

CITY OF WEST TORRENS



## Notice of Council & Committee Meetings

**NOTICE IS HEREBY GIVEN** in accordance with Sections 83, 84, 87 and 88 of the *Local Government Act 1999*, that a meeting of the

### **Council**

and

- **City Finance and Governance Standing Committee**

of the

**CITY OF WEST TORRENS**

will be held in the Council Chambers, Civic Centre  
165 Sir Donald Bradman Drive, Hilton

on

**TUESDAY, 17 MAY 2022**  
**at 7.00pm**

Public access to the meeting will be livestreamed audio only at the following internet address: <https://www.westtorrens.sa.gov.au/livestream>

**Angelo Catinari**  
**Chief Executive Officer (Acting)**

#### **City of West Torrens Disclaimer**

Please note that the contents of these Council and Committee Agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision.

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## **1 MEETING OPENED**

### **1.1 Acknowledgement of Country**

### **1.2 Evacuation Procedures**

### **1.3 Electronic Platform Meeting**

## **2 PRESENT**

## **3 APOLOGIES**

## **4 DISCLOSURE STATEMENTS**

Elected Members are required to:

1. Consider Section 73 and 75 of the *Local Government Act 1999* and determine whether they have a conflict of interest in any matter to be considered in this Agenda; and
2. Disclose these interests in accordance with the requirements of Sections 74 and 75A of the *Local Government Act 1999*.

## **5 CONFIRMATION OF MINUTES**

### **RECOMMENDATION**

That the Minutes of the meeting of the Council held on 3 May 2022 be confirmed as a true and correct record.

## **6 MAYORS REPORT**

### **(Preliminary report for the agenda to be distributed Friday, 13 May 2022)**

In the two weeks since the last Council Meeting of 3 May, functions and meetings involving the Mayor have included:

#### **4 May**

- Attended the Italian Pensioners of Thebarton Inc Mother's Day luncheon.
- Attended the International Public Works Conference Gala Dinner with the Deputy CEO and staff where awards were presented for excellence in infrastructure, public works and engineering projects from around Australia. The City of West Torrens was nominated in the Excellence in Asset Management category.

#### **5 May**

- Participated in my regular Coast FM interview with David Hearn.
- Attended the Airport Over 50's Club birthday luncheon.
- Attended the Lockleys Bowling Club presentation night along with Airport Ward Councillor Jassmine Wood.

#### **6 May**

- Attended the Brown Hill and Keswick Creeks Stormwater Board official opening of the Pakapakanthi / Victoria Park Wetland.



**7 May**

- Attended the Adelaide Tamil Association's Women's Wing Program.
- Attended the Novar Gardens Bowling & Pétanque Club presentations and AGM where I presented the Mayor's trophy to the volunteer of the year.
- Attended the West Adelaide vs Adelaide match at Hisense Stadium.

**10 May**

- Met with representatives of the Lockleys and Torrensville Bowling Clubs.
- Attended the Greek Senior Citizens of Mile End Mother's Day luncheon.
- Participated in a photo shoot for Talking Points highlighting Council's recent purchase of two electric vehicles.
- Attended a dinner with members of the Thai community.

**11 May**

- Attended a luncheon of the Pan Rhodian Society.

**12 May**

- Attended the funeral of the late Bill Gonis OAM.

**13 May**

- Attending Greening Adelaide's Leader's event at the National Wine Centre to hear about Greening Adelaide's urban greening strategy.
- Participating as a guest speaker and panellist at the Filipino State Economic Forum.

**14 May**

- Attending the Filipino Council of SA Barrio Fiesta being held at Bonython Park.
- Attending the SAJC Derby Day Luncheon as a guest of the SAJC Board along with other invited guests.

**15 May**

- Attending the South Australian Bangladeshi Community Association's Bengali New Year Celebration at Woodville Town Hall.

**17 May**

- Meeting with the Liberal candidate for the seat of Hindmarsh, Dr Anna Finizio.
- Council and City Finance and Governance Standing Committee meetings.

**RECOMMENDATION**

That the Mayor's Report be noted.

**7 ELECTED MEMBERS REPORTS****8 PETITIONS**

Nil

## **9 DEPUTATIONS**

### **9.1 Operation Flinders**

Jonathon Robran, Business Development Manager, Operation Flinders, wishes to brief Members on the Operation Flinders Foundation and in particular the Foundation's 2022 program.

## **10 ADJOURN TO STANDING COMMITTEE**

### **RECOMMENDATION**

That the meeting be adjourned, move into Standing Committee and reconvene at the conclusion of the City Finance and Governance Standing Committee.

## **11 ADOPTION OF STANDING COMMITTEE RECOMMENDATIONS**

### **11.1 City Finance and Governance Standing Committee Meeting**

#### **RECOMMENDATION**

That the recommendations of the City Finance and Governance Standing Committee held on 17 May 2022 be adopted.

### **11.2 Special City Finance and Governance Standing Committee Meeting**

#### **RECOMMENDATION**

That the Minutes of the Special City Finance and Governance Standing Committee held on 3 May 2022 and 10 May 2022 be noted and the recommendations adopted.

## **12 ADOPTION OF GENERAL COMMITTEE RECOMMENDATIONS**

Nil

## **13 QUESTIONS WITH NOTICE**

Nil

## **14 QUESTIONS WITHOUT NOTICE**

## **15 MOTIONS WITH NOTICE**

### **15.1 Possible Acquisition of Land (Confidential)**

Cr Kym McKay has given notice of his intention to move a motion the subject of which relates to the possible acquisition of land previously considered by Council in confidence pursuant to Section 90(3)(b)(i) and (b)(ii) of the *Local Government Act 1999*.

Accordingly, it is recommended that the motion with notice from Cr Kym McKay be considered by Council at Confidential Agenda Item 21.4 - Confidential Motion with Notice - Possible Acquisition of Land.

## **16 MOTIONS WITHOUT NOTICE**

## **17 REPORTS OF THE CHIEF EXECUTIVE OFFICER**

### **17.1 2022 Federal Election ALGA Advocacy Campaign**

#### **Brief**

This report provides information to Council from the Australian Local Government Association regarding the upcoming 2022 Federal Election Campaign and seeks Council's support for their advocacy campaign.

#### **RECOMMENDATION(S)**

It is recommended to Council that:

1. Council supports the national funding priorities of the Australian Local Government Association (ALGA), which would contribute an estimated \$6.46 billion per year to Australia's GDP and create 43,444 jobs.
2. Council agrees to support and participate in the ALGA's advocacy for their endorsed national funding priorities by writing to the local Federal Member(s) of Parliament, all known election candidates in local Federal electorates and the President of the ALGA to:
  - a. Express support for ALGA's funding priorities;
  - b. Identify priority City of West Torrens' projects and programs that could be progressed with the additional financial assistance from the Federal Government being sought by ALGA; and
  - c. Seek funding commitments from the members, candidates and their parties for these identified local projects and programs.

#### **OR**

The *2022 Federal Election ALGA Advocacy Campaign* report be received.

#### **Introduction**

The Administration has recently received correspondence dated 9 May 2022, from the Local Government Association advising Council of ALGAs Advocacy Campaign for the 2022 Federal Election.

ALGA has provided Council the opportunity to participate in their national advocacy campaign. Working in conjunction with its member state and territory associations, ALGA has developed a framework and resources for a campaign that will run in the lead up to the Federal Election on 21 May 2022.

Based around the tagline of "Don't Leave Local Communities Behind", the goal is to secure funding and policy commitments that will support every Australian council and community, and ensure all Australians have an equal opportunity to share in the benefits of Australia's post-pandemic recovery.

All Australian councils have been asked to participate in this campaign to ensure a coordinated approach that will deliver the best possible outcomes.

#### **Discussion**

The Don't Leave Local Communities Behind campaign (Campaign) will promote 17 priorities in the portfolios of economic recovery, transport and community infrastructure, building resilience, circular economy and intergovernmental relations.

These priorities are based on motions passed by councils at ALGA's annual National General Assembly, and have been endorsed by ALGA's Board which is comprised of representatives from all state and territory Local Government Associations. They have been assessed by independent economists and would add around \$6.46 billion per year to Australia's Gross Domestic Product while creating 43,444 jobs.

ALGA also seeks City of West Torrens input to identify priority local projects and programs that meet the above-mentioned portfolios and that could be progressed with the additional financial assistance from the Federal Government.

The Campaign will run for five weeks, with each week focusing on one of the five portfolio areas.

The full list of national Federal Election priorities that will be promoted through this Campaign is outlined below:

#### *Economic Recovery*

1. An initial injection of Financial Assistance Grants to local government of \$1.3 billion to support communities and jobs and also resolve the current practice of bringing forward two quarterly Financial Assistance Grant payments each year.
2. A commitment to return Financial Assistance Grants to at least one percent of Commonwealth taxation revenue via a phased approach.

#### *Transport and community infrastructure*

3. \$500 million per annum for a four-year continuation of the Local Roads and Community Infrastructure Program.
4. A strategic local roads investment program of \$300 million per annum over four years to address road transport first and last mile issues and congestion on local roads.
5. An increase in Roads to Recovery to \$800 million per annum (an additional \$300 million per annum) and the Black Spot Program to \$200 million per annum over four years, while addressing the South Australian road funding anomaly by making the additional \$20 million per annum to SA in 2021-22 and 2022-23 permanent.
6. Continuing the Stronger Regional Digital Connectivity Package at \$55 million over four years.
7. \$200 million over four years to assist councils to develop and implement innovative housing partnerships.

#### *Building resilience*

8. A targeted disaster mitigation program of \$200 million per annum for four years which will reduce the costs of response and recovery and strengthen community resilience.
9. A commitment to ensuring betterment funding as a core element of disaster recovery funding arrangements.
10. A commitment to include community infrastructure that is publicly accessible and owned, and local government waste, water and wastewater assets under Disaster Recovery Funding Arrangements.
11. A Local Government Climate Response Partnership Fund of \$200 million over four years to enable planning and preparation to minimise the impacts of climate change in local communities and enable councils to achieve climate neutrality as soon as practicable.

12. \$100 million per annum over four years provided directly to local governments to support the capabilities of Indigenous councils and the implementation of the Closing the Gap local/regional voice.

#### *Circular economy*

13. Support to provide guidance and advice to councils on how to unlock the circular economy locally, particularly in rural, regional, and remote areas.
14. Support to investigate and, if feasible, implement a national bin harmonisation program that will improve kerbside recycling, reduce contamination, and maximise opportunities for reuse.
15. \$100 million per annum over four years to fund local government circular waste innovation projects.

#### *Intergovernmental relations*

16. Reinstating local government representation to the primary intergovernmental forum in Australia, the National Cabinet.
17. Ensuring local government's ongoing voting membership of other relevant Ministerial forums.

ALGA has developed free campaign resources that can be adapted and used by all councils to ensure a consistent and effective approach.

Participating in a national advocacy campaign does not preclude Council from advocating on additional local needs and issues, but it will strengthen the national campaign and support all 537 Australian local governments.

### **Climate Impact Considerations**

*(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)*

Although there is no direct climate impact in relation to this report itself, within the 17 Federal Election portfolios above, there are a number of opportunities which may impact on the changing climate. Of particular note are those actions and projects linked to the Building Resilience and Circular Economy portfolios which consider waste management, disaster mitigation and disaster recovery.

### **Conclusion**

This report provides information to Council from the Australian Local Government Association regarding the upcoming 2022 Federal Election Campaign and seeks Council's support for their advocacy campaign.

### **Attachments**

Nil

## 17.2 Brickworks Riverfront Land - Confidential Order Review

### Brief

This report presents the annual review of the confidential order applied to confidential reports relating to the Brickworks Riverfront Land in accordance with the provisions of Section 91(9)(a) of the *Local Government Act 1999*.

### RECOMMENDATION

It is recommended to Council that:

1. In accordance with Section 91(9)(a), having reviewed the confidentiality orders made at Council's 1 May 2018, 6 June 2017, 21 May 2019, 19 May 2020 and 18 May 2021 meetings, in respect of reports relating to the Brickworks Riverfront Land, Council orders that the following confidential reports, the Minutes arising, attachments and any associated documentation or recording:

- Brickworks Markets - Retained Land
- Brickworks Riverfront Land - Expression of Interest
- Brickworks Riverfront Land - Divestment Proposal
- Divestment Proposal - Brickworks Riverfront Land
- Divestment Proposal Update - Brickworks Riverfront Land

continue to be retained in confidence in accordance with Sections 90(3)(b)(i) and 90(3)(b)(ii) of the *Local Government Act 1999*, and not be available for public inspection for a further 12 month period or until Council finalises its position on the future use of the retained land, whichever is sooner, given that the disclosure of the information would not be in the public interest as to do so would reasonably be expected to:

- confer a commercial advantage on those persons with whom the Council is proposing to conduct business;
- prejudice the commercial position of the Council;
- lead to Council not obtaining the best possible sale price or development outcome for the remnant land retained by Council.

2. Pursuant to Section 91(9)(c) of the *Local Government Act 1999*, Council delegates the authority to the Chief Executive Officer to review the confidentiality order on a monthly basis and to revoke but not extend it.

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### Introduction

Section 91(9)(c) of the *Local Government Act 1999*, required that the Chief Executive Officer (CEO) review any confidential order made by Council and delegated to the CEO to review on a monthly basis to revoke but not extend it.

The following reports are presented for annual review in accordance with the provisions of Section 91(9)(a) of the *Local Government Act 1999*:

1. Brickworks Markets - Retained Land - 19 November 2013
2. Brickworks Riverfront Land - Expression of Interest - 20 January 2015
3. Brickworks Riverfront Land - Divestment Proposal - 3 March 2015 & 21 April 2015
4. Divestment Proposal - Brickworks Riverfront Land - 3 May 2016
5. Divestment Proposal Update - Brickworks Riverfront Land - 7 June 2016

While the CEO has reviewed the confidential orders on a monthly basis in accordance with his delegated authority, the CEO has not revoked the Orders. Given the CEO does not have the ability to extend the order, the Act requires that the Orders to be reviewed by Council.

The Orders were last reviewed by Council at its 18 May 2021 meeting where it was resolved that they remain in place for a further 12 months.

## Discussion

### 1. Brickworks Markets - Retained Land

At its 19 November 2013 meeting, Council ordered that the agenda item, minutes and all relevant documentation relating to Confidential Item 21.1 - *Brickworks Market- Retained Land*, be retained in confidence and not be available for public inspection for the period of 12 months from the date of this meeting, or until Council finalises its position on the future use of the Retained Land, on the basis that the information received, discussed and considered in relation to that agenda item is information, the disclosure of which would reasonably be expected to confer a commercial advantage on those persons with whom the Council is proposing to conduct business if Council were to dispose of the said land which is the subject of this report and this could prejudice the commercial position of the Council and lead to Council not obtaining the best possible sale price or development outcome for the remnant land retained by Council.

### 2. Brickworks Riverfront Land - Expression of Interest

At its 20 January 2015 meeting, Council ordered that the agenda item, all relevant documentation, but not the Minutes arising from Confidential Item 21.1 - *Brickworks Riverfront Land - Expression of Interest*, be retained in confidence and not be available for public inspection for the period of 12 months from the date of this meeting, on the basis that the information received, discussed and considered in relation to that agenda item is information, the disclosure of which would reasonably be expected to confer a commercial advantage on those persons with whom the Council is proposing to conduct business if Council were to dispose of the said land which is the subject of this report and this could prejudice the commercial position of the Council and lead to Council not obtaining the best possible sale price or development outcome for the remnant land retained by Council.

### 3. Brickworks Riverfront Land - Divestment Proposal

At its 3 March 2015 meeting, Council ordered that the agenda item, all relevant documentation, but not the Minutes arising from Confidential Item 21.1 - *Brickworks Riverfront Land - Divestment Proposal*, be retained in confidence and not be available for public inspection for the period of 12 months from the date of the meeting, on the basis that the information received, discussed and considered in relation to that agenda item is information, the disclosure of which would reasonably be expected to confer a commercial advantage on those persons with whom the Council is proposing to conduct business if Council were to dispose of the said land which is the subject of this report and this could:

- a) prejudice the commercial position of the Council
- b) lead to Council not obtaining the best possible sale price or development outcome for the remnant land retained by Council.

#### 4. Brickworks Riverfront Land - Divestment Proposal

At its 21 April 2015 meeting, Council ordered that the agenda item, minutes and all relevant documentation relating to Confidential Item 21.1 - *Brickworks Riverfront Land - Divestment Proposal*, be retained in confidence and not be available for public inspection for the period of 12 months from the date of the meeting, on the basis that the information received, discussed and considered in relation to that agenda item is information, the disclosure of which would reasonably be expected to confer a commercial advantage on those persons with whom the Council is proposing to conduct business if Council were to dispose of the said land which is the subject of this report and this could:

- a) prejudice the commercial position of the Council
- b) lead to Council not obtaining the best possible sale price or development outcome for the remnant land retained by Council.

#### 5. Divestment Proposal - Brickworks Riverfront Land

At its 3 May 2016 meeting, Council ordered that the agenda item, minutes and all relevant documentation relating to Confidential Item 21.1 - *Divestment Proposal - Brickworks Riverfront Land*, be retained in confidence and not be available for public inspection for the period of 12 months from the date of the meeting, on the basis the information received, discussed and considered in relation to this agenda item is information, the disclosure of which could reasonably be expected to severely prejudice Council's ability to achieve the best possible price and/or development outcome for the Brickworks Riverfront Land and/or confer a commercial advantage on a person(s) with whom Council is considering conducting business and would, on balance, be contrary to the public interest.

#### 6. Divestment Proposal Update - Brickworks Riverfront Land

At its 7 June 2016 meeting, Council ordered that the agenda item, minutes and all relevant documentation relating to Confidential Item 21.1 - *Divestment Proposal Update- Brickworks Riverfront Land*, be retained in confidence and not be available for public inspection for the period of 12 months from the date of the meeting, on the basis the information received, discussed and considered in relation to this agenda item is information, the disclosure of which could reasonably be expected to severely prejudice Council's ability to achieve the best possible price and/or development outcome for the Brickworks Riverfront Land and/or confer a commercial advantage on a person(s) with whom Council is considering conducting business and would, on balance, be contrary to the public interest.

At its meeting of 5 October 2021, Council resolved to adjourn the sale process of the Brickworks Riverfront land for an indefinite period, as such; it is recommended that the confidential order remain in place.

#### **Climate Impact Considerations**

*(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)*

There is no direct climate impact in relation to this report.

#### **Conclusion**

As the confidential order applied to confidential reports relating to the Brickworks Riverfront Land has not been revoked and the CEO does not have the ability to extend the order, the Act requires the Order to be reviewed by Council.

#### **Attachments**

Nil



### **17.3 Reappointment of Member to the Brown Hill and Keswick Creeks Stormwater Board - Confidential Order Review**

#### **Brief**

This report presents the annual review of the confidential order applied to confidential report Item 18.1 - Reappointment of Member to the Brown Hill and Keswick Creeks Stormwater Board, at the 1 June 2021 meeting of Council in accordance with the provisions of Section 91(9)(a) of the *Local Government Act 1999*.

#### **RECOMMENDATION**

It is recommended to Council that:

1. In accordance with s91(9)(a), having reviewed the confidentiality order made on 1 June 2021, in respect of report Item 18.1 - Reappointment of Member to the Brown Hill and Keswick Creeks Stormwater Board, Council orders that Attachment 1 - Resume of Ms Judith Choate, continue to be retained in confidence in accordance with Section 90(3)(a) of the *Local Government Act 1999*, and not be available for public inspection for a further 12 month period on the basis that the premature disclosure of this information would be unreasonable given it contains personal information relating to the applicant which could inadvertently prejudice their future career aspirations and breach any duty of confidentiality owed to them by Council.
2. Pursuant to Section 91(9)(c) of the *Local Government Act 1999*, Council delegates the authority to the Chief Executive Officer to review the confidentiality order on a monthly basis and to revoke but not extend it.

---

#### **Introduction**

Section 91(9)(c) of the *Local Government Act 1999*, requires that the Chief Executive Officer (CEO) review any confidential order made by Council and delegated to the CEO to review on a monthly basis to revoke but not extend it.

While the CEO has reviewed the confidential order on a monthly basis in accordance with his delegated authority, the CEO has not revoked the Order. Given the CEO does not have the ability to extend the order, the Act requires that the Order to be reviewed by Council.

#### **Discussion**

At its 1 June 2021 meeting, Council ordered that the Resume of Ms Judith Choate, relating to the reappointment of members to the Brown Hill and Keswick Creeks Stormwater Board, included as Attachment 1 of report Item 18.1 - Reappointment of Member to the Brown Hill and Keswick Creeks Stormwater Board, having been considered in confidence under Section 90(3)(a), be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting, on the basis that the premature disclosure of this information would be unreasonable given it contains personal information relating to the applicant which could inadvertently prejudice their future career aspirations and breach any duty of confidentiality owed to them by Council.

As the term of appointment concludes on 2 August 2024, it is recommended that the confidentiality order made at the 1 June 2021 meeting of Council should continue to remain in place for a further 12 months.

#### **Climate Impact Considerations**

*(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)*

There is no direct climate impact in relation to this report.

**Conclusion**

As the confidential order applied by Council at its 1 June 2021 meeting of Council, in relation to Item 18.1 - Reappointment of Member to the Brown Hill and Keswick Creeks Stormwater Board, has not been revoked and the CEO does not have the ability to extend the order, the Act requires the Order to be reviewed by Council.

**Attachments**

Nil

**18 LOCAL GOVERNMENT BUSINESS**

Nil

**19 MEMBER'S BOOKSHELF**

Nil

**20 CORRESPONDENCE****20.1 Adelaide Airport Flight Curfew Dispensation**

Correspondence has been received from the Department of Infrastructure, Transport, Regional Development and Communications, acknowledging Council's letter dated 24 March 2022 in relation to the Toll Global Express freight curfew dispensation at Adelaide Airport (**Attachment 1**).

**20.2 Indicative Costs for the 2022 Elections**

Correspondence has been received from the Electoral Commissioner of the Electoral Commission of South Australia, Mick Sherry, regarding indicative costs for the 2022 Elections (**Attachment 2**).

**20.3 Passing of Brian 'Snowy' Selby**

Correspondence has been received from the Public Affairs Officer of the SA/NT of the National Malaya and Borneo Veterans Association of South Australia, Paul Rosenzweig OAM, advising of the passing of the President of the SA/NT Branch of the National Malaya and Borneo Veterans Association of Australia Inc., Brian 'Snowy' Selby (**Attachment 3**).

**20.4 Adelaide Tamil Association Women's Wing Program**

Correspondence has been received from the Secretary of the Adelaide Tamil Association, Don Bosco Arockiaswamy, regarding the Adelaide Tamil Association Women's Wing event held on Saturday 7 May 2022 at Thebarton Community Centre (**Attachment 4**).

**20.5 Letter from the Premier of South Australia**

Correspondence has been received from the Premier of South Australia, the Hon. Peter Malinauskas MP, regarding the Labor Government's victory at the recent South Australian election (**Attachment 5**).

**RECOMMENDATION**

That the correspondence be received.

**Attachments**

- 20.1 Adelaide Airport Flight Curfew Dispensation**
- 20.2 Indicative Costs for the 2022 Elections**
- 20.3 Passing of Brian 'Snowy' Selby**
- 20.4 Adelaide Tamil Association Women's Wing Program**
- 20.5 Letter from the Premier of South Australia**



## Australian Government

### Department of Infrastructure, Transport, Regional Development and Communications

PDR ID: MC22-002413

Mayor Michael Coxon  
165 Sir Donald Bradman Drive  
HILTON SA 5033

Dear Mayor Coxon

Thank you for your letter of 29 March 2022 to the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, concerning the Toll Global Express freight curfew dispensation at Adelaide Airport.

With the announcement by the Prime Minister, the Hon Scott Morrison MP, of the forthcoming election, the Australian Government has assumed a 'caretaker role' and by convention, decisions are not taken nor advice given, that may commit an incoming Government. Further information about these conventions can be found at [www.pmc.gov.au/resource-centre/government/guidance-caretaker-conventions](http://www.pmc.gov.au/resource-centre/government/guidance-caretaker-conventions).

Accordingly, your letter has been forwarded to the Department of Infrastructure, Transport, Regional Development and Communications for response.

The aviation sector is still recovering from the effects of COVID-19 even as restrictions have eased. There have been positive signs of recovery including an increase in passenger jet numbers across the Australian domestic aviation network. Traffic movements at Adelaide Airport are, however, still below pre-COVID levels. The regular public transport (RPT) network is continuing to be unreliable in providing consistent services for the freight network as it only partially assists in moving freight across Australia.

Industry continues to tell us they are seeing unprecedented levels of freight movement across Australia. Since the beginning of the pandemic TOLL has seen an increase in freight Australia-wide of approximately 35 per cent above pre-COVID levels. The ability to connect freight into Adelaide, in particular time critical medical freight, cannot be met by the RPT network alone, and Toll requested the additional movements to assist with this unprecedented demand.

GPO Box 594, Canberra ACT 2601, Australia

• telephone 1800 075 001 • websites [infrastructure.gov.au](http://infrastructure.gov.au) | [communications.gov.au](http://communications.gov.au) | [arts.gov.au](http://arts.gov.au)

• ABN: 86 267 354 017

In reaching the decision to grant additional curfew movements to Toll, the Department consulted with the Adelaide Airport Consultative Committee, which is made up of local community representatives and key Government and regulatory stakeholders. Through this consultation, the committee indicated its support for the dispensation to support freight connectivity.

I trust this information will be of assistance.

Yours sincerely



Phil McClure  
Assistant Secretary  
Airports Branch  
Domestic Aviation and Reform Division

3 May 2022

**From the Office of the Mayor**

24 March 2022

The Hon Barnaby Joyce MP  
Deputy Prime Minister and  
Minister for Infrastructure, Transport and Regional Development  
PO Box 6022  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Via email: [minister.joyce@infrastructure.gov.au](mailto:minister.joyce@infrastructure.gov.au)

Dear Minister Joyce

Council was recently advised that a flight curfew dispensation had been granted for Toll Transport to operate an additional three (3) movements (landings) per week at Adelaide Airport. In providing the dispensation it is noted that the Federal Government acknowledged the unprecedented demand for urgent air services into Adelaide for time critical surgical freight, radioactive isotopes for cancer treatments, blood samples, RAT kits and other fresh food supplies.

At its meeting on 15 March 2022, my Council resolved that I write to you as the Federal Minister for Infrastructure, Transport and Regional Development, to seek an explanation as to why the additional arrivals by Toll Transport are required during the curfew hours and cannot be accommodated during the usual operating hours.

I would be appreciative of your response at your earliest convenience in order to inform my Council and the community.

Yours sincerely

Michael S Coxon  
Mayor  
City of West Torrens

**From:** King, Christine (ECSA)  
**Sent:** Tuesday, 3 May 2022 4:06 PM  
**To:** Terry Buss  
**Subject:** Indicative Costs for the 2022 Elections

3 May 2022

Terry Buss  
Chief Executive Officer

Dear Terry,

**Re: Indicative Costs for the 2022 Elections**

**Background**

In accordance with the *Local Government (Elections) Act 1999* (the LGE Act) section 10(1), the Electoral Commissioner is the returning officer for the 4-yearly periodic elections (the elections) and the returning officer is responsible for the conduct of the elections (section 12).

Section 13 of the LGE Act states that 'All costs and expenses incurred by the returning officer in carrying out official duties must be defrayed from funds of the council.' I believe it is important that councils are aware of the cost pressures that have occurred since the last elections in 2018.

The indicative costs have been estimated using the same number of elections and candidates, number and distribution of contested elections, participation rates, and attribution of costs to councils as occurred in the 2018 elections. Other volumes have changed.

**Unavoidable cost pressures**

**1. Inflation**

The cost of the 2018 elections has been indexed by State government budgeted inflation over four years. The indexation amounts to a compound annual growth rate of 1.7% per annum.

The cost of budgeted inflation is expected to amount to \$471,000 or approx. \$0.37 per elector.

**2. Cost increases in excess of inflation**

The real costs of the following major expenses in 2018 have increased above budgeted inflation:

- The superannuation guarantee charge has increased from 9.5% in 2018 to 10.0% currently. The additional 0.5% is applied to all salaries paid to electoral officials.
- The increase in Australia Post costs for non-priority mail continues to exceed inflation.
- Contracted processing centre rental costs are considerably higher than in 2018.
- Transport charges have increased due to higher consignment rates and the need to use a combination of providers.

ECSA will again partner with LGA Procurement to maximise cost savings on all major material and service purchases through competitive tender and evaluation.

These cost increases in excess of inflation are expected to amount to \$450,000 or approx. \$0.35 per elector.

### **3. Growth in volumes**

The number of electors on the state-wide electoral roll increased by 5.4% from 2018 to 2022.

As the state-wide electoral roll makes up approx. 98% of the council electoral roll, the number of electors on the council electoral roll is estimated to also increase by 5.4% from 2018 to 2022. This increase directly impacts volumes of materials, mailout and items posted, mail return, and the quantity of returned ballots processed in scrutiny and count activities.

The cost of growth in volumes increases the total cost of the elections by approx. \$252,000.

### **4. Amendments to the LGE Act – ICT systems**

Amendments to the LGE Act took effect from 10 November 2021 and will impose additional responsibilities on ECSA to provide new, transferred, or enhanced services. These changes will require:

- Availability of candidate information in an online portal, displaying candidate details, profiles, and campaign donation returns
- A new Candidate Nominations portal will allow each candidate to complete their information entirely online moving away from manual processes seen in the past
- Development of a dedicated portal will transform the accessibility of information on candidates for the 2022 elections and beyond.

ICT developments and support services to modernise digital systems will be required to deliver the outcomes required by these three amendments. This will include:

- Candidate online portal to display candidate details and profiles
  - The amendment requires online publication of candidate details. A Candidate Nominations portal will allow each candidate to enter, edit and finalise their details online.
  - The Local Government Election Management System will be improved to support the Candidate Nominations portal features.
- Candidate campaign donation returns
  - The amendment requires that there will now be two returns from each candidate – the first two weeks after the close of nominations, with the second due after the conclusion of the election – and that the returns will be accessible on ECSA’s website.
  - These returns will be included in the Candidate Nominations portal.
  - The method for candidates to upload returns has not yet been determined.
- Election results
  - The amendment requires an Election Results system to collect and collate results for 67 councils, approx. 224 separate elections, and approx. 1,500 candidates. The results must be compatible for display on ECSA’s website and must also be provided to meet the needs of various reports and extracts as well as external researchers.

The additional cost to deliver these modernisation improvements that meet the requirements of the amendments is estimated to be approx. \$610,000 – or approx. \$0.48 per elector.



### **5. Amendments to the LGE Act – Assisted voting for sight-impaired electors**

A further amendment to the LGE Act (section 41A) provides assisted voting to sight-impaired electors. This will be in the form of a telephone voting service.

Telephone voting requires the elector to be identified (i) as a registered sight-impaired elector and (ii) as an elector on the certified electoral roll. The call is transferred to a pair of electoral officials – one to read the applicable ballot paper(s) to the elector and record the elector's preferences and the other to listen and confirm that the vote(s) recorded correctly reflects the elector's preferences. This is a comprehensive, verifiable, but time-consuming process.

There are modest cost savings as registered sight-impaired electors will not be sent standard voting packs in the mail.

The ongoing cost to stand-up and operate assisted voting for sight-impaired electors, net of cost savings is expected to amount to approx. \$300,000 or approx. \$0.23 per elector.

### **6. Changes in practices**

Since the 2018 elections ECSA has improved its online end-to-end employment and training systems and practices for the 1,000+ electoral officials appointed to conduct the elections.

Management of logistics activities has also expanded due to the need to deal with a combination of providers.

An increase in the volume of complaints is also expected in 2022, particularly the proliferation of social media comments and complaints.

The cost of changes in practices is expected to amount to \$458,000 or approx. \$0.36 per elector.

### **7. Impacts of COVID-19 pandemic**

Many councils have seen the changes to procedures employed by ECSA to conduct supplementary elections during the COVID-19 pandemic, including innovations such as live-streamed, contactless candidate briefings and ballot draws.

Whilst it is not possible to forecast the impact of the COVID-19 pandemic on the conduct of the 2022 elections at this time, the impact on the cost of the elections may not be significant.

### **8. Advertising**

Section 13A(1) of the LGE Act empowers the returning officer to arrange advertising for certain purposes for the conduct of the elections. The purpose '*encouraging voting at elections*' (section 13A(1)(b)) relates directly to the participation rate for the elections – ie the number of electors that return ballots for scrutiny and count.

The two key communications challenges likely to impact the 2022 elections are (i) stagnant or decreasing participation and (ii) voter fatigue from the third major election in 2022.

### **A combined approach**

ECSA has consulted with the LGA about achieving better efficiencies and leveraging media and creative spend to benefit both local government and the 2022 elections. A combined approach is proposed, including shared development of a research and evidence-based strategy and platform, consistent messaging and production quality, and coordinated, integrated communications for each of the election advertising campaigns.

This will maximise efficiencies for advertising spend.

The LGA will also be able to leverage election advertising to enhance the local government brand on an ongoing basis at a significantly lower cost.

I am pleased to confirm that, after consultation with the LGA on the advertising approach, ECSA will conduct the enrolment and participation campaigns and the LGA will conduct the candidate nominations campaign.

- ECSA's enrolment and participation campaigns
  - 1) Enrolment – including awareness of the elections, the voting process, and driving enrolment across businesses and residents not currently on the electoral roll.
  - 2) Relevance – the importance of local government, its role in your community, why you should care and vote, the role of local government, and the importance of your vote in your local area/community.
  - 3) Voting – promotion and awareness of the election, the voting process.
- LGA's campaigns
  - 1) Local government's brand-building awareness of what councils do, their role and value in the community.
  - 2) Relevance – local government's role in making a community, how it supports the community and how voting and nominating can make an impact.
  - 3) Nominations – promotion of the reasons to nominate, how to nominate, what the role of an elected member looks like – targeted to traditionally underrepresented groups: women, people with disability, First Nations, CALD and young people.

The LGA will equip councils with messaging and assets to activate throughout the campaign, providing opportunities to enhance local engagement and interest.

### **Estimated advertising costs**

The cost of the Enrolment and the Participation stages based on the 2018 actual advertising cost (and activities) plus inflation over four years was \$662,000 – or approx. \$0.52 per elector.

Following consultation with council CEs on advertising costs, further collaboration with the LGA, and based on the research conducted to date, it is our view that advertising research, development, production and media placement campaigns funded by ECSA amounting to \$900,000 will be required to encourage as many electors as possible to be enrolled and participate in the 2022 elections.

The additional advertising cost is approx. \$238,000 – or approx. \$0.19 per elector.

### **Indicative cost table**

The indicative cost table for elections services to be undertaken by ECSA for the 2022 elections is provided on a cost per elector basis (GST inclusive) for council budgeting purposes.

<b>Electors on the council voters roll</b>	<b>Cost per elector (GST incl)</b>
60,001 and above	\$7.65
35,001 to 60,000	\$7.96
20,001 to 35,000	\$8.03
10,001 to 20,000	\$8.34
3,001 to 10,000	\$9.03
1,000 to 3,000	\$11.30

Most costs are either directly attributable to individual councils or are appropriately allocated based on the number of electors in each council. The indicative cost table shows the adverse impact of fixed activities (such as statutory notices, nominations activities, Deputy Returning Officers) on councils with fewer electors on the roll.

The final allocation of actual advertising costs to councils in 2022 will also recognise that less advertising effort is required in council areas with higher than average participation rates, such as many regional councils.

The indicative costs have been provided to assist councils with budgeting only. Final costs may differ from these estimates due to changes in the number of elections, candidates, participation rates, or the actual cost of materials and services required for the conduct of the elections.

Further information on the conduct of the election, including timetable, electoral officers, certification of the voters roll and candidate briefing sessions, will be provided at a later date.

Should you have any queries, please contact ECSA's Chief Financial Officer, Ian Clayfield, at [ian.Clayfield@sa.gov.au](mailto:ian.Clayfield@sa.gov.au) to discuss.

Yours sincerely



Mick Sherry  
**ELECTORAL COMMISSIONER**



**South Australia & Northern Territory Branch**  
**National Malaya & Borneo Veterans Association of Australia Inc**

National Patron: General the Honourable Sir Peter Cosgrove AK AC(Mil) CVO MC (ret'd)  
 SA/NT Patron: Her Excellency the Honourable Frances Adamson AC, Governor of South Australia

20 April 2022

**His Worship Mr Michael Coxon**  
 Mayor of West Torrens  
 165 Sir Donald Bradman Drive  
 HILTON SA 5033

*Your Worship*

It is with great sadness that we announce the passing of Brian 'Snowy' Selby (1946-2022), President of the SA/NT Branch of the National Malaya and Borneo Veterans Association of Australia Inc. Brian suffered a massive heart attack at 0130h on Good Friday morning, 15 April. We thank the SA Ambulance Service crew for their immediate response, but Brian was unable to be resuscitated.

Brian was President of the SA and NT Branch of the National Malaya and Borneo Veterans Association of Australia Inc from 2002 to 2006, and again from 2010 to present.

I have attached a special edition of our newsletter 'The Observation Post' for your interest.

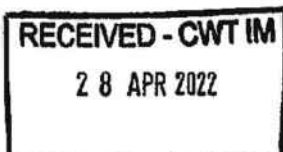
I will contact you again once the Branch committee has confirmed its new structure.

*Yours sincerely*  
*Paul Rosenzweig*

**Paul A Rosenzweig OAM**  
 Major, Australian Regular Army (ret'd)  
 Public Affairs Officer, SA/NT Branch  
 National Malaya & Borneo Veterans Association of Australia Inc

<https://www.facebook.com/NMBVAAadelaide/>

For information:  
 Mr Don Cameron, Interim President SA/NT Branch



South Australia & Northern Territory Branch || National Malaya & Borneo Veterans Association of Australia Inc  
 Interim President Mr Don Cameron || 0430 401 939 || [wildcanyon@adam.com.au](mailto:wildcanyon@adam.com.au)  
[https://www.nmbvaa.org.au/sa\\_nt.php](https://www.nmbvaa.org.au/sa_nt.php)





Special Edition - APRIL 2022

# THE OBSERVATION POST

The official publication of the  
**South Australia & Northern Territory Branch**  
 National Malaya & Borneo Veterans Association of Australia Inc

National Patron: General the Honourable Sir Peter Cosgrove AK AC(Mil) CVO MC (ret'd)  
 SA/NT Patron: Her Excellency the Honourable Frances Adamson AC, Governor of South Australia

## Confrontation, 1962-1966

### † Brian 'Snowy' Selby (1946-2022)



Brian Selby was born in Belmore, NSW on 21 March 1946. He first served in the Citizens' Military Forces (CMF) in Sydney in 1961-62 with 23 Field Regiment, Royal Australian Artillery.

He enlisted in the Australian Regular Army on 24 June 1962, and served in 111 Light Anti-Aircraft Battery, Royal Regiment of Australian Artillery at Holsworthy, NSW in 1962-64, attaining the rank of Bombardier.

On 25 May 1964, he embarked on HMAS *Sydney* 111 R17 and deployed to RAAF Butterworth in Malaysia, serving as an Observation Post commander until June 1966. From October 1964 to January 1965, Brian was detached to 'Bravo' Company of the 3rd Battalion, Royal Australian Regiment (3RAR) conducting counter-insurgency patrols on the Thai-Malay Border.

Brian took his discharge on 25 June 1968, but served again as a Transport Section Commander (Sergeant) from July 1968 to August 1971.

