Annual Business Plan and Budget

2026-2027

Adelaide Hills
COUNCIL

Acknowledgement of Country

Council acknowledges that we undertake our business on the traditional Country of the Peramangk and Kaurna people. We pay our respects to Ancestors and Elders past and present as the custodians of this ancient and beautiful land, for they hold the memories, traditions, spiritual relationships, culture and hopes of the First Nations of Australia.

We are committed to working together to ensure that Peramangk and Kaurna culture and traditions are sustained, valued and continuing.

Adelaide Hills
COUNCIL

Contents

Cox Creek waterway

Lenswood apple orchards

Purpose of the Annual Business Plan

The Annual Business Plan (ABP) outlines how Adelaide Hills Council will fund and deliver services, programs and infrastructure over the coming financial year. It connects our annual priorities with Council's long term strategies, ensuring our work supports the sustainability, resilience and liveability of the Hills.

The Plan includes Council's proposed budget, rating approach and capital works for the year. It is developed with consideration of community needs, financial capacity, legislative requirements and asset management responsibilities.

Community engagement plays an important role. Feedback from residents, businesses and community groups help to shape the initiatives included in the final Plan, ensuring they reflect local priorities. This input comes not only from consultation on the Annual Business Plan, but also from community participation in Council's strategic planning processes and engagement activities undertaken throughout the year.

The Plan also sets out the outcomes Council intends to achieve and the measures we will use to monitor progress. These help maintain transparency, guide improvements and support responsible financial management.

Overall, the Annual Business Plan ensures Council uses its resources effectively to deliver the services and projects that matter to the Adelaide Hills community, now and into the future.

A message from the Mayor

This year's Annual Business Plan reflects Council's ongoing commitment to our long-term financial sustainability while maintaining and improving the facilities and services our community deserves.

Aligned with the Your Place, Your Space Strategic Plan 2024, the plan is focussed on providing the essential services required by our community and on delivering important new works on the Amy Gillett bikeway, investing in school safety zones, diverting more waste from landfill, and continuing the major Cox Creek waterway restoration project which is supported by funding from the Federal Government.

Like all councils, we are faced with economic and geopolitical challenges that are driving cost increases across infrastructure, depreciation and financing. In response, we are taking a measured and disciplined approach to manage these pressures, such as a reduction in gross capital expenditure of $3.44m. We will continue to invest in initiatives that meet the needs of our community and prioritise the safety, accessibility and connectivity of our area.

As we navigate the challenges and opportunities ahead, I'd like to thank our residents, businesses, volunteers and partners for your continued engagement and support.

We are committed to responsibly managing our large, diverse and vibrant region and together maintain the Adelaide Hills' status as one of the best places to live anywhere in Australia.

Nathan Daniell
Mayor

Summary of community engagement

The draft 2026-27 Annual Business Plan was available for community feedback between 15 June and 6 July 2026.

Consultation activities were delivered in accordance with Council's Public Consultation Policy and included:

- A paid advert in The Courier newspaper (27 May 2026)
- Feedback via Adelaide Hills Council's Engagement Hub website
- A public forum during the Ordinary Council Meeting on 23 June 2026 at The Summit Community Centre for verbal submissions to Council
- Posters, information packs and hard copy feedback forms for display at Council libraries, service centres and community centres
- Emails to engagement subscribers inviting feedback and linking to the online resources
- Email campaign to community groups, resident associations and sporting clubs promoting the engagement opportunity
- Notification on Council's website and within the e-newsletter
- Social media posts on LinkedIn, Facebook and Instagram.

Amendments from the draft Annual Business Plan

The Annual Business Plan includes amendments from the draft Plan that was released for consultation on 15 June, as detailed below:

Rates
- A downward adjustment has been made to the rate rise from 7.6% to 6.8%. The plan now reflects the softening May Consumer Price Index of 4.4% plus 2.4% to manage Council's portfolio of community assets, deliver new capital expenditure, and continue the process of ensuring long term financial sustainability. The reduction is also partly offset by a decrease in the rate rebate.

Income
- Stirling Cemetery income has increased by $10,000 based upon the performance during 2025-26
- Reimbursements directly linked to forecast lower electricity costs have decreased by $25,000.

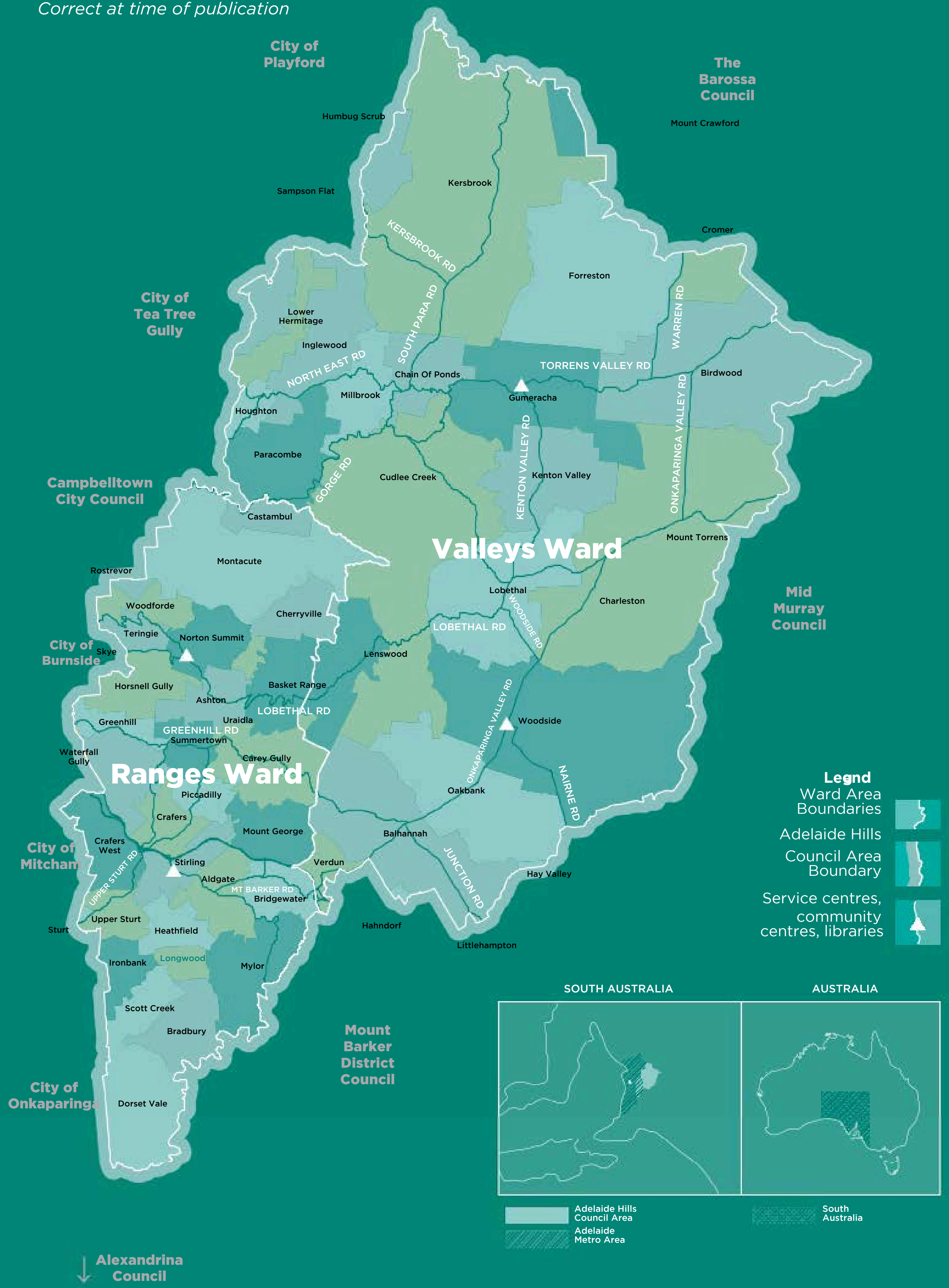
Expenses
- Council has rationalised Community and Development Directorate costs by $316,000
- Electricity costs have been reassessed based upon the the performance during 2025-26 and are indicative of end of financial year costs at a range of Council sites. This equates to a saving of $94,000
- A reassessment of the forecast opening debt position has resulted in forecast lower average debt across the year. This has resulted in expected finance cost savings of $234,000.

Our Region

Township of Gumeracha

District Wards

Correct at time of publication



We are unique

The size of a regional council with the expenses and population of a city council

57 townships and settlements

795 km2 district area

42,368 total population

16,267 households

44 is the median age

620km of sealed roads
397km of unsealed roads

30% of the population volunteer

Adelaide Hills vineyard

Our Elected Council

The Mayor and Council Members, acting under the Local Government Act 1999, provide leadership, governance, and strategic direction for the Council. The Elected Council is responsible for representing local interests, setting priorities, and overseeing the effective and responsible management of Council affairs.


Mayor
Nathan Daniell


Deputy Mayor
Cr Lucy Huxter


Cr Kirrilee Boyd
Ranges Ward


Cr Adrian Cheater
Ranges Ward


Cr Chris Grant
Valleys Ward


Cr Richard Gladigau
Valleys Ward


Cr Malcolm Herrmann
Valleys Ward


Cr Georgia McDonnell
Ranges Ward


Cr Leith Mudge
Ranges Ward


Cr Mark Osterstock
Ranges Ward


Cr Kirsty Parkin
Ranges Ward


Cr Alex Trescowthick
Valleys Ward

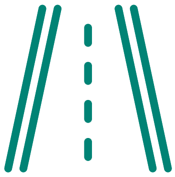

Cr Lisa Clare Woolcock
Ranges Ward

How we serve our community

Adelaide Hills Council delivers a broad range of essential services that support our community's safety, wellbeing, environment, and local economy. These services support the day-to-day functioning of our townships and rural areas, helping to meet the needs of the community now and into the future.

1 Infrastructure & Essential Services

- Roads, footpaths, bridges & stormwater management
- Public lighting, signage & traffic managment
- Waste, recycling & resource recovery services
- Community Wastewater Management Systems (CWMS)
- Maintenance of Council buildings, facilities & cemeteries



2 Environment & Sustainability

- Natural area & open space maintenance
- Biodiversity protection, habitat conservation & weed management
- Climate change considerations & strategies for the community
- Fire prevention, bushfire mitigation & emergency preparedness
- Sustainable water, waste & land management practices

3 Community Wellbeing & Support

- Community centres, libraries & lifelong learning programs
- Positive ageing, youth development & voluntering support
- Public health services, food safety inspections & immunisation clinics
- Disability access & inclusion initiatives
- Emergency management, resilience & recovery support

4 Culture, Recreation & Community Life

- Thriving arts & heritage hub at Fabrik Arts + Heritage
- Sport & recreation facilities, playgrounds & reserves
- Community events, festivals & local activation
- Support for clubs, volunteers & community groups

5 Planning, Development & Economy

- Development assessment, planning approvals & compliance
- Strategic land use & policy planning
- Support for local businesses, tourism & economic development
- Placemaking & township enhancement

6 Customer Service & Administration

- Customer service centres, contact centre & online services
- Parking & by-law enforcement
- Animal management & responsible pet ownership
- Governance & financial management
- Transparent decision-making, engagement & advocacy

Strategic Context

Stirling Laneways Market

Strategic Planning Framework

Adelaide Hills Council's Strategic Planning Framework provides a coordinated and integrated approach to long-term planning, service delivery, and financial management.

The framework is guided by Council's long-term strategic management plan, Your Place, Your Space Strategic Plan 2024, which sets the vision, goals, and priorities for the Adelaide Hills community.

A suite of interrelated documents support the Strategic Management Plans. Together, these documents ensure that Council's activities are aligned, financially sustainable and responsive to community needs, while also demonstrating Council's performance against its annual targets.

Strategic Plan 2024

The 'Your Place, Your Space' Strategic Plan 2024 will guide Adelaide Hills Council's priorities and decisions over the next four to ten years.

Shaped through extensive community engagement, the Plan reflects the priorities and aspirations of our residents. It focuses on sustainability, resilience, and innovation, with goals that protect our environment, strengthen community wellbeing, support local economic growth, and drive organisational improvement.

The 'Your Place, Your Space' Strategic Plan 2024 will guide decision-making and investment, ensuring the Adelaide Hills remains a vibrant and thriving place to live, work, and visit.

Our Goals

Natural Environment

NE 1 Pursue our adopted pathway to achieve net zero carbon emissions.

NE 2 Support the community and businesses to decarbonise and transition to sustainable lifestyle practices (green communities).

NE 3 Protect, improve, expand and connect habitat.

NE 4 Build resilience in the natural environment to adapt to climate and other environmental changes.

NE 5 Improve landscape character and amenity value on Council managed land.

Community Wellbeing

CW 1 Promote and support reconciliation.

CW 2 Enrich, empower and support connected communities.

CW 3 Embrace diversity in our community and build on community strengths.

CW 4 Build community resilience for the future.

CW 5 Foster cultural identity and connection to place.

CW 6 Promote physical, mental and social wellbeing.

Built Form and Economy

BFE 1 Guide development that fosters vibrant and resilient communities, promotes appropriate design and enhances livability.

BFE 2 Nurture a distinctive sense of place, support activation activities and recognise and celebrate our rich heritage.

BFE 3 Develop and maintain infrastructure to support livability and sustainable economic activity.

BFE 4 Improve the utilisation of Council and community facilities.

BFE 5 Promote sustainable prosperity by supporting tourism, creative industries, primary production and vibrant townships.

Organisation

O1 Embrace technology solutions and digital transformation to enhance our organisation and the community experience.

O2 Operate with integrity using best practice governance processes.

O3 Support and develop a skilled organisation that is aligned to Council's priorities.

O4 Engage and advocate for our communities.

O5 Evolve Council's functions and services to meet the current and future aspirations of our community.

Walking trail in the Cleland National Park

The Long Term Financial Plan

The Long Term Financial Plan (LTFP) outlines Council's financial direction over a ten-year period and supports responsible budgeting and long-term financial sustainability. It ensures decisions made today enable the ongoing delivery of services and maintenance of community assets into the future.

What the LTFP does

The LTFP provides a framework to guide key financial decisions. It supports the delivery of services at sustainable levels, plans for the renewal and upgrade of community assets, and identifies the rates and revenue required to fund Council activities, while ensuring borrowings and financial obligations are managed responsibly.

Supporting financial sustainability

The LTFP outlines Council's pathway to long-term financial sustainability by balancing income and expenditure over time. It prioritises investment in the renewal of existing assets, maintains liabilities within sustainable limits, and aligns financial resources with Council's strategic priorities.

What this means for the community

The LTFP ensures Council can continue to deliver essential services and maintain infrastructure, while planning for the future in a financially responsible way. It supports a balanced approach that considers the needs of both current and future ratepayers.

Ongoing review

The LTFP is reviewed annually as part of the budget process to reflect changing economic conditions, service needs and community priorities. This ongoing review supports Council's commitment to financial sustainability by reassessing key assumptions, strengthening financial planning approaches, and ensuring the Plan continues to provide a clear pathway back to, and maintenance of, a sustainable financial position.

It also ensures Council maintains an appropriate balance between investing in existing assets, managing expenditure, and delivering services, while responding to emerging cost pressures and supporting the long-term financial resilience of the organisation and the community.

Council will be seeking to update, consult on, and adopt an updated Long Term Financial Plan in Quarter One of the 2026-27 financial year.

Budget Overview

Morialta Mukanthi Nature Playground

Snapshot

The 2026–27 Annual Business Plan focuses on maintaining essential services, investing in priority community infrastructure and continuing the transition to long-term financial sustainability.

In a challenging economic environment, the budget reflects a disciplined approach to spending while responding to rising costs associated with infrastructure, depreciation and financing of Council's services. Council remains committed to balancing financial responsibility with delivering the services and facilities our community value.

Capital budget

$2.2M capital expenditure on new or upgraded assets.
$12.1M capital expenditure on renewal of existing assets.

Operating budget

New operating projects $1.0M
Total operating income of $68.0M
Total operating expenditure of $71.2M
Proposed deficit of $3.2M

Borrowing

An increase in Net Financial Liabilities of $1.3M, resulting in forecast total borrowings at 30 June 2027 of $32.5M to maintain service levels that the community values. By funding these service levels through debt, Council ensures intergenerational equity.

Rates

A rate increase of 4.4% in line with May CPI plus 2.4% to manage Council's portfolio of community assets, deliver key initiatives, and continue to support Council's long term financial sustainability. This combined proposed rate increase of 6.8% equates to approximately $204 for an average value residential property.

Key considerations for the 2026-27 budget

The key focus in preparing the 2026–27 budget has been to balance financial sustainability with the delivery of essential services and community infrastructure.

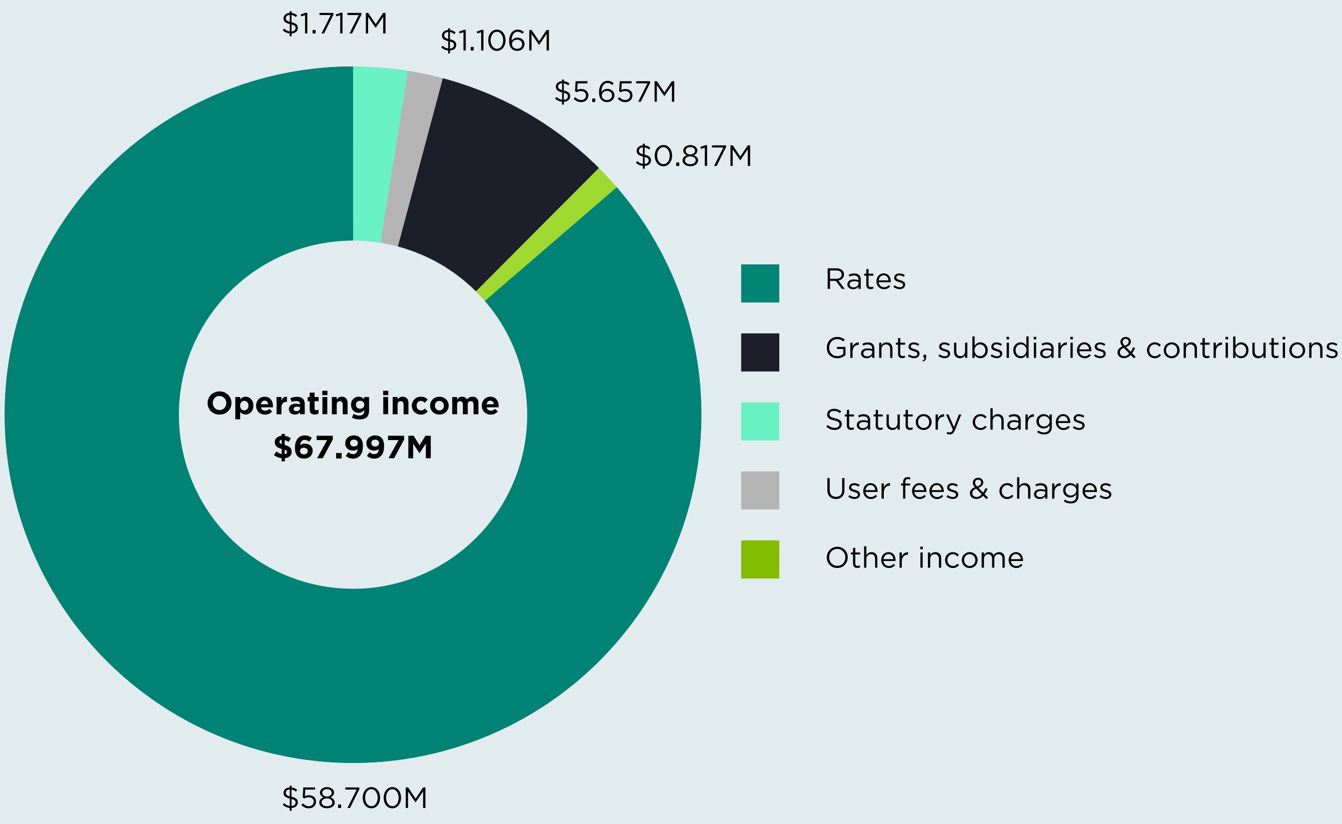
Considerations include:

- Responding to ongoing cost pressures, including increased infrastructure, depreciation and finance costs in a challenging economic environment;
- Maintaining, rationalising and renewing a large portfolio of community assets;
- Taking a disciplined approach to expenditure, including reducing new initiatives compared to previous years;
- Supporting community priorities through targeted investments in safety, accessibility and connectivity;
- Returning to surplus in the coming years and achieving the goals of the Strategic Plan.

