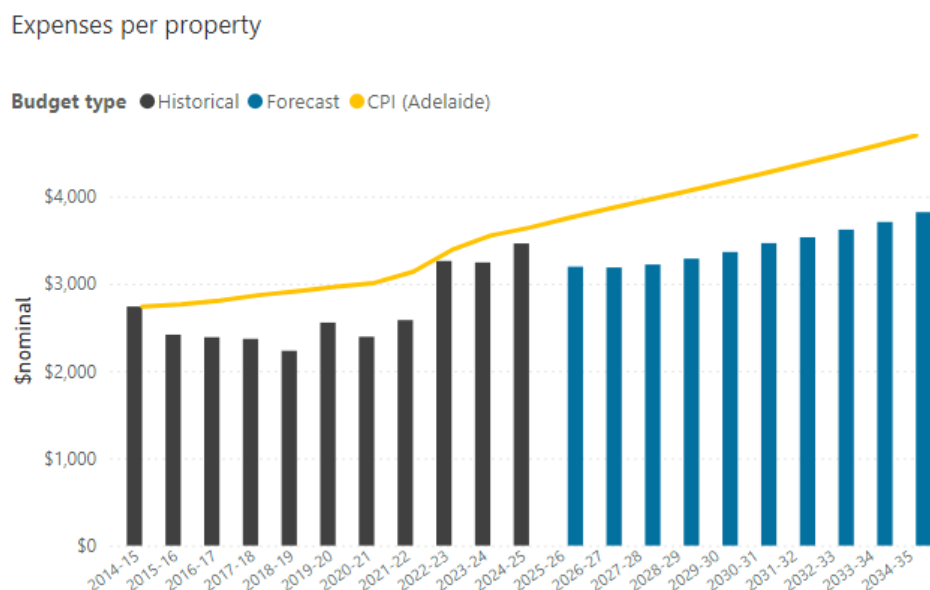
³³ The Council has undertaken a full asset revaluation over the last 2 years that provides and up-to-date and accurate understanding of existing assets and an accurate depreciation expense. This process has, however, resulted in an increased depreciation expenses greater than what is currently recognised'. See the CEO Statement on Financial Sustainability in the District Council of Orroroo Carrieton Long Term Financial Plan 2026-2035 p. 12.

³⁴ In communications to the Commission dated 9 September 2025.

5.1.4.3 Expenses per property:

- Over the Historical Period, the expenses per property increased at a CAGR of 1.9 percent, below average inflation of 2.9 percent for the period but partially achieved by the under-funding of asset renewals. Over the Forecast Period, the expenses per property are forecast to increase at a CAGR of 2.0 percent, again below forecast average inflation of 2.5 percent. If the Council is not able to contain expenses as planned, then it risks not achieving its asset renewal targets or it will incur deficits. This will be discussed further in Section 5.3.

Figure 3: Expenses by rated property - historical and forecast



5.2 Net financial liabilities

5.2.1 Key points

- ✓ The average NFLR had a value of negative 23.4 percent over the Historical Period and is forecast to have an average value of negative 90.8 percent over the Forecast Period, which indicates that the Council is well able to manage its financial liabilities.
- ✓ The level of cash holdings is forecast to increase substantially over the Forecast Period, and the Council advised that the cash will be used for long-lived asset renewal requirements identified for the period commencing after 2034-35.³⁵
- ⚠ Over the Forecast Period, the NFLR reduces significantly, mainly driven by a forecast accumulation of cash from \$1.2 million in 2025-26 to \$8.2 million in 2034-35, an increase of \$7.0 million, for expenditure on new and upgraded assets after 2034-35.

A NFLR below 100.0 percent indicates that a council can manage its financial liabilities relative to its operating revenue. The Council's conservative approach to debt and strong cash holdings ensure that it has no net financial liabilities.

³⁵ The Council provided information to the Commission regarding their long-lived asset renewal requirements in communications dated 14 August 2025.

- ▶ Over the Historical Period, the NFLR averaged negative 23.4 percent, and the Council reduced its borrowings to a negligible level.
- ▶ Over the Forecast Period, the NFLR declines significantly, and averages negative 90.8 percent, primarily due to the forecast accumulation of cash from \$1.2 million in 2025-26 to \$8.2 million in 2034-35, an increase of \$7.0 million, required for the renewal of major assets such as the CWMS after the end of the Forecast Period.

The Council has adopted a strategy of avoiding debt for new projects 'unless grant funding is available and it is needed for a council contribution for major projects, activities or services that will make a positive contribution to the achievement of the Strategic Plan and therefore provide generational benefit to the wider community'.³⁶ In line with this policy, the Council plans to decrease its annual expenditure on new and upgraded assets over the forecast period by a CAGR of 24.0 percent and shift its focus to asset renewal,³⁷ which is to be funded using cash reserves.

