Advice

Local Government Advice

Light Regional Council

February 2024

Enquiries concerning this advice should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: advice@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

Light Regional Council

AT A GLANCE

OVERVIEW

The Essential Services Commission finds the Light Regional Council's current and projected financial performance **sustainable** taking into account the council's average expected growth in properties of 3.2% p.a. over the next 10 years, and the planned average rate increases per property of 0.6% p.a. over this period

RISKS IMPACTING SUSTAINABILITY

- Delays or non-achievement of forecast growth through property development
- Anticipated economies of scale relating to property growth are not achieved
- Asset renewal projects are deferred worsening the asset renewal backlog
- Unexpected operating costs and additional capital renewal liabilities resulting from the Transport Asset Management Plan Review

CONTINUE

- Reviewing inflation forecasts in the budget and forward projections from 2024-25
- Monitoring cost growth in its budgeting
- Reporting any actual and projected cost savings in the annual budget and long-term financial plan
- Consider limiting future increases in rates to no more than expected inflation

COMMISSION'S RECOMMENDATIONS

- Further define the basis, including inflation assumptions, for preparation of annual business plans, budgets and the long-term financial plan
- Increase funding to address deferred asset renewals
- Review adequacy of renewal spending by 2028
- Forecast and include the impact of new assets into the long-term financial plan

KEY FACTS

- Population in 2021 was **16,321**
- Council covers **1,277 square kilometres**
- **8,265** rateable properties in 2022-23
- **$22.6 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **$243.8 million**

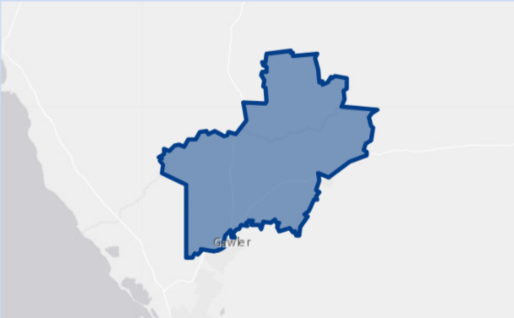


Table of contents

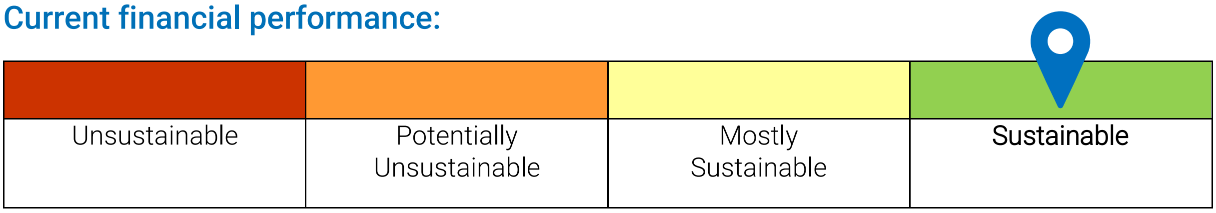
Glossary of terms

ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
CPI	Consumer Price Index (Adelaide, All Groups)
Council	Light Regional Council
CWMS	Community Wastewater Management System
ESC Act	*Essential Services Commission Act 2002*
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	*Local Government Act 1999*
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plan
Regulations	*Local Government (Financial Management) Regulations 2011*
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme

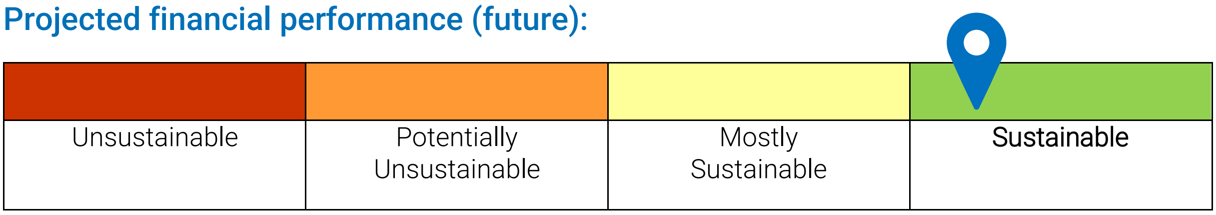
1 The Commission's key advice findings for the Light Regional Council

The Essential Services Commission (**Commission**) finds the Light Regional Council's (**Council's**) short-term financial position sustainable. The Council's longer-term financial performance is reliant on its continued commitment to the renewal of its asset stock, and continued cost control.