Street sweeping in Stirling township

Operating Income

Council's total operating income in 2026-27 is budgeted to be $67.997M.



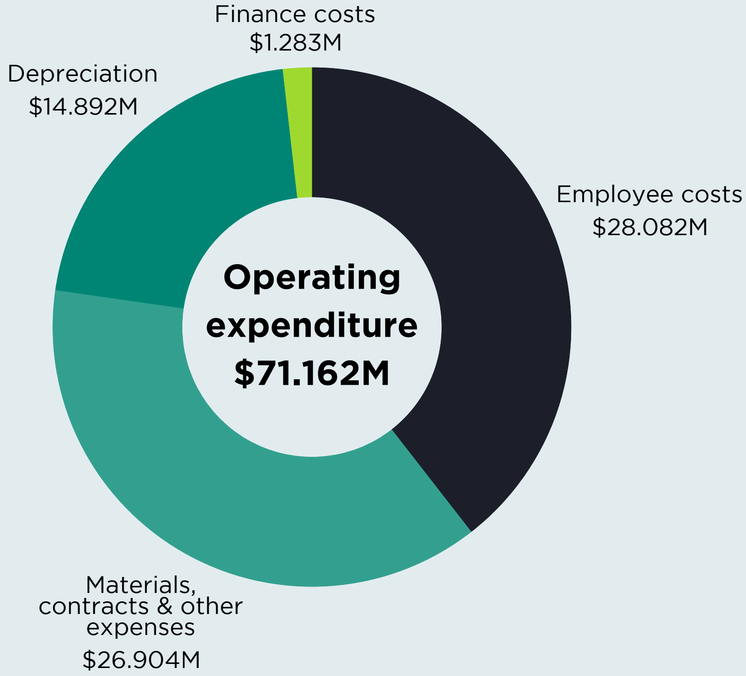
Operating Expenditure

Council's operating expenditure covers the day-to-day costs of delivering Council services and maintaining community assets.

It funds the ongoing activities that keep services running, such as waste, roads, parks and community programs, as well as the upkeep of infrastructure and facilities to ensure they remain safe, functional and accessible for the community.

For 2026-27, operational expenditure has increased by $4.352M, or 6.5%, relative to the 2025-26 budget. The increase in expenditure has resulted from general inflationary pressures.

The percentage of expenditure allocated to each category remains unchanged from the 2025-26 budget.

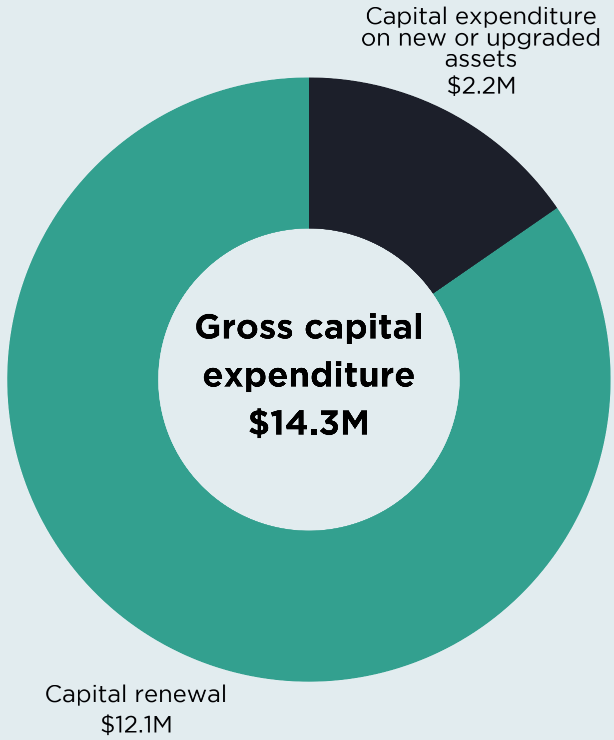


Capital Expenditure

Council's capital expenditure is investments in new assets and the renewal of existing assets.

It funds projects such as building or renewing roads, facilities and infrastructure to support current and future community needs.

Information on expenditure for Council's operating and capital initiatives, including the capital works program, is detailed in the Key Priorities section of this Annual Business Plan.



Views over the Piccadilly Valley

Significant influences for the 2026-27 budget

Each year, in preparing the Annual Business Plan and Budget, Council considers a range of internal and external factors that may influence the community, organisation and the broader region.

These influences are also considered in the preparation of the Long Term Financial Plan.

- The long term financial sustainability of Council to ensure the ongoing delivery of services to the community now and into the future;
- Global pressures and rising inflation (CPI), are increasing the cost of essential goods and materials such as fuel, raw materials, and construction supplies required to deliver Council services and projects;
- Providing the essential services required by our community while managing the impact of increasing costs;
- Asset management (renewal and maintenance) expenditure to ensure longevity of Council assets;
- Increase in depreciation due to revaluations largely relating to cost escalation in infrastructure and building costs;
- Higher interest costs arising from increased borrowings which were used to fund capital initiatives;
- Rates and levies imposed by subsidiaries and other external stakeholders;
- The Boundary Commission's Inquiry into Campbelltown City Council's Woodforde/ Rostrevor boundary reform proposal is ongoing. Should the reform proposal be successful, it is unlikely to impact the 2026-27 budget. It may have financial sustainability implications in the longer term.

Key Priorities

Construction works along Amy Gillett Bikeway

Key focus areas

Council's focus for the 2026–27 financial year is on supporting and strengthening the community, environment and region through a responsible budget that recognises unique constraints and prioritises essential services, prudent resource management, and sustainability.

The organisation's priorities are aligned to the goals of the Your Place, Your Space Strategic Plan 2024 and will be delivered through ongoing services and initiatives.

Some of the key areas of focus for 2026-27 include:

1 Natural Environment

- Continue reviewing waste management service models to find efficiencies and divert more waste from landfill.
- Adapt Cox Creek rehabilitation project learnings and techniques to prepare for expansion across water supply catchments and to improve the health of Adelaide Hills creeks and rivers.
- Build capacity in electric vehicle charging infrastructure.

2 Community Wellbeing

- Implement the new Disability Access and Inclusion Plan.
- Use a co-design approach to develop a new Youth Action Plan.
- Explore opportunities to expand visitor and tourism experiences at FABRIK Arts + Heritage.

3 Built Form & Economy

- Plan for the future of the Hills by defining what our communities need and value into the future.
- Advocate for development outcomes for the Woodside Barracks that deliver the best long-term outcomes for the community.
- Progress a review of Community Land Management Plans and prepare a Strategic Asset Management Plan.

4 Organisation

- Continue to enhance the Customer Relationship Management (CRM) system to improve customer experience for enquiries, requests and response timeframes.
- Improve efficiency and service delivery through the implementation of a modern, integrated Enterprise Resource Planning (ERP) system.
- Continue to progress towards long-term financial sustainability by undertaking long-term asset and financial planning.

Operating expenditure

Directorate	Function	Budget
Office of the CEO	CEO's Office	$601,511
	Governance & Performance	$2,182,578
	Governance - Civic costs	$3,138
	Governance - Elected Member costs	$461,684
	TOTAL	**$3,248,910**
Community and Development	Community Centres	$360,599
	Community Wellbeing	$868,084
	Positive Ageing (Home Support)	$1,423,150
	Libraries	$2,282,964
	Community Management	$130,800
	Community Development	$434,288
	Customer Experience	$165,000
	Community and Development Director's Office	$437,445
	Region and Place	$1,063,635
	Fire Prevention	$178,475
	Animal Management	$571,260
	Parking and By-laws	$321,313
	Development Services	$2,900,663
	Environmental Health	$674,804
	FABRIK Arts + Heritage	$861,012
	Customer Service	$1,051,074
	TOTAL	**$13,724,567**
Corporate Services	Communications, Engagements and Events	$874,801
	Corporate Services Director's Office	$586,922
	Finance Operations	$1,447,610
	People and Culture; Work, Health and Safety	$1,338,706
	Information and Communication Technology	$3,600,721
	Information Management	$647,987
	Regional Landscape Levy	$1,693,564
	Rates Administration	$384,300
	TOTAL	**$10,574,612**

Operating expenditure continued

Directorate	Function	Budget
Environment and Infrastructure	Depreciation	$14,472,043
	Cemeteries	$183,646
	Property Managment	$3,035,376
	Environment and Infrastructure Director's Office	$417,334
	Strategic Assets	$832,814
	Civil Services	$6,810,878
	Open Space: Arboriculture, Biodiversity, Fleet Management & Horticulture	$6,527,524
	Sport and Recreation	$932,148
	Emergency Management	$5,230
	Sustainability	$286,871
	Community Wastewater Management System (CWMS)	$1,302,246
	Waste	$6,652,915
	TOTAL	**$41,459,026**
Total 2026-27 Administration/Services Expenditure		**$69,007,115**
Operating Projects		**$1,233,000**
Corporate Overheads		**$921,542**
TOTAL 2026-27 OPERATING EXPENDITURE		**$71,161,657**

Aldgate Township

Key operating projects

The operating projects below outline the key initiatives Council will deliver over the year, in addition to its ongoing service delivery and business as usual activities.

These initiatives reflect Council's commitment to advancing the objectives set out in the Strategic Plan, while maintaining a focus on planning, service improvement, and innovation, and balancing existing commitments with emerging priorities.

1 Natural Environment

2026-27 Initiative	Project Description	Expenditure
Food Organics Green Organics kerbside collection	To further investigate waste management service models, including opportunities for cost savings and improved cost recovery within waste management services.	Operating project $64,000

2 Community Wellbeing

2026-27 Initiative	Project Description	Expenditure
Sport and Recreation Strategic Planning	A strategic open space strategy that identifies opportunities for sport and recreation development.	Operating project $80,000

Residents involved in the FOGO trial

Key operating projects continued

Built Form and Economy

2026-27 Initiative	Project Description	Expenditure
School safety and activation project: Verdun	To investigate, in partnership with the Department for Infrastructure and Transport, safety improvements at Hills Christian Community School. This includes reviewing pedestrian access and further off-street parking at peak school hour drop off times, to ease congestion and improve safety.	Operating project $40,000
Strategic asset planning and community land management consultancy	To progress a Strategic Asset Management Plan from a review and renewal of asset management plans and community land management plans.	Operating project $120,000
Town and precinct planning	To deliver three integrated land use planning tools – the Township & Precinct Planning Framework, a Housing Strategy incorporating a Local Area Plan, and a Placemaking Framework - to guide coordinated growth and investment. Together, these frameworks will prioritise precinct-level planning and infrastructure alignment, address housing issues, strengthen local centres, and attract targeted investment that reflects community needs and place-specific opportunities.	Operating project $70,000

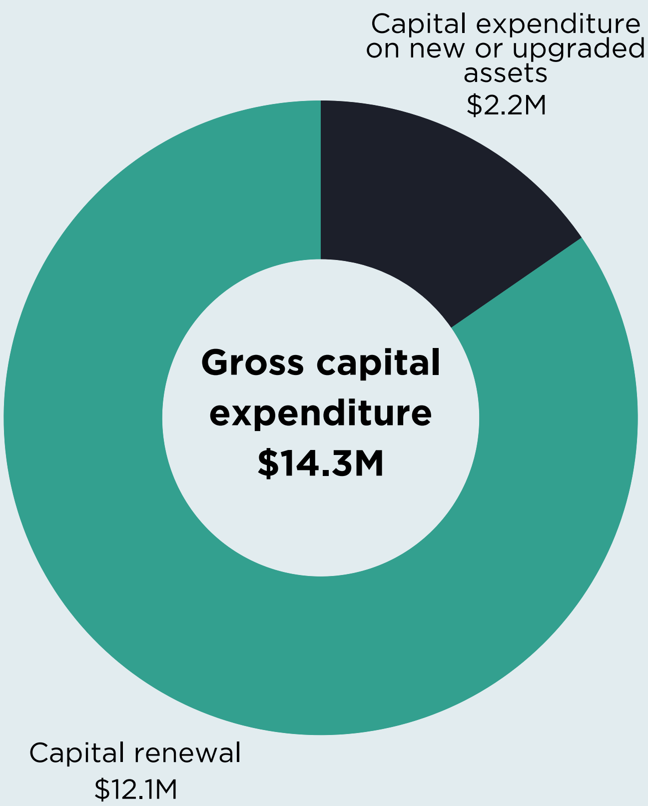
Organisation

2026-27 Initiative	Project Description	Expenditure
Enterprise Resource Planning (ERP) System	To fund two contract positions to manage the ERP transition, including process mapping, change management, training and project management. It will also cover initial costs such as contract setup, and implementation progress payments and part of new licensing costs.	Operating project $600,000
Local Government Election costs	Provision for the costs associated with delivering the Adelaide Hills Council election, in line with the scheduled election cycle and statutory requirements.	Operating Project $350,000
Essential Services Commission of South Australia (ESCOSA) Advice Scheme	To meet the ESCOSA requirements, ensuring Council's ongoing compliance with regulatory and reporting obligations.	Operating project $45,000

Community spaces at FABRIK Arts + Heritage

Capital budget

The 2026-27 Capital Budget continues to focus on the renewal of infrastructure. Council has in excess of 50,000 assets that it manages and maintains to ensure that our current and future communities have access to the ongoing services these assets provide.



Capital projects

The following Capital Projects program outlines Council's key infrastructure investments for the year, including new, upgraded, and renewed assets, supporting long-term community outcomes and aligned with the Strategic Plan.

Natural Environment

1

2026-27 Initiative	Project Description	Expenditure
Electric vehicle charging infrastructure	To enhance and optimise Council's existing electric vehicle charging infrastructure and to develop policy that incorporates public access.	Capital project $75,000

Built Form and Economy

3

2026-27 Initiative	Project Description	Expenditure
Operational workplace accommodation review	To optimise staff accommodation across Council sites to ensure facilities remain fit-for-purpose and support effective service delivery to the community. The project will include relocating staff into Council-owned facilities.	Capital project $100,000
Stirling Coventry Library cladding	To progress the replacement of cladding at the Stirling Coventry Library. The project supports Council's program of safety and compliance upgrades to community facilities.	Capital project $800,000
School safety and activation projects: Lenswood	To undertake the Lenswood Main Street safety upgrade, including footpath access, a footbridge, kerb alignment and street scaping.	Capital project $150,000
School safety and activation project: Stirling East	To undertake targeted infrastructure improvements in the vicinity of Stirling East Primary School to enhance pedestrian access, safety, and local traffic management.	Capital project $90,000
Amy Gillett Bikeway connection: Station Road, Woodside	To provide key linkages between Amy Gillett Bikeway at Station Rd, from Tiers Rd to the existing Bikeway connection point. This will include a formalised path and access through the existing reserve and complete the sections from Gillman Rd Oakbank through to Birdwood.	Capital project $675,000
New footpath program	The footpath program improves asset condition, accessibility and connectivity across the pedestrian network through the planning, construction and renewal of footpath infrastructure.	Capital project $400,000

Capital renewal expenditure

The renewal program is informed by Council's Asset Management Plans, which apply lifecycle planning, condition assessments, and risk-based prioritisation to ensure the ongoing performance of existing assets. Sustained investment in renewal is critical to maintaining service levels, managing long-term costs, and delivering safe, reliable infrastructure that continues to benefit the community.

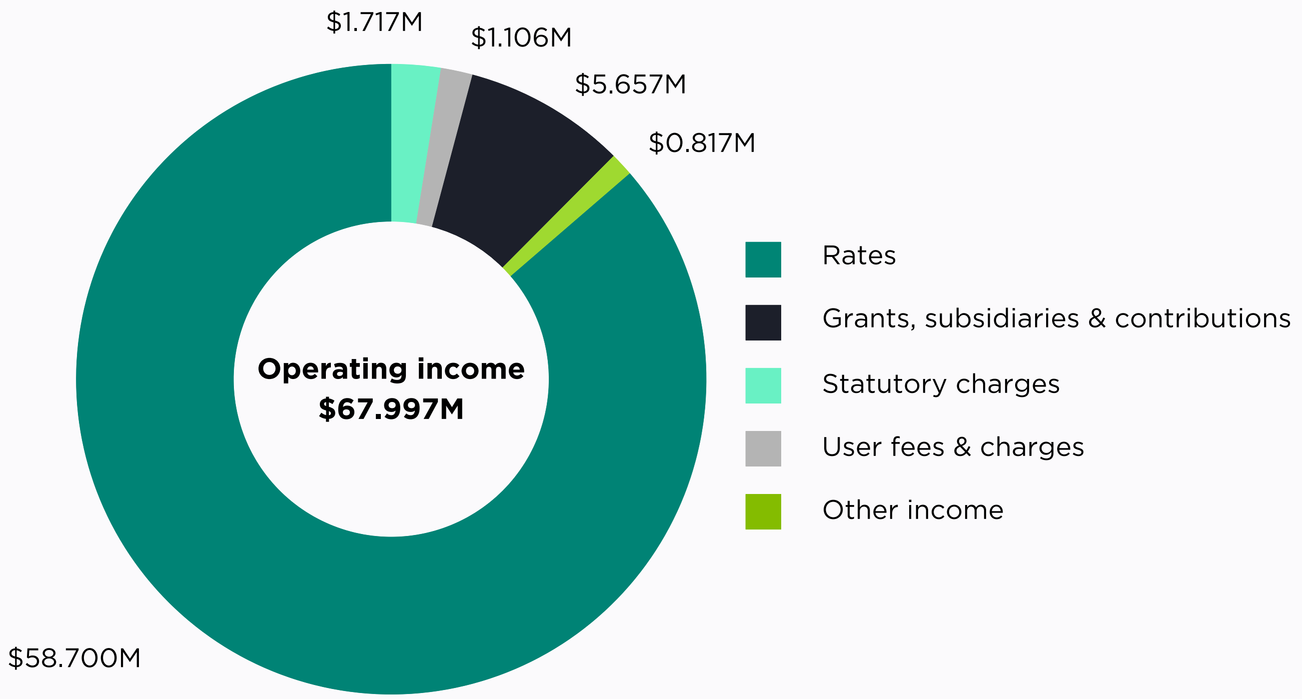
Summary of capital renewal expenditure	
Asset category	**2026-27 allocation**
Bridges	$405K
Buildings	$140K
Cemeteries	$40K
Community Wastewater Management System	$302K
Footpaths	$414K
Kerbing & Road Shoulders	$565K
Sport & Recreation	$166K
Stormwater	$150K
Roads (sealed & unsealed)	$4.874M
Plant & Fleet	$3.088M
ICT Equipment	$166K
Other	$512K
Project Management & Contingency	$1.280M
TOTAL	**$12.101M**

A detailed listing of the Capital Works Program is available at Appendix F.