Over the forecast period, the Council plans to reduce its net financial liabilities from negative \$1.0 million in 2025-26 to negative \$8.0 million in 2034-35 and increase its cash holdings from \$1.2 million in 2025-26 to \$8.2 million in 2034-35 to fund its asset renewal and replacement requirements beyond the forecast period.³⁸ With most councils, a decrease in the net financial liabilities and increase in cash holdings might be a concern, however in this case, it is not a concern because the Council has earmarked this cash for future asset renewal.³⁹

The Council should monitor its accumulation of cash closely to ensure that the levels of cash held is aligned to current assessments of future asset renewal requirements as the cost of these requirements becomes clear.

5.3 Asset renewals expenditure

5.3.1 Key points

- Over the Forecast Period, there is a significant and persistent misalignment between depreciation expenses and planned asset renewal expenditure, with the value of IAMP expenditure only 54.0 percent of depreciation. This discrepancy suggests that either the Council has not adequately planned the implementation of its asset renewal and replacement program in line with its IAMP, that the Council expects assets to last much longer than the depreciation schedule indicates or that growth in asset values is underestimated.
- Over the Historical Period, the average ARFR (net) was 77.8 percent indicating under-funding of asset renewal and replacement, incurring the risk of lowering its service delivery standards and incurring higher repairs and maintenance expenses over time.
- On average, over the Historical Period, 35.2 percent of capital expenditure was on new and upgraded assets while asset renewal and replacement were under-funded.
- Expenditure on 'Materials contracts and other expenses' is forecast to increase at a rate lower than CPI, which would be challenging to achieve.

³⁶ See District Council of Orroroo Carrieton, Long Term Financial Plan 2026-2035 p. 10.

³⁷ See District Council of Orroroo Carrieton, Long Term Financial Plan 2026-2035 p. 4.

³⁸ As advised by the Council in communications dated 14 August 2025.

³⁹ The Council advised in communications dated 14 August 2025 that it is accumulating cash towards the end of the Forecast Period to fund a robust asset renewal program, including expenditure on the CWMS to maintain operational efficiency and service standards.

-  Although the Council forecasts that it will achieve an ARFR of 100 percent over the Forecast Period, the value of 'Infrastructure, property, plant and equipment' is forecast to grow at a CAGR of 1.5 percent, compared with forecast CPI of 2.5 percent, which suggests that the cost of asset renewal and replacement is likely to be understated.
-  The draft Asset Management Plan (AMP) lacks adequately defined service delivery standards, which could further affect the accuracy of renewal forecasts and the alignment of depreciation and renewal expenditure.
-  The Council forecasts that it will achieve an ARFR of 100 percent over the Forecast Period.
-  The Council plans to conduct a detailed review of asset values, condition and remaining asset lives to identify asset renewal requirements beyond the Forecast Period and the funding required to deliver them.

The Council adopted a new AMP 2026-35 in July 2025, incorporating revaluations of the CWMS in 2023 and the roads in 2024. The Council re-values all five asset classes⁴⁰ every five years and has advised that it plans to conduct a more detailed assessment of the condition, remaining lives and renewal requirements early in 2026 and incorporate this information into the 2026-27 LTFP and 2026-27 Budget.⁴¹ However, the value of 'Infrastructure, property, plant and equipment' is forecast to grow at a CAGR of 1.5 percent, compared with forecast CPI of 2.5 percent, so the cost of asset renewal and replacement is likely to be understated.

The Council's planned asset renewal expenditure is much lower than depreciation expenses. While it is to be expected that the values will differ year-on-year, over time it is to be expected that the value of depreciation and actual expenditure on asset renewal and replacement would tend to converge. This persistent gap could distort the Council's financial position, leading to a backlog of required asset renewal and replacement, excess cash reserves, reduced service standards and higher maintenance costs. The method and input values for calculating depreciation should be reviewed to ensure that values are more closely aligned with the asset renewal requirements in the IAMP. The misalignment can be seen by comparing Figures 4 and 5.

- ▶ Over the Historical Period, the ARFR (net) averaged 77.8 percent, below the lower LGA target of 90 percent, which indicates that the Council did not renew its assets in line with its IAMP targets. (see Figure 4) Over the same period, the Council spent \$7.3 million on new and upgraded assets.
- ▶ Over the Forecast Period, the Council plans to spend \$8.7 million on asset renewal and achieve an ARFR (Net) of 100.0 percent, which indicates that it intends to meet all its planned asset renewal requirements. At the same time, the ARFR (depreciation based) is forecast to have an average of only 54.0 percent, indicating that depreciation expenses are significantly higher than planned asset renewal. The Council should review its AMPs and/or depreciation expenses to identify the reasons for this large inconsistency and address them.