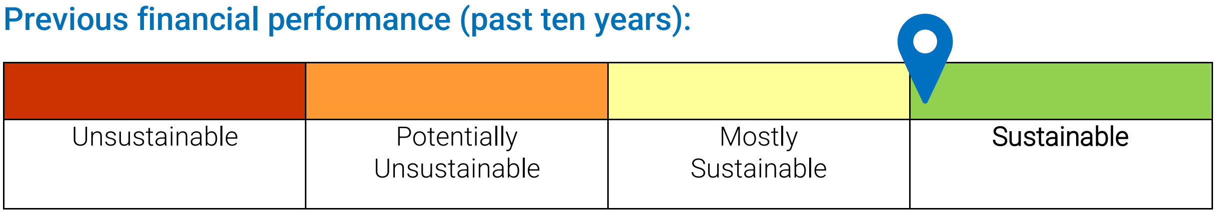
Current financial performance:



Projected financial performance (future):



Previous financial performance (past ten years):



Acknowledging the Council's outlook, the Commission recommends that the Council undertake the following steps to ensure it budgets prudently and transparently, continues to manage its cost base efficiently, renews its asset base to meet sustainable service levels, plans its asset needs appropriately and contains the extent of further rate increases:

Budgeting considerations

1. **Continue** to review its inflation forecasts in its annual budget and forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.
2. **Further define** the basis, including inflation assumptions, for preparation of annual business plans, budgets and the long-term financial plan in the accompanying documentation to increase transparency about the assumptions underpinning the figures.

Continuing to provide evidence of ongoing cost efficiencies

3. **Continue** to monitor cost growth in its budgeting, including related to employee expenses, to contain it within the forecast long-term financial plan.
4. **Continue** its practice of reporting any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of containing cost growth and achieving efficiency across its operations and service delivery.

Refinements to asset management planning

5. **Increase funding** to address deferred asset renewals and review adequacy of renewal spending by 2028.
6. **Forecast and include** the impact of new assets into the long-term financial plan to provide transparency for existing and future ratepayers.

Containing rate levels

7. **Consider** limiting future increases in rates to no more than expected inflation.

2 About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by the State Parliament to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**) and on the proposed revenue sources, including rates, which underpin those plans.[1]

One of the main purposes of the Local Government Advice Scheme (**advice** or **the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**LTFP**s) and infrastructure and asset management plans (**IAMP**s)[2] – both required as part of a council's SMP.[3] Financial sustainability is considered to encompass intergenerational equity,[4] as well as program (service level) and rates stability in this context.[5] The other main purpose is for the Commission to consider ratepayer contributions in the context of revenue sources, outlined in the LTFP.[6] In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.[7]

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the second scheme year (2023-24), including the Light Regional Council (**Council**).

This report provides the Local Government Advice for the Light Regional Council in 2023-24.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2024-25 Annual Business Plan (including any draft Annual Business Plan) and subsequent plans until the next cycle of the scheme.[8] It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website[9]), nor is it compelled under the LG Act to follow the advice.

The Commission thanks the Council for providing relevant information and meeting with Commission staff to assist the Commission in preparing this advice.

2.1 Summary of advice

In general, the Commission finds the Light Regional Council's short-term financial position sustainable and notes that it has improved its sustainability position by partly addressing capital renewals, following a period of deferred capital renewal expenditure[10] and spending on new capital initiatives. Historically, the Council experienced deficits between 2012-13 and 2014-15 but has since generated consistent operating surpluses.

The past rate increases above inflation, together with higher reimbursements income, increased the Council's financial capacity to cover its operating and service sustainability requirements.

Its forward projections from 2023-24 (in its LTFP) forecast a financially sustainable outlook due to:

---

1 Amendments to the LG Act (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).
2 Commonly referred to as asset management plans.
3 The objectives of the advice with reference to a council's LTFP and IAMPs are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMPs.
4 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.
5 Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.
6 LG Act s122(1f)(a) and (1g)(a)(ii).
7 LG Act s122(1f)(b) and (1g)(b).
8 LG Act s122(1h).
9 The Commission must publish its advice under LG Act s122(1i)(a).
10 As recommended by its AMPs.

