The Barossa Council

MINUTES OF THE MEETING OF SPECIAL COUNCIL MEETING

held on Wednesday 13 May 2026 commencing at 5.30pm
in the Council Chambers, 43-51 Tanunda Road, Nuriootpa.

M I N U T E S

Welcome by Mayor Bim Lange declared the meeting open at 5:30pm.

1. ATTENDANCE RECORD

1.1 Members Present

Mayor Bim Lange, Crs John Angas, Don Barrett, Tony Hurn, Cathy Troup, Jane Evans, Bruce Preece, Rick Lane and Heidi Thompson

Apologies

Cr Kathryn Schilling

Not Present

Crs David de Vries and Jess Greatwich

Leave of Absence

Nil

2. DEBATE REPORTS

2.1 Office of the Mayor and CEO

2.1.1 <u>DOCUMENTATION AND ANALYSIS FOR THE DEVELOPMENT OF THE 2026-2027 DRAFT ANNUAL BUSINESS PLAN AND BUDGET PREPARATION, NEW INITIATIVES AND OTHER RELEVANT INFORMATION</u>
26/37683

The Chief Executive Officer outlined that a statement in the report had the incorrect years pertaining to rate settings for the future years in the long term financial plan, however that that budget and business plan documents were correct. The following statement:

- General rate increases are at 4.25% for 2026-27 and 2027-28, 3.00% for 2029-30, 2.75% for 2030-31 and 2.5% for the remaining years of the forward LTFP.

Should reflect:

- General rate increases are at 4.25% for **2027-28** and **2028-29**, 3.00% for 2029-30, 2.75% for 2030-31 and 2.5% for the remaining years of the forward LTFP.

MOVED Cr Preece

That Council, having reviewed the information and analysis formally tabled, receive, note and accept the settings as outlined for inclusion in the 2026-27 Annual Business Plan and Budget and the Long Term Financial Plan 2026-27 to 2036-37 update.

SECONDED Cr Barrett **CARRIED 2022-26/963**

PURPOSE

To formally receive, consider and approve the business plan and budget policy analysis and settings inherent in the draft 2026-27 Annual Business Plan and Budget and the associated Long-Term Financial Plan 2026-27 to 2036-37 update, which is the subject of a separate report to Council.

REPORT

<u>Discussion</u>

The Annual Business Plan and Budget (ABP&B) is the statement of Council's annual activities in support of the set Corporate Plan targets, service levels and any strategic actions, which in turn is structured to support the aspirational vision of the Community Plan.

The financial information contained in this document has been prepared in accordance with Council's Annual Business Plan and Budget Policy and associated processes.

The formulation of the ABP&B incorporates the work of numerous Council officers and teams which includes:

- budget preparation and input by budget managers;
- checking and refining of data input, preparation of general budgets, employee costs, depreciation, energy, financial and other corporate costs by Finance;
- review and approval by the Executive Leadership Team (ELT).

The input from Council is gained by holding workshops where discussions are held along with decisions at Council meetings, on various parts of the budget preparation and process, which provides direction for officers in the preparation of the draft budget.

The following summarises the discussions held in each of the Council workshops and meetings and all relevant documents presented and analysed are at the relevant Attachments:

16 December 2025 – Council Meeting

Endorsed the 2026-27 ABP&B process – no attachment, the minutes and agenda for that meeting can be viewed online as per the link provided.

This meeting also established that there would be limited assessment of new initiatives for the 2026-27 year noting the commitments already inherent in the forward plans. It also endorsed the findings, at a strategic high level, of those projects requested at that date and what would and wouldn't be supported.

4 February 2026 – Council Workshop

Draft initial capital, salary and wages and budget update – refer to <u>Attachment 1.</u>

4 March 2026 – Council Workshop

As there were no new initiatives submitted that met the standard set by Council, there was no workshop item for the March workshop.