Table 3 shows that the Council plans to increase the proportion of its capital expenditure on asset renewal and replacement.

⁴⁰ The five asset classes for Orroroo Carrieton Council include roads, buildings and other structures, plant and equipment, community waste management system (CWMS) and other assets.

⁴¹ The Council advised the Commission of its plans in communications dated 14 August 2025.

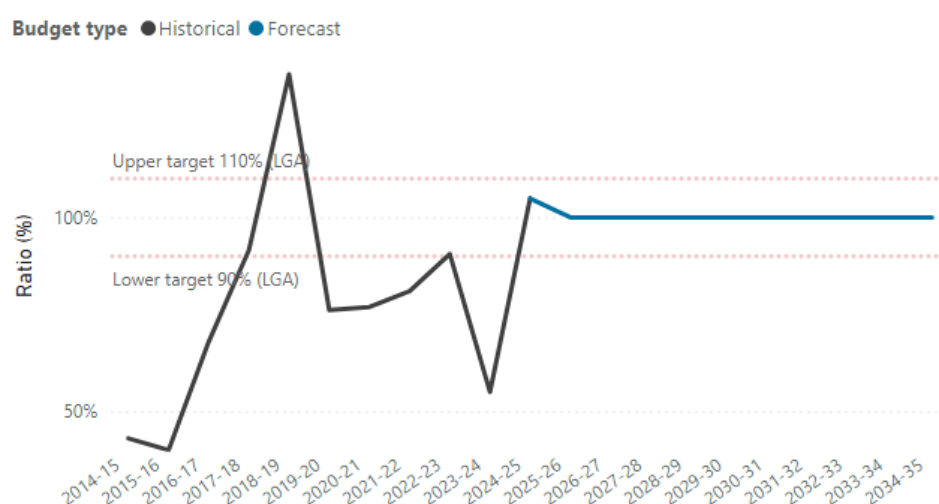
Table 3: Proportions of capital expenditure – historical and forecast

Type of capital expenditure	Historical average	Forecast average
Asset renewal and replacement	64.8 percent	74.0 percent
New and upgraded assets	35.2 percent	26.0 percent

The Council advised⁴² that it plans to remove some non-Council owned/controlled assets from its asset register starting in 2025-26, which will reduce depreciation expenses.⁴³ The Council also advised that it is undertaking more work to update the AMPs within the next financial year, which would update the amount and timing of forecast IAMP expenditure.⁴⁴ Together, these activities might reduce the variance between depreciation and asset renewal expenditure over the Forecast Period. This variance has implications for both the level of depreciation expenses, the operating result and the accumulation of cash reserves but the updates to forecast IAMP expenditure are unlikely to be sufficiently material to address the discrepancy.

Figure 4: Asset renewal funding ratio (renewal expenditure net) – historical and forecast

Asset renewal funding ratio (renewal expenditure, net)



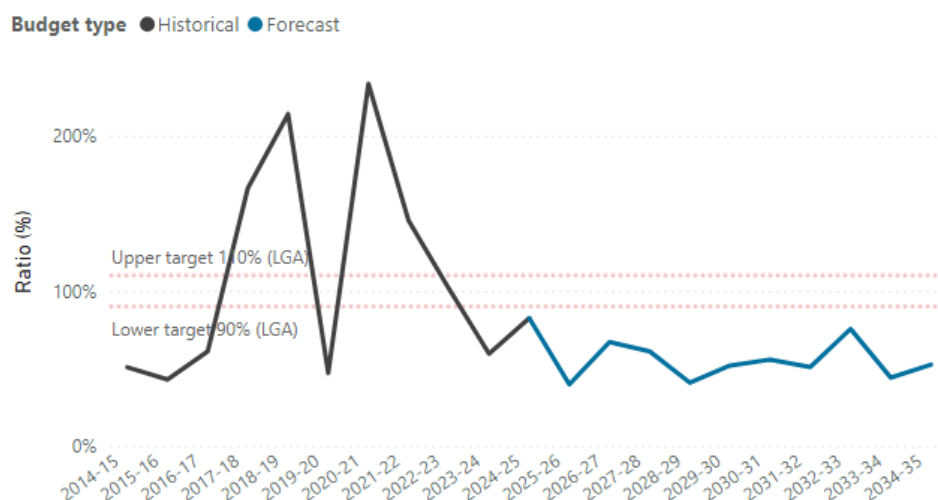
⁴² As advised by the Council in communications to the Commission dated 13 November 2025.

⁴³ The size of the reduction in depreciation expenses has not been advised by the Council.

⁴⁴ The Council also advised in communications on 13 November 2025 that the depreciation expenses include values for the CWMS, an asset with a long life that does not require significant renewal until after the Forecast Period.