- forecast operating revenue growth,
- contained expense growth,
- continued average rate increases below the Reserve Bank of Australia (RBA)-based forecast inflation rate,
- the realisation of income from capital projects,
- lower spending on new or upgraded capital works than on renewal and replacement capital works in contrast to expenditure in 2012-13 to 2021-22, and
- higher asset spending on renewal and rehabilitation capital works, including to continue to partly address the accumulation of deferred renewals over the next 10 years.

The Commission considers that the Council is demonstrating good practice regarding the formulation of its financial projections in its LTFP, and transparency around its assumptions and directions, including the ratepayer impact; however, additional detail about inflation assumptions may be helpful for stakeholders.

2.2 Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the Light Regional Council's material changes to its 2023-24 plans (compared with the previous year's plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure) and its current and projected rate levels.

In providing this advice, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (F&A). The attachment explores these matters further.[11]

2.2.1 Advice on material plan amendments in 2023-24

The Light Regional Council's 2023-24 LTFP includes an improvement to its projected operating performance, and no changes to its projected capital expenditure estimates, compared with the 2022-23 forecasts,[12] as follows:

- An improvement in operating performance by $20 million or by 7.3 percent. This is mainly driven by a 2.1 percent increase in general rates, receipt of delayed grant funding and income from major water projects.
- An overall decrease in operating expenses that is a combination of lower materials, contracts and other expenses, along with higher finance costs.

The Council has factored several savings into its LTFP projections and includes sharing the benefit of its successful capital water project with ratepayers as discussed in the advice on current and projected rates section below (section 2.2.3). However, its forecasts may present a risk to its cost and income projections in the current inflationary environment. The RBA currently forecasts the CPI (Australia-wide) to increase by 3.9 percent in the year to the June 2024 quarter and by 3.3 percent in the year to June 2025. Thereafter, it is reasonable to anticipate a return to long-run averages (and growth of 2.6 percent per annum from 2025-26).[13]

The Commission notes that the Council's stated assumptions for indexation in its 2023-24 LTFP are transparent and based on its annual review of these forecasts. Noting the Council has endeavoured to find savings and reduce any inflationary impact on its community, the Commission has found that it would be appropriate for it to:

[11] The attachment will be available on the Commission's website with the Advice.
[12] The overlapping forecast period in both LTFPs (2022-23 to 2031-32 and 2023-24 to 2032-33).
[13] RBA, Forecast Table - November 2023, available at https://www.rba.gov.au/publications/smp/2023/nov/economic-outlook.html.

1. **Continue** to review its inflation forecasts in its annual budget and forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

The Light Regional Council adopted its annual business plan and budget in June 2023, together with its LTFP 2023-24. The Council proposed further material amendments to its 2023-24 estimates for the financial year from those proposed in its 2022-2023 LTFP.

The Commission observes that the Council's LTFP identifies the risks to the financial estimates (due to environmental and economic factors, for example) and that the annual business plan also includes its 2023-24 estimates (from the LTFP). The Commission notes the transparency in indexation assumptions underpinning the financial documents; however, assumptions about inflation were not explicitly stated. The Commission recommends that the Council:

2. **Further define** the basis, including inflation assumptions, for preparation of annual business plans, budgets and the long-term financial plan in the accompanying documentation to increase transparency about the assumptions underpinning the figures.

2.2.2 Advice on financial sustainability

Operating performance

Key Points:

- ✅ The operating surplus ratio averaged 0.6 percent or $0.3 million from 2012-13 to 2021-22 and is forecast to average 6.2 percent or $2.3 million between 2023-24 and 2032-33.
- ⚠ Income growth is forecast to reduce while expenditure growth is forecast to increase which will require close monitoring.
- ⚠ Employee costs, 'materials, contracts and other' expenses increased by an average of 4.7 and 3.5 percent respectively from 2012-13 to 2021-22 where average CPI growth was 2 percent per annum.
- ⚠ Projected operating expenses over the next 10 years is forecast to be an average of 3.2 percent, which is slightly above the RBA-based forecast inflation for the same period.
- ✅ Conducts regular service level reviews of its operations, focused on achieving increased productivity, efficiency and effectiveness, and ultimately real savings.