17 March 2026 – Additional Council Workshop

Middle East conflict impact and planning assessment – refer to <u>Attachment 2.</u>

1 April 2026 – Council Workshop

Draft final capital program, full operating budget and Middle East impact assessment and other updates – refer to <u>Attachment 3.</u>

6 May 2026 – Council Workshop

Draft final budget updates, property valuations data and analysis and rate modelling proposal – refer to <u>Attachment 4.</u>

<u>Budget Considerations</u>

Draft Budget - Operating and Capital

Council adopts the Budget at a summary level as contained within the ABP&B and annual review of the LTFP.

The operating budget in summary (not including capital revenue and other comprehensive adjustments known as above the line budget outcome) is as follows:

Budget	December 2025 LTFP Review $'000	2026-27 Draft Budget $'000	Difference $'000	Comment on Material Changes
Operating Revenue				
Rates	44,204	44,278	74	Related to greater growth
Statutory Charges	932	972	40	Not material
User Charges	4,313	4,481	168	Greater caravan park revenues
Grants, Subsidies and Contributions - Operating	4,177	4,153	(24)	Not material but includes assumption that road supplementary funding will be renewed - $235K is allocated for 2026-27.
Grants, Subsidies and Contributions - Capital	918	2,662	1,744	New item to align to accounting standards relates to capital revenue used for renewal of assets. At present $675K of this budget is subject to successful grant outcomes.
Investment Income	170	93	(77)	Lower levels of cash being held.
Reimbursements	214	177	(37)	Not material
Other Income	583	623	40	Not material
Total Operating Revenue	**55,511**	**57,439**	**1,928**	
Operating Expenses				
Salary and Wages	21,779	21,643	(136)	Saving identified
Materials, Contracts and Other Expenses	20,055	21,521	1,466	Growth in maintenance costs and includes ERP amount of $896K.
Depreciation	12,914	12,812	(102)	Models are showing slightly lower depreciation namely due to equipment savings arising from review of plant utilisation.
Interest Expenses	2,061	2,111	50	Not material
Net Loss or Gain from Joint Ventures		0	0	
Total Operating Expenses	**56,809**	**58,087**	**(1,278)**	
Operating Position (Deficit) / Surplus	**(1,298)**	**(648)**	**650**	
Adjustment for ERP System Implementation Once Off Operating Over Three Years	0	896	896	Explained in body of report
Grants, Subsidies and Contributions – Capital	**0**	**(675)**	**(675)**	Explained in body of report

subject to grant outcomes not yet secured				
Operating Position (Deficit) / Surplus – Adjust for True Underlying Budget Outcome	**(1,298)**	**(427)**	**871**	

The two adjustments in the table above outline the impact of one-off adjustments, or in prior accounting language, extraordinary items. They represent:

1. The investment in the Enterprise Resource Program (ERP) system cannot be accounted for as capital under accounting standards, at odds with prior understanding. This means this critical and extraordinary investment, which occurs approximately once every 15 years (with Pathway being the last major investment in our core system of this magnitude, which occurred in 2011-12) now having to be expensed to the operating statement. This does not change the cash/expense cost of approximately $2.1m over three years of the investment which aims to achieve significant efficiencies, mitigate risk and position Council for the long-term growth it faces. It has an accounting net impact on the operating statement over the long-term financial plan of $873,915 as the amortisation will no longer have to be charged and reduces some provisions in salary estimates also.

2. The accounting standards have been changed to require capital revenue that is used for renewal and replacement of assets to be recognised in the operating statement in what is known as above the line, or in other words the general operations of Council. As previously explained, this will distort the operating statement where grants are embedded for capital projects but not yet secured, meaning the operating revenue could be overstated. This has been chosen to remain as the best method to support grant applications so that Council's commitment can be demonstrated to funding bodies, but if the funds are not secured this materially can reduce the revenue outcomes, whilst the capital would not go ahead as it is linked to the grant, and thus there is no cash impact and only an operating impact.