How will we fund our program?

Council generates revenue through various sources to fund essential services, maintain infrastructure, and deliver projects for the benefit of the community.

Rates	Rates revenue is Council's primary source of income, raised from property owners to fund the delivery of services, infrastructure, and community outcomes. Rates are a form of property taxation, and property values determine how much each property contributes.
Grants, subsidies and contributions	Grants, subsidies and contributions are external funding sources provided by Federal and State governments and other organisations, usually for specific projects, infrastructure, or service initiatives.
Statutory charges	Statutory charges are legislated fees and levies applied to specific regulatory services, including permits, licences, and compliance activities.
User fees and charges	User fees and charges are applied to specific services and facilities, reflecting a contribution from users toward the cost of providing those services. Fee increases are generally in line with CPI, where practicable.
Other income	Other income includes miscellaneous revenue received by Council that does not fall within primary funding categories, such as interest, reimbursements, and one-off receipts.



Borrowings

Borrowing is an important funding source, especially for expenditure relating to new capital and is undertaken in accordance with Council's Treasury Policy.

The key objective of the Policy is to manage the finances of the Council holistically in accordance with the overall financial sustainability strategies and targets.

Council promotes the principle of intergenerational equity through the diligent use of borrowings. This involves spreading costs in relation to significant capital expenditure based on the pattern of benefits over time so that one generation is not excessively subsidising another.

Forecasted levels of borrowing are dependent on the accuracy of the budget. In particular, changes to the delivery of the Capital Works Program have the capacity to change the level of borrowings required. The forecast below assumes that all capital projects will be delivered by the end of 2026-27.

Borrowing	Amount $
Forecast Opening Balance of Borrowings July 2026	$28.095M
Estimated New Borrowing for 2026-27	$14.099M
Repayment of Principal for 2026-27	$9.653M
Forecast Closing Balance of Borrowings June 2027	$32.541M
Split as follows: Variable Borrowings	$29.071M
Fixed Term Borrowings	$3.470M
Forecast Closing Balance of all Borrowings June 2027	$32.541M

Council staff at the Stirling Coventry Library

Rates and Levies

Lobethal Bierhaus

Rates

Rates revenue is Council's primary source of income, raised from property owners to fund the delivery of services, infrastructure, and community outcomes. Rates are a form of property taxation, and property values determine how much each property contributes.

The 2026-27 budget includes a rate increase of May Consumer Price Index (CPI) of 4.4% plus 2.4% to manage community assets, deliver key initiatives, and continue the process of ensuring Council's long term financial sustainability. This combined proposed rate increase of 6.8% equates to an increase of approximately $204 for an average value residential property.

This year's valuation of the Council area by the Valuer-General has shown variability in valuation increases across all land uses. As such, Council will continue to reduce the impact of significant valuation changes for 2026-27 by:

- Differentiating all land uses to enable differences in valuation for land use categories to be taken into account
- Applying a rate rebate to residential and primary production land use categories where the increase exceeds 15%
- Making the rebate automatic
- Excluding the rebate on properties where there is any change of rateability, land use, improvements or change in ownership of properties from the previous year.

Rating structure

Council applies a rating structure comprising of two components: a fixed charge applied equally to all rateable properties to ensure a base contribution toward services, and a variable based general rate that incorporates differential rates based on the predominant land use of each property.

For the 2026-27 year, the fixed charge will increase from $880 to $940 which represents a 6.8% increase.

Stirling businesses separate rate

A separate rate applies to businesses in Stirling, raising approximately $110,000 each year. These funds are provided to the Stirling Business Association (SBA) under a funding agreement to support promotion of Stirling as a visitor destination and the 'Gateway to the Hills'.

Council also sets both a maximum and minimum amount payable by individual properties with the maximum and minimum amounts adjusted each year with reference to the CPI. Council will maintain these minimum and maximum thresholds, supporting a consistent and balanced distribution of the rate across all contributing properties.

Rates modelling

The valuation of the Council area by the Valuer-General has been completed and information provided reflects an average increase of just under 9% in valuation for existing properties.

Analysis indicates that:

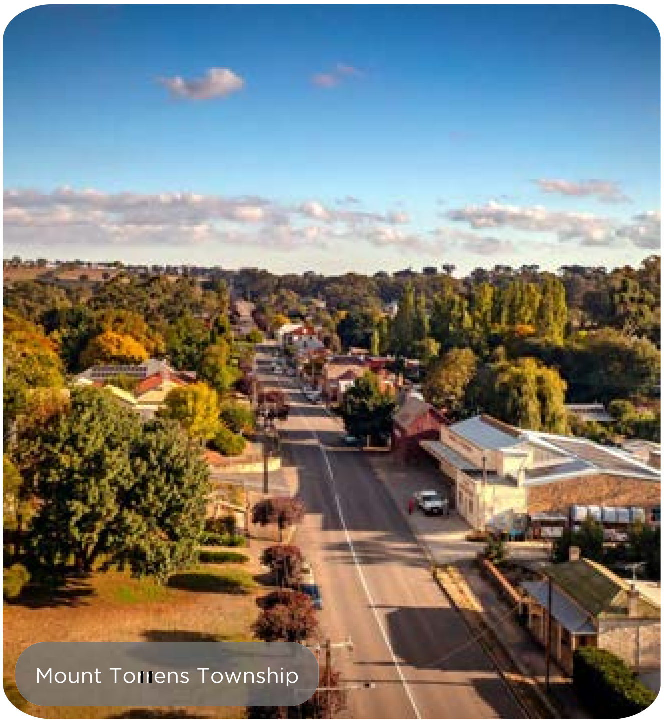
- Residential properties, representing 73% of total assessments, have had an average valuation increase of 9.5%
- Primary production properties, representing 15% of total assessments, have had an average valuation increase of 9.3%
- Commercial and Light Industrial properties have had an average valuation increase of 1.3%
- Vacant land properties have had an average valuation increase of 10.4%

Allocation of rates

Council uses the capital value method to assess properties, which includes both the land and any buildings or improvements. This is the most commonly used approach across South Australia.

This method is considered a fair way to distribute rates, as it reflects the relative value of each property, meaning those with higher value properties generally contribute more.

In setting rates, Council also applies a fixed charge to ensure all properties make a base contribution and uses different rate levels (differential rates) based on the primary use of the land to better reflect the varying demands properties place on Council services.


Mount Torrens Township

Rebates
Under sections 160-165 of the Local Government Act 1999, Council is required to provide mandatory rebates on rates for certain categories of land used for community benefit.

These include land used for:

- health services
- community services
- religious purposes
- public cemeteries
- educational institutions
- specified not-for-profit organisations

The rebates, which range from a minimum of 75% up to 100% of rates, recognise the public value of these services and ensure that eligible organisations receive equitable support through reduced rate obligations.

Rates relief
Council supports ratepayers experiencing financial hardship by offering a flexible and compassionate approach, including a range of assistance options such as:

- smaller, more frequent payment arrangements
- tailored repayment plans, including reduced payments for a period of time
- the ability to defer or postpone part or all of rates for an agreed period
- consideration of waiving fines and interest where appropriate

In addition, Council's Rating Policy includes provisions to assist those experiencing significant and ongoing hardship. This includes access to the State Government's seniors rate postponement scheme, which allows eligible Seniors Card holders to defer a portion of their rates on their principal place of residence.

Further information
Additional information relating to rates, including rates relief is available on Council's website: www.ahc.sa.gov.au/council/rates or contact Council's Rates Officer via email at rates@ahc.sa.gov.au

Levies

Regional Landscape Levy
The Landscape Levy is a State Government charge that Council is required to collect on behalf of the Hills and Fleurieu Landscape Board.

The levy is based on the capital value of each property. Council does not determine the amount of the levy or how the funds are used, with all revenue directed to regional programs that protect and manage natural resources.

The Landscape Board have advised that the levy applicable to Adelaide Hills Council will decrease by 1.26% in 2026-27.

Community Wastewater Management System (CWMS)
Council provides Community Wastewater Management System (CWMS) services to a number of townships within the district that are not connected to SA Water sewer. Properties connected to these systems pay an annual service charge, which is separate from general rates.

This charge funds the full cost of establishing, operating, maintaining, improving and replacing the wastewater infrastructure, including ongoing renewal and future upgrades. Council reviews these costs each year to ensure charges are set appropriately and in line with Essential Services Commission of South Australia (ESCOSA) guidelines.


Morialta Mukanthi Nature Playground

Measuring Success

Staff at Stirling Coventry Library

Financial Sustainability

Key targets and indicators

The Local Government Association of South Australia requires councils to report against a set of standard financial indicators, ensuring consistent, transparent and comparable reporting across the sector. These indicators are a formal requirement of Council's annual financial reporting and are subject to external audit, supporting confidence that financial sustainability will be maintained over the long term.

They provide a common framework for assessing financial performance, sustainability and asset management, while strengthening Council's ability to respond to changing conditions and unexpected events. This supports responsible stewardship of public funds and ensures a balanced approach to delivering services, managing liabilities and investing in infrastructure for the community now and into the future.

Indicator	Adopted Target	Proposed 2026-27 Budget
Operating Surplus/(Deficit) Ratio	0 - 10% on average over 10 years	(4.7%)
Net Financial Liabilities Ratio	0 - 100%	48.4%
Asset Renewal Funding Ratio	90 - 110%	114.2%

Operating Surplus/(Deficit) Ratio

This ratio measures the percentage by which operating income exceeds (or falls short of) operating expenses for a financial year. It indicates Council's ability to cover operating costs and generate revenue that can be directed toward capital investment, debt reduction, or the delivery of new and enhanced services.

Net Financial Liabilities Ratio

This ratio measures the level of Council's net financial liabilities relative to its operating revenue. It indicates the extent to which Council's indebtedness can be supported by its income, with higher ratios reflecting increased reliance on borrowings and a greater level of financial obligations to be serviced over time.

Asset Renewal Funding Ratio

This ratio measures the extent to which existing assets are being renewed or replaced, compared to the level required under Council's Asset Management Plans. It indicates whether assets are being maintained at an appropriate standard.

The Asset Renewal Funding Ratio falls outside the target range in the 2026–27 financial year due to the inclusion of significant renewal works that are not currently reflected in the adopted Asset Management Plans, but are considered essential.

Monitoring performance

Council measures its success by how well it delivers services and meets the needs of residents, informed by performance results and feedback. This includes monitoring performance across service delivery, major projects, financial sustainability, asset management and overall community outcomes.

Within the organisation, Council also considers how effectively it is operating, including meeting financial goals, demonstrating strong leadership and decision-making, adopting new ideas and technology to improve efficiencies.

Council measures its achievements and performance through the following processes:

- Council's Quarterly Performance Report provides a regular snapshot of progress against strategic objectives, Annual Business Plan initiatives and performance indicators, highlighting achievements, service delivery and major projects.
- The Budget Review provides an in-year assessment of Council's financial performance, enabling adjustments to the budget to reflect changes in priorities, costs and service delivery in accordance with legislative requirements.
- The Annual Report provides a comprehensive, end-of-year account of Council's overall performance, including financial results, governance and progress against strategic objectives, in line with statutory reporting requirements.
- The Long Term Financial Plan is regularly reviewed to ensure Council's financial sustainability and that future decisions remain aligned with available resources and strategic priorities.

Council also considers community engagement and feedback to understand local priorities and support continuous improvement in services and programs.

Council's suite of Draft Corporate Performance Indicators for 2026-27 are included at Appendix D.

Essential Services Commission of SA

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

One of the main purposes of the Local Government Advice Scheme (advice or the scheme) is to support councils to make financially sustainable decisions relating to their annual business plans and budgets in the context of their long-term financial plans (LTFPs) and infrastructure and asset management plans.

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and Council is obliged to publish the findings within each Annual Business Plan that the advice relates to.

The advice is based on information available to the Essential Services Commission as of February 2023.

Council's response to the nine recommendations from ESCOSA are included at Appendix E.

Appendicies

Marshi's Kitchen
Stirling

Appendix A

Budgeted Presentation of Finances

Adelaide Hills
COUNCIL

Annual Financial Statements

$'000	Jun-2025 Act	Jun-2026 Fcst	Jun-2027 Bud
Uniform Presentation of Finances			
Income			
Rates	51,484	55,088	58,700
Statutory Charges	1,612	1,671	1,717
User Charges	1,048	1,055	1,106
Grants, Subsidies and Contributions - Capital	901	1,119	1,329
Grants, Subsidies and Contributions - Operating	7,790	4,432	4,329
Investment Income	34	25	26
Reimbursements	324	513	260
Other Income	524	760	426
Net Gain - Equity Accounted Council Businesses	55	105	105
Total Income	**63,773**	**64,768**	**67,997**
Expenses			
Employee Costs	22,651	25,645	28,082
Materials, Contracts & Other Expenses	25,348	27,255	26,904
Depreciation, Amortisation & Impairment	14,237	13,777	14,892
Finance Costs	921	1,228	1,283
Net Loss - Equity Accounted Council Businesses	26	-	-
Total Expenses	**63,183**	**67,905**	**71,162**
Operating Surplus / (Deficit)	**590**	**(3,136)**	**(3,165)**
Less: Grants, Subsidies and Contributions - Capital New / Upgraded	-	-	-
Adjusted Operating Surplus / (Deficit)	**590**	**(3,136)**	**(3,165)**
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(13,526)	(13,628)	(12,101)
Depreciation, Amortisation and Impairment	14,237	13,777	14,892
Grants, Subsidies and Contributions - Capital Renewal	901	1,119	1,329
Proceeds from Sale of Replaced Assets	(2,691)	314	-
	(1,078)	**1,582**	**4,120**
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	-	(1,756)	(2,290)
Amounts Received Specifically for New and Updgraded Assets	2,236	0	-
	2,236	**(1,756)**	**(2,290)**
Net Lending / (Borrowing) for Financial Year	**1,747**	**(3,311)**	**(1,335)**

$'000	Jun-2025 Act	Jun-2026 Fcst	Jun-2027 Bud

Income Statement

Income			
Rates	51,484	55,088	58,700
Statutory Charges	1,612	1,671	1,717
User Charges	1,048	1,055	1,106
Grants, Subsidies and Contributions - Capital	901	1,119	1,329
Grants, Subsidies and Contributions - Operating	7,790	4,432	4,329
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Reimbursements	324	513	260
Other Income	524	760	426
Net Gain - Equity Accounted Council Businesses	55	105	105
Total Income	**63,773**	**64,768**	**67,997**
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Employee Costs	22,651	25,645	28,082
Materials, Contracts & Other Expenses	25,348	27,255	26,904
Depreciation, Amortisation & Impairment	14,237	13,777	14,892
Finance Costs	921	1,228	1,283
Net Loss - Equity Accounted Council Businesses	26	-	-
Total Expenses	**63,183**	**67,905**	**71,162**
Operating Surplus / (Deficit)	**590**	**(3,136)**	**(3,165)**
Asset Disposal & Fair Value Adjustments	(2,651)	(1,075)	1,125
Capital WIP Write-Off Prior Years	(413)	-	-
Amounts Received Specifically for New or Upgraded Assets	2,236	0	-
Physical Resources Received Free of Charge	1,486	-	-
Operating Result from Discontinued Operations	-	-	-
Net Surplus / (Deficit)	**1,248**	**(4,212)**	**(2,040)**
Other Comprehensive Income			
Changes in Revaluation Surplus - I,PP&E	-	-	-
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-
Movements in Other Reserves	278	-	-
Total Other Comprehensive Income	**278**	**-**	**-**
Total Comprehensive Income	**1,526**	**(4,212)**	**(2,040)**

$'000	Jun-2025 Act	Jun-2026 Fcst	Jun-2027 Bud

Balance Sheet

Current Assets			
Cash and Cash Equivalents	249	500	500
Trade and Other Receivables	5,373	5,260	5,402
Inventories	18	32	32
Total Current Assets	**5,641**	**5,792**	**5,934**
Non-Current Assets			
Equity Accounted Investments in Council Businesses	4,241	4,345	4,450
Infrastructure, Property, Plant & Equipment	606,764	606,982	607,605
Other Non-Current Assets	-	-	-
Total Non-Current Assets	**611,004**	**611,327**	**612,055**
Total Assets	**616,645**	**617,119**	**617,989**
Current Liabilities			
Trade & Other Payables	6,787	2,741	1,205
Current Borrowings	81	-	-
Current Provisions	4,530	4,415	4,415
Other Current Liabilities	-	-	-
Total Current Liabilities	**11,398**	**7,156**	**5,620**
Non-Current Liabilities			
Non-Current Borrowings	19,220	28,095	32,541
Non-Current Provisions	607	659	659
Liability - Equity Accounted Council Businesses	-	-	-
Total Non-Current Liabilities	**19,826**	**28,754**	**33,200**
Total Liabilities	**31,224**	**35,910**	**38,820**
Net Assets	**585,421**	**581,209**	**579,169**
Equity			
Accumulated Surplus	147,473	143,261	141,221
Asset Revaluation Reserves	437,850	437,850	437,850
Other Reserves	97	97	97
Total Equity	**585,421**	**581,209**	**579,169**