Figure 5: Asset renewal funding ratio (depreciation based) – historical and forecast

Asset renewal funding ratio (depreciation based)



5.3.2 The Commission's recommendations on financial sustainability:

The Commission recommends that the Council:

Within the next two years undertake these activities and maintain them into the future:

1. **Update** asset values at least every four years and index values annually, in line with the relevant accounting standard, update and maintain currency of data regarding asset condition and remaining asset lives.
2. **Review** depreciation to ensure that it reflects current data for asset values and remaining asset lives consistent with the updated Asset Management Plans and ensure that future Long-Term Financial Plans are in alignment with the Asset Management Plans.
3. **Disclose** to ratepayers any requirements to replace significant assets, beyond the term of the Long-Term Financial Plan and consult with ratepayers about any future accumulation of cash and implications for rates and services, to improve transparency.
4. **Closely monitor** and report growth in expenses, noting that the Council's sustainability is dependent upon the growth in expenses being contained below the Consumer Price Index.
5. **Consider** alternative strategies to achieve an operating surplus while keeping increases in rates more in line with forecast inflation, to ensure that rates remain affordable over the long term.

6 Advice on current and projected rate levels

6.1 Key points



The Council holds community consultations regarding rates affordability and the ratepayers' willingness to pay.



Rates are forecast to increase higher than forecast inflation over the Forecast Period.

With annual rate increases at levels greater than CPI since 2017-18 and planned to continue throughout the Forecast Period, the Council is at moderate risk of eroding rates affordability.

- ▶ Over the Historical Period, the average rates per property increased at 4.2 percent, relative to average CPI of 2.9 percent for the period.
- ▶ Over the Forecast Period, the average (CAGR) rates revenue per property are forecast to increase at 3.1 percent annually, compared with forecast average CPI of 2.5 percent.

6.2 Proposed rate increases for 2025-26

In 2025-26, the Council has proposed an increase in rates income per property of 5.4 percent (that is, CPI plus 3.0 percentage points).

6.3 Projected further rate increases

The Council is projecting real increases in rates income over the Forecast Period, at an annual average (CAGR) of 3.3 percent, compared with forecast average CPI of 2.5 percent.

The Council held consultations with ratepayers concerning the projections for rates income in the draft Annual Business Plan and Budget (ABP&B) and draft LTFP in July 2025, to explain that rates were set to increase higher than forecast inflation over the term of the LTFP to achieve an operating surplus in the years 2031-32 to 2034-35. The outcomes of those consultations were incorporated into the ABP&B and LTFP adopted in July 2025.

6.4 Affordability risk

The Council's SEIFA Economic Resources ranking of 53 out of 71⁴⁵ councils/communities in 2021⁴⁶ suggests that the Council area is relatively advantaged and able to pay the current level of rates. Furthermore, the Council's relatively low average rates per property (excluding CWMS) paid in 2023-24 of \$1,229 compares favourably to the South Australian average of \$1,180 in that year.⁴⁷

The community is experiencing financial pressures from current drought conditions resulting in lower incomes from agricultural enterprises and lower business income in the district and ongoing rate increases at greater than CPI might impact affordability.

On balance, while the current affordability risk seems low, the continued growth in rates per property at levels increasingly higher than CPI will not be sustainable for the community.

⁴⁵ See ABS, SEIFA Table 4, available at <https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia>.

⁴⁶ See ABS, SEIFA by Local Government Area, available at <https://profile.id.com.au/adelaide/seifa-disadvantage>.

⁴⁷ See SA Local Government Grants Commission Database Report 2023-24, available at <https://www.dit.sa.gov.au/local-government/grants-commission/publications#database>

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:

- ▶ ability to achieve and maintain an operating surplus while fully funding asset renewal and replacement in line with the AMP
- ▶ ability to move towards rates growth in line with CPI
- ▶ ability to contain costs to levels aligned with inflation
- ▶ improvements in asset management practices including regularly updating estimates of asset condition and remaining asset lives and defining service delivery standards and better aligning depreciation expenses with asset renewal requirements, and
- ▶ management of the timing and amount of cash accumulation that will adequately fund planned capital expenditure without unduly burdening ratepayers through an excessive or untimely impost on ratepayers.