The Light Regional Council experienced operating deficits from 2012-13 to 2014-15, followed by consistent operating surpluses until 2021-22, with the operating surplus ratio[14] averaging 0.6 percent over this period (from 2012-13 to 2021-22). In its forward projections, the operating surplus ratio is expected to be within the suggested LGA target range at an average of 6.2 percent.

Operating income growth averaged 5.1 percent per annum from 2012-13 to 2021-22, while operating expense growth averaged 2.9 percent per annum.[15] From 2015-16, the Council generated a sustained operating surplus with an average surplus of $1 million between 2015-16 and 2021-22.

[14] The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised,* May 2019 (**LGA SA Financial Indicators Paper**), p. 6).

[15] Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice).

The Council received a combination of additional rates, 'grants, subsidies and contributions', and reimbursements income over this period to generate its relatively strong operating income growth.

On the cost side, its 'employee costs', and 'materials, contracts and other' expenses increased by an average of 4.7 and 3.5 percent per annum respectively from 2012-13 to 2021-22 while average annual CPI growth was 2 percent per annum.[16]

The estimated rate of growth in operating expenses projected over the next 10 years is an average of 3.2 percent per annum, which is above the RBA-based forecast inflation[17] for the same period. The associated impact on ratepayers is discussed further below in section 2.2.3.

The Commission has observed the current practice of the Council in conducting regular service level reviews of its operations, focused on achieving increased productivity, efficiency and effectiveness and, ultimately, real savings. As an example, it has factored in savings of approximately $0.4 million to its expense estimates in 2023-24, compared to these items in 2022-23, due to a combination of reduced materials and contracts expenses but with increased finance costs. The Council anticipates benefitting from economies of scale with respect to its forecast growth.

To ensure the Council is positioned to contain its expenses within its forecast and achieve its operating performance (without the need for further rate increases above inflation), the Commission encourages it to:

3. **Continue** to monitor cost growth in its budgeting, including related to employee expenses to contain it within the forecast long-term financial plan.
4. **Continue** its practice of reporting any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of containing cost growth and achieving efficiency across its operations and service delivery.

Net financial liabilities

Key Points:

- ✓ The net financial liabilities ratio averaged 18 percent from 2021-13 to 2021-22 and is forecast to average 24 percent between 2023-24 and 2032-33.
- ✓ The reduction in the net financial liabilities ratio from 2022-23 to 2032-33, comes from progressive repayment of total borrowings, via operating income growth and costs constraint.
- ⚠ Net cash flows after operating and investing (that is, capital-related) activities has averaged negative $2 million annually between 2012-13 and 2021-22.
- ✓ Past and projected borrowings for capital projects have a downwards trend and are at a level that the Council can affordably service, also leaving capacity for further investment.

With the Council's operating deficits from 2012-13 to 2014-15, followed by ongoing operating surpluses, its net cash flows after operating and investing (that is, capital-related) activities has averaged negative $2 million annually between 2012-13 and 2021-22. The Council has relied partly on rates revenue and supplementary grant funding to fund its capital expenditure program over this period. The Council has also consistently used borrowings to partly finance its capital expenditure, and over time, this has been

[16] CPI Adelaide (All groups) available at Consumer Price Index, Australia, September Quarter 2023 | Australian Bureau of Statistics (abs.gov.au).

[17] The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) and the Commission's calculations of average annual percentage growth; RBA forecasts available at: RBA, Forecast Table - November 2023, available at https://www.rba.gov.au/publications/smp/2023/nov/economic-outlook.html.

within or below the suggested LGA target range for the net financial liabilities ratio (averaging 18 percent from 2011-12 to 2020-21).[18]

The Council continues to meet the suggested LGA target range under its 2022-23 forecasts and projects fluctuation in the ratio, with an average of 24 percent over the 10-year period to 2032-33.