$'000	Jun-2025 Act	Jun-2026 Fcst	Jun-2027 Bud

Cash Flow Statement

Cash Flow from Operating Activities			
Receipts			
Rates	50,051	56,224	58,558
Statutory Charges	1,612	1,673	1,717
User Charges	1,116	1,035	1,106
Grants, Subsidies and Contributions - Operating	10,532	3,585	4,329
Investment Income	289	25	26
Reimbursements	324	513	260
Other Income	2,064	760	426
Payments			
Payments for Employees	(22,351)	(26,479)	(28,082)
Payments for Materials, Contracts & Other Expenses	(26,784)	(30,700)	(28,440)
Finance Payments	(921)	(1,228)	(1,283)
Net Cash Provided By (or Used In) Operating Activities	**15,934**	**5,408**	**8,615**
Cash Flow from Investing Activities			
Receipts			
Amounts Received Specifically for New / Updgraded Assets	2,236	0	-
Grants, Subsidies and Contributions - Capital	901	1,119	1,329
Sale of Replaced Assets	(2,691)	314	-
Sale of Surplus Assets	40	-	-
Payments			
Expenditure on Renewal / Replacement of Assets	(13,526)	(13,628)	(12,101)
Expenditure on New / Upgraded Assets	-	(1,756)	(2,290)
Net Cash Provided By (or Used In) Investing Activities	**(13,040)**	**(13,951)**	**(13,062)**
Cash Flow from Financing Activities			
Receipts			
Proceeds from Borrowings	(3,178)	8,876	14,099
Proceeds from Bonds and Deposits	-	-	-
Payments			
Repayment of Borrowings	-	(82)	(9,653)
Repayment of Lease Liabilities	-	-	-
Net Cash Provided By (or Used In) Financing Activities	**(3,178)**	**8,794**	**4,447**
Net Increase (Decrease) in Cash Held	**(284)**	**251**	**(0)**
Cash & Cash Equivalents at the Beginning of Period	534	249	500
Cash & Cash Equivalents at the End of Period	**639**	**261**	**-**

Statement of Changes in Equity

Accumulated Surplus			
Balance at the end of previous reporting period	146,671	147,473	143,261
Net result for the year	1,248	(4,212)	(2,040)
Transfers from other reserves	(446)	-	-
Balance at the end of the period	**147,473**	**143,261**	**141,221**
Asset Revaluation Reserves			
Balance at the end of previous reporting period	400,389	437,850	437,850
Gain (Loss) on Revaluation of I, PP&E	37,461	-	-
Balance at the end of period	**437,850**	**437,850**	**437,850**
Other Reserves			
Balance at the end of previous reporting period	105	97	97
Transfers from Accumulated Surplus	(8)	-	-
Balance at the end of period	**97**	**97**	**97**
Total Equity at end of reporting period	**585,420**	**581,209**	**579,168**

Appendix B

Statement of Expected Rate Revenue

Adelaide Hills
COUNCIL

Statement of 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

	2025-26 (actual)	2026/27 (estimated)		Change	Comments
General Rates Revenue					
General Rates (existing properties)	$51,747,052	$55,212,681	*(a)*		The proposed rates increase for 2026/27 is 6.80% on average for residential and primary production.
General Rates (new properties)		$51,532	*(b)*		
General Rates (GROSS)	**$51,747,052**	**$55,264,213**	*(c)*		
Less: Mandatory Rebates	($403,699)	($393,712)	*(d)*		
General Rates (NET)	**$51,343,353**	**$54,870,501**	*(e)*	**6.9%**	
	(e)=(c)+(d)				
Other Rates (inc. service charges)					
Regional Landscape Levy	$1,729,093	$1,706,795	*(f)*		The Regional Landscape Levy is a state tax collected on behalf of the Hills & Fleurieu Regional Landscape Board by the Dept of Environment, Water & Natural Resources. It is **not retained** by council.
CWMS	$1,608,640	$1,612,900	*(g)*		For 2026-27, ($360) for each vacant land property and ($770) for each occupied property.
Stirling Business Separate Rate	$109,842	$110,000	*(h)*		A separate rate for businesses in Stirling will be applied to carry out the activity of promoting and enhancing business viability, profitability, trade & commerce within the zone.
	$54,790,929	$58,300,196			
Less: Discretionary Rebates	($63,779)	($52,246)	*(j)*		
Total Council Rate Revenue	**$52,998,057**	**$56,541,155**	*(k)*	**6.7%**	Excluding the Regional Landscape Levy
	(k)=(e)+(g)+(h)+(i)+(j)				

Estimated growth in number of rateable properties

	2025-26 (actual)	2026/27 (estimated)		Change	Comments
Number of rateable properties	**18,361**	**18,378**	*(l)*	**0.1%**	Growth is expected to account for around 0.1% of the estimated increase in general rates to be collected.

'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.

Estimated average General Rates per rateable property

	2025-26 (actual)	2026/27 (estimated)		Change	Comments
Average per rateable property	**$2,818**	**$3,007**	*(m)*	**6.7%**	These 'averages' are based on the total of all rateable properties and are therefore not necessarily indicative of either the rate or change in rates that all ratepayers will experience.
	(o)=(c)/(n)				

Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area).
The total General Rates paid by all rateable properties will equal the amount adopted in the budget.

Notes

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

Health Services - 100 per cent	Religious purposes - 100 per cent	Royal Zoological Society of SA - 100 per cent
Community Services - 75 per cent	Public Cemeteries - 100 per cent	Educational purposes - 75 per cent

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

(e) Presented as required by the *Local Government (Financial Management) Regulations 2011* reg 6(1)(ea)

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

(f) Councils are required under the *Landscape South Australia Act 2019* to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources.

(g) Community Wastewater Management Systems are provided by council to some areas within the council district. To fund the provision of this service, Council imposes an annual service charge to recover the cost of establishing, maintaining, improving and replacing infrastructure.

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

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

(l) 'Growth' as defined in the *Local Government (Financial Management) Regulations 2011* 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**			
	2025-26	**2026-27**	**Change**	2025-26	**2026-27**	2025-26	**2026-27**		**Change**
Land Use (General Rates - GROSS)									
Residential	$39,403,422	$42,264,320	**7%**	14,017	14,061	$2,811	$3,006	*(p)*	**$195**
Commercial - Shop	$700,944	$703,950	**0%**	256	256	$2,738	$2,750	*(p)*	**$12**
Commercial - Office	$123,757	$125,836	**2%**	57	57	$2,171	$2,208	*(p)*	**$36**
Commercial - Other	$954,328	$974,314	**2%**	308	308	$3,098	$3,163	*(p)*	**$65**
Industry - Light	$73,935	$74,462	**1%**	35	34	$2,112	$2,190	*(p)*	**$78**
Industry - Other	$215,394	$214,009	**-1%**	43	43	$5,009	$4,977	*(p)*	**-$32**
Primary Production	$8,829,217	$9,490,963	**7%**	2,976	2,959	$2,967	$3,207	*(p)*	**$241**
Vacant Land	$939,492	$940,893	**0%**	498	489	$1,887	$1,924	*(p)*	**$38**
Other	$506,564	$475,465	**-6%**	171	171	$2,962	$2,780	*(p)*	**-$182**
Total Land Use	**$51,747,052**	**$55,264,213**	**6.8%**	**18,361**	**18,378**	**$2,818**	**$3,007**	*(p)*	**$189**
GRAND TOTAL (GROSS)	**$51,747,052**	**$55,264,213**	**6.8%**	**18,361**	18,378	**$2,818**	**$3,007**	*(p)*	**$189**

Council uses a differential rating system, using Land Use Codes as the factor to apply such differential rates.

In applying differential general rates, council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all council areas, particularly as it relates to the various sectors of the business and wider community.

Fixed Charge

	Total expected revenue			**Charge**			
	2025-26	**2026-27**	**Change**	2025-26	**2026-27**		**Change**
Fixed Charge	$15,864,640	**$16,974,520**	**7.00%**	$880	**$940**	*(q)*	**$60**

A fixed charge ensures all rateable properties pay a base amount towards the cost of administering council activities and maintaining the services and infrastructure that supports each property.

Rates based on capital values are then applied in addition to the fixed charge.

Council cannot raise more than 50% of its general rate revenue from the fixed charge component.

In 2026/27 council proposes to raise approximately 31% of its general rate revenue by way of the fixed charge.

This revenue amount is **included** in the General Rates GROSS figure at *(c).*

Adopted valuation method

Capital Value

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

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

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

Council continues to use **Capital Value** as the basis for valuing land within the council area. Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:
- The equity principle of taxation requires that taxpayers of greater wealth pay more tax than those of lesser wealth.
- Property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.

Notes

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

(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.

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

Appendix C

Rating Policy

Adelaide Hills
COUNCIL

COUNCIL POLICY

Adelaide Hills COUNCIL	**RATING**

Policy Number:	**FIN-02**
Responsible Department(s):	**Financial Services**
Other Relevant Policies:	**None**
Relevant Procedure(s):	**None**
Relevant Legislation:	***Local Government Act 1999*** ***Valuation of Land Act 1971*** ***Landscape South Australia Act 2019*** ***Aged Care Act 1997 (Commonwealth)*** ***Community Housing Providers (National Law) (South Australia) Act 2013*** ***Community Titles Act 1996*** ***Education and Childrens Act 2019*** ***Health Care Act 2008***
Policies and Procedures Superseded by this policy on its Adoption:	**Version 10.0 Rating Policy 01 July 2025, Item 12.1 1.11, 221/25**
Adoption Authority:	**Council**
Date of Adoption:	**14 July 2026**
Effective From:	**15 July 2026**
Minute Reference for Adoption:	**(INSERT DATE)**
Next Review:	**June 2027**

Version Control

Version No.	Date of Effect	Description of Change(s)	Approval
1.0	**01/07/16**	**Update to Rating Policy, minor changes only**	**Council Res 122/16 28 June 2016 Item 14.9, 1.11**
2.0	**01/07/17**	**Update to Rating Policy, minor changes only**	**Council Res 130/17 27 June 2017 Item 14.3, 1.11**
3.0	**01/07/18**	**Update to Rating Policy, minor changes only**	**Council Res 138/18 26 June 2018 Item 12.3, 1.11**
4.0	**01/07/19**	**Update to Rating Policy** **Section 4.5 Rebates of Rates** Update of Discretionary Rate Rebate Position	**Council Res 156/19 25 June 2019 Item 12.2, 1.11**
4.1	**25/02/2020**	**Amendments to clause 3.10 to provide consistency with changes to Council Petitions Policy**	**Council - Res 47/20 25 Feb 2020**
5.0	**01/07/2020**	**Update to Rating Policy** **Section 4.3 Components of Rates** Update to reflect change from NRM Levy to Regional Landscape Levy **Section 4.6 Rate Relief** Updated to highlight Council options available to address financial hardship	**Council Res 124/20 30 June 2020 Item 7.1, 1.11**
6.0	**01/07/2021**	**Update to Rating Policy** **Section 4.4 Rates Capping** Not apply a rates cap under Section 153(3) principal place of residence and replace with discretionary rate rebate under Section 166 (1) (l) for all land uses **Section 4.5 Rebate of Rates** Implement a Revaluation Relief Rebate Special Discretionary Rebate under Section 166 (1) (l) **Section 6 Delegations** Updated for discretionary rate rebate delegations	**Council Res 123/21 22 June 2021 Item 12.6, 1.11**
7.0	**01/07/2022**	**Update to Rating Policy, minor changes** Included renumbering of Sections	**Council Res 152/22 28 June 2022 Item 12.2, 1.11**
8.0	**01/07/2023**	**Update to Rating Policy including:** **Section 9 Compoments of Rates** Change in Rating Structure for Differential Rating **Section 11 Rate Rebates** Special Discretionary Rebate Section 166 (1)(l) changed to residential and primary production only Changes to Rate Rebates CWMS for Community Halls offering public toilet facilities **Section 12 Rate Relief** Minor changes to Senior Postponement Postponement of Rates on a long term basis section added	**Council Res 173/23 27 June 2023 Item 12.3, 1.11**

9.0	**01/07/2024**	**Update to Rating Policy, minor changes only** Removal of the Separate Rate for Verrall Road. The 10 year period of operation ended in 2023-24.	**Council Res 232/24** **1 July 2024** **Item 7.1, 1.11**
10.0	**01/07/2025**	**Update to Rating Policy, minor changes only** **Section 6 Valuation of Land** Reducing the valuation methodologies from 3 types (capital, site and annual) to 2 types (capital and annual) in line with the Local Government Reform Bill 2021 requiring all councils to transition from site value to capital value by the 2024-2025 rating year. Updated policy statement to incorporate new Strategic Plan goals. Rates Administrator removed and Senior Rates Officer inserted.	**Council Res 221/25** **30 June 2025** **Item 12.1, 1.11**
11.0	**15/07/2026**	**Update to Rating Policy including:** **Section 3 Definitions** Inclusion of Consumer Price Index (CPI) which refers to the rate of inflation applicable at the March quarter of each financial year. Inclusion of Notional Capital Value (NCV) **Section 9 Components of Rates** Reference to the phasing in of a higher differential rate over three years (2023-2024, 2024-2025 and 2025-2026) applicable only to the Commercial and Industrial Light, Industrial Other and Vacant Land (within townships) differential rate categories has been removed. **Section 11 Rate Rebates** Assisting, or supporting a business in it's area. Clarification that no new applications for a primary production rebate will be accepted by Council. **Section 11 Special Discretionary Rebates** Inclusion of additional criteria for ineligibility: A valuation from the Valuer-General changing from Notional Capital Value (NCV) to Capital Value (CV) and A property no longer being continguous and the fixed charge is applied in the current rating year.	

RATING POLICY

1. INTRODUCTION

Delivering services and facilities relies on the rates collected from ratepayers within a council's boundaries. Council rates are a form of property taxation, and as the main source of funding for councils, rates are essential in enabling council to deliver all the services and facilities that the community relies on.

Rates are administered by each council in line with the *Local Government Act 1999* (the Act) which allows council some flexibility to make decisions that suit its local community.

2. PURPOSE

The purpose of this policy is to outline Council's approach towards rating its community in line with the requirements of the *Local Government Act 1999* (SA) (the Act).

Section 123 of the Act requires Council to have a rating policy that must be prepared and adopted as part of the Annual Business Plan each financial year in conjunction with the declaration of rates.

3. DEFINITIONS

Act refers to the *Local Government Act 1999* (SA).

CADR refers to the cash advance debenture rate for that financial year.

Capital value (CV) refers to the value of the land including improvements.

Community need refers to those services and activities that are aligned to the achievement of one or more of Council's strategies resulting in a direct benefit to the residents of Adelaide Hills Council and a significant proportion of users are Adelaide Hills residents.

Consumer Price Index (CPI) refers to the rate of inflation applicable at the March quarter of each financial year.

Council refers to the elected Council body.

CWMS refers to the Community Wastewater Management System within the Council area.

Differential rate refers to a rate that may be applied to a category of land that is different to the rate applied to other land categories.

Disadvantaged persons refers to persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability.

Exemption refers to free from an obligation or liability to which others are subject to.

Fixed charge refers to a charge that must apply equally to each separate piece of rateable land in the area under Section 152(1) of the Act.

General rate refers to a rate that applies to rateable land.

Notional Capital Value (NCV) refers to a concessional valuation.

Prescribed percentage (P) is calculated as $P = \frac{CADR + 3\%}{12}$

Rebate refers to an amount paid by way of reduction, return or refund on what has already been paid or contributed.

Separate rate refers to a charge levied on ratepayers in addition to general rates and used to fund specific activities.

4. POLICY STATEMENT

Council's powers to raise rates are found in Chapter 10 of the Act which provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices.

At all times, the rating policy should be fair and equitable, recognising that all ratepayers have access to core goods and services and should contribute towards the costs.

This Council’s policy directions are guided by the theme “Your Place, Your Space” and is central to achieving our goals for:

- Natural Environment
- Community Wellbeing
- Build Form and Economy
- Organisation

5. PRINCIPLES OF TAXATION

Rates are not fees for services. They constitute a system of taxation on the community for Local Government purposes.

This Policy represents the Council's commitment to balancing the five main principles of taxation with the need to raise revenue for the purpose of providing the goods and services the community requires.

Benefits received – ratepayers who receive more benefits (services provided, or resources consumed) should pay a higher share of tax.

Capacity to Pay **–** a ratepayer who has less capacity to pay should pay less, and ratepayers of similar means should pay similar amounts.

Administrative simplicity **–** minimal costs are involved in applying and collecting the tax and the tax is difficult to avoid.

Economic efficiency – whether or not the tax distorts economic behaviour.

Policy consistency – the tax should be internally consistent, and based on transparent, predictable rules that are easily understood and accepted by ratepayers.

In applying these principles, any decision with respect to rating should consider:

- the financial effects of the decisions made today on the future generations of tomorrow.
- the achievement of Council’s policy outcomes as referenced in Council’s adopted policies.

A Council’s operating deficit implies that today’s ratepayers are paying less than the cost of the services they are consuming, and this is inequitable to the ratepayers of the future.

6. VALUATION OF LAND

Council is permitted to adopt one of two valuation methodologies to value the properties in its area (Section 151 of the Act):

- **Capital Value** – the value of land, buildings and other improvements.
- **Annual Value** – the value of the rental potential of the property.

The Council has adopted the use of capital value as the basis for valuing land. Council considers that this method provides the fairest way to distribute the rates 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;
- the 'property value' is a relatively good indicator of wealth (when lifetime incomes, including incomes from capital gains, are taken into account). Capital value approximates the market value of a property and provides the best indicator of overall property value.

Council does not determine property valuations but chooses to exercise the right under Section 167 of the Act to adopt the capital valuations as assessed by the Valuer-General through the State Valuation Office.

7. OBJECTIONS TO VALUATION

Ratepayers who wish to dispute the valuation of their property may lodge an objection in writing to the Valuer-General within 60 days after the date of service of the first rates notice.

The Valuer-General may extend the 60 day objection period where it can be shown there is reasonable cause to do so by the person making the objection.

Council plays no role in the objection process. It is important to note that the lodgement of an objection to the valuation does not change the due date for the payment of rates.

8. EXEMPTIONS

Council's practice is to identify and value all land in the council area. Once identified, each separate piece of land is assessed for rateability. Section 147 of the Act specifies those types of property which will be exempt from council rates.

- Crown Land – public properties used or held by the Crown for a public purpose,
- University Land – properties occupied by a University,
- Recreation Grounds – properties satisfying the criteria set out in the *Recreation Grounds Rates and Taxes Exemption Act 1981*,
- Council Land – public properties occupied or held by the Council,

- Emergency Services – properties satisfying the criteria set out in the *Fire and Emergency Services Act 2005*,

- Another Act – properties specifically exempt from council rates by virtue of another Act (either Commonwealth or State).

Council is mindful that wherever properties become exempt from paying council rates, or where a rebate is applied, those rates foregone must be contributed by the rest of the ratepayer community.

The principles of equity dictate that Council remains diligent in only awarding exemptions where they are warranted.

It is Council's practice to adopt valuations for all exempt properties. Where an exempt property becomes rateable part way through the financial year, rates will be calculated and recovered.

9. COMPONENTS OF RATES

Fixed Charge or Minimum Rate

Council has discretion to apply either (but not both):

- a fixed charge (applying equally to all rateable properties); or
- a minimum rate (to lower-value properties)

Adelaide Hills Council will apply a fixed charge this financial year as in previous years.

Council considers a fixed charge to be the most fair and equitable means of ensuring that all ratepayers contribute equally to the administration of council's services and the development and maintenance of the community's infrastructure.