Brian was President of the SA and NT Branch of the National Malaya-Borneo Veterans Association of Australia Inc from 2002 to 2006, and again from 2010 until his passing on 15 April 2022, aged 76.

### THANKS DIGGER

Virtual Museum and Commemoration Centre

<https://www.facebook.com/ThanksDigger> | [ThanksDigger@gmail.com](mailto:ThanksDigger@gmail.com)

It is with great sadness that we announce the passing of Brian 'Snowy' Selby.

Brian suffered a massive heart attack at 0130h on Good Friday, 15 April 2022. We thank the SA Ambulance Service crew for their immediate response, but Brian was unable to be resuscitated.

This notice was shared on social media sites on behalf of Mrs Chris Selby, and Mr Don Cameron, Vice-President of the SA/NT Branch, National Malaya-Borneo Veterans Association of Australia Inc.

Don Cameron said, "Everyone has the same reaction.... shock & disbelief that he is no longer with us, such a sad day for all".

We thank everyone for your kind responses. We have been collating these and will share them with Chris.

We have included some images in this special edition of the 'Observation Post' for your reflection.

Lest we Forget





**The Honourable Hieu van Le AC  
Former Governor of South Australia**

*I am very sorry to hear this. Brian is a great man who devoted his time and energy to ensure the sacrifice and effort of those Australian servicemen and women who were involved in the Malaya Borneo conflict will never be forgotten.*

*God bless his soul!*



**Aaron Musk**

Formerly of No 604 Squadron, AAFC and Catafalque Party Commander in Kuching, 2016

*R.I.P. Brian you were an amazing man, always helping others! Going to miss you mate.*

*Sending my condolences to his family.*

**Luke Scott**

*Sad to hear. I have two photos I took of Brian at the 75<sup>th</sup> commemoration of the end of WWII.*



**No 604 Squadron  
Australian Air Force Cadets**

At the 604 Squadron End of Year Parade at Hampstead Barracks on 21 November 2021, President Brian Selby and Vice-President Don Cameron presented the Commanding Officer No 604 Squadron, Flying Officer (AAFC) Kieran Wandel with an NMBVAA plaque to be the basis of a special new annual award.





**Malaya-Borneo Veterans Day  
Adelaide, 24 August 2019**

The SA/NT Branch held its annual commemoration in the West Torrens Memorial Gardens in 2019 to commemorate the 59th anniversary of the end of the Malayan Emergency and the 53<sup>rd</sup> Anniversary of the end of the Indonesian Confrontation with Malaysia.



**Malaya-Borneo Veterans Day  
Adelaide, 24 August 2019**

No 604 Squadron, Australian Air Force Cadets supported the service in the West Torrens Memorial Gardens by providing a Catafalque Party armed with innocuous 7.62mm SLR rifles representative of the Confrontation era, assisted by Cadets from a variety of squadrons who provided an Honour Guard or held other important roles on the day.

**Malaya-Borneo Veterans Day  
Kuching, Sarawak, 29 August 2019**

In 2019 the SA/NT Branch of the National Malaya Borneo Veterans Association of Australia held a very successful reunion visit to Kuching and conducted a Service of Commemoration in the Sarawak Heroes' Memorial Park in Kuching. Pictured: Dato' Lim Kian Hock, Heritage Adviser, Sarawak Tourism Federation, and Mr Bill Russell of the Malayan Veterans Association of New Zealand.



**Sarawak, Malaysia**

The ongoing friendship and support of Dato' Lim Kian Hock, Datuk Dr Philip Ting AM (Honorary Australian Consul to Sarawak, pictured) and Puan Fiona Marcus Raja (Deputy President, Sarawak Tourism Federation and Chairman, STF Heritage Development Committee) is greatly appreciated.







**From:** Secretary ATA <[secretary@adelaidetamil.com.au](mailto:secretary@adelaidetamil.com.au)>  
**Sent:** Monday, 9 May 2022 1:00 PM  
**To:** Secretary ATA <[secretary@adelaidetamil.com.au](mailto:secretary@adelaidetamil.com.au)>; Michael Coxon <[mayorcoxon@wtcc.sa.gov.au](mailto:mayorcoxon@wtcc.sa.gov.au)>  
**Cc:** Kathleen Allen; Devi <[sridevi.shk@gmail.com](mailto:sridevi.shk@gmail.com)>; mc <[mc@adelaidetamil.com.au](mailto:mc@adelaidetamil.com.au)>  
**Subject:** Adelaide Tamil Association Women's Wing Program

Dear Lord Mayor Michael Coxon,

Thank you for attending the Adelaide Tamil Association Women's Wing event.

The following are the brief report of the program held on Saturday the 07-05-2022 in Thebarton Community Center, Thebarton, SA.

### **1. Open Forum Discussion -**

Many new families who arrived after 2021 , had many questions regarding medical, school education and real estate . So to help them we had invited 3 experts - Dr Shanthi ( GP from Craigmore Hospital ) , Mr. Ravi ( Senior level staff at High school ) Mr. Sreenivasan ( expertise in real estate ).

The forum went very well for more than an hour with many members asking various questions and speakers gave them answers and pamphlets with information.

### **2. Cooking competition ( cooking without fire ).**

This concept for this competition is to make moms/women think and include more vegetables and fruits in everyday life and minimise cooking. This actually worked as all the contestants came up with delicious healthy salads, mocktails and other innovative recipes. Chef Natraj was the judge, he was amazed at the talent and innovative ideas.

### **3. Beauty with Intelligence contest.**

Through this contest we wanted to bring out the hidden talents in women and also break the stigma that prevails in our community and other similar communities that women once get married and have children cannot participate in beauty contests , cannot perform etc. We had contestants from other communities and everyone exhibited their talents and confidence.

### **4. Stalls by women Entrepreneurs**

We also had 4 stalls displayed by women entrepreneurs .

### **5. Engaging kids while moms were busy.**

We had an arts workshop and henna for kids while moms were able to attend the sessions without disturbance.

The program was a huge success with everyone giving positive feedback.

On behalf of the Adelaide Tamil Association management committee and Women's Wing co-ordinators, I thank Lord Mayor Michael Coxon, City of West Torrens once again for all the support.

Thankyou and Best Regards  
Don Bosco Arockiaswamy  
Secretary  
Adelaide Tamil Association  
0412541955

[www.adelaidetamil.com.au](http://www.adelaidetamil.com.au)

<https://www.facebook.com/adelaidetamilassociation>

[Adelaide Tamil Association \(@adelaidetamils\) • Instagram photos and videos](#)

RECEIVED - CWT IM  
12 MAY 2022

fb280405



The Hon Peter Malinauskas MP  
Premier of South Australia

Mr Michael S Coxon and Mr Terry Buss PSM  
Mayor and Chief Executive Officer  
City of West Torrens  
165 Sir Donald Bradman Drive  
HILTON SA 5033

Dear Mr Coxon and Mr Buss *Michael & Terry,*

Thank you for your letter and for your kind words of congratulations on my Government's victory at the recent South Australian election.

South Australia is in the midst of some exciting change and as Premier, I am proud to be leading our great State for the next four years.

My Government has an ambitious agenda with fresh policy and a bold vision. We know there will be challenges, but also many opportunities for us to grow. I am committed to setting up our state for a better future for us all.

Thank you once again for writing to me. My team and I look forward to working with the City of West Torrens into the future.

Yours sincerely

Peter Malinauskas  
PREMIER

*28/9/2022*

Office of the Premier  
State Administration Centre 200 Victoria Square Adelaide South Australia 5000 GPO Box 2343 Adelaide SA 5001  
Telephone +61 8 8429 3232 [www.premier.sa.gov.au](http://www.premier.sa.gov.au)

## **21 CONFIDENTIAL**

### **21.1 Response to the State Planning Commission on Glandore Character Code Amendment**

#### **Reason for Confidentiality**

The Council is satisfied that, pursuant to Section 90(3)(g) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is:

- (g) matters that must be considered in confidence in order to ensure that the council does not breach any law, order or direction of a court or tribunal constituted by law, any duty of confidence, or other legal obligation or duty.

#### **RECOMMENDATION**

It is recommended to Council that:

1. Pursuant to Section 90(2) of the *Local Government Act 1999*, Council orders, that the public, with the exception of the Chief Executive Officer, members of the Executive and Management Teams in attendance at the meeting, and meeting secretariat staff, be excluded from attendance at so much of the meeting as is necessary to receive, discuss and consider in confidence, information contained within the confidential report Item 21.1 - Response to the State Planning Commission on Glandore Character Code Amendment, attachments and any associated documentation submitted by the Chief Executive Officer, specifically on the basis of the provisions of Section 90(3)(g) because advice was received from the Attorney-General's Department suggesting for the matter to be considered in confidence.
2. At the completion of the confidential session the meeting be re-opened to the public.

## 21.2 Thebarton Theatre Complex and Weslo Holdings Pty Ltd Negotiations - Update

### Reason for Confidentiality

The Council is satisfied that, pursuant to Section 90(3)(b)(i) and (b)(ii) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is:

- (b)(i) information the disclosure of which - could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council.
- (b)(ii) information the disclosure of which - would, on balance, be contrary to the public interest.

### RECOMMENDATION

It is recommended to Council that:

1. Pursuant to Section 90(2) of the *Local Government Act 1999*, Council orders, that the public, with the exception of the Chief Executive Officer, members of the Executive and Management Teams in attendance at the meeting, and meeting secretariat staff, be excluded from attendance at so much of the meeting as is necessary to receive, discuss and consider in confidence, information contained within the confidential report Item 21.2 - Thebarton Theatre Complex and Weslo Holdings Pty Ltd Negotiations - Update, attachments and any associated documentation submitted by the Chief Executive Officer, specifically on the basis of the provisions of Section 90(3)(b)(i) and (b)(ii) because Council considers that the disclosure of the information would, on balance, be contrary to the public interest on the basis that it may prejudice the commercial position of the Council and lead to Council not obtaining or securing the best possible outcome with regard to matters which may impact the proposed upgrade of the Thebarton Theatre Complex and actions required under the lease of the Theatre. Therefore, Council is satisfied that the principle of the meeting being conducted in a place open to the public has been outweighed in this circumstance.
2. At the completion of the confidential session the meeting be re-opened to the public.

### **21.3 Leasing Arrangements - Thebarton Oval Precinct - Update**

#### **Reason for Confidentiality**

The Council is satisfied that, pursuant to Section 90(3)(b)(i) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is:

- (b)(i) information the disclosure of which - could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council.
- (b)(ii) information the disclosure of which - would, on balance, be contrary to the public interest.

#### **RECOMMENDATION**

It is recommended to Council that:

1. Pursuant to Section 90(2) of the Local Government Act 1999, Council orders, that the public, with the exception of the Chief Executive Officer, members of the Executive and Management Teams in attendance at the meeting, and meeting secretariat staff, be excluded from attendance at so much of the meeting as is necessary to receive, discuss and consider in confidence, information contained within the confidential report Item 21.3 - Leasing Arrangements - Thebarton Oval Precinct - Update, attachments and any associated documentation submitted by the Chief Executive Officer, specifically on the basis of the provisions of Section 90(3)(b)(i) and (b)(ii) because there are ongoing negotiations relating to the lease that may impact both the existing lessee and also a future prospective lessee of (portion of) the premises and would, on balance, be contrary to the public interest.
2. At the completion of the confidential session the meeting be re-opened to the public.

## 21.4 Confidential Motion with Notice - Possible Acquisition of Land

### Reason for Confidentiality

The Council is satisfied that, pursuant to Section 90(3)(b)(i) and (b)(ii) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is:

- (b)(i) information the disclosure of which - could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council.
- (b)(ii) information the disclosure of which - would, on balance, be contrary to the public interest.

### RECOMMENDATION

It is recommended to Council that:

1. Pursuant to Section 90(2) of the *Local Government Act 1999*, Council orders, that the public, with the exception of the Chief Executive Officer, members of the Executive and Management Teams in attendance at the meeting, and meeting secretariat staff, be excluded from attendance at so much of the meeting as is necessary to receive, discuss and consider in confidence, information contained within the confidential report Item 21.4 - Confidential Motion with Notice - Possible Acquisition of Land, attachments and any associated documentation submitted by the Chief Executive Officer, specifically on the basis of the provisions of Section 90(3)(b)(i) and (b)(ii) because the information received, discussed and considered in relation to this agenda item is information, the disclosure of which could reasonably be expected to severely prejudice Council's ability to achieve the best possible outcome relating to the acquisition of the property under consideration and would, on balance, be contrary to the public interest.
2. At the completion of the confidential session the meeting be re-opened to the public.

**22 MEETING CLOSE**

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**1 MEETING OPENED****2 PRESENT****3 APOLOGIES****4 DISCLOSURE STATEMENTS**

Committee Members are required to:

1. Consider Section 73 and 75 of the *Local Government Act 1999* and determine whether they have a conflict of interest in any matter to be considered in this Agenda; and
2. Disclose these interests in accordance with the requirements of Sections 74 and 75A of the *Local Government Act 1999*.

**5 CONFIRMATION OF MINUTES****RECOMMENDATION**

That the Minutes of the Special Meeting of the City Finance and Governance Standing Committee held on 3 May 2022 and 10 May 2022 be confirmed as a true and correct record.

**6 COMMUNICATIONS BY THE CHAIRPERSON****7 QUESTIONS WITH NOTICE**

Nil

**8 QUESTIONS WITHOUT NOTICE****9 MOTIONS WITH NOTICE**

Nil

**10 MOTIONS WITHOUT NOTICE**

## **11 CITY FINANCE & GOVERNANCE REPORT**

### **11.1 Creditor Payments**

#### **Brief**

This report tables a schedule of creditor payments for April 2022.

#### **RECOMMENDATION**

The Committee recommends to Council that the schedule of creditor payments for April 2022 be received.

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#### **Discussion**

A schedule of creditor payments totalling \$3,371,336.21 (\$5,745,569.39 in March 2022) is attached for the information of Elected Members. Notable items include:

- A payment to Solo Resource Recovery of \$622,144.01 for both waste collection and disposal for March 2022 (refer ref. no. 339);
- Payments to Downer EDI Works Pty Ltd totalling \$322,257.23 for various road treatments (refer ref. nos. 119 and 120);
- Payments to PLOT Works totalling \$254,973.84 for Admella Street road reserve upgrade and Apex Park landscaping (refer ref. nos. 286 and 287);
- Payments to LCS Landscapes totalling \$234,609.45 for Richmond Oval Redevelopment and landscape design (refer ref. nos. 229 and 230);
- A payment to Fulton Hogan Industries Pty Ltd of \$183,457.12 for road rejuvenation program works (refer ref. no. 159);
- A payment to M & B Civil Engineering Pty Ltd of \$151,158.82 for various kerbing works (refer ref. no. 236);

#### **Climate Impact Considerations**

*(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)*

The report includes creditor payments on projects and initiatives that aim to mitigate Council's impact on the climate.

#### **Conclusion**

A schedule of creditor payments for April 2022 is provided for Elected Members' information and review.

#### **Attachments**

- 1. Creditor Payments for the month of April 2022**

**ACCOUNTS DUE AND SUBMITTED TO THE FINANCE AND GOVERNANCE STANDING COMMITTEE MEETING  
17 MAY 2022**

<b>Ref No.</b>	<b>Cheque/ EFT No.</b>	<b>Payee</b>	<b>Invoice Description</b>	<b>Payment Total</b>
1	EFT73129	Abbey Jane Nicholson	Westival Performance	800.00
2	EFT73118	Abhimanyu Mehra	Refund Overpayment	474.90
3	EFT72966	Ace Rent a Car	Vehicle Hire	1,815.00
4	EFT73126	Adami's Sand & Metal	Depot Supplies	3,023.63
5	EFT73123	Adelaide Airport Limited	Depot Utilities	52,371.77
6	EFT72972	Adelaide City GMSV	Vehicle Maintenance	690.00
7	EFT72962	Adelaide EWP Inc SA Diesel & Hydraulics	Depot Supplies	3,025.39
8	EFT73235	Adelaide Waste & Recycling Centre	Rubbish Disposal	21,991.18
9	EFT72971	Adelta Legal	Mendelson Allowance	1,470.98
10	EFT72970	AdMerch	Depot Supplies	231.00
11	EFT73044	Advam Pty Ltd	Transaction Fees	636.46
12	EFT73233	AGL South Australia Pty Ltd	Power	1,715.71
13	EFT73236	AIG Security (SA)	Security	9,043.65
14	EFT73229	Allen Press Pty Ltd	Business Cards	258.50
15	EFT73122	Allin Towbars Pty Ltd	Vehicle Maintenance	63.00
16	EFT72968	Allsurv Engineering Surveys Pty Ltd	Surveys	6,160.00
17	EFT73127	Allsurv Engineering Surveys Pty Ltd	Surveys	4,268.00
18	EFT73230	Alsco Pty Ltd	Dry Cleaning	34.54
19	EFT73128	Amazing Drumming Monkeys	Westival Performance	1,720.00
20	EFT72969	AMC Commercial Cleaning	Cleaning	3,172.98
21	EFT73063	Amelia De Ruvo	Reimburse Expenses	54.45
22	061720	Angela Mitsopoulos	Refund Parking Permit Fee	31.00
23	EFT72964	Animal Management Services Pty Ltd	Doggy Bags	1,416.80
24	EFT73232	Animal Management Services Pty Ltd	Doggy Bags	2,361.92
25	EFT73228	Animal Welfare League SA	Impound Dogs	7,109.00
26	EFT73045	Apple Pty Ltd	Computer Equipment	1,406.50
27	EFT73131	APR Manufacturing Group	Depot Supplies	3,044.99
28	EFT73048	Aquarium Aid	Library Aquarium Maintenance	109.00
29	EFT72965	Arboreen Landscape Products	Depot Supplies	28,496.29
30	EFT73124	ATF Services Pty Ltd	Camera Hire / Westival Fencing	8,857.75
31	EFT72963	Austral Tree Services	Tree Maintenance	1,850.20
32	EFT73227	Australia Post	Postage	3,627.76
33	EFT73050	Australia Post	Agency Collection Fees	2,475.01
34	EFT73125	Australia Post	Postage	8,075.18
35	EFT72967	Australian Green Clean	Cleaning	6,152.41
36	EFT73234	Australian Green Clean (Commercial) Pty Ltd	Cleaning	4,472.93
37	EFT73047	Australian Green Clean (Events)	Westival Cleaning	4,148.40
38	EFT73231	Australian Institute of Traffic Planning & Management Inc	Subscription	1,100.00
39	EFT73046	Australian Local Government Association	Conference Registration	689.00
40	EFT73049	Azzurri Continental Pty Ltd	Catering	526.90
41	EFT73092	BA & KA Paterson	Building Maintenance	4,075.50
42	EFT73317	BA & KA Paterson	Building Maintenance	2,218.25
43	EFT73135	Badge A Minit	Desk Plate	46.20
44	EFT73238	Badminton SA	School Holiday Program	471.90
45	EFT73243	Banh Mi Cafe	Catering	117.00
46	EFT73258	Barb Coddington	Art Gallery Materials	50.00
47	EFT73241	Battery World Hilton	Batteries	2,214.00
48	EFT73244	BCE & CJ Electrical	Electrical	30,425.00
49	EFT73139	BE Engineering Solutions	Professional Fees	2,620.20
50	EFT73051	Belair Turf Management Pty Ltd	Oval Maintenance	2,950.20
51	EFT73134	Best Signs	Signage	1,353.00
52	EFT73136	BGC Industrial Cleaning	Cleaning Chemicals	200.53
53	EFT73237	Bianco Construction Supplies	Depot Supplies	566.50
54	EFT73240	Bianco Hiring Service Pty Ltd	Hire Ablution Block / Site Hut	872.96
55	EFT73245	Bianco Walling Pty Ltd	Depot Supplies	4,488.00
56	EFT73054	BioBag World Australia Pty Ltd	BioBags	6,030.64
57	EFT73035	BJ Thompson	Reimburse Volunteer Expenses	34.56
58	EFT73327	BL Shipway & Co Pty Ltd	Depot Supplies	389.88

**ACCOUNTS DUE AND SUBMITTED TO THE FINANCE AND GOVERNANCE STANDING COMMITTEE MEETING  
17 MAY 2022**

<b>Ref No.</b>	<b>Cheque/ EFT No.</b>	<b>Payee</b>	<b>Invoice Description</b>	<b>Payment Total</b>
59	EFT73246	Blacktop Maintenance	Roadmarking	22,103.95
60	EFT73082	Bob May Workplace Emergency Training	Staff Training	836.00
61	EFT73133	BOC Limited	Depot Supplies	596.01
62	EFT73137	Bright Spark Entertainment	Westival Performance	770.00
63	EFT73296	Bucher Municipal Pty Ltd	Vehicle Maintenance	1,458.54
64	EFT73052	Bundaleer Apiaries	Wasp Removal	192.00
65	EFT73239	Bundaleer Apiaries	Wasp Removal	768.00
66	EFT73132	Bunnings Building Supplies Pty Ltd	Maintenance Supplies	1,324.37
67	EFT73055	CA Technology Pty Ltd	Software	3,960.00
68	EFT73143	Calypso Tree Co Pty Ltd	Tree Maintenance	19,580.00
69	EFT72975	Camden Community Centre	Partnership Agreement	14,355.00
70	EFT73140	Camden Community Centre	Little Library	82.50
71	EFT72978	Canon Australia Pty Ltd	Copier Charges	63.95
72	EFT73255	Care Distributors Pty Ltd	Depot Supplies	7,644.32
73	EFT73056	Cash Security Services Pty Ltd	Banking	629.20
74	EFT73252	CCEP	Playground Inspections	13,642.20
75	EFT73061	Centreprint	Printing	2,278.10
76	EFT73152	Chicken Shack Seafood and Grill	Catering	229.50
77	EFT73007	Chris Lapidge	Reimburse Expenses	480.00
78	EFT72979	Chubb Fire & Security Ltd	Security	1,618.76
79	EFT73146	Chubb Fire & Security Ltd	Security	2,207.20
80	EFT73057	City Circle Newsagents	Library Magazines	49.20
81	EFT73247	City Mazda	Vehicle Maintenance	767.40
82	061717	City of Mitcham	Transfer Personal Leave	1,339.21
83	EFT73060	City of Tea Tree Gully	Transfer Long Service Leave	9,667.65
84	EFT73254	Cleanaway Daniels Services Pty Ltd	Sharps Containers	48.98
85	EFT73250	Cleanaway Pty Ltd	Rubbish Disposal	1,008.92
86	EFT73248	Cleanaway Pty Ltd	Rubbish Disposal	810.32
87	EFT73249	Cleanaway Pty Ltd	Rubbish Disposal	1,134.98
88	EFT73256	CMI Truck Centre Adelaide Pty Ltd	Vehicle Maintenance	1,840.17
89	EFT73058	Combe Pearson Reynolds Consulting Engineers	Professional Fees	3,630.00
90	EFT73144	Combe Pearson Reynolds Consulting Engineers	Professional Fees	1,815.00
91	EFT72977	Computers Now Pty Ltd	Computer Equipment	4,741.00
92	EFT73141	Consolidated Bearing Co	Depot Supplies	80.30
93	EFT73059	Continuum Care Australia Pty Ltd	Home Support Services	1,155.00
94	EFT73251	Continuum Care Australia Pty Ltd	Home Support Services	2,079.00
95	EFT73145	Cook SA Pty Ltd	Fire & Spice Cooking Demonstrations	3,025.00
96	EFT73154	Cooperative Taxi Cabs Society Ltd	Taxi Fares	581.10
97	EFT72976	Copyright Agency Limited	Licence Renewal	4,264.06
98	EFT73142	Cornes Toyota	Purchase Vehicle	44,679.05
99	EFT73148	Corporate Health Group Pty Ltd	Medical	181.50
100	EFT72980	Corporate Platters	Catering	186.40
101	EFT73150	Corporate Platters	Catering	132.40
102	EFT73151	Corpralite Audio Visual	Westival Stage	3,623.77
103	EFT73220	Cr George Vlahos	Reimburse Expenses	420.00
104	EFT73257	Crane Services	Remove Christmas Decorations	2,140.88
105	EFT72981	Credit Clear Credit Solutions	Debt Collection	1,212.19
106	EFT73155	Daimler Trucks Adelaide	Vehicle Maintenance	291.15
107	EFT73160	Dallas Equipment Pty Ltd	Contractor	2,178.00
108	EFT72983	David Howlett CLM	Landscaping	1,936.00
109	EFT73089	Dean Ottanelli	Reimburse Expenses	240.00
110	EFT73147	Deb Cann	Reimburse Expenses	120.00
111	EFT73034	Department for Infrastructure and Transport	Schedule 7 Fees	259.21
112	EFT73062	Design Flow Consulting Pty Ltd	Professional Fees	15,565.00
113	EFT73158	Detail Survey & Design	Surveys	1,023.00
114	EFT73149	Di Caught	Fire & Spice Decorations	180.00
115	EFT73263	Dial Before You Dig SA/NT Inc	Monthly Referral Fee	438.78
116	EFT73261	Dillons Norwood Bookshop	Library Books	66.35

**ACCOUNTS DUE AND SUBMITTED TO THE FINANCE AND GOVERNANCE STANDING COMMITTEE MEETING  
17 MAY 2022**

<b>Ref No.</b>	<b>Cheque/ EFT No.</b>	<b>Payee</b>	<b>Invoice Description</b>	<b>Payment Total</b>
117	EFT73264	Direct Comms Pty Limited	TXT2U Messages	364.91
118	EFT73262	Direct Mix Concrete Sales	Concrete	6,793.41
119	EFT73038	Downer EDI Works Pty Ltd	Roadworks	144,789.46
120	EFT73359	Downer EDI Works Pty Ltd	Roadworks	177,467.77
121	EFT73009	Dr Joseph Magliaro	Professional Fees	190.00
122	EFT73156	Drakes Supermarket	Active Ageing Program Supplies	738.21
123	EFT73159	Drakes Supermarket	Library Program Supplies	81.00
124	EFT73260	Dulux Australia	Paint	247.04
125	EFT73338	DWS Advanced Business Solutions	DBA Support	1,650.00
126	EFT72985	East Coast Conferences	Staff Training	1,749.00
127	EFT72987	EatFirst	Milk	70.70
128	EFT73065	EatFirst	Milk	34.00
129	EFT73164	EatFirst	Milk	31.11
130	EFT73266	Ekistics Planning and Design Pty Ltd	Professional Fees	12,233.76
131	EFT73302	Elizabeth Moran	Audit Committee Allowance	882.00
132	EFT73163	Enerven Energy Infrastructure Pty Ltd	Lighting Design	4,843.30
133	EFT73265	Environment Protection Authority	Transfer Station Licence Renewal	62,442.50
134	EFT72982	EP Draffin Manufacturing Pty Ltd	Depot Supplies	7,027.90
135	EFT73064	Esar Home Care	Home Support Services	387.67
136	EFT73115	Ethnic Link Service - Uniting SA	Refund Overpayment	30.00
137	EFT73161	Evelyn Roth Festival Arts	Westival Performance	3,000.00
138	EFT72986	Exact Cleaning & Maintenance Services Pty Ltd	Cleaning	6,138.00
139	EFT72984	Express Signlab	Signage	1,969.00
140	EFT72990	FE Technologies Pty Ltd	Software Upgrade	10,738.75
141	EFT73166	FE Technologies Pty Ltd	Software Upgrade	1,551.00
142	EFT73269	Fine Choice Distribution Pty Ltd	Machine Repairs	836.50
143	EFT73066	Finsbury Green	Printing	2,204.66
144	EFT73272	First Senses	Library Program	759.00
145	EFT72988	Flashbay Pty Ltd	Promotional Water Bottles	3,959.45
146	EFT73270	Fleet Complete Australia Pty Ltd	Support	545.93
147	EFT72989	Flick Anticimex Pty Ltd	Pest Control	484.00
148	EFT73167	Flightpath Heritage Pty Ltd	Heritage Advisory Services	759.00
149	EFT73268	FMG Engineering	Professional Fees	10,648.00
150	EFT72992	Fork on the Road	Westival Advertising	300.00
151	EFT73169	Fork on the Road	Westival Liquor Licence	2,056.40
152	EFT72991	Fragglerocc Pty Ltd	Roadworks	9,999.00
153	EFT73067	Fragglerocc Pty Ltd	Roadworks	9,999.00
154	EFT73271	Fragglerocc Pty Ltd	Roadworks	12,287.00
155	EFT73165	Frank Siow Management Pty Ltd	Professional Fees	6,168.25
156	EFT73267	Fresh & Clean	Hygiene Service	3,726.27
157	EFT73168	Fridgepig	Refrigeration Services	2,271.50
158	EFT73202	Fulham Community Centre	Partnership Agreement	14,729.08
159	EFT73311	Fulton Hogan Industries Pty Ltd	Roadworks	183,457.12
160	EFT73171	Genpower Australia Pty Ltd	Generator Services	1,829.58
161	EFT73276	Genpower Australia Pty Ltd	Generator Services	1,829.58
162	EFT72995	Gleam Team Domestic Services	Home Support Services	667.44
163	EFT73071	Gleam Team Domestic Services	Home Support Services	830.97
164	EFT73279	Gleam Team Domestic Services	Home Support Services	809.70
165	EFT73105	Glen Tilly	Reimburse Expenses	66.60
166	EFT73280	Glenelg Glass	Glazing	540.00
167	EFT73068	GMJ Equipment Pty Ltd	Vehicle Maintenance	818.95
168	EFT73214	Gordon J Tregoning Pty Ltd	Purchase Trailer / Modifications	40,039.00
169	EFT73069	Grace Records Management (Aust) Pty Ltd	Records Storage	3,848.90
170	EFT73277	Green Steel Supplies Pty Ltd	Depot Supplies	359.84
171	EFT73273	Greene Eden Watering Systems Pty Ltd	Irrigation	5,000.00
172	EFT73281	Greenfingers Indoor Plant Hire	Indoor Plant Hire	325.60
173	EFT73170	Greenhill Engineers Pty Ltd	Professional Fees	2,844.05
174	EFT73072	Greening Australia Limited	Landscaping	5,236.00

**ACCOUNTS DUE AND SUBMITTED TO THE FINANCE AND GOVERNANCE STANDING COMMITTEE MEETING  
17 MAY 2022**

<b>Ref No.</b>	<b>Cheque/ EFT No.</b>	<b>Payee</b>	<b>Invoice Description</b>	<b>Payment Total</b>
175	EFT73070	Greenplay Australia Pty Ltd	Landscaping	22,357.50
176	EFT73278	Greenplay Australia Pty Ltd	Landscaping	4,537.50
177	EFT73282	GRH Supplies	Depot Supplies	5,188.13
178	EFT72993	GS Civil	Footpath Works	9,262.00
179	EFT73275	GS Civil	Footpath Works	12,266.70
180	EFT73176	Haughton Power Equipment	Depot Supplies	1,621.30
181	EFT73174	Health & Immunisation Management Services	Immunisation Clinics	6,469.87
182	EFT73283	Hempel (Wattyl) Australia Pty Ltd	Paint	449.26
183	EFT73073	Hendry Group Pty Ltd	Professional Fees	550.00
184	EFT73179	Hey Bikes	Bicycle Repairs	377.98
185	EFT72996	Hi-Line Hardware Distributors Pty Ltd	Home Support Services	674.20
186	EFT73175	Hi-Line Hardware Distributors Pty Ltd	Home Support Services	1,500.20
187	EFT72998	HWH Power Coaters	Depot Supplies	1,079.44
188	EFT72999	Iberdrola Australia	Power	51,855.89
189	EFT73286	Industrial Brushware	Sweeper Brooms	1,370.03
190	EFT73287	Inspirations Paints Seaton	Paint	1,098.00
191	EFT73181	Institute of Public Works Engineering Aust Ltd	Subscription	154.00
192	EFT73075	Institute of Public Works Engineering Aust SA Div Inc	Staff Training	44.00
193	EFT73180	Internode Pty Ltd	Internet Connection	440.15
194	EFT73218	Isaac Thomas	Westival Performance	440.00
195	EFT73285	iSentia Pty Ltd	Media Monitoring	1,650.00
196	EFT73001	JALM Weed Control & Maintenance	Weed Control	9,322.83
197	EFT73289	JALM Weed Control & Maintenance	Weed Control	4,886.53
198	EFT73207	Jane Strange	CAP Member Allowance	1,662.00
199	EFT72973	Jason Bury	Reimburse Expenses	234.95
200	EFT73043	Jerome Heron	Refund Application Fee	38.25
201	EFT73182	Jessica Johns	Westival Performance	200.00
202	EFT73000	Jet Couriers (Adelaide) Pty Ltd	Couriers	137.56
203	EFT73288	Jet Couriers (Adelaide) Pty Ltd	Couriers	228.78
204	EFT73042	Jillian Phillips	Worm Farm Rebate	50.00
205	061721	Joanne Porter	Refund Permit Fee	15.50
206	EFT73074	Joe Ielasi	Reimburse Expenses	60.00
207	EFT72997	John Hastings	Contractor	1,260.00
208	EFT73178	John Hastings	Contractor	1,170.00
209	EFT73076	JPE Design Studio Pty Ltd	Professional Fees	15,792.70
210	EFT73291	Kanopy	Library Services	313.00
211	EFT73293	Keen Office Furniture	Office Furniture	5,128.00
212	EFT73002	Kelley Jones Lawyers	Legal Fees	25,495.60
213	EFT73183	Kellogg Brown & Root Pty Ltd	Professional Fees	11,110.00
214	EFT73004	Knox Constructions Pty Ltd	Roadworks	51,478.26
215	EFT73077	Koan Solutions Pty Ltd	Vehicle Maintenance	866.25
216	EFT73290	Kone Elevators	Lift Maintenance	118.57
217	061719	Kym & Hermenegilda Scroop	Refund Permit Fee	48.00
218	EFT72974	Kym Strelan	Home Advantage Program	288.00
219	EFT73053	Kym Strelan	Home Advantage Program	264.00
220	EFT73138	Kym Strelan	Home Advantage Program	264.00
221	EFT73242	Kym Strelan	Home Advantage Program	264.00
222	EFT73006	Lakeside Building Solutions	Footpath Works	10,543.78
223	EFT73185	Lakeside Building Solutions	Footpath Works	6,389.90
224	EFT73294	Land Services Group	Searches	1,699.35
225	EFT73079	Lane Communications	Printing	838.37
226	EFT73081	Largs Pier Hotel	Community Meal	650.00
227	EFT73177	Laura Hill	Westival Performance	800.00
228	EFT73295	Lawrence & Hanson	Electrical Supplies	455.05
229	EFT73078	LCS Landscapes	Landscaping	1,210.00
230	EFT73184	LCS Landscapes	Landscaping	233,399.45
231	EFT73080	LCS Maintenance (SA)	Landscaping	14,407.86
232	EFT73005	Living Turf	Depot Supplies	880.00

**ACCOUNTS DUE AND SUBMITTED TO THE FINANCE AND GOVERNANCE STANDING COMMITTEE MEETING  
17 MAY 2022**

<b>Ref No.</b>	<b>Cheque/ EFT No.</b>	<b>Payee</b>	<b>Invoice Description</b>	<b>Payment Total</b>
233	EFT73226	LJ Hooker Mile End	Refund Overpaid Rates	246.20
234	EFT73186	Lucas Day Music	Westival Performance	500.00
235	EFT73190	Lucinda Machin	Westival Performance	450.00
236	EFT73301	M & B Civil Engineering Pty Ltd	Roadworks	151,158.82
237	EFT73120	MA Newaj	Refund Plympton Community Centre Hire Fees	180.00
238	EFT73030	Malcolm Starkey	Reimburse Volunteer Expenses	47.52
239	EFT73197	Marco Pietrobon	Reimburse Expenses	150.00
240	EFT73157	Maria Adele De Vita	Reimburse Volunteer Expenses	31.23
241	EFT73259	Mark Cole	Reimburse Expenses	146.95
242	EFT73153	Mark Curtis and the Flannelettes	Westival Performance	600.00
243	EFT73010	Master Plan	Professional Fees	17,424.00
244	EFT73303	Master Plan	Professional Fees	2,904.00
245	EFT73187	Maxima Group Training	Temp Staff	865.91
246	EFT73299	Maxima Group Training	Temp Staff	4,370.76
247	EFT73032	Maxima Tempskill	Temp Staff	5,707.78
248	EFT73217	Maxima Tempskill	Temp Staff	16,665.97
249	EFT73121	Mayor Michael Coxon	Mayorall Allowance	5,540.00
250	EFT73084	Message4U Pty Ltd	Software	203.50
251	EFT73114	Metropolitan Fire Service	Refund Overpayment	15.00
252	EFT73292	Michal Klivanek	Little Gallery Work	50.00
253	EFT73300	Michelle Mackman	Reimburse Expenses	150.00
254	EFT73189	Modern Party	Westival Furniture Hire	367.20
255	EFT73297	Modern Teaching Aids Pty Ltd	Library Supplies	692.95
256	EFT73298	Momar Australia Pty Ltd	Depot Supplies	1,677.51
257	EFT73011	Moore Air	Vehicle Maintenance	154.39
258	EFT73083	Mt Compass Sand & Loam	Depot Supplies	1,778.27
259	EFT73188	Murray Street Metro Pty Ltd	Street Sweeping Dumping	718.80
260	EFT73191	Music Adelaide	Westival Performance	1,500.00
261	EFT73193	National Safety Products	Street Signs	2,752.76
262	EFT73307	Nelson Locksmiths	Locks	640.00
263	EFT73305	News Limited	Advertising	1,301.00
264	EFT73194	Nievole Distributors Pty Ltd	Coffee	250.00
265	EFT73085	Norman Waterhouse Lawyers	Legal Fees	550.00
266	EFT73306	Norman Waterhouse Lawyers	Legal Fees	13,913.90
267	EFT73192	Nova Group Services Pty Ltd	Roadworks	17,974.00
268	EFT73196	Objective Corporation Limited	Software	27,899.31
269	EFT73195	Officeworks Superstores Pty Ltd	Stationery	209.81
270	EFT73310	OneMusic Australia	Licence Renewal	2,135.10
271	EFT73309	oOh!media Street Furniture Pty Ltd	Bus Shelter Maintenance	7,362.30
272	EFT73087	Orana Australia Ltd	Home Advantage Program	4,935.38
273	EFT73308	Origin Energy Electricity Limited	Power	12,489.29
274	EFT73088	Our Earth Pest Control	Pest Control	168.66
275	EFT73225	Pakistan-Australia Literary Forum	Refund Plympton Community Centre Hire Fees	165.00
276	EFT73312	Parks & Leisure Australia	Staff Training	715.00
277	EFT73320	Pasta Chef	Catering	103.80
278	EFT73314	Pelicancorp (AU) Pty Ltd	PermitAccess Licence	2,545.62
279	EFT73015	Pest Aid	Pest Control	890.00
280	EFT73110	Phil Weaver and Associates	Professional Fees	3,850.00
281	EFT73091	PJ & Sons Building Maintenance	Home Support Services	597.18
282	EFT73316	PJ & Sons Building Maintenance	Home Support Services	133.10
283	EFT73017	Planning Aspects Pty Ltd	CAP Member Allowance	3,351.00
284	EFT73013	Planning Studio Pty Ltd	Professional Fees	3,608.00
285	EFT73016	Playground Safety Inspectors Australia	Staff Training	3,960.00
286	EFT73090	PLOT Works	Roadworks	176,632.72
287	EFT73199	PLOT Works	Roadworks	78,341.12
288	EFT73198	Plumbing & Pipeline Solutions SA Pty Ltd	Plumbing	10,154.38
289	EFT73319	PM Sports	Remove Netting at Lockleys Oval	5,500.00
290	EFT73315	Pridal Services Pty Ltd	Painting	1,771.00

