




AT A GLANCE




OVERVIEW

The Essential Services Commission finds the District Council of Karoonda East Murray's current and projected financial performance **mostly sustainable** taking into account the council's forecast moderate expense growth increase over the next ten years and the planned average rate increases of 4% p.a. per property over this period

RISKS IMPACTING SUSTAINABILITY

-  If forecast growth in cash reserves does not eventuate, and the Council's grant revenue (proportionally) decreases, or is delayed, a greater burden of 'revenue shifting' will move to ratepayers
-  Low forecast average expense growth of 2.5% p.a. is not realised, and realised expense growth is more in line with historical figures of 6% p.a.
-  If rateable property numbers as a result of farm consolidation continues to reduce, part of the Council's revenue base (rates) and the operating surplus will be at risk

CONTINUE

-  Reviewing rateable property growth forecasts in the budget projections each year
-  Monitoring the growth in expenses in its budgeting
-  Reviewing the extent of cash reserve forecast in the context of the financial sustainability outlook

COMMISSION'S RECOMMENDATIONS

- Improve the transparency around assumptions and state explicitly the basis for preparation of annual business plans, budgets and the long-term financial plan
- Provide a version of the long-term financial plan in nominal terms when developed in real terms, for the benefit of ratepayers
- Report any actual cost savings in its annual budget and long-term financial plan
- Include efficiency goals and projected cost savings in its long-term financial plan
- Review the estimates of asset lives (and valuations) informing its forecast rate of asset consumption (and depreciation expenses) and asset renewal needs in the long-term financial plan and asset management plans
- Improve the transparency of its rate projections and associated indexation assumptions in its long-term financial plan

KEY FACTS

- Population in 2021 was **1,007**
- Council covers **4,415 square kilometres**
- **1,120** rateable properties in 2022-23
- **\$1.9 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **\$48.3 million**