The adjustments made therefore aim to represent the possible underlying, and true budgeted operating position.

Capital expenditure is $28.213m with $2.778m of carried forward works at this time included. Capital Income for grants, contributions and proceeds from asset sales is budgeted at $5.922m. Borrowing requirements for 2026-27 are estimated at $9.65m but this is fundamentally a delay in estimated borrowing costs for 2025-26 due to delays in commencing construction of the Barossa Creative Industries Centre.

Full cost attribution, which is an allocation of internal services to relevant charge areas, has been entered into the draft ABP&B for consultation and applied to the waste and CWMS service costs and the services charges. This allocation from internal to external service areas does not affect the overall consolidated net result.

Operating income and expenditure is reflective of service requirements and uses last year's budget as a base and adjusts for where service costs are affected by agreements, CPI, costs out of our control and/or other factors such as population growth. A savings factor has also been applied where costs are increased being 1% less than CPI when not aligned to contractual arrangements. Where trend spend is below budget, these budgets have also been adjusted down. The indexation factor approved and applied by Council was 2.7%. The Consumer Price Index at the March 2026 release for Adelaide was 4.9% and the trimmed mean, the measure the Reserve Bank of Australia targets, which removes more volatile/outlier price movements that occur in the short term, was 3.3% in the same quarter.

Depreciation of all assets has been calculated based on the actual asset base allowing for assets held in work in progress and builds. This year we will continue the annual indexation of the asset base rather than each 3 years to better reflect changing values of capital assets and their cost of replacement, and smooth out large fluctuations in depreciation charges. The rate set for that is 2.4% as per Local Government capital indexation estimates. The asset class for full revaluation in 2026-27 is transport assets.

Full detailed operating and capital budget information is at the Attachments.

Council General Rate and Service Charge/Rate revenue is proposed to be increased by:

- A net 3.98% for the average ratepayer who receives all services; and
- Additional revenue from growth is currently at 1.78% subject to further analysis and revisions, the budget is set at a target of 1%.

The Community Wastewater Management System (CWMS) service charges are proposed to be increased by 2.91% with growth being a further 1.81% additional revenue to ensure the service charge is sustainable. The Residential CWMS Service charge will increase from last year from $403.40 to $417.25 being $13.85. The estimated commercial rate will increase by $23.81 from $844.66 to $868.47. The vacant land charge increases from $129 to $135.

Waste Service charges are proposed to be increased for all three services by 1.3% with growth being a further 3.20% additional revenue to ensure the service charge is sustainable. The refuse, recycling and green organics collection service charges combined will increase by $3.70 from $284.30 last year to $288.00.

The Landscape Levy, a tax collected on behalf of the State and paid to the State, is forecast to increase by 1.87% or an average of $1.14 per assessment.

Draft Long Term Financial Plan (LTFP) Review and Update

High level financial information is included in the LTFP including key performance indicators (KPIs) with established targets and commentary on expected results and variances, checking Council's financial sustainability. The analysis includes all subsidiaries, updated asset management modelling and general review of indexation factors applied to the LTFP. The indicators are based on various factors namely:

1. Rates and service charges are amended to ensure a sustainable financial position and meet service levels and asset replacement and where approved, upgraded or new assets.
2. General revenue and expenses are aligned to the Reserve Bank of Australia (RBA) trimmed mean for 2027-28 forecast currently 2.8% returning to 2.6% for the rest of the plan. Please note the RBA will issue new quarterly forecasts after its May 2026 meeting and they will be integrated into the final LTFP to be adopted and could be materially different in the short term, with the trimmed mean inflation still at 3.3%.

