NORTHERN AREAS COUNCIL

2026-27 Annual Business Plan



Photo: Memorial Park, Jamestown

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Message from the Mayor



In determining our services, programs and projects for the 2026-27 year, Council has been guided by work undertaken in the last few years, including:

- Reviews into our roads, plant, equipment and pools;
- Community survey and forums feedback;
- Essential Services Commission of SA (ESCOSA) Advice
- Review of our Strategic Management Plan 2024-2030

Striking a balance between delivering strategic priorities, meeting community expectations and maintaining rate increases at a level that does not impose a significant burden on ratepayers – particularly during a cost of living crisis – have all been foremost in our minds.

Again, a significant part of our plan relates to the assets we manage and maintain on behalf of our community, including sealed and unsealed roads, bridges, wastewater management systems, stormwater networks, buildings, playgrounds, parks, gardens and footpaths.

Our community has told us road maintenance, kerbside waste collection, footpaths and town beautification are most important, with roads and footpaths an area identified for improvement. This Annual Business Plan has a number of actions to address these areas.

The reviews undertaken in 2023/24 have also provided us with potential efficiencies in our roadworks and major plant use and we have factored that into our planning. A review into our three swimming pools and hydrotherapy pool has also identified a range of compliance matters that we are in the process of addressing.

Last year, Council budgeted for an average rate increase of 3.1%, which was lower than many other councils and well below CPI. Rates are the key source of income to fund services and projects but Council also must consider the current economic environment and potential impacts on ratepayers. On this basis, we are again applying a modest average rate increase of 4.95% when compared to most other councils. This increase will see owners of an average residential property pay $1.25 more a week while, on average, rural property owners will pay $2.34 more a week.

In setting this budget, Council has reflected on advice provided by the ESCOSA in February 2024. That advice is again provided, as required by the *Local Government Act 1999*, as an addendum to this Annual Business Plan. In summary, while ESCOSA found Council's current financial performance potentially unsustainable, it noted steps were being taken to achieve a mostly sustainable position in the future.

On behalf of Council, I hope you enjoy reading this plan and seeing what is being proposed for 2026/27.

Keith Pluckrose
Mayor

Our Vision and Strategic Plan

Northern Areas Council's 2024-2030 Strategic Plan sets the direction for Council and has informed our 2026/27 Annual Business Plan and Budget. The Strategic Plan was developed with significant community feedback, including a major survey and forums.

Our vision is:

A place to enjoy. A place to thrive. The place to be. *Our connected and inclusive community enjoys the best of both worlds: vibrant, active towns and peaceful, productive rural lifestyles. Our quality infrastructure and clean, green and well maintained spaces promote liveability and community pride. Council and the community are working hand-in-hand as we celebrate our rich heritage and look towards a promising future.*

Our goals are shown in the table below, while we also have ongoing goals and commitments around community leadership and maintaining financial sustainability.

Council's Strategic Plan and Asset Management Plans outline longer-term objectives, priorities and infrastructure needs for the community and our 10-year Long Term Financial Plan details the plans in financial terms. Consistent with the previous years, there remains a strong emphasis on ensuring strong long term financial sustainability.

	Goal	Objectives	Key activities for 2025/26
1.	**A Growing Economy**	▪ Thriving local businesses and industries ▪ Northern Areas is recognised as an ideal place for new business ▪ Appropriate and expanding mix of housing developments to encourage growth	▪ Economic development plan refresh ▪ Progression of NAC marketing strategy ▪ Identification of land for housing ▪ Jamestown industrial estate expansion options ▪ Mobile black spot identification, lobbying
2.	**Active Places for People**	▪ Northern Areas is activated through celebrations, events and festivals ▪ Tourists choose to play and stay in the district ▪ Community participation in active lifestyles	▪ Leisure trails implementation ▪ Regional Tourism strategy development (Destination Action Plan) ▪ strategy development ▪ Playground upgrades
3.	**Thriving & Connected Communities**	▪ One community, working together ▪ Services support health and wellbeing ▪ Volunteering growth and recognition ▪ Young people stay and thrive in Northern Areas	▪ Communications uplift (including website refresh, community newsletter) ▪ Regional Health Plan update ▪ Reconciliation Action Plan development ▪ Youth survey ▪ Volunteer recognition

4.	**Quality Infrastructure & Environment**	▪ Well-planned and sustainable assets ▪ Attractive and well-maintained streets and environment ▪ Accessible, sustainable & fit-for-purpose Council facilities ▪ Sustainable and effective waste services	▪ Pool compliance ▪ Town beautification – Spalding ▪ CWMS upgrades ▪ Toilet accessibility upgrades ▪ Solar projects ▪ Building improvements ▪ Roads – Resheeting, seals and patrol grading ▪ Footpath upgrades ▪ Bridge upgrades (subject to funding) ▪ Stormwater upgrades

The full capital budget for 2026/27 is attached.



Significant Influences and Priorities

A number of significant factors have influenced the preparation of the Council's 2026-27 Annual Business Plan. These include:

- Consumer Price Index increases on relevant goods and services of 4.9% for the year to March 2026;
- Local Government Price Index (LGPI) increases on relevant goods and services of 2.5% for the year to December 2025;
- Fuel price increases having a larger impact on our Council
- Council aiming to make gradual improvements towards a financially sustainable operating position, in line with the advice provided by ESCOSA;
- New Strategic Plan 2024-2030;
- Outcomes of a series of reviews undertaken in 2023/24 – roadworks, plant and equipment efficiency review, pools condition assessment, roads condition assessment;
- Requirements to maintain and improve infrastructure assets to acceptable standards including roads, footpaths, lighting, stormwater drainage, street trees and plantings, open space and Council properties;
- Service and infrastructure needs for a changing population;
- Commitments to continuing projects and partnership initiatives over more than one year;
- New fees/charges imposed by other government agencies e.g. waste levy, Regional Landscape Levy.

In response to these factors, and to minimise the burden on ratepayers, the Annual Business Plan has been prepared within the following guidelines:

- Total revenue raised through general rates increasing by 4.95%;
- Rates growth through new development will contribute approximately 0.5% to the above (this will reduce the rate increase for the average ratepayer by the equivalent)
- Maintenance of service levels for continuing Council programs and activities;
- Continuing to pursue shared service opportunities with governmental agencies, other local government authorities and private enterprise;
- Improving asset management practices through the implementation of various Asset Management Plans and associated reviews.

Continuing Services

All Councils have basic responsibilities under the Local Government Act and a number of other Acts, regulations, codes and standards. These include:

- Regulatory activities e.g. maintaining the voters roll and supporting the elected Council;
- Setting rates, preparing an annual budget and determining longer-term strategic management plans for the area;
- Management of basic infrastructure including roads, footpaths, parks, public open space, street lighting and stormwater drainage;
- Development planning and control, including building safety assessment;
- Various environmental health services;
- Economic development;
- Dog and cat management;
- Waste and recycling services.

In response to community needs, Council also provides services and programs that are not mandatory. These include:

- Library services;
- Swimming pools;
- Hydrotherapy pool and gymnasium;
- Waste transfer services;
- Community halls.



Reflecting on 2025-26

Highlights of the 2025-26 financial year included:

Operations

Maintenance of roads and associated infrastructure including patrol grading, road patching and footpath/kerb repairs in the range of $1.2M. Public open space maintenance (including parks and gardens) of approximately $500K.

Resheeting approximately 58kms of rural roads for $1.9M was achieved in 2025/26.

Capital works

A planned capital works program of $9.5M, including $8.2M for the replacement and renewal of existing assets and $1.3M for new and upgraded assets.

Designs for the Ayr Street upgrade were progressed, with a final design expected later in 2026.

Works to upgrade the Jamestown Hall toilets were completed, along with several other public toilet upgrade, painting and tiling projects across the region.

Reseals were completed on further parts of the Caltowie-Stone Hut Road. New seals were completed at Stone Hut and West Terrace Gladstone. A safety seal was completed on Wenedi Road (at intersection with Hill River Road).

Stormwater Management Plans for Laura, Georgetown and Gladstone were progressed, with community consultation forming part of the project.

Building Maintenance Program

Continuation of hall fire safety, disability and building repair programs.

Events

Support for Laura Fair, Jamestown Races, Jamestown Show, Jamestown Christmas Pageant and the Caltowie Chilled Out & Fired Up Music Festival.

Measuring Performance - Objectives for the Year

Council's operations and financial performance are measured by three key financial sustainability indicators as follows:

Operating Surplus Ratio

An operating surplus (or deficit) arises when operating income – for Council this is mostly rates – exceeds (or is less than) operating expenses for the year. Just like any household or other organisation, a Council's long-term financial sustainability is dependent upon ensuring that, on average over time, its expenses are less than income.

A positive ratio indicates the percentage of income available to fund capital expenditure, the provision of services or to pay down existing debt. A negative ratio for this target indicates the percentage of income would need to increase to achieve a break even operating result.

How is this ratio calculated?

$$\frac{A}{B}$$

A = Operating Surplus B = Income

What is our 10-year Long Term Financial Plan target? We aim to achieve a ratio of between 0% and 10%.

What are we budgeting for in 2026/27? An Operating Surplus position of $240,200 – or a ratio of 2.0% - has been forecast for 2026/27. A continued improving trend will see the Operating Surplus ratio remain within target for the next 10 years.

Net Financial Liabilities Ratio

Net financial liabilities equals Council's total liabilities, less financial assets (excluding any interests in equity accounted Council businesses). It reflects how significant the net amount owed by Council is compared with income.

An increase in this ratio indicates that Council requires more of its operating income to fund its financial obligations. A drop in this ratio indicates that Council's capacity to meet its financial obligations from operating income is strengthening.

How is this ratio calculated?

$$\frac{A}{B}$$

A= Net Financial Liabilities B = Total Operating Income

What is our 10-year Long Term Financial Plan target? We aim to achieve between 0% and 50% of Council's annual operating income.

What are we budgeting for in 2026/27? The Net Financial Liabilities ratio that has been forecast in 2026/27 at 53% of Council's annual operating income. Council's net financial

liabilities are forecast to reduce over the remaining life of the LTFP as our operating position improves.

Asset Renewal Funding Ratio

This ratio indicates the extent to which existing non-financial assets are being renewed and replaced, compared with the asset renewal and replacement expenditure identified in Council's asset management plans. That is, are assets being replaced at the rate at which they are wearing out?

How is this ratio calculated?