In addition, the fixed charge provides a mechanism to adjust the rates contributions across high and low valued properties. This redresses the balance and equity of the rates system.

Council is unable to raise more than 50% of total rate revenue by the imposition of a fixed charge component of general rates as per Section 151(10) of the Act.

Differential Rating

The largest component of rates levied is calculated by reference to the value of property. Property values reflect, 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.

The Act allows Council to 'differentiate' rates based on the use of the land, locality of the land, the use and locality of the land or on some other basis determined by Council.

Council applies differential rates to all rateable properties based on their predominant land use. This method to differentially rate each land use separately will allow Council to ensure that the proposed average rate increase for existing ratepayers is consistent across all land uses before other factors relating to the cost of services for individual land uses are considered.

The percentage of total rate revenue required from each land use category will be used to determine the rate in the dollar (differential rate) for each category.

Definitions of the use of the land are prescribed by regulation and are categorised as:

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

In accordance with Section 148 of the Act, Council assesses any piece or section of land subject to separate ownership or separate occupation.

If a ratepayer believes that a particular property has been wrongly classified as to its land use, then an objection may be made with Council.

Commercial and Industrial Light Differential Rate

Those properties categorised as Commercial or Industrial Light will pay a higher differential rate in the dollar that is 35% above the residential differential rate.

Council has considered the higher amount payable by the commercial and industrial light sectors with reference to the commercial and industrial light differential rates of other councils, costs of the economic development function as well as the services and activities that the sector does not regularly use.

Industrial Other Differential Rate

Those properties categorised as Industrial Other will pay a higher differential rate in the dollar that is 60% above the residential differential rate.

Council has considered the higher amount payable by the Industrial Other land use with reference to the industrial differential rates of other councils, costs of the economic development function, increased environmental impact as well as the higher impact on Council infrastructure.

Vacant Land (within townships) Differential Rate

Those properties categorised as Vacant Land within township zones as defined by Council will pay a higher differential rate in the dollar that is 30% above the residential differential rate.

Council has considered the higher amount payable by Vacant Land within township zones with reference to the vacant land differential rates of other councils and to discourage ratepayers from long-term speculating (seeking future commercial gains) rather than developing the land for the benefit of the whole community.

Separate Rate

Under Section 154 of the Act, a Council may declare a separate rate on rateable land within a part of the area of the council for the purpose of planning, carrying out, making available, supporting, maintaining or improving an activity that is, or is intended to be, of particular benefit to the land, or the occupiers of the land, within that part of the area, or to visitors to that part of the area.

Council has determined that the use of the separate rate provisions of the Act will be limited to the use of a separate rate for:

- Marketing and promoting the Stirling Business Area
- Recovery of the funding requirements of the Hills Fleurieu Regional Landscape Board

Stirling Business Separate Rate

A separate rate for businesses in Stirling will be applied to carry out the activity of promoting and enhancing business viability, profitability, trade and commerce within the zone.

This rate is levied on all properties within the precinct known as the Stirling Suburban Mainstreet Zone, as defined, excluding land attributed a land use category (residential) and government owned land.

Council also sets a maximum amount (‘top’) and a minimum amount (‘tail’) per property each financial year for this separate rate with the top and tail adjusted each year with reference to the Consumer Price Index.

The amount raised is distributed to the Stirling Business Association to promote Stirling as a destination, the 'Gateway to the Hills'.

Regional Landscape Levy

On 1 July 2020, the *Landscape South Australia Act 2019* came into effect replacing the former *Natural Resources Management Act 2004*. Natural Resource Management (NRM) levies have been replaced with Regional Landscape (RL) levies.

The levy helps to fund the operations of regional landscape boards that have responsibility for the management of the State’s natural resources. These responsibilities include regional landscape planning, water allocation planning, community capacity building, education and compliance activities.

The Regional Landscape (RL) Levy is a state tax paid by all ratepayers and is collected on behalf of the Hills and Fleurieu Regional Landscape Board by the Department for Environment and Water who will invoice council quarterly for the respective share of the levy.

The levy applies to all rateable land in the council area and is fixed and calculated to raise exactly the same amount as the council’s share to be contributed.

Community Wastewater Management System

Council provides Community Wastewater Management Systems (CWMS) to some areas within the council district. Under Section 155 of the Act, the treatment or provision of water, is a prescribed service.

To fund the provision of this service Council imposes a service charge to recover the cost to the council of establishing, operating, maintaining, improving and replacing the infrastructure in its area (including future capital works and depreciation of any assets).

Annually, an independent consultant is engaged to provide a review of:

- Council's compliance with the Essential Services Commission' (ESCOSA) Minor to Intermediate Retailers Price Determination and the National Water Initiative (NWI) Pricing Principles,
- The pricing model for future CWMS price setting.

This review includes the annual service charge for both occupied and vacant properties.

10. MAXIMUM INCREASE IN GENERAL RATES CHARGES

Council's valuations used for rating purposes are undertaken by the Office of the Valuer-General.

In terms of legislation, Section 153(3) of the Act requires a council to decide each year whether to apply a maximum rate increase to a ratepayer's principal place of residence.

As Council considers that rate relief is required across some land uses and therefore more than a ratepayers principal place of residence, Council will not apply a maximum under Section 153(3) but rather maintain a discretionary rate rebate under Section 166 (1) (l) as referenced below.

11. RATE REBATES

The Act provides for ratepayers to apply for a mandatory and/or discretionary rebate on council rates as follows:

Mandatory rebates

A rebate of rates will be granted to ratepayers who satisfy the eligibility criteria for a mandatory rebate under Section 159 to Section 165 of the Act.

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

- Health services
- Religious purposes
- Public cemeteries
- The Royal Zoological Society.

A 75% rebate must be applied to land used by:

- Community services
- Educational purposes.

Where a “community services organisation” is eligible for the mandatory rebate, and Council has declared a distinct residential rate, then the residential rate must be applied to the land to which the rebate applies in accordance with Section 161(2) of the Act.

Where the Council is satisfied from its own records, or from other sources, that a person or body meets the necessary criteria for a mandatory rate rebate, the Council will grant the rebate accordingly.

Where the Council is not satisfied based upon the information in its possession or otherwise does not hold relevant information it will require the person or body to lodge an application form with such information as stipulated and any other information that the Council may reasonably require.

Applicants who satisfy the criteria for a mandatory rebate will be granted the rebate at any time provided the application is lodged prior to 30 June of the rating year and entitlement to the rebate existed at 1 July of the rating year.

Council will confirm the continuation of a person or body’s eligibility for a mandatory rebate on a regular basis (at least biennially) to ensure that rebates are only granted where they are warranted.

This will require the relevant person or body to lodge another application form with such information as stipulated and any other information that the Council may reasonably require to confirm the continuation of eligibility.

Where applications do not meet the eligibility criteria for a mandatory rebate, an applicant may apply for a rebate of rates under the discretionary rebate criteria.

Discretionary rebates

As identified in Section 166 of the Act, Council may grant a discretionary rebate of rates up to and including 100% of the relevant rates under a number of criteria and for a period not exceeding the timeframes.

Having considered this, Council is of the view that except in very specific circumstances outlined below, the maximum discretionary rebate should be 75% to ensure ratepayers contribute an amount towards basic service provision.

Section 166 covers a large number of different rebate categories, referred to as cases in the Act. Council in determining its rates structure has considered the following cases are relevant in setting its policy position.

Assisting or supporting a business in its area.

Council has determined pursuant to Section 166(1)(b) that those primary production properties genuinely in the business of primary production but not benefitting from a notional capital value for their property can apply for a 10% rebate on the differential rate.

Council considers this primary production rebate as part of its Annual Business Plan and Budget process.

As this rebate was implemented in 2008-09 to address the then removal of a primary production differential rate, it is considered that this rebate should continue to be made only to those ratepayers in the business of primary production who do not have a notional capital value assessment of their property and who have applied for and been granted this rebate in the previous year.

On the basis that a primary production differential rate now exists, no new applications for a rebate will be accepted by Council.

Community Service or Need or Disadvantaged Persons

Section 166(1) identifies a number of discretionary rebates of rates made under Section 166(1)(d) to (j) covering activities linked to community services, need or assistance or relief to disadvantaged persons.

Council has determined that applications in relation to those rebates identified under Section 166(1) should be brought to Council for decision and also that Council would receive a listing of these discretionary rate rebates for the next rating period annually.

Council in accordance with Section 166(1) will take the following matters into account in deciding whether to grant a discretionary rebate for land uses covered by Section 166 (1) (d to j):

(a) the nature and extent of Council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in the Council's area; and

(b) the community need that is being met by activities carried out on the land for which the rebate is sought; and

(c) the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons and

(d) specific policy positions considered relevant by Council.

Council's specific policy positions to meet discretionary rate rebates eligibility are as follows:

- An organisation needs to meet one of the criteria listed under Section 166 d) to j).

- An organisation needs to be not-for-profit.

- A rebate of 100% will only be granted where a community organisation seeking a rebate provides a service that would be required to be provided by Council if not undertaken by the organisation.

- A rebate of 75% will be granted if the organisation provides a community service that supports the disadvantaged or sections of the community that require assistance, as defined,

- Where an organisation does not meet the above criteria, it is still eligible for a 75% rebate where it meets all of the following criteria:

- limited capacity to raise funds;
- meets a “community need”, as defined; and
- undertakes services and activities that are not primarily the responsibility of Federal or State Government.

Special Discretionary Rebate

Council can use a discretionary rate rebate to address properties with substantial valuation increases under Section 166 (1)(l) of the Act where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to:

(i) a redistribution of the rates burden within the community arising from a change to the basis or structure of the council's rates; or

(ii) a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations.

Council has determined that a rebate will be applied to cap any increase in the general rates payable at 15% subject to specific criteria:

- The rebate applies to only residential and primary production land use categories.
- The rebate will be automatically applied to eligible assessments in order to minimise the administrative effort required.
- Adjusting the exclusion of change of ownership properties (excluding family transfers) to those properties sold after 30 June 2025.

The rebate will not apply where the increase in rates payable is the result of:

- An increase in valuation relating to new development, alteration or improvement made to the property since the 2025-26 valuation being those properties with a valuation change as a result of a Revisit Growth, Creation or Cancellation as defined by the Valuer-General (regardless of when the development was undertaken), unless the ratepayer is located within the Cudlee Creek bushfire scar or the January 2021 Cherry Gardens Bushfire scar as determined by Council or,
- A change in land use of the property or,
- A valuation from the Valuer-General changing from Notional Capital Value (NCV) to Capital Value (CV) or,
- A property no longer being contiguous and the fixed charge is applied in the current rating year or,
- A change in ownership or licence to occupy during the previous financial year.

A capital improvement includes any addition, alteration or new development on the property.

As per the Act, a rebate may be granted for a period exceeding one year, but not exceeding three years. After three years, the rebate will be removed and the rates payable will reset to levels that would ordinarily apply in the absence of the rebate.

All Discretionary Rate Rebates

Persons who, or bodies which, seek a discretionary rebate will be required to submit an application form to the Council and provide the necessary supporting documentation.

All persons who or bodies which wish to apply to the council for a discretionary rebate of rates must do so on or before 30 April prior to the rating year unless the application is a result of a change in eligibility for a mandatory rebate or rate exemption.

In those circumstances where an application relates to a change in rebate/rate exemption in a relevant rating year, then the application will be applied for the full rating year if received within 2 months of the change in rebate/exemption being advised. The Council reserves the right to refuse to consider applications received after the specified date.

Persons or bodies who previously received a discretionary rebate greater than 75% may apply for a phasing in period (up to 2 years) in circumstances where the above change impacts significantly on the persons or bodies' financial capacity. In these circumstances, an application will be considered if received within 2 months of the change in rebate being advised. The Council reserves the right to refuse to consider applications received after the specified date.

Where there is no maximum timeframe specified for a rebate provided under Section 166, Council will grant a discretionary rebate to the last rating period commencing within a Council term to allow for a regular review of discretionary rate rebates.

A summary of all discretionary rebates applied for under Section 166 (1) (d) to (j), including whether they have been successful or not and the associated reasons will be reported to Council on an annual basis.

Each rebate that is granted either reduces the Council's revenue and hence its capacity to provide services, or else it effectively increases the amount that must be collected from other ratepayers. The principles of equity dictate that Council remains diligent in only awarding rebates and exemptions where they are warranted.

If a ratepayer wishes to apply for a discretionary rate rebate, they may apply by contacting the Council's Senior Rates Officer.

CWMS Service Charges

Council's CWMS service charges are set to recover the cost to the council of establishing, operating, maintaining, improving and replacing infrastructure (taking into account depreciation of any assets and including future capital works). As such, no rebates are provided by Council except for the very limited circumstances where the CWMS service charge relates to toilets used by the general public for Community Halls. In these circumstances a 100% rebate will be granted upon application.

All rebates

If an entitlement to a rebate ceases or no longer applies during the course of a financial year, council will recover rates proportionate to the remaining part of the financial year.

If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases.

If a person or body fails to do so that person or body is guilty of an offence.

The Council will, in writing, advise an applicant for the rebate of its determination of that application. The advice will state:

- if the application has been granted, the amount of the rebate; or
- if the application has not been granted, the reasons why.

Any person or body who is aggrieved by a determination of the delegated officer in respect of an application for a rebate may seek a review of that decision in accordance with Council's Internal Review of Council Decisions Policy.

Single Farming Enterprise

The Local Government Act 1999 provides that "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 is defined in the Local Government Act -

> *"A reference to a single farm enterprise is a reference to two or more pieces of rateable land*
>
> *(a) which –*
> *(i) are farm land; and*
> *(ii) are farmed as a single enterprise; and*
> *(iii) are occupied by the same person or persons,*
> *whether or not the pieces of land are contiguous; or*
>
> *(b) which –*
> *(i) as to all the pieces except one, are farm land farmed as a single enterprise occupied by the same person or persons; and*
> *(ii) as to one piece contiguous with at least one of the other pieces, is the principal place of residence of that person or one of those persons."*

In effect, this means that land can be recognised as a "single farming enterprise" and not attract a fixed charge to each of the assessments, provided:

- that if the occupier of all the land concerned is the same person, (this means that if there is a house being occupied that is not the principal place of residence, it cannot be part of the single farm enterprise)
- all of the land is used to carry on the business of primary production, and
- managed as a single unit for that purpose,

Primary producers can apply to the Council for the 'single farming enterprise' provisions of the Local Government Act.

Ratepayers should also be aware that if the grounds on which they have applied for a single farm enterprise cease to exist, the person or body who have the benefit of the provisions must immediately inform the Council of the fact.

12. RATE RELIEF

Council applies rate remissions and postponement in accordance with the Act.

Senior Postponement

In accordance with Section 182A of the Act, eligible Seniors Card holders can apply to postpone any part or all of their annual council rates in excess of $500 on a long-term basis. The deferred amount is subject to a monthly interest charge, with the accrued debt being payable on the transfer or sale of the property. In addition, and pursuant to Section 182A(3)(b) of the Act, Council may consider—where financial hardship provisions apply—an applicant's request to include a postponement of the payment of arrears rates if they are eligible for Seniors Postponement.

Postponement is similar to a reverse mortgage by relying on the equity in the property. A ratepayer who has a Seniors Card may apply for a postponement on the property they own if it is their principal place of residence and if no other person, other than their spouse/partner has an interest as owner of the property and there is sufficient equity available.

Where an application for postponement under Section 182A is granted, a presumption of on-going annual postponement will be assumed.

However, some, or all of the debt outstanding may be paid at any time at owner's discretion.

Financial Hardship

Ratepayers who are suffering financial hardship should contact Council's Senior Rates Officer to discuss the matter. All enquiries are treated confidentially and any application will be considered on its merits. Options to address financial hardship can include:

Flexible payment options

In addition to quarterly instalments, ratepayers can arrange with Council to pay their rates weekly, fortnightly or monthly to provide for a smaller, more regular payment option via BPAY, phone or internet.

Waiving of Fines and Interest

Where a ratepayer has committed to a payment plan and adheres to a regular payment, Council may consider the waiving of fines and interest.

Discretionary Postponement of Rates for a Period

A ratepayer may apply to council to postpone the payment of rates in whole, or in part for a period of time. Any such application must be made in writing and outline the reasons why postponement is requested.

Postponement enables ratepayers to defer payment of rates until such time as the property is sold or their circumstances change. Discretionary postponements are only intended to provide temporary, flexible support to those experiencing hardship.

If a postponement is granted, council may consider the waiving of fines and interest for the same period.

As postponement may only delay financial hardship for a period of time, options involving a regular payment plan are more likely to be beneficial for ratepayers to assist in reducing rates balances outstanding over time.

Postponement of Rates on a long term basis

Under Section 182 of the Local Government Act a council may also consider the postponement of rates on a long-term basis with the accrued debt being payable on the transfer or sale of the property or any other conditions as determined by the council.

Such a postponement may, if the council thinks fit, be granted on condition that the ratepayer pay interest on the amount affected by the postponement at a rate fixed by the council (but not exceeding the cash advance debenture rate).

Council will consider a postponement of rates on a long term basis in the rare circumstances where a ratepayer has demonstrated serious and long term hardship and where there is no chance of an improvement in the ratepayers' financial circumstances.

Any such application must be made in writing and will require the ratepayer to undertake financial counselling as part of the application process. If granted, Council may require a ratepayer to undergo regular financial counselling to confirm that the ratepayers' financial circumstances has not changed.

Remission of rates

Council has the discretion to partially or wholly remit (i.e. waive) rates on the basis of hardship.

Council has a charge over the land under Section 177 of the Act and therefore is likely to be able to recover rates outstanding upon sale. The granting of a remission forgoes this right and therefore is only considered as an option in circumstances where the ratepayer has demonstrated serious and long term hardship and where there is no chance of improvement in the ratepayers' financial circumstances.

Consideration must also be given to the tax burden redistribution effect on other rate payers of any remission.

For these reasons, and given the importance of ensuring fairness to other ratepayers, remission will only be considered as a last resort and only where there is no chance of improvement in the ratepayer's financial circumstances. As such, it is likely that postponement of payment of rates due to hardship has been occurred for some period to confirm the permanency of the ratepayer's situation.

13. PAYMENT OF RATES

Rates are declared annually, and may be paid, at your discretion, either in one lump sum, or in quarterly instalments that fall due in September, December, March and June.

14. LATE PAYMENT OF RATES

Council has determined that penalties for late payments will be imposed in accordance with the provisions of S181(8) of the Act.

Fines and interest for late payment are levied in accordance with the provisions of S181(8) and S181(17) of the Act.

If an instalment of rates is not paid on or before the date on which it falls due:

- the instalment will be regarded as being in arrears
- a fine of 2% of the amount of the instalment is payable
- on the expiration of each full month from that date, interest of the prescribed percentage of the amount in arrears (including the amount of any previous unpaid fine and interest from any previous month) accrues.

Council may take legal action to recover any overdue amounts, fines and interest.