3. Salary and wages are aligned to the current enterprise agreements being 4.5% in 2027-28 and 3.46% in 2028-29, returning to the mid-point of the RBA preferred indexation range 2-3% being 2.5%. This is likely to be low, given inflation pressures and to remain competitive in the market, therefore some additional contingency has been built into the financial model of between 0.2% to 0.5%.
4. Energy costs, water costs and insurance are aligned to the RBA trimmed CPI indexation forecast and as costs that traditionally are growing at or faster than core inflation the base is indexed by a further 5% in the LTFP for energy and water. Insurance has been indexed at a further 10% above the RBA trimmed mean CPI.
5. Land revaluation is set at the upper limit of the bank's inflation target range of 2-3% being 3% as assets that traditionally are growing at or faster than core inflation.
6. All other asset revaluation is aligned to the RBA trimmed mean forecast currently as outlined in dot point 2 above.
7. Capital project costs are indexed to the RBA trimmed CPI as per dot 2 plus a 10% loading as costs that traditionally are growing at or faster than core inflation.
8. Borrowing rates have been aligned to the current RBA cash estimates plus 1.75% which is the current interest rate cost difference from the LGFA cost and the RBA cash rate.

Council adopted the latest update of the LTFP in December 2025 when it approved a raft of material changes that arose out of the completed financial statements for the 2024-25 financial year, primarily related to the escalation in costs from depreciation outcomes.

The LTFP forecasts for forward years in summary are:

- General rate increases are at 4.25% for 2026-27 and 2027-28, 3.00% for 2029-30, 2.75% for 2030-31 and 2.5% for the remaining years of the forward LTFP.
- Increased revenue from growth is estimated at 1.5% for the next two years and an average of 0.83% growth for the remaining years of the forward LTFP.
- CWMS increases are 3.5% for the next 7 financial years reducing to 2.745% for the remainder of the LTFP, all inclusive of growth.
- Waste services are 4.00% for 2027-28 to 2031-32 and 2035-36 and 3.5% for all other years of the LTFP, all inclusive of growth.
- Asset renewal and/or replacement expenditure is provided for on various buildings, recreation, transport, stormwater, bridge, CWMS and plant & equipment assets and information technology needs at $112.7375m (from 2027-28 to 2036-37) providing for future needs as per the approved Infrastructure and Asset Management Plans.
- Upgraded capital expenditure on assets over the LTFP to 2036-37 is $14.225m.
- New capital expenditure (mainly Concordia assets) on assets over LTFP period is $78.282m
- Loan financing is a mix of fixed loans and Cash Advance Debenture (CAD) loans with net borrowings for 2026-27 to be $45.510m. Borrowings will peak in 2033-34 at $49.354m.
- The net loan balance outstanding as at 30 June 2037 is forecast to be $35.503m.

It must be noted that the Concordia Growth Area is a significant development area in the Council area and the estimates now include the impacts of this development as best they can be estimated at March 2026 from available information and development timing, which is ultimately subject to developers and the State decisions.

The LTFP key performance indicators for the LTFP period of the plan meet or exceed (positively) the targets outlined and set by Council.

Nuriootpa Centennial Park Authority (NCPA) Board Draft Budget and LTFP

The NCPA budget has been incorporated into Council's consolidated draft ABP&B and LTFP and the changes are as follows:

- Operating income and expenditure amendments to reflect current trends, including future operating costs for the Big Project projects to start from the 2026-27 year.
- Loans – repayments include:
  - a LGFA fixed loan ending 2028-29
  - Capital expenditure - changes to renewal and upgrade program spending around cashflow requirements and holding sufficient funds for operations.

In line with Council process, NCPA is required to annually review its asset renewal/upgrade program to ensure any asset expenditure is warranted, checking service level requirements to accommodation capacity, usage and rates.

Summary and Conclusion

Council has reviewed its financial parameters for the budget and LTFP, including the indexation used for forward projections on income and expenditure.

As noted in the 'Risk Management Considerations' section of this report and the ABP&B, this financial analysis highlights that all KPIs are within or exceed (positively) the target ranges for this and all future financial years based on current service level and policy settings.