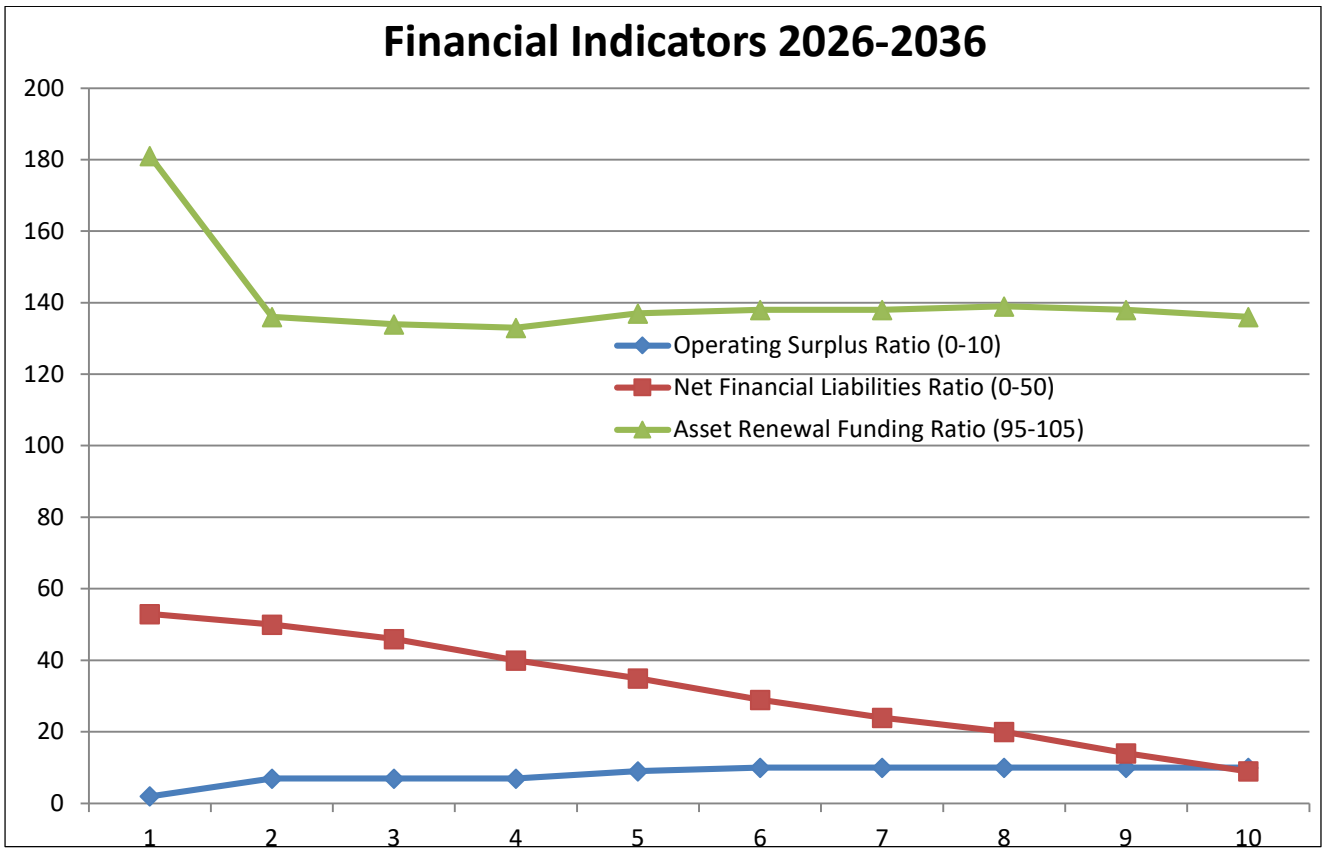
$$\frac{A}{B}$$

A= Net Asset Renewals B = Asset Management Plan (AMP) required Expenditure

What is our 10-year Long Term Financial Plan target? We aim to achieve a ratio of between 95% to 105% of our AMPs' desired capital spend.

What are we budgeting for in 2026/27? An Asset Renewal Funding Ratio of 181% has been forecast in 2026/27. Expenditure on renewal and replacement of existing assets over the life of the current LTFP averages 141% which is above the target range (the new AMPs have resulted in a lower renewal required)

The following graph plots the current Budget position of the Ratios listed above.



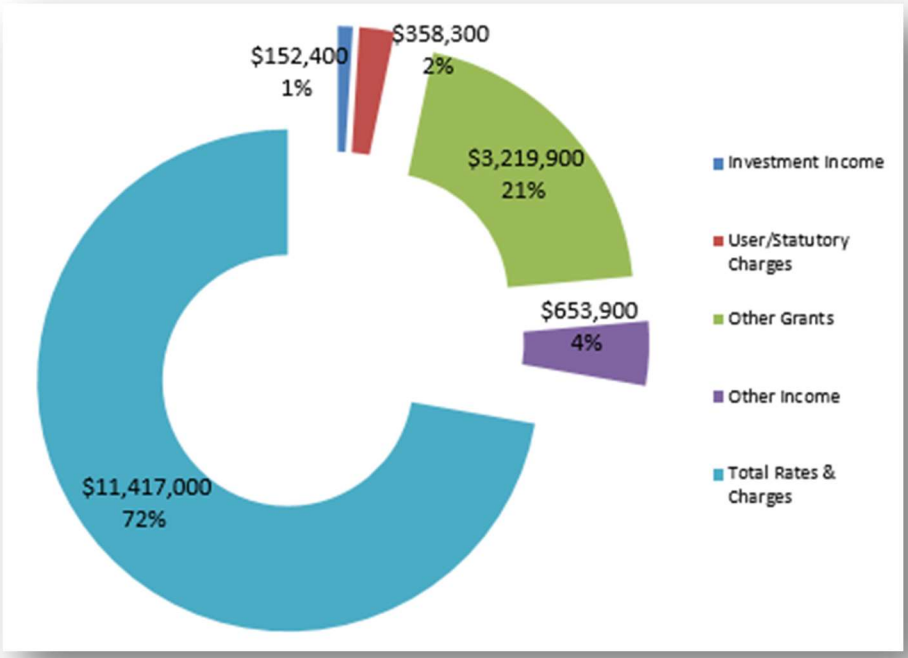
Funding the Business Plan

Consistent with the Council's Long-term Financial Plan, an operating surplus of $240,200 is being targeted in 2026-27. The operating surplus (deficit) measures the difference between operating revenue and expenses for the period. The Council's long-term financial sustainability is dependent on ensuring that, on average over time, its expenses are less than its revenue.

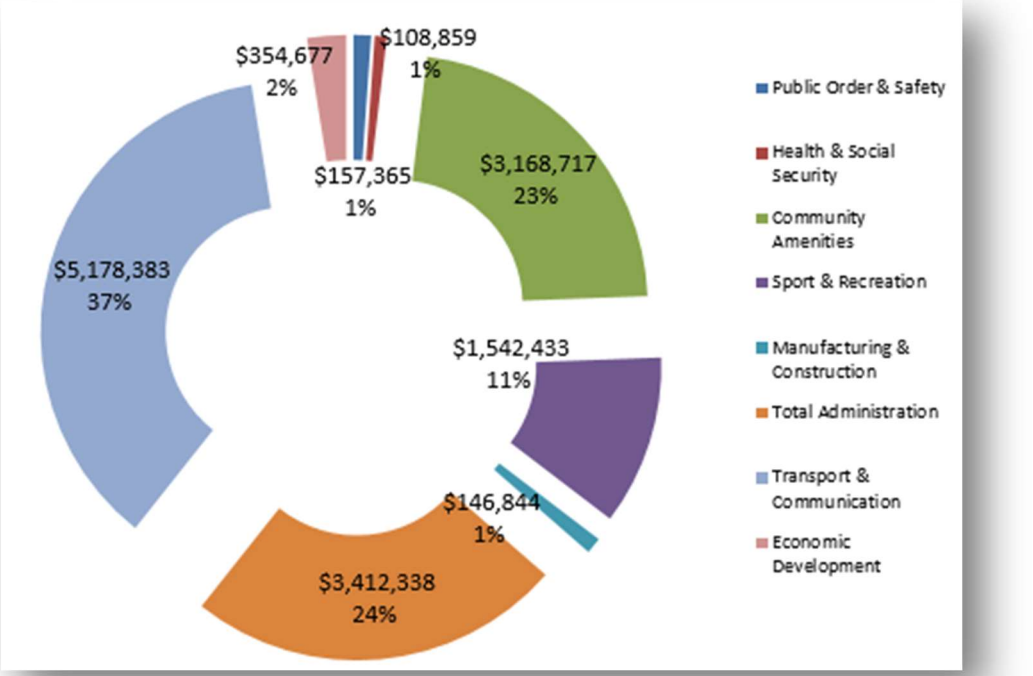
The Council's revenue in 2026-27 includes $9.29 million proposed to be raised from general rates. Other sources of revenue for the Council are:

- **User pay charges set by Council.** These comprise charges for the Council's fee-based facilities such as hall hire fees and washdown bay charges.
- **Statutory charges set by State Government**. These are fees and charges set by regulation and collected by Council for regulatory functions such as assessment of development applications. Revenues generally off-set the cost of the service.
- **Grants and partnerships**. Council normally seeks to attract as much grant funding as possible from other levels of government, and major projects of wider State benefit are usually jointly funded in partnership with the Federal and/or State governments and other relevant parties.

2026/27 Operating Revenue Mix



2026/27 Operating Expense Mix



Impact on Council's Financial Position

After taking account of planned net outlays on existing and new assets in 2026-27 new borrowings of $600,000 will be required. This will be offset by repayments of existing borrowings of $613,000. Council's net financial liabilities are expected to be approximately $8.2 million at 30 June 2027. Net financial liabilities is a key indicator of the Council's financial position.

It measures total liabilities less financial assets (i.e. what the Council owes to others, less money the Council has or is owed). The expected level of net financial liabilities at 30 June 2027 represents 53% of estimated operating revenue in 2026-27. This compares with a targeted level for this indicator of between 0% and 50% of revenue.

What it means for rates

How does Council determine the rates payable?

Council adopts the capital values (as provided by the Office of the Valuer-General) on all properties in the Council area. Council determines how much income is required to deliver the services required as outlined in this Annual Business Plan. The rate in the dollar and the fixed charge are then declared by Council for all properties in the area.

For example: A property has a capital value of $330,000 and Council declares a rate in the dollar of 0.4270 cents. That property will pay $330,000 x 0.4270 cents = $1,409.10 + $150.00 fixed charge for total of $1,559.10.

In 2025-26 Council's general rate revenue was $8,837,000. It is budgeted that in the 2026-27 financial year a 4.95% general rate increase apply to rateable properties bringing the gross expected rate income to $9,290,000.

Overview

In setting its rates for the 2026/2027 financial year Council considered the following:

- The current economic climate and relevant factors such as inflation and interest rates;
- The specific issues faced by our community;
- The need to continue to replace and upgrade infrastructure and other assets including both plant and machinery and the road network;
- The objective of attracting and continuing to attract and support business activity to generate economic development;
- Council's Strategic Management Plan and the meeting of its objectives;
- The Budget for the 2026/2027 Financial Year and the Long Term Financial Plans;
- Householders, businesses and farmers;
- Employed, unemployed and pensioners;
- The broad principal of achieving equity in the distribution of rates;
- Minimising the level of general rates required by levying user pays fees and charges for goods and services where possible;
- Setting fees and charges to recover the full cost of operating or providing the services of goods, with provision for concessions to those members of the community unable to readily meet the full cost;
- Taking into account increases on Council valuations by the Office of the Valuer-General;
- Council's membership of Regional Development Australia which in turn supports small businesses in the Council area;
- Promoting Single Farm Enterprise benefit which has reduced the rate burden on primary production businesses.

Council conducts public consultation on a broad range of issues as required by its Public Consultation Policy. All ratepayers and community members have the opportunity to provide written feedback and comments prior to adoption of this plan.

Method Used To Value Land

Council has decided to continue to use capital value as the basis for valuing land within its Council area. Council considers that this method provides the fairest method of distributing the rate burden across all ratepayers when applying the equity test of taxation.

Land use types are based on information provided by the Office of the Valuer-General. Please contact Council if you would like to object to your land use type.

Land use categories in Northern Areas are:

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

Adoption of Valuations

Council will adopt the valuations made by the Office of the Valuer-General as provided to the Council in March 2026.

You may object to the valuation referred to in this notice by writing served personally or by post on the Valuer-General within 60 days after the date of service of this notice.

> Office of the Valuer-General
> GPO Box 1354, Adelaide 5001
> Email: OVGobjections@sa.gov.au
> Phone: 1300 653 346.

Council has no role in this process. It is also important to note that the lodgement of an objection does not change the due date or amount for payment of rates.