8 Appendix: Glossary of terms

Term	Explanation
ABP&B	Annual Business Plan and Budget
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
ARFR	Asset Renewal Funding Ratio: renewal expenditure based (gross): $\text{Asset Renewal Expenditure} / \text{IAMP Renewal Expenditure}$ (where IAMP expenditure includes sale of replaced assets) Asset Renewal Funding Ratio - renewal expenditure based (net) - if IAMP excludes sale of replaced assets: $\text{Asset Renewal Expenditure} / \text{IAMP Renewal Expenditure}$ (where IAMP expenditure excludes sale of replaced assets) Asset Renewal Funding Ratio (depreciation based): $\text{Asset Renewal Expenditure} / \text{Depreciation}$ (IAMP Renewal Expenditure is that required according to the IAMP.)
CAGR	Compound Annual Growth Rate: $\text{CAGR} = (\text{V}_{\text{final}} / \text{V}_{\text{begin}})^{1/t} - 1$ CAGR represents the mean annualized growth rate for compounding values over a given time period. CAGR smooths the effect of volatility of periodic values that can render arithmetic means less meaningful. (Source: Wikipedia)
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index (Adelaide, All Groups)
Council	District Council of Orroroo Carrieton
ESC Act	<i>Essential Services Commission Act 2002</i>
F&A	Local Government Advice: Framework and Approach – Final Report
Forecast Period	10 years from 2025-26 to 2034-35
FTE	Full Time Equivalent
Historical Period	10 years 2014-15 to 2023-24
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	<i>Local Government Act 1999</i>

Term	Explanation
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Paper 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: Net financial liabilities ÷ Total Operating Income
OSR	Operating Surplus Ratio The Operating Surplus (Deficit) is defined as: Total Operating Income LESS Total Operating Expenses 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
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme



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ESCOSA – COUNCIL RESPONSE

In response to the ESCOSA Report, Council at its meeting held on 25 March 2025 resolved the following strategies to address the report recommendations.

Report Recommendations	Comments	Strategies
1. Asset Values Update asset values at least every four years and index values annually, in line with the relevant accounting standard, update and maintain currency of data regarding asset condition and remaining asset lives.	Assets are revalued every 5 Years in accordance with the Financial Management Regulations. Approach does include annual indexation, which has occurred since last revaluations	1. Update Assets via Revaluations every 5 Years as per Regulations 2. Annual review to include CPI indexation as a basis and/or direct costs for asset values
2. Depreciation Review depreciation to ensure that it reflects current data for asset values and remaining asset lives consistent with the upgraded Asset Management Plans and ensure that future Long-Term Financial Plans are in alignment with the Asset Management Plans.	There are substantial asset renewal cost expected beyond the 10 tear LTFP period. The review of depreciation and the various asset classifications, along with data integrity, has commenced, as per Council report.	1. Asset data, classifications and depreciation to be reviewed annually 2. Continuous monitoring and reporting of potential impacts of Projects on Depreciation 3. Asset Management Plan to be updated annually
3. Significant Asset Replacement Disclose to ratepayers any requirements to replace significant assets, beyond the term of the Long-Term Financial Plan and consult with ratepayers about any future accumulation of cash and implications for rates and services, to improve transparency.	New LTFP program has been obtained that will enable projections out to 20 years, which will assist with such projections and disclosure. This data will integrate with the AMP.	1. Annual projection of LTFP and AMP out to 20 years to identify potential impacts and significant asset replacement beyond the statutory 20 year period. 2. Clearly disclose identified significant asset replacement in 10 year LTFP and AMP.
4. Monitor Closely monitor and report growth in expenses, noting that the Council's sustainability is dependent upon the growth in expenses being contained below the Consumer Price Index.	The preparation of the ABP and Budget includes an annual review of expenditure to monitor increases.	1. Continue annual review of expenditure items. 2. Report to Council on areas whereby increases are predicted or identified to be above predicted CPI, and disclose in ABP and Budget.
5. Alternative Strategies Consider alternative strategies to achieve an operating surplus while keeping increases in rates more in line with forecast inflation, to ensure that rates remain affordable over the long term.	Strategies in place include the review of depreciation expenditure, continuous review of costs centres, and service reviews as mentioned, all of which have the aim to maintain costs at inflation.	1. Continue the review of expenditure and service reviews to identify ongoing savings and/or to maintain expenditure consistent with inflation. 2. Continue to assess and identify other forms of income and advocate for increased financial assistance grants with the wider Local Government sector.

In closing, the ESCOSA recommendations are formed the basis of considerations for the review of the LTFP and AMP that informed the Annual Business Plan and Budget for 2026/27 year. Work included asset reviews and associated depreciation aligned with Council policy and service levels, which has provided positive results and has corrected Councils current financial position to achieve sustainability in the short term.

The review work has ensured better alignment with the LTFP and AMP that was identified with ESCOSA during the presentation made at the commencement of the process, however and unfortunately, the timing of the ESCOSA process preceded this work.

