

OVERVIEW

The Essential Services Commission finds the District Council of Lower Eyre Peninsula's current financial performance is **sustainable**, but notes that the outlook for its projected financial performance is **mostly sustainable** but with risk, when taking into account the council's forecast moderate expense growth increase over the next 7 years and the planned average rate increases of 3.6% p.a. per property over this period

RISKS IMPACTING SUSTAINABILITY

- ⚠️ 7-year long-term financial plan forecast instead of 10-year
- ⚠️ If moderate growth in forecasted expenses is not realised, and are understated
- ⚠️ Asset renewal funding continues to be at low levels with high backlog levels
- ⚠️ Moderate operating surpluses in forecasted period not met resulting in a cumulative rolling operating deficit in the medium to long-term

CONTINUE

- ✅ The good practice of effective cost constraint
- ✅ Updating the valuation and useful lives of assets

COMMISSION'S RECOMMENDATIONS

- Review the inflation forecasts in the budget and forward projections
- Monitor cost growth in its budgeting and report any actual and projected cost savings
- Revise the long-term financial plan with 10-year forecasts
- Address the backlog of asset renewal in the near to medium-term using cash
- Align proposed expenditure in the asset management plan with the long-term financial plan
- Achieve the reviews of strategic documents and asset management plans
- Consider limiting future increases in rates to no more than expected inflation to help reduce any emerging affordability risk in the community

KEY FACTS

- Population in 2021 was **5,910**
- Council covers **4,771 square kilometres**
- **4,207** rateable properties in 2022-23
- **\$8.94 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **\$101.4 million**