The adoption of the budget is due to occur at the June meeting of Council.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 February 2026 Workshop Papers
Attachment 2 March 2026 (additional) Workshop Papers
Attachment 3 April 2026 Workshop Papers
Attachment 4 May 2026 Workshop Papers

Supporting references

Minutes of Ordinary Council - Tuesday, 16 December 2025

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Our Community

Creating a safe and connected community where people have access to sustainable services and service levels and infrastructure they need and feel a sense of belonging.

Strategic Outcome

- Our community is welcoming, vibrant and safe.

- Our services and facilities are accessible.
- We have a healthy respect for our diversity, character and history and are welcoming and supportive of all people.
- We support and advocate for sound planning and community outcomes in the implementation of the Concordia development in alignment with Councils vision, mission and principles for this development.

Our Economy

Implementing economic development strategies to support future growth opportunities and a diversified and resilient economy showcasing the Barossa rural and regional character.

Strategic Outcome

- We strive to support income and job stability and growth for the future in support of quality of life outcomes.
- We partner with and support local business.
- We are a destination of choice.
- We look to maximize community economic return.

Our Environment

Supporting a sustainable Barossa.

Strategic Outcome

- We support actions that manage our environment for future generations.
- We sustainably manage our resources and encourage sustainable practices.

Our Places

Our places and spaces enhance the liveability, retain rural and regional character and diversity of our communities.

Strategic Outcome

- Our places are planned, managed, and sustainable.
- We have connected transport infrastructure and networks.
- We plan for and deliver infrastructure to enhance our places.

Our Council

We strive to be a leader in regional Local Government and are committed to delivering effective, efficient, and valued services to the community.

Strategic Outcome

- We deliver a quality customer experience based on a willingness to innovate and drive change.
- We are financially sustainable and take a planned and long-term approach to investment.
- We have sound asset management services.
- We have strong relationships, and where appropriate, partner with our community, industries, stakeholders, the Local Government sector and Governments.
- We have a safe, healthy, and resilient workforce.

Legislative Requirements

Section 123 of the Local Government Act 1999

RISK MANAGEMENT CONSIDERATIONS

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. SERVICE DELIVERY

Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.

The ABP&B is the core annual document and its policy settings underpin the delivery of the approved service levels.

2. SUSTAINABILITY & ENVIRONMENT

Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.

The ABP&B is the core annual document and its policy settings underpin the delivery of the approved service levels including supporting sustainability and environmental outcomes.

3. FINANCIAL

Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.

Detailed assessment including financial sustainability indicators and statements are included in the ABP&B and address the long-term risk and sustainability of Council's financial policy settings.

4. PEOPLE

Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.

The ABP&B is the core annual document and its policy settings underpin the delivery of the approved service levels and necessary resourcing requirements.

5. REPUTATION

Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.

The ABP&B is the core annual document and its policy settings underpin the delivery of the approved service levels and support the reputation of Council.

COMMUNITY ENGAGEMENT

Consultation is not required as part of the preliminary ABP&B development and forms part of the Council report for adoption of the plans for consultation.

2.1.2 APPROVAL OF DRAFT 2026-27 ANNUAL BUSINESS PLAN AND BUDGET INCORPORATING THE LONG TERM FINANCIAL PLAN REVIEW 2026-27 TO 2036-37 FOR PUBLIC CONSULTATION
26/37789

Cr Preece raised a question pertaining to page 24 of the agenda.

Cr Angas raised a point of order that the matter being referred to by Cr Preece was in relation to the prior agenda matter 2.1.1 which has already been determined.

Mayor Lange ruled the point of order was valid and proceeded to call for any other questions.

There being no other questions the matter proceeded to debate.