If an amount payable by way of rates in respect of land has been in arrears for three or more years, Council may sell the land in accordance with Section 184 of the Act.

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

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

15. NON- PAYMENT OF RATES

A separate Debt Recovery Policy has been adopted by Council and is available for review on the Adelaide Hills Council website.

It should be noted that under Section 184(1) of the Act, if an amount payable by way of rates has been in arrears for three years or more the council may sell the property.

16. CONTACTING COUNCIL'S SENIOR RATES OFFICER

If you believe that Council has failed to properly apply this policy, you should contact the Council's Senior Rates Officer to discuss the matter.

If you are still dissatisfied then you should write to the Council's Chief Executive Officer at 63 Mt Barker Road, Stirling, SA, 5152.

For further information, queries, or to lodge an application for a rate rebate, rate postponement or remission please contact the Council's Senior Rates Officer on:

Phone: 8408 0400
E-mail: mail@ahc.sa.gov.au
Post: 63 Mt Barker Road, Stirling, SA, 5152

17. DELEGATIONS

As highlighted in this policy, Council has determined a policy position in relation to discretionary rates pursuant to Section 166(1) (b) relating to a primary production rebate and a revaluation relief special discretionary rate rebate under Section 166 (1)(l) of the Act to reduce the impact of significant valuation changes for 2026-27.

These policy positions and the application of the relevant rebates will be actioned accordingly by the Administration under delegation as part of the rates generation process where Council considers that the ratepayer meets the eligibility criteria or upon receipt of an application from the ratepayer.

The delegation for discretionary rate rebates as identified in Section 166 (1a) covering a number of discretionary rebates of rates made under Section 166(1)(d) to (j) relating to activities linked to community services or community need or assistance or relief to disadvantaged persons has not been delegated by Council and as such these applications will be brought to Council for decision.

The Chief Executive Officer has the delegation to:

- Approve, amend and review any procedures that shall be consistent with this Policy; and
- Make any formatting, nomenclature or other minor changes to the Policy during the period of its currency.

18. AVAILABILITY OF THE POLICY

This Policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website www.ahc.sa.gov.au. Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

Appendix 1

Fixed Charge

Under the *Local Government Act 1999* (the Act), Council has some mechanisms available to enable all ratepayers to contribute more equitably to the administration of Council's services and the development and maintenance of the community's infrastructure.

Council considers a fixed charge (applying equally to all rateable properties) to be the most fair and equitable means of achieving this.

The Council is unable to raise more than 50% of total rate revenue by the imposition of a fixed charge component of general rates as per Section 151(10) of the Act.

Council has applied the following fixed charges across recent years as part of the total rate levied against an assessment:

Financial Year	Fixed Charge	Increase from Previous Year	% of General Rate Revenue
2026-27	$947	7.60%	30.7%
2025-26	$880	6.02%	30.7%
2024-25	$830	5.87%	31.1%
2023-24	$784	6.90%	31.3%
2022-23	$733	4.90%	31.5%
2021-22	$699	2.50%	31.5%
2020-21	$682	2.95%	31.9%
2019-20	$662	2.8% + $10	32.0%
2018-19	$634	3.3%	31.8%
2017-18	$613.50	2.25%	31.8%
2016-17	$600	n/a	31.8%

Appendix D

DRAFT Corporate Performance Indicators

Adelaide Hills
COUNCIL

Annexure C:
DRAFT Corporate Performance Indicators

DRAFT Corporate Performance Indicator	Target	Strategic Objective	Reporting Frequency	Description
Natural Environment | *Responsible custodians of our natural environment*				
Quarterly awareness and educational messaging on sustainable lifestyle awareness	4	NE 2	Annually	Council is actively engaging the community about sustainability and decarbonsiation through various forums and events that foster community dialogue and education around building a sustainable future in the Adelaide Hills region.
Reduced community derived waste to landfill from kerbside collections by undertaking an extended trial to measure the diversion rate of waste to landfill	70% diversion rate for trial	NE 2	Annually	The extended trial aims to see further improvements in food waste diversion and overall landfill diversion.
Establish baseline of overall environmental (vegetation and water course) condition profile of Adelaide Hills Council region	100% completion of condition profile	NE 3	Annually	Using aerial LiDAR Point Cloud Technology, Council will create detailed 3D mapping of vegetation, terrain, and land coverage across the region. This technology will enable Council to detect changes within its natural built environment.

Additional metrics for this goal remain under development. Areas of focus may include biodiversity and broader waste management initiatives

DRAFT Corporate Performance Indicator	Target	Strategic Objective	Reporting Frequency	Description
Community Wellbeing | *A thriving, safe and welcoming community*				
Positive aging wellbeing score	7 Average	CW 2	Quarterly	The Positive Ageing Wellbeing Score is determined by asking older members of our community who participate in Council programs to rate their overall wellbeing on a scale of 1-10. These scores don't specifically relate to Council's services, but rather to the wellbeing of people who are involved. A person's level of wellbeing is measured against the Organisation for Economic Co-operation and Development (OECD) average level of wellbeing, which defines subjective wellbeing as an individual's overall evaluation of their life, including both positive and negative emotions. The current average for Australia is 7.1, slightly higher than the global average of 6.7.
Customer satisfaction with library services	90%	CW 2	Annually	Customer satisfaction is measured through the Library Customer Satisfaction Survey. The survey is a structured tool used by libraries to gather feedback from customers about their experiences with library services, facilities, and resources.
Number of volunteer hours contributed to Adelaide Hills Council programs each year	3000	CW 2	Quarterly	Adelaide Hills Council offers a vibrant and diverse volunteer program that supports community connection and wellbeing. The Adelaide Hills region is fortunate to have one of the highest volunteering rates in South Australia.
Number of events and programs celebrating cultural diversity	8	CW 3	Annually	This indicator reflects the programs and activities offered at council run community centres, libraries, positive ageing centres and arts centres i.e. Fabrik Arts + Heritage.
Fabrik Arts + Heritage: Develop income streams to ensure budget is met via venue hire income and retail sales profits	Target against business plan and budgets	CW 5	Quarterly	Fabrik is developing targeted income streams through venue hire and retail sales, promoting itself as a professional development and workshop space. A new artist-led workshop package supports creative programming, with future plans including after-school art classes and interpretive tours in partnership with the Lobethal Archives and Historical Museum.
Fabrik Arts + Heritage: Increase visitation and spend in the region: number of intra/interstate and international visitors	30% of total visitation from outside the region	CW 5	Quarterly	Fabrik aims to boost regional visitation and economic impact by attracting intra/interstate and international visitors. Tourism initiatives include introducing potential stakeholders to the precinct and developing a partnership with South Australia's peak industry body for artists to draw creative and cultural audiences to the site. A range of programs and collaborations are being developed to enhance visitor appeal and engagement.
Fabrik Arts + Heritage: Increase participation in the arts: number of visitors	15,900	CW 5	Quarterly	Fabrik is growing arts participation and regional tourism through artist-led workshops, curated exhibitions, and strategic partnerships. By showcasing local creativity and cultural heritage, Fabrik attracts visitors from across South Australia and beyond, supporting both community engagement and economic development.
Fabrik Arts + Heritage: Number of participants in business development opportunities	50	CW 5	Quarterly	Fabrik supports the growth of creative industries by offering studio spaces, targeted events, and professional development workshops. These initiatives are designed to foster business skills, collaboration, and innovation among artists and makers, increasing participation in creative enterprise across the region.
Fabrik Arts + Heritage: Increased wellbeing through creative initiatives	85% positive participant responses	CW 5	Quarterly	Fabrik promotes community wellbeing through creative industries by offering exhibitions, workshops, and events that foster connection and personal growth. Participant feedback is gathered through post-attendance surveys to assess impact and inform future programming.

DRAFT Corporate Performance Indicator	Target	Strategic Objective	Reporting Frequency	Description
Built Form & Economy | *Building foundations for the future*				
Percentage of Building Consents completed within statutory timeframes	85%	BFE 1	Quarterly	Building consent assesses the development against the building rules and the National Construction Code to ensure building work will be undertaken in a safe and compliant way. The Statutory Timeframe is the legally defined period within which a planning decision must be made, as outlined in Regulation 53 of the Planning, Development and Infrastructure Regulations 2017, with specific timeframes depending on the assessment pathway.
Percentage of Planning Consents completed within statutory timeframes	85%	BFE 1	Quarterly	Planning consent assesses the development against the planning rules within the Planning and Design Code and aims to minimise any negative impacts on the surrounding area. The Statutory Timeframe is the legally defined period within which a planning decision must be made, as outlined in Regulation 53 of the Planning, Development and Infrastructure Regulations 2017, with specific timeframes depending on the assessment pathway.
Proactive engagement with Adelaide Hills businesses through site visits and meetings	10	BFE 5	Quarterly	Undertake regular engagement with local businesses to build relationships, understand opportunities and challenges, identify emerging trends, provide information and referrals, and inform Council's economic development priorities, advocacy and business support initiatives.
Implement Asset Management Policy Framework and a Strategic Asset Management Plan to achieve core asset management maturity and technical competencies within a 3-year timeframe	33% (of total project scope in Yr 1)	BFE4	Annually	To support the development of a structured program to achieve core asset management maturity, enhance technical competencies and support evidence-based asset investment decisions. Forecasted targets for project lifetime: Yr 2 target: 67% of total project scope Yr 3 target: 100% of total project scope

DRAFT Corporate Performance Indicator	Target	Strategic Objective	Reporting Frequency	Description
Organisation | *An accessible, accountable and representative organisation*				
Number of customer interactions from digital channels	30% of enquiries	O1	Bi-annual	The Customer Relationship Advanced Build has improved the customer experience and streamlined internal processes. Customers can now access over 20 online application and permit forms and a refreshed customer portal, encouraging higher levels of community engagement with Council's digital channels and supporting improved outcomes for community members.
Enterprise Resource Planning (ERP) implementation progress reviews completed, including milestone monitoring and KPI development	4	O1	Quarterly	Council will improve efficiency and service delivery through the implementation of a modern, integrated Enterprise Resource Planning system. Post tender, Council will receive progress updates regarding project delivery.
Decisions (Council resolutions) considered in open Ordinary and Special Council meetings during reporting period.	90%	O2	Quarterly	Council makes decisions in open Ordinary and Special meetings to ensure transparency, accountability, and community involvement, in line with legal requirements under the Local Government Act 1999 (SA).
Council member attendance at Ordinary and Special meetings	90%	O2	Quarterly	Regular attendance by elected members at council meetings is important to ensure effective decision-making, maintain quorum, and provide consistent representation for the community.
Freedom of Information (FOI) requests received, in progress, and completed within the legislated timeframe	100%	O2	Quarterly	Freedom of Information requests must be processed within the legislated timeframe to comply with the Freedom of Information Act 1991 (SA), ensuring transparency, accountability, and the public's right to timely access to government-held information.
Number of lost time injuries	0	O3	Quarterly	This target measures the number of work-related injuries resulting in lost time, with a target of zero to ensure a safe, efficient, and compliant workplace that supports staff wellbeing and uninterrupted service delivery.
Number of Community Forums at different locations across the Adelaide Hills Council district	4	O4	Annually	Reflects Council's commitment to engaging its diverse communities by facilitating inclusive and accessible forums across the district, ensuring local voices are heard in decision-making.
Percentage increase of Adelaide Hills Engagement Hub membership	5%	O4	Annually	Increasing membership in the Adelaide Hills Council Engagement Hub ensures broader community representation, improves decision-making, and strengthens trust by giving more residents a voice in shaping local projects and policies.
Overall customer satisfaction	75%	O5	Bi-annual	The customer satisfaction metric is derived from the Customer Experience Survey and measures the satisfaction with the service received in response to an enquiry or request.
Operating Surplus Ratio	0-10% On avg over 10 years	O5	Annually	The operating surplus/deficit ratio is an indicator of Council's financial sustainability. The ratio is a function of the operating surplus/deficit as a function of total income in any one financial year.
Net Financial Liabilities Ratio	0-100%	O5	Annually	The Net Financial Liabilities Ratio is an indicator of Council's indebtedness. The ratio is a function of the total financial liabilities, less total financial assets as a function of total income in any one financial year, and is an indicator of Council's ability to meet it's financial obligations from it's operating income.
Asset Sustainability Ratio	90-110%	O5	Annually	The Asset Sustainability Ratio is an indicator of the extent to which non-financial assets are being renewed in accordance with Asset Management Plans. The ratio is a function of total capital expenditure on renewal of assets as a function of asset renewal required in terms of Asset Management Plans.

Appendix E

ESCOSA Report and Council Response

Adelaide Hills
COUNCIL

Essential Services Commission of South Australia

Advice to Council and Response

Adelaide Hills
COUNCIL

Advice

Local Government Advice

Adelaide Hills Council

February 2023

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

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

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Glossary of terms

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

1 The Commission's key advice findings for the Adelaide Hills Council

The Essential Services Commission (**Commission**) considers the Adelaide Hills Council (**Council**) to be in a sustainable financial position with historical and projected operating surpluses and the forecast renewal of its infrastructure assets to continue to underpin its strong financial performance, without the need for further significant rate increases.

The Commission suggests the following steps to ensure that the Adelaide Hills Council budgets prudently, reports its cost savings and efficiencies, plans its asset needs appropriately and continues to limit the extent of further rate increases.

Budgeting considerations

1. **Continue** to review its inflation forecasts in its budget each year.
2. **Focus** on constraining cost growth in its budgeting, where possible, particularly related to employee expenses.

Ensuring the right asset management plans are in place

3. **Complete** the asset management plan for building assets and consider potentially other assets not currently covered by a plan (such as sport and recreation facilities), with consideration of desired service levels, as appropriate.
4. **Complete** its planned Stormwater Asset Management Plan, with consideration of desired service levels, as appropriate.
5. **Finalise** its Community Wastewater Management System Asset Management Plan and reflect related cost changes in the 2023-24 Long-term Financial Plan, to include input from the community, including desired service levels.

Providing evidence of ongoing cost efficiencies

6. **Report** its actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Refinements to asset management planning

7. **Review** the estimates of asset lives and valuations feeding into the forecast rate of asset consumption in its long-term financial plan and asset management plans.

Containing rate levels

8. **Review** and consider limiting future increases above inflation on its residential rates to help reduce any emerging affordability risk in the community.
9. **Review** the rationale for the quantum of any maximum rate increase (or cap) it seeks to impose (currently at 15 percent) in its next annual business plan, with consideration of the community's capacity to pay for higher increases.

2 About the advice

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

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

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 15 councils for advice in the first scheme year (2022-23), including the Adelaide Hills Council (**Council**).

This report provides the Local Government Advice for the Adelaide Hills Council in 2022-23.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2023-24 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.[8] It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website[9]), nor is it compelled under the LG Act to follow the advice. The Commission thanks the Adelaide Hills Council for providing relevant information to assist the Commission in preparing this advice.

2.1 Summary of advice

In general, the Commission finds the Adelaide Hills to be in a sustainable financial position with historical and projected operating surpluses and the forecast renewal of its infrastructure assets to continue to underpin its strong financial performance, without the need for further significant rate increases.

The Council has consistently run relatively small average operating surpluses over time, indicating that the operating income it collects is generally exceeding its operating expenses by a conservative margin. This demonstrates financial prudence (for given operating expense growth) since the Council is not

1 Amendments to the *Local Government Act 1999* (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).
2 Commonly referred to as asset management plans.
3 The objectives of the advice with reference to a council's LTFP and IAMPs are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMPs.
4 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.
5 Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.
6 LG Act s122(1f)(a) and (1g)(a)(ii).
7 LG Act, s122(1f)(b) and (1g)(b).
8 LG Act, s122(1h).
9 The Commission must publish its advice under LG Act s122(1i)(a).

accumulating excessive surpluses. At the same time, the Council has increased its rate levels consistently above inflation.

Community service levels appear to have been maintained through the Council's focus on renewing its asset base, but it has also added to its asset base in recent years, with an accompanied expansion of service levels. However, its asset management planning is not yet as comprehensive as it should be, with significant asset classes such as stormwater and buildings not yet covered by an adopted plan.

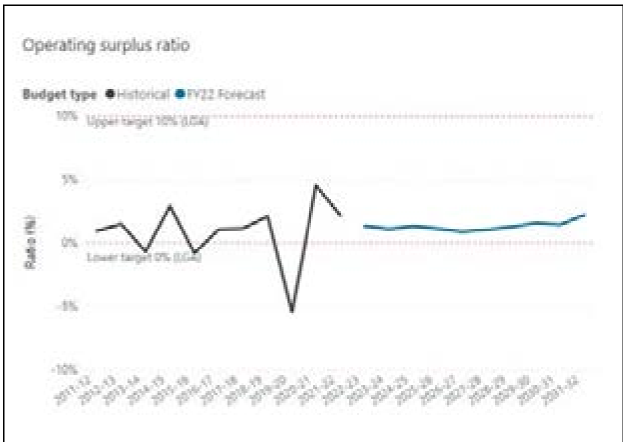
The Council's forward projections from 2022-23 forecast continued financial and service level sustainability through:

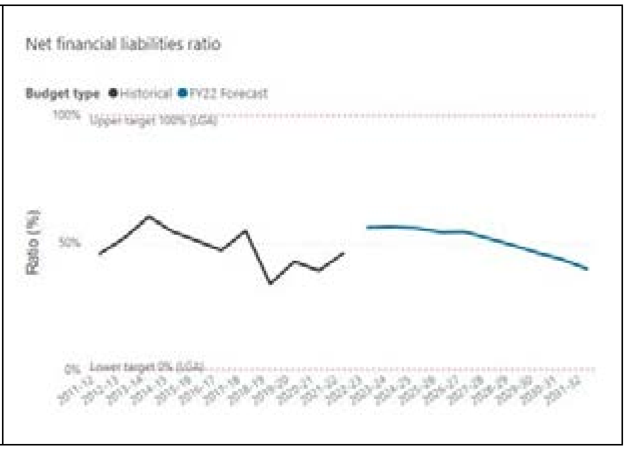
- rate revenues that generally increase in line with the RBA-based inflation forecasts
- total operating expenses estimated to increase generally in line with forecast inflation, and
- the continued prioritisation of its asset expenditure on renewal or replacement needs and lower expenditure on new or upgraded assets.

The Commission considers that there may be opportunities to achieve greater savings and efficiencies in its recurrent budget and encourages the Council to review and report on this. This includes a review of the asset-related assumptions feeding into its estimated depreciation expenses. In general, a focus on cost constraint should help the Council to identify opportunities to reduce any affordability risk emerging for residential ratepayers, who bear most of the rate burden.