**ACCOUNTS DUE AND SUBMITTED TO THE FINANCE AND GOVERNANCE STANDING COMMITTEE MEETING  
17 MAY 2022**

<b>Ref No.</b>	<b>Cheque/ EFT No.</b>	<b>Payee</b>	<b>Invoice Description</b>	<b>Payment Total</b>
291	EFT73200	Pro-Clean Cleaning Supplies	Cleaning Products	984.50
292	EFT73318	Pro-Clean Cleaning Supplies	Cleaning Products	3,563.01
293	EFT73012	Professional Linemarking Pty Ltd	Linemarking	1,765.50
294	EFT73014	Pump Technology Services (SA) Pty Ltd	Pump Maintenance	1,608.75
295	EFT73094	Radio ENA	Easter Message	330.00
296	EFT73021	Rayners Building Supplies	Depot Supplies	182.44
297	EFT73322	Reece Pty Ltd	Irrigation	1,875.16
298	EFT73019	Rentokil Tropical Plants	Indoor Plant Hire	98.33
299	EFT73018	Rentokil Tropical Plants	Indoor Plant Hire	236.13
300	061718	Repeco	Depot Supplies	326.04
301	EFT73130	Ricky Albeck	Westival Performance	1,600.00
302	EFT73203	Ricoh Australia Ltd	Copy Charges	2,609.28
303	EFT73325	Roadshow Films Pty Ltd	Library Film Showing	220.00
304	EFT73224	Robert M Wallace	Westival Performance	1,491.00
305	EFT73323	Rodney Robertson & Associates Marketing Services	Signage	479.60
306	EFT73116	Rotary District 9500	Refund Overpayment	12.50
307	EFT73201	Royal Wolf Trading Australia Pty Ltd	Hire Storage Containers	637.10
308	EFT73020	Rundle Mall Plaza Newsagency	Library Magazines	171.07
309	EFT73093	Rundle Mall Plaza Newsagency	Library Magazines	220.84
310	EFT73204	Rundle Mall Plaza Newsagency	Library Magazines	252.13
311	EFT73324	Rundle Mall Plaza Newsagency	Library Magazines	151.01
312	EFT73205	Russell Millard Photography	Westival Photography	797.50
313	EFT73022	SA Power Networks	Power	21,548.35
314	EFT73330	SA Power Networks	Power	31,323.40
315	EFT73027	SA Window Cleaning Pty Ltd	Window Cleaning	643.50
316	EFT73337	SA Window Cleaning Pty Ltd	Window Cleaning	1,831.50
317	EFT73206	Sabre Electrical & Security Services	Security Upgrade	8,883.41
318	EFT73097	Safe Place Training	Staff Training	80.00
319	EFT73024	SAI Global Australia Pty Ltd	Standards	124.25
320	EFT73003	Sam Ktisti	Reimburse Expenses	150.00
321	EFT73033	Samia Tawadros	Reimburse Volunteer Expenses	69.12
322	EFT73355	Samir Wasif	Reimburse Volunteer Expenses	138.24
323	EFT73086	Sarah Northcott	Library Supplies	50.00
324	EFT73117	Saranjeet Singh	Refund Overpayment	82.50
325	EFT73102	Seek Limited	Advertising	324.50
326	EFT73336	Seek Limited	Advertising	324.50
327	EFT73041	Shai Helyar	Worm Farm Rebate	50.00
328	EFT73099	Shred-X Pty Ltd	Paper Recycling	194.86
329	EFT73211	Siberian Tiger Band	Westival Performance	600.00
330	EFT73023	Sico South Pacific Ltd	Furniture	8,140.00
331	EFT73029	SimAC	Refrigerator Services	264.00
332	EFT73212	SimAC	Refrigerator Services	206.25
333	EFT73340	SimAC	Refrigerator Services	363.00
334	EFT73025	Solaris Clean	Cleaning	4,863.64
335	EFT73100	Solaris Clean	Cleaning	4,293.84
336	EFT73209	Solaris Clean	Cleaning	4,047.37
337	EFT73334	Solaris Clean	Cleaning	3,771.90
338	EFT73095	Solo Resource Recovery	Rubbish Removal	955.98
339	EFT73326	Solo Resource Recovery	Garbage Collection & Waste Disposal	622,144.01
340	EFT73119	Sonder	Refund Overpayment	120.00
341	EFT73008	Sophie Merchant	Reimburse Expenses	150.00
342	EFT73332	SoundPack Solutions	Library Supplies	548.90
343	EFT73098	Southern Cross Protection	Patrol Service	9,762.49
344	EFT73328	Southfront	Professional Fees	6,204.00
345	EFT73028	Space Landscape Construction	Landscaping	4,325.20
346	EFT73208	Splashdown	Westival Toilet Hire	8,987.00
347	EFT73103	Spray Shop	Depot Supplies	444.24
348	EFT73210	Sproutt Pty Ltd	Professional Fees	20,644.80



**ACCOUNTS DUE AND SUBMITTED TO THE FINANCE AND GOVERNANCE STANDING COMMITTEE MEETING  
17 MAY 2022**

Ref No.	Cheque/ EFT No.	Payee	Invoice Description	Payment Total
349	EFT73213	St Jacques	Westival Performance	800.00
350	EFT73333	Stihl Shop Fulham	Depot Supplies	2,828.60
351	EFT73335	Streamline Plumbing SA Pty Ltd	Plumbing	7,215.37
352	EFT73026	Stumpy Stumps	Grind Stumps	550.00
353	EFT73101	Stumpy Stumps	Grind Stumps	400.00
354	EFT73339	Subnet	Computer Equipment	16,978.23
355	EFT73096	Sue Harris Puppets	Artwork	350.00
356	EFT73329	Surfacing Contractors Australia Pty Ltd	Surfacing Repairs	3,307.17
357	EFT73304	Suzanne Matthew	Library Workshop	240.00
358	EFT73331	Sync Cabling Solutions Pty Ltd	Lighting Design	28,719.90
359	EFT73031	Taking Care of Trees	Tree Maintenance	7,825.88
360	EFT73216	Taking Care of Trees	Tree Maintenance	11,304.88
361	EFT73346	Tecon Australia Pty Ltd	Professional Fees	770.00
362	EFT73219	Telstra	Telephone	5,495.62
363	EFT73162	The Ergo Centre	Furniture	1,315.00
364	EFT72994	The Good Guys	Electrical Goods	1,354.00
365	EFT73172	The Good Guys	Electrical Goods	1,347.00
366	EFT73321	The Paper Bahn	Stationery	3,360.11
367	EFT73313	The Personnel Risk Management Group	Security Checks	193.60
368	EFT73173	Tom Howard's Crash Repair Service	Vehicle Maintenance	1,898.60
369	EFT73104	Tom's Car Wash	Vehicle Maintenance	2,392.60
370	EFT73215	Tonkin Consulting	Prof	1,435.50
371	EFT73341	Toro Australia Pty Ltd	Mower Repairs	293.25
372	EFT73347	Torrens Safety Pty Ltd	Depot Supplies	1,095.60
373	EFT73342	Total Construction Surveys Pty Ltd	Surveys	12,515.25
374	EFT73343	Total Tools Thebarton	Depot Supplies	571.90
375	EFT73274	Totally Workwear Richmond	Clothing	1,808.01
376	EFT73348	Touch Sanitation Solutions	Cleaning Chemicals	506.83
377	EFT73345	TPG Telecom	Telephone/Internet	4,180.10
378	EFT73344	Tree Care Machinery	Depot Supplies	2,258.35
379	EFT73106	Trinamic Consultants Pty Ltd	Professional Fees	2,200.00
380	EFT73107	UES International	Depot Supplies	345.98
381	EFT73284	United Petroleum Pty Ltd	Fuel	18,646.30
382	EFT73036	UrbanVirons Group Pty Ltd	Tree Maintenance	2,090.00
383	EFT73349	UrbanVirons Group Pty Ltd	Tree Maintenance	5,626.50
384	EFT73109	Valvoline (Australia) Pty Ltd	Depot Supplies	341.35
385	EFT73037	Veri Fire	Fire Safety	384.45
386	EFT73221	Veri Fire	Fire Safety	7,444.03
387	EFT73108	Vili's	Catering	251.33
388	EFT73223	Wallbridge Gilbert Aztec	Professional Fees	3,657.50
389	EFT73358	Waste Management & Resource Recovery Assoc of Aust	Membership	415.00
390	EFT73357	Waterpro	Irrigation	497.77
391	EFT73253	Watersource Pty Ltd	Irrigation	7,660.11
392	EFT73039	WC Convenience Management Pty Ltd	Cleaning	6,027.34
393	EFT73352	Web Safety Pty Ltd	Clothing	824.58
394	EFT73111	Well Done International	After Hours Contact Centre	721.71
395	EFT73353	Westside Services (SA) Pty Ltd	Airconditioner Maintenance	11,485.11
396	EFT73354	Winc Australia Pty Limited	Stationery	157.30
397	EFT73113	Women's and Children's Health Network	Refund Overpayment	45.00
398	EFT73222	Worcomp Pty Ltd	Medical	132.00
399	EFT73350	Worcomp Pty Ltd	Medical	273.50
400	EFT73356	WorkSafe Guardian	Monitoring	1,485.00
401	EFT73351	Wurth Australia	Depot Supplies	360.77
402	EFT73040	Xcellerate IT Pty Ltd	Software	2,420.00
403	EFT73112	Xcellerate IT Pty Ltd	Software	22,198.78
				<b>\$ 3,371,336.21</b>

## 11.2 Credit Card Purchases - January to March 2022

### Brief

This report tables a schedule of credit card payments for the March quarter of 2022.

### RECOMMENDATION

The Committee recommends to Council that the schedule of credit card payments for the March quarter of 2022 be received.

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### Discussion

A schedule of credit card purchases totalling \$38,277.78 for the March quarter of 2022 is included with this Agenda as **Attachment 1**, pursuant to a resolution of Council on 21 August 2018.

This schedule of purchases was posted to Council's website on 4 May 2022.

17 staff have been issued with Council credit cards. None have been issued to Elected Members.

### Climate Impact Considerations

*(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)*

There is no direct climate impact in relation to this report.

### Conclusion

A schedule of credit card purchases for the March quarter of 2022 is provided for Elected Members' information and review.

### Attachments

#### 1. Register of Credit Card Transactions January to March 2022

City of West Torrens Register of Credit Card Transactions Quarter Ended 31 March 2022				
Ref. No.	Payment Date	Payee	Purchase Description	Amount
1	25/12/2021	Sonix.ai, CA	Audio to Text - Transcription Library	10.65
2	27/12/2021	Aimtell, Inc, CA	Web Push Notifications	69.71
3	28/12/2021	Caltex Robe	Fuel	60.78
4	28/12/2021	News Limited, Surry Downs	Advertiser On-line Subscription	28.00
5	29/12/2021	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
6	29/12/2021	Paypal *Dymocksptyl	Library Books	83.91
7	30/12/2021	Booktopia Pty Ltd, Lidcombe	Library Books	241.72
8	30/12/2021	Coles, Park Holme	Display Materials	46.50
9	30/12/2021	Covidtest, West Pennant	Rapid Antigen Tests	3,755.00
10	30/12/2021	Cpap Clinic, Ashford	Rapid Antigen Tests	2,820.00
11	30/12/2021	Cpap Clinic, Ashford	Rapid Antigen Tests	3,760.00
12	31/12/2021	Amazon Marketplace, Sydney South	Library Books	34.99
13	31/12/2021	Hi-Craft Group, Taren Point	Rapid Antigen Tests	1,367.30
14	31/12/2021	News Limited, Surry Downs	Advertiser On-line Subscription	28.00
15	1/01/2022	Ckeditor.com, Warsaw	File Upload Tools	99.07
16	2/01/2022	Canva Pty Ltd, Sydney	Social Media Subscription	17.99
17	3/01/2022	News Limited, Surry Hills	Advertiser On-line Subscription	30.00
18	4/01/2022	15Five, CA	Rostering Software	205.48
19	4/01/2022	Woolworths, Hilton	Children's Beanstack Launch Prizes	90.00
20	5/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
21	5/01/2022	SimplyBookME	Immunisation Bookings Software	42.67
22	6/01/2022	Booktopia Pty Ltd, Lidcombe	Library Books	105.07
23	6/01/2022	Freedom Mile End	Library Display Materials	39.00
24	6/01/2022	Paypal *JB Hi-Fi	Online Storytelling Equipment	18.94
25	6/01/2022	SP *Austin Amusements, Oatley	Stools for Library Youth Program	114.90
26	6/01/2022	Twilio Sendgrid, CA	Email Tools	21.44
27	7/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	40.00
28	7/01/2022	MSFT*<E0400GYG5D>	Microsoft Azure Database	43.85
29	10/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
30	10/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
31	11/01/2022	Case Store Pty Ltd	iPhone Case	99.95
32	11/01/2022	Dillons Bookshop, Norwood	Toy Library Toys	150.37
33	11/01/2022	Dillons Bookshop, Norwood	Toy Library Toys	123.97
34	11/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
35	11/01/2022	Superloop Broadband, Brisbane	Reimburse Internet Connection	89.95
36	12/01/2022	Booktopia Pty Ltd, Lidcombe	Library Books	41.81
37	12/01/2022	News Pty Ltd Subscript, Surry Hills	Library Newspaper Subscription	120.00
38	14/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
39	14/01/2022	Electrical Home Aids, Hilton	Vacuum Cleaner	398.00
40	14/01/2022	Electrical Home Aids, Hilton	Vacuum Cleaner Repairs	19.95
41	14/01/2022	Electrical Home Aids, Hilton	Vacuum Cleaner Repairs	19.95
42	14/01/2022	Governance Institute, Sydney	Advertising	605.00
43	14/01/2022	News Limited, Surry Downs	Advertiser On-line Subscription	28.00
44	16/01/2022	OTR Clarence Park	Fuel	89.29
45	17/01/2022	BigW Online, Bella Vista	Sports Library Equipment	99.90
46	17/01/2022	Freedom Marion	Library Display Materials	22.00
47	17/01/2022	Games World Marion, Oaklands Park	Toy Library Games	214.90
48	17/01/2022	Golden Carers Pty Ltd, Fig Tree	Active Ageing Activities	74.95
49	17/01/2022	Hostek*Hostek.com, Tulsa	Software Tools	9.92
50	18/01/2022	Consumer and Business, Adelaide	Refund Summer Festival Liquor Licence	-1,910.00
51	18/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
52	19/01/2022	News Pty Ltd Subscript, Surry Hills	Library Newspaper Subscription	150.00
53	20/01/2022	ALG CITUS33963220221, CA	Web Search Tools	163.00
54	20/01/2022	Booktopia Pty Ltd, Lidcombe	Library Books	180.55
55	20/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
56	20/01/2022	JB Hi-Fi, Southbank	Library DVDs	28.97
57	21/01/2022	Ikea Pty Ltd, Tempe	Baby High Chairs for Community Centres	285.00
58	21/01/2022	Online Business, Waverton	Desktop Scanner	971.66

Ref. No.	Payment Date	Payee	Purchase Description	Amount
59	22/01/2022	Pythonwhere, London	Software Programming Tools	51.39
60	22/01/2022	Webflow.com, CA	Software Programming Tools	599.56
61	23/01/2022	Ezi*Maxim Office Group, Leeton	Refund	-767.80
62	24/01/2022	Bed Bath N Table, Mile End	Display Materials	47.96
63	25/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
64	25/01/2022	News Limited, Surry Downs	Advertiser On-line Subscription	28.00
65	26/01/2022	JB Home, Mile End	Library DVDs	357.65
66	26/01/2022	Sonix.ai, CA	Audio to Text - Transcription Library	21.58
67	27/01/2022	Aimtell, Inc, CA	Web Push Notifications	71.33
68	27/01/2022	Case Store Pty Ltd	iPhone Case	99.95
69	27/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
70	28/01/2022	Liv*wipes Australia, Kentlyn	Antibacterial Wipes	175.10
71	28/01/2022	News Limited, Surry Downs	Advertiser On-line Subscription	28.00
72	28/01/2022	Paypal *JB Hi-Fi	Television for Library	710.99
73	30/01/2022	Zoom.us, San Jose	Additional Zoom Licence	52.14
74	31/01/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
75	31/01/2022	McCrinkle Research, Norwest	Seminar Registration	99.00
76	1/02/2022	Best Doors Aust, Pinkenba	Door Locks	133.98
77	1/02/2022	Ckeditor.com, Warsaw	File Upload Tools	102.81
78	1/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
79	1/02/2022	Paypal *Dealinvestm	Sanitiser Hand Spray	177.20
80	2/02/2022	Canva Pty Ltd, Sydney	Social Media Subscription	17.99
81	2/02/2022	Electrical Home Aids, Hilton	Vacuum Cleaner	329.00
82	2/02/2022	Miro.com, San Francisco	Software	277.04
83	3/02/2022	Animal Care Equipment, Moorabbin	Dog Kennel Safety Equipment	313.08
84	3/02/2022	Auto Park Pty Ltd, Adelaide	Carparking	20.30
85	3/02/2022	Auto Park Pty Ltd, Adelaide	Carparking	25.38
86	3/02/2022	News Limited, Surry Downs	Advertiser On-line Subscription	30.00
87	4/02/2022	15Five, CA	Rostering Software	207.65
88	4/02/2022	Electrical Home Aids, Hilton	Vacuum Cleaner Repairs	64.99
89	4/02/2022	Electrical Home Aids, Hilton	Vacuum Cleaner Repairs	64.99
90	4/02/2022	Twilio Sendgrid, CA	Email Tools	21.56
91	5/02/2022	SimplyBookME	Immunisation Bookings Software	43.47
92	7/02/2022	Interpoint Events, Pyrmont	Library Magazines	94.00
93	7/02/2022	MSFT*<E0400HB7VM>	Microsoft Azure Database	44.69
94	8/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
95	8/02/2022	Paypal *bookdeposit	Library Books	103.41
96	9/02/2022	Booktopia Pty Ltd, Lidcombe	Library Books	418.27
97	9/02/2022	Booktopia Pty Ltd, Lidcombe	Library Books	137.08
98	9/02/2022	JB Hi-Fi, Southbank	Library DVDs	40.96
99	10/02/2022	Auto Park Pty Ltd, Adelaide	Carparking	15.22
100	10/02/2022	Biopak Pty Ltd, Bondi Junction	Active Ageing Supplies	446.60
101	10/02/2022	JB Hi-Fi, Southbank	Library DVDs	267.74
102	10/02/2022	Officeworks, Keswick	Active Ageing Supplies	120.58
103	11/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
104	11/02/2022	News Limited, Surry Downs	Advertiser On-line Subscription	28.00
105	11/02/2022	Superloop Broadband, Brisbane	Reimburse Internet Connection	89.95
106	12/02/2022	Library Ideas, LLC	Library Books	913.95
107	14/02/2022	Booktopia Pty Ltd, Lidcombe	Library Books	147.39
108	14/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
109	14/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
110	14/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
111	14/02/2022	JB Hi-Fi, Southbank	Library DVDs	49.93
112	14/02/2022	Jigsawstore	Library Jigsaw Puzzles	458.90
113	14/02/2022	Zoom.us, San Jose	Additional Zoom Licence	40.65
114	15/02/2022	Amazon Marketplace, Sydney South	Library Books	54.33
115	15/02/2022	Hilton Korean Takeaway	Catering	95.50
116	15/02/2022	Library Ideas, LLC	Library Books	959.35
117	16/02/2022	Internode Pty Ltd, Adelaide	Reimburse Internet Connection	59.98
118	16/02/2022	Woolworths, Hilton	Storage Bags	13.90
119	17/02/2022	Dept of Infrastructure, Sydney	Application Fees - Depot Building	1,200.00

Ref. No.	Payment Date	Payee	Purchase Description	Amount
120	17/02/2022	Hostek*Hostek.com, Tulsa	Software Tools	10.05
121	17/02/2022	SP*Makemeicon, Sandringham	Toy Library Toys	562.85
122	18/02/2022	SA Press Club, Peters	Election Debate Luncheon	440.00
123	19/02/2022	Library Ideas, LLC	Library Books	360.93
124	20/02/2022	ALG CITUS347870202202, CA	Web Search Tools	163.09
125	21/02/2022	Billy Hyde Music, Marleston	Active Ageing Supplies	96.00
126	21/02/2022	Rebel Mile End	Active Ageing Supplies	119.96
127	22/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	30.00
128	22/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
129	22/02/2022	Pythonwhere, London	Software Programming Tools	51.47
130	23/02/2022	Booktopia Pty Ltd, Lidcombe	Library Books	139.15
131	23/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
132	23/02/2022	JB Hi-Fi, Southbank	Library DVDs	395.72
133	23/02/2022	News Limited, Surry Downs	Advertiser On-line Subscription	28.00
134	23/02/2022	SP*Lanternshop.com.au	Display Items	52.61
135	23/02/2022	Trybookings*childrens	Membership	130.50
136	24/02/2022	Australian Library, Deakin	Subscription	360.00
137	25/02/2022	Auto Park Pty Ltd, Adelaide	Carparking	6.09
138	25/02/2022	Coca-Cola Amatil, Nth Sydney	Catering	377.49
139	25/02/2022	Ikea Adelaide	Childrens Area Display Items	193.00
140	25/02/2022	Library Ideas, LLC	Library Books	368.41
141	25/02/2022	Woolworths, Hilton	Water & Cups for Vaccination Clinic	23.13
142	26/02/2022	News Limited, Surry Hills	Advertiser On-line Subscription	28.00
143	27/02/2022	Aimtell, Inc, CA	Web Push Notifications	70.79
144	28/02/2022	Bunnings, Mile End	Childrens Area Display Equipment	8.99
145	28/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
146	28/02/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
147	1/03/2022	Ckeditor.com, Warsaw	File Upload Tools	101.13
148	1/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
149	1/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	30.00
150	1/03/2022	Hennig & Co Pty Ltd, Nth Plympton	Road Closure Lodgement Fee	280.00
151	1/03/2022	Hilton Korean Takeaway	Catering	267.00
152	1/03/2022	Ikea Adelaide	Childrens Area Display Items	77.00
153	1/03/2022	MSFT*<E0700HW3JB>	Microsoft Azure Database	182.16
154	1/03/2022	Temple & Webster, St Peters	Display Materials	152.75
155	1/03/2022	Woolworths Online, Bella Vista	Catering	127.55
156	2/03/2022	Canva Pty Ltd, Sydney	Social Media Subscription	17.99
157	2/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
158	2/03/2022	Tickets-Maintenance	Staff Training	286.99
159	3/03/2022	Booktopia Pty Ltd, Lidcombe	Library Books	204.32
160	3/03/2022	Bunnings, Adelaide Airport	Display Materials	18.85
161	3/03/2022	Dymocks Online	Summer Reading Prizes	200.00
162	3/03/2022	News Limited, Surry Hills	Advertiser On-line Subscription	30.00
163	3/03/2022	Paypal *bookdeposit	Library Books	58.68
164	3/03/2022	Safework SA, Keswick	Licence Renewal	86.50
165	3/03/2022	Twilio Sendgrid, CA	Email Tools	21.07
166	4/03/2022	15Five, CA	Rostering Software	202.97
167	4/03/2022	Crazy Roy's Print, St Marys	Display Materials	25.00
168	4/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
169	5/03/2022	SimplyBookME	Immunisation Bookings Software	41.98
170	6/03/2022	JB Hi-Fi, Southbank	Library DVDs Refund	-4.00
171	6/03/2022	JB Hi-Fi, Southbank	Library DVDs Refund	-4.00
172	6/03/2022	JB Hi-Fi, Southbank	Library DVDs Refund	-4.00
173	6/03/2022	JB Hi-Fi, Southbank	Library DVDs Refund	-4.00
174	7/03/2022	Booktopia Pty Ltd, Lidcombe	Library Books	776.47
175	7/03/2022	www.mentallywellschool, Mitchelton	Staff Training	275.00
176	8/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	50.00
177	8/03/2022	Internode Pty Ltd, Adelaide	Reimburse Internet Connection	59.98
178	8/03/2022	Noremak Industries, Beverley	Plant Maintenance	401.85
179	9/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
180	10/03/2022	Adelaide Central Mkt	Carparking	13.00

Ref. No.	Payment Date	Payee	Purchase Description	Amount
181	10/03/2022	MSFT*E0400HC0F9	Microsoft Azure Database	45.19
182	10/03/2022	Paypal *pyramideduc	Story Time Equipment	34.93
183	10/03/2022	Woolworths, Hilton	Milk	12.05
184	11/03/2022	Superloop Broadband, Brisbane	Reimburse Internet Connection	89.95
185	12/03/2022	News Limited, Surry Hills	Advertiser On-line Subscription	28.00
186	13/03/2022	Coles, Modbury	Library Program Supplies	6.30
187	15/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
188	15/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
189	15/03/2022	Hilton Korean Takeaway	Catering	271.50
190	15/03/2022	SQ *4kids N More, Southport	Childrens Area Equipment	1,017.00
191	15/03/2022	Woolworths, Hilton	Catering	61.65
192	16/03/2022	Booktopia Pty Ltd, Lidcombe	Library Books	266.98
193	16/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
194	16/03/2022	Teacherspaytheachers.co, NY	Library Supplies	6.28
195	16/03/2022	The Ergo Centre, Keswick	Chair	195.00
196	17/03/2022	Amazon Marketplace, Sydney South	Library Books	62.83
197	17/03/2022	Apple.com/bill, Sydney	Video Design Air - Weigall Oval	46.99
198	17/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	50.00
199	17/03/2022	Hostek*Hostek.com, Tulsa	Software Tools	9.93
200	17/03/2022	JB Hi Fi, Oaklands Park	Library Books	485.64
201	17/03/2022	Officeworks, Keswick	Toy Library Storage Boxes	54.00
202	17/03/2022	Post Novar Gardens	Vehicle Registration Renewal	213.09
203	17/03/2022	Repco, Richmond	Plant Maintenance	80.95
204	18/03/2022	First Aid, Adelaide	Staff Training	97.00
205	18/03/2022	The Ergo Centre, Keswick	Chair Refund	-195.00
206	20/03/2022	ALG CITUS356011202203, CA	Web Search Tools	158.79
207	21/03/2022	Queensland Govt 2, Brisbane	Vehicle Searches	100.00
208	21/03/2022	Trybooking*Childrens	Staff Training	20.50
209	22/03/2022	Booktopia Pty Ltd, Lidcombe	Library Books	176.59
210	22/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
211	22/03/2022	DIT - Ezyreg, Adelaide	Vehicle Searches	10.00
212	22/03/2022	EZI*Easy Signs, Pty Ltd	Westival Signage	492.28
213	22/03/2022	JB Hi-Fi, Southbank	Library Nintendo Games	502.95
214	22/03/2022	News Limited, Surry Hills	Advertiser On-line Subscription	28.00
215	22/03/2022	Pythonwhere, London	Software Programming Tools	50.03
216	23/03/2022	News Corporation, Surry Hills	Newspaper Subscription	120.00
217	24/03/2022	ARB Corporation, Regency Park	Plant Maintenance	66.00
218	24/03/2022	Caching Supplies, West End	School Holiday Activity Supplies	130.06
219	24/03/2022	Geostuff.com.au, Nuriootpa	School Holiday Activity Supplies	111.50
220	24/03/2022	Independent Living, St Marys	Independent Living Aids	432.95
221	25/03/2022	Booktopia Pty Ltd, Lidcombe	Library Books	174.67
222	25/03/2022	News Limited, Surry Hills	Advertiser On-line Subscription	28.00

### **11.3 Register of Allowances and Benefits - 9 Months to 31 March 2022**

#### **Brief**

This report tables the register of allowances and benefits for Elected Members for the 9 months to 31 March 2022, prepared pursuant to the requirements of Section 79 of the *Local Government Act 1999*.

#### **RECOMMENDATION**

The Committee recommends to Council that the register of allowances and benefits for Elected Members for the 9 months to 31 March 2022, prepared pursuant to the requirements of Section 79 of the *Local Government Act 1999*, be received.

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#### **Discussion**

The register of allowances and benefits for Elected Members for the 9 month period to 31 March 2022 is included with this agenda for information (**Attachment 1**). All amounts are gross, with reimbursements shown in the second last column.

#### **Climate Impact Considerations**

*(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)*

There is no direct environmental impact in relation to this report.

#### **Conclusion**

The register of allowances and benefits for Elected Members for the 9 months to 31 March 2022 is tabled for information.

#### **Attachments**

- 1. Register of Allowances and Benefits - 9 Months to 31 March 2022**



**Register of Allowances and Benefits for the period from 1 July 2021 to 30 March 2022**

Elected Member	Allowance YTD	Phone & Internet	Vehicle Running Costs	Taxi Fares	Air Fares & Mileage	Professional Development	Accomm	Reimburse Expenses	Sundry	Meals & Functions	Reimburse to Council	Total
Mayor Coxon	65,803.00	0.00	1,178.21	0.00	0.00	671.00	0.00	540.00	270.00	328.15	-505.04	68,285.32
Cr Reynolds	20,249.00	134.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-150.00	20,233.91
Cr Wood	19,888.00	449.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,337.82
Cr Vlahos	20,453.00	134.91	0.00	0.00	0.00	0.00	0.00	240.00	0.00	110.00	0.00	20,937.91
Cr C O'Rielly	20,453.00	495.28	0.00	0.00	0.00	0.00	0.00	480.00	0.00	0.00	0.00	21,428.28
Cr Woodward	20,453.00	134.91	0.00	0.00	0.00	0.00	0.00	540.00	0.00	0.00	0.00	21,127.91
Cr Papanikolaou	16,576.00	449.82	0.00	39.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,064.93
Cr Kym McKay	20,453.00	449.82	0.00	0.00	15.00	0.00	0.00	0.00	0.00	0.00	0.00	20,917.82
Cr Huggett	16,576.00	449.82	0.00	72.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,098.26
Cr Anne McKay	16,576.00	134.91	0.00	0.00	15.00	0.00	0.00	540.00	0.00	0.00	0.00	17,265.91
Cr Wilton	20,249.00	449.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,698.82
Cr Tsiaparis	20,453.00	134.91	0.00	0.00	0.00	0.00	0.00	540.00	0.00	0.00	0.00	21,127.91
Cr Pal	16,361.00	134.91	0.00	97.90	0.00	0.00	0.00	540.00	0.00	0.00	0.00	17,133.81
Cr Mugavin	20,249.00	134.91	0.00	0.00	0.00	0.00	0.00	540.00	0.00	0.00	0.00	20,923.91
Cr Nitschke	20,461.00	134.91	0.00	0.00	0.00	0.00	0.00	1,045.94	0.00	0.00	0.00	21,641.85
<b>Total</b>	<b>335,253.00</b>	<b>3,823.66</b>	<b>1,178.21</b>	<b>209.45</b>	<b>30.00</b>	<b>671.00</b>	<b>0.00</b>	<b>5,005.94</b>	<b>270.00</b>	<b>438.15</b>	<b>-655.04</b>	<b>346,224.37</b>

Note: (1) Allowances to Crs. Tsiaparis and Wilton include payments to each as members of the Mendelson Trust Management Committee. This payment is as a consequence of the Council's role as Trustee and not pursuant to any entitlement under the Local Govt Act, 1999 or the Local Govt (Members Allowances and Benefits) Regulations 2010.  
 (2) Complimentary tickets to SANFL matches at Richmond Oval are made available to Elected Members upon request.



## 11.4 Council Budget Report - TEN Months to 30 April 2022

### Brief

This report provides information to Council on budget results for the ten months ended 30 April 2022.

### RECOMMENDATION

The Committee recommends to Council that the report be received.

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### Introduction

The report provides year to date (YTD) budget results for April 2022.

### Discussion

Budget variances are summarised in the financial report which is included as **Attachment 1**, with key variances explained below in terms of:

- Operational Income
- Operational Expenditure
- Capital Expenditure
- Capital Income
- Capital Works Expenditure

### Operating Position Summary

Total operational income for the ten months ending 30 April 2022 is \$70.19 million which is \$1.43 million above budget YTD. Operational expenditure is \$3.33 million below budget YTD totalling \$51.75 million. Below is a breakdown of the significant items.

#### Operational Income

Key variances include:

- Rates income is over budget by \$81,091, largely due to lower than expected mandatory and discretionary rebate applications after substantial classification work prior to rates declaration.
- Statutory charges are above budget YTD by \$47,759. The variance can be explained by lower than expected parking income (\$103,888) due to a reduction in airport activity. This is offset by above budget income payments to Council by the Dog and Cat Management Board (\$27,387) and above budget development application fees received (\$113,895). March budget review adjustments have been recommended.
- User charges are under YTD budgets by \$38,070, largely due to the timing of income from the lease of the Morphett Rd Transfer Station (\$21,585) and school immunisation program payments yet to be received (\$22,161). This is offset by other property lease income (\$14,042) which is higher than expected. Budget adjustments have been recommended in the March budget review.
- Grant income is over budget YTD by \$1,479,404, resulting from the Grants Commission 2022/23 advance payments being higher than expected and received early than anticipated. Adjustments are recommended in the March budget review.
- Reimbursements and other income is \$141,533 below budget YTD, largely due to a reduction in the Mendelson Investment Portfolio (\$90,723) reflecting changes in the market value of assets held under management and LGA special distributions yet to be received (\$52,014).

The end of year (EOY) forecast for operational income is expected to increase by \$874,822 largely based on variances, key information to date and adjustments recommended in the March budget review.

### Operational Expenditure

Key variances include:

- Staff and related costs are \$874,100 under budget, with variances reported across most business units. This can largely be attributed to position vacancies and COVID-19 impact related expenditure (staff training as an example which is \$39,218 under spent). Adjustments have been recommended in the March budget review.
- Building, furniture, plant & equipment are \$393,682 under budget YTD comprising largely of computer software & hardware which has been committed but not invoiced (\$317,546) and an under spend in depot related plant supplies and maintenance (\$57,059). Minor adjustments are recommended in the March budget review.
- General expenses are below YTD budgets by \$1,033,574, largely due to the timing of expenditure associated with professional fees (\$549,862), advertising, publications & stationery (\$173,268), subscriptions (\$82,539) and library books and materials (\$52,199). A summary of variances for selected key general expenses is attached. Forecast changes have been proposed in the March budget review.
- Council related expenditure is \$394,350 below budget YTD, mostly for timing reasons associated with community grant funding & donations (\$250,940 favourable), street lighting (\$145,664 favourable) and various levies (\$7,365 unfavourable). Most variances are largely expected to rectify in the near future as payments align with the budget, however where required March budget review adjustments have been recommended.
- Contract and material expenditure is \$803,852 below budget YTD, largely for timing reasons associated with depot and property maintenance programs (\$832,642). This is offset by higher than expected waste collection and waste disposal charges (\$62,094). Budget adjustments have been recommended in the March budget review.
- Occupancy and property costs are \$159,739 over budget YTD, largely due to the timing of water rate invoices being received earlier than expected. (\$101,089). Also contributing to this over spend is cleaning (\$62,393) and an advanced payment of our depot lease instalment (\$39,338). Offsetting this is a saving in general electricity (\$58,153). March budget review adjustments have been recommended.

The EOY forecast for operational expenditure is expected to decrease by \$355,071 largely based on variances, key information to date and adjustments recommended in the March budget review.

### Capital Position Summary

For the ten months ending 30 April 2022, capital income is \$3.53 million under budget YTD as we are yet to receive a large portion of our grant allocations for the year. YTD Capital expenditure (excluding land and building) is \$743,503 under budget totalling \$888,214.

## Capital Expenditure

Key variances include:

- Motor vehicle expenditure is \$9,065 under budget YTD, largely for timing reasons associated with vehicle swap overs.
- Computer equipment expenditure is \$5,355 above budget YTD.
- Other plant and equipment expenditure is below YTD budget by \$739,793, mostly for timing reasons. This will self-adjust in the near future as budgets align, given significant commitments have already been made allowing for market availability influences.
- Land and building costs (net of sales) are \$5,872,810 under budget YTD, largely for timing reasons associated with community facility developments.

The EOY forecast for capital expenditure is expected to increase by \$1,356,750 largely based on variances, key information to date and adjustments recommended in the March budget review.

## Capital Income

Key variances include:

- Capital income is \$3,532,766 under budget YTD due to a delay in receiving income associated with community capital projects. Typically these grants are paid on completion of the associated capital project.

The EOY forecast for capital income is expected to increase by \$1,016,750 based on variances, key information to date and adjustments recommended in the March budget review.

## Capital Works Expenditure

Expenditure on capital works YTD is \$13,204,941.

A capital works expenditure summary for YTD April 2022 is attached with appropriate comments provided on the status of individual budget lines. 54.8 per cent of the capital works budget has been spent or committed by way of purchase orders as at 30 April 2022.

It is estimated that 80 per cent of the program of capital works will be completed by 30 June 2022.

The EOY forecast for capital works expenditure is expected to decrease by \$274,835 based on variances, key information to date and adjustments recommended in the March budget review.

## **Climate Impact Considerations**

*(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)*

There is no direct climate impact in relation to this report.

## **Conclusion**

Information is provided in this report on budget results for the ten months ended 30 April 2022.