General Rates

All land within a council area is rateable, except for land specifically exempt – e.g. Crown land, council occupied land and other land prescribed in the *Local Government Act 1999* Section 168. The Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties.

It is proposed to raise $9,185,900 net general rate revenue in a total revenue budget of $15,801,500. Council anticipates the following general rates based on land use category to raise the necessary revenue.

Land Use Category	Rate in $	Property Rate Revenue ($'000)
Residential	0.004270	2729
Commercial - Shop	0.006600	76
Commercial - Office	0.006600	12
Commercial - Other	0.006600	256
Industry - Light	0.006600	21
Industry - Other	0.006600	40
Primary Production	0.001725	5602
Vacant Land	0.006500	172
Other	0.009550	280

Fixed Charge

Council proposes to impose a fixed charge on rateable properties of $150. The fixed charge is levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge is levied against two or more pieces of adjoining land, whether intercepted by a road or not, if the land is owned by the same owner(s) and occupied by the same occupier(s). Council believes that a fixed charge provides an equitable base for the rating system.

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. The Single Farm Enterprise provision allows for eligible farmers to achieve more equitable distribution of the fixed charge (which reflects the changing nature of farm holdings in the area). Approval is subject to a written application and such evidence as Council may reasonably require. Applications must be received by June 30 to take effect in the following financial year.

Annual Service Charges – CWMS and waste

Council provides a Community Wastewater Management System (CWMS) to most properties in Jamestown, Laura, Gladstone and the Moyletown area of Jamestown. Council will recover the full cost of operating, maintaining and improving this service through the imposition of an annual service charge of $617.00 per occupied property unit and $475.00 per unoccupied unit. The service charges have been increased in accordance with the CWMS Asset Management Plan.

Any surplus of revenue over expense is kept in a dedicated reserve account for future replacement or upgrades of respective schemes.

Council provides waste collection services to townships within the Council area. This annual service charge will be calculated at 100% of anticipated costs of roadside waste collection and disposal for all areas having a pickup. The Waste Collection Annual Service Charge proposed for 2026/27 year is $364 per unit (3 bin system). Business Properties will be charged $317 per unit (2 bin system).

Some rural properties voluntarily participate in the 2 bin service and are invoiced through Council's debtor system.

Please note that properties exempt from general rates are not necessarily exempt from annual service charges if applicable.

State Government Concessions

These concessions were formerly available to the holders of pensioner concession cards, veterans, low-income earners, unemployed, students, and self-funded retirees.

These concessions were all abolished by the State Government with effect from 30 June 2015. From 1 July 2015, the State Government has elected to replace these concessions with a single "cost-of-living payment" provided directly to those entitled. This payment may be used for any purpose, including offsetting Council rates. Note that not all former recipients of rates concessions will be entitled to the new payment. To check eligibility, contact the Department for Communities and Social Inclusion (DCSI) Concessions Hotline 1800 307 758 or email concessions@sa.gov.au or at www.sa.gov.au/concessions

Separate concession entitlements for Council Community Wastewater Management Systems (CWMS) are also handled directly by the State Government.

Postponement of Rates for State Seniors Card Holders

Section 182A of the Local Government Act provides for the option for State Seniors Card Holders to postpone part of the rates on a long term basis. A deferred amount is subject to a monthly interest charge with the accrued debt being payable on the disposal or sale of the property. Applications are subject to the same conditions as deferral or postponement of rates. For further information and details please contact our Rates Officer: PO Box 120 Jamestown SA 5491, by email: admin@nacouncil.sa.gov.au or phone: 8664 1139

Discretionary Rebate of Rates - Section 166(1)(l)

Any ratepayer who feels they require relief because of a substantial change in rates payable due to a redistribution of the rate burden arising from a change to the basis of Council's rates may apply to Council for a rebate. A rebate of rates under this section may be granted for a period exceeding one year, but not exceeding three years.

Payment of Rates

Council has decided that the payment of rates will be by quarterly billing, due on 1 September 2026, 1 December 2026, 1 March 2027 and 1 June 2027.

Difficulty in paying Rates

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment arrangements is invited to contact the Rates Officer to discuss alternative payment arrangements. Council treats such inquiries confidentially.

Incentive for Early Payment

Council is offering incentives for the early payment of rates. A discount of 3% will apply to the general rate if total rates are paid in full by 1st September 2026.

Special Discretionary Rebate

Council will 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 subject to specific criteria:

The rebate applies to only residential and primary production land use categories.
• A 10% cap will be applied to the residential land use category
• A 10% cap will be applied to the primary production land use category
• The rebate will be automatically applied to eligible assessments in order to minimise the administrative effort required.

The rebate will not apply to properties where:

- The current ratepayer was not a ratepayer for that property prior to 1st July 2025, or
- Where a building / development approval has been granted since 1st July 2025 valued at $20,000 or more.
- Where there has been a change in land use of 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

Rate cap for significant valuation changes

Council may provide relief to an individual ratepayer who experiences a significant annual capital valuation change and is not automatically covered by the Special Discretionary rebate above. Where a ratepayer's annual rate increase is greater than 10% an application can be made to Council seeking to have the rate cap applied. The rate cap does not apply when there is a change in property ownership during the previous financial year or where valuations have increased due to property improvements.

Late Payment of Rates

The Act provides that councils impose a 2% fine on any payment for rates, whether due by instalment or otherwise, that are unpaid after the due date. A payment that continues to be in arrears is charged penalty interest at an interest rate, set each year according to a formula in the Act, for each month it continues to be late. Penalty fines allow the Council to recover some of the administration costs that arise because rates were not received by the due date.

Remission and Postponement of Rates

Where a ratepayer is suffering hardship in paying rates he/she is invited to contact the Rates Officer to discuss the matter. Council treats such inquiries confidentially.

Rebate of Rates

The Act requires Councils to rebate rates payable on some land. This includes a 100% rebate for hospitals, health centres, churches and cemeteries. A minimum rebate of 75% is applied for land used predominantly for educational purposes (subject to qualifications). Applications for any other discretionary rebates should be in writing to the Manager of Finance, detailing the basis for applying for the rebate. Council will consider each application on merit.

Sale of Land for Non-Payment of Rates

Section 184 of the Act, provides that a Council may sell any property where the rates have been in arrears for three years or more. Council is required to notify the owner of the land of its intention to sell the land; provide the owner with details of the outstanding amounts and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month.

Regional Landscape (State Government) Levy

The *Landscape South Australia Act 2019* requires Council to raise a levy on behalf of the Northern & Yorke Landscape Region. This levy is shown separately on the rates notice.

Council does not retain this revenue, nor determine how the revenue is spent. Council is required to raise $347,100 in 2026/27, which is almost the same as the prior year due to valuation changes across the Northern & Yorke region.

Council will recover this amount by applying a Levy of 0.008810 cents in the $ against the capital value of every property in the area.

Any queries relating to the Regional Landscape Levy should be directed to:

Northern & Yorke Landscape Board
155 Main North Road, Clare SA 5453
Phone: (08) 8841 3444
www.landscape.sa.gov.au/ny



2026 - 2027

Description	Key Projects	Notes	carry FWD	Grants	New	Renewal	
Buildings		**Notes**	**carry FWD**	**Grants**	**New**	**Renewal**	**Budget**
							-
Spalding Oval Toilets	awaiting council approval			60,000		100,000	100,000
Gladstone Pool Re-surface & pool cleaners				50,000		120,000	120,000
Disability compliance	Spalding Park Disabled Toilet				80,000		80,000
							-
Fire safety Upgrades & Roof access Systems	Community buildings				20,000	50,000	70,000
							-
Planned - AMP minor capital renewal	incl Office roof 50K, Spalding Hall roof 40K					100,000	100,000
							-
Depot	Depot Upgrades - stage 1					250,000	250,000
Swimming Pool Compliance			300,000			300,000	300,000
							-
Building Painting/Gutter Program	Halls, etc					50,000	50,000
Washdown Bay	Design & Compliance Upgrades (Stage 1)					100,000	100,000
			$ 300,000.00	**$ 110,000.00**	**$ 100,000.00**	**$ 1,070,000.00**	**$ 1,170,000.00**
CWMS							
CWMS	Upgrades Jamestown/Laura/Gladstone per Asset Mgt Plan					330,000	330,000
	incl Pump upgrades						
							-
	Sub-total		**$ -**	**$ -**	**$ -**	**$ 330,000.00**	**$ 330,000.00**

2026 - 2027

Description	Key Projects	Notes	carry FWD	Grants	New	Renewal	
Public Open Space							
Playground renewal	Replace 1x playground / shade					100,000	100,000
Main Street Beautification	Laura - Main St design & consultation					50,000	50,000
							-
Trails	Jamestown (re-budget from 25/26 subject to grant)			150,000	200,000		200,000
Open Space Furniture	New or replacement of street furniture					25,000	25,000
Signage	District Signage					50,000	50,000
Irrigation Allowance	Water management				45,000		45,000
							-
			$ -	**$ 150,000.00**	**$ 245,000.00**	**$ 225,000.00**	**$ 470,000.00**
Civil							
Kerb & Channel Renewal	Gladstone, Georgetown as required					100,000	100,000
Re-sheet program	Refer attached program					1,935,000	1,935,000
							-
Footpaths	Georgetown, Jamestown & Gladstone					250,000	250,000
Street Lighting Allowance	Energy efficiency / safety focus					40,000	40,000
Re-seal Program	continue Caltowie Stone Hut Road					430,000	430,000
Upgrade unsealed road to sealed	Cockburn Service roads, Loftus St (Gladstone)	Loan			66,000	34,000	100,000
Safety Seal Program	RLCUF Rail intersections			250,000	250,000	250,000	500,000
							-
Infrastructure renewal	Grant dependent	Loan				500,000	500,000
Bute Street Culvert, Jamestown	2/3 Special Local Road funding		570,000			570,000	570,000
							-
Bridges	Assessments & Detailed designs					300,000	300,000
Designs	Minor Traffic					100,000	100,000
	Sub-total		**$ 570,000.00**	**$ 250,000.00**	**$ 316,000.00**	**$ 4,509,000.00**	**$ 4,825,000.00**

2026 - 2027

Description	Key Projects	Notes	carry FWD	Grants	New	Renewal	
Storm Water							
Flood Mitigation	Jamestown flood mitigation works - Stage 2			270,000	540,000		540,000
							-
Stormwater management plan implementation	Laura -west tce kerbing			190,000	380,000		380,000
							-
Stormwater	Allowance for smaller towns					80,000	80,000
							-
Floodway & Culvert Upgrades	Upgrades as required					50,000	50,000
							-
							-
	Sub-total		**$ -**	**$ 460,000.00**	**$ 920,000.00**	**$ 130,000.00**	**$ 1,050,000.00**
Plant and Equipment							
Plant/ Minor Plant	As per Plant Replacement Program					200,000	200,000
Vehicles	Light fleet replacement					300,000	300,000
Equipment	Radio replacement to Digitial (3 of 4)					50,000	50,000
Speed sign Allowance	Towns to be confirmed					60,000	60,000
							-
	Sub-total		**$ -**	**$ -**	**$ -**	**$ 610,000.00**	**$ 610,000.00**
Office Equipment							
Office - estimated annual allowances	Computers/Phone system/Software/Furniture					55,000	55,000
							-
			$ -	**$ -**	**$ -**	**$ 55,000.00**	**$ 55,000.00**
	Grand Total		**$ 870,000.00**	**$ 970,000.00**	**$ 1,581,000.00**	**$ 6,929,000.00**	**$ 8,510,000.00**