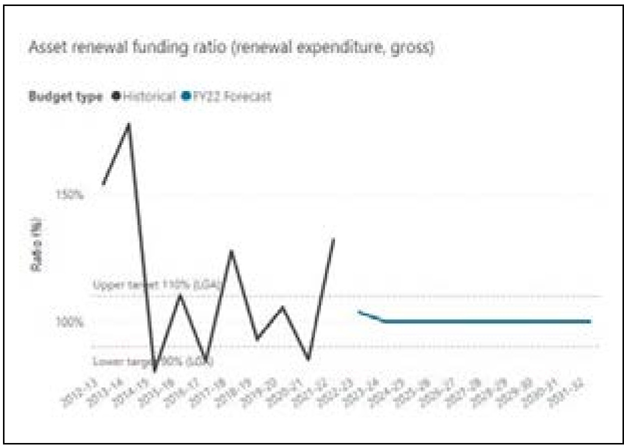
The Commission has also made various recommendations to the Council in relation to the development of its asset management plans (AMPs), and the disclosure of information in its annual business plan. These recommendations, if accepted and acted upon, should improve the transparency of the Council's financial plans and decision-making processes.

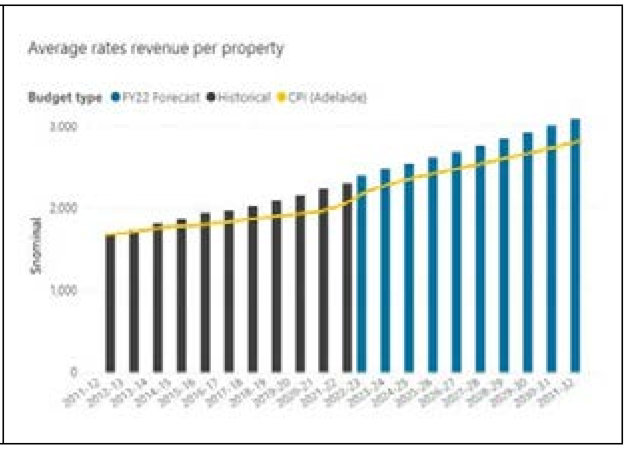
The charts below of the Council's past and projected operating surplus ratio, net financial liabilities ratio, asset renewal funding ratio, and average rate revenue per property, together support the Commission's findings. The 'heat map' diagram on the next page summarises the Commission's findings with reference to whether the Council has met the suggested Local Government Association (LGA) target ranges for the three main financial sustainability indicators[10] and the level of cost control and affordability risk identified for the Council over time.





[10] The suggested LGA target ranges for the ratios are discussed in more detail in the attachment.





Summary of the Adelaide Hills Council's financial sustainability performance and the Commission's risk assessment

Financial sustainability indicators:	Last 10 years from 2011-12 (Actual performance)	2021-22 estimate	Next 10 years from 2022-23 (Council forecasts)
Operating surplus ratio (target 0- 10%)	Ratio within target range, on average, with mostly operating surpluses ——>	Ratio forecast to continue to be met ——>	
Net financial liabilities ratio (target 0-100%)	Ratio met historically and in forecast period ——>		
Asset renewal funding ratio (target 90-110%)	Ratio above target range on average to 2021-22 ——>		Ratio to meet target range in forecast period ——>
Identified Risks:			
Cost control risk	Operating expenses per property average growth 3.2% p.a. to 2020-21 (CPI 1.7%) ——>	Low cost growth (relative to inflation)	Operating expenses per property average growth forecast 2.6% p.a. to 2031-32, below CPI (2.8%)
Affordability risk	Rate revenue per property average growth 3.2% p.a. to 2020-21 and high residential rates but with positive capacity to pay indicators ——>	High rates increase	Projected rate revenue per property average growth 2.9% p.a. on high rate levels to 2031-32 ——>

Red	Ratio outside suggested LGA target range or higher risk
Amber	Ratio close to suggested LGA target range or medium risk
Green	Ratio within suggested LGA target range or lower risk

2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the Adelaide Hills Council's material changes to its 2022-23 plans (compared with the previous year's plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure) and its current and projected rate levels.

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

2.2.1 Advice on material plan amendments in 2022-23

The Adelaide Hills Council's 2022-23 LTFP includes increases to the following financial items to 2030-31, compared with the 2021-22 LTFP forecasts:[12]

- Employee costs are forecast to increase by 5.1 percent in total over the projected years, due to higher inflation and increases to superannuation.
- Capital expenditure on new and upgraded assets are forecast to increase by $14.5 million, driven by increases in expenditure on buildings, roads, and stormwater assets.
- Revenue for new and upgraded assets has increased by $2.1 million due to an increase in grants revenue of $2 million for 2022-23 only.

The Commission notes that the Adelaide Hills Council's revisions to its operating income and operating expense forecasts, and other expenditure and revenues, are consistent with its revised forecasts for higher inflation.

In the current inflationary environment, the assumptions concerning price rises over the next 10 years will require annual review, particularly given the potential for higher short-term inflation before a return to long run averages. However, the Commission notes that the Council should still endeavour to find savings in real terms to reduce any inflationary impact on its community. To these ends, the Commission has found that it would be appropriate for the Council to:

1. Continue to review its inflation forecasts in its budget each year.
2. Focus on constraining cost growth in its budgeting, where possible, particularly related to employee expenses.

Concerning the significant revisions to its planned capital expenditure, the Commission notes that the Council has not yet adopted AMPs for buildings[13] and stormwater infrastructure. In total, the Council had around $66 million in building assets and $44 million in stormwater assets on 30 August 2021, representing around 11 and 7 percent of its total asset value respectively.[14]

The Council's Annual Business Plan 2022-23 states that the Council will conduct ongoing management, maintenance and replacement planning of public infrastructure including stormwater.[15] The Council is scheduled to complete the Stormwater Management Plan by April 2023 after completing three

[11] The attachment will be available on the Commission's website with the advice.
[12] The overlapping forecast period in both LTFPs.
[13] Adelaide Hills Council, *Annual Business Plan 2021-22*, July 2021, p. 12, available at https://www.ahc.sa.gov.au/assets/downloads/council/Plans/Annual-Business-Plan/Annual-Business-Plan-2021-22.pdf.
[14] Adelaide Hills Council, *2020-21 Financial Statements*, p. 22, available at https://www.ahc.sa.gov.au/assets/downloads/council/Reports/Annual-Reports/Annual-Report-2020-21-Final.pdf.
[15] Adelaide Hills Council, *Annual Business Plan 2022-23*, July 2022, p. 9, available at https://www.ahc.sa.gov.au/assets/downloads/council/Plans/Annual-Business-Plan/Annual-Business-Plan-2022-23.pdf.

consultation stages.[16] It is also undertaking community consultation on its draft AMP for Community Wastewater Management Systems (**CWMS**).

Noting the legislative requirement to develop and adopt an IAMP relating to the management and development of its infrastructure and major assets for at least 10 years,[17] the Commission has found that it would be appropriate for the Adelaide Hills Council to:

3. **Complete** the asset management plan for building assets and consider potentially other assets not currently covered by a plan (such as sport and recreation facilities), with consideration of desired service levels, as appropriate.
4. **Complete** its planned Stormwater Asset Management Plan, with consideration of desired service levels, as appropriate.
5. **Finalise** its Community Wastewater Management System Asset Management Plan and reflect related cost changes in the 2023-24 Long-term Financial Plan, to include input from the community, including desired service levels.

2.2.2 Advice on financial sustainability

Operating performance

The Council's operating surplus ratio[18] averaged 0.7 percent over the 10 years to 2020-21 and is forecast to continue to remain at a modest surplus level. The Council has estimated an average ratio of 1.3 percent to 2031-32 in its 2022-23 LTFP, with total income projected to continue to be marginally higher than total expenses. The Commission notes that the Council has sought to avoid running excessive operating surpluses, which demonstrates prudent financial management, in the context of the growth in expenses experienced.

In the 10 years to 2020-21, the Council's average annual increase in expenses per property was 3.2 percent, with 0.5 percent average annual growth in property assessments.[19] This compares with average annual inflation of 1.7 percent. Operating income per property grew by an average of 3.6 percent per annum.

The expense growth was underpinned by average annual growth of 4.9 percent in employee expenses (with full time equivalent numbers increasing by 2.3 percent per annum) and 3.5 percent growth in depreciation expenses.

Looking forward, the Council is projecting lower average expense and income per property growth of 2.6 and 2.7 percent per annum respectively (to 2031-32). This is lower than RBA-based forecast Consumer Price Index (**CPI**) inflation growth (2.8 percent) and assumes continued growth in rateable property numbers averaging 0.5 percent each year.[20]

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[16] Refer: https://engage.ahc.sa.gov.au/draft-stormwater-management-plan-aldgate-bridgewater-crafers-and-stirling.

[17] LG Act s122 (1a).

[18] The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised,* May 2019 (**LGA SA Financial Indicators Paper**), p. 6).

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

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

The Council identified that it would undertake a strategy to manage its operating performance efficiently.[21] Therefore, the Commission considers that the Council should be well placed to:

6. **Report** its actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Net financial liabilities

The net financial liabilities ratio has ranged between 34 and 60 percent between 2011-12 and 2021-22. This is within the suggested LGA target range of 0 to 100 percent.[22] It will continue to meet the suggested LGA target range under its 2022-23 LTFP forecasts (forecast to average 51 percent to 2031-32). The Council's total borrowings and liabilities are forecast to increase significantly until 2026-27, and then decrease moderately for the remainder of the LTFP period.

Asset renewals expenditure

While showing some volatility from year to year, the Council's asset renewal funding ratio[23] has averaged 113 percent between 2012-13 and 2020-21.[24] This is above the suggested LGA target range (between 90 to 110 percent) suggesting that the Council has spent more on the renewal of its assets than its IAMPs have recommended. Average spending on the renewal of assets averaged $9.1 million per annum over this period.

In 2013-14, the ratio spiked at 178 percent with the Council seeking to address an infrastructure renewal backlog with higher renewal expenditure ($12.3 million in that year in nominal terms).[25] However, in the five years to 2021-22, the ratio averaged 109 percent, which is back within the suggested LGA target range.

The Council is forecasting its asset renewal funding ratio to continue to perform within the suggested LGA target range (and remain at 100 percent) to 2031-32. Average spending on the renewal of assets will be $11.5 million, compared with $3.1 million on new and upgraded assets.

The Council's depreciation expenses, which should represent the rate of asset consumption, are forecast to continue to exceed its renewal spending in forward projections. Higher depreciation forecasts may lead to higher than necessary levels of rates since the Council incorporates the estimates into its expense projections which in turn, impacts its operating balance.

To ensure a closer alignment between depreciation expenses and asset renewals expenditure over the longer term, it would be appropriate for the Council to:

7. **Review** the estimates of asset lives and valuations feeding into the forecast rate of asset consumption in its long-term financial plan and asset management plans.

[21] Adelaide Hills Council, *Annual Business Plan 2022-23*, July 2022, p. 30.

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

[23] Since 2013, the asset renewal funding ratio has been defined as: Asset Renewal Expenditure ÷ IAMP Renewal Expenditure. The suggested LGA target range for the ratio is 90 to 110 percent. Ideally, this ratio will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan.

[24] The ratio was reported from 2012-13.

[25] Adelaide Hills Council, *2013-14 Annual Report*, p. 3, available at https://www.ahc.sa.gov.au/assets/downloads/council/Reports/Annual-Reports/COUNCIL-Annual-Report-2013-2014.pdf.

2.2.3 Advice on current and projected rate levels

The Council's rate revenue growth has averaged 3.2 percent, or $62 per annum for each property over the past 10 years,[26] compared with average annual CPI growth of 1.7 percent over this period. [27]

The Council budgeted for an average rate increase of 4.9 percent or $110 for its existing ratepayers in 2022-23,[28] in line with its 2022-23 LTFP projections. To 2031-32, the Council's average projected growth in rates revenue per rateable property is 2.9 percent per annum.[29] This is in line with the RBA-based forecast.

Affordability risk among the community for the further rate increases appears relatively low, based on a range of factors, including the existing non-residential rate levels, an assessment of the economic resources available to the community[30] and the community survey results which indicated some support for the rate increases in 2022-23. [31] Based on the Council's survey concerning its 2022-23 operating budget (including the rate contributions), 70 percent of community respondents either supported the budget (25 percent) or were neutral towards it (45 percent). Around one third (30 percent) opposed it.[32] The Commission notes that the number of survey responses were relatively low.

However, one of the respondents did also raise concern about the Council's proposed maximum rate increase of 15 percent (as a cap) being too high, especially relative to the average rate increase (4.9 percent).[33]

The current economic environment is putting more pressure on most communities' capacity to pay for further rate increases. Therefore, despite the strong socioeconomics of the area and the level of neutrality and support for its 2022-23 budget, on balance, the Commission considers that it would be appropriate for the Council to:

8. Review and consider limiting future increases above inflation on its residential rates to help reduce any emerging affordability risk in the community.
9. Review the rationale for the quantum of any maximum rate increase (or cap) it seeks to impose (currently at 15 percent) in its next annual business plan, with consideration of the community's capacity to pay for higher increases.

26 From 2011-12 to 2020-21.

27 CPI (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 1.9 percent) to CPI growth over this period. Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.

28 Adelaide Hills Council, *Annual Business Plan 2022-23*, July 2022, p. 35. Individual rate level changes may be higher or lower depending on the rates category and property value.

29 Since the Council does not provide the estimation number of rateable properties, the Commission extrapolated the numbers based on 'rates growth of new development' as shown in the indexation forecasts.

30 The Adelaide Hills Council area is ranked 71 among 71 South Australian '*local government areas*' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics Socio-Economic Indexes for Areas Index of Economic Resources (2016), where a lower ranking (eg, 1) denotes relatively lower access to resources in general, compared with other areas, available at: https://www.abs.gov.au/ausstats/subscriber.nsf/log?openagent&2033055001%20-%20lga%20indexes.xls&2033.0.55.001&Data%20Cubes&5604C75C214CD3D0CA25825D000F91AE&0&2016&27.03.2018&Latest.

31 Adelaide Hills Council, *Agenda for Special Council Meeting 14 June 2022: Item 7.1*, p. 27.

32 Adelaide Hills Council, *Agenda for Special Council Meeting 14 June 2022: Item 7.1. Draft Annual Business Plan 2022-23 Community Engagement Outcome Report,* p. 27, available at https://www.ahc.sa.gov.au/assets/meetings/2022/06-June/special-council-meeting-14-jun-2022/agendas/220614-Special-Council-Agenda-PUBLIC.pdf.

33 Adelaide Hills Council, *Agenda for Special Council Meeting 14 June 2022: Item 7.1*, p. 27.

2.3 The Commission's next advice and focus areas

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

- ongoing performance against its LTFP estimates and relevant assumptions in its LTFP (including inflation)
- achievement of cost savings and efficiencies, and its reporting of these achievements
- completion and adoption of its AMPs for stormwater, CWMS and buildings and potentially other assets
- actions to address any misalignment between the capital expenditure on renewal/replacement of assets and the level of depreciation expenses in its LTFP and various AMPs, and
- actions to address the emerging affordability risks for residential ratepayers identified, including its policy on maximum rate increases.

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<table>
<thead>
<tr><th rowspan="2">Recommendation & Response</th><th rowspan="2">Implementation Activities</th><th colspan="4">Implementation Timeline</th></tr>
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<tbody>
<tr><td colspan="6">Recommendation 1 - Continue to review its inflation forecasts in its budget each year</td></tr>
<tr><td>Each year, a key part of the development of Council's Long Term Financial Plan (LTFP) is to update all economic forecasts and assumptions including inflation forecasts. Council then uses these forecasts to help model future expense forecasts. This in turn enables Council to project future income needs to meet its financial sustainability targets.</td><td>Continue to use most recent and applicable inflation forecasts in budget and long term financial plan modelling.</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td colspan="6">Recommendation 2 - Focus on constraining cost growth in its budgeting, where possible, particularly related to employee expenses</td></tr>
<tr><td rowspan="3">As part of the LTFP and budget processes, Council considers forecasts and calculations showing how expenses and income will change based on existing service levels and cost escalation assumptions. Council then considers how best to remain financially sustainable while balancing the community's expectations against their willingness and ability to pay.

It is also noted that employee salaries are linked to Enterprise Agreements which are normally negotiated on a 3 yearly basis. Council's Office Enterprise Bargaining Agreement (No.11) was approved in November 2025, followed by the Field Enterprise Bargaining Agreement (No. 11) in January 2026. The 2026-27 budget has been updated to reflect the new agreements, and the LTFP, under review at the time of this publication, will also reflect the ongoing implementation of the new agreements.

Council is committed to conducting a service review, which will consider potential cost savings.