## **Attachments**

1. **April Budget vs Actual**
2. **Capital Works Budget vs Actual**
3. **General Expenses**

<b>City of West Torrens</b> <b>Finance Budget Report for the 10 Months Ended 30 April 2022</b> <b>Operational Income and Expenditure (\$'000's)</b>							
Adopted Budget Original	Adopted Budget Revised	Income & Expenditure	YTD Budgets	YTD Actuals	YTD Variance	YTD Variance %	Budget Remaining
		<b>Income</b>					
63,112	62,591	Rates	62,207	62,288	81	0%	303
2,133	2,162	Statutory Charges	1,848	1,896	48	3%	267
1,862	1,860	User Charges	1,521	1,483	(38)	(3%)	378
3,558	3,981	Grants & Subsidies	2,597	4,076	1,479	57%	(95)
643	691	Reimbursements & Other Income	585	443	(142)	(24%)	248
<b>71,308</b>	<b>71,286</b>	<b>Total Income</b>	<b>68,758</b>	<b>70,186</b>	<b>1,429</b>	<b>2%</b>	<b>1,100</b>
		<b>Expenditure</b>					
25,019	24,404	Staff & Related Costs	19,593	18,718	874	4%	5,686
6,706	7,085	Buildings, Furniture, Plant & Equipment	6,085	5,691	394	6%	1,393
11,086	11,716	Community Asset Costs	9,763	9,763	0	0%	1,953
4,579	4,934	General Expenses	4,410	3,376	1,034	23%	1,557
1,103	1,025	Bank & Finance Charges	745	774	(29)	(4%)	251
4,122	3,985	Council Related Expenditure	3,207	2,812	394	12%	1,172
11,733	11,883	Contract & Material Expenditure	9,365	8,561	804	9%	3,321
2,661	2,736	Occupancy & Property Costs	2,035	2,195	(160)	(8%)	541
(150)	(150)	Expenditure Recovered	(125)	(141)	16	(13%)	(9)
<b>66,858</b>	<b>67,614</b>	<b>Total Expenditure</b>	<b>55,077</b>	<b>51,750</b>	<b>3,326</b>	<b>6%</b>	<b>15,865</b>
<b>4,450</b>	<b>3,672</b>	<b>Operating Surplus/(Deficit)</b>	<b>13,681</b>	<b>18,435</b>			

**City of West Torrens  
Finance Budget Report for the 10 Months Ended 30 April 2022  
Capital Income and Expenditure (\$'000's)**

<b>Capital Expenditure and Sales</b>									
Adopted Budget Original	Adopted Budget Revised	YTD Budgets	YTD Actuals	YTD Variance	YTD Variance %	Budget Remaining			
192	180	168	159	9	5%	21			
282	282	235	241	(5)	(2%)	41			
1,178	1,537	1,228	488	740	60%	1,049			
6,350	12,033	4,631	(1,242)	5,873	127%	13,275			
<b>8,001</b>	<b>14,031</b>	<b>6,262</b>	<b>(353)</b>	<b>6,616</b>	<b>106%</b>	<b>14,384</b>			
<b>Capital Income</b>									
Adopted Budget Original	Adopted Budget Revised	YTD Budgets	YTD Actuals	YTD Variance	YTD Variance %	Budget Remaining			
400	5,603	5,603	2,071	3,533	63%	3,533			
<b>400</b>	<b>5,603</b>	<b>5,603</b>	<b>2,071</b>	<b>3,533</b>	<b>63%</b>	<b>3,533</b>			
<b>Capital Works Expenditure</b>									
Adopted Budget Original	Adopted Budget Revised	YTD Budgets	YTD Actuals	YTD Variance	YTD Variance %	Budget Remaining			
5,362	6,925	5,771	2,116	3,655	63%	4,809			
3,425	8,418	7,015	1,993	5,022	72%	6,425			
15,094	24,517	20,430	9,095	11,335	55%	15,421			
<b>23,880</b>	<b>39,860</b>	<b>33,215</b>	<b>13,205</b>	<b>20,011</b>	<b>60%</b>	<b>26,655</b>			

**CITY OF WEST TORRENS  
BUDGET 2021/22 - AS AT 30 April 2022  
CAPITAL WORKS EXPENDITURE**

ADOPTED BUDGET ORIGINAL	ADOPTED BUDGET REVISED	FUNCTION	YTD ACTUALS	COMMITTED OR CONTRACTED	ACTUALS AND COMMITTED	% SPENT OR COMMITTED	FORECAST EXPENDITURE TO COMPLETE	EOY FORECAST PERCENTAGE COMPLETE	COMMENT / EXPLANATION
<b>ENVIRONMENT PROGRAM</b>									
<i>Stormwater &amp; Drainage</i>									
350,000	470,531	Minor Drainage Upgrades and Replacement Work	247,860	15,164	263,024	55.9%	470,531	80%	Projects Ongoing
0	260,009	Stirling Street Outfall Interface	0	0	0	0.0%	260,009	100%	Currently scoping project subsequent to main underground stormwater drain being completed.
0	150,000	Keswick Creek- Everard	0	100,000	100,000	66.7%	150,000	100%	Works scheduled to be undertaken during May/June 2022.
500,000	1,069,661	Packard St Cut-off Drain	17,788	18,692	36,480	3.4%	1,069,661	100%	Detailed design and documentation is complete, currently finalising awarding of Contract and scheduled for construction in 4th quarter.
500,000	500,000	Fulham Park Drive Drainage Upgrade	25,504	1,448	26,952	5.4%	500,000	100%	Currently developing design.
330,000	330,000	Burbridge Road Culvert Replacement	4,985	0	4,985	1.5%	330,000	100%	Currently developing design.
1,297,807	1,297,807	North Plympton/Plympton Stage 1 Stormwater Upgrade	29,656	242,050	271,706	20.9%	1,297,807	100%	Currently developing design.
200,000	200,000	Saratoga Drive Blister & Drainage Upgrade	0	0	0	0.0%	200,000	100%	Change of scope has resulted in no underground drainage required. Budget allocation is subject to March Budget Review.
250,000	250,000	Ashley Street Low Point Upgrade	0	0	0	0.0%	250,000	100%	Currently developing design.
0	0	Meyer St Drainage Extension - Thebarton Oval	0	0	0	0.0%	0	100%	Meyer St Drainage Extension - Thebarton Oval.
<i>Other Environment</i>									
1,383,752	1,847,357	Brown Hill and Keswick Creeks	1,750,180	0	1,750,180	94.7%	1,847,357	100%	Approval for 1st stage of Greater Management Plan has been confirmed by all necessary stake holders. Project for design concept upgrade of lower Brown Hill Creek through West Torrens area is nearing completion.
550,000	550,000	Recycled Water Pipeline Extension	40,405	61,952	102,357	18.6%	550,000	20%	Program of works have commenced with expansion of the recycled water pipeline network. Further update will be provided in the next Urban Services Activity Report, (7 June 2022).
<b>5,361,559</b>	<b>6,925,365</b>	<b>Program Total</b>	<b>2,116,378</b>	<b>439,305</b>	<b>2,555,683</b>	<b>36.9%</b>	<b>6,925,365</b>	<b>92%</b>	
<b>RECREATION PROGRAM</b>									
<i>Parks &amp; Gardens</i>									
470,000	1,051,257	Playground Upgrade	650,765	303,687	954,452	90.8%	1,051,257	90%	Projects in progress; refer Urban Services Report, 3 May 2022 for an update.
545,000	619,556	Reserve Developments - Various	508,627	45,456	554,083	89.4%	619,556	90%	Projects in progress; refer Urban Services Report, 3 May 2022 for an update.
285,000	300,184	River Torrens Upgrade	143,813	55,998	199,811	66.6%	300,184	90%	Projects in progress; refer Urban Services Report, 3 May 2022 for an update.
30,000	30,000	River Torrens Path Upgrades	0	0	0	0.0%	30,000	100%	Works Scheduled for the 2nd quarter 2022.
0	407,467	Kings Reserve Playspace	0	323	323	0.1%	407,467	5%	Project on hold regarding Torrens to Darlington - South Rd Corridor project.
695,000	1,213,061	Reserve Irrigation Upgrades	442,541	645,823	1,088,364	89.7%	1,213,061	85%	Projects in progress; refer Urban Services Report, 3 May 2022 for an update.
1,000,000	3,000,000	Breakout Creek Stage 3 Redevelopment	0	3,300,000	3,300,000	110.0%	3,000,000	0%	Works are underway - refer Urban Services Report, 3 May 2022 for an update
75,000	75,000	Bikeway Path Upgrade and Reseal	70,275	4,118	74,393	99.2%	75,000	100%	Works are underway
<i>Sports Facilities</i>									
200,000	245,338	Tennis Court Upgrades	139,737	6,430	146,167	59.6%	245,338	75%	Project in progress & update   please also refer to the next Activity Report for 7 June 2022
0	1,350,931	Thebarton Oval Kings Reserve	9,880	1,000	10,880	0.8%	1,350,931	10%	Refer to Council / Committee Reports for Thebarton Oval / Kings Reserve
125,000	125,000	Car Parking Upgrade	27,614	100	27,714	22.2%	125,000	65%	Projects underway
<b>3,425,000</b>	<b>8,417,794</b>	<b>Program Total</b>	<b>1,993,252</b>	<b>4,362,936</b>	<b>6,356,188</b>	<b>75.5%</b>	<b>8,417,794</b>	<b>40%</b>	

**CITY OF WEST TORRENS  
BUDGET 2021/22 - AS AT 30 April 2022  
CAPITAL WORKS EXPENDITURE**

ADOPTED BUDGET ORIGINAL	ADOPTED BUDGET REVISED	FUNCTION	YTD ACTUALS	COMMITTED OR CONTRACTED	ACTUALS AND COMMITTED	% SPENT OR COMMITTED	FORECAST EXPENDITURE TO COMPLETE	EOY FORECAST PERCENTAGE COMPLETE	COMMENT / EXPLANATION
<b>TRANSPORT PROGRAM</b>									
<i>Roads Sealed</i>									
10,035,761	16,024,395	City Funds/ULRG Funds/Carryovers	5,843,873	3,478,338	9,322,211	58.2%	16,024,395	85%	Projects in progress; refer Urban Services Report, 3 May 2022 for an update.
617,418	617,418	Roads to Recovery Grant Funds	0	0	0	0.0%	617,418	100%	
<i>Other Transport</i>									
250,000	256,861	Roundabouts / Minor Road Rehabilitation	106,480	30,470	136,950	53.3%	256,861	100%	
200,000	272,918	Bus Shelters	161,212	63,151	224,363	82.2%	272,918	100%	Upgrade works to hard stand area are in progress.
1,203,500	1,780,354	Traffic Management	846,416	91,629	938,045	52.7%	1,780,354	100%	Detailed designs for Novar Gardens LATM are completed. Currently developing tender documentation.
248,000	945,968	Bicycle Management Schemes	125,712	16,826	142,538	15.1%	945,968	100%	Currently tendering the Reece Jennings shared path upgrade and currently finalising design for Richmond Road and Morley Street crossing upgrade.
1,120,000	1,687,389	Public Lighting	804,397	147,291	951,688	56.4%	1,687,389	100%	Project in progress; refer Urban Services Report, 1 March 2022 for an update. With regard to transition of street lights to LED, Administration are currently awaiting proposal from SAPN to undertake the replacement of the remaining lights, being approximately 880.
<i>Bridges</i>									
758,000	2,178,485	Bridge Ancillary Works (as per Bridge Audit)	880,267	0	880,267	40.4%	2,178,485	100%	Daly Street upgrade is complete. Currently developing tender documentation for the Watson Avenue/Beare Avenue drain crossing upgrade.
<i>Footways &amp; Cycle Tracks</i>									
228,563	219,349	Footpath Renewal Program	184,042	18,997	203,039	92.6%	219,349	100%	Projects in progress; refer Urban Services Report, 3 May 2022 for an update.
374,265	374,265	Footpath Construction Program	0	0	0	0.0%	374,265	100%	Projects in progress; refer Urban Services Report, 3 May 2022 for an update.
58,342	159,100	Footpath Remediation Program	142,912	7,829	150,741	94.7%	159,100	100%	Projects in progress; refer Urban Services Report, 3 May 2022 for an update.
<b>15,093,849</b>	<b>24,516,502</b>	<b>Program Total</b>	<b>9,095,311</b>	<b>3,854,530</b>	<b>12,949,841</b>	<b>52.8%</b>	<b>24,516,502</b>	<b>90%</b>	
<b>SUMMARY:</b>									
5,361,559	6,925,365	Environment Program	2,116,378	439,305	2,555,683	36.9%	6,925,365	92%	
3,425,000	8,417,794	Recreation Program	1,993,252	4,362,936	6,356,188	75.5%	8,417,794	40%	
15,093,849	24,516,502	Transport Program	9,095,311	3,854,530	12,949,841	52.8%	24,516,502	90%	
<b>23,880,408</b>	<b>39,859,661</b>	<b>TOTAL - ALL CAPITAL WORKS</b>	<b>13,204,941</b>	<b>8,656,770</b>	<b>21,861,711</b>	<b>54.8%</b>	<b>39,859,661</b>	<b>80%</b>	

**City of West Torrens  
Budget 2021/22 - YTD 30 April 2022  
(Interim Results - Selected Accounts)**

2020/21 Actuals	Account	Annual		2021/22 Budget		YTD Actuals	YTD Variance	YTD % Variance
		Original Budget	Revised Budget	Revised Budget	Actuals			
92,006	131 Training & Conference Costs	176,750	159,250	126,370	87,152	39,218	31.0	
1,929	213 Catering & Entertainment	10,240	10,640	9,662	1,995	7,667	79.4	
3,829	215 Catering/Entertain-Elected Members/others	14,350	12,350	9,830	7,442	2,388	24.3	
273,749	225 Subscriptions & Associations	384,962	414,967	387,041	304,502	82,539	21.3	
17,527	229 Elected Member Travel & Training	8,000	8,000	6,670	8,070	-1,400	-21.0	
234,541	241 Professional Fees - Legal	357,000	377,000	331,750	316,790	14,960	4.5	
8,883	243 Professional Fees - Medical	12,000	12,000	10,000	10,870	-870	-8.7	
722,878	245 Professional Fees - Consultants	814,000	974,106	835,191	356,693	478,498	57.3	
2,585	247 Professional Fees - Recruitment	0	10,000	10,000	20,675	-10,675	-106.8	
315,116	249 Professional Fees - General	314,050	424,396	360,916	308,804	52,112	14.4	
<b>1,673,043</b>	<b>Total</b>	<b>2,091,352</b>	<b>2,402,709</b>	<b>2,087,430</b>	<b>1,422,993</b>	<b>664,437</b>	<b>31.8</b>	



## 11.5 Budget Review - March 2022

### Brief

This report provides details of changes proposed to the 2021/22 budget, following completion of the budget review for March 2022.

### RECOMMENDATION

The Committee recommends to Council that that the budget review changes for March 2022 be adopted pursuant to Regulation 9 of the *Local Government (Financial Management) Regulations 2011*.

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### Introduction

This report proposes changes to the 2021/22 budget and requires adoption by Council pursuant to Regulation 9 of the *Local Government (Financial Management) Regulations 2011*.

### Discussion

Key changes to the 2021/22 budget are highlighted below.

#### Operational Income

An operational income budget increase of \$874,822 is proposed, as itemised in **Attachment 1**, the key changes being:

- An increase in Development Act and property search fees of \$52,000 due to strong construction growth and transition to the new planning system.
- An increase in grant income of \$848,545 resulting from the advanced partial receipt of our 2022/23 Financial Assistance Grant (\$426,606) and Identified Local Roads Grant (\$288,704) from the Grants Commission both of which were higher than expected. In addition, we received an unbudgeted Green Adelaide Grant (\$133,235).

#### Operational Expenditure

An operational expenditure budget decrease before depreciation of \$355,071 is proposed, as itemised in **Attachment 1**, the key changes being:

- A reduction of \$334,577 in staff costs due to vacancies in key positions across the organisation.
- A decrease in staff related costs of \$52,024 largely due to savings in staff uniforms (\$29,524) and work health and safety (\$25,000).
- A reduction of \$60,000 in the interest expense budget to manage the cash flow impact of our expansive capital works program, with the use of Council's cash advance debenture (overdraft) in 2021/22 yet to occur. In addition merchant services fees are lower than expected (\$10,000).
- A reduction in general expenditure of \$105,495 resulting from savings across multiple budget lines with key items as follows: professional fees (\$22,000), stationery, promotions and advertising (\$30,105), minor capital (\$19,276) and postage (\$22,000).

## Capital Expenditure and Income

Capital budget changes are itemised in **Attachment 1**, and include:

- A capital expenditure budget increase of \$1,356,750, partially offset by capital income;
- A capital works expenditure budget reduction of \$274,835
- A capital income increase of \$1,016,750.

Key changes include:

- An amount of \$959,750 in both capital income and capital expenditure for the redevelopment of the Peake Gardens Riverside Tennis Club arising from the execution of the Local Roads and Community Infrastructure grant. In addition, \$340,000 has also been added to this project from reserves.
- \$45,000 has also been added to both capital income and capital expenditure to construct basketball half courts at Apex Park, Camden and Lockley Oval resulting from successful application of an Office of Recreation, Sport and Racing grant.
- An amount of \$133,235 has been added to capital works program for the Trees in Challenging Spaces project (offset with the Green Adelaide grant within operational income).
- Funds of \$447,643 for the Recycled Water Pipeline Extension have been removed from the capital works program and transferred to reserves.

## Financial Statements and Ratios

A revised Comprehensive Income Statement has been included with the budget review as **Attachment 2**. It shows an operating surplus before capital revenues, capital grants and subsidies, gain/loss on disposal of assets and physical resources received free of charge of \$4.902 million, an increase of \$451,675 or 10.1 per cent compared to the original budget.

Revised budget statements, comprising Statement of Comprehensive Income, Cash Flow Statement, Financial Indicators, and Uniform Presentation of Finances, are also included.

The operating surplus ratio of the Council, which expresses the operating surplus as percentage of total operating income, is now 7 per cent compared to the original budget of 6 per cent. Council is aiming to maintain an ongoing operating surplus ratio between zero and 15 per cent.

Council's asset renewal funding ratio, which expresses net asset renewal expenditure as a percentage of the infrastructure and asset management plan required expenditure, has been budgeted to move from an estimated 94 per cent to 100 per cent, compared to the original budget. Council is aiming to maintain an ongoing asset sustainability ratio of greater than 100 per cent.

A positive cash position is still being projected as at 30 June 2022 of \$2.126 million compared to the original budget of \$6.696 million, a decrease of \$4.570 million on the back of a significant increase in expenditure on new/upgraded assets and renewal/replacement assets, mainly as a result of carry forward capital related expenditure from 2020/2021. The budget for borrowings has increased by \$4 million compared to the original budget to offset some of this additional expenditure and while Council could borrow more, the preference at this stage is to work towards achieving this positive cash position for the year, placing any surplus achieved in a reserve to offset future borrowing requirements.

**Climate Impact Considerations**

*(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)*

There is no direct climate impact consideration in relation to this report.

**Conclusion**

The December 2021 budget review must be adopted by Council pursuant to Regulation 9 of the *Local Government (Financial Management) Regulations 2011*.

**Attachments**

1. **2021/22 March Budget Review Proposed Changes**
2. **2021/22 March Budget Review Financial Statements and Ratios**

The following changes are in the form of financial information as presented in Model Statement format as required  
by legislation

## 2021/22 March Budget Review Proposed Changes

(Model Statement format)

	Increase	Decrease
<b><u>INCOME</u></b>		
<b>Statutory Charges</b>		
Corporate & Regulatory		25,000
Urban Services	52,000	
<b>Statutory Charges Total</b>	<b>27,000</b>	
<b>User Charges</b>		
Business & Community Services		1,500
Corporate & Regulatory	5,000	
<b>User Charges Total</b>	<b>3,500</b>	
<b>Grants Subsidies &amp; Contributions</b>		
Corporate & Regulatory	426,606	
Urban Services	421,939	
<b>Grants Subsidies &amp; Contributions Total</b>	<b>848,545</b>	
<b>Reimbursements</b>		
Corporate & Regulatory		10,000
<b>Reimbursements Total</b>		<b>10,000</b>
<b>Investment Income</b>		
Corporate & Regulatory	5,777	
<b>Investment Income Total</b>	<b>5,777</b>	
<b>Total Operational Income</b>	<b>874,822</b>	
<b><u>EXPENDITURE</u></b>		
<b>Staff Costs</b>		
Business & Community Services		173,712
City Management		10,897
Corporate & Regulatory	108	
Urban Services		150,076
<b>Staff Costs Total</b>		<b>334,577</b>
<b>Staff Related</b>		
Business & Community Services		11,155
City Management	500	
Corporate & Regulatory		27,184
Urban Services		14,185
<b>Staff Related Total</b>		<b>52,024</b>
<b>Buildings Furniture &amp; Fittings</b>		
Business & Community Services		21,000
<b>Buildings Furniture &amp; Fittings Total</b>		<b>21,000</b>

The following changes are in the form of financial information as presented in Model Statement format as required  
by legislation

## 2021/22 March Budget Review Proposed Changes

(Model Statement format)

	Increase	Decrease
<b>EXPENDITURE</b>		
<b>Plant &amp; Equipment</b>		
Business & Community Services	9,600	
City Management		1,100
Corporate & Regulatory		12,000
Urban Services	13,609	
<b>Plant &amp; Equipment Total</b>	<b>10,109</b>	
<b>Computer Expenditure</b>		
Business & Community Services	2,196	
Corporate & Regulatory	1,800	
<b>Computer Expenditure Total</b>	<b>3,996</b>	
<b>General Expenditure</b>		
Business & Community Services		46,754
Corporate & Regulatory		12,600
Urban Services		46,141
<b>General Expenditure Total</b>		<b>105,495</b>
<b>Bank &amp; Finance</b>		
Corporate & Regulatory		70,000
<b>Bank &amp; Finance Total</b>		<b>70,000</b>
<b>Council Expenditure</b>		
Business & Community Services	6,583	
Corporate & Regulatory	4,500	
Urban Services	5,600	
<b>Council Expenditure Total</b>	<b>16,683</b>	
<b>Occupancy &amp; Property</b>		
Business & Community Services		5,500
Corporate & Regulatory		3,500
Urban Services	82,737	
<b>Occupancy &amp; Property Total</b>	<b>73,737</b>	
<b>Internal</b>		
Business & Community Services	15,000	
<b>Internal Total</b>	<b>15,000</b>	
<b>Materials</b>		
Urban Services	10,000	
<b>Materials Total</b>	<b>10,000</b>	

The following changes are in the form of financial information as presented in Model Statement format as required  
by legislation

## 2021/22 March Budget Review Proposed Changes

(Model Statement format)

	Increase	Decrease
<b><u>EXPENDITURE</u></b>		
<b>Contract Expenditure Works</b>		
Business & Community Services		40,000
Corporate & Regulatory	163,500	
Urban Services		25,000
<b>Contract Expenditure Works Total</b>	<b>98,500</b>	
<b>Total Operational Expenditure</b>		<b>355,071</b>
<b><u>CAPITAL</u></b>		
<b>Furniture &amp; Fittings</b>		
Business & Community Services	7,000	
<b>Furniture &amp; Fittings Total</b>	<b>7,000</b>	
<b>Other Office Equipment</b>		
Corporate & Regulatory	5,000	
<b>Other Office Equipment Total</b>	<b>5,000</b>	
<b>Land &amp; Building</b>		
Urban Services	1,344,750	
<b>Land &amp; Building Total</b>	<b>1,344,750</b>	
<b>Total Capital Expenditure</b>	<b>1,356,750</b>	
<b><u>CAPITAL INCOME</u></b>		
<b>Capital Income</b>		
Urban Services	1,016,750	
<b>Capital Income Total</b>	<b>1,016,750</b>	
<b><u>CAPITAL WORKS EXPENDITURE</u></b>		
<b>Capital Works Expenditure</b>		
8195 Recycled Water Pipeline Extension		447,643
8193 Saratoga Drive Blister and drainage upgrade		200,000
8196 Meyer St Drainage Extension - Thebarton Oval	200,000	
8498 Victoria St (Cuming St to King St) Kerb		35,215
8499 Victoria St (Gladstone Rd-Cuming St) Kerb		43,907
8500 Victoria St (Hughes St-Gladstone Rd) Kerb		50,488
9173 Victoria St-(Hughes St to King St)	129,610	
8511 Fulham Park Dr (Corona Av-Property No 47)	255,969	
9000 Unallocated Construction Monies		255,969
8738 River Torrens Upgrade	12,000	
8741 Trees in Challenging Spaces	133,325	
Overhead	27,483	
<b>Capital Works Expenditure Total</b>		<b>274,835</b>
<b><u>OTHER ADJUSTMENTS</u></b>		
Committed Expenditure Reserve	66,948	
<b>Reserve Movements Total</b>	<b>66,948</b>	

## City of West Torrens

Statement of Comprehensive Income  
for the year ended 30 June 2022

\$ '000	Original Budget 2021/22	September Budget Review	December Budget Review	March Budget Review
<b>Income</b>				
Rates Revenues	63,252	62,731	62,739	62,739
Statutory Charges	2,133	2,180	2,162	2,189
User Charges	1,862	1,881	1,860	1,864
Grants, Subsidies and Contributions	3,558	3,981	3,981	4,830
Investment Income	116	116	116	122
Reimbursements	171	171	172	172
Other Income	216	206	264	254
Net Gain - Equity Accounted Council Businesses	-	-	-	-
<b>Total Income</b>	<b>71,308</b>	<b>71,266</b>	<b>71,294</b>	<b>72,169</b>
<b>Expenses</b>				
Employee Costs	25,019	24,847	24,403	24,016
Materials, Contracts & Other Expenses	25,286	25,658	25,790	25,891
Depreciation, Amortisation & Impairment	15,450	16,406	16,406	16,406
Finance Costs	1,103	1,067	1,025	955
Net loss - Equity Accounted Council Businesses	-	-	-	-
<b>Total Expenses</b>	<b>66,858</b>	<b>67,977</b>	<b>67,623</b>	<b>67,267</b>
<b>Operating Surplus / (Deficit)</b>	<b>4,450</b>	<b>3,288</b>	<b>3,672</b>	<b>4,902</b>
Asset Disposal & Fair Value Adjustments	-	3,571	3,571	3,571
Amounts Received Specifically for New or Upgraded Assets	400	3,990	5,603	6,620
Physical Resources Received Free of Charge	-	-	-	-
<b>Net Surplus / (Deficit) <sup>1</sup></b>	<b>4,850</b>	<b>10,849</b>	<b>12,846</b>	<b>15,092</b>
<b>Other Comprehensive Income</b>				
<i>Amounts which will not be reclassified subsequently to operating result</i>				
Changes in Revaluation Surplus - I,PP&E	-	-	-	-
<i>Amounts which will be reclassified subsequently to operating result</i>				
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>4,850</b>	<b>10,849</b>	<b>12,846</b>	<b>15,092</b>

<sup>1</sup> Transferred to Equity Statement

## City of West Torrens

## Statement of Cash Flows

for the year ended 30 June 2022

	Original Budget 2021/22	September Budget Review	December Budget Review	March Budget Review
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Rates Receipts	63,252	62,731	62,739	62,739
Statutory Charges	2,133	2,180	2,162	2,189
User Charges	1,862	1,881	1,860	1,864
Grants, Subsidies and Contributions (operating purpose)	3,558	3,981	3,981	4,830
Investment Receipts	116	116	116	122
Reimbursements	171	171	172	172
Other Receipts	216	206	264	254
<b>Payments</b>				
Payments to Employees	(24,947)	(24,774)	(24,330)	(23,943)
Payments for Materials, Contracts & Other Expenses	(25,286)	(25,658)	(25,790)	(25,891)
Finance Payments	(1,103)	(1,067)	(1,025)	(955)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>19,973</b>	<b>19,767</b>	<b>20,150</b>	<b>21,380</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts</b>				
Amounts Received Specifically for New/Upgraded Assets	400	3,990	5,603	6,620
Sale of Replaced Assets	623	670	682	682
Sale of Surplus Assets	-	3,571	3,571	3,571
<b>Payments</b>				
Expenditure on Renewal/Replacement of Assets	(16,475)	(17,272)	(17,787)	(17,513)
Expenditure on New/Upgraded Assets	(14,076)	(36,076)	(37,175)	(38,532)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(29,528)</b>	<b>(45,117)</b>	<b>(45,107)</b>	<b>(45,172)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts</b>				
Proceeds from Borrowings	11,034	15,034	15,034	15,034
<b>Payments</b>				
Repayments of Borrowings	(1,482)	(1,482)	(1,482)	(1,482)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>9,552</b>	<b>13,552</b>	<b>13,552</b>	<b>13,552</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>(3)</b>	<b>(11,798)</b>	<b>(11,404)</b>	<b>(10,240)</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	<b>6,699</b>	<b>12,365</b>	<b>12,365</b>	<b>12,365</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	<b>6,696</b>	<b>567</b>	<b>961</b>	<b>2,126</b>
Additional Information:				
plus: <b>Investments on hand - end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Cash, Cash Equivalents &amp; Investments</b>	<b>6,696</b>	<b>567</b>	<b>961</b>	<b>2,126</b>



## City of West Torrens

## Financial Indicators

for the year ended 30 June 2022

\$ '000	Original Budget 2021/22	September Budget Review	December Budget Review	March Budget Review
<p>These Financial Indicators have been calculated in accordance with <i>Information paper 9 - Local Government Financial Indicators</i> prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</p>				
<b>1. Operating Surplus Ratio</b>				
Operating Surplus	6%	5%	5%	7%
Total Operating Revenue				
<p><i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i></p>				
<b>1a. Adjusted Operating Surplus Ratio</b>				
In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.	6%	5%	5%	7%
<b>2. Net Financial Liabilities Ratio</b>				
Net Financial Liabilities	64%	78%	77%	75%
Total Operating Revenue				
<p><i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i></p>				
<b>3. Asset Renewal Funding Ratio</b>				
Net Asset Renewals	94%	98%	101%	100%
Infrastructure & Asset Management Plan required expenditure				
<p><i>Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.</i></p>				

## City of West Torrens

## Uniform Presentation of Finances

for the year ended 30 June 2022

\$ '000	Original Budget 2021/22	September Budget Review	December Budget Review	March Budget Review
The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.				
All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.				
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.				
Income	71,308	71,266	71,294	72,169
less Expenses	(66,858)	(67,977)	(67,623)	(67,267)
<b>Operating Surplus / (Deficit)</b>	<b>4,450</b>	<b>3,288</b>	<b>3,672</b>	<b>4,902</b>
<b>less Net Outlays on Existing Assets</b>				
Capital Expenditure on Renewal and Replacement of Existing Assets	16,475	17,272	17,787	17,513
less Depreciation, Amortisation and Impairment	(15,450)	(16,406)	(16,406)	(16,406)
less Proceeds from Sale of Replaced Assets	(623)	(670)	(682)	(682)
<b>Subtotal</b>	<b>402</b>	<b>197</b>	<b>700</b>	<b>425</b>
<b>less Net Outlays on New and Upgraded Assets</b>				
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	14,076	36,076	37,175	38,532
less Amounts Received Specifically for New and Upgraded Assets	(400)	(3,990)	(5,603)	(6,620)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	(3,571)	(3,571)	(3,571)
<b>Subtotal</b>	<b>13,676</b>	<b>28,515</b>	<b>28,001</b>	<b>28,341</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(9,628)</b>	<b>(25,423)</b>	<b>(25,029)</b>	<b>(23,865)</b>

## 11.6 Legislative Progress Report - May 2022

### Brief

This report provides an update on the status of proposed legislative changes affecting local government either dealt with in Parliament, by the Local Government Association, or contained in the Government Gazette between the last meeting of the Committee and 3 May 2022.

### RECOMMENDATION

The Committee recommends to Council that the Legislative Progress Report - May 2022 be received.

### Introduction

This report provides a monthly update on the progress of Bills through Parliament, using Parliament's defined stages, as well as items contained with the Government Gazette that relate to the City of West Torrens.

Due to the prorogation of the State Parliament on 19 February 2022, no new amendments to legislation have been initiated since the last report to Council.

Information on the status of all Bills and Acts is available on the South Australian Legislative Tracking and the Federal Register of Legislation websites at:

<https://www.parliament.sa.gov.au/Legislation/SALT> and/or <https://www.legislation.gov.au/>

The Parliamentary Library is now releasing Weekly Summaries of each sitting week of the House of Assembly. These summaries will now be attached (where relevant) to each of these reports.

The 2022 South Australian Parliamentary sitting calendar has been provided (**Attachment 1**).

### Discussion

<b>New Proposed Amendments to Legislation</b>
Nil
<b>Bills previously reported on where the status changed</b>
Nil
<b>Bills previously reported on where the status remains unchanged</b>
All Bills previously reported on where the status remains unchanged will need to be reintroduced to the new session of Parliament for debate.

**Unclaimed Money Bill 2021****Government Bill**

The Hon. D C van Holst Pellekaan MP introduced the *Unclaimed Money Bill 2021* to the House of Assembly on 5 May 2021.

The Bill makes provisions for the publication of information about, and the repayment of, unclaimed money. It makes related amendments to various Acts, including to repeal the *Unclaimed Moneys Act 1891*.

The House of Assembly passed the Bill without amendment and sent it to the Legislative Council for consideration on 26 October 2021.

The Legislative Council returned the Bill without amendment on the 16 November 2021 and the Bill was assented to by the Governor on 30 November 2021.

**Government Gazette Notices**

Nil

**Climate Impact Considerations**

*(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)*

There are no direct environmental impacts in relation to this report.

**Conclusion**

This report on legislative amendments is current as at 3 May 2022.

**Attachments****1. Parliament Sitting Calendar**

## South Australian Parliamentary Sitting Schedule

2022							
	MON	TUES	WED	THURS	FRI	SAT / SUN	
<b>JANUARY</b>						1/2	New Years Day (January 3) Tour Down Under (January 21 - 29) <b>Australia Day (January 26)</b>
	<b>3</b>	4	5	6	7	8/9	
	10	11	12	13	14	15/16	
	17	18	19	20	21	22/23	
	24	25	<b>26</b>	27	28	29/30	
	31						
<b>FEBRUARY</b>		1	2	3	4	5/6	Adelaide Fringe (February 18 - March 20)
	7	8	9	10	11	12/13	
	14	15	16	17	18	19/20	
	21	22	23	24	25	26/27	
	28						
<b>MARCH</b>		1	2	3	<b>4</b>	5/6	Adelaide Festival (March 4 - 20) March Public Holiday / Adelaide Cup (March 14) WOMADelaide (March 11 - 14) State Election March 19
	7	8	9	10	11	12/13	
	<b>14</b>	15	16	17	18	19/20	
	21	22	23	24	25	26/27	
	28	29	30	31			
<b>APRIL</b>					1	2/3	Good Friday (April 15) Easter Saturday (April 16) Easter Monday (April 18) Anzac Day (April 25)
	4	5	6	7	8	9/10	
	11	12	13	14	<b>15</b>	<b>16/17</b>	
	<b>18</b>	19	20	21	22	23/24	
	<b>25</b>	26	27	28	29	30	
<b>MAY</b>						1	Mothers Day (May 8)
	2	<b>3</b>	<b>4</b>	<b>5</b>	6	7/8	
	9	10	11	12	13	14/15	
	16	<b>17</b>	<b>18</b>	<b>19</b>	20	21/22	
	23	24	25	26	27	28/29	
	30	<b>31</b>					
<b>JUNE</b>			<b>1</b>	<b>2</b>	3	4/5	Budget Day (June 2) Queen's Birthday / Volunteer's Day (June 13) Estimates (June 17 to June 23)
	6	7	8	9	10	11/12	
	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	18/19	
	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	24	25/26	
	27	28	29	30			
<b>JULY</b>					1	2/3	
	4	<b>5</b>	<b>6</b>	<b>7</b>	8	9/10	
	11	12	13	14	15	16/17	
	18	19	20	21	22	23/24	
	25	26	27	28	29	30/31	
<b>AUGUST</b>	1	2	3	4	5	6/7	
	8	9	10	11	12	13/14	
	15	16	17	18	19	20/21	
	22	23	24	25	26	27/28	
	29	30	31				
<b>SEPTEMBER</b>				1	2	3/4	Royal Adelaide Show (September 3 - September 11) Father's Day (September 4) SANFL Grand Final (September 18) AFL Grand Final (September 24)
	5	<b>6</b>	<b>7</b>	<b>8</b>	9	10/11	
	12	13	14	15	16	17/18	
	19	<b>20</b>	<b>21</b>	<b>22</b>	23	24/25	
	26	27	28	29	30		
<b>OCTOBER</b>						1/2	Labour Day (October 3)
	3	4	5	6	7	8/9	
	10	11	12	13	14	15/16	
	17	<b>18</b>	<b>19</b>	<b>20</b>	21	22/23	
	24	25	26	27	28	29/30	
	31						
<b>NOVEMBER</b>		<b>1</b>	<b>2</b>	<b>3</b>	4	5/6	Melbourne Cup (November 1) Remembrance Day (November 11) Christmas Pageant (November 12)
	7	8	9	10	11	12/13	
	14	<b>15</b>	<b>16</b>	<b>17</b>	18	19/20	
	21	22	23	24	25	26/27	
	28	<b>29</b>	<b>30</b>				
<b>DECEMBER</b>				<b>1</b>	2	3/4	Adelaide 500 (December 1 - 4) Christmas Day (December 26) Proclamation Day (December 27)
	5	6 (Optional)	7 (Optional)	8 (Optional)	9	10/11	
	12	13	14	15	16	17/18	
	19	20	21	22	23	24/25	
	26	27	28	29	30	31	

The South Australian Parliamentary Sitting Schedule is a calendar of proposed sitting dates and is subject to change

<b>Budget Day</b>	<b>Estimates</b>	<b>Both Houses Sitting</b>
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Dates in bold indicate South Australian Public Holidays	Dates shaded indicate South Australian School Holidays
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## 11.7 Local Government Rates Oversight Scheme - ESCOSA Draft Framework and Approach Consultation

### Brief

This report provides information regarding the *Local Government Rates Oversight Scheme* proposed by ESCOSA which forms part of the implementation of the *Statutes Amendment (Local Government Review) Act 2021*.

### RECOMMENDATION

The Committee recommends to Council that the feedback contained in this Agenda report be approved and submitted to the Local Government Association, Essential Services Commission of South Australia and the Office of Local Government as Council's response to the *Local Government Rates Oversight Scheme Draft Framework and Approach*.

---

### Introduction

The *Statutes Amendment (Local Government Review) Act 2021* (Review Act) substantially amends the *Local Government Act 1999* (Act). Commencement of the various amendments contained in the Review Act is being staggered with the first tranche of amendments taking effect from 20 September 2021.

Section 122 of the Act was amended by the Review Act with the amendments commencing on 30 April 2022. The new 'Rates Oversight Scheme' requires the designated authority, the Essential Services Commission of South Australia (ESCOSA), to review a range of council strategic management planning documents and provide advice to the council. This will be conducted on a four (4) yearly rotating cycle.

The councils to be reviewed in each year of the cycle are determined by ESCOSA. The ESCOSA advice to councils and each council's response must be published in both the draft and adopted Annual Business Plan.

The rationale for the Rates Oversight Scheme by the State Government was that the sector would benefit from a robust framework for financial accountability. The arrangements were ultimately supported by the local government sector as an alternative to rate capping.

The City of West Torrens (CWT) will be amongst the first councils to be reviewed by ESCOSA with information requiring to be provided to ESCOSA by 1 August 2022 and advice to be received from ESCOSA by 28 February 2023.

The Local Government Association (LGA) and the Essential Services Commission of South Australia (ESCOSA) are seeking feedback by Friday 27 May 2022 on the *Local Government Rates Oversight Scheme Draft Framework and Approach* (Framework) proposed by ESCOSA (**Attachment 1**).

ESCOSA have also provided supporting documentation to the Framework being Information Provision - Initial Guidelines (**Attachment 2**) and a Schedule of Councils, which sets out the four (4) yearly rotating cycle of council reviews (**Attachment 3**).

## Discussion

The amendments to section 122 of the Act aim to provide independent oversight and advice to councils long term sustainability. The City of West Torrens supports transparency and accountability in the local government sector and welcomes impartial advice. However, there are some potential concerns with the proposal from ESCOSA as to how they intend to conduct their reviews into councils' Long Term Financial Plans (LTFP) and Infrastructure and Asset Management Plans (IAMP). Key considerations regarding the Framework are below and more detailed feedback can be found in **Attachment 4**.

- **Scope of the review:** The scheme established in section 122 focuses ESCOSA on the LTFP and IAMP, in particular any changes to those documents and revenue sources. The proposed information requests from ESCOSA extend beyond the minimum requirements as per the *Local Government (Financial Management) Regulations 2011* to the full suite of information available in the Model Financial Statements and seeks historical information dating back to 2007/08, far in excess of what could be considered reasonable.
- **Increased in projected costs:** the increase in scope adopted by ESCOSA has led to a significant increase in projected costs for the scheme. Indications given in Parliament by then Minister Chapman were a scheme that would cost in the order of \$20,000 per council, however ESCOSA have suggested the cost per council will be approximately \$52,000. This is a cost of approximately \$3.5 million to the sector over four years.
- **Impact on discretion to determine assumptions used to develop LTFP:** The ESCOSA proposal appears to remove the discretion available within the *Local Government Act 1999* to determine reasonable assumptions to be used in the development of the LTFP. The scheme established in section 122 does not authorise ESCOSA to constrain councils to any particular indices. In attempting to only give weight to one inflation index and discounting any others, ESCOSA inappropriately limits the discretion bestowed upon councils under the *Local Government Act 1999*. There are concerns regarding the use of the phrase 'CPI constrained', which implies that councils should limit their rate increases to CPI and no more. The practical effect of the use of this expression will result in councils being judged and criticised in relation to a measure that ESCOSA have deemed appropriate when in fact this is a matter for each council to determine.