Draft re-sheet for 2026/27 (not in priority order)

Road id	S.N	Road Name	From	To	Distance(m)	Category	Notes
R0088015	1	Canowie Road	Seven Trees Road	1.1km South of Seven Trees Road (Wind Farm Access Road)	1116.1	CAT 4	
R0088020	2	Canowie Road	1.1km South of Seven Trees Road (Wind Farm Access Road)	1.5km South of Seven Trees Road	340	CAT 4	
R0088025	3	Canowie Road	1.5km South of Seven Trees Road	2.0km South of Seven Trees Road	500.6	CAT 4	
R0088030	4	Canowie Road	2.0km South of Seven Trees Road	3.9km South of Seven Trees Road	1900.1	CAT 4	
R0088035	5	Canowie Road	3.9km South of Seven Trees Road	4.7km South of Seven Trees Road	859.9	CAT 4	
R0088040	6	Canowie Road	4.7km South of Seven Trees Road	Motherowie Road	536.5	CAT 4	
R0277025	7	Kelly Road No 2	Cronin Road	Gate South Side	1653	CAT 4	
R0277030	8	Kelly Road No 2	Gate South Side	Belalie East Property Entrance	1336.3	CAT 4	
R0277035	9	Kelly Road No 2	Belalie East Property Entrance	Belalie East Road	339.5	CAT 4	
R0381005	10	Powerline Road	Bondowie Street	Pavement Change	1694.1	CAT 4	
R0186055	11	Frost Road	Smart Road	Belalie North Road	1367.6	CAT 4	
R0421015	12	Smart Road No 2	Frost Road	Belalie North Road	920.3	CAT 4	
R0011005	13	Appila Springs Road	Appila-Tarcowie Road	Appila Springs	852	CAT 4	
R0011010	14	Appila Springs Road	Appila Springs	End of Picnic Area	285.8	CAT 4	
R0011015	15	Appila Springs Road	End of Picnic Area	End of Road	569.9	CAT 5	Public access
R0169015	16	Ferguson Road	Property Entrance (Gate No. 445)	Three Chain Road	1004.8	CAT 4	
R0169020	17	Ferguson Road	Three Chain Road	R M Williams Way	2198.1	CAT 4	
R0363010	18	Pages Hill Road	Fenceline	Playford Plaque	1138	CAT 4	
R0363015	19	Pages Hill Road	Playford Plaque	Frome Crossing Road	853.9	CAT 4	
R0363020	20	Pages Hill Road	Frome Crossing Road	Gate West Side	990	CAT 4	
R0363025	21	Pages Hill Road	Gate West Side	Goyder Highway	1643.3	CAT 4	
R0386015	22	Racecourse Road No 2	R M Williams Way	Williams Road	1251.9	CAT 4	
******	23	Cemetery Road (Spalding)	Borve Hill Road	Cemetery (Gate)	1750	CAT 4	
R0404005	24	Sanquar Lane	Hill River Road	Riverview Road	1657.4	CAT 4	
R0404010	25	Sanquar Lane	Riverview Road	End of Road	830.4	CAT 4	
R0241005	26	Hillam Road	Neindorf Road	Manatoo Road	631.1	CAT 4	
R0241010	27	Hillam Road	Manatoo Road	Fenceline	1397.1	CAT 4	
R0241015	28	Hillam Road	Fenceline	Valley View Road	1078.7	CAT 4	
R0180005	29	Foulis Road	Mallee Grove Road	Segment Change	2000	CAT 4	
R0180010	30	Foulis Road	Segment Change	Pavement Change	1740	CAT 4	
R0180015	31	Foulis Road	Pavement Change	Pavement Change	490	CAT5	
R0180020	32	Foulis Road	Pavement Change	Schultz Road	455.8	CAT 4	
R0391005	33	Ray Crawford Road	Smart Road	Pavement Change	1060.2	CAT 5	exisiting material -dwelling
R0286005	34	Kitto Road	Cloverhill Road	Pavement Change	2100	CAT 4	
R0286010	35	Kitto Road	Pavement Change	Bondowie Street	1733.6	CAT 4	
R0514030	36	Yacka-Andrews Road	2.3km East of Cromer Road	3.4km East of Cromer Road	1106.7	CAT 4	
R0514035	37	Yacka-Andrews Road	3.4km East of Cromer Road	Gate South Side	1477.1	CAT 4	
R0514040	38	Yacka-Andrews Road	Gate South Side	Fenceline	1580.6	CAT 4	
R0514045	39	Yacka-Andrews Road	Fenceline	Gate and Grid	932.9	CAT 4	
R0437020	40	Springs Road	Neindorf Road	0.9km South of Neindorf Road	932.1	CAT 4	
R0339005	41	Narridy-Huddleston Road	Goyder Highway	Bend Right	1970.5	CAT 4	
R0339010	42	Narridy-Huddleston Road	Bend Right	Everett Road	1371.4	CAT 4	
R0426005	43	Smith Road (Tarcowie)	Heggies Hill Road	Property Entrance (Council Boundary)	1512.9	CAT 4	
R0242005	44	Hillview Road	Horrocks Highway	Old Coach Road	144.1	CAT 4	
R0242010	45	Hillview Road	Old Coach Road	24/25 Resheet end	900	CAT 4	
R0217010	46	Gumdale Road	Pavement Change	Heaslip Road	1602.6	CAT 4	
R0203005	47	Glasson Road	Wilkins Highway	Williams Road	1700.3	CAT 4	
R0390005	48	Range Road	Fishers Trough Road	1km South of Fishers Trough Road	1005	CAT 4	
R0390010	49	Range Road	1km South of Fishers Trough Road	Golf Club Entrance	427.9	CAT 4	
R0390015	50	Range Road	Golf Club Entrance	Fenceline	1535.8	CAT 4	
					58475.9		

Estimated Carried Forward works from 25/26

3		Andrews Road	Pavement Change	Council Boundary	3717.3
2		Old Reservoir Road	Quarry Road	Old Terowie Road	3066.7
2		Williams Road	Property Entrance	R M Williams Way	3467.3
3		Range Road	Fenceline	Hillam Road	2984.4
					13235.7

TOTAL **71.7116**

ESCOSA Advice

This attached report is the Local Government Advice for Northern Areas Council prepared by ESCOSA in 2023/24.

Council is obliged under the *Local Government Act 1999* to publish this advice in its 2026-27 annual business plan (including any draft annual business plan) and subsequent plans until the next cycle of the scheme.

Council does not need to publish attachments to the advice. However, interested community members can find the information on the ESCOSA website: www.escosa.sa.gov.au

While Council is under no obligation to follow the advice, we recognise the points raised by ESCOSA and will continue on a pathway to ensure we are sustainable in the future.

Budgeting considerations

1. **Manage** its near-term forecast costs to ensure they are sufficiently constrained to enable achievement of the forecast operating surplus ratio.

Since the ESCOSA recommendations Council has been exercising budget constraint and increasing cost management as part of budget formulation and to be more realistic in terms of what can be achieved.

2. **Ensure** updates to the long-term financial plan are reflected in key strategic management documents.

Councils LTFP is updated each year as part of the budget process. The resulting capital forecasting has been included in recent Asset Management Plan work. Asset Management Plans for Roads, Buildings, Bridges, Stormwater & CWMS were last adopted by Council throughout the 2025 calendar year.

Continuing to provide evidence of ongoing cost efficiencies

3. **Manage** cost growth in its budgeting, where possible, including related to employee expenses and materials, contracts and other expenses.

This has been a focus of council since the ESCOSA report.

4. **Review** and update depreciation expenses based on revised asset management plans.

The draft budget and LTFP has been updated to reflect both the changes from recent asset revaluation work and future planned revisions.

5. **Continue** its good practice of reporting any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Council will continue to do so.

Refinements to asset management planning

6. **Adhere** to the principles underpinning its long-term financial plan projections to provide more funding to the renewal of its assets, rather than prioritising initiatives which involve new or upgraded infrastructure.

Renewal of existing assets has always been a priority of Council before considering any new or upgraded infrastructure. This focus continues in preparing the Draft 2026/27 Annual Business Plan.

7. **Update** asset management plans and asset valuations regularly and at least every four years to ensure an accurate alignment between the asset valuation and renewal expenditure requirements in the asset management plans and the latest long-term financial plan projections.

Asset valuations were undertaken during the 24/25 financial year and accordingly have flowed into Asset Management Plans. Asset Management Plans for Roads, Buildings, Bridges, Stormwater & CWMS were last adopted by Council throughout the 2025 calendar year.

Containing rate levels

8. **Update** its long-term financial plan immediately following each update of asset management plans and asset valuations to accurately forecast its financial position and provide transparency with trade-off options to ratepayers about potential higher rates.

The LTFP has been updated accordingly.

9. **Complete** the update of asset management plans, assets valuations and a revised long term financial plan within 12 months to provide ratepayers with more certainty about future rate increases.

Refer item 7 above. Council's intent is to keep rate increases relatively low and close to CPI with an average forecast of 3.4% for the entire LTFP. The current year is planned to be the exception due to higher than usual inflation pressures.



Advice

Local Government Advice

Northern Areas Council

February 2024

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

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

Northern Areas Council

AT A GLANCE

OVERVIEW

The Essential Services Commission finds the Northern Areas Council's current financial performance **potentially unsustainable,** but notes that it is taking steps to achieve a **mostly sustainable** position in the future, when taking into account the council's forecast moderate expense increase over the next 10 years and the planned average rate increases of 2.7% p.a. per property over this period

RISKS IMPACTING SUSTAINABILITY

- Asset management plans are significantly out of date
- Depreciation expenses related to assets may be understated impacting Operating Performance
- Low forecast expense growth is not realised and is underestimated
- No forecast expenditure for new or upgraded capital works from 2027-28
- Underestimation of future capital expenditure

CONTINUE

- Reporting actual and projected costs savings in its annual budget and long-term financial plan to provide evidence of cost constraint and achieving efficiency across its operations and service delivery

COMMISSION'S RECOMMENDATIONS

- Ensure updates to the long-term financial plan are reflected in key strategic management documents
- Update asset management plans and asset valuations regularly (at least every 4 years)
- Update asset management plans, and asset valuations within 12 months
- Immediately update the long-term financial plan following the asset management plans update and asset revaluations
- Review and update depreciation expenses based on revised asset management plans
- Provide more funding to the renewal of assets
- Manage its near-term forecast costs

KEY FACTS

- Population in 2021 was **4,559**
- Council covers **3,070 square kilometres**
- **4,257** rateable properties in 2022-23
- **$9.5 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **$113 million**

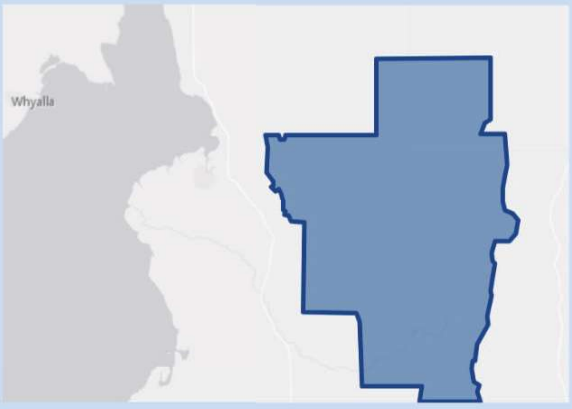


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Glossary of terms

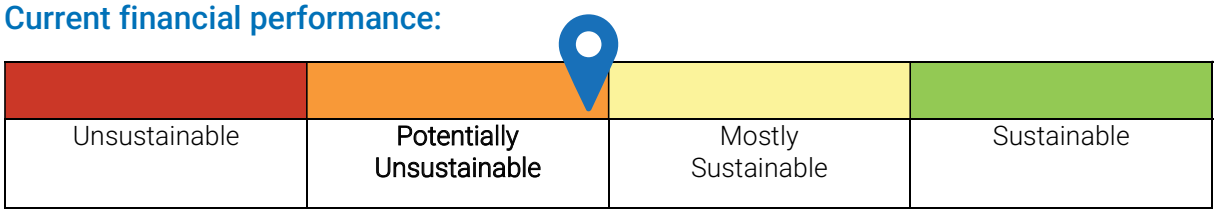
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
CPI	Consumer Price Index (Adelaide, All Groups)
Council	Northern Areas Council
CWMS	Community Wastewater Management 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
LGPI	Local Government Price Index
LTFP	Long-term financial plan
Regulations	*Local Government (Financial Management) Regulations 2011*
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme

Legend: Low-risk Moderate-risk High-risk

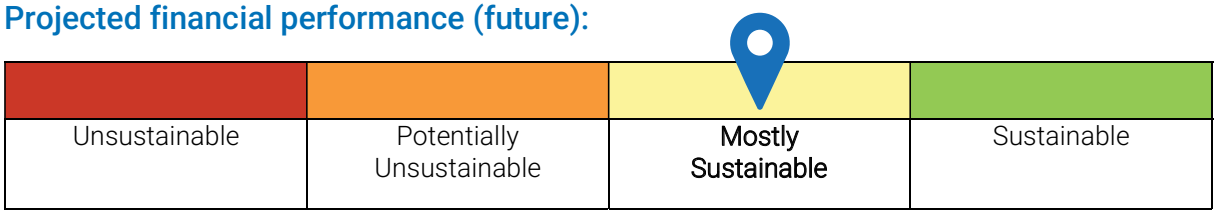
1 The Commission's key advice findings for the Northern Areas Council

The Essential Services Commission (**Commission**) finds the Northern Areas Council's (**Council**) short-term financial position **potentially unsustainable**. However, the Commission notes that the Council is taking steps to consolidate a **mostly sustainable** position in the medium to long-term. The Council's projected improvement to its financial performance is reliant on the renewal of its asset stock and a period of service consolidation, which would require at a minimum, continued cost control, and further rate increases.

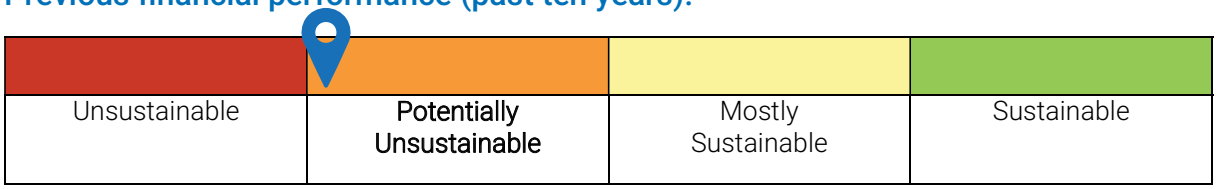
Current financial performance:



Projected financial performance (future):



Previous financial performance (past ten years):



However, the Commission has identified that there are risks to the Council's sustainability with the major risks as follows:

- The Council's asset management plans are significantly out of date and 69 percent of asset valuations were undertaken at 1 July 2020 which creates a risk that depreciation expenses relating to its asset base are understated which could negatively impact the Council's Operating Surplus Ratio (**OSR**).
- The Council has predicted low growth in expenses to be below forecast inflation. If this forecast is not realised and its expenses are higher than anticipated, the Council may need to either increase rates, reduce service levels, or borrow further funds to maintain its forecast OSR.
- There is no forecast expenditure for new/upgraded capital works from 2027-28 where the Council risks understating its future new capital expenditure leading to an understatement of future depreciation expenses.

Acknowledging the Council's outlook, the Commission considers it would be appropriate for it to undertake the following steps to ensure it budgets prudently and transparently, continues to manage its cost base efficiently, renews its asset base to meet sustainable service levels, plans its asset needs appropriately and constrains the extent of further rate increases.

Budgeting considerations

1. **Manage** its near-term forecast costs to ensure they are sufficiently constrained to enable achievement of the forecast operating surplus ratio.
2. **Ensure** updates to the long-term financial plan are reflected in key strategic management documents.

Continuing to provide evidence of ongoing cost efficiencies

3. **Manage** cost growth in its budgeting, where possible, including related to employee expenses and materials, contracts and other expenses.
4. **Review and update** depreciation expenses based on revised asset management plans.
5. **Continue** its good practice of reporting any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Refinements to asset management planning

6. **Adhere** to the principles underpinning its long-term financial plan projections to provide more funding to the renewal of its assets, rather than prioritising initiatives which involve new or upgraded infrastructure.
7. **Update** asset management plans and asset valuations regularly and at least every four years to ensure an accurate alignment between the asset valuation and renewal expenditure requirements in the asset management plans and the latest long-term financial plan projections.

Containing rate levels

8. **Update** its long-term financial plan immediately following each update of asset management plans and asset valuations to accurately forecast its financial position and provide transparency with trade-off options to ratepayers about potential higher rates.
9. **Complete** the update of asset management plans, assets valuations and a revised long-term financial plan within 12 months to provide ratepayers with more certainty about future rate 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 State Parliament to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**) and on the proposed revenue sources, including rates, which underpin those plans.[1]

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

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

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

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2024-25 annual business plan (including any draft annual business plan) and subsequent plans until the next cycle of the scheme.[8] It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website[9]), nor is it compelled under the LG Act to follow the advice.

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

2.1 Summary of advice

In general, the Commission finds the Council's short-term financial position potentially unsustainable. However, the Commission notes that the Council has taken steps to consolidate into a sustainable position in the medium to long-term, following a period of volatile operating surplus results. The council has also struggled to meet the ongoing renewal needs of its existing infrastructure base.[10] This now presents a backlog of deferred renewal and rehabilitation it needs to address in the future.

The past rate increases above inflation have had the effect of increasing the Council's financial capacity to cover its operating and service sustainability requirements.

---

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

Its forward projections from 2023-24 (in its LTFP) forecast an improving financial sustainability outlook due to the forecast rate of operating revenue growth set to outpace expense growth, but with:

- continued average rate increases below the Reserve Bank of Australia (RBA)-based forecast inflation rate,
- optimistic cost constraint with lower average cost growth than RBA-based forecast inflation,
- low spending on new or upgraded capital works with moderate asset spending on renewal and rehabilitation capital works, including to partially address the accumulation of deferred renewals over the next 10 years, and
- concerns about the accuracy of depreciation and capital expenditure forecasts.

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 these findings. However, the Commission notes the following significant risks to the LTFP forecasts:

- that uncertainty exists regarding Council's inflation assumptions,
- that AMPs are significantly out of date,
- that depreciation is not supported by current asset valuations,
- and that no new/upgraded capital expenditure has been forecast from 2027-28 which is inconsistent with past average expenditure of $0.7 million per annum.

2.2 Detailed advice findings

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

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

2.2.1 Advice on material plan amendments in 2023-24

Key Points:

The projected deficit is driven by grants received in advance which is a result of a timing issue (i.e. receiving a grant in advance of the financial year).

The operating surplus forecasts were revised to be more moderate to account for higher inflation and to allow for additional renewal capital expenditure.

The Council's 2023-24 LTFP includes a forecast deficit in 2023-24 followed by an improvement to its projected operating performance from 2024-25, and a slight increase to its projected capital expenditure estimates.

- The forecast deficit is mainly driven by grants received in advance (2022-23) reducing the 2023-24 forecast grant value.

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

- An additional $0.5 million for new projects[12] not identified in the respective asset management plans (AMPs).

Operating Surplus forecasts have been revised to be more moderate, compared with the 2022-23 estimates, and in part, address the accumulation of deferred renewal expenditure and accounts for the current inflationary environment.

The Council has increased its operating income forecasts with a total operating income increase of 0.9 percent. The increase of 3 percent on 2022-23 rates accounts for higher inflation forecasts, based on an average of the Local Government Price Index forecast,[13] while grants income is decreased due to receipt of grants in advance. Expenditure is now forecast to increase by 2 percent, mainly driven by employee costs, compared to its 2022-2023 expenditure forecasts.

The Council has factored increased capital expenditure into its LTFP projections, discussed in the operating performance section below. However, its current inflation forecasts may present a risk to its cost and income projections in the current inflationary environment. The RBA currently forecasts the CPI (Australia-wide) to increase by 3.6 percent in the year to 30 June 2024 and by 3.1 percent in the year to 30 June 2025. Thereafter, it is reasonable to anticipate a return to long-run CPI averages (and growth of 2.6 percent per annum from 2025-26).[14]

The Commission notes the Council's stated assumptions[15] for indexation in its 2023-24 LTFP but is of the view that there is considerable uncertainty around those assumptions. Notwithstanding the need for the Council to find savings and reduce any inflationary impact on its community, the Commission has found that it would be appropriate for it to:

1. **Manage** its near-term forecast costs to ensure they are sufficiently constrained to enable achievement of the forecast operating surplus ratio.

The Council adopted its 2023-24 annual business plan and budget together with its long-term financial plan in June 2023.[16] The Commission observes that the Council's LTFP identifies the risks to the financial estimates (due to economic factors, for example) and that the annual business plan also includes its 2022-2023 estimates (from the LTFP) to show any further budget amendments to those estimates. In addition, there is no current regulatory requirement for a council to publish its LTFP projections with its annual business plan and budget.

The Commission notes that the financials are aligned from 2025-26 forwards, however the annual budget 2023-24 was not updated to align with the LTFP forecast 2023-24. It would be better practice for the Council's annual business plan and budget to be republished with updated 2023-24 forecasts.

2. **Ensure** updates to long-term financial plans are reflected in key strategic management documents.

12 Northern Areas Council long-term financial plan 2023-24 – 2032-33 available at https://www.nacouncil.sa.gov.au
13 Northern Areas Council long-term financial plan 2023-24 to 2032-33
14 RBA, Forecast Table – August 2023, available at https://www.rba.gov.au/publications/smp/2023/aug/forecasts.html.
15 Footnote 13 applies, p8.
16 Northern Areas Council Minutes of the Special Meeting 27 June 2023 available at https://www.nacouncil.sa.gov.au

2.2.2 Advice on financial sustainability

Operating performance

Key Points:

- Operating deficits consistently observed between 2012-13 to 2021-22, with the operating surplus ratio averaging negative 2.3 percent in that time.
- 'Employee costs', 'materials, contracts and other' and 'depreciation' expenses all increased at conservative levels, averaging 1.8 percent per annum, from 2012-13 to 2021-22 which is 0.2 percent less than the CPI during that time.
- The operating surplus ratio is forecast to meet the suggested LGA target range from 2024-25 to 2032-33 averaging 4.7 percent per annum.
- Average operating expenses per rateable property between 2023-24 and 2032-33 are forecast to increase on average by 2 percent per annum, which is 0.6 percent less than the long-term RBA-based forecast inflation over the same period.

The Council has predominantly run operating deficits from 2012-13 to 2021-22, with the operating surplus ratio[17] averaging negative 2.3 percent over this period. However, in 2021-22, it achieved an operating surplus ratio of 14.3 percent (operating surplus over $2 million). In its forward projections, the operating surplus ratio is forecast to meet the suggested LGA target range from 2024-25 with an ongoing surplus averaging 7 percent.

