

### OVERVIEW

The Essential Services Commission finds the District Council of Robe's current and short-term projected financial performance **potentially unsustainable** but notes that it is taking steps to move towards a more sustainable position in the medium to long-term, however not without risks associated with its low forecast expenses growth, corporate governance, and asset management practices

### RISKS IMPACTING SUSTAINABILITY

- ⚠ Inadequate financial forecasting arising from the lack of endorsed long-term financial plan and endorsed asset management plans
- ⚠ Understatement of depreciation due to unendorsed and incomplete asset management plans, particularly for Infrastructure (transport) assets which represents 58 percent of total assets
- ⚠ Out of date asset management plans and lack of certainty of asset stock conditions and useful lives
- ⚠ Low growth in forecast expenses (compared with historic levels) are not realised and the current expense trajectory continues
- ⚠ If instability in corporate governance continues
- ⚠ Underspending on future asset renewal expenditure

### COMMISSION'S RECOMMENDATIONS

- Review and update the most recent long-term financial plan immediately for Council endorsement and publication as per the LG Act
- Align the long-term financial plan projections with the annual business plan and budget for 2024-25
- Consider options to increase its income to move towards a more financially sustainable position
- Review the annual budget and long-term financial plan immediately following the update of strategic direction, and endorsement of draft asset management plans
- Urgently review and adopt draft asset management plans to align with strategic directions to facilitate accuracy in asset related expenditure
- Provide more funding for the renewal of assets, rather than prioritising initiatives which involve new or upgraded infrastructure
- Urgently update the Infrastructure asset management plan (transport assets) to align with strategic directions and facilitate accuracy in asset related expenditure forecasts
- Review rate increases relative to proposed service levels to align with revised and endorsed asset management plans to ensure adequate revenue to maintain funding of council services at a sustainable level

### KEY FACTS

- Population in 2021 was **1,542**
- Council covers **1,091 square kilometres**
- **2,537** rateable properties in 2022-23
- **\$6.2 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **\$106.4 million**