Asset renewals expenditure

Key Points:

- ✓ Between 2012-13 and 2022-23 the Council's total capital expenditure averaged $12.6 million per annum (including $3.4 million on asset renewals and $9.2 million on new and upgraded assets).
- ✓ The asset renewal ratio averaged 108.8 percent between 2012-13 and 2022-23.
- ✓ From 2023-24 to 2032-33, the ratio is forecast to average 112.6 percent.
- ⚠ The IAMP renewal replacement gap is minimal while the depreciation gap is larger suggesting possible intergenerational inequity or a mismatch between actual and predicted useful asset lives.
- ⚠ Asset renewal expenditure has been highly variable in the past as deferred capital renewals have been partly addressed and higher levels of expenditure on renewals are forecast but with an on-going deferred asset renewal backlog.

Between 2012-13 and 2022-23, the Council's total capital expenditure averaged $12.6 million per annum (including $3.4 million on asset renewals and $9.2 million on new and upgraded assets). The Council's asset renewal funding ratio (IAMP-based) was within the suggested LGA target range of 90 to 110 percent over these years,[19] and averaged 108.8 percent between 2012-13 and 2022-23. This reflected the Council's need to renew assets that were not renewed in a timely manner historically[20] (and as noted in meeting with Council).

From 2023-24 to 2032-33, the ratio is forecast to average 112.6 percent reflecting continuation of the historical trend that has been focused on renewing deferred asset renewals. Average annual spending on renewal or rehabilitation of assets is projected to increase to $8 million (in nominal terms) and has also been influenced by the historical expenditure on new and upgraded assets. With reference to increased costs for construction, the Council has noted that it has kept its capital expenditure within its forecast budgets by deferring projects.[21]

The Council has significantly grown its asset base over the past 10 years, averaging $9.2 million per annum on new or upgraded assets between 2012-13 and 2021-22. This has led to a steady increase in the value of the asset stock per property of $550 or 2.5 percent for each year over the 10 years to 2021-22.

---

18 The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

19 The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested LGA target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

20 Correspondence with Light Regional Council dated 11 December 2023 and Council Responses to ESCOSA Questions, p. 4.

21 Correspondence with Light Regional Council dated 11 December 2023 and Council Responses to ESCOSA Questions, p. 1.

The Council is forecasting a continuation of the levels of spending on renewals of asset stock as described above, in addition to expenditure on new/upgraded assets partly in relation to water projects and township expansion. The Council forecasts that expenditure on new and upgraded assets will average $1.5 million per annum from 2023-24 to 2032-33, with growth averaging 3.5 percent per annum.

Forecasts for both asset renewals and new/upgraded assets may be understated however, due to the Council's practice of only including known grants in its LTFP (impacts projects scheduled), as well as the financial impacts from a scheduled update to the Transport AMP not yet being known. The Council intends to address some deferred asset renewals in the forecast period (2024-2033); however, it estimates there will continue to be a shortfall in funding.[22]

Acknowledging the significant financial impact of the Councils major water projects, transport related projects and strong development pipeline, the Commission considers that it would be appropriate for it to:

5. Increase funding to address deferred asset renewals and review adequacy of renewal spending by 2028.
6. Forecast and include the impact of new assets into long-term financial plan to provide transparency for existing and future ratepayers.

Asset renewals can also be evaluated by the depreciation-based asset renewal funding ratio,[23] which is projected to track slightly above the LGA-recommended range (for the IAMP-based ratio) of 90-110 percent, averaging 112.6 percent per annum to 2032-33. Historically (between 2012-13 and 2021-22) depreciation expenses have outpaced renewal capital expenditure by a significant margin (totalling $23.2 million over ten years). This earlier period may indicate an intergenerational equity[24] risk, as the Council had partly funded capital expenditure (through depreciation) but had deferred or under invested on its asset renewal needs. Alternatively, there may also be a mismatch between assessed useful lives of assets and actual useful lives of assets as indicated by renewals required.

The Commission notes that the Council had prepared comprehensive AMPs with supporting technical specifications that cover most of the Council's asset base, coupled with the Councils' intention to review its AMPs and consider its long-term funding/borrowing strategy with a focus on inter-generational impacts.[25]

2.2.3 Advice on current and projected rate levels

Key Points:

- Rate revenue per property growth has averaged 4.6 percent per annum for each property in the period between 2012-13 and 2021-22, which is 2.6 percent above CPI for the same period.
- The average rate income per annum for each property is forecast to grow by 0.6 percent between 2022-23 and 2032-33 based on achievement of growth in rateable properties.