APPENDIX 1: RATING POLICY

DISTRICT COUNCIL ORROROO CARRIETON

RATING POLICY

Responsibility:	Chief Executive Officer
Version:	1.0
Effective date:	
Last revised date:	
Minutes reference:	
Next review date:	May 2027
Applicable Legislation and references:	<i>Local Government Act 1999</i> – Chapter 10 – Section 150(b) LGA Financial Sustainability Information Paper #20: Rating and Other Funding Policy Options
Related Policies:	
Related Procedures:	

1. Introduction

Councils are required to raise revenue for governance, administration and the delivery of goods and services to the community.

Council's major source of revenue is Rates, derived as a tax on land within the Council area. All ratepayers receive benefits from paying rates, but those benefits are consumed in different quantities and types over the life of the ratepayer.

This document sets out the policy of the Council ("Council") for setting and collecting rates from its community.

2. Purpose

Chapter 10 of the Local Government Act 1999 ("the Act") prescribes Council's powers to raise rates. Section 123 of the Act requires Councils, as part of the Annual Business Plan, to have a rating policy which must be prepared and adopted each financial year in conjunction with the declaration of rates.

3. Scope

In determining a suitable Rating Policy, Council has taken into consideration the following adopted documents:

- Strategic Management Plan
- Annual Business Plan and Budget
- Long Term Financial Plan

4. Policy Statement

4.1 Communication of the Policy

Section 123 of the Local Government Act 1999 requires a Council to prepare an Annual Business Plan and Budget. As per Section 123 (2)(d) of the Act, the Annual Business Plan must set out the rates structure and policies for the financial year. A summary of the Annual Business Plan must be included with the first rates notice.

4.2 Council's Duties and Powers

Council's powers to raise rates are found in Chapter 10 of the Local Government Act 1999. The Act provides the framework within which the Council must operate and provides the rating options available.

All land within a council area, except for land specifically exempt (e.g. Crown land, Council occupied land and other land prescribed in Section 147 of the Local Government Act), is rateable.

The Local Government Act provides for a council to raise revenue for the broad purposes of the council. Rates are not fees for services. They constitute a system of taxation for Local Government purposes

In addition to rates, the Council can also raise revenue through:

- Service rates or charges for specific services (e.g. waste service charge);
- Optional user charges (e.g. hire of community facilities); and
- Expiation fees (e.g. parking infringements).

4.3 Principles of Taxation

This Policy represents the Council's commitment to balancing the main principles of taxation:

Benefits received (services provided, or resources consumed)

Reliance on this principle suggests that (all other things being equal) a person who received more benefits should pay a higher share of tax. The relative benefits received/available per property are effectively factored into property values.

Capacity to pay

This principle suggests that a person who has less capacity to pay should pay less; and that persons of similar means should pay similar amounts.

Administrative simplicity

This principle refers to the costs involved in applying and collecting the tax and how difficult it is to avoid.

Economic efficiency

This refers to whether or not the tax distorts economic behaviour.

Policy consistency

The principle that taxes should be internally consistent, and based on transparent, predictable rules that are understandable and acceptable to taxpayers.

4.4 Valuation of Land

A council is permitted to adopt the following valuation methodologies to value the properties in its area:

- Capital Value – the value of the land and all the improvements on the land. The value reflects, among other things, the relative availability of and access to Council services. This applies to all types of land use, and to land in all locations.
- Annual Value – a valuation of the rental potential of the property.

The Council will continue to use capital value as the basis for valuing land. The Council considers that this method provides the fairest way to distribute the rate burden across all ratepayers on the following basis:

- the 'capacity to pay' principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- property value is a relatively good indicator of wealth (when lifetime incomes, including incomes from capital gains, are taken into account). Capital value, which closely approximates the market value of a property, provides the best indicator of overall property value.

The Council will adopt the most recent valuations made by the Valuer- General at the time of the annual declaration of rates.

4.5 Objection to Valuation

If a ratepayer is dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the valuation referred to in the rate notice by writing served personally or by post on the Valuer-General within 60 days after the date of service of the notice, provided they have not:

- (a) previously received a notice or notices under the Local Government Act 1999 referring to the valuation and informing them of a 60-day objection period, the objection period is 60 days after service of the first such notice; or
- (b) Previously had an objection to the valuation considered by the Valuer-General.

The Valuer-General may extend the 60-day objection period where it can be shown that there is reasonable cause to do so by a person entitled to make an objection to a valuation.

Objections can be submitted to the Office of the Valuer-General via:

Online: www.valuergeneral.sa.gov.au

Email: OVGobjections@sa.gov.au

Post: GPO Box 1354, Adelaide 5001

Fax: 08 8115 5709

In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

The Council has no role in this process. The lodgement of an objection does not change the due date for the payment of rates.

Pursuant to the provisions of the Local Government Act 1999, Council shall refund any rate amount overpaid as a result of an objection, review or appeal in respect of a valuation.