The Council had experienced deficits of over $1m in each of the years 2012-13, 2013-14 and 2015-16 indicating it had difficulty in meeting its operating capacity requirements at that time. This is despite operating income growth averaging 5 percent per annum from 2012-13 to 2021-22, more than double the rate of operating expense growth (which was relatively conservative, averaging 2 percent per annum).[18]

For 2020-21, 2021-22 and the unaudited 2022-23 financial years, they show operating surpluses. However, there is a forecast operating deficit in 2023-24 which can be mostly attributed to the Financial Assistance Grant being received in advance (received in 2022-23 year for 2023-24). The most significant contributors to income growth over this period to generate the relatively strong operating growth were a combination of 'rates' and 'grants, subsidies, and contributions' income.

On the cost side, 'employee costs', 'materials, contracts and other' and 'depreciation' expenses all increased at conservative levels, averaging 1.8 percent per annum, from 2012-13 to 2021-22, related to annual CPI growth of 2.0 percent,[19] and there was a significant decrease in 'finance' costs due to a reduction in 'borrowings'.

The estimated rate of growth in operating expenses projected over the next 10 years, is an average of 2 percent per annum, which includes continuing reduction in total 'borrowings' across the period and is

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

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

[19] CPI Adelaide (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 2.0 percent), available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.

less than RBA-based forecast inflation.[20] When combined with rates, statutory and user charges revenue growth (slightly above or equal to the RBA-based forecast inflation), the Council's operating performance is expected to improve, generating an operating surplus ratio averaging 4.7 percent per annum. The Council has improved its position considerably in turning around from predominantly running deficits to forecasting predominant surpluses. However, the forecasts are optimistic when considered against RBA CPI forecasts and the Council has additional inherent risks because of outdated AMPs.

The associated impact on ratepayers is discussed further below.

The Commission notes that the Council is:

- planning to constrain expenditure within CPI,
- undertaking a review of its asset plans, and
- proposing no significant new projects to achieve savings.[21]

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

3. **Manage** cost growth in its budgeting, where possible, including related to employee expenses and materials, contracts, and other expenses.
4. **Review and update** depreciation expenses based on revised asset management plans.
5. **Continue** its good practice of reporting any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Net financial liabilities

Key Points:

- The net financial liabilities ratio has remained within the LGA target range between 2012-13 and 2021-22, averaging 40.6 percent.
- The net financial liabilities ratio in the 10 years to 2032-33 is forecast to be an average of 33.1 percent as a result of progressive repayment of debt.
- A cautionary approach should be taken in relation to the net financial liabilities ratio forecast as it risks being understated because 69 percent of the Council's asset valuations were updated at 1 July 2020 with a subsequent period of high inflation.

Despite the Council's frequent operating deficits from 2012-13 to 2015-16 (including depreciation expenses), its net cash flows after operating and investing (that is, capital-related) activities has averaged $0.5 million per annum between 2012-13 and 2021-22. Over this period, growth in the Net Financial Liabilities Ratio was negative 18 percent as borrowing liabilities have decreased. The Council has relied primarily on rates revenue and supplementary grant funding to fund its capital expenditure program over this period.

The Council has also consistently used borrowings to finance (in part) its renewal of existing assets and acquisition of new and upgraded assets, and over time, borrowing has been within the suggested LGA

[20] The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

[21] Northern Areas Council – 2023-24 - annual business plan.

target range for the Net Financial Liabilities Ratio (averaging 40.6 percent from 2012-13 to 2021-22).[22] The Council continues to meet the suggested LGA target range under its 2023-24 forecasts and projects a reduction in the ratio from a peak of 76.6 percent in 2013-14 to an average of 33.1 percent in the nine years to 2031-32. The Commission notes the reduction in borrowings at the end of 2026-27 to zero, and the intention of the Council to use cash reserves and short-term funding facilities to manage cash flow and fund projects as required.[23] The longer-term reduction in the Net Financial Liabilities Ratio from 2023-24 to 2032-33, comes from progressive repayment of total borrowings over the next ten years (to 2032-33) via operating income growth and deferral of capital projects expenditure. The NFLR may also be negatively impacted once Council has updated its asset valuations because of the impact of increased depreciation on the OSR.

Based on the Council's projected repayment of borrowings, and relatively low forecast Net Financial Liabilities Ratio in the longer-term, the Commission notes that the Council might have the opportunity to utilise more debt to further address its deferred asset renewal expenditure requirements subject to its capacity to repay.

Asset renewals expenditure

Key Points:

- ⚠ Between 2012-13 and 2021-22 the Council's asset renewals and replacements expenditure averaged $3.8 million per annum, plus an average of $0.75 million per annum on new/upgraded assets, with an average annual asset renewal funding ratio of 86.9 percent.
- ✓ Asset renewals expenditure is expected to increase between 2023-24 and 2032-33 to average $5.9 million, with an average annual asset renewal funding ratio of 101.9 percent.
- ⛔ The asset management plans are significantly out of date and may not reflect the requirements of their current asset stock renewal / repair / replacement, as a result of outdated condition assessments and estimated useful life of the assets.
- ⚠ There is no new capital expenditure forecast in its long-term financial plan from 2027-28 onwards which is unrealistic based on past performance.
- ⚠ Council is experiencing resourcing issues which may hinder its ability to ensure that asset renewals are on track and up to date as per its long-term financial plan.

Between 2012-13 and 2021-22, the Council's asset renewals and replacements expenditure averaged $3.8 million per annum plus an average of $0.75 million per annum on new/upgraded assets. However, expenditure fell short of the $4.7 million asset renewal and rehabilitation requirements specified in its AMPs. The Council's asset renewal funding ratio (IAMP-based) was below the suggested LGA target range of 90 to 110 percent, averaging 86.9 percent between 2012-13 and 2021-22.[24] This indicates that the Council underperformed in meeting its asset service sustainability requirements over this period, as it utilised increased rate and grant funding, and borrowings while it also sought to address its recurring

[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] Meeting between Northern Areas Council and ESCOSA 19 Oct 2023.

[24] The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested LGA target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

operating deficits. The Commission notes the advice of the Council regarding the timing of grant payments and the availability of staffing, contract and materials resources.[25]

From 2023-24, the Council is projecting to increase its asset renewals spending profile (with projected annual asset renewal expenditure averaging $5.9 million to 2032-33, in nominal terms). As a result, its Asset Renewal Funding Ratio (IAMP-based) is expected to trend within the suggested LGA target range (averaging 101.9 percent from 2023-24 to 2031-32). This coincides with much lower forecast spending by the Council on new or upgraded assets (estimated to average $.2 million per annum from 2023-24 to 2026-27, then cease).

The Council has forecasted no new/upgraded capital expenditure from 2027-28. The Commission notes that the Council has historically expended average new capital expenditure of $0.7 million per annum over the previous 10 years and could have reasonably made longer-term forecasts despite the absence of any known capital expenditure. Furthermore, the Commission also notes that the Council advised that new capital expenditure was frequently linked to grant funding, and that it had forecast grant funding for the same period in the absence of any new capital expenditure. [26] This may create a risk that forecast grant funding inflates the operating surplus ratio and understates the Net Financial Liabilities Ratio.

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

6. **Adhere** to the principles underpinning its long-term financial plan projections to provide more funding to the renewal of its assets, rather than prioritising initiatives which involve new or upgraded infrastructure.

The asset management plans were last updated sometime between 2016 and 2017 and the information contained therein generally does not underpin the forward projections. In addition, the plans note the limitations of available data for confident forecasting. The Commission acknowledges the Council experienced resource issues that have contributed to the lack of updates, however notes that without frequent revaluation of assets and assessments of asset conditions, risks of asset failure and significant expense can occur. An additional key risk is that depreciation is understated which could potentially negatively impact OSR.

The Council's projected spending on asset renewals and the depreciation expenses (which represent the rate of asset consumption) are projected to broadly track in line. Renewal spending is forecast to account for 103.7 percent of depreciation expenses on average to 2031-32.[27] While this demonstrates a sound alignment between the average rate of consumption of its assets, as indicated by its depreciation and renewal expenditure, the validity of the underlying data is unknown due to the outdated asset management plans and asset valuations.

7. **Update** asset management plans and asset valuations regularly and at least every four years to ensure an accurate alignment between the asset valuation and renewal expenditure requirements in the asset management plans and the latest long-term financial plan projections.

[25] See footnote 23.
[26] See footnote 23.
[27] The Council's asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses) is forecast to average 103.7 percent to 2031-32. This ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the estimated rate at which these assets are used or consumed.

2.2.3 Advice on current and projected rate levels

Key Points:

- Rate revenue per property growth has averaged 6 percent per annum for each property in the period between 2012-13 and 2021-22 which is 4 percent above CPI for the same period.
- Forecasted rate revenue growth increase of 2.7 percent per annum per property from 2023-24 to 203-32 which is 0.1 percent above the RBA-based forecast of inflation over the same period.
- Affordability risk among the community for further rate increases appears to be high, given the council's approach to constraining operating costs is based on depreciation levels which may be inaccurate (based on its outdated asset management plans), and on ongoing deferral of renewal capital expenditure.

The Council's rate revenue per property growth has averaged 6 percent per annum per property in the period between 2012-13 and 2021-22, which exceeded CPI growth at an average of 2.0 percent per annum over this period. However, the Council has relatively high levels for rural ratepayer categories, compared to average rates of other councils for rural ratepayers.[28]

Its 2023-24 LTFP forecasts an average growth of 2.7 percent per annum from existing rates in total to 2031-32, which is broadly in line with the RBA-based forecast of average inflation (2.6 percent).

Affordability risk among the community for further rate increases appears to be high, given the council's approach to constraining operating costs is based on depreciation levels which may not be accurate, and on ongoing deferral of renewal capital expenditure (reducing associated materials and labour costs). The Council has optimistic forecasts and once AMPs and revaluations are undertaken, it may not achieve its planned reductions in operating expenses.

Given historical rate increases and the current economic conditions affecting many communities' capacity to pay, it would be appropriate for the Council to:

8. **Update** its long-term financial plan immediately following each update of asset management plans and asset valuations to accurately forecast its financial position and provide transparency with trade-off options to ratepayers about potential higher rates.
9. **Complete** the update of asset management plans, assets valuations and a revised long-term financial within 12 months to provide ratepayers with more certainty about future rate increases.

2.3 The Commission's next advice and focus areas

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

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

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

- reviews of capital expenditure (renewal and new/upgraded) based on updated asset management plan review, asset revaluations and asset condition assessments,
- reprioritisation of its capital spending towards asset renewal and rehabilitation works and how it has addressed the backlog of asset renewal expenditure, and
- how it has sought to minimise any emerging affordability risks.



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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

	2024/25 (as adopted)	2025/26 (estimated)		Change	Comments
General Rates Revenue					
General Rates (existing properties)		$9,431,680	*(a)*		For 2026/27, an expected increase in total General Rates revenue of around 6.95 % is projected
General Rates (new properties)			*(b)*		
General Rates (GROSS)	**$9,080,669**	**$9,431,680**	*(c)*		
Less: Discretionary Rebates	($230,654)	($141,602)	*(l)*		
	$8,850,015	$9,290,078			
Less: Mandatory Rebates	($92,743)	($102,683)	*(d)*		
General Rates (NET)	**$8,757,272**	**$9,187,395**	*(e)*	**4.91%**	
		(e)=(c)+(d)			
Other Rates (inc. service charges)					
Regional Landscape Levy	$348,500	$348,500	*(f)*		The Regional Landscape Levy is a State tax, it is **not retained** by council.
Waste collection	$780,000	$820,000	*(g)*		Proposed $364 for standard residential 3 bin service
CWMS	$1,036,900	$1,073,400	*(i)*		Proposed annual service charge of $617.00 per occupied property unit and $475.00 per unoccupied unit
	$10,922,672	$11,429,295			
Expected Total Rates Revenue	**$10,574,172**	**$11,080,795**	*(m)*	**4.8%**	Excluding the Regional Landscape Levy and minus Mandatory & Discretionary Rebates.
		(m)=(e)+(g)+(h)+(i)+(j)+(k)+(l)			

Estimated growth in number of rateable properties

Number of rateable properties	**4,294**	**4,308**	*(n)*	**0.3%**
	Actual	*Estimate*		

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

Estimated average General Rates per rateable property

Average per rateable property	**$2,061**	**$2,156**	*(o)*	**4.6%**
		(o)=(c)/(n)		

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.