[22] Correspondence with Light Regional Council dated 11 December 2023 and Council Responses to ESCOSA Questions, p. 5.
[23] The Council's asset renewal funding ratio by the depreciation-based method (where asset renewal/replacement expenditure is divided by depreciation expenses). This ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the estimated rate at which these assets are used or consumed.
[24] 'Intergenerational equity' relates to fairly sharing of services and the revenue generated to fund the services between current and future ratepayers.
[25] Correspondence with the Council dated 31 August 2023 (p. 6) and in meeting with Council on 12 December 2023.

The Council has implemented a strategy to provide rates relief for ratepayers that experience substantial property valuation increases of more than 10 percent, noting that rateable property valuations increased 13.62 percent from July 2022 until April 2023 when rates were set.

The constraint in rates growth is a result of Council subsidies based on income realised from successful water projects and rates relief against substantial property valuation increases.

Affordability risk for further average rate increases appears low based on a range of factors including an assessment of the economic resources available to the community and low levels of community concern.

The Council's rate revenue per property growth has averaged 4.6 percent or $93 per annum for each property between 2012-13 and 2021-22, which exceeded CPI growth (at an average of 2.0 percent per annum over this period). The Commission notes the Council has set its rates after undertaking its own benchmarking reflecting its services and ratepayer's service level expectations.[26]

The Council has budgeted for an average rate increase of 3 percent or $81 per property for its existing ratepayers in 2023-24.[27] The rates increases are contained despite recent higher short-term inflation, and this was enabled by the realisation of benefits from the Bunyip 1 water project income and a consequent significant reduction in finance costs.[28] The Council also has a strategy to provide rates relief for ratepayers that experience property valuation increases of more than 10 percent,[29] noting that rateable property valuations increased 13.62 percent from July 2022 until April 2023 when rates were set.[30]

Different rate categories are subject to varying changes, with residential ratepayers to pay a lower increase of 2.7 percent or $48 per property on 2022-23 levels. Primary production (mostly farmland) ratepayers are budgeted to pay 2.8 percent or $74 per property.[31]

The Council has also assumed growth in the area will be strong with growth in rateable properties increasing at 3.2 percent over the forecast period. Significant regional population growth is anticipated in the area surrounding Roseworthy over the next decade.[32]

As a result of the modest rates increases, the percentage of the Council's total income contributions from ratepayers is projected to average around 83.5 percent, a constant percentage compared to the historical average.

Risks for ratepayers arise however if:

- the anticipated growth does not eventuate,
- inflation exceeds the Council's estimates,
- additional operational expenditure is required due to a revised transport AMP, or
- unanticipated remedial expenditure is required due to deferred asset renewal backlogs.

---

26 Correspondence with the Council dated 31 August 2023, p. 7.
27 Based on the Council's 2023-24 Annual Business Plan and its Excel template (with the 2023-24 forecasts) provided to the Commission. The Commission has used $23.239 million (in 2023-24 budgeted rates revenue) compared to unaudited 2023-23 estimates. Individual rate level changes may be higher or lower depending on the rates category and property value.
28 Correspondence with the Council dated 31 August 2023, p. 3.
29 Light Regional Council 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 10.
30 Light Regional Council 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 8.
31 Rate in the dollar applied to the capital value of the property in the Council area. Light Regional Council, 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 49.
32 Light Regional Council 2023/2024 Annual Business Plan, Budget and Long-term Financial Plan, p. 5.

As the current economic environment is putting more pressure on most communities' capacity to pay for further rate increases, including those of the Council, the Commission considers it would be appropriate for the Council to:

7.	Consider limiting future increases in rates to no more than expected inflation.

2.3 The Commission's next advice and focus areas

In the next cycle of the scheme, the Commission will review and report upon the Council's:

- ongoing performance against its LTFP estimates and transparency in underlying assumptions,
- achievement of cost savings and efficiencies and its continued reporting of these in its plans,
- review of its capital spending towards asset renewal and rehabilitation works and how it has addressed the backlog of asset renewal expenditure, and
- how it has sought to minimise any emerging affordability risks.

The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444
E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au