However, despite these concerns, the proposal from ESCOSA regarding their Framework and Approach is robust and comprehensive. They intend to review large amounts of data and consider a breadth of information in their review which will achieve the goals of increasing transparency and accountability in the local government sector.

The keys issues and feedback have been included in **Attachment 4**.

## Climate Impact Considerations

*(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)*

There is no direct climate impact as a result of this report.

## Conclusion

The Local Government Association (LGA) and the Essential Services Commission of South Australia (ESCOSA) are seeking feedback by Friday 27 May 2022 on the *Local Government Rates Oversight Scheme Draft Framework and Approach* (Framework) proposed by ESCOSA.

The City of West Torrens (CWT) will be amongst the first councils to be reviewed by ESCOSA.



## **Attachments**

- 1. ESCOSA Draft Framework and Approach**
- 2. ESCOSA Information Provision Guidelines**
- 3. ESCOSA Scheme Schedule**
- 4. Proposed Feedback regarding Proposed ESCOSA Framework and Approach**

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# Local Government Rates Oversight Scheme

Draft Framework and Approach

March 2022

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## Request for submissions

The Essential Services Commission (**Commission**) invites written submissions on this paper. Written comments should be provided by **Friday 27 May 2022**.

It is the Commission's policy to make all submissions publicly available via its website ([www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)), except where a submission either wholly or partly contains confidential or commercially sensitive information provided on a confidential basis and appropriate prior notice has been given.

The Commission may also exercise its discretion not to publish any submission based on length or content (for example containing material that is defamatory, offensive or in breach of any law).

Responses to this paper should be directed to:

### Local Government Rates Oversight Scheme – Draft Framework and Approach

It is preferred that submissions are sent electronically to: [rates@escosa.sa.gov.au](mailto:rates@escosa.sa.gov.au)

Alternatively, submissions can be sent to:

Essential Services Commission  
GPO Box 2605  
Adelaide SA 5001

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

Contact officer: Sean McComish, Economic Regulatory Advisor

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au).

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## Glossary of terms

ABS	Australian Bureau of Statistics
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CWMS	Community Wastewater Management System
CPI	Consumer Price Index
IAMP	Infrastructure and Asset Management Plan
LGA	Local Government Association
LGFA	Local Government Finance Authority
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term Financial Plan
SACES	South Australian Centre for Economic Studies
Scheme	The rates oversight scheme
SEIFA	ABS Socio-Economic Indexes for Australia
SMP	Strategic Management Plan (comprising LTFP & IAMP)

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## Executive summary

The South Australian Government is introducing a local government rates oversight scheme through amendments to the *Local Government Act 1999*, which will come into operation on 30 April 2022. The scheme is intended to benefit ratepayers through increased transparency over council rates, greater confidence that the rates they pay are at the level necessary for their council to provide the services they value and that council operations are being undertaken on a long-term financially sustainable basis.

The essence of the scheme is that the Essential Services Commission (**Commission**) will provide to each of the State's 68 local councils (on a four-yearly rotational basis) advice on the:

- ▶ appropriateness, and effective maintenance and implementation, of the council's long-term financial plan (**LTFP**), and infrastructure and asset management plan (**IAMP**), including any material amendments proposed or made in respect of those plans, and
- ▶ appropriateness of proposed financial contributions by the council's ratepayers under those plans.

The Commission's advice will address those matters by reference to historical performance and financial trends, drawing on information which councils are already required to have in place under the *Local Government Act 1999*. The advice will set out that trend information, so as to give context to councils' forward-looking plans, and will identify areas where attention or action may be required to better serve ratepayers' long-term interests. Importantly, the advice to each council will focus on its own trends and plans: the advice will not provide inter-council comparisons.

The Commission does not presently anticipate that the advice will require councils to take specific action, nor will it approve (or otherwise) specific expenditure, programs or projects: those are matters for councils' own decision-making processes.

The advice is to be published and each council will need to publicly address the matters raised (whether or not it adopts that advice) in its annual business plans. The advice will:

- ▶ support councils to make decisions relating to their annual business plans and budgets in the context of their LTFP and IAMPs, which together are foundational documents that set out how councils propose to manage their financial position and performance over the longer term, and
- ▶ assist councils to make appropriate decisions on the level of financial contributions to be made by ratepayers for the provision of services and infrastructure within the context of those long-term plans and the financing options available to councils (such as the use of borrowings or reserves).

The scheme provides the Commission with discretion in relation to scheme design and implementation. The Commission has prepared this draft Framework and Approach to explain and seek feedback on how it will give effect to the scheme in practice. In doing so, it has identified seven principles which it considers will best deliver an efficient and effective scheme:

- ▶ **Monitoring, not regulating:** The scheme relates to monitoring, not economic regulation. As such, the design focusses on providing evidence-based and useful advice. The objective being, through time, to develop a record of a council's performance, relative to its long-term planning, and its response to advice, as the basis for changing behaviours and outcomes over time. The scheme does not provide the Commission with powers to enforce compliance measures, set service standards or regulate any council's rates. In those respects, it differs from other States' council rates regulation frameworks, such as those in Victoria and New South Wales.



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- ▶ **Long-term planning focus:** While councils can provide a diverse range of services, they are generally delivered through infrastructure and operations that require long-term planning. As such, in the absence of significant shocks outside of a council's control, its long-term plans would not be expected to exhibit significant variation through time (replacement/renewal expenditure should not materially vary due to political cycles, or short-term transient operational or financial concerns).
- ▶ **Materiality:** Focus will be given to key overarching targets and measures. Otherwise, the underlying analysis may become unduly complex/disaggregated, with key observations diluted through unnecessary detail.
- ▶ **Simplicity:** The scheme will be as simple as it practically can be and be capable of being applied across the diverse range of councils within South Australia.
- ▶ **Leveraging existing information and evidence:** The Local Government Association collects data and provides guidance material regarding financial and service sustainability. As such, a significant amount of underlying information and a standard accounting framework exists - this will underpin the analytical framework.
- ▶ **Consistency of application:** The scheme will be applied consistently across councils in terms of the underlying processes and analytical framework. Advice across councils will only be similar if all the inputs into the analytical framework (both quantitative and qualitative) result in similar advice being warranted.
- ▶ **Transparency:** Implementation of the scheme requires transparency in processes and approach. Each council will be provided with the information and calculations upon which the advice relating to it has been based.

Underpinning the scheme is the concept that councils should be operated on a long-term financially sustainable basis, for the benefit of ratepayers. The nationally-agreed definition of financial sustainability for the local government sector is:

*A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.*

The Commission has considered that concept in the context of three elements:

- ▶ **Program stability:** This relates to the provision of reliable quality services over time, and requires a stable and consistent set of actions, from the perspective of day-to-day operational practices and infrastructure management.
- ▶ **Rate stability:** This relates to charging ratepayers reasonably to fund the services, underpinned by the program of works noted previously (program stability). Rates should be stable, noting that stable does not mean a fixed value. It relates to rates not exhibiting large or unplanned year-on-year variances.
- ▶ **Intergenerational equity:** This relates to fairly sharing services and the associated cost between current and future ratepayers. It requires adopting sound long-term financial management principles, particularly in relation to the balance between debt and cash in financing service delivery.



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In this overall context, to provide effective advice under the scheme in an efficient manner, the Commission will draw on existing practices, procedures and protocols. In particular, it will have regard to three financial indicators specified in the *Local Government (Financial Management) Regulations 2011*: the operating surplus ratio, the net financial liabilities ratio and the asset renewal funding ratio. Since 2011, each council has been required to refer to these three indicators in its plans, annual budget, mid-year budget review and annual financial statements.

The Commission considers that these can be used as the basis for the overarching analytical framework for the first cycle of the scheme. The three existing financial indicators have been developed by the sector and should already be applied in practice. They encapsulate financial and service sustainability, cost control and affordability in a way which can be measured consistently on both a forward and backward-looking basis, given their connection with the model accounting framework adopted. This provides a picture of how a council proposes to manage its ongoing financial and service sustainability, in the context of its past decisions, and the role that general rates, affordability and cost control will play.

Future operations should be underpinned by robust, transparent long-term plans that are consistent with each other, and focus on financial sustainability, cost control and affordability. If these are implemented and appropriately monitored, then a council will likely exhibit strong future performance with respect to all three financial indicators – benefiting ratepayers. In contrast, the further a council deviates from these practices, the less likely those outcomes and the greater the risk to long-term financial and service sustainability and to ratepayers.

This draft Framework and Approach explains how the Commission proposes to analyse and provide advice on these matters, including details of timing, methodology, information and evidence requirements and scheme administration costs.

The Commission is consulting on the matters set out in this draft Framework and Approach from 31 March 2022 to 27 May 2022 and encourages any interested stakeholder to provide a submission. (Details on how to make a submission can be found on the inside cover of this document.) Throughout the consultation period, Commission staff are available to discuss the proposals in this consultation document.

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## 1 Background

The South Australian local government sector comprises 68 councils. They are highly diverse in terms of geographic area, demographics, relative wealth and income and service portfolios provided. They also face differing local issues, which each council needs to address in a manner appropriate to the circumstances which best protects its ratepayers' long-term interests.

Based on resident population, the largest council in the state serves a community of 174,000 residents,<sup>1</sup> while the smallest council serves a community of only 844 residents. Likewise, based on employee numbers, while the largest council employs 743 full-time equivalent staff (FTE), the smallest council employs only 14 FTE. Finally, based on geography, the largest council serves an area of 886,000 hectares, while the smallest serves just 357 hectares.

Collectively, councils manage assets valued in excess of \$26bn, with total combined annual income in excess of \$2.4bn.

While councils' circumstances vary, they all, to a greater or lesser degree, obtain income through general rates, service charges and grants. General rates are the largest share, accounting for approximately 74% of total income in 2019-20.

Historically, overall long-term growth in general rates has exceeded that of the Australian Bureau of Statistics (ABS) Consumer Price Index (CPI) by a considerable margin. Over the twelve-year period from 2007-08 to 2019-20, general rates revenue increased by 88%,<sup>2</sup> while CPI over the same period rose by 30%.

### 1.1 Scheme purpose

While there can be legitimate reasons for such increases, they have given rise to greater attention on local government sector business practices and operations, at both ratepayer and State government level. In particular, the State government has focused on the need to create greater transparency regarding the future direction of general rates for each council, the reasons for any future increases, why these cannot be mitigated through productivity gains (providing the same service portfolio for less cost) and whether there are better ways of financing a council's infrastructure stock/service delivery mechanisms.

The State government has formed the view that, rather than councils self-monitoring, there is benefit in an independent body monitoring and providing advice to councils on those matters. The overarching legal framework outlining how this will be undertaken is outlined within the *Statutes Amendment (Local Government Review) Act 2021*, which amends the *Local Government Act 1999*, with the local government rates oversight provisions commencing from 30 April 2022.

The second reading speech for the Amendment Act states that the intention behind the scheme is to give ratepayers greater confidence that the rates they pay are those necessary for their councils to provide the services they value. The scheme therefore aims to improve the quality of information and advice provided to councils, their administrations, and communities and has two key purposes.

<sup>1</sup> All statistics in this section are as at 2019-20, and are sourced from:  
[https://www.agd.sa.gov.au/sites/default/files/local\\_government\\_finances\\_-\\_financial\\_performance\\_and\\_position\\_2018-19.pdf](https://www.agd.sa.gov.au/sites/default/files/local_government_finances_-_financial_performance_and_position_2018-19.pdf)

<sup>2</sup> Derived from LGGC data.

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The first is to support councils to make decisions relating to their annual business plans and budgets in the context of their long-term financial plans (LTFP) and infrastructure and asset management plans (IAMP) – both arising under their Strategic Management Plans (SMP). These plans are critical documents, as they lay out how councils are proposing to manage their financial position and performance over the longer term.

The second reading speech and the legislative framework note that these plans should always be the foundation of decisions made by councils on their proposed revenue and expenditure each year. The legislative framework notes that material variations from a LTFP should be appropriate. The impact of variations on a council's financial position and performance should be managed appropriately, with variations implemented in a way that addresses the impact they may have on ratepayers.

The second purpose is to ensure that the decisions councils make on financial contributions made by ratepayers to the provision of services and infrastructure (mainly through general rates) is appropriate within the context of those long-term plans. Councils may be in a financial position where they could reasonably use reserves, or other sensible financing means, rather than imposing rate increases. The second reading speech also notes there is a reasonable expectation that councils will seek to ensure value for money for their ratepayers through finding efficiencies, rather than ratepayers continually paying for increased costs through increased rates.

## 1.2 Purpose and structure of consultation paper

This draft Framework and Approach outlines the Essential Services Commission's (Commission) proposed approach to implementing the rates oversight scheme (the scheme) which will come into effect on 30 April 2022 under the *Local Government Act 1999* (as amended by the *Statutes Amendment (Local Government Review) Act 2021* – see relevant extracts in Appendix 1). This document comprises the subsequent chapters:

- ▶ **Chapter 2: The legal framework for the scheme**

This chapter discusses the legal framework within which the scheme will operate and the Commission's understanding of that framework.
- ▶ **Chapter 3: Implementing the scheme in practice**

This chapter discusses how a council goes through the first cycle of the scheme and how the outcome of this relates to the subsequent cycle.
- ▶ **Chapter 4: Provision and publication of advice**

This chapter discusses the Commission's proposed approach to developing the advice required as part of the scheme, and how this aligns with the legislative framework and the underlying principles used to develop it.
- ▶ **Chapter 5: Guidelines and information provision**

This chapter discusses the Commission's approach to guidelines, in the context of council information considered necessary by the Commission to implement the scheme.
- ▶ **Chapter 6: Developing and publishing the schedule**

The schedule defines when each council will go through the scheme within the first four-year cycle. This chapter discusses the Commission's proposed approach to developing and publishing the schedule.
- ▶ **Chapter 7: Cost recovery**

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The legislation provides for the authority implementing and operating the scheme to recover the Commission's costs. This chapter discusses the Commission's proposed approach to cost recovery.

► **Chapter 8: Next steps**

This chapter discusses the subsequent process towards implementing the scheme after the release of this draft Framework and Approach.

### **1.3 Consultation period**

The Commission is consulting on the matters set out in this draft Framework and Approach from 31 March 2022 to 27 May 2022 and encourages any interested stakeholder to provide a submission (Details on how to make a submission can be found on the inside cover of this document.) Throughout the consultation period, Commission staff are available to discuss the proposals in this consultation document.



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## 2 The legal framework for the rates oversight scheme

### 2.1 Legislative requirements and Strategic Management Plans

The *Local Government Act 1999* currently provides for a cycle of planning, aimed at embedding financial sustainability into a council's planning processes. It requires that a council must ensure the sustainability of its long-term financial performance and position.<sup>3</sup>

Councils are also required to have an SMP; specifically, a LTFP and IAMP, both covering a period of at least ten years.<sup>4</sup>

The Act requires that LTFPs be reviewed on an annual basis.<sup>5</sup> As part of that review, a council's Chief Executive Officer must prepare a report on the council's financial sustainability.<sup>6</sup> IAMPs need to be updated within two years after each general election of the council.<sup>7</sup> The council's Audit Committee must provide input to any review of SMPs.

### 2.2 Summary of the legal framework allowing for the scheme

The legal framework for the scheme, which builds on the existing SMP requirements, covers:

- ▶ the authority that will administer the scheme
- ▶ how that authority will recover its costs of administering the scheme
- ▶ the general mechanics of the scheme and its scope
- ▶ publishing of information, and
- ▶ information gathering powers.

#### 2.2.1 The authority administering the scheme

The *designated authority* administers the scheme. In the absence of a specific person or body being identified, this defaults to the Commission. As matters currently stand, the Commission will undertake this role.

#### 2.2.2 Recovering the costs of administering the scheme

The costs of administering the scheme are to be recovered from each council, as a debt due from the council to the Commission. That is, the Commission will have to invoice each council a proportion of the cost incurred in developing and, thereafter, administering the scheme, unless other billing arrangements are put in place.

#### 2.2.3 General mechanics and scope of the scheme

The implementation of the scheme is split into *prescribed periods*. A prescribed period cannot be less than three financial years (but can be more). The prescribed period has been set (under regulation) at four years for at least the first cycle of the scheme.

---

<sup>3</sup> Section 8.

<sup>4</sup> Section 122 (1a)

<sup>5</sup> Section 122 (4)(a)

<sup>6</sup> Section 122 (4a)(a)

<sup>7</sup> Section 122 (4)(b)

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The Commission determines a schedule across the prescribed period, whereby different councils provide information and receive advice in different financial years, on a rotational basis. Through this, the implementation of the scheme can be staggered across the 68 councils based on the schedule determined. The Commission understands that the schedule can be re-set at (but not before) its conclusion, such that the initial schedule may be different to subsequent schedules.

The financial year within the prescribed period for which the council is to provide information relating to its LTFP and IAMP is that council's *Relevant Financial Year*. On or before 30 September of the Relevant Financial Year, the council must provide all relevant information to the Commission on the *Relevant Matters*. This is to be done in accordance with any guidelines determined by the Commission (noting that the making and issuing of guidelines is discretionary). The Relevant Matters are:

- ▶ material amendments made or proposed to be made to the council's LTFP and IAMP, and the council's reasons for those amendments
- ▶ revenue sources outlined in the LTFP, and
- ▶ any other matter prescribed by the regulations.

Within the Relevant Financial Year for a council, the Commission must, on or by the 28 February of the Relevant Financial Year:

- ▶ provide advice to the council on the appropriateness of the Relevant Matters, in the context of council's long-term LTFP and IAMP, and
- ▶ if considered appropriate by the Commission and having regard to the circumstances of a particular council, provide advice in relation to any other aspects of the council's LTFP and IAMP.

In providing the advice, the Commission must have regard to:

- ▶ the need for councils to maintain and implement LTFPs and IAMPs on an ongoing basis, and
- ▶ ensuring that the financial contributions proposed to be made by ratepayers, under the council's LTFP and IAMP, are appropriate and any material amendments, made or proposed to be made to these plans, are appropriate.

Finally, the Commission may have regard to any information or matter it considers relevant, regardless of whether the information or matter falls within the ambit of the Relevant Matters.

#### 2.2.4 Publishing information

The following information must be published:

- ▶ A council must continue to publish the advice provided by the Commission and any response it has to that advice, in both its draft and adopted annual business plans, until the next Relevant Financial Year for that council.
- ▶ The Commission must publish the advice provided to each council, the schedule identifying the relevant financial year for each council and any guidelines that it decides to make.

#### 2.2.5 Information gathering powers

When acting as the designated authority, the Commission may, by written notice, require a council to give it, within a time frame and in a manner stated in the notice (which must be reasonable), information the council possesses that the Commission reasonably requires to perform its functions under the scheme.

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## 2.3 Commission's interpretation of the legal framework

### 2.3.1 Overarching intent of the legal framework

The legal framework giving effect to the scheme relates to monitoring and the provision of advice, not economic regulation. It does not provide to the Commission any powers to enforce compliance measures, set service standards or regulate any council's rates. In this respect, it differs from other States' council rates regulation frameworks, such as those in Victoria and New South Wales.

The scheme is relatively general and provides the Commission with considerable scope in relation to scheme design and implementation, as well as the advice which is to be provided to each council.

How a council responds to advice provided by the Commission is a matter for that council. So, the scheme can be thought of in part as a mechanism to transparently ascertain what a council's response to advice provided by an independent body is over time.

#### Consultation question

2.1 Do stakeholders agree with this interpretation of the legal framework?

- ▶ If not, why not?

### 2.3.2 The scope and context of the advice

The advice must provide the Commission's assessment of the Relevant Matters:

- ▶ Advice relating to any material amendments made or proposed by the council to its LTFP and IAMP, and the council's reasoning for these amendments. In developing its advice, the Commission must have regard to the appropriateness of any material amendments.
- ▶ Advice regarding the revenue sources proposed within the LTFP. This is independent of whether any material amendments have been proposed by the council. In doing so, the Commission must have regard to ensuring that the financial contributions proposed to be made by ratepayers, under the council's LTFP and IAMP, are appropriate.
- ▶ Advice on any other matter prescribed by the regulations, of which there are none at present.

Further, if it chooses to, the Commission can also provide advice on any other aspects of the council's LTFP and IAMP.

In providing any advice, the Commission must have regard to the council maintaining and implementing LTFPs and IAMPs on an ongoing basis. That is, the advice should not, if followed, have the effect of preventing the council maintaining or implementing appropriate LTFPs and IAMPs.

The Commission's advice with respect to the Relevant Matters is to be formed within the context of the council's LTFP and IAMP; any advice on any other aspect of the council's LTFP and IAMP, outside of the Relevant Matters, must have regard to the circumstances of the council. This means that what might constitute a material amendment is to be considered as specific to each council, rather than through a generic approach.

Overall, the allowable scope and the information used to inform the Commission's advice is broad, with the existing statutory requirement for councils to maintain and implement LTFPs and IAMPs central to the advisory process. As the underlying objective of LTFPs and IAMPs is to assist in ensuring a council's long-term financial and service sustainability - benefiting ratepayers - this suggests the key questions underpinning any advice are:

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- ▶ Whether a council's LTFP and IAMP are robust, consistent with each other and successfully implemented, with actual performance relative to plans monitored?
- ▶ Do the LTFP and IAMP, and the implementation of those plans, ensure the sustainability of the council's long-term financial performance and position?
- ▶ What are the implications of the above for a council's long-term financial sustainability and service risk profile, and the consequent appropriateness of the path projected for general rates and other income sources?

In relation to the issue of risk profile, the Commission considers the following factors particularly relevant:

- ▶ the cost control measures within the LTFP and IAMP
- ▶ the affordability of the LTFP and IAMP, given the demographics of a council's ratepayers, and
- ▶ the credibility of the LTFP and IAMP from a practical implementation perspective.

Finally, the Commission does not intend that the advice will, in the first cycle of the scheme, be based on inter-council comparisons, or that it should be used for that purpose. The advice is intended to provide greater transparency and understandability to ratepayers within a particular council area. While comparisons may be helpful as the scheme matures, and to do so is within the scope of advice under the terms of the scheme, the Commission's priority for the first cycle of the scheme is to consider a council's own future plans in the context of that council's own performance over time.

**Consultation question**

**2.2** Do stakeholders agree with this interpretation of the scope and context of the advice to be provided under the scheme?

- ▶ If not, why not?



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## 3 Implementing the legislation in practice

### 3.1 Cycle one: Step one – Defining the Schedule

The scheme is cyclical. Its first cycle is defined by the first year the Commission is required to provide advice, the Prescribed Period, and the Schedule adopted.

The Prescribed Period is set at four years (under regulation), commencing in 2022-23; the Schedule (which is to be published by the Commission) relates to which of the 68 councils will go through the scheme in each year of the Prescribed Period.

If, hypothetically, councils are allocated in equal number across years, then 17 councils will be taken through the scheme each year. The Relevant Financial Years for the first cycle are, therefore, 2022-23, 2023-24, 2024-25 and 2025-26. The Schedule for this first cycle of the scheme is considered in more detail in Chapter 6.

### 3.2 Cycle one: Step two - Information provision, timing, and guidelines

If a particular council is in the first tranche of councils that go through the scheme, as defined by the Schedule, then that council's Relevant Financial Year is 2022-23. That is the year the council provides information relating to its LTFP and IAMP.

The Commission can make guidelines that outline the type of information required to be provided by councils, and the form and structure of that information. Guidelines can also define the timing of the provision of the information. Information provision, timing and guidelines is considered further in Chapter 5.

### 3.3 Cycle one: Step three - Provision and publication of advice

For those councils in the first cycle (Relevant Financial Year 2022-23), the Commission must provide advice to the council by no later than 28 February 2023. A council must publish that advice and any response to it, in both its draft and adopted annual business plans, until the next Relevant Financial Year for that council (that is, at the commencement of the next four-year cycle for that council – see section 3.4 below). The Commission also publishes the advice it has provided - but not the council's response to it. The analytical framework the Commission proposes to adopt to develop its advice is detailed in Chapter 4.

### 3.4 Cycle two: Steps one-to-three

If, for the second cycle, the Prescribed Period continues to be four years, a council which had a Relevant Financial Year of 2022-23 in the first cycle, is likely to have a Relevant Financial Year of 2026-27 for the second cycle (noting that the rotation of councils can be changed in the second Prescribed Period, if it becomes clear that there is a net benefit in doing so).

The three steps outlined for the first cycle would be repeated but with an updated LTFP and potentially an updated IAMP. In addition, the Commission will assess and comment on the extent to which the advice provided in the first cycle was adopted by the council, the council's reasoning for its approach to adopting or not adopting the advice, as well as the council's actual performance, relative to LTFPs and IAMPs as they were at the time of the first cycle assessment.

Through this process, a transparent, evidence-based picture of both a council's response to the advice provided and its actual performance relative to its plans at that time can be developed; however, that picture will only start to emerge during (and following) the second cycle. This is because the first cycle sets a **baseline** to assess a council's actual response to the advice and its actual performance relative to that which it had planned to put in place.

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## 4 Provision and publication of advice

### 4.1 Introduction

The legal framework does not prescribe how the Commission should go about developing its advice. This chapter discusses the analytical framework the Commission proposes to use – consistently across all councils - to do so. The questions it addresses are:

- ▶ What principles should underpin the analytical framework?
- ▶ What overarching analytical framework should be used?
- ▶ How should this be applied?
- ▶ What should the advice cover and what should be published?
- ▶ How does the proposed approach align with the legislative framework and principles?

### 4.2 The principles underpinning the analytical framework

The Commission proposes that the analytical framework should have regard to the following principles:

Table 1: Principles underpinning the analytical framework

Principle	Reason
<b>Principle 1:</b> Monitoring, not regulating	The scheme relates to monitoring, not economic regulation. As such, the design focuses on providing evidence-based and useful advice. The objective being, through time, to develop a record of a council's performance, relative to its long-term planning, and its response to advice, as the basis for changing behaviours and outcomes over time. The scheme does not provide the Commission with powers to enforce compliance measures, set service standards or regulate any council's rates. In those respects, it differs from other States' council rates regulation frameworks, such as those in Victoria and New South Wales.
<b>Principle 2:</b> Long-term planning focus	While councils can provide a diverse range of services, they are generally delivered through infrastructure and operations that require long-term planning. As such, in the absence of significant shocks outside of a council's control, its long-term plans would not be expected to exhibit significant variation through time (replacement/renewal expenditure should not materially vary due to political cycles, or short-term transient operational or financial concerns).
<b>Principle 3:</b> Materiality	Focus will be given to key overarching targets and measures. Otherwise, the underlying analysis may become unduly complex/disaggregated, with key observations diluted through unnecessary detail.
<b>Principle 4:</b> Simplicity	The scheme will be as simple as it practically can be and be capable of being applied across the diverse range of councils within South Australia.

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Principle	Reason
<b>Principle 5:</b> Leveraging existing information and evidence	The Local Government Association ( <b>LGA</b> ) collects data and provides guidance material regarding financial and service sustainability. As such, a significant amount of underlying information and a standard accounting framework exists - this will underpin the analytical framework. <sup>8</sup>  In accordance with the legislative framework <sup>9</sup> , if demonstrable gaps in information become apparent that are of relevance to the operation of the scheme, it may be necessary to collect further information in relation to this.
<b>Principle 6:</b> Consistency of application	The scheme will be applied consistently across councils in terms of the underlying processes and analytical framework. Advice across councils will only be similar if all the inputs into the analytical framework (both quantitative and qualitative) result in similar advice being warranted.
<b>Principle 7:</b> Transparency	The implementation of the scheme requires transparency in processes and approach. Each council will be provided with the information and calculations upon which the advice relating to it has been based.

**Consultation question**

4.1 Do stakeholders consider these principles appropriate for the analytical framework?

- ▶ If not, why not? How should they be changed and why?

### 4.3 Overarching analytical framework

#### Methodological Proposal 1

The Commission proposes that the analytical framework of the scheme be based upon:

- ▶ The definition of financial sustainability as explained in section 4.3.1.
- ▶ The financial indicators and targets described in section 4.3.2, comprising:  
*Operating surplus ratio, net financial liabilities ratio and the asset renewal funding ratio.*
- ▶ The use of the model financial accounting framework described in section 4.3.3.

Supported by an understanding of a council's:

- ▶ business planning process for its LTFP and IAMP, and
- ▶ implementation of its LTFP and IAMP.

<sup>8</sup> The Commission's understanding is that no specific requirements have been set out by either the South Australian Local Government Grants Commission (**LGGC**) or the Local Government Finance Authority (**LGFA**).

<sup>9</sup> The legislative framework (Appendix 1) provides the Commission with broad ranging information gathering powers. It also allows for the information required in SMPs to be amended by regulation.



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### 4.3.1 The meaning of financial sustainability

The LGA has undertaken considerable work to assist councils in meeting their financial sustainability obligations under the *Local Government Act (1999)*. To complement councils' obligations regarding SMPs, the LGA provides a series of information papers, covering aspects of financial sustainability and financial governance in local government.<sup>10</sup> These papers were originally published between 2006 and 2011. There is no prescribed cycle for updating these papers. Any updating is undertaken by the LGA when it considers it relevant to do so.

Of relevance to the analytical framework is the definition of financial sustainability, along with the associated overarching financial indicators used to gauge performance relative to that concept. As set out by the LGA in its papers, the nationally-agreed definition of financial sustainability for the local government sector is:

*A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.*

This can be considered in the context of the following three elements:

Table 2: Elements of financial sustainability

Element	Description
Program stability	This relates to the provision of reliable quality services over time, and requires a stable and consistent set of actions, from the perspective of day-to-day operational practices and infrastructure management.
Rate stability	This relates to charging rate payers reasonably to fund the services, underpinned by the program of works noted previously (program stability). Rates should be stable, noting that stable does not mean a fixed value. It relates to rates not exhibiting large or unplanned year-on-year variances.
Intergenerational equity	This relates to fairly sharing services and the associated cost between current and future ratepayers. It requires adopting sound long-term financial management principles, particularly in relation to the balance between debt and cash in financing service delivery.

In addition, the Commission notes that the financial sustainability of any given council should take account of cost control and affordability. This is because any council will find it challenging to develop a credible long-term financial and service sustainability strategy if the costs associated with the services it delivers, given the infrastructure used to deliver them, do not reflect the financial capacity of its ratepayers.

### 4.3.2 The role of financial indicators in assessing financial sustainability

The LGA considers performance, relative to this definition of financial sustainability, can be encapsulated in the following financial indicators, which are specified in the *Local Government (Financial Management) Regulations 2011*.

<sup>10</sup> There are 21 current information papers on the LGA website, accessible to members.

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Table 3: Overarching financial indicators specified by the LGA

Financial Indicator	Description
Operating surplus ratio	<p><b>Explanation:</b></p> <p>The operating surplus ratio relates to a council's financial performance.</p> <p><b>Definition:</b></p> <p>The <i>Operating Surplus (Deficit)</i> is defined as:</p> $\frac{\text{Total Operating Income}^{11}}{\text{Total Operating Expenses}^{12}}$ <p>The <i>Operating Surplus Ratio</i> is defined as:</p> $\frac{\text{Operating Surplus (Deficit)}}{\text{Total Operating Income}}$ <p><b>Application:</b></p> <p>Applied historically in the context of audited financial statements, and to forward-looking LTFPs.</p> <p><b>Target:<sup>13</sup></b></p> <p>The LGA considers that, on average, over time, an operating surplus ratio of between zero and ten percent is appropriate.</p> <p><b>Interpretation:</b></p> <p>A positive ratio indicates the percentage of operating income available to help fund proposed capital expenditure, or to reduce debt (if this represents an appropriate long-term strategy).</p>

<sup>11</sup> Total Operating Income comprises: Rates; Statutory Charges; User Charges; Grants, subsidies and contributions; Investment income; Reimbursements; Other income; Net gain – equity accounted Council businesses.

<sup>12</sup> Total Operating Expenses comprises: Employee costs; Materials, contracts & other expenses; Depreciation, amortisation & impairment; Finance costs; Net loss – equity accounted Council businesses. An Operating Surplus Ratio of zero would, therefore, cover all of these costs.

<sup>13</sup> While section 5(1)(c) of the Local Government (Financial Management) Regulations 2011 allows councils to set their own target ranges for each of the key financial indicators, the Commission has adopted the LGA target ranges as a basis for its analysis. These were established/agreed during the development of the LGA Financial Sustainability Papers (2006-2011).

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Financial Indicator	Description
Net financial liabilities ratio	<p><b>Explanation:</b></p> <p>The net financial liabilities ratio relates to a council's financial position.</p> <p><b>Definition:</b></p> <p><i>Net Financial Liabilities</i> are defined as:</p> $  \begin{aligned}  & \text{Total Liabilities (excl liabilities for equity accounted investments in Council} \\  & \quad \text{businesses)} \\  & \quad \text{less} \\  & \quad \text{Current Assets (Cash and Cash Equivalents)} \\  & \quad \text{less} \\  & \quad \text{Current Assets (Trade and Other Receivables)} \\  & \quad \text{less} \\  & \quad \text{Current Assets (Other Financial Assets)} \\  & \quad \text{less} \\  & \quad \text{Non-Current Assets (Financial Assets)}  \end{aligned}  $ <p>The net financial liabilities ratio is:</p> $  \text{Net financial liabilities} \div \text{Total Operating Income}  $ <p><b>Application:</b></p> <p>Applied historically in the context of audited financial statements, and to forward-looking LTFPs.</p> <p><b>Target:</b></p> <p>The LGA considers a ratio of between zero and 100%, but possibly higher in some circumstances, is appropriate.</p> <p>Also, councils that provide Community Wastewater Management Services (CWMS) are likely to need to have a higher level of net financial liabilities.<sup>14</sup></p> <p><b>Interpretation:</b></p> <p>A reducing ratio over time indicates that a council's capacity to meet its financial obligations from operating income is increasing, but this can be at the expense of intergenerational equity.</p>

<sup>14</sup> Paper 9, p.8.

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Financial Indicator	Description
Asset renewal funding ratio <sup>15</sup>	<p><b>Explanation:</b></p> <p>The asset renewal funding ratio relates to a council's asset management performance.</p> <p><b>Definition:</b></p> <p>Since 2013, the asset renewal funding ratio has been defined as:</p> $\text{Asset Renewal Expenditure} \div \text{IAMP Renewal Expenditure}$ <p>Where IAMP Renewal Expenditure is that required according to the IAMP.</p> <p>Prior to 2013, the asset renewal funding ratio (then known as the asset sustainability ratio), was defined as:</p> $\text{Net Asset Renewal Expenditure} \div \text{Depreciation}$ <p>Where:</p> $\begin{aligned} &\text{Net Asset Renewal Expenditure} \\ &= \\ &\text{Expenditure on Renewal/Replacement of Assets} \\ &\quad \text{less} \\ &\text{Sale of Replaced Assets} \end{aligned}$ <p><b>Application:</b></p> <p>Applied historically in the context of audited financial statements and relevant IAMP, and to forward-looking LTFPs and the current IAMP.</p> <p><b>Target:</b></p> <p>The LGA considers a ratio greater than 90% but less than 110% appropriate.</p> <p><b>Interpretation:</b></p> <p>A ratio in line with the target indicates that existing assets are being renewed and replaced in line with a council's IAMP. A ratio outside of these bounds conveys the converse.</p>

Since 2011, each Council has been required to refer to these three indicators in its LTFP, annual budget, mid-year budget review and annual financial statements.<sup>16</sup> The LGA publishes an annual Financial Indicators Report, providing latest and historical values, as well as comparisons of the three indicators for the local government sector as a whole.<sup>17</sup>

<sup>15</sup> While the definition of this ratio changed in 2013, it continued to be known as the asset sustainability ratio until 2018.

<sup>16</sup> Local Government (Financial Management) Regulations 2011

<sup>17</sup> See Paper 9, p.4, FN8.

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### 4.3.3 Measuring the financial indicators in a consistent manner

The measurement of these financial indicators is specific to the local government sector and is supported by councils having adopted a model financial accounting framework since 2007-08. That framework defines the:

- ▶ component parts of the statement of comprehensive income, statement of financial position, and statement of cash flows
- ▶ definitions of those component parts, and
- ▶ requirements of the supporting notes to the statements.

This has been put in place to facilitate the financial statements across South Australian councils being prepared in a consistent manner, from both a definitional and detail perspective, such that the calculation of the financial indicators can be tracked through the three principal financial statements mentioned above. This applies to both historical information and to each council's forward-looking LTFP.<sup>18</sup> This allows a council's forward-looking projections to be linked to its historical performance. It can also assist in comparisons across councils, to the extent that such comparisons might provide useful insights.

### 4.3.4 Applicability to the analytical framework

These tools can be used as the basis for the overarching analytical framework for the first cycle of the scheme. The three existing financial indicators have been developed by the sector (and should be applied already) and encapsulate each council's approach to its LTFP and IAMP – and hence to financial and service sustainability, cost control and affordability.

Further, they can be measured consistently on both a forward and backward-looking basis, given their connection with the model accounting framework adopted. In doing so, they can capture a council's actual practical business operations historically and its expected business operations in the future. This provides a picture of how a council seeks to manage its ongoing financial and service sustainability, in the context of its past decisions, and the role that general rates, affordability and cost control will play.

If future business operations are underpinned by robust, transparent LTFPs and IAMPs that are consistent with each other, that focus on financial sustainability, cost control and affordability, and are implemented and appropriately monitored, a council will likely exhibit strong future performance with respect to all three financial indicators – benefiting ratepayers. In contrast, the further a council deviates from these practices, the less likely those outcomes and the greater the risk to long-term financial, service sustainability and ratepayers.

#### Consultation question

4.2 Do stakeholders consider this an appropriate analytical framework?

- ▶ If not, why not? How should it be changed and why?

<sup>18</sup> The Commission notes that the Local Government (Financial Management) Regulations 2011 section 5(1) specifies that the LTFP must include a summary of proposed operating and capital investment activities (section 5(1)(b)) and estimates and target ranges for all three key financial indicators (section 5(1)(c)). To prepare these forecasts, information must be drawn from all three principal financial statements - the statement of comprehensive income, statement of financial position, and statement of cash flows.



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#### 4.4 Applying the analytical framework

There are various factors that need to be considered in the context of applying the analytical framework outlined above:

- ▶ What role do historical trends, scale, and inflation play within the analytical framework?
- ▶ What are the key questions that the framework needs to address?
- ▶ How can the framework address these questions and what information is needed to do so?

##### 4.4.1 The role of historical trends, scale, and inflation

###### Methodological Proposal 2

The Commission proposes that the analytical framework adopted should account for:

- ▶ Historical financial trends using the model financial statements from 2007-08.
- ▶ The number of rateable properties for each council.
- ▶ Inflation, using the ABS CPI.

##### 4.4.1.1 The relevance of historical trends

The legislative framework requires the Commission to consider a council's current LTFP and IAMP - which are forward-looking. The Commission has discretion as to whether it places these plans in an historical context. As noted in section 4.3.4 above, historical context appears to the Commission to be critical in understanding the present position of any council and how it seeks to manage financial sustainability, cost control, affordability and general rates going forward. Given this, the Commission considers that, when developing its advice, it is necessary to place LTFPs and IAMPs in the context of historical trends.

###### Consultation question

**4.3** Do stakeholders consider it necessary to consider historical trends when applying the analytical framework?

- ▶ If not, why not? How should it be changed and why?

