







OVERVIEW

The Essential Services Commission finds the Northern Areas Council's current financial performance **potentially unsustainable**, but notes that it is taking steps to achieve a **mostly sustainable** position in the future, when taking into account the council's forecast moderate expense increase over the next 10 years and the planned average rate increases of 2.7% p.a. per property over this period

RISKS IMPACTING SUSTAINABILITY

-  Asset management plans are significantly out of date
-  Depreciation expenses related to assets may be understated impacting Operating Performance
-  Low forecast expense growth is not realised and is underestimated
-  No forecast expenditure for new or upgraded capital works from 2027-28
-  Underestimation of future capital expenditure

CONTINUE

-  Reporting actual and projected costs savings in its annual budget and long-term financial plan to provide evidence of cost constraint and achieving efficiency across its operations and service delivery

COMMISSION'S RECOMMENDATIONS

- Ensure updates to the long-term financial plan are reflected in key strategic management documents
- Update asset management plans and asset valuations regularly (at least every 4 years)
- Update asset management plans, and asset valuations within 12 months
- Immediately update the long-term financial plan following the asset management plans update and asset revaluations
- Review and update depreciation expenses based on revised asset management plans
- Provide more funding to the renewal of assets
- Manage its near-term forecast costs

KEY FACTS

- Population in 2021 was **4,559**
- Council covers **3,070 square kilometres**
- **4,257** rateable properties in 2022-23
- **\$9.5 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **\$113 million**