The 2026-27 budget includes an allocation to upgrade Council's core technology platform that supports key business functions. An Enterprise Resource Planning (ERP) system will streamline processes, reduce manual work and improve efficiency across the organisation. Council has also lowered its annual expense by reducing operating initiatives and capital invesment.</td><td>Continue to consider and adjust human resource levels in response to adopted service level requirements and in light of decisions to undertake new or changed activities and within Council's financial sustainability targets.</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Negotiate new Enterprise Agreements in 2024-25 FY</td><td>✓</td><td>✓</td><td>✓</td><td></td></tr>
<tr><td>Continue to responsibly manage cost growth for maintaining service levels and meeting community expectations while minimising the financial impact to ratepayers.</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</tbody>
</table>

Legend: ✓ = Complete ✓ = Planned/In Progress

Recommendation & Response	Implementation Activities	Implementation Timeline 2023-24	2024-25	2025-26	2026-27
Recommendation 3 - Complete the asset management plan for building assets and consider potentially other assets not currently covered by a plan (such as sport and recreation facilities), with consideration of desired service levels, as appropriate.					
As part of the 2026–27 budget, resources have been allocated to develop a Strategic Asset Management Plan, informed by a comprehensive review and renewal of existing asset management plans and community land management plans. Through this process, Council will consider opportunities to rationalise, repurpose or divest underperforming assets, with the aim of reducing long-term maintenance costs and addressing infrastructure backlogs. A draft Building Asset Management Plan is nearing completion and is scheduled to be presented to Council for endorsement ahead of community consultation in December 2026. The Asset Management Plan for Roads, Footpaths and Kerbs will also be reviewed and is planned to be presented to Council for endorsement prior to consultation by June 2027.	Continue to progress the Building Asset Management Plan	✓	✓	✓	✓
	Develop a Sport and Recreation Facilities Asset Management Plan.	✓	✓	✓	✓
Recommendation 4 - Complete its planned Stormwater Asset Management Plan, with consideration of desired service levels, as appropriate.					
Council has completed a three-year initiative to develop a Stormwater Asset Management Plan for Aldgate, Crafers, Stirling and Bridgewater in partnership with the Stormwater Management Authority. The Plan is currently being reviewed by key external stakeholders, including SA Water, Landscape SA and the Stormwater Management Authority, prior to being presented to Council for endorsement and release for public consultation. As part of this process, Council will also consider service levels, risk management and budget implications associated with implementation of the Plan.	Develop a draft plan and incorporate findings from the Stormwater Management Plan of the Aldgate Creek and other stormwater investigations including the Balhannah Drainage Study - Investigation and Proposed Upgrades	✓	✓	✓	✓
Recommendation 5 - Finalise its Community Wastewater Management System Asset Management Plan and reflect related cost changes in the 2023-24 Long Term Financial Plan, to include input from the community, including desired service levels.					
The Community Wastewater Management System Asset Management Plan was presented to Council and endorsed at its meeting of 14 March 2023.	Community Wastewater Management System Asset Managment Plan finalised in 2022-23 FY and implemented into the Long Term Financial Plan.	✔			
Recommendation 6 - Report its actual and projected cost savings in its annual budget, to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.					
Council endeavours to provide transparency to the community to show where savings are being made and therefore the continued commitment to offset rising costs while minimising rate increases. The savings achieved in the 2022–23 and 2023–24 financial years are expected to be sustained through 2025–26 and 2026–27. In the 2025–26 and 2026–27 financial years, Council has also adopted a strategy to limit new and upgraded capital expenditure, which will have an ongoing impact in constraining future depreciation, maintenance and finance costs.	Continue to include a savings strategy page within the Long Term Financial Plan.	✔	✔	✔	✓
	Continue to report on the progress of actual savings achieved in the Quarterly Performance Reports.	✔	✔	✔	✓

Legend: ✔ = Complete ✓ = Planned/In Progress

Recommendation & Response	Implementation Activities	Implementation Timeline			
		2023-24	2024-25	2025-26	2026-27
Recommendation 7 - Review the estimates of asset lives and valuations feeding into the forecast rate of asset consumption in its long-term financial plan and asset management plans.					
Council undertakes a yearly review of asset lives as part of the revaluation and end of financial year capitalisation.	Continue to review the asset lives and valuations on an annual basis, and as part of standard asset revaluation as needed.	✔	✔	✔	✓
Recommendation 8 - Review and consider limiting future increases above inflation on its residential rates to help reduce any emerging affordability risk in the community.					
Each year, Council updates all economic forecasts and assumptions including inflation forecasts as part of the development of the Long Term Financial Plan and Budget processes. Council then uses these forecasts to help extrapolate future expenses to assess Council's overall financial position and future financial sustainability and determine appropriate income needs. Rate revenue accounts for approximately 80% of Council's operating income, and so Council carefully considers the average rate increase to balance the need to continue to deliver services, meet community expectation and maintain financial sustainability, while keeping the impact to ratepayers to an acceptable level. In the past, the rate revenue target was built with "CPI plus 1%" in order to fund increased capital renewal, maintain financial sustainability, and provide a modest operating surplus ratio which would help Council's ability to absorb the expenditure impacts from unexpected events such as bushfires, floods, or pandemics. In 2025-26, and 2026-27, Council has constrained new and upgraded capital expenditure. Council has also commenced a process to review and renew its asset management plans and community land management plans. The outcomes of these actions, and other operating initiatives, are likely to result in a fit-for-purpose asset profile, which will meet community needs. An additional benefit will be a positive impact on expenses and subsequent rate rises.	Continue to responsibly manage cost growth for maintaining service levels and meeting community expectations while minimising the financial impact to ratepayers.	✔	✔	✔	✓
Recommendation 9 - Review the rationale for the quantum of any maximum rate increase (or cap) it seeks to impose (currently at 15 percent) in its next annual business plan, with consideration of the community's capacity to pay for higher increases.					
Council reviews its rating policy annually as part of the Long Term Financial Plan and Budget process, which includes the consideration of the rating cap and its impact both positive and negative on its ratepayers. This requires a careful assessment as a cap means that the majority of ratepayers will pay more than they would be required in order to subsidise those who are entitled to receive the rate cap. A ratepayer's capacity to pay for their rates is something Council is not easily able to assess. To assist those who don't have the capacity to pay, Council has alternative arrangements that are tailored to the individual's financial situation as covered in Council's Rating Policy.	Continue to review the rating cap and Council's Rating Policy when considering the annual rate increase in the Long Term Financial Plan and Budget process.	✔	✔	✔	✔

Legend: ✔ = Complete ✓ = Planned/In Progress

Appendix F

2026-27 Capital Works Program

Adelaide Hills
COUNCIL

Capital Works Program 2026-27

Adelaide Hills
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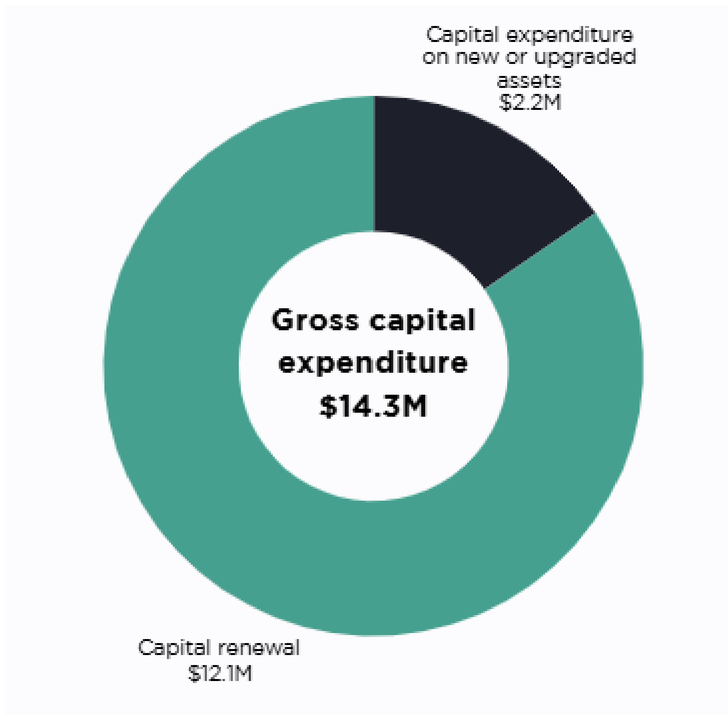
Overview

The 2026-27 Capital Budget continues to focus on the renewal of infrastructure. The Council has in excess of 50,000 assets that it manages and maintains to ensure that our current and future communities have access to the ongoing services these assets provide.

In 2026-27, Council's Capital Works Program will include:



New Capital Expenditure
The Annual Business Plan 2026-27 identifies Council's key infrastructure investments for the year, including new, upgraded, and renewed assets, supporting long-term community outcomes and aligned with the Strategic Plan.

Capital Renewal
The renewal program is informed by Council's Asset Management Plans, which apply lifecycle planning, condition assessments, and risk-based prioritisation to ensure the ongoing performance of existing assets. Sustained investment in renewal is critical to maintaining service levels, managing long-term costs, and delivering safe, reliable infrastructure that continues to benefit the community.

Contents

Summary

Asset Category	2026-27 Allocation
Bridges	$405,000
Buildings	$140,000
Cemeteries	$40,000
Community Wastewater Management System (CWMS)	$302,000
Footpaths	$414,000
Kerbing & Road Shoulders	$565,000
Sport and Recreation	$46,000
Stormwater	$150,000
Roads (sealed & unsealed)	$4,874,000
Plant & Fleet	$3,088,000
ICT Equipment	$166,000
Other	$512,000
Project Management & Contingency	$1,400,000
TOTAL RENEWAL EXPENDITURE	**$12,101,000**
TOTAL EXPENDITURE ON NEW & UPGRADED ASSETS	**$2,290,000**
TOTAL CAPITAL EXPENDITURE	**$14,391,000**

Bridges

Proposed Project Name	Project Description	Suburb/Township
Smiths Gully Road	Re-lining bridge	MONTACUTE
Wenzel Road	Design & cost estimation	BALHANNAH
Spoehr Road Bridge	Deck drainage & concrete repairs	BALHANNAH
Onkaparinga Road	Span renewal/blasting	BRIDGEWATER
	TOTAL	$405,000

Buildings

Proposed Project Name	Project Description	Suburb/Township
Heathfield/Gumeracha Depots	Renew gates to meet security compliance requirements	GUMERACHA HEATHFIELD
	TOTAL	$140,000

Cemeteries

Proposed Project Name	Project Description	Suburb/Township
Cemetery Renewal Program	Renewal to meet legislative requirements, community expectations and safety.	REGIONWIDE
	TOTAL	$40,000

Community Wastewater Management System (CWMS)

Proposed Project Name	Project Description	Suburb/Township
Dual pipe renewal	Renew mains - Kersbrook Oval to pump station	KERSBROOK
Tank upgrades	Replace manual handling drums with 1000L chemical tanks	BIRDWOOD
Generator renewal	Church Street backup generator	BIRDWOOD
Diesel Generator	Replace Woodside mobile unit	WOODSIDE
	TOTAL	$302,000

Footpaths

Proposed Project Name	Project Description	Suburb/Township
Woodside Rd	Jeffrey St to Lobethal Rd	LOBETHAL
Woodside Rd	Main St to No 5 Woodside Rd	LOBETHAL
Longwood Rd	High school entrance to netball courts	HEATHFIELD
Longwood Rd	Willow Rd to May Rd	STIRLING
Fairview Rd	Adjacent northern on street parking	ALDGATE
Strathalbyn Rd	School crossing to Wembley Rd	ALDGATE
Heathfield Rd	Hender Rd to Keithly Rd	HEATHFIELD
Hender Rd	Eves Pl to Heathfield Rd	HEATHFIELD
Cemeteries	Internal footpaths	VARIOUS
	TOTAL	$414,000

Kerbing & Road Shoulders

Proposed Project Name	Project Description	Suburb/Township
Paratoo Rd	Renewal of kerb (Stirling East Primary School)	STIRLING
Longwood Rd	High school entrance renewal	HEATHFIELD
Various	Renewal of kerb in-line with reseal program	REGIONWIDE
Pfeifer Rd	Bird in Hand Rd to Harrison Rd	WOODSIDE
Various	Renewal of road shoulders in-line with reseal program	REGIONWIDE
	TOTAL	$565,000

Sport and Recreation

Proposed Project Name	Project Description	Suburb/Township
Court resurfacing		REGIONWIDE
	TOTAL	$46,000

Stormwater

Proposed Project Name	Project Description	Suburb/Township
Minor works	Renewal of pits, pipelines & other infrastructure	REGIONWIDE
Mt Barker Rd	Renewal of pits/pipes	STIRLING
	TOTAL	$150,000

Roads

**Note: the intended program may be subject to change*

Activity	Location	Suburb / Township
Reseal	Charlick Rd: Gulfview Street to Hillview Street	CRAFERS WEST
Reseal	Charlick Rd: Manna Gum Lane to Wyly Lane	CRAFERS WEST
Reseal	Charlick Rd: Hill Crest Avenue to Manna Gum Lane	CRAFERS WEST
Reseal	Charlick Rd: Wyly Lane to Gulfview Street	CRAFERS WEST
Reseal	Charlick Rd: Hillview Street to End of Hotmix	CRAFERS WEST
Reseal	Church Rd: Corkscrew Road to Corkscrew Deviation Road	MONTACUTE
Reseal	Coldstore Rd: Joyce Rd to Croft Rd	LENSWOOD
Reseal	Emmett Rd: Property No 23 Emmett Road to Sedum Place	CRAFERS WEST
Reseal	Emmett Rd: Hillcrest Avenue to Property No 23 Emmett Road	CRAFERS WEST
Reseal	Emmett Rd: Kerria Place to End of Road	CRAFERS WEST
Reseal	Emmett Rd: Sedum Place to Kerria Place	CRAFERS WEST
Reseal	Forreston Rd: Checker Hill Road to Winton Road	FORRESTON
Reseal	Forreston Rd: Agnes Street to Checker Hill Road	FORRESTON
Reseal	Forreston Rd: 20m North of Bridge Deck	GUMERACHA
Reseal	Glebe Rd: Onkaparinga Valley Road to Junction Road	BALHANNAH
Reseal	Honeysuckle Gr: Mount Barker Road to End of Road	BRIDGEWATER
Reseal	Ironbank Rd: Sturt Valley Road to Coats Road	IRONBANK
Reseal	Ironbank Rd: 15m after Morgan Road to Council Boundary	IRONBANK
Reseal	Kain Ave: Mount Barker Road to Old Mount Barker Road	ALDGATE
Reseal	Kintyre Rd: Heather Avenue to End of Road	WOODFORDE
Reseal	Lower Hermitage Rd: Rural Property Address 43 to Salem Bridge Road	LOWER HERMITAGE
Reseal	Milford Ave: Twin Street to Pine Street	STIRLING
Reseal	Military Rd: Moore Road to Council Boundary	WOODSIDE
Reseal	Military Rd: Woodside Nairne Road to Piney Ridge Road	WOODSIDE
Reseal	Military Rd: Five Bob Road to Moore Road	WOODSIDE
Reseal	Military Rd: Piney Ridge Road to Rural Property Address 221	WOODSIDE
Reseal	Military Rd: Property Address 221 to Five Bob Road	WOODSIDE
Reseal	Morella Gr: Shannon Road to Trenouth Street	BRIDGEWATER
Reseal	Paratoo Rd: Snows Road to Azalea Place	ALDGATE
Reseal	Paratoo Rd: Wakefield Court to Braeside Road	ALDGATE
Reseal	Paratoo Rd: Braeside Road to Boomerang Crescent	ALDGATE
Reseal	Paratoo Rd: Boomerang Crescent to Yam Street	ALDGATE

Roads Continued

Activity	Location	Suburb / Township
Reseal	Paratoo Rd: Yam Street to Old Mount Barker Road	ALDGATE
Reseal	Paratoo Rd: Azalea Place to Wakefield Court	ALDGATE
Reseal	Stock Rd: Aldgate Valley Road to Rural Property Address 158	MYLOR
Reseal	Stony Rise Rd: Lobethal Road to Jennings Drive	ASHTON
Reseal	Stony Rise Rd: Jennings Drive to 50m Before Tregarthen Road	ASHTON
Reseal	William St: Woodside Nairne Road to John Street	WOODSIDE
Reseal	Woods Hill Rd: Stony Rise Road to Ridge Track	ASHTON
Major Patch Future Reseals	Charlick Rd: Hillview Street to End of Hotmix	CRAFERS WEST
Major Patch Future Reseals	Coldstore Rd: Joyce Road to Croft Road	LENSWOOD
Major Patch Future Reseals	Coldstore Rd: Joyce Road to Croft Road	LENSWOOD
Major Patch Future Reseals	Emmett Rd: Sedum Place to Kerria Place	CRAFERS WEST
Major Patch Future Reseals	Forreston Rd: Watts Gulley Road (CFS Station) to Martin Hill Road	FORRESTON
Major Patch Future Reseals	Glebe Rd: Onkaparinga Valley Road to Junction Road	BALHANNAH
Major Patch Future Reseals	Ironbank Rd: Sturt Valley Road to Coats Road	IRONBANK
Major Patch Future Reseals	Ironbank Rd: 15m after Morgan Road to Council Boundary	IRONBANK
Major Patch Future Reseals	Kain Ave: Mount Barker Road to Old Mount Barker Road	ALDGATE
Major Patch Future Reseals	Kintyre Rd: Heather Avenue to End of Road	WOODFORDE
Major Patch Future Reseals	Longwood Rd: Hender Road to School Crossing	HEATHFIELD
Major Patch Future Reseals	Lower Hermitage Rd: Rural Property Address 43 to Salem Bridge Rd	LWR HERMITAGE
Major Patch Future Reseals	Military Rd: Moore Road to Council Boundary	WOODSIDE
Major Patch Future Reseals	Morella Gr: Shannon Road to Trenouth Street	BRIDGEWATER
Major Patch Future Reseals	Pfeiffer Rd: Bird in Hand	WOODSIDE
Major Patch Future Reseals	William St: Woodside Nairne Road to John Street	WOODSIDE
Major Patch Future Reseals	Woods Hill Rd: Stony Rise Road to Ridge Track	ASHTON
Full Pavement Renewal	Burdett Rd: CFS Station Rehabilitation	BASKET RANGE
Full Pavement Renewal	Sturt Valley Rd: Stage 2 - Change of Seal to Heather Road	IRONBANK
Pavement Investigations	Investigate and pavement design	REGIONWIDE
Unsealed	Adelaide Gully Rd: Millbrook Road to Mount Gawler Road	MILLBROOK
Unsealed	Airstrip Road Rd: RPA 122 to Mount Gawler Road	LWR HERMITAGE
Unsealed	Bonython Rd: South Para Road to Rural Property Address 60	KERSBROOK
Unsealed	Croft Rd: Rural Property Address 407 to Mawson Road	LENSWOOD
Unsealed	Croft Rd: Klopsch Road to Staffords Road	CUDLEE CREEK
	TOTAL	$4,874,000

Roads Continued

Activity	Location	Suburb / Township
Unsealed	Deloraine Rd: The Nuggett Road to Watts Gully Road	KERSBROOK
Unsealed	Kersbrook Forest Rd: End seal RA 309 to Forestry entrance & turn around	KERSBROOK
Unsealed	Muellers Rd: End of Sealed Section to Rural Property Address 112	BIRDWOOD
Unsealed	Muellers Rd: Rural Property Address 112 to Onkaparinga Valley Road	BIRDWOOD
Unsealed	Orana Drive Rd: Bradbury Road to end of road	MYLOR
Unsealed	Pitman Rd: Murray Road to Rural Property Address 39	INGLEWOOD
Unsealed	Pitt Rd: End of Sealed Section to Rural Property Address 104	PARACOMBE
Unsealed	Porteous Rd: Bradbury Road to Lamont Road	MYLOR
Unsealed	Porteous Rd: Ridge Road to Bradbury Road	MYLOR
Unsealed	Reefton Rd: Pfeiffer Road to End Of Seal	WOODSIDE
Unsealed	Stringy Bark Rd: Croft Road to Rural Property Address 134	CUDLEE CREEK
Unsealed	Walters Rd: Onkaparinga Valley Road to Size Road	OAKBANK
	TOTAL	$4,874,000

Other

Proposed Project Name	Project Description	Suburb/Township
Street litter bin replacement	Ongoing cage replacement	REGIONWIDE
Irrigation assets	Irrigation controllers/systems – 10 sites	REGIONWIDE
Safety barriers	Renewals in-line with 2026 Safety Barrier Audit	REGIONWIDE
Retaining wall	To support footpath - Wembley Rd	ALDGATE
Retaining wall	To support footpath - Snows Rd	STIRLING
Fence renewal program	Mount Barker Rd – 2 sections near Honey Suckle Rd	BRIDGEWATER
Fence renewal program	Mount Barker Rd - near Euston Rd	ALDGATE
Street furniture renewal	Seats, bike racks, benches and reserve signs	REGIONWIDE
Field staff	Capitalised wages (Civil & Arboriculture)	NA
	TOTAL	$512,000

Plant & Fleet

Category	Item
Heavy plant	Renewal of heavy fleet
Light fleet	Renewal of 17 vehicles in the light fleet
Fleet infrastructure	Replace/relocate 6 electric vehicle chargers
TOTAL	$3,088,000

ICT Equipment

Proposed Project Name	Project Description
ICT Equipment	General renewals
TOTAL	$166,000

Project Management & Contingency

Proposed Project Name	Project Description
Project management costs	NA
Contingency	NA
TOTAL	$1,400,000

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Adelaide Hills
COUNCIL