##### 4.4.1.2 What historical information is needed from each council?

The Commission is proposing to collect historical data from 2007-08 onwards, largely based upon the audited model financial statements that were introduced at that time. Each council should have readily available access to these accounts (and they should have been made publicly available). These statements provide a complete understanding of the movements in each council's income, expenditure, asset stock, reserves and borrowings since their introduction. This allows the identification of any trends within the financial indicators and the underlying variables feeding into those ratios. For a four-year prescribed period, this would result in the following information being required.

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Table 4: Collection of historical financial information by Relevant Financial Year

Relevant Financial Year	Fully audited information <sup>19</sup>
2022-23	2007-08 to 2020-21
2023-24	2007-08 to 2021-22
2024-25	2007-08 to 2022-23
2025-26	2007-08 to 2023-24

In addition, the Commission is proposing to collect information on the number of rateable properties for each council since 2007-08. The Commission's understanding is that councils require this information for billing purposes and provide it to the LGGC. This information will be used to assist in scaling various information sets.

**Consultation question**

**4.4** Do stakeholders consider this to be an appropriate approach for the collection of historical information?

► If not, why not? How should it be changed and why?

**4.4.1.3 Accounting for scale**

Various councils have and will continue to exhibit growth in the number of rateable properties within their geographic areas. Such growth can place services under pressure, for example, driving increased maintenance and renewal needs or new capital investment in infrastructure if additional service capacity is needed. Growth can also provide greater potential for economies of scale, as existing costs can be spread over a larger rate base. So, while overall costs may rise, the revenue needed on a rateable property basis might increase at a lower rate, or even decrease, if scale effects are realised.

Given this, the Commission considers that, to understand the implications of growth, it is appropriate to consider information on a per rateable property basis, as and when needed. This normalises for growth in a simple, understandable way, so providing a proxy to assess whether a council is achieving scale effects as the number of rateable properties changes.

**Consultation question**

**4.5** Do stakeholders agree that, where it is useful to do so, information should be normalised on a per rateable property basis?

► If not, why not? How should it be changed and why?

**4.4.1.4 Accounting for inflation**

The second reading speech for the scheme sets out a reasonable expectation that councils will seek to ensure value for money for their ratepayers through finding efficiencies, rather than ratepayers continually paying for increased costs through increased rates. This efficiency consideration is important, as councils are monopoly providers of services and have the theoretical capacity to pass

<sup>19</sup> For a Relevant Financial Year of 2022-23, the Commission will assess actual financial information up to end 2020-21, and the relevant LTTPs that build on from there.

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through to ratepayers inefficiently incurred costs. Ratepayers cannot substitute to another service supplier and are legally required to pay the rates and service charges set by a council.

It is therefore helpful, for the purposes of the scheme, to compare the growth rate in a council's operating income and operating expenditure data to an underlying measure of inflation that is most relevant to ratepayers.

Given the context and purpose set out in the second reading speech, the appropriate index to utilise for that task is the ABS Consumer Price Index (CPI).<sup>20</sup>

The CPI is a general measure of price inflation for the household sector. It measures changes in the price of a fixed quantity of goods and services acquired by consumers in metropolitan private households. This group of consumers includes a wide variety of sub-groups such as wage and salary earners, the self-employed, self-funded retirees, age pensioners, and social welfare beneficiaries.<sup>21</sup>

Using the CPI in the context of the scheme will afford councils and ratepayers the opportunity to improve their understanding of the extent to which growth in a council's operating income and operating expenditure is in line with, greater, or less than general price growth within the economy. This is relevant to the Commission's statutory task of assessing councils' LTFPs and IAMPs, and the associated issues of cost control, affordability and general rates, for the following reasons:

- ▶ Subject to service levels being maintained, growth in a council's operating expenditure on a per rateable property basis relative to the CPI provides a proxy for the council's general performance in controlling its costs. If operating expenditure growth per rateable property is broadly in line with the CPI, the council is potentially performing in-line with the overall economy in terms of cost control. If it is significantly greater than the CPI, the council's performance might be worse than the overall economy, unless there is an evidence-based reason for this outcome. If significantly less than the CPI, the council's performance would appear better than the overall economy, unless this has been at the expense of service reductions.
- ▶ The ability of the ratepayers of a council area to consistently absorb growth in general rates per rateable property that is greater than the CPI is dependent on the income base of the ratepayers and the extent to which this increases relative to the CPI. If a council's ratepayers have a relatively low-income base that struggles to keep pace with the CPI, it is unlikely that the council will be able to sustain rates growth per rateable property that is persistently above the CPI over the longer term. The converse applies if a council's ratepayers have a relatively high-income base that generally rises at a rate above the CPI.

The Commission notes that there is a council-specific index used within the local government sector: the Local Government Price Index (LGPI), developed by councils in conjunction with the South Australian Centre for Economic Studies.<sup>22</sup> The LGPI measures price movements faced by councils in respect of their purchases of goods and services. Although it may be considered a robust tool for that particular purpose, given the focus of the second reading speech, it is not as relevant for the purposes of this scheme.

<sup>20</sup> For actual inflation, it is proposed to use the ABS Australian CPI (weighted average of eight capital cities) index. For forecast inflation, it is proposed to use the RBA short- to medium-term forecast and, thereafter, the RBA long-term inflation target.

<sup>21</sup> ABS, A Guide to the Consumer Price Index: 17<sup>th</sup> Series, 2017, accessed 8 December 2021, available at: <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/6440.0Main%20Features22017?opendocument&tabname=Summary&prodno=6440.0&issue=2017&num=&view>

<sup>22</sup> SACES, About the Local Government Price Index, available at: <https://www.adelaide.edu.au/saces/economy/lgpi/>

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**Consultation question**

**4.6** Do stakeholders agree that use of the CPI is an appropriate index to utilise when considering a council's operating income and expenditure growth over time?

If not, why not? How should it be changed and why?

**4.4.2 The key questions to address**

The Commission considers the following relevant to developing advice in the context of the legal framework:

- ▶ Whether a council's LTFP and IAMP are robust, consistent with each other and successfully implemented, with actual performance relative to plans monitored?
- ▶ Do the LTFP and IAMP, and the implementation of those plans, ensure the sustainability of the council's long-term financial performance and position?
- ▶ What are the implications of the above for a council's long-term financial sustainability and service risk profile, and the consequent appropriateness of the path projected for general rates and other income sources?

In relation to risk profile, the Commission considers the following factors relevant.

- ▶ The cost control measures within the LTFP and IAMP.
- ▶ The affordability of the LTFP and IAMP, given the demographics of the ratepayers.
- ▶ The credibility of the LTFP and IAMP from a practical implementation perspective.

This is because LTFPs and IAMPs that do not demonstrate robust cost control measures will not be affordable, are unlikely to be implementable and will likely carry greater risk than an LTFP and IAMP exhibiting the converse characteristics. To assess this, the Commission considers the following questions of relevance and proposes to apply these in its internal analysis when developing advice.



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Table 5: Key questions for the Commission in implementing the framework

Area	Key questions
Operating Surplus Ratio	<p>To understand what is driving a council's operating surplus ratio and the extent to which this indicates potential concerns regarding affordability and cost control risk.</p> <p><b>Operating surplus ratio</b></p> <ul style="list-style-type: none"> <li>▶ <i>Question 1: How has the council's operating surplus ratio performed historically?</i></li> <li>▶ <i>Question 2: How is the council's operating surplus ratio projected to perform?</i></li> </ul> <p><b>Underlying variables: Total operating income and total operating expenses</b></p> <ul style="list-style-type: none"> <li>▶ <i>Question 3: What trends in total operating expenses and total operating income are contributing to this performance?</i></li> </ul> <p><b>Underlying variables: Total operating income</b></p> <ul style="list-style-type: none"> <li>▶ <i>Question 4: What are the trends in the sources of operating income?</i></li> <li>▶ <i>Question 5: What are the trends in operating income per rateable property?</i></li> <li>▶ <i>Question 6: How do the trends in operating income per property compare to CPI growth?</i></li> <li>▶ <i>Question 7: Is there any indication of affordability risk existing or emerging?</i></li> </ul> <p><b>Underlying variables: Total operating expenses</b></p> <ul style="list-style-type: none"> <li>▶ <i>Question 8: What are the trends across operating expenses categories?</i></li> <li>▶ <i>Question 9: What are the trends in operating expenses per rateable property?</i></li> <li>▶ <i>Question 10: How do the trends in operating expenses per property compare to CPI growth?</i></li> <li>▶ <i>Question 11: Is there any indication of cost control risk developing or emerging?</i></li> </ul>
Net financial liabilities ratio	<p>To understand what is driving a council's net financial liabilities ratio and the extent to which this indicates potential concerns regarding financial and service sustainability risk.</p> <p><b>Net financial liabilities ratio</b></p> <ul style="list-style-type: none"> <li>▶ <i>Question 12: How has the council's net financial liabilities ratio performed historically?</i></li> <li>▶ <i>Question 13: How is the council's net financial liabilities ratio projected to perform?</i></li> </ul> <p><b>Underlying variables: Net financial liabilities and total operating income</b></p> <ul style="list-style-type: none"> <li>▶ <i>Question 14: What trends in net financial liabilities and total operating income are contributing to this performance?</i></li> </ul> <p><b>Underlying variables: Net financial liabilities</b></p> <ul style="list-style-type: none"> <li>▶ <i>Question 15: What trends in total borrowings relative to total liabilities are contributing to this performance?</i></li> <li>▶ <i>Question 16: What trends in cash and cash equivalents are contributing to this performance?</i></li> </ul>

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Area	Key questions
	<p>▶ <b>Question 17:</b> <i>Is there any indication of financial sustainability risk developing or emerging?</i></p> <p>The more detailed trends in total operating income are considered as part of the analysis of the operating surplus ratio.</p>
Asset renewal funding ratio	<p>To understand what is driving a council's asset renewal funding ratio. This relates to assessing the consistency of the LTFP and IAMP, and the extent to which these appropriately reflect actual asset condition. This has implications for financial and service sustainability, as well as affordability and cost control risk.</p> <p><b>Asset renewal funding ratio</b></p> <p>▶ <b>Question 18:</b> <i>How has the council's asset renewal funding ratio performed, and how is it projected to perform, based on the IAMP expenditure approach?</i></p> <p>▶ <b>Question 19:</b> <i>How has the council's asset renewal funding ratio performed, and how is it projected to perform, based on the depreciation approach?</i></p> <p>▶ <b>Question 20:</b> <i>To what extent do the two approaches result in an alignment of the asset renewal funding ratio calculated?</i></p> <p><b>Underlying variables: Asset renewal/replacement expenditure, IAMP renewal/replacement expenditure and depreciation</b></p> <p>▶ <b>Question 21:</b> <i>What trends in asset renewal/replacement expenditure and IAMP renewal/replacement expenditure are contributing to the performance of the asset renewal funding ratio, based on the IAMP expenditure approach?</i></p> <p>▶ <b>Question 22:</b> <i>What trends in asset renewal/replacement expenditure and depreciation are contributing to the performance of the asset renewal funding ratio, based on the depreciation approach?</i></p> <p>▶ <b>Question 23:</b> <i>How is any difference explained within the council's LTFP and IAMP?</i></p> <p><b>Underlying variables: Asset renewal/replacement expenditure</b></p> <p>▶ <b>Question 24:</b> <i>What are the trends contributing to the asset renewal expenditure?</i></p> <p>▶ <b>Question 25:</b> <i>What are the trends in renewal/replacement expenditure relative to new/enhancement expenditure?</i></p> <p><b>Underlying variables: IAMP renewal/replacement expenditure</b></p> <p>▶ <b>Question 26:</b> <i>To what extent does the IAMP renewal/replacement expenditure relate to an up-to-date assessment of actual asset condition?</i></p> <p><b>Underlying variables: Depreciation</b></p> <p>▶ <b>Question 27:</b> <i>What is contributing to the trend in depreciation?</i></p> <p>▶ <b>Question 28:</b> <i>Is IAMP renewal/replacement expenditure reasonable given the trend in depreciation and the response to Question 26?</i></p> <p>▶ <b>Question 29:</b> <i>Overall, based on the assessment of the asset renewal funding ratio, is there any indication of financial and service sustainability, cost control or affordability risk developing or emerging?</i></p>

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The above questions 18 to 29 look at the asset renewal funding ratio using the two approaches (using either IAMP expenditure and depreciation as the denominator) that councils have used over time. The Commission considers it useful to consider both approaches in its analysis. It does not, however, endorse one approach over the other. Box 1 provides a summary of why the Commission uses both approaches in its analysis.

**Box 1: Depreciation and IAMP replacement/renewals costs**

The Commission notes that councils have moved from using depreciation as the denominator in the asset renewal funding ratio, to using the IAMP figure for replacement/renewal expenditure. The Commission is proposing to consider the asset renewal funding ratio using both approaches. This is because:

- ▶ Using both depreciation and the IAMP replacement/renewal expenditure approaches for the asset renewal funding ratio provides a way of comparing whether the asset lives assumed in each case are broadly consistent and, if not, why this is the case. A council operates in perpetuity, it does not face competition in providing its services and provides public goods, so there does not appear to be any immediate reason why implied asset lives with respect to depreciation and IAMP replacement/renewal expenditure should vary significantly.
- ▶ The IAMP figure for replacement/renewal expenditure need not be independently tested or audited. There is, therefore, the potential, at least in the short- and medium-term, for it to be set within a LTFP to meet the target range for the asset renewal funding ratio. Also, when there are budget and/or logistical constraints, there can be an incentive to defer renewal/replacement expenditure, while prioritising new capital projects. These factors may result in an IAMP that has no causal relationship to what is happening to asset condition 'on-the-ground', and so to the actual remaining useful asset lives. This may place medium- to long-term service delivery and long-term financial sustainability at risk which, in the Commission's view, is not aligned with council residents' interests.
- ▶ From an asset management perspective, the Commission considers that the replacement/renewal expenditure in an IAMP should be based on an asset condition assessment (that reflects the size of the council and need not be complex). This should be independent of the LTFP, the results of the two being combined only for the purposes of calculating the asset renewal funding ratio and, thereafter, assessing the implications of this.
- ▶ If, for a given value for the asset, depreciation is twice the level of IAMP replacement/renewal expenditure, this suggests that remaining useful asset lives, based on the IAMP, are around twice as long, as that implied by the depreciation schedule. This has implications for the level of general rates and charges that ratepayers face, intergenerational equity between generations of ratepayers, and the risks they face.
- ▶ In the above example, if the depreciation schedule more appropriately reflects the actual remaining asset lives, this suggests that the IAMP renewal/replacement figure is too low, placing longer-term service delivery and financial sustainability at risk. If such a risk materialises, it is borne by council residents, not the council. It manifests through deteriorating service delivery, and the likelihood of higher general rates and charges in the future, to restore infrastructure that has been allowed to deteriorate. The reasons given to why such an outcome could be in residents' interests would need to be understood and considered.
- ▶ Alternatively, if the IAMP renewal/replacement expenditure more appropriately reflects the actual remaining asset lives, this suggests that the depreciation schedule is higher than necessary. A council could consequently be collecting more in general rates and charges than is necessary, given the actual lives of the assets. This means that current residents are paying more than they need to cover renewal/replacement expenditure, relative to future residents,



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which has implications for intergenerational equity. There is also the question of what the additional income is being used for, how this relates to affordability and cost control, both now and in the future, and whether this is in residents' interests.

The above relates to identifying systematic patterns through time. Renewal/replacement expenditure is likely to vary materially between years, while annual depreciation charges are much more constant. It is, therefore, important to look at medium- to long-term trends, and cumulative renewal/replacement expenditure relative to cumulative depreciation when considering these comparisons. The Commission's proposed analytical framework does this.

The questions in Table 5 apply to both the existing LTFP and IAMP and to any revised LTFP and IAMP for a council. They can be assessed with a combination of quantitative and qualitative information. Applying them identifies the extent to which a revised LTFP and IAMP has any material amendments and the implications of those, in terms of financial and service sustainability, cost control and affordability risk.

What constitutes a material amendment will be dependent upon the council being considered. There are 68 councils in South Australia and, as noted in Chapter 1, they are highly diverse in terms of geographic area, demographics, relative wealth and income and service portfolios provided. As such, the Commission does not consider it possible, or appropriate, to provide an empirical or rules-based approach to define what a material amendment means across all councils.

Instead, the Commission's proposed approach is to apply the above questions in respect of each council within the analytical framework it proposes to apply in preparing its advice, as outlined in the following section. This places the concept of a material amendment within the context of each council's historical and projected performance.

**Consultation questions**

**4.7** Do stakeholders consider these to be appropriate questions for implementing the analytical framework?

- ▶ If not, why not? How should they be changed and why?

**4.8** Do stakeholders consider the proposed approach to a material amendment appropriate?

- ▶ If not, why not? How should it be changed and why?



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#### 4.4.3 How the analytical framework can address the key questions and what information is required to do so

##### Methodological Proposal 3

The Commission's proposed analytical framework focuses upon assessing risk profiles and addressing the key questions in Table 5 by comparing:

- ▶ Historical trends to the existing SMP (comprising the LTFP and IAMP).
- ▶ Historical trends to any revised SMP (comprising any revised LTFP and IAMP).
- ▶ The existing LTFP and IAMP, to any revised LTFP and IAMP.

for the operating surplus ratio, net financial liabilities ratio, and the asset renewal funding ratio, and the underlying drivers thereof.

Quantitatively, this will cover trends starting from 2007-08, through to the final year of a council's LTFP, which is dependent upon a council's Relevant Financial Year.

The main quantitative information sources used are:

- ▶ Annual audited financial statements and annual forecasts of the financial statements.
- ▶ Actual annual rateable properties and the forecast number of rateable properties annually.
- ▶ Actual annual CPI and annual CPI forecasts.
- ▶ The Socio-Economic Indexes for Australia (SEIFA) Index of Economic Resources for each LGA, published by the ABS.
- ▶ The *Councils in Focus* database.

Qualitatively it will comprise information which should already be in existence:

- ▶ A council's LTFP document for the financial year preceding its Relevant Financial Year.
- ▶ A council's current IAMP, noting that, at a minimum, an IAMP is to be updated within two years after each general election of the council.<sup>23</sup>
- ▶ CEO financial sustainability report for the financial year preceding the Relevant Financial Year.
- ▶ A council's Audit Committee reviews for the most recent signed-off LTFP and IAMP.
- ▶ Any existing LTFP and IAMP document for the Relevant Financial Year.
- ▶ How the council approaches measuring its performance relative to LTFPs and IAMPs
- ▶ How a council assesses and accounts for its residents' ability to finance its plans.
- ▶ A council's consultation process regarding its LTFPs and IAMPs.
- ▶ Information from the LGFA on a council's ability to carry debt.<sup>24</sup>

<sup>23</sup> Section 122(4)(b). The implication of this is that IAMPs may typically be reviewed every four years, with the maximum time between reviews being six years.

<sup>24</sup> The second reading speech noted that ESCOSA's advice to councils could be to use reserves, or other sensible financing means, instead of rate increases.

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The Commission considers the most tractable way to describe how the analytical framework can be articulated to address the questions in Table 5 is by way of a hypothetical example (it should be noted that this is for illustrative purposes only).

#### 4.4.4 Comparison of historical trends to the existing SMP

Fictional Council A's Relevant Financial Year is 2022-23. This means that, no later than 30 September 2022, it is to provide to the Commission with the information required relating to the Relevant Matters. The comparison of historical trends to the existing SMP would comprise the following quantitative information based on historical actuals, the 2021-22 LTFP and the current IAMP:

**Table 6: Information requirements – existing SMP**

Time period	Information available
Historical actuals 2007-08 to 2019-20	<ul style="list-style-type: none"> <li>▶ Annual audited financial statements based upon the model financial statements.</li> <li>▶ The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the audited financial statements and the IAMP.</li> <li>▶ The actual number of rateable properties.</li> <li>▶ The SEIFA Index of Economic Resources for 2011 and 2016.<sup>25</sup></li> </ul>
Historical estimates 2020-21	<ul style="list-style-type: none"> <li>▶ Annual financial statements based upon the model financial statements.</li> <li>▶ The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the financial statements and the IAMP.</li> <li>▶ An estimate of the number of rateable properties.</li> </ul>
Forward forecasts 2021-22 to 2030-31	<ul style="list-style-type: none"> <li>▶ Annual financial statements based upon the model financial statements.</li> <li>▶ The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the financial statements and the IAMP.</li> <li>▶ Forecasts of the number of rateable properties.</li> </ul>

In addition, Council A should have the following qualitative information available:

- ▶ Council A's actual 2021-22 LTFP and its current IAMP documents.
- ▶ Council A's CEO report on its financial sustainability for 2021-22.
- ▶ Council A's Audit Committee's input relating to the most recent reviews of the LTFP and IAMP.
- ▶ How Council A approaches measuring its performance relative to its LTFPs and IAMPs.
- ▶ How Council A assesses and accounts for its residents' ability to finance its plans.
- ▶ Council A's consultation process regarding its LTFP and IAMP.

In terms of external information sources, the Commission will also have access to:

- ▶ ABS actual CPI figures for 2007-08 to 2021-22.

<sup>25</sup> The SEIFA Index of Economic Resources summarises variables relating to the financial aspects of relative socio-economic advantage and disadvantage. Further information on the SEIFA Index is provided in Appendix 3.

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- ▶ Forecasts of CPI from 2022-23 to 2030-31.
- ▶ Information from the *Councils in Focus* database for cross-checking historical information.
- ▶ Information from the LGFA regarding Council A's capacity to carry debt.

Based on this information, the analytical framework proposed can develop an evidence-based picture, using the financial indicators as a starting point, to consider the key questions and identify any potential risks.

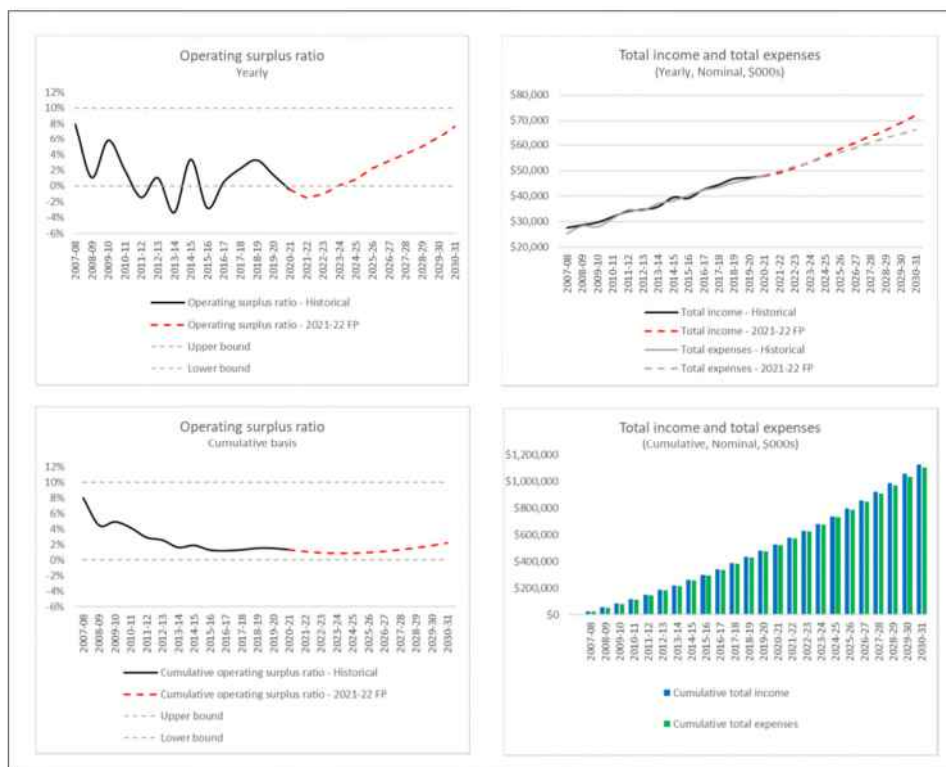
**4.4.4.1 Council A's operating surplus ratio**

The operating surplus ratio is defined as:

$$\text{Operating surplus/deficit} \div \text{Total operating income}$$

The information outlined in Table 6 and obtained for Council A would allow its operating surplus ratio to be considered over 2007-08 to 2030-31 on both a yearly and a cumulative basis. This allows trends in the operating surplus ratio projected over the 2021-22 LTFP to be compared to historical trends, in the context of the target bands defined by the LGA. This relates to consideration of questions 1 to 3 in Table 5.

**Figure 1: Trends in Council A's operating surplus ratio**



Council A projects its operating surplus ratio to increase over the period of the 2021-22 LTFP, relative to recent historical trends. Why this is so may be identified by assessing the trends in the component

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parts of the ratio; that is, total operating income and total operating expenses. Both total operating expenses and total operating income are forecast to rise. As the rate of increase in total operating income exceeds that of total operating expenses, the operating surplus ratio increases. On a cumulative basis, the increase in the operating surplus ratio is more muted over the 2021-22 LTFP.

This leads to the need to gain an understanding of what lies behind the projected increases in total operating income and total operating expenses. In terms of operating income, this relates to questions 4 to 7 in Table 5.

In this example, it can be seen from Figure 2 below that Council A is becoming increasingly reliant upon rates as its main source of operating income. Historically, average rates per rateable property have risen by more than would have been the case if the increase matched CPI. This trend is forecast to become more acute over the 2021-22 LTFP. This is also mirrored in the trend in total operating income over the 2021-22 LTFP.

**Figure 2: Trends in Council A's operating income**



This might suggest the potential for affordability risk to increase over the 2021-22 LTFP, in the absence of evidence to the contrary. Such evidence might relate to the extent the following sources support (or otherwise) the proposition that the continuing rises in the 2021-22 LTFP are affordable for Council A's ratepayers.



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- ▶ Council A's position on the SEIFA Index of Economic Resources. This measures Council A's position relative to other councils in South Australia. Based on ranking from the most to the least advantaged, it provides an independent proxy of the Council's ratepayers ability to consistently absorb above CPI increases. The higher Council A's ranking, the more socio-economically advantaged its ratepayers are from a financial basis, so the greater the likelihood its ratepayers can manage such increases.
- ▶ Information from Council A outlining how it assesses and accounts for its ratepayers' ability to finance its plans, and why it considers the increases proposed in the 2021-22 LTFP affordable for its ratepayers.
- ▶ Information from Council A regarding its approach to consulting its ratepayers on its LTFP and IAMP, and how the implications for rates and charges are communicated.

Based on this information and the empirical analysis, the Commission can make an assessment regarding the extent to which it considers affordability risk a concern that it should account for in its advice.

Regarding total operating expenses, this relates to questions 8 to 11 in Table 5. As seen in Figure 3 below, trends in total operating expenses exhibit similar properties to total operating income. The main difference being that the trend for operating expenses over the 2021-22 LTFP is more in-line with historical trends, when compared to those for operating income.

**Figure 3: Trends in Council A's operating expenses**



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The three main factors driving operating expenses are the costs of employees, materials and contracts, and depreciation. All exhibit growth over the 2021-22 LTFF. In part, the increases in materials and contractors and in depreciation might be attributed to the increasing asset stock (considered further below in relation to the asset renewal funding ratio).

With operating expenses projected to continue to rise, understanding Councils A's approach to cost control is highly relevant. Information on that and how Council A measures its performance relative to its plans, can be obtained via Council A's 2021-22 LTFF and any other evidence it can or chooses to provide demonstrating the cost control performance measures that it has adopted and implemented.

Based on that information and its empirical analysis, the Commission can make an assessment regarding the extent to which it considers cost control risk a concern that it should address in its advice.

Overall, this analytical framework provides an evidence-based approach to drawing out the extent to which affordability and cost control risk may be a concern, in the context of the underlying analysis of what is driving the operating surplus ratio. If risks are identified, how these are being managed/mitigated is highly relevant to the advice provided by the Commission.

#### 4.4.4.2 Net financial liabilities ratio

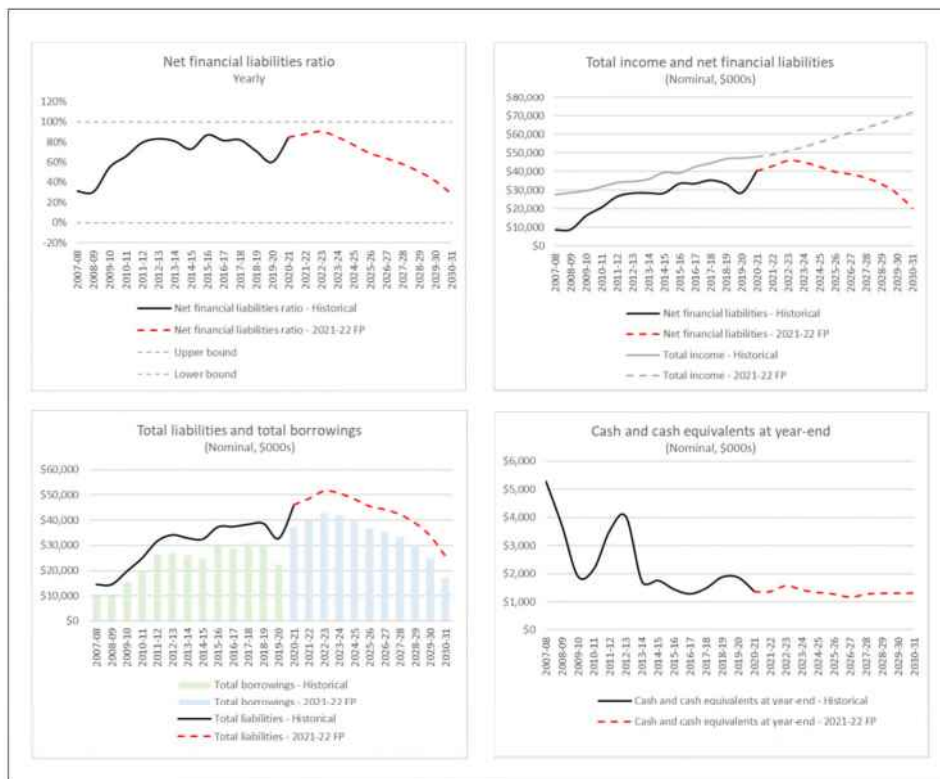
The net financial liabilities ratio is defined as:

$$\text{Net financial liabilities} \div \text{Total operating income}$$

This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. Figure 4 below applies a similar analytical framework to that adopted for the operating surplus ratio, but for the relevant variables and relevant LGA-defined lower and upper bound (see Table 3). It can be used to consider questions 12 to 17 from Table 5.

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Figure 4: Trends in Council A's net financial liabilities ratio



Over Council A's 2021-22 LTFP, its net financial liabilities ratio is expected to decline significantly after rising in the period from 2007-08 to 2019-20. The decline in the ratio is driven by the complementary projections of increasing total operating income (see operating surplus ratio analysis) and reducing net financial liabilities. Net financial liabilities are expected to decline over the 2021-22 LTFP, largely because of lower borrowings. Council A's borrowings are expected to peak around 2022-23 and 2023-24 and then fall off steeply. This occurs as accumulated borrowings are paid back.

To pay back borrowings over the 2021-22 LTFP, Council A can either draw-down its cash and cash-equivalent reserves, use all or some of the operating surplus it is projecting to accrue or a combination thereof. As can be seen from Figure 4, Council A does not forecast drawing down existing reserves over the 2021-22 LTFP. So, in order to pay off debt at the speed projected, Council A would need to use some of the operating surplus it proposes to generate. In part, this assists in explaining the trends seen in the operating surplus ratio, where total operating income is projected to rise at a faster rate than total operating expenses.

The lower level of borrowing projected might appear to reduce Council A's financial sustainability risk; however, borrowing levels are being reduced rapidly and appear to be financed through use of surplus operating income projected over the 2021-22 LTFP. Noting the analysis of the operating surplus ratio (as explained above), it may be the case that the lowering of borrowings over the 2021-22 LTFP at the proposed pace results in greater potential for affordability risk, rather than mitigating or reducing overall risk. Furthermore, a question arises as to whether or not Council A might draw down its borrowings at a slower rate and be able to hold more debt.



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The above observations are based solely on the empirical analysis of the interaction of the operating surplus ratio and the net financial liabilities ratio. Further information may be obtained from Council A's 2021-22 LTFP documentation, its CEO's financial sustainability report, the council's Audit Committee's input into the most recent LTFP and IAMP reviews and through discussions with Council A. In addition, the Commission may seek advice from the LGFA regarding Council A's capacity to carry debt.

Based on that information and the empirical analysis, the Commission can assess the implications for Councils A's financial sustainability risk, while accounting for its relationship with cost control and affordability risk. If risks are identified, how these are being managed/mitigated will be highly relevant to the Commission's advice.

#### 4.4.4.3 Asset renewal funding ratio

Since 2013, the asset renewal funding ratio is defined as:

$$\text{Asset renewal/replacement expenditure} \div \text{IAMP renewal/replacement expenditure}$$

Prior to that time, the definition was:

$$\text{Net asset renewal/replacement expenditure}^{26} \div \text{Depreciation}$$

Unlike the previous two ratios, this ratio links directly to the IAMP of a council, through the asset renewal expenditure identified within the IAMP. This is an important link in ensuring the asset stock can provide ratepayers with services of an appropriate standard. Further, the credibility and robustness of the IAMP relates to a council having processes and procedures in place to have an 'on-the-ground' understanding of the condition of its asset stock that links directly to its IAMP, in terms of costs and outputs expected from renewal and replacement actions.

When considering this ratio, it is relevant and appropriate to have regard to the risks associated with postponing asset renewal/replacement expenditure. Postponement may potentially reduce the short- to medium-term renewal expenditure within the IAMP, which may lead to service sustainability problems and greater long-term costs. It is ratepayers that generally bear this risk if it arises, through deteriorating services in the short- to medium-term and in covering any associated additional costs through general rates and service charges in the longer term.

Given this, the Commission considers that the analysis of the asset renewal funding ratio should encompass additional matters as explained below, alongside analysis based on the current definition of the asset renewal funding ratio. This is because it assists in developing an understanding of a council's long-term financial sustainability risk profile and how this is being managed/mitigated.

- ▶ **The depreciation-based definition for this ratio:** Depreciation provides a proxy for the yearly allowance for renewal/replacement expenditure, based upon the asset lives assumed. If there is a significant misalignment between the yearly depreciation allowance and IAMP renewal/replacement expenditure then the reasons for this would need to be understood, as would any implications.
- ▶ **Analysis of the capital expenditure split between renewal/replacement of existing assets and expenditure on new/upgraded assets:** Expenditure on new/upgraded assets will generally increase the size (financially and physically) of the asset stock that needs to be maintained and renewed/replaced into the future. This represents a potential future liability that the council's ratepayers will be expected to cover. This is regardless of the extent to which the initial new/upgrade capital expenditure was financed through state or federal grants.

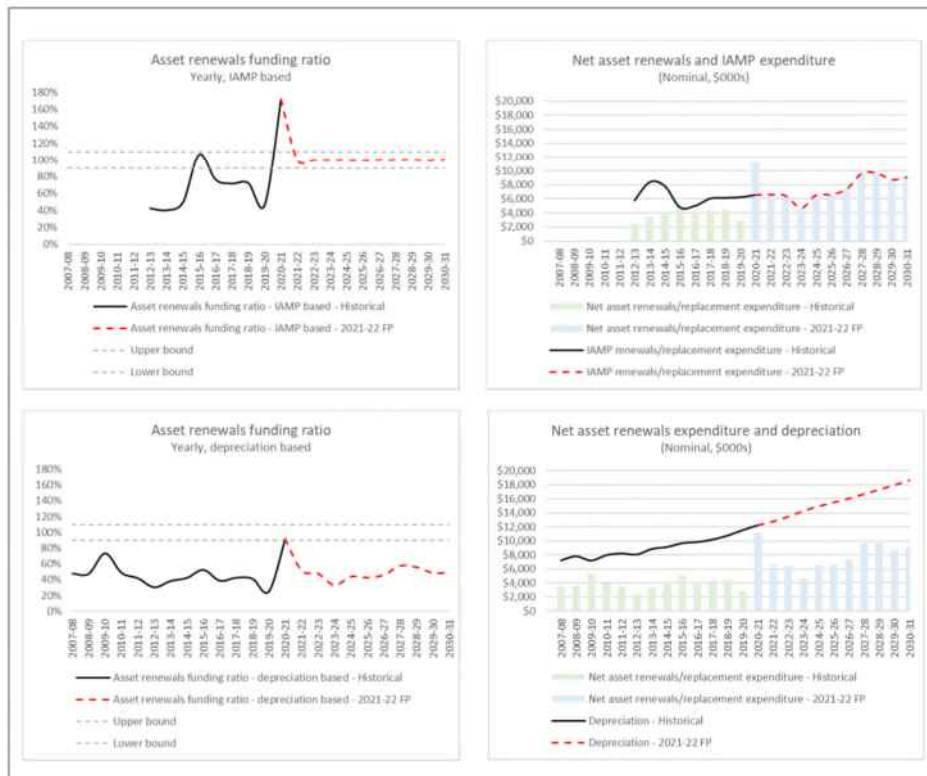
<sup>26</sup> The earlier definition reduced the *asset renewal/replacement expenditure* by netting off any proceeds realised from the *sale of replaced assets*.

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- **Analysis of the value of the overall asset stock on a per rateable property basis:** If the value of the asset stock increases through time on this basis, the growth in the number of rateable properties has lagged that of the value of the overall asset stock. This will have implications for future rates and charges, given no presence of economies of scale.

The above allows the key questions 18 to 29 in Table 5 to be considered. Applying this approach to Council A, the analytical framework results in the trends for the asset renewal funding ratio as shown in Figure 5.

Figure 5: Trends in Council A's asset renewal funding ratio



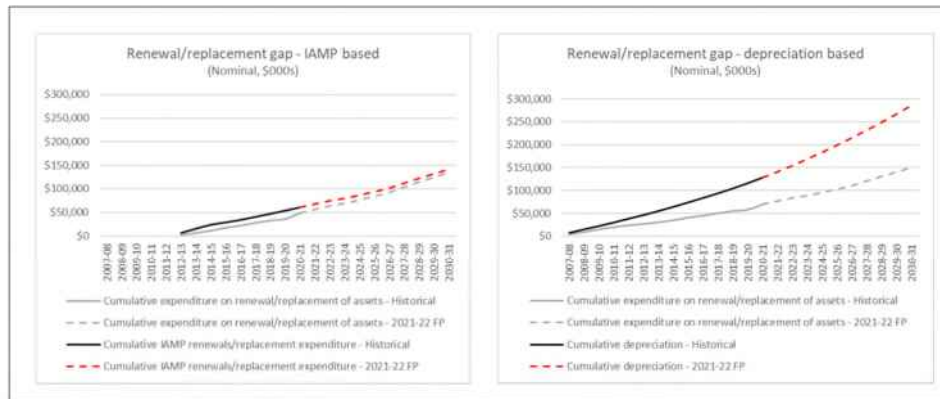
This indicates the following:

- There is misalignment between the yearly trends in the asset renewal funding ratio based upon using depreciation or the IAMP renewal/replacement expenditure. When adopting depreciation, the ratio is consistently below the LGA minimum target, both historically and in the 2021-22 LTFP. By way of contrast, when based on IAMP renewal expenditure, while historically the ratio has been below the LGA minimum target, it is projected to be within or above the upper bound of the target range in the 2021-22 LTFP.
- Yearly IAMP renewal expenditure over the 2021-22 LTFP is projected to be higher than has ever been achieved historically. Despite this, it is below the depreciation schedules in the 2021-22 LTFP.