4.6 Notional Values

Certain properties may be eligible for a "notional value" under the Valuation of Land Act 1971. This may apply if the property is the principal place of residence, and its value is enhanced by unrealised subdivision potential or a different potential land use. A notional value is generally less than the capital value and therefore would result in reduced rates.

Application by the ratepayer for a notional value must be made to the Office of the Valuer-General.

4.7 Fixed Charge

Section 152 of the Act provides for a fixed charge component of rates and establishes a limit of 50% of a council's rate revenue to be generated from a fixed charge.

To the extent that many (though not all) Council services are provided and available relatively uniformly to all ratepayers, and that property values vary because of a range of factors (not just the relative extent of Council services) the Council considers it is equitable, from the perspective of the benefit principle, to share the costs of services by way of a uniform fixed charge, set at an appropriate level. However, applying the benefit principle exclusively would not take account of the capacity to pay principle.

Accordingly, to appropriately balance both the benefit principle and the capacity to pay principle, the Council's policy is to limit the amount collected by a fixed charge to approximately 20-30% of general rate revenue to illustrate weighting of capacity to pay and benefits received, whilst recognising that not all properties contribute to a fixed charge due to legislative constraints (including properties which are adjoining or part of a single farm enterprise).

Where two or more adjoining properties have the same owner and occupier, only one fixed charge is payable by the ratepayer. Only one fixed charge applies to a single farm enterprise.

The amount of the fixed charge is indicated on the rates notice where applicable.

4.8 Single Farm Enterprise

If two or more pieces of rateable land within the area of the Council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land

A "single farm enterprise" means two or more parcels of rateable land that are farm land, farmed as one enterprise, and occupied by the same person or persons, whether or not the parcels are adjoining.

It also includes one principal residence that is contiguous with at least one of those parcels and occupied by the same person or one of those persons.

Council will be conducting a full review of its Single Farm Enterprise concessions in the 2026/27 year.

4.9 Differential Rates

In addition to the use of a fixed charge, Council has declared differential general rates in the dollar according to the use of the land.

The Local Government Act 1999 allows councils to differentiate rates based on the use of the land, the locality of the land or on both the use and locality of the land.

The categories of land use are defined by the Local Government (General) Regulations 1999.

The Council has adopted the following differential rates for 2026/27:

Land Use	Differential Rate %
Residential	100%
Commercial	100%
Industrial	100%
Primary Production	67%
Vacant Land	100%
Other	100%

Primary Production properties represents 59% of the total rateable properties across the Council District. The application of a reduced rate in the dollar at 67% for Primary Production when compared to the Residential Land Use rate in the dollar, enables improved equity across the two main differential rating areas, when comparing the average rates raised per rateable property.

The land use attributed to a property is provided by the Office of the Valuer-General. If a ratepayer is of the opinion that a particular land use has been wrongly attributed to the ratepayer's land by the council for the purpose of levying differential rates, the ratepayer may object to the attribution of that land use.

Council is responsible for accepting objections to land use. The objection must be lodged in writing and directed to the Council within 60 days of being notified of the land use.

Lodgement of an objection does not change the due date for the payment of rates.

4.10 Landscape Levy

The Council is required under the Landscape South Australian Act 2019 to make a specified contribution to the Northern and Yorke Regional Landscape Board. It does so by imposing a separate rate against all rateable properties.

This separate rate is effectively a State tax that councils are required to collect, and return to a State Government agency, the local Landscape Board. Even though it appears on the Council's rates notice, enquiries about this component should be directed to the Northern and Yorke Regional Landscape Board at <https://landscape.sa.gov.au/ny/home> or phone 8841 3400.

4.11 Service Charges

Section 155 of the Act allows a Council to impose a service charge on rateable land within its area for a prescribed service. A prescribed service is described as treatment or provision of water, collection, treatment or disposal of waste, a television transmission service or any other service prescribed by the regulations for the purposes of this definition.

Council has adopted the following service charges:

Waste Service Charge

Council is required to recover the full cost of providing the kerbside waste and recycling collection services through the application of an annual service charge. This charge will apply to all residential and business properties within the Council area that receive a refuse collection service.

An annual waste management service charge will be levied on each property provided with the standard two-bin collection service.

In addition, an annual service charge will apply for each additional bin collected from a property where the service is provided.

Community Wastewater Management Charge

Unit charges are determined based on individual usage per connected property.

4.12 Cost of Living Concessions

A number of years ago, the State Government replaced rate concessions with a 'cost of living concession' that is paid directly to pensioners and concession card holders.