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

(i) Community Wastewater Management Systems

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

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

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

Statement on Expected Rate Revenue

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

Expected Rates Revenue

	Total expected revenue			No. of rateable properties		Average per rateable property				Cents in the $
	2025/26	**2026/27**	**Change**	2025/26	**2026/27**	2025/26	**2026/27**		**Change**	**2026/27**
Land Use (General Rates - GROSS)										
Residential	$2,626,311	**$2,755,332**	**4.91%**	1786	**1794**	$1,470	$1,536	*(p)*	**$65**	**0.4400**
Commercial - Shop	$73,342	**$75,739**	**3.27%**	55	**54**	$1,333	$1,403	*(p)*	**$69**	**0.6800**
Commercial - Office	$11,632	**$12,207**	**4.95%**	8	**8**	$1,454	$1,526	*(p)*	**$72**	**0.6800**
Commercial - Other	$257,129	**$274,237**	**6.65%**	110	**111**	$2,338	$2,471	*(p)*	**$133**	**0.6800**
Industry - Light	$18,074	**$21,447**	**18.66%**	13	**15**	$1,390	$1,430	*(p)*	**$39**	**0.6800**
Industry - Other	$39,557	**$39,734**	**0.45%**	20	**19**	$1,978	$2,091	*(p)*	**$113**	**0.6800**
Primary Production	$5,372,100	**$5,601,979**	**4.28%**	1883	**1883**	$2,853	$2,975	*(p)*	**$122**	**0.1779**
Vacant Land	$164,021	**$172,265**	**5.03%**	308	**314**	$533	$549	*(p)*	**$16**	**0.6700**
Other	$288,499	**$337,139**	**16.86%**	111	**110**	$2,599	$3,065	*(p)*	**$466**	**0.9630**
Total Land Use	**$8,850,665**	**$9,290,078**	**4.96%**	**4,294**	**4,308**	**$2,061**	**$2,156**	*(p)*	**$95**	

Fixed Charge

	Total expected revenue			Charge			
	2025/26	**2026/27**	**Change**	2025/26	**2026/27**		**Change**
Fixed Charge	$431,250	**$432,750**	**0.3%**	$150	**$150**	*(q)*	**$0.0**

Council proposes to impose a fixed charge on rateable properties of $150. The fixed charge is levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge is levied against two or more pieces of adjoining land, whether intercepted by a road or not, if the land is owned by the same owner(s) and occupied by the same occupier(s). Council believes that a fixed charge provides an equitable base for the rating system. This revenue amount is **included** in the General Rates GROSS figure at *(c)*.

Adopted valuation method

Capital Value

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:
Capital Value – the value of the land and all improvements on the land;
Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or
Annual Value – a valuation of the rental potential of the property.

Council has decided to continue to use capital value as the basis for valuing land within its Council area. Council considers that this method provides the fairest method of distributing the rate burden across all ratepayers when applying the equity test of taxation.

Notes

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

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

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

ATTACHMENT 'B'

NORTHERN AREAS
COUNCIL

NORTHERN AREAS COUNCIL

2026/27 BUDGET

NORTHERN AREAS COUNCIL
BUDGET INCOME STATEMENT
2027/2036

2025 Actual	2026 Original Budget		26/27 FY 2027 $	2028 $	2029 $	2030 $	2031 $	2032 $	2033 $	2034 $	2035 $	2036 $
		INCOME										
10,623,000	10,905,400	Rates	11,417,000	11,820,463	12,184,853	12,560,645	12,948,121	13,347,270	13,758,794	14,182,701	14,619,411	15,069,451
132,000	129,400	Statutory charges	129,400	133,400	137,400	141,600	145,800	150,200	154,700	159,400	164,300	169,100
225,000	228,900	User charges	228,900	236,600	243,900	251,100	258,500	266,500	274,600	283,000	291,300	299,700
4,448,000	3,166,100	Other grants, subsidies and contributions	3,219,900	3,293,700	3,369,600	3,448,200	3,591,279	3,709,063	3,796,498	3,886,387	3,978,730	4,073,527
170,000	155,600	Investment Income	152,400	74,200	70,700	68,300	66,100	63,900	61,700	59,900	58,100	56,200
233,000	243,600	Reimbursements	243,600	239,300	246,600	254,100	261,500	269,600	277,700	285,900	294,700	303,200
310,000	407,800	Other income	410,300	417,700	429,700	441,800	454,400	467,400	480,600	494,300	508,600	522,800
16,141,000	15,236,800	**Total Income**	15,801,500	16,215,363	16,682,753	17,165,745	17,725,700	18,273,933	18,804,592	19,351,588	19,915,141	20,493,978
		EXPENSES										
4,773,000	4,751,800	Employee costs	5,184,800	5,312,400	5,472,800	5,637,600	5,808,000	5,983,500	6,163,100	6,349,000	6,538,400	6,734,200
5,350,000	4,616,300	Materials, contracts & other expenses	5,303,200	4,885,600	5,032,500	5,177,600	5,217,900	5,367,600	5,521,500	5,704,300	5,841,400	6,008,000
330,000	234,000	Finance costs	203,600	201,000	170,400	143,500	114,600	92,500	73,000	55,900	40,000	27,300
5,285,000	5,358,400	Depreciation, amortisation & impairment	4,869,700	5,002,200	5,155,300	5,295,300	5,441,500	5,589,500	5,750,700	5,899,100	6,052,300	6,201,700
15,738,000	14,960,500	**Total Expenses**	15,561,300	15,401,200	15,831,000	16,254,000	16,582,000	17,033,100	17,508,300	18,008,300	18,472,100	18,971,200
403,000	276,300	**OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS**	240,200	814,163	851,753	911,745	1,143,700	1,240,833	1,296,292	1,343,288	1,443,041	1,522,778
(374,000)	100,000	Net Gain (loss) on disposal or revaluatior	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
0	0	Net Gain (loss) - joint ventures & associa	0	0	0	0	0	0	0	0	0	0
3,391,000	840,000	Amounts received specifically for new or	970,000	200,000	200,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
0	0	Physical resources received free of charg	0	0	0	0	0	0	0	0	0	0
3,420,000	1,216,300	**NET SURPLUS / (DEFICIT)**	1,310,200	1,114,163	1,151,753	1,061,745	1,293,700	1,390,833	1,446,292	1,493,288	1,593,041	1,672,778

			2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
		Rate Increase										
4.8%	3.1%		4.95%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
		Operating Position	240,200	814,163	851,753	911,745	1,143,700	1,240,833	1,296,292	1,343,288	1,443,041	1,522,778
		Cash Position	(134,400)	(339,500)	(458,200)	(323,300)	(106,300)	277,600	718,200	1,152,300	1,787,800	2,745,800
	Average	Net Financial Liabilities	8,198,300	7,872,537	7,432,684	6,752,238	6,018,039	5,263,105	4,463,513	3,697,125	2,820,684	1,858,905
	8%	Operating Surplus Ratio 0-10%	2%	7%	7%	7%	9%	10%	10%	10%	10%	10%
	32%	Net Financial Liabilities Ratio 0-50%	53%	50%	46%	40%	35%	29%	24%	20%	14%	9%
	141%	Asset Renewal Funding Ratio 95-105%	181%	136%	134%	133%	137%	138%	138%	139%	138%	136%
		Yearly Loan amount	600,000	0	0	0	0	0	0	0	0	0
		AMP Capital Renewal	3,771,006	3,884,136	4,000,660	4,120,680	4,244,300	4,371,629	4,502,778	4,637,862	4,776,998	4,920,308
		Capital Total	8,510,000	5,790,600	5,867,200	5,676,600	6,001,000	6,225,400	6,397,400	6,626,000	6,768,900	6,912,700

NORTHERN AREAS COUNCIL
BUDGET BALANCE SHEET
2027/2036

2025 Actual	2026 Original Budget		2027 $	2028 $	2029 $	2030 $	2031 $	2032 $	2033 $	2034 $	2035 $	2036 $
		ASSETS										
		Current Assets										
4,098,000	316,100	Cash and cash equivalents	(134,400)	(339,500)	(458,200)	(323,300)	(106,300)	277,600	718,200	1,152,300	1,787,800	2,745,800
1,355,000	1,583,219	Trade & other receivables	41,443	72,344	116,497	175,086	234,358	294,481	368,271	443,558	520,294	602,664
0	0	Other financial assets	0	0	0	0	0	0	0	0	0	0
256,000	50,000	Inventories	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
5,709,000	1,949,319	**Total Current Assets**	(42,957)	(217,156)	(291,703)	(98,214)	178,058	622,081	1,136,471	1,645,858	2,358,094	3,398,464
		Non-current Assets										
515,000	168,300	Financial Assets	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300
0	0	Equity accounted investments in Council businesses	0	0	0	0	0	0	0	0	0	0
0	0	Investment property	0	0	0	0	0	0	0	0	0	0
129,581,000	121,550,800	Infrastructure Property, Plant and Equipment	125,191,100	125,979,500	126,691,400	127,072,700	127,632,200	128,268,100	128,914,800	129,641,700	130,358,300	131,069,300
130,096,000	121,719,100	**Total Non-current assets**	125,359,400	126,147,800	126,859,700	127,241,000	127,800,500	128,436,400	129,083,100	129,810,000	130,526,600	131,237,600
135,805,000	123,668,419	**Total Assets**	125,316,443	125,930,644	126,567,997	127,142,786	127,978,558	129,058,481	130,219,571	131,455,858	132,884,694	134,636,064
		LIABILITES										
		Current Liabilities										
1,891,000	1,318,900	Trade & other payables	1,627,900	1,676,737	1,727,039	1,778,850	1,832,216	1,887,182	1,943,798	2,002,112	2,062,175	2,124,040
4,343,000	684,500	Borrowings	592,000	609,200	584,600	558,500	414,500	391,900	366,900	277,400	38,000	38,000
1,019,000	1,340,854	Short-term provisions	1,381,127	1,422,561	1,465,238	1,509,195	1,554,471	1,601,105	1,649,138	1,698,612	1,749,570	1,802,057
569,000	0	Other current liabilities	0	0	0	0	0	0	0	0	0	0
7,822,000	3,344,254	**Total Current Liabilities**	3,601,027	3,708,498	3,776,877	3,846,545	3,801,186	3,880,187	3,959,836	3,978,124	3,849,745	3,964,098
		Non-current Liabilities										
0	0	Trade & other payables	0	0	0	0	0	0	0	0	0	0
241,000	4,534,400	Long-term Borrowings	4,613,700	4,004,500	3,419,900	2,861,400	2,446,900	2,055,000	1,688,100	1,410,700	1,372,700	1,334,700
39,000	57,165	Long-term Provisions	58,916	60,683	62,504	64,379	66,310	68,300	70,349	72,459	74,633	76,872
0	0	Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
280,000	4,591,565	**Total Non-current Liabilities**	4,672,616	4,065,183	3,482,404	2,925,779	2,513,210	2,123,300	1,758,449	1,483,159	1,447,333	1,411,572
8,102,000	7,935,819	**Total Liabilities**	8,273,643	7,773,681	7,259,281	6,772,324	6,314,397	6,003,487	5,718,284	5,461,283	5,297,078	5,375,670
127,703,000	115,732,600	**NET ASSETS**	117,042,800	118,156,963	119,308,716	120,370,462	121,664,161	123,054,995	124,501,287	125,994,575	127,587,616	129,260,395
		EQUITY										
19,042,000	21,644,500	Accumulated Surplus	22,706,700	23,507,862	24,334,861	25,059,903	26,004,168	27,032,962	28,103,546	29,207,603	30,397,745	31,614,825
106,911,000	90,454,000	Asset Revaluation Reserve	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000
1,750,000	3,634,100	Other Reserves	3,882,100	4,195,100	4,519,856	4,856,559	5,205,993	5,568,032	5,943,741	6,332,972	6,735,871	7,191,569
127,703,000	115,732,600	**TOTAL EQUITY**	117,042,800	118,156,963	119,308,716	120,370,462	121,664,161	123,054,995	124,501,287	125,994,575	127,587,616	129,260,395