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Further, on a depreciation basis, Figure 6 below suggests that the cumulative renewal/replacement gap continues to widen over the 2021-22 LTFP. This, in turn, suggests that there is a significant underspend on the renewal/replacement of the asset stock. However, on an IAMP renewal/replacement expenditure basis this would not be the case.

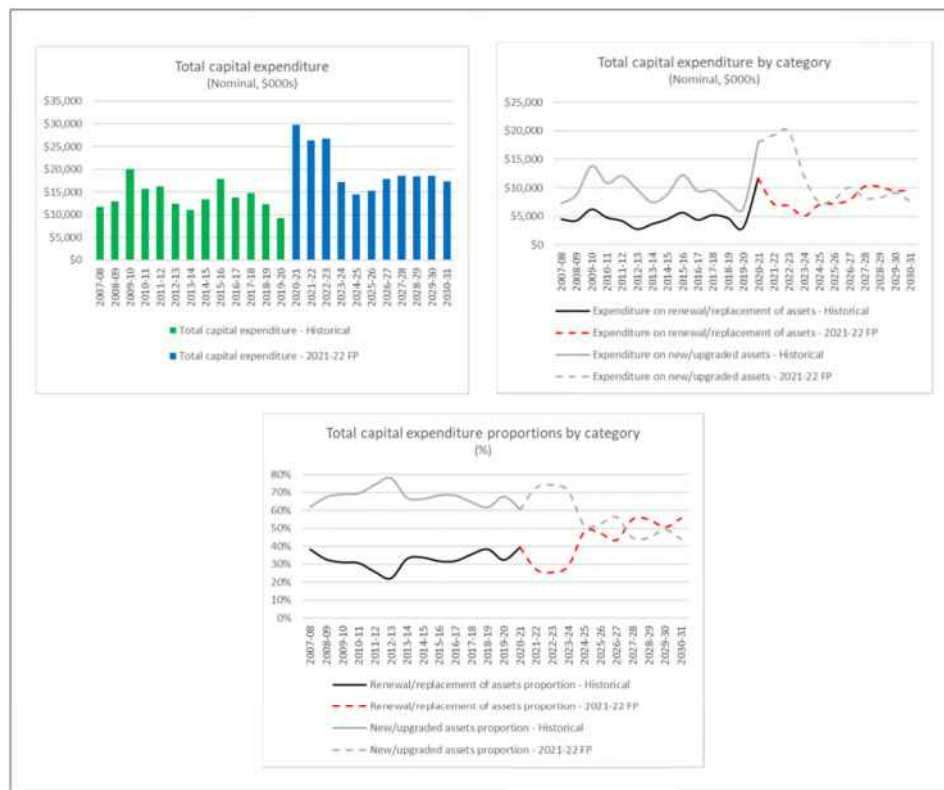
**Figure 6: Trends in Council A's cumulative renewal/replacement expenditure gap**



Overall, these trends suggest there is a need to understand the relationship of Council A's IAMP renewal/replacement expenditure with respect to the 'on-the-ground' condition of the assets and the depreciation schedules. This can be assessed through information provided by Council A in its IAMP, and through discussions with Council A, particularly in relation to how the IAMP has been developed. The outcome of this would be relevant to the Commission's consideration of financial and service sustainability risk and the advice developed.

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Figure 7: Trends in Council A's capital expenditure

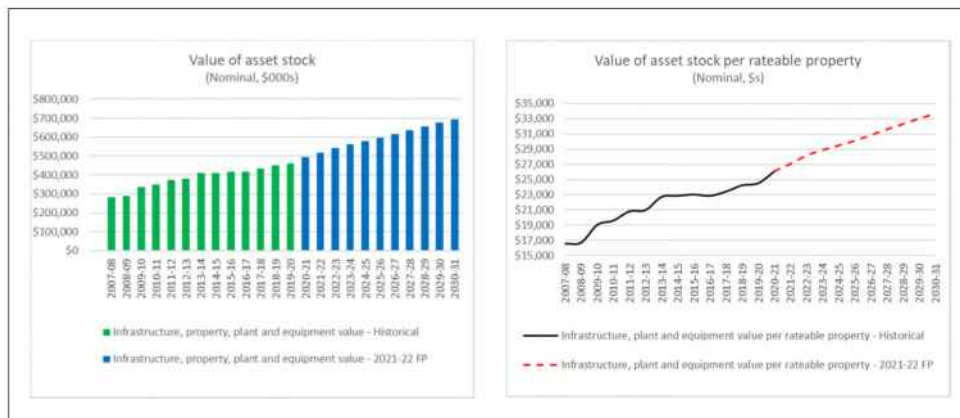


In addition, Council A's capital expenditure trends are provided in Figure 7 above. Historically, Council A's capital expenditure has focused more on new/upgraded assets rather than the renewal/replacement of assets. This trend continues until 2022-23, with capital expenditure on new/upgraded assets projected to be particularly strong in the 2020-21 to 2022-23 period. Thereafter, total capital expenditure becomes more aligned with historical levels, but with the renewal/replacement capital expenditure proportion being at its highest level.

Council A's focus has been predominately on new/upgraded assets. This is resulting in Council A's asset stock value per rateable property maintaining a rising trend over the period of the 2021-22 LTFP, as shown in Figure 8. This suggests that Council A's ratepayers' future liability for financing the renewal/replacement and maintenance of this larger asset stock will go beyond the timeline of the 2021-22 LTFP. This may also have implications for financial and service sustainability, cost control and affordability risk.

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Figure 8: Trends in Council A's asset stock value



**4.4.4.4 Summary**

Through this analytical framework, potential risks to financial and service sustainability, cost control and affordability can be considered, including any linkages between them. It can also account for the relationship between on-the-ground asset condition, how this is transferred to the IAMP and how this links to the LTFP. It combines both quantitative and qualitative information and can be presented through the use of charts to anchor the analysis and advice – and is replicable across councils and by councils.

**4.4.5 Comparison of historical trends to any revised SMP**

The above analytical framework can be replicated for any council's proposed 2022-23 LTFP and IAMP and allows any revisions to be considered relative to the historical context. It also allows any material changes to be identified relative to the existing SMP, and for the impact of those changes to be tracked through to the operating surplus, net financial liabilities, and asset renewal funding ratios. Such a comparison would use the following information:



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Table 7: Information requirements – revised SMP

Time period	Information available
Historical actuals 2007-08 to 2020-21	<ul style="list-style-type: none"> <li>▶ Annual audited financial statements based upon the model financial statements.</li> <li>▶ The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the audited financial statements and the IAMP.</li> <li>▶ The actual number of rateable properties.</li> </ul>
Historical estimates 2021-22	<ul style="list-style-type: none"> <li>▶ Annual financial statements based upon the model financial statements.</li> <li>▶ The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the financial statements and the IAMP.</li> <li>▶ An estimate of the number of rateable properties</li> </ul>
Forward forecasts 2022-23 to 2031-32	<ul style="list-style-type: none"> <li>▶ Annual financial statements based upon the model financial statements.</li> <li>▶ The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the financial statements and the IAMP.</li> <li>▶ Forecasts of the number of rateable properties</li> </ul>

Applying the analytical framework to any revised SMP proposed by a council shifts the timeline forward by a year. This means that the estimates for 2020-21 in the 2021-22 LTFP can be compared with outturn results for that year. This starts the process of assessing the extent to which a council carries out its plans and, if it does not, understanding the reasons why not.

The Commission acknowledges that the proposed analytical framework requires each council to structure any expected revisions to its LTFP in a manner equivalent to the model financial statements, to ensure consistency across comparisons.<sup>27</sup>

So that councils have a transparent understanding of what is required, the Commission has developed an initial set of guidelines and an Excel-based proforma template for councils to adopt. This is discussed further in Chapter 5, with the initial guidelines and the Excel-based proforma template published alongside this consultation document.

The Commission also notes that, unless the Commission requires information earlier, a council is required to provide it no later than 30 September of its Relevant Financial Year. This means that a council will need to be able to identify, articulate and explain any revisions that it considers material by no later than this date. However, the Commission also has the ability to seek information earlier than that date, should the need arise. This is in the nature of a 'reserve power' and, while the Commission does not presently anticipate when such a need might arise, it is important to note that the ability to seek early information exists under the scheme.

Given the long-term nature of the planning process, the Commission expects councils to be capable of readily providing such information, given it is based on a council's own long-term financial and service sustainability strategy rather than on short-term operational and financial management concerns.

<sup>27</sup> Noting that the IAMP is a free form document.

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Consultation question

4.9 Do stakeholders consider this an appropriate approach to the analytical framework to assess the key questions in Table 5?

- ▶ If not, why not? How should the approach be amended and why?



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#### 4.5 Content of the advice and its publication

##### Methodological Proposal 4:

Any advice will be based upon the outcomes of implementing the analytical framework and have regard to the circumstances of each council. The advice will, for each council in its Relevant Financial Year, cover:

- ▶ the extent to which the Commission considers, or otherwise, the appropriateness of a council's LTFP and IAMP, any material amendments to it, and the proposed path for general rates and other revenue sources
- ▶ the long-term financial and service sustainability, cost control and affordability risk considered to exist, based on implementing the analytical framework, and
- ▶ any other factors the Commission considers relevant.

In addition, the advice may provide the Commission's view on the potential actions a Council might take to mitigate/manage any identified risk.

The advice will be published in full on the Commission's website. Each council will publish the advice in full and any response it has to that advice, in both its draft and adopted annual business plans, until the next Relevant Financial Year for that council.

##### 4.5.1 Content of the advice

The Commission's advice will address the matters required under the scheme by reference to historical performance and financial trends, drawing on information which councils are already required to have in place under the *Local Government Act 1999*. The advice will set out that trend information, so as to give context to councils' forward-looking plans, and will identify areas where attention or action may be required to better serve ratepayers' long-term interests. Importantly, the advice to each council will focus on its own trends and plans. The advice will not provide inter-council comparisons.

The Commission does not presently anticipate that the advice will require councils to take specific action, nor will it approve (or otherwise) specific expenditure, programs or projects: those are matters for councils' own decision-making processes.

The development of the Commission's advice will be based upon the evidence available through applying the analytical framework. For each council, the advice will cover the factors outlined in Methodological Proposal 4.

The quantitative analysis (as shown in the example of fictional Council A above) will enable the advice to provide an overarching picture of any potential cost control, affordability, and sustainability risk, based upon actual performance and forecast performance. Further, the advice can utilise available qualitative information regarding a council's SMP, its current CEO sustainability assessment and its approach to setting rates to identify how any risks identified in the quantitative assessment are managed/mitigated, creating opportunity for further discussions on those matters.

The overall outcome of this analysis and any further discussions should identify the extent to which there are potential issues with the council's approach to managing cost control, affordability, and sustainability risk, which can be noted in the advice.

This, in turn, will allow the advice to reference the extent to which a council's price path for general rates might be appropriate in that council's overall context. For instance, the more that issues identified in the advice are systematic and material, the less likely that the path of general rates might be considered appropriate, and vice-versa.

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Finally, the advice and evidence base upon which the advice has been developed, will form part of the evidence base for any subsequent assessment of the council under the scheme.

**Consultation question**

**4.10** Do stakeholders consider this an appropriate approach to developing the content of the advice that the Commission provides to each council?

- ▶ If not, why not? How should the approach be amended and why?

**4.5.2 Publication of the advice**

The Commission proposes that all advice provided should be published in full. This is on the basis a council provides services, subject to limited or no competition, to ratepayers in its region. Ratepayers directly contribute to the financing of those services, generally with no other choice of supplier. Those financial contributions are based directly upon the plans developed and implemented by the council. Given these circumstances, the Commission is of the view that publication of the advice in full is in the public interest and does not constitute commercially sensitive information. The Commission also notes that, under the legal framework, the council can, if it chooses to, respond to the advice provided by the Commission, with that response also being published.

**Consultation question**

**4.11** Do stakeholders consider this an appropriate approach to adopt for the publication of the advice, given the legal framework?

- ▶ If not, why not? How should the approach be amended and why?

**4.6 Alignment with the legal framework and overarching scheme principles****4.6.1 Alignment with the legal framework**

The legal framework does not prescribe how the Commission should develop its advice, only what needs to be covered (the Relevant Matters), and the factors to which it is to have regard in doing so: the council's planning and implementation of LTFPs and IAMPs, along with the circumstances of the council.

The planning and implementing of LTFPs and IAMPs is central to the Commission's proposed analytical approach. It accounts for each council's circumstances in an evidenced-based manner, through the assessment of historical trends. It considers these factors in the context of long-term financial and service sustainability, cost control and affordability, thereby aligning with the *Local Government Act 1999* and the nationally agreed definition of financial sustainability. Further, the analytical approach and advice specifically addresses the Relevant Matters included within the legal framework.

**Consultation question**

**4.12** Do stakeholders consider the analytical framework aligned with the legal framework?

- ▶ If not, why not? How should the approach be amended and why?

**4.6.2 Alignment with the overarching principles for the analytical framework**

The Commission considers that the proposed analytical framework meets the underlying principles outlined in section 4.2, for the following reasons.

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Table 8: Alignment with the overarching principles

Principle	Reasons for alignment
<p><b>Principle 1:</b> Monitoring, not regulating</p> <p><i>The scheme relates to monitoring, not economic regulation. As such, the design focusses on providing evidence-based and useful advice. The objective being, through time, to develop a record of a council's performance, relative to its long-term planning, and its response to advice, as the basis for changing behaviours and outcomes over time. The scheme does not provide the Commission with powers to enforce compliance measures, set service standards or regulate any council's rates. In those respects, it differs from other States' council rates regulation frameworks, such as those in Victoria and New South Wales.</i></p>	<p>The analytical framework does not impose any regulatory measures on a council. Rather, it provides a mechanism of monitoring how a council's planning and implementation processes evolve, how a council performs relative to its own plans over time, and how a council responds to the advice provided regarding its plans and the funding thereof.</p>
<p><b>Principle 2:</b> Long-term planning focus</p> <p><i>While councils can provide a diverse range of services, they are generally delivered through infrastructure and operations that require long-term planning. As such, in the absence of significant shocks outside of a council's control, its long-term plans would not be expected to exhibit significant variation through time (replacement/renewal expenditure should not materially vary due to political cycles, or short-term transient operational or financial concerns).</i></p>	<p>The analytical framework adopts a long-term time horizon, comprising historical trends since 2007-08 and the 10-year forward-looking LTFP and IAMP for a given council. This reflects both how a council has arrived at a particular point and its future expectations. Through this, any material amendments are considered based upon the existing and forecast circumstances of the council.</p>
<p><b>Principle 3:</b> Materiality</p> <p><i>Focus will be given to key overarching targets and measures. Otherwise, the underlying analysis may become unduly complex/disaggregated, with key observations diluted through unnecessary detail.</i></p>	<p>The analytical framework focuses on using only the amount of information necessary to inform the advice. It does this through seeking to understand the movements in the three ratios at a reasonable level of disaggregation, while also accounting for the underlying planning and implementation processes for a council's LTFP and IAMP.</p>
<p><b>Principle 4:</b> Simplicity</p> <p><i>The scheme will be as simple as it practically can be and be capable of being applied across the diverse range of councils within South Australia.</i></p>	<p>The analytical framework is based upon requirements and guidelines that already exist and apply to councils across South Australia. This allows it to be practically applied across the diverse range of councils.</p>
<p><b>Principle 5:</b> Leveraging existing information and evidence</p>	<p>In addition to the analytical framework being based upon requirements and guidelines that already exist, it is also based on information that is readily available. This is because the information is either historical in nature, relates to the LTFP and IAMP process, or is publicly available.</p> <p>The extent to which common information gaps exist across councils that are relevant to the analytical</p>



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Principle	Reasons for alignment
<p><i>The Local Government Association (LGA) collects data and provides guidance material regarding financial and service sustainability. As such, a significant amount of underlying information and a standard accounting framework exists - this will underpin the analytical framework.</i></p> <p><i>In accordance with the legislative framework, if demonstrable gaps in information become apparent that are of relevance to the operation of the scheme, it may be necessary to collect further information in relation to this.</i></p>	<p>framework, will become apparent through applying it across councils.</p>
<p><b>Principle 6:</b> Consistency of application</p> <p><i>The scheme will be applied consistently across councils in terms of the underlying processes and analytical framework. Advice across councils will only be similar if all the inputs into the analytical framework (both quantitative and qualitative) result in similar advice being warranted.</i></p>	<p>Because the analytical framework is based upon existing requirements and guidelines that already apply to South Australian councils, it can be consistently applied across councils. Also, the extent to which a council has, or has not, been complying with the existing requirements and guidelines can be assessed.</p>
<p><b>Principle 7:</b> Transparent process and approach</p> <p><i>The implementation of the scheme requires transparency in processes and approach. Each council will be provided with the information and calculations upon which the advice relating to it has been based.</i></p>	<p>The analytical framework is based upon existing requirements and guidelines that already apply to South Australian councils. Also, the information used within the analytical framework is either based upon sources that are generally accessible to a council, or directly provided by the council to the Commission.</p> <p>So, on the basis the Commission provides, to each council on a consistent basis, the information it has used and any calculations pertaining to that information, the analytical framework represents a transparent process and approach.</p> <p>The potential exception is any information or discussions with the LGFA regarding a council's ability to carry debt. In this context, the Commission understands that a council can also discuss this with the LGFA at any time.</p>

**Consultation question**

**4.13** Do stakeholders consider the analytical framework to be aligned with the overarching principles for its development?

▶ If not, why not?

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## 5 Guidelines and information provision

### 5.1 Introduction

The legislative framework gives the Commission discretion as to whether or not it will make guidelines regarding councils' information provision obligations. It does not prescribe the content of any guidelines nor does it constrain the Commission's requirements regarding the structure and form of any information it requires from councils to operate the scheme (provided that the information sought must be reasonably required for the performance of the Commission's functions under the Act).

### 5.2 Guidelines and information provision

The Commission considers putting in place guidelines and a proforma Excel template<sup>28</sup> to be an appropriate element of the scheme, as it provides councils with transparency regarding the minimum level of information they are required to provide and how they are required to provide it. In turn, this is likely to reduce the number of enquiries while also providing a clearer framework for dealing with enquiries that do arise.

The initial guidelines and proforma Excel template are provided alongside this consultation document. They should be considered in conjunction with this chapter and complement the information requirements outlined in Methodological Proposal 3 in Chapter 4.

The initial guidelines and proforma Excel template are both based on a Relevant Financial Year of 2022-23. The Commission notes that, for each Relevant Financial Year, a revised set of guidelines and proforma Excel template will need to be published, to account for the roll-over of a financial year. The Commission is proposing that these be published no later than the start of each Relevant Financial Year.

The structure of the proforma Excel template uses the model financial statements discussed in section 4.3.3 and outlined in Appendix 2, as the structural basis for the time series information required. It is split into the following sections (tabs in the Excel spreadsheet).

- ▶ **Historical & SMP 2021-22 (A):** This reflects the position for the 2021-22 LTFP and existing IAMP at that time. It provides a time series of actual historical data for 2007-08 to 2019-20 and forecast data for 2020-21 to 2030-31.
- ▶ **Historical & SMP 2022-23 (B):** This reflects the council's proposed position for the 2022-23 LTFP and existing IAMP. It provides a time series of actual historical data for 2007-08 to 2020-21 and forecast data for 2021-22 to 2031-32.

Variances can be calculated between the two sets of time series data. This provides a quantitative approach to identifying the extent to which revisions to the financial plan and IAMP might be considered material. It also provides a way of tracking variances through to their impact on the operating surplus, net financial liabilities and the asset renewal funding ratios.

<sup>28</sup> While an excel template will be used initially, it is intended to develop an automated data collection system.

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## Consultation questions

5.1 Do stakeholders consider publishing a revised set of guidelines and proforma Excel template no later than the start of each the Relevant Financial Year appropriate?

- ▶ If not, why not? How should the approach be amended and why?

### 5.3 Timing of information provision

Information provision for the first cycle of the scheme differs from any subsequent cycle, as there is the additional (one-off) need to gain information from 2007-08 onwards. Overall, the Commission is proposing the following timing for information provision over the four-year Prescribed Period for the first cycle of the scheme.

Table 9: Timing of information provision

Relevant Financial Year	Existing information	Revised information
2022-23	1 August 2022	30 September 2022
2023-24	1 August 2023	30 September 2023  (Unless the Commission specifies an earlier date within 2023-24. It would provide notice of this no later than 28 February 2023.)
2024-25	1 August 2024	30 September 2024  (Unless the Commission specifies an earlier date within 2024-25. It would provide notice of this no later than 28 February 2024.)
2025-26	1 August 2025	30 September 2025  (Unless the Commission specifies an earlier date within 2025-26. It would provide notice of this no later than 28 February 2025.)



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Where existing information and revised information is the following:

Table 10: Definition of existing and revised information

Relevant Financial Year	Existing information	Revised information
2022-23	<ul style="list-style-type: none"> <li>▶ Completed proforma Excel template data tab '<i>Historical &amp; SMP 2021-22 (A)</i>'</li> <li>▶ 2021-22 LTFP and current IAMP document.</li> <li>▶ 2021-22 CEO financial sustainability report.</li> <li>▶ Audit Committee review of 2021-22 LTFP and current IAMP.</li> <li>▶ Information on approach to assessing performance relative to LTFPs and IAMPs.</li> <li>▶ Information on approach to assessing and accounting for residents' ability to finance plans.</li> <li>▶ Information on consultation process for LTFPs and IAMPs</li> </ul>	<ul style="list-style-type: none"> <li>▶ Completed proforma Excel template tab '<i>Historical &amp; SMP 2022-23 (B)</i>'</li> <li>▶ Draft 2022-23 LTFP and IAMP document.</li> <li>▶ Reasons for any material variations identified in the draft 2022-23 LTFP and IAMPs versus 2021-22 documents.</li> <li>▶ Any other material considered relevant.</li> </ul>
2023-24	<ul style="list-style-type: none"> <li>▶ Completed proforma Excel template data tab '<i>Historical &amp; SMP 2022-23 (A)</i>'</li> <li>▶ 2022-23 LTFP and current IAMP document.</li> <li>▶ 2022-23 CEO financial sustainability report.</li> <li>▶ Audit Committee review of 2022-23 LTFP and current IAMP.</li> <li>▶ Information on approach to assessing performance relative to LTFPs and IAMPs.</li> <li>▶ Information on approach to assessing and accounting for residents' ability to finance plans.</li> <li>▶ Information on consultation process for LTFPs and IAMPs</li> </ul>	<ul style="list-style-type: none"> <li>▶ Completed proforma Excel template tab '<i>Historical &amp; SMP 2023-24 (B)</i>'</li> <li>▶ Draft 2023-24 LTFP and IAMP document.</li> <li>▶ Reasons for any material variations identified in the draft 2023-24 LTFP and IAMP versus 2022-23 documents.</li> <li>▶ Any other material considered relevant.</li> </ul>
2024-25	<ul style="list-style-type: none"> <li>▶ Completed proforma Excel template data tab '<i>Historical &amp; SMP 2023-24 (A)</i>'</li> <li>▶ 2023-24 LTFP and current IAMP document.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Completed proforma Excel template tab '<i>Historical &amp; SMP 2024-25 (B)</i>'</li> <li>▶ Draft 2024-25 LTFP and IAMP document.</li> </ul>

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Relevant Financial Year	Existing information	Revised information
	<ul style="list-style-type: none"> <li>▶ 2023-24 CEO financial sustainability report.</li> <li>▶ Audit Committee review of 2023-24 LTFP and current IAMP.</li> <li>▶ Information on approach to assessing performance relative to LTFPs and IAMPs.</li> <li>▶ Information on approach to assessing and accounting for residents' ability to finance plans.</li> <li>▶ Information on consultation process for LTFPs and IAMPs</li> </ul>	<ul style="list-style-type: none"> <li>▶ Reasons for any material variations identified in the draft 2024-25 LTFP and IAMP versus 2023-24 documents.</li> <li>▶ Any other material considered relevant.</li> </ul>
2025-26	<ul style="list-style-type: none"> <li>▶ Completed proforma Excel template data tab 'Historical &amp; SMP 2024-25 (A)'</li> <li>▶ 2024-25 LTFP and current IAMP document.</li> <li>▶ 2024-25 CEO financial sustainability report.</li> <li>▶ Audit Committee review of 2024-25 LTFP and current IAMP.</li> <li>▶ Information on approach to assessing performance relative to LTFPs and IAMPs.</li> <li>▶ Information on approach to assessing and accounting for residents' ability to finance plans.</li> <li>▶ Information on consultation process for LTFPs and IAMPs</li> </ul>	<ul style="list-style-type: none"> <li>▶ Completed proforma Excel template tab 'Historical &amp; SMP 2025-26 (B)'</li> <li>▶ Draft 2025-26 LTFP and IAMP document.</li> <li>▶ Reasons for any material variations identified in the 2025-26 LTFP and IAMP versus 2024-25 documents.</li> <li>▶ Any other material considered relevant.</li> </ul>

This is for the following reasons:

- ▶ The Commission considers it relatively straightforward for a council to provide information that should exist prior to its Relevant Financial Year. Obtaining this information at the start of August in any Relevant Financial Year allows the Commission to progress the assessment process two months before 30 September of that year. This means that the Commission can develop a greater understanding of each council's historical context more effectively, which is advantageous to both councils and the Commission.

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- ▶ The Commission will endeavour to adopt 30 September of the Relevant Financial Year as the deadline for councils to provide the revised information in Table 10 above. However, unforeseen circumstances may result in the need for councils to provide this information earlier.<sup>29</sup> The approach proposed seeks to allow the Commission some flexibility in managing future events. In doing so, the Commission is to provide notice four months prior to the start of the Relevant Financial Year of its intention to adopt an earlier date than 30 September and specify the date. The Commission considers that this appropriately balances the need to provide flexibility, with the councils' ability to develop any revised information prior to 30 September of the Relevant Financial Year.

**Consultation question**

5.2 Do stakeholders consider the proposed timing for information provision appropriate?

- ▶ If not, why not? How should the approach be amended and why?

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<sup>29</sup> Noting that this is a reserve power which can be triggered when merits warrant.

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## 6 Developing and publishing the Schedule of Councils

### 6.1 Introduction

The Commission will publish a Schedule of Councils for each cycle of the scheme, identifying which councils will go through the scheme in what years within the Prescribed Period for that cycle. The Prescribed Period is currently set at four years and the two main questions regarding the Schedule are: how should it be developed and when should it be published?

### 6.2 Developing the schedule

The Commission does not intend to consult on the Schedule for the four-year Prescribed Period. The Commission has adopted a representative sample of councils for each year of the Prescribed Period. This ensures that in each year of the Prescribed Period no council group is over or under-represented. The Commission's approach to this is published as part of the Schedule.<sup>30</sup>

The Commission does not consider that there is an inherent advantage for any council with respect to the actual year it goes through the scheme. The Commission is aware that councils going through the scheme in the first year may have less preparation time, relative to councils going through the scheme thereafter. The Commission can account for this in its approach to the advice provided, and in its expectations of councils as the Prescribed Period progresses. It is, however, noted all councils should have at the start of 2022-23, the existing information outlined in Table 10 in Chapter 5, given their obligations under the *Local Government Act (1999)*. The Commission's advice will account for this.

### 6.3 Publishing the schedule

The Commission is required to publish the Schedule and considers it appropriate that this occurs prior to the start of 2022-23, which is the first year of the Prescribed Period. Further, as the Schedule does not form part of this consultation, the Commission intends to publish it separately to this document.

However, the Commission does acknowledge that councils undertaking the scheme in 2022-23 may have sharper focus on this consultation, than those operating under a more extended lead time. Given this, the Commission has published the Schedule at the same time, but separate to, this consultation document being published.

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<sup>30</sup> The Schedule of Councils is available at:

<https://www.escosa.sa.gov.au/ArticleDocuments/21844/20220331--LocalGovernmentRatesOversightScheme-ScheduleofCouncils.pdf.aspx?Embed=Y>

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## 7 Cost recovery

### 7.1 Introduction

The legislative framework provides for the Commission to recover from a council (as a statutory debt due and payable by the council), the costs reasonably incurred in performing its functions under the scheme. It does not prescribe what costs would be considered reasonable for the Commission to recover or how it should undertake this. These are the two issues discussed in this chapter.

### 7.2 Reasonable costs

The Commission's indicative total cost per council, over the first cycle of the scheme (which is four years) is \$52,133, based on Commission staff effort per council being the same, irrespective of council size or location. This is for the reasons outlined below.

The Commission considers the reasonable costs in performing its functions under the scheme cover:

- ▶ **Set-up and development costs:** These relate, but need not be limited to, the upfront and ongoing work taking place in 2021-22 and 2022-23 to develop the analytical framework used and the technological infrastructure to support it.
- ▶ **Operational costs:** These relate, but need to be limited to, the yearly costs of implementing the scheme. These primarily comprise staff costs.<sup>31</sup>

Implementing the scheme is a continuous process throughout any financial year. Each financial year comprises the work undertaken to provide advice to a group of councils for that year, alongside preparatory work for a subsequent set of councils in the forthcoming financial year. Further, delivering the proposed analytical framework and the scheme in a manner envisaged in the legislative reforms requires skilled resources. This assures council ratepayers, councils and the South Australian Government that the advice provided is based upon an appropriate level of expertise.

The actual costs involved in implementing the scheme will become clearer after the completion of the first cycle of its implementation. This is because the costs are, in part, dependent upon all councils' approach to the scheme. This, in turn, depends on how councils engage with the scheme, in terms of fulfilling their obligations in a timely manner and the way they interact with Commission staff throughout the process, such as with respect to responding to queries and undertaking meetings (if required) to discuss the information provided by the council.

Given this, the Commission can only provide the indicative costs associated with implementing the scheme, the actual costs over the first cycle maybe materially higher or lower than this. If the Commission finds that the actual costs for the initial cycle vary significantly from the indicative costs outlined in Table 11 below, it proposes that the implications of this be considered in the context of the second cycle of the scheme.

<sup>31</sup> This relates to the Commission's costs including direct staff, support staff and other operating expenses.



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Table 11: Commission's indicative costs for the first cycle of the scheme

2021-22 prices	2022-23	2023-24	2024-25	2025-26
Set-up and development costs	\$157,667	\$157,667	\$157,667	
Operational costs	\$768,000	\$768,000	\$768,000	\$768,000
<b>Total yearly costs</b>	<b>\$925,667</b>	<b>\$925,667</b>	<b>\$925,667</b>	<b>\$768,000</b>
<b>Total yearly cost per council</b>	<b>\$13,613</b>	<b>\$13,613</b>	<b>\$13,613</b>	<b>\$11,294</b>
<b>Total cost per council</b>				<b>\$52,133</b>

The indicative total cost per council, over the first cycle of the scheme is, therefore, \$52,133.

The 2022-23 set-up and development costs, and operational costs have been financed by an appropriation from the State budget. These amounts will need to be refunded by councils across the first cycle. This has allowed the Commission to start work on the scheme prior to it being implemented in 2022-23. It also allows the cost recovery process from councils to take place in a more balanced manner as a debt due.

While the set-up and development costs are largely up-front costs, the Commission is proposing to allocate recovery of those in equal proportion over 2022-23 to 2024-25, to aid in the smoothing of costs across years. The Commission is also proposing that, for medium-term budgeting purposes, the indicative operational costs for 2023-24 to 2025-26 will be set at the 2022-23 level.

The Commission notes all these costs are in 2021-22 prices. The Commission proposes to consider its approach to accounting for its costs as it gains practical experience in implementing the scheme.

**Consultation question**

7.1 Do stakeholders agree with the Commission's approach to allocating its projected indicative costs across the first cycle of the scheme?

- ▶ If not, why not? How should the approach be amended and why?

7.2 Do stakeholders agree with the Commission's approach to addressing any material difference between its actual costs and its projected indicative costs?

- ▶ If not, why not? How should the approach be amended and why?

**7.3 Cost recovery**

The following questions are relevant to the consideration of cost recovery:

- ▶ Should councils be billed directly or via the LGA?
- ▶ When should councils be billed and with what frequency?
- ▶ How should the costs be allocated between councils?

**7.3.1 Should councils be billed directly or via the LGA?**

The Commission and the LGA have consulted on this. It may be considered beneficial by councils that each year the Commission bill the LGA the Commission's yearly total cost, the LGA pays this on behalf



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of councils, with the LGA splitting the costs between councils on a basis agreed between the LGA and the councils. While ultimately a matter for councils to agree with the LGA, this may be advantageous as it reduces transaction costs relative to managing a billing process for 68 councils separately. It may also provide the LGA and councils with greater control on how costs will be allocated between councils - albeit that would be a matter of separate agreement between those parties.

**Consultation question**

**7.3** Do stakeholders agree that the Commission should bill the LGA the total yearly cost associated with the scheme, noting that any such scheme would require unanimous agreement between the LGA and member councils covering at least the first four-year cycle?

► If not, why not?

**7.3.2 When should councils be billed and with what frequency?**

Regardless of whether the Commission bills the LGA for the total yearly cost or each of the 68 councils separately, the Commission proposes that it would bill the relevant party once yearly for the total amount due. This would occur at the end of the first quarter of the financial year and be subject to a one-month period within which to pay the outstanding bill. The reason for this is that billing in instalments through the financial year increases the Commission's transaction costs associated with operating the scheme. This would be passed onto councils. The Commission acknowledges that the LGA and councils might adopt a differing approach to the timing and frequency of billing if the Commission only billed the LGA for the yearly total cost.

**Consultation question**

**7.4** Do stakeholders agree with the Commission's approach to the timing and frequency of billing?

► If not, why not? How should the approach be amended and why?

**7.3.3 How should costs be allocated between councils?**

If the Commission bills each of the 68 councils separately, it proposes to split the yearly costs equally across all councils for the first cycle of the scheme. This is because it is the Commission's effort per council that drives its costs. Until the completion of the first cycle of the scheme, no evidence is available to indicate that it will not take the same amount of effort per council to implement the new scheme, regardless of a council's size (there is no prior information available on this point).

The Commission notes that the LGA and councils may agree between themselves on a differing approach to the allocation of costs if the Commission only billed the LGA for the total yearly cost (as described above). For example, one based on a proxy for size distribution across the councils.

**Consultation question**

**7.5** If the Commission were to bill each of the 68 councils separately, do stakeholders agree with its proposed approach to allocating the total yearly cost between councils?

► If not, why not? How should the approach be amended and why?

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## 8 Next steps

The critical dates in the process of implementing the scheme, based upon the proposal in this consultation document, are:

Table 12: Next steps

Critical dates	Required outcome
31 March 2022	<ul style="list-style-type: none"> <li>▶ Schedule for the first cycle of the scheme published.</li> <li>▶ Initial guidelines and Excel proforma template published.</li> <li>▶ Consultation period for the Commission's proposals for the framework and approach starts.</li> </ul>
27 May 2022	<ul style="list-style-type: none"> <li>▶ Consultation period for the Commission's proposals for the framework and approach ends.</li> </ul>
July 2022	<ul style="list-style-type: none"> <li>▶ Commission's final framework and approach published.</li> </ul>
1 August 2022	<ul style="list-style-type: none"> <li>▶ Councils with a Relevant Financial Year of 2022-23, as defined by the Schedule published 31 March 2022, to provide <b>historical</b> information as per the initial guidelines and Excel proforma template, also published 31 March 2022.</li> </ul>
30 September 2022	<ul style="list-style-type: none"> <li>▶ Councils with a Relevant Financial Year of 2022-23, as defined by the Schedule published 31 March 2022, to provide all other relevant information as per the initial guidelines and Excel proforma template.</li> </ul>
28 February 2023	<ul style="list-style-type: none"> <li>▶ No later than this date, the Commission to publish its advice for councils with a Relevant Financial Year of 2022-23, as defined by the Schedule published 31 March 2022.</li> </ul>

The Commission notes that the above timeline proposes that its finalised framework and approach will be published in July 2022. It further notes that this is very close to the proposed deadline for councils with a Relevant Financial Year of 2022-23 to provide the required historical information (1 August 2022). The relevant councils are identified in the published Schedule of Councils.<sup>32</sup>

Given this, the Commission recommends that, if these councils would prefer to start the collation of historical information as soon as practically possible, they adopt the working assumption that the 1 August 2022 date will remain in the Commission's finalised framework and approach, and make use of the published initial guidelines and Excel Proforma template to commence collation of the required historical information.

<sup>32</sup> The schedule of Councils is available at:

<https://www.escosa.sa.gov.au/ArticleDocuments/21844/20220331-LocalGovernmentRatesOversightScheme-ScheduleofCouncils.pdf.aspx?Embed=Y>

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## Appendix 1: Relevant Extracts from the Statutes Amendment (Local Government Review) Act 2021

The *Statutes Amendment (Local Government Review) Act 2021*, 79 – Amendment of section 122 – Strategic management plans, states the following:

- (1) Section 122(1a)(a) – delete “for a period of at least 10 years; and” and substitute:
- that relates to a period of at least 10 years and includes a funding plan that –
- (i) outlines the council’s approach to funding services and infrastructure of the council; and
  - (ii) sets out the council’s projected total revenue for the period to which the long-term financial plan relates; and
  - (iii) outlines the intended sources of that total revenue (such as revenue from rates, grants and other fees and charges); and
- (2) Section 122 – after subsection (1b) insert:
- (1c) A council must, once in every prescribed period (which must not be less than a period of 3 years), in accordance with a determination of the designated authority, provide information relating to its long-term financial plan and infrastructure and asset management plan to the designated authority in accordance with subsection (1e).
  - (1d) For the purposes of subsection (1c), the designated authority may determine a schedule relating to each prescribed period that requires different councils to provide information in different financial years of that period (and the financial year in which a particular council is required to provide information according to the schedule is the *relevant financial year* for that council).
  - (1e) A council must, on or before 30 September in the relevant financial year for the council, provide to the designated authority all relevant information on the following matters (the *relevant matters*) in accordance with guidelines determined by the designated authority (if any):
    - (a) material amendments made or proposed to be made to the council’s long-term financial plan and infrastructure and asset management plan and the council’s reasons for those amendments;
    - (b) revenue sources outlined in the funding plan referred to in subsection (1a)(a);
    - (c) any other matter prescribed by the regulations.
  - (1f) Following the provision of information by a council under subsection (1e), the designated authority, on or before 28 February in the relevant financial year for the council –
    - (a) must provide advice to the council on the appropriateness of the relevant matters in the context of the council’s long-term financial plan and infrastructure and asset management plan; and

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- (b) may, if the designated authority considers it appropriate having regard to the circumstances of a particular council, provide advice in relation to any other aspect of the council's long-term financial plan and infrastructure and asset management plan.
- (1g) In providing advice under this section, the designated authority –
- (a) must have regard to the following objectives:
- (i) the objective of councils maintaining and implementing long-term financial plans and infrastructure and asset management plans;
- (ii) the objective of ensuring that the financial contributions proposed to be made by ratepayers under the council's long-term financial plan and infrastructure and asset management plan are appropriate and any material amendments made or proposed to be made to these plans by the council are appropriate; and
- (b) may have regard to any information or matter the designated authority considers relevant (whether or not such information or matter falls within the ambit of subsection (1e)).
- (1h) A council must ensure that the advice provided by the designated authority under this section, and any response of the council to that advice, is published in its annual business plan (both the draft and adopted annual business plan) in the relevant financial year and each subsequent financial year (until the next relevant financial year for that council).
- (1i) For the purposes of the preceding provisions, the designated authority must publish the following:
- (a) advice provided to a council under this section;
- (b) the schedule determined under subsection (1d);
- (c) any guidelines determined under subsection (1e).
- (1j) The designated authority may, by written notice, require a council to give the designated authority, within a time and in a manner stated in the notice (which must be reasonable), information in the council's possession that the designated authority reasonably requires for the performance of the designated authority's functions under this section.
- (1k) The designated authority may recover from a council (as a debt due from the council) the costs reasonably incurred by the designated authority in performing its functions under this section in relation to the council.
- (3) Section 122 – after subsection (3) insert:
- (3a) The regulations may prescribe additional requirements with respect to strategic management plans.
- (4) Section 122(4)(a) – delete "as soon as practicable after adopting the council's annual business plan for a particular financial year" and substitute:
- on an annual basis



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- (5) Section 122 – after subsection (4a) insert:
- (4b) A report from a chief executive officer under subsection (4a) must –
- (a) address any matters required by the Minister; and
  - (b) be published in a manner and form, and in accordance with any other requirements, determined by the Minister.
- (6) Section 122(6) – delete – “adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in” and substitute:
- undertake public consultation in relation to
- (7) Section 122(7) – delete subsection (7)
- (8) Section 122 – after subsection (8) insert:
- (9) In this section -
- designated authority* means –
- (a) if a person or body is prescribed by the regulations for the purposes of this definition – that person or body; or
  - (b) if a person or body is not prescribed under paragraph (a) – the Essential Services Commission established under the *Essential Services Commission Act 2002*.
- (10) The Minister must consult with the LGA before regulations are made prescribing a person or body as the designated authority.