Information is available at:

Online: www.sa.gov.au/topics/care-and-support/concessions/household-concessions/cost-of-living-concessions

Email: concessions@sa.gov.au

Phone: 1800 307 758 - 9:00 am to 5:00 pm, Monday to Friday

4.13 Remission of Rates

The Council has a discretion to partially or wholly remit (i.e. waive) rates on the basis of hardship. If you are suffering financial hardship, you may contact the Council's Rates Administrator to discuss the matter. Such inquiries are treated confidentially, and any application will be considered on its merits.

4.14 Postponement of Rates

Any person holding a State Seniors Card issued by the State Government may make application to Council for a postponement of the prescribed proportion of rates for the current or future financial years.

All applications of postponement will need to be considered in accordance with the relevant legislative provisions.

4.15 Mandatory Rebates

The Local Government Act 1999 requires councils to rebate the rates payable on some land uses.

A 100% rebate must be applied to land used for:

- health services
- religious purposes
- public cemeteries
- the Royal Zoological Society

A 75% rebate (or more, at the Council's discretion) must be applied to land used by:

- community service organisations
- schools and universities

4.16 Discretionary rebates

The Local Government Act 1999 enables the Council (upon application and subject to certain eligibility criteria) to grant discretionary rebates of up to 100% for land used for the purposes, such as:

- securing proper development of an area
- assisting or supporting a business
- preservation of historically significant places
- facilities or services for children or young persons
- accommodation for the aged or persons with disability
- other purposes

Upon receipt of your application, the Council will take into account:

- why there is a perceived need for financial assistance through a rebate.
- the level of rebate being sought.
- the extent of financial assistance, if any, being provided and/or in respect of the land by Commonwealth or State agencies.
- whether, and if so to what extent, you are or will be providing a service within the Council area.
- whether you are a public sector body, a private not for profit body or a private or profit body.
- the nature and extent of Council services provided in respect of the land, in comparison to services provided elsewhere in the Council's area.

- the community need, if any, that is being met by activities carried out on the land.
- the extent to which activities at the land for provide assistance or relief to disadvantaged persons.
- consideration of the full financial consequences of the rebate for the Council.
- the time the application is received.
- whether you may be eligible for a Council community grant; any other matters and policies of the Council, which the Council considers relevant.

If you or your organisation wishes to apply for a discretionary rate rebate, you may apply by contacting the Council's Rate Administrator.

4.17 Payment of Rates

The Council will collect rates quarterly on the dates to be specified on the rates notice, generally in the following months:

- September
- December
- March
- June

Rate notices will be issued quarterly however the total outstanding balance of rates may be paid at any time.

Rates may be paid via the following methods:

- in person at the Council Office during business hours;
- by mailing a cheque or money order to the District Council of Orroroo Carrieton, PO Box 3, Orroroo SA 5431;
- by using Bpay, or by telephone payment on 08 8658 1260.
- by Centrepay ; go to humanservices.gov.au/Centrepay for more information and to set-up your Centrepay deductions.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact the Council to discuss alternative payment arrangements. Fines and interest on overdue amounts will be applied in accordance with the Act.

4.18 Late Payment of Rates

The Local Government Act provides that Councils impose a penalty of 2% on any late payment for rates, whether instalment or otherwise. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late. Interest charged on late payments is charged on both the amount of the rate arrears and any interest that has previously been imposed. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow the Council to recover the administrative cost of following up unpaid rates and to cover any interest cost the Council may incur because it has not received the rates on time.

The Council imposes late payment penalties strictly in accordance with the Local Government Act. The ability to remit penalties in whole or part is a power vested in Council. Each case will be considered on its merit based on the information provided.

When Council receives a payment in respect of overdue rates the Council applies the money received in accordance with Section 183 of the Local Government Act, as follows:

- Firstly – to satisfy any costs awarded in connection with court proceedings
- Secondly – to satisfy any interest costs
- Thirdly – in payment of any fines imposed; and
- Fourthly – in payment of rates, in date order of their imposition (starting with the oldest account first).

4.19 Outstanding Rates

Council will apply prudent debt collection practices in the recovery of outstanding rates in compliance with the Act and follow an ongoing assessment of arrears and systematic approach to debt recovery.

In accordance with the provisions of the Act, where an instalment of rates is not paid on or before the date on which it falls due, Council will:

- (a) Send a reminder notice to the principal ratepayer with outstanding rate balances advising that payment is overdue;
- (b) Proceedings for collection of outstanding rate balances after that time may be collected by legal process.

4.20 Sale of Land for Non-Payment of Rates

The Local Government Act provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to provide the principal ratepayer and the owner (if not the same person) with details of the outstanding amounts and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month.

4.21 Changes to Assessment Records

All changes to postal address of ratepayer/owner and changes of ownership of a property must be notified promptly to Council in writing.

4.22 Disclaimer

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions. Where a ratepayer believes that the Council has failed to properly apply this policy it should raise the matter with the Council.