MOVED Cr Angas

That Council:

(1) Endorses the draft 2026-27 financial year Annual Business Plan and Budget as shown at Attachment 1, (noting that this version has had no content changes to the version presented at the Council workshop on 6 May 2026, as shown at Attachment 2, other than presentation and layout), and which incorporates the annual review of the draft Long-Term Financial Plan for the period 2026-27 to 2036-37, all subsidiary entities, and consolidated financial accounts for the purpose of community consultation.

(2) Notes the consultation process outlined in the report and approves the consultation period being from Wednesday 20 May 2026 to 5pm on Thursday 11 June 2026, and that the 1 hour public hearing shall be held on Tuesday 9 June 2026.

(3) Authorises the Chief Executive Officer to make any minor and typographical corrections to the Annual Business Plan and Budget document prior to release for consultation.

SECONDED Cr Hurn **CARRIED 2022-26/964**

PURPOSE

Having reviewed the draft 2026-27 Annual Business Plan and Budget information, assessment and analysis, the purpose of this report is to adopt the draft Annual Business Plan and Budget for the 2026-27 financial year which incorporates the annual review of the Long-Term Financial Plan 2026-27 to 2036-37 for community consultation.

REPORT

The 2026-27 Annual Business Plan and Budget (ABP&B) incorporates the Long-Term Financial Plan (LTFP) 2026-27 to 2036-37 in the one document.

The financial information contained in this document has been prepared in accordance with Council's Budget and Business Plan and Review Policy and associated processes. This has been considered by Council as part of this agenda prior to the consideration of this matter.

The draft plan is shown at Attachment 1, noting that this version has had no content changes to the version presented at the Council workshop on 6 May 2026, as shown at Attachment 2, other than presentation and layout.

Council has reviewed and considered all operating, capital, valuation, rating assessment and long-term financial parameters and determined its draft settings.
As noted in the 'Risk Management Considerations' section of this report and the ABP&B, this financial analysis highlights the KPI results and forecast position based upon the assumptions therein.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Updated Draft 2026-27 Annual Business Plan and Budget - to Council for endorsement for public consultation
Attachment 2 Draft 2026-27 Annual Business Plan and Budget - for consultation

Supporting references

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Legislative Requirements

Section 123 of the Local Government Act 1999

RISK MANAGEMENT CONSIDERATIONS

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. **SERVICE DELIVERY**
   Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.

   The ABP&B is the core annual document and its policy settings underpin the delivery of the approved service levels.

2. **SUSTAINABILITY & ENVIRONMENT**
   Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.

   The ABP&B is the core annual document and its policy settings underpin the delivery of the approved service levels, including supporting sustainability and environmental outcomes.

3. **FINANCIAL**
   Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.

   Detailed assessment including financial sustainability indicators and statements are included in the ABP&B at Attachment 1 and addresses the long-term risk and sustainability of Council's financial policy settings. All targets within the budgeted year and forward estimates meet or exceed positively the target indicators.

4. **PEOPLE**
   Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.

   The ABP&B is the core annual document and its policy settings underpin the delivery of the approved service levels and necessary resourcing requirements.

5. **REPUTATION**
   Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.

The ABP&B is the core annual document and its policy settings underpin the delivery of the approved service levels and supporting the reputation of Council.

COMMUNITY ENGAGEMENT

Engagement will be undertaken as required by the *Local Government Act 1999* as follows:

- Notice in The Leader and Bunyip of the availability of the ABP&B for review on Wednesday 20 May 2026.
- An opportunity for parties to attend a meeting with Council from 5.00-6.00pm on Wednesday 10 June 2026 to make any presentations and pose questions.
- An opportunity for parties to make submission in writing to Council, closing on Thursday 11 June 2026.
- Provision of the ABP&B and ability to respond on the Barossa website.
- Media release by the Mayor.

3. NEXT MEETING

Tuesday 19 May 2026 at 5:30pm

4. CLOSURE

Mayor Lange declared the meeting closed at 5:41pm.

Confirmed at Council Meeting on 19 May 2026

Date:………………………………. Mayor:………………………………….