NORTHERN AREAS COUNCIL
BUDGET CHANGES IN EQUITY
2027/2036

2025 Actual	2026 Original Budget		2027 $	2028 $	2029 $	2030 $	2031 $	2032 $	2033 $	2034 $	2035 $	2036 $
		ACCUMULATED SURPLUS										
15,756,000	20,825,900	Balance at end of previous reporting period	21,644,500	22,706,700	23,507,862	24,334,861	25,059,903	26,004,168	27,032,962	28,103,546	29,207,603	30,397,745
3,420,000	1,216,300	Net Surplus / (Deficit) for Year	1,310,200	1,114,163	1,151,753	1,061,745	1,293,700	1,390,833	1,446,292	1,493,288	1,593,041	1,672,778
(134,000)	(397,700)	Transfers to Other Reserves	(248,000)	(313,000)	(324,755)	(336,703)	(349,434)	(362,039)	(375,708)	(389,232)	(402,899)	(455,699)
		Transfers from Other Reserves	0	0	0	0	0	0	0	0	0	0
19,042,000	21,644,500	**Balance at end of period**	22,706,700	23,507,862	24,334,861	25,059,903	26,004,168	27,032,962	28,103,546	29,207,603	30,397,745	31,614,825
		ASSET REVALUATION RESERVE										
90,454,000	90,454,000	Balance at end of previous reporting period	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000
16,457,000	0	Gain on revaluation of infrastructure, property, plant & equipment										
	0	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment										
106,911,000	90,454,000	**Balance at end of period**	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000	90,454,000
		OTHER RESERVES										
1,616,000	3,236,400	Balance at end of previous reporting period	3,634,100	3,882,100	4,195,100	4,519,856	4,856,559	5,205,993	5,568,032	5,943,741	6,332,972	6,735,871
	0	Transfers to Accumulated Surplus	0	0	0	0	0	0	0	0	0	0
134,000	397,700	Transfers from Accumulated Surplus	248,000	313,000	324,755	336,703	349,434	362,039	375,708	389,232	402,899	455,699
1,750,000	3,634,100	**Balance at end of period**	3,882,100	4,195,100	4,519,856	4,856,559	5,205,993	5,568,032	5,943,741	6,332,972	6,735,871	7,191,569
127,703,000	**115,732,600**	**TOTAL EQUITY AT END OF REPORTING PERIOD**	**117,042,800**	**118,156,963**	**119,308,716**	**120,370,462**	**121,664,161**	**123,054,995**	**124,501,287**	**125,994,575**	**127,587,616**	**129,260,395**

NORTHERN AREAS COUNCIL

BUDGET STATEMENT OF CASH FLOWS
2027/2036

2025 Actual	2026 Original Budget		2027 $	2028 $	2029 $	2030 $	2031 $	2032 $	2033 $	2034 $	2035 $	2036 $
		CASHFLOWS FROM OPERATING ACTIVITIES										
		Receipts										
15,892,000	15,081,200	Operating receipts	15,649,100	16,141,200	16,612,100	17,097,400	17,659,600	18,210,000	18,742,900	19,291,700	19,857,000	20,437,800
170,000	155,600	Investment receipts	152,400	74,200	70,700	68,300	66,100	63,900	61,700	59,900	58,100	56,200
		Payments										
(4,894,000)	(4,751,800)	Employee costs	(5,184,800)	(5,312,400)	(5,472,800)	(5,637,600)	(5,808,000)	(5,983,500)	(6,163,100)	(6,349,000)	(6,538,400)	(6,734,200)
(5,608,000)	(4,616,300)	Materials, contracts & other services	(5,303,200)	(4,885,600)	(5,032,500)	(5,177,600)	(5,217,900)	(5,367,600)	(5,521,500)	(5,704,300)	(5,841,400)	(6,008,000)
(408,000)	(234,000)	Finance costs	(203,600)	(201,000)	(170,400)	(143,500)	(114,600)	(92,500)	(73,000)	(55,900)	(40,000)	(27,300)
5,152,000	5,634,700	**Net Cash provided by (or used in) Operating Activities**	5,109,900	5,816,400	6,007,100	6,207,000	6,585,200	6,830,300	7,047,000	7,242,400	7,495,300	7,724,500
		CASH FLOWS FROM INVESTING ACTIVITIES										
		Receipts										
3,921,000	840,000	Amounts specifically for new or upgraded assets	970,000	200,000	200,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
4,000	100,000	Sale of replaced assets	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
0		Sale of surplus assets										
0		Sale of investment property										
0		Net disposal of investment securities										
0		Sale of real estate developments										
52,000	54,700	Repayments of loans by community groups	57800	61100	50600	39100	41300	43500	32900	34600	36500	34200
0		Distributions received from associated entities										
		Payments										
(5,032,000)	(6,752,500)	Expenditure on renewal/replacement of assets	(6,929,000)	(5,390,600)	(5,467,200)	(5,576,600)	(5,901,000)	(6,125,400)	(6,297,400)	(6,526,000)	(6,668,900)	(6,812,700)
(408,000)	(1,111,000)	Expenditure on new/upgraded assets	(1,581,000)	(400,000)	(400,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
0	0	Purchase of investment property										
0	0	Net purchase of investment securities										
0	0	Development of real estate for sale										
0	0	Loans made to community groups										
0	0	Capital contributed to associated entities										
(1,463,000)	(6,868,800)	**Net Cash provided by (or used in) Investing Activities**	(7,382,200)	(5,429,500)	(5,516,600)	(5,487,500)	(5,809,700)	(6,031,900)	(6,214,500)	(6,441,400)	(6,582,400)	(6,728,500)
		CASH FLOWS FROM FINANCING ACTIVITIES										
		Receipts										
0	600,000	Proceeds from Borrowings	600,000	0	0	0	0	0				
0		Proceeds from of Aged Care Facility deposits										
		Payments										
(3,083,000)	(587,100)	Repayments of Borrowings	(613,200)	(592,000)	(609,200)	(584,600)	(558,500)	(414,500)	(391,900)	(366,900)	(277,400)	(38,000)
0	0	Repayment of Finance Lease Liabilities										
0	0	Repayment of Aged Care Facility deposits										
(3,083,000)	12,900	**Net Cash provided by (or used in) Financing Activities**	(13,200)	(592,000)	(609,200)	(584,600)	(558,500)	(414,500)	(391,900)	(366,900)	(277,400)	(38,000)
606,000	(1,221,200)	**Net Increase / (Decrease) in cash held**	(2,285,500)	(205,100)	(118,700)	134,900	217,000	383,900	440,600	434,100	635,500	958,000
3,492,000	1,537,300	Cash & cash equivalents at beginning of period	2,151,100	(134,400)	(339,500)	(458,200)	(323,300)	(106,300)	277,600	718,200	1,152,300	1,787,800
4,098,000	316,100	**Cash & cash equivalents at end of period**	(134,400)	(339,500)	(458,200)	(323,300)	(106,300)	277,600	718,200	1,152,300	1,787,800	2,745,800

NORTHERN AREAS COUNCIL
BUDGET UNIFORM PRESENTATION OF FINANCES
2027/2036

	2027 $	2028 $	2029 $	2030 $	2031 $	2032 $	2033 $	2034 $	2035 $	2036 $
Operating Revenues	15,801,500	16,215,363	16,682,753	17,165,745	17,725,700	18,273,933	18,804,592	19,351,588	19,915,141	20,493,978
less Operating Expenses	(15,561,300)	(15,401,200)	(15,831,000)	(16,254,000)	(16,582,000)	(17,033,100)	(17,508,300)	(18,008,300)	(18,472,100)	(18,971,200)
Adjusted Operating Surplus / (Deficit) before Capital Amounts	240,200	814,163	851,753	911,745	1,143,700	1,240,833	1,296,292	1,343,288	1,443,041	1,522,778
***less* Net Outlays on Existing Assets**										
Capital Expenditure on renewal and replacement of Existing Assets	6,929,000	5,390,600	5,467,200	5,576,600	5,901,000	6,125,400	6,297,400	6,526,000	6,668,900	6,812,700
less Depreciation, Amortisation and Impairment	(4,869,700)	(5,002,200)	(5,155,300)	(5,295,300)	(5,441,500)	(5,589,500)	(5,750,700)	(5,899,100)	(6,052,300)	(6,201,700)
less Proceeds from Sale of Replaced Assets	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
	1,959,300	288,400	211,900	181,300	359,500	435,900	446,700	526,900	516,600	511,000
***less* Net Outlays on New and Upgraded Assets**										
Capital Expenditure on New and Upgraded Assets	1,581,000	400,000	400,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
less Amounts received specifically for New and Upgraded Assets	(970,000)	(200,000)	(200,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
less Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
	611,000	200,000	200,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Net Lending / (Borrowing) for Financial Year	**(2,330,100)**	**325,763**	**439,853**	**680,445**	**734,200**	**754,933**	**799,592**	**766,388**	**876,441**	**961,778**

NORTHERN AREAS COUNCIL
BUDGET FINANCIAL INDICATORS
2027/2036

	TARGET	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operating Surplus (Deficit) before Capital Revenues	**achieve operating breakeven**	**240,200**	**814,163**	**851,753**	**911,745**	**1,143,700**	**1,240,833**	**1,296,292**	**1,343,288**	**1,443,041**	**1,522,778**
Operating Surplus Ratio *(=Adjusted Operating Surplus / Rates General & Other)*	**0% - 10%**	**2%**	**7%**	**7%**	**7%**	**9%**	**10%**	**10%**	**10%**	**10%**	**10%**
Net Financial Liabilities *(=Financial Liabilities - Financial Assets)*	**No more than annual operating revenue**	**8,198,300**	**7,872,537**	**7,432,684**	**6,752,238**	**6,018,039**	**5,263,105**	**4,463,513**	**3,697,125**	**2,820,684**	**1,858,905**
Net Financial Liabilities Ratio *(=Net Financial Liabilities / Total Operating Revenue)*	**0% - 50%**	**53%**	**50%**	**46%**	**40%**	**35%**	**29%**	**24%**	**20%**	**14%**	**9%**
Asset Renewal Funding Ratio *(=Net Asset Renewals / Depreciation Expense)*	**95% - 105% of AMP**	**181%**	**136%**	**134%**	**133%**	**137%**	**138%**	**138%**	**139%**	**138%**	**136%**