

# City of Onkaparinga

## AT A GLANCE

### OVERVIEW

The Essential Services Commission finds the City of Onkaparinga's current financial performance **potentially unsustainable**, but is taking steps towards a position of becoming more sustainable with projected small future surpluses on a consolidated basis, total expenses projected to increase at a rate lower than inflation, and the planned average rate increases of 2.7% p.a. per property over the next 10 years

### RISKS IMPACTING SUSTAINABILITY

- ⚠ If cost growth exceeds Council's long-term planning forecasts (and forecast CPI)
- ⚠ The long-term financial plan and infrastructure asset management plan are not properly aligned or updated regularly
- ⚠ Asset renewals are not undertaken at sufficient levels to meet the required service standards or community expectations
- ⚠ Maintaining and holding assets which are excess to requirements and do not provide benefit to the broader community

### CONTINUE

- ✓ Holding community consultations and conduct surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans
- ✓ Considering limiting any future increases in rates to no more than expected inflation

### COMMISSION'S RECOMMENDATIONS

- Ensure that the long-term financial plan is prepared every year as required by the LG Act
- Update and coordinate the data in the long-term financial plan and annual budget by clearly identifying the annual inflation and other relevant assumptions as inputs to its projected revenue (including rates) and expenditure
- Provide an annual statement of financial sustainability as required by the LG Act
- Review the long-term financial plan annually including its 10-year projections and all relevant assumptions
- Consider options to increase income to move forward to a more financially sustainable position
- Monitor and report the growth in costs to ensure they are constrained within forecast levels
- Consider adopting cost savings targets and reporting the projected and actual cost savings in the annual budget and long-term financial plan
- Develop a staged plan and identify targets to reduce the high level of debt
- Identify and dispose of those assets that have reached the end of their useful lives, or are excess to requirements, to reduce debt and future liabilities
- Review the asset valuations, their remaining useful lives and corresponding depreciation schedules regularly to ensure that they reflect current values
- Develop and regularly update separate asset management plans for each asset group and coordinate the data in these asset management plans with the infrastructure asset management plans, budget and long-term financial plan
- Provide more funding for asset renewals rather than prioritising initiatives which involve new or upgraded infrastructure

### KEY FACTS

- Population in 2021 was **175,204**
- Council covers **338 square kilometres**
- **81,989** rateable properties in 2022-23
- **\$150.7 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **\$2.52 billion**