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## Appendix 2: Use of Model Financial Statements Proforma Templates

### Overview

The following model financial statements are based on those used by South Australian councils to structure their published accounts. Those compare the results in the accounts for the financial year, to those of the previous financial year. The Commission's analytical framework adopts these categories and uses a similar proforma structure for the Excel proforma template, but covering the period starting 2007-08 and ending in the final year of the relevant LTFP.

### Financial statements: Statement of Comprehensive Income

The below reflects the Excel proforma template for Statement of Comprehensive Income, which is based upon the model accounts proforma templates.

Statement of Comprehensive Income	Time series data from 2007-08 to final year of the LTFP	
<b>Income</b>		
Rates		
Statutory charges		
User charges		
Grants, subsidies, and contributions		
Investment income		
Reimbursements		
Other income		
Net gain – equity accounted Council businesses		
<b>Total income</b>		
Rates		
Other revenue		
<b>Total income</b>		
<b>Expenses</b>		
Employee costs		
Materials, contracts, and other expenses		
Depreciation, amortisation, and impairment		
Finance costs		
Net loss – equity accounted Council businesses		
<b>Total expenses</b>		
<b>Operating surplus/(deficit)</b>		



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Rates revenue is disaggregated as follows in *Note 2-Income-Rates Revenue* of the proforma financial statements.

Analysis of Rates Revenue (Per Financial Statements Note 2)	Time series data from 2007-08 to final year of the LTFP	
<b>General rates</b>		
General rates		
Less: Mandatory rebates		
Less: Discretionary rebates, remissions, and write-offs		
<b>Total general rates</b>		
<b>Other rates (including service charges)</b>		
Natural resource management levy		
Waste collection		
Water supply		
Community wastewater management systems		
Separate and special rates		
Electricity supply		
<b>Total other rates</b>		
<b>Other charges</b>		
Penalties for late payment		
Legal and other costs recovered		
<b>Total other charges</b>		
Less: Discretionary rebates, remissions, and write-offs		
<b>Total rates revenue</b>		

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**Finance statements: Statement of Financial Position**

The below reflects the Excel proforma template for the Statement of Financial Position, which is based upon the model accounts proforma templates.

Statement of Financial position	Time series data from 2007-08 to final year of the LTFP	
<b>Current assets</b>		
Cash and cash equivalents		
Trade and other receivables		
Other financial assets		
Inventories		
Non-current assets held for sale		
<b>Total current assets</b>		
<b>Non-current assets</b>		
Financial assets		
Equity accounted investments in council businesses		
Investment property		
Infrastructure, property, plant, and equipment		
Other non-current assets		
<b>Total non-current assets</b>		
<b>Total assets</b>		
<b>Current liabilities</b>		
Trade and other payables		
Borrowings		
Provisions		
Other current liabilities		
Liabilities relating to non-current assets held for sale		
<b>Total current liabilities</b>		
<b>Non-current liabilities</b>		
Trade and other payables		
Borrowings		
Provisions		

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Statement of Financial position	Time series data from 2007-08 to final year of the LTFP	
Liability – equity accounted council businesses		
Other non-current liabilities		
<b>Total non-current liabilities</b>		
Total liabilities: Trade and other payables		
Total liabilities: Borrowings		
Total liabilities: Provisions		
Total liabilities: Other		
<b>Total liabilities</b>		
<b>Net assets</b>		
<b>Equity</b>		
Accumulated surplus		
Asset revaluation reserve		
Other reserves		
<b>Total equity</b>		

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**Finance statements: Statement of Cash Flows**

The below reflects the Excel proforma template for the Statement of Cash Flows, which is based upon the model accounts proforma templates.

Statement of Cash Flows	Time series data from 2007-08 to final year of the LTFP	
<b>Cash flows from operating activities</b>		
<u>Receipts</u>		
Rates – general and other		
Fees and other charges		
User charges		
Investment receipts		
Grants utilised for operating purposes		
Reimbursements		
Other revenues		
<u>Payments</u>		
Employee costs		
Materials, contracts, and other expenses		
Finance payments		
<b>Net cash provided by (or used in) operating activities</b>		
<b>Cash flows from investing activities</b>		
<u>Receipts</u>		
Amounts specifically for new or upgraded assets		
Sale of replaced assets		
Sale of surplus assets		
Sale of investment property		
Net disposal of investment securities		
Sale of real estate developments		
Repayments of loans by community groups		
Distributions received from equity accounted council businesses		
<u>Payments</u>		
Expenditure on renewal/replacement of assets		
Expenditure on new/upgraded assets		
Purchase of investment property		

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Statement of Cash Flows	Time series data from 2007-08 to final year of the LTFP	
Net purchase of investment securities		
Development of real estate for sale		
Loans made to community groups		
Capital contributed to equity accounted council businesses		
<b>Net cash provided by (or used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
<u>Receipts</u>		
Proceeds from borrowings		
Proceeds from aged care facility deposits		
<u>Payments</u>		
Repayment of borrowings		
Repayment of principal portion of lease liabilities		
Repayment of aged care facility deposits		
<b>Net cash provided by (or used in) financing activities</b>		
<b>Net increase/decrease in cash held</b>		
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period		

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## Appendix 3: SEIFA Indexes

### Background

The SEIFA<sup>33</sup> indexes are published by the ABS on a five yearly basis. The latest publication was in March 2018 and was based on information from the 2016 census. The previous publication was in 2013 and was based on information from the 2011 census.

### Overview

SEIFA ranks council areas in Australia according to relative socio-economic advantage and disadvantage. The ABS broadly defines relative socio-economic advantage and disadvantage in terms of *"people's access to material and social resources, and their ability to participate in society."*

SEIFA 2016 and 2011 comprised four indexes, as follows:

- ▶ the Index of Relative Socio-economic Disadvantage
- ▶ the Index of Relative Socio-economic Advantage and Disadvantage
- ▶ the Index of Economic Resources
- ▶ the Index of Education and Occupation

### Use of the Index of Economic Resources in the rates oversight scheme

The Commission considers the Index of Economic Resources useful, in the context of oversight of council rates. It proposes to use the 2011 and 2016 SEIFA data, covering all 68 South Australian council areas, as an input when considering affordability, in the context of the proposed rate movements within a council's LTFP and those seen historically.

The index provides an indication of the relative position, in terms of access to economic resources, of each South Australian LGA area. It also provides an indication of whether the relative position is below or above the average, based on an ordinal scale<sup>34</sup>. The index is developed, based on analysis undertaken by the ABS, using census data variables associated with access to economic resources. The variables used include indicators of high and low income, as well as variables relating to high and low wealth. Areas with higher overall scores have relatively greater access to economic resources than areas with lower scores.

<sup>33</sup> A technical paper providing further information is available at:  
[https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/756EE3DBEFA869EFCA258259000BA746/\\$File/SEIFA%202016%20Technical%20Paper.pdf](https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/756EE3DBEFA869EFCA258259000BA746/$File/SEIFA%202016%20Technical%20Paper.pdf)

<sup>34</sup> Each LGA has a score, where the average score is set to 1000 and the standard deviation 100. The scores can be ordered to relate to relative position and to provide a frequency distribution. The scores do not identify the difference in terms of access to economic resources in cash amounts.



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## Appendix 4: Consultation questions

### Chapter 2: The legal framework for the rates oversight scheme

#### *Section 2.3.1: Overarching intent of the legal framework*

- ▶ **Consultation question 2.1:** Do stakeholders agree with this interpretation of the legal framework? If not, why not?

#### *Section 2.3.2: The scope and context of the advice*

- ▶ **Consultation question 2.2:** Do stakeholders agree with this interpretation of the scope and context of the advice to be provided under the scheme? If not, why not?

### Chapter 4: Provision and publication of advice

#### *Section 4.2: The principles underpinning the analytical framework*

- ▶ **Consultation question 4.1:** Do stakeholders consider these principles appropriate for the analytical framework? If not, why not? How should they be changed and why?

#### *Section 4.3.4: Applicability to the analytical framework*

- ▶ **Consultation question 4.2:** Do stakeholders consider this an appropriate analytical framework? If not, why not? How should it be changed and why?

#### *Section 4.4.1.1: The relevance of historical trends*

- ▶ **Consultation question 4.3:** Do stakeholders consider it necessary to consider historical trends when applying the analytical framework? If not, why not? How should it be changed and why?

#### *Section 4.4.1.2: What historical information is needed from each council?*

- ▶ **Consultation question 4.4:** Do stakeholders consider this to be an appropriate approach for the collection of historical information? If not, why not? How should it be changed and why?

#### *Section 4.4.1.3: Account for scale*

- ▶ **Consultation question 4.5:** Do stakeholders agree that, where it is useful to do so, information should be normalised on a per rateable property basis? If not, why not? How should it be changed and why?

#### *Section 4.4.1.4: Accounting for inflation*

- ▶ **Consultation question 4.6:** Do stakeholders agree that use of the CPI is an appropriate index to utilise when considering a council's operating income and expenditure growth over time? If not, why not? How should it be changed and why?

#### *Section 4.4.2: The key questions to address*

- ▶ **Consultation question 4.7:** Do stakeholders consider these to be appropriate questions for implementing the analytical framework? If not, why not? How should they be changed and why?
- ▶ **Consultation question 4.8:** Do stakeholders consider the proposed approach to a material amendment appropriate? If not, why not? How should it be changed and why?

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*Section 4.4.5: Comparison of historical trends to any revised SMP*

- ▶ **Consultation question 4.9:** Do stakeholders consider this an appropriate approach to the analytical framework to assess the key questions in Table 5? If not, why not? How should the approach be amended and why?

*Section 4.5.1: Content of the advice*

- ▶ **Consultation question 4.10:** Do stakeholders consider this an appropriate approach to developing the content of the advice that the Commission provides to each council? If not, why not? How should the approach be amended and why?

*Section 4.5.2: Publication of the advice*

- ▶ **Consultation question 4.11:** Do stakeholders consider this an appropriate approach to adopt for the publication of the advice, given the legal framework? If not, why not? How should the approach be amended and why?

*Section 4.6.1: Alignment with the legal framework*

- ▶ **Consultation question 4.12:** Do stakeholders consider the analytical framework aligned with the legal framework? If not, why not? How should the approach be amended and why?

*Section 4.6.2: Alignment with the overarching principles for the analytical framework*

- ▶ **Consultation question 4.13:** Do stakeholders consider the analytical framework to be aligned with the overarching principles for its development? If not, why not?

**Chapter 5: Guidelines and information provision***Section 5.2: Guidelines and information provision*

- ▶ **Consultation question 5.1:** Do stakeholders consider publishing the guidelines and proforma Excel template no later than the start of each the Relevant Financial Year appropriate? If not, why not? How should the approach be amended and why?

*Section 5.3: Timing of information provision*

- ▶ **Consultation question 5.2:** Do stakeholders consider the proposed timing for information provision appropriate? If not, why not? How should the approach be amended and why?

**Chapter 7: Cost recovery***Section 7.2: Reasonable costs*

- ▶ **Consultation question 7.1:** Do stakeholders agree with the Commission's approach to allocating its projected indicative costs across the first cycle of the scheme? If not, why not? How should the approach be amended and why?
- ▶ **Consultation question 7.2:** Do stakeholders agree with the Commission's approach to addressing any material difference between its actual costs and its projected indicative costs? If not, why not? How should the approach be amended and why?

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*Section 7.3.1: Should councils be billed directly or via the LGA?*

- ▶ **Consultation question 7.3:** Do stakeholders agree that the Commission should bill the LGA the total yearly cost associated with the scheme, noting that any such scheme would require unanimous agreement between the LGA and member councils covering at least the first four-year cycle? If not, why not?

*Section 7.3.2: When should councils be billed and with what frequency?*

- ▶ **Consultation question 7.4:** Do stakeholders agree with the Commission's approach to the timing and frequency of billing? If not, why not? How should the approach be amended and why?

*Section 7.3.3: How should costs be allocated between councils?*

- ▶ **Consultation question 7.5:** If the Commission were to bill each of the 68 councils separately, do stakeholders agree with its proposed approach to allocating the total yearly cost between councils? If not, why not? How should the approach be amended and why?



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RATES

# Local Government Rates Oversight Scheme

Information Provision - Initial Guidelines

March 2022

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## OFFICIAL

Enquiries concerning these guidelines should be addressed to:

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The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au).



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## 1 Background

This document is intended to provide guidance to Councils, to assist in the provision of the information required by the Commission in support of the Local Government Rates Oversight Scheme.

The Commission considers providing councils with guidelines and a proforma Excel template to be appropriate. This is because it provides councils with transparency regarding the minimum level of information they are required to provide and how they are required to provide it. In turn, this is likely to reduce the number of inquiries, while also providing a clearer framework for dealing with inquiries that do arise.

The initial guidelines and proforma Excel template are both based on a Relevant Financial Year of 2022-23. The Commission notes that for each Relevant Financial Year, a revised set of guidelines and proforma Excel template will need to be published, to account for the roll-over of a financial year.

### 1.1 Summary of Information Requirements

For those Councils going through the scheme in 2022-23, by 1 August 2022, the following existing (2021-22) information is required:

Table 1: Provision of Existing Information

Relevant Financial Year	Existing information
2022-23	<ul style="list-style-type: none"> <li>▶ Completed proforma Excel template data tab '<i>Historical &amp; SMP 2021-22 (A)</i>'</li> <li>▶ 2021-22 long-term financial plan (LTFP) and current Infrastructure &amp; Asset Management Plan (IAMP) document.</li> <li>▶ 2021-22 CEO financial sustainability report.</li> <li>▶ Audit Committee review of 2021-22 LTFP and current IAMP.</li> <li>▶ Information on approach to assessing performance relative to LTFPs and IAMPs.</li> <li>▶ Information on approach to assessing and accounting for residents' ability to finance plans.</li> <li>▶ Information on consultation process for LTFPs and IAMPs</li> </ul>

Subsequent to the provision of the above existing information, the following revised (2022-23) information is required by 30 September 2022:

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Table 2: Provision of Revised Information

Relevant Financial Year	Revised information
2022-23	<ul style="list-style-type: none"><li data-bbox="459 465 1086 495">▶ Completed proforma Excel template tab '<i>Historical &amp; SMP 2022-23 (B)</i>'</li><li data-bbox="459 510 852 539">▶ Draft 2022-23 LTFP and IAMP document.</li><li data-bbox="459 555 1273 613">▶ Reasons for any material variations identified in the draft 2022-23 LTFP and IAMPs versus 2021-22 documents.</li><li data-bbox="459 629 836 658">▶ Any other material considered relevant.</li></ul>

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## 2 Provision of Qualitative Information

### 2.1 Provision of Existing Documentation

The following existing documentation should be provided to the Commission in the format that is in use at Councils:

- ▶ 2021-22 LTFP and current IAMP document (by 1 August 2022)
- ▶ 2021-22 CEO financial sustainability report (by 1 August 2022)
- ▶ Audit Committee review of 2021-22 LTFP and current IAMP (by 1 August 2022)
- ▶ Draft 2022-23 LTFP and IAMP document (by 30 September 2022)

Where individual IAMPs exist for asset groups, rather than in a single consolidated IAMP document, the individual IAMPs should be provided.

If any of the above documentation is not available, a statement explaining why should be provided.

### 2.2 Provision of further Qualitative Information

The following further qualitative information is sought from Councils:

- ▶ Information on approach to assessing performance relative to LTFPs and IAMPs (by 1 August 2022)
- ▶ Information on approach to assessing and accounting for residents' ability to finance plans (by 1 August 2022)
- ▶ Information on the councils' consultation process for LTFPs and IAMPs (by 1 August 2022)
- ▶ Reasons for any material variations identified in the draft 2022-23 LTFP and IAMPs versus 2021-22 documents (by 30 September 2022)
- ▶ Any other material considered relevant (by 30 September 2022)

The format of the above information has not been specified by the Commission. Councils should provide sufficient information to allow the Commission to understand their approach to dealing with the above issues. This may be in the form of internal reports; management information; external publications to stakeholders; extracts from minutes of Council meetings; or in a written statement to the Commission.

To the extent that any, or all, of the above issues have not been considered by a Council, a statement explaining why should be provided.

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### 3 Provision of Quantitative Information

#### 3.1 Proforma Template

A proforma template has been developed to aid the consistent collection of the minimum level of quantitative information required to operate the scheme. The template mirrors the format of information already published by Councils in their Annual Financial Statements. These should be consistent with the Model Financial Statements<sup>1</sup>, approved annually by the Minister for Local Government, and published on the LGA website. As such, all line-item definitions used in the template should be considered as consistent with those published in the notes to the Model Financial Statements.

The template is based on a Relevant Financial Year of 2022-23, and comprises two data collection tabs, as follows:

- Historical and SMP 2021-22 (A)
- Historical and SMP 2022-23 (B)

The tabs are identical in format in terms of the lines of data being collected. The difference between the tabs simply being that tab *Historical and SMP 2022-23 (B)* seeks to collect data from one year later than tab A. This results in an additional year of actual data being sought, together with revised forecast data for the LTFP period.

#### 3.2 Time Period of Analysis

The Commission requires data sets that run from 2007-08 to the latest actuals, then forward for ten further years, this being the minimum forecast period that Councils are obliged to forecast in their LTFPs.

<sup>1</sup> The 2021 Model Financial Statements are available: <https://www.agd.sa.gov.au/sites/default/files/lga-2021-model-financial-statements.pdf>

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## 4 Detailed Guidance - Completion of *Historical & SMP 2021-22 (A)*

### 4.1 Structure of Tab

This tab comprises of five sections, as follows:

- Key data (lines 5 to 7)
- Extract from Statement of Comprehensive Income (lines 9 to 33)
- Extract from Analysis of Rates Revenue, per Financial Statements Note 2 (lines 35 to 57)
- Extract from Statement of Financial Position (lines 64 to 111)
- Extract from Statement of Cash Flows (lines 123 to 172)

Detailed guidance covering the population of data into each of these sections is provided below.

### 4.2 Detailed Requirements – Key Data

Two key pieces of statistical information are required for each year of the analysis period (to be inserted at lines 5 and 7), as follows:

- *Rateable properties*: for actual data (columns D to P), Councils should provide actuals in the relevant cells. For forecast data (columns Q to AA), Councils should provide the forecasts from the assumptions that underpinned the development of the 2021-22 LTFP.
- *Council staff – FTE basis*: for actual data (columns D to P), Councils should provide actuals in the relevant cells. These should be consistent with the number of FTEs reported in Note 3 of the published Financial Statements for the relevant financial year. For forecast data (columns Q to AA), Councils should provide the forecasts from the assumptions that underpinned the development of the 2021-22 LTFP.



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**4.3 Detailed Requirements - extract from Statement of Comprehensive Income**

The data collection template (at lines 9 to 33) replicates the format of the 2021 Model Financial Statements *Statement of Comprehensive Income* (to Operating Surplus/Deficit), as follows:

Statement of Comprehensive Income	Time series data from 2007-08 to final year of the LTFP	
<b>Income</b>		
Rates		
Statutory charges		
User charges		
Grants, subsidies, and contributions		
Investment income		
Reimbursements		
Other income		
Net gain – equity accounted Council businesses		
<b>Total income</b>		
Rates		
Other revenue		
<b>Total income</b>		
<b>Expenses</b>		
Employee costs		
Materials, contracts, and other expenses		
Depreciation, amortisation, and impairment		
Finance costs		
Net loss – equity accounted Council businesses		
<b>Total expenses</b>		
<b>Operating surplus/(deficit)</b>		

For actuals (columns D to P), all data should be consistent with that reported in the published Financial Statements for the relevant financial year. For forecasts (columns Q to AA), all data should be consistent with the published 2021-22 LTFP.

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**4.4 Detailed Requirements – extract from Analysis of Rates Revenue, per Financial Statements Note 2**

The data collection template (at lines 35 to 57) replicates the format of the 2021 Model Financial Statements *Note 2 – Income – Rates Revenue*, as follows:

Analysis of Rates Revenue (Per Financial Statements Note 2)	Time series data from 2007-08 to final year of the LTFP	
<b>General rates</b>		
General rates		
Less: Mandatory rebates		
Less: Discretionary rebates, remissions, and write-offs		
<b>Total general rates</b>		
<b>Other rates (including service charges)</b>		
Natural resource management levy		
Waste collection		
Water supply		
Community wastewater management systems		
Separate and special rates		
Electricity supply		
<b>Total other rates</b>		
<b>Other charges</b>		
Penalties for late payment		
Legal and other costs recovered		
<b>Total other charges</b>		
Less: Discretionary rebates, remissions, and write-offs		
<b>Total rates revenue</b>		

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For actuals (columns D to P), all data should be consistent with that reported in the published Financial Statements for the relevant financial year. For forecasts (columns Q to AA), all data should be consistent with the published 2021-22 LTFP.

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**4.5 Detailed Requirements – extract from Statement of Financial Position**

The data collection template (at lines 64 to 111) replicates the format of the 2021 Model Financial Statements *Statement of Financial Position*, as follows:

Statement of Financial position	Time series data from 2007-08 to final year of the LTFP	
<b>Current assets</b>		
Cash and cash equivalents		
Trade and other receivables		
Other financial assets		
Inventories		
Non-current assets held for sale		
<b>Total current assets</b>		
<b>Non-current assets</b>		
Financial assets		
Equity accounted investments in council businesses		
Investment property		
Infrastructure, property, plant, and equipment		
Other non-current assets		
<b>Total non-current assets</b>		
<b>Total assets</b>		
<b>Current liabilities</b>		
Trade and other payables		
Borrowings		
Provisions		
Other current liabilities		
Liabilities relating to non-current assets held for sale		
<b>Total current liabilities</b>		
<b>Non-current liabilities</b>		
Trade and other payables		
Borrowings		
Provisions		

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Statement of Financial position	Time series data from 2007-08 to final year of the LTFP	
Liability – equity accounted council businesses		
Other non-current liabilities		
<b>Total non-current liabilities</b>		
Total liabilities: Trade and other payables		
Total liabilities: Borrowings		
Total liabilities: Provisions		
Total liabilities: Other		
<b>Total liabilities</b>		
<b>Net assets</b>		
<b>Equity</b>		
Accumulated surplus		
Asset revaluation reserve		
Other reserves		
<b>Total equity</b>		

For actuals (columns D to P), all data should be consistent with that reported in the published Financial Statements for the relevant financial year. For forecasts (columns Q to AA), all data should be consistent with the published 2021-22 LTFP.

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#### 4.6 Detailed Requirements – extract from Statement of Cash Flows

The data collection template (at lines 123 to 172) replicates the format of the 2021 Model Financial Statements *Statement of Cash Flows*, as follows:

Statement of Cash Flows	Time series data from 2007-08 to final year of the LTFP	
<b>Cash flows from operating activities</b>		
<u>Receipts</u>		
Rates – general and other		
Fees and other charges		
User charges		
Investment receipts		
Grants utilised for operating purposes		
Reimbursements		
Other revenues		
<u>Payments</u>		
Employee costs		
Materials, contracts, and other expenses		
Finance payments		
<b>Net cash provided by (or used in) operating activities</b>		
<b>Cash flows from investing activities</b>		
<u>Receipts</u>		
Amounts specifically for new or upgraded assets		
Sale of replaced assets		
Sale of surplus assets		
Sale of investment property		
Net disposal of investment securities		
Sale of real estate developments		
Repayments of loans by community groups		
Distributions received from equity accounted council businesses		
<u>Payments</u>		
Expenditure on renewal/replacement of assets		
Expenditure on new/upgraded assets		
Purchase of investment property		
Net purchase of investment securities		



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Statement of Cash Flows	Time series data from 2007-08 to final year of the LTFP	
Development of real estate for sale		
Loans made to community groups		
Capital contributed to equity accounted council businesses		
<b>Net cash provided by (or used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
<u>Receipts</u>		
Proceeds from borrowings		
Proceeds from aged care facility deposits		
<u>Payments</u>		
Repayment of borrowings		
Repayment of principal portion of lease liabilities		
Repayment of aged care facility deposits		
<b>Net cash provided by (or used in) financing activities</b>		
<b>Net increase/decrease in cash held</b>		
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period		

For actuals (columns D to P), all data should be consistent with that reported in the published Financial Statements for the relevant financial year. For forecasts (columns Q to AA), all data should be consistent with the published 2021-22 LTFP.

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## 5 Detailed Guidance - Completion of *Historical & SMP 2022-23 (B)*

### 5.1 Structure of Tab

This tab replicates the format of the *Historical & SMP 2021-22 (A)* tab, and comprises of five sections, as follows:

- Key data (lines 5 to 7)
- Extract from Statement of Comprehensive Income (lines 9 to 33)
- Extract from Analysis of Rates Revenue, per Financial Statements Note 2 (lines 35 to 57)
- Extract from Statement of Financial Position (lines 64 to 111)
- Extract from Statement of Cash Flows (lines 123 to 172)

Note: all line numbers and definitions are identical across both tabs.

All of the actual data covering the 2007-08 to 2019-20 period (columns D to P) will pre-populate from the *Historical & SMP 2021-22 (A)* tab. The key inputs here are as follows:

- Collection of 2020-21 actual financial data (column Q)
- Collection of revised 2022-23 LTFP data for the period 2021-22 to 2031-32 (columns R to AB)

Note that an additional column (AB) has been added, reflecting that the revised 2022-23 LTFP will have moved on by one year, and a further year of forecast data (reflecting 2031-32) is now required.

Detailed guidance covering the population of data into each of these sections is provided below.

### 5.2 Detailed Requirements – Key Data

Two key pieces of statistical information are required for each year of the analysis period (to be inserted at lines 5 and 7), as follows:

- *Rateable properties*: for actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data should be provided at column Q. Data from the assumptions underpinning the revised 2022-23 LTFP should be provided at columns R to AB.
- *Council staff – FTE basis*: for actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data should be provided at column Q, consistent with the number of FTEs reported in Note 3 of the published 2020-21 Financial Statements. Data from the assumptions underpinning the revised 2022-23 LTFP should be provided at columns R to AB.

### 5.3 Detailed Requirements - extract from Statement of Comprehensive Income

As before, the data collection template (at lines 9 to 33) replicates the format of the 2021 Model Financial Statements *Statement of Comprehensive Income* (to Operating Surplus/Deficit).

For historic actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data, consistent with the published 2020-21 Financial Statements, should be provided at column Q. Data consistent with the revised 2022-23 LTFP should be provided at columns R to AB.

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**5.4 Detailed Requirements – extract from Analysis of Rates Revenue, per Financial Statements Note 2**

As before, the data collection template (at lines 35 to 57) replicates the format of the 2021 Model Financial Statements *Note 2 – INCOME – RATES REVENUES*.

For historic actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data, consistent with the published 2020-21 Financial Statements, should be provided at column Q. Data consistent with the revised 2022-23 LTFP should be provided at columns R to AB.

**5.5 Detailed Requirements – extract from Statement of Financial Position**

As before, the data collection template (at lines 64 to 111) replicates the format of the 2021 Model Financial Statements *Statement of Financial Position*.

For historic actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data, consistent with the published 2020-21 Financial Statements, should be provided at column Q. Data consistent with the revised 2022-23 LTFP should be provided at columns R to AB.

**5.6 Detailed Requirements – extract from Statement of Cash Flows**

As before, the data collection template (at lines 123 to 172) replicates the format of the 2021 Model Financial Statements *Statement of Cash Flows*.

For historic actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data, consistent with the published 2020-21 Financial Statements, should be provided at column Q. Data consistent with the revised 2022-23 LTFP should be provided at columns R to AB.



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# Local Government Rates Oversight Scheme

Schedule of Councils

March 2022

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Enquiries concerning this decision should be addressed to:

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The Essential Services Commission is a statutory authority established as an independent economic regulator and advisory body under the *Essential Services Commission Act 2002* (ESC Act).





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## Glossary of terms

ABS	Australian Bureau of Statistics
ACLG	Australian Classification of Local Governments
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
LGA	Local Government Association
LGRA	Local Government Regional Association

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## 1 Background

The *Statutes Amendment (Local Government Review) Act 2021* brings into effect a council rates oversight scheme (**the scheme**), by effecting amendments to the *Local Government Act 1999*, with the local government rates oversight provisions commencing from 30 April 2022.

The *designated authority* administers the scheme. In the absence of a specific person or body being identified, this defaults to the Essential Services Commission of South Australia (**Commission**). As matters currently stand, the Commission will undertake this role.

To implement the first cycle of the scheme, the 68 South Australian councils are to be split across a four-year Prescribed Period.<sup>1</sup> This forms the Schedule of Councils. The legislative framework in the *Statutes Amendment (Local Government Review) Act 2021*, does not provide any guidance on what this should be, leaving it to the Commission's discretion as the designated authority implementing the scheme.

Table 1 in Chapter 2 provides the Schedule of Councils that the Commission has developed for the local government rates oversight scheme for a four-year Prescribed Period, starting 2022-23 and ending in 2025-26. Chapter 3 details the methodology used to arrive at the Schedule of Councils.

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<sup>1</sup> A Regulation is due to set the Prescribed Period to four years.

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## 2 Schedule of Councils

The Schedule of Councils for the local government rates oversight scheme for a four-year Prescribed Period, starting 2022-23 and ending in 2025-26 is:

Table 1: Schedule of Councils

2022-23	2023-24	2024-25	2025-26
<b>Urban Development &amp; Urban City Centre</b>			
Burnside	Marion	Adelaide	Holdfast Bay
Prospect	Mitcham	Campbelltown	Norwood, Payneham & St Peters
Salisbury	Walkerville	Charles Sturt	Port Adelaide Enfield
West Torrens		Gawler	Tea Tree Gully
		Unley	
<b>Urban Fringe</b>			
Adelaide Hills	Onkaparinga	Alexandrina	Barossa
	Playford		
<b>Urban Regional</b>			
Murray Bridge	Roxby Downs	Mount Barker	Coober Pedy
Port Lincoln	Victor Harbor	Mount Gambier	Port Augusta
	Whyalla		
<b>Rural Agricultural: Small &amp; Medium</b>			
Barunga West	Karoonda East Murray	Elliston	Ceduna
Cleve	Kimba	Flinders Ranges	Mount Remarkable
Franklin Harbour	Northern Areas	Orroroo Carrieton	Peterborough
Goyder	Robe	Tumby Bay	Southern Mallee
Kingston		Wudinna	Streaky Bay
<b>Rural Agricultural: Large &amp; Very Large</b>			
Adelaide Plains	Clare & Gilbert Valleys	Coorong	Berri Barmera
Mid Murray	Grant	Loxton Waikerie	Copper Coast
Wattle Range	Light	Port Pirie	Kangaroo Island
Yankalilla	Lower Eyre Peninsula	Tatiara	Naracoorte Lucindale
Yorke Peninsula	Renmark Paringa		Wakefield

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### 3 Development of the schedule

#### 3.1 Approaches considered

The Commission considered that there were two overarching approaches to developing the Schedule, either a random draw, or through developing a representative sample. If it were the case that the 68 South Australian councils were similar in terms of, for example, geographic area covered, demographics, relative wealth and income, and service portfolios provided, a random draw approach might be appropriate. This, however, is not the case, as South Australian councils are diverse.

As an example, this diversity is reflected in the Australian Classification of Local Governments (ACLG) categories, determined by the Australian Bureau of Statistics (ABS). This classifies all Australian councils, based upon population and population density, into 22 different categories. In terms of South Australian councils, 16 of these categories are relevant, the split being as follows:

Table 2: Number and distribution of South Australian Councils per relevant ACLG category<sup>2</sup>

ACLG Category	ACLG Code	Number of Councils	%
Urban - Capital city	UCC	1	1%
Urban - Metropolitan Developed - Small	UDS	3	4%
Urban - Metropolitan Developed - Medium	UDM	7	10%
Urban - Metropolitan Developed - Large	UDL	2	3%
Urban - Metropolitan Developed - Very large	UDV	3	4%
Urban - Regional Town/City - Small	URS	8	12%
Urban - Regional Town/City - Medium	URM	1	1%
Urban - Fringe - Small	UFS	2	3%
Urban - Fringe - Medium	UFM	1	1%
Urban - Fringe - Large	UFL	1	1%
Urban - Fringe - Very large	UFV	1	1%
Rural - Significant Growth	RSG	1	1%
Rural - Agricultural - Small	RAS	10	15%
Rural - Agricultural - Medium	RAM	9	13%
Rural - Agricultural - Large	RAL	11	16%
Rural - Agricultural - Very large	RAV	7	10%
<b>Total</b>		<b>68</b>	<b>100%</b> <sup>3</sup>

<sup>2</sup> Data extracted from the 2019-20 South Australian Local Government Grants Commission data tables.

<sup>3</sup> Total percentage does not cast to 100% due to rounding.

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### 3.2 Preferred approach

Given this diverse mix, the Commission considered a representative sample approach to be favourable. This ensures that the sample of councils going through the scheme in each year is balanced and does not disproportionately focus on councils with certain characteristics in any year.

To obtain a representative sample, the following steps have been undertaken:

- ▶ **Step one:** Consolidate the distribution in Table 2 above, based on ACLG categories, so that it is more tractable.
- ▶ **Step two:** Account for Local Government Regional Associations (LGRAs).
- ▶ **Step three:** Account for financial performance variation across councils.

#### 3.2.1 Step one: Consolidation and accounting for ACLG categories

Table 2 is consolidated into five categories by combining the relevant ACLG categories, as per Table 3:

Table 3: Consolidation and associated number, and distribution of relevant ACLG categories

Consolidated category	ACLG Codes	Number of Councils	%
Urban Development and Urban City Centre (UDUCC)	UCC, UDS, UDM, UDL, UDV	16	24%
Urban Fringe (UF)	UFS, UFM, UFL, UFV	5	7%
Urban Regional (UR)	URS, URM	9	13%
Rural Agriculture: Small and Medium (RASM)	RAS, RAM	19	28%
Rural Agriculture: Large and Very Large (RALVL)	RSG, RAL, RAV	19	28%
<b>Total</b>		<b>68</b>	<b>100%</b>

The objective of this step is that a similar distribution to Table 3 should apply to each year in the four-year period, while also accounting for the following factors.

#### 3.2.2 Step two: Accounting for LGRAs

South Australia has six LGRAs, with 65 councils being a member of at least one of these<sup>4</sup>, based on the Commission's understanding. These are as follows, including current council membership.

<sup>4</sup> Coober Pedy, Port Augusta, and Roxby Downs are not members of any LGRA, while Adelaide Hills appears to be a member of two.



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Table 4: LGRAs and membership in South Australia

LGRA	Code	No of Councils <sup>5</sup>
Eyre Peninsula Local Government Association	EPLGA	11
Greater Adelaide Regional Organisation of Councils	GAROC	19
Limestone Coast LGA	LCLGA	7
Legatus Group	LG	15
Murraylands and Riverland LGA	MRLGA	8
Southern and Hills LGA	SHLGA	6

In addition to each year of the four-year period having a similar distribution to that in Table 3, each year must also meet the allocation requirement in Table 5 below:

Table 5: LGRA allocation requirement

LGRA	Allocation requirement
Eyre Peninsula LGA	No less than two EPLGA councils per year for the four-year period.
Greater Adelaide Regional Organisation of Councils	No less than four GAROC councils per year for the four-year period.
Limestone Coast LGA	No less than one LCLGA council per year for the four-year period.
Legatus Group	No less than three LG councils per year for the four-year period.
Murraylands and Riverland LGA	Two MRLGA councils per year for the four-year period.
Southern and Hills LGA	No less than one SHLGA council per year for the four-year period.

The reason for this is to ensure that no LGRA is disproportionately represented in any given year of the four-year period.

### 3.2.3 Step three: Accounting for financial performance variation across councils

To provide a simplistic proxy for the variation in councils' financial performance, the adjusted operating surplus ratio for 2019-20<sup>6</sup> for each council was ranked from highest to lowest. The top and bottom 16 councils were identified and the following allocation requirement applied:

- Four councils in the top 16, and four in the bottom 16, to be included in each year of the four-year period.

This ensures that a similar mix of councils, when measured in terms of operating surplus ratio performance, will be taken through the scheme in each of the four years of the first prescribed period.

<sup>5</sup> The addition of the number of councils gives 66. Taking off one, to account for Adelaide Hills being counted twice, and adding on three for the non-affiliated councils, gives a total of 68 councils.

<sup>6</sup> Data extracted from the South Australian Local Government Grants Commission data tables.

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### 3.3 Resultant Schedule of Councils

The Schedule of Councils developed consistent with the requirements of steps one-to-three is provided in Chapter 2. Appendix 1 provides the underlying detail for each year separately.

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## Appendix 1 Meeting the allocation requirements

2022-23 council listing

Council	Grouping	LGRA	Financial
Burnside	UDUCC	GAROC	
Prospect	UDUCC	GAROC	
Salisbury	UDUCC	GAROC	Top 16
West Torrens	UDUCC	GAROC	Top 16
Adelaide Hills	UF	GAROC/SHLGA	Bottom 16
Murray Bridge	UR	MRLGA	
Port Lincoln	UR	EPLGA	
Barunga West	RASM	LG	
Cleve	RASM	EPLGA	Top 16
Franklin Harbour	RASM	EPLGA	Top 16
Goyder	RASM	LG	
Kingston	RASM	LCLGA	Bottom 16
Adelaide Plains	RALVL	LG	
Mid Murray	RALVL	MRLGA	Bottom 16
Wattle Range	RALVL	LCLGA	
Yankalilla	RALVL	SHLGA	Bottom 16
Yorke Peninsula	RALVL	LG	

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2022-23 grouping allocation

Council	Grouping	2022-23 Distribution	Sample Distribution
Urban Development and Urban City Centre	UDUCC	24%	24%
Urban Fringe	UF	6%	7%
Urban Regional	UR	12%	13%
Rural Agriculture: Small and Medium	RASM	29%	28%
Rural Agriculture: Large and Very Large	RALVL	29%	28%

2022-23 LGRA allocation

LGRA	Code	2022-23 Allocation	Allocation Requirement
Eyre Peninsula LGA	EPLGA	3	≥ 2 councils
Greater Adelaide Regional Organisation of Councils	GAROC	4	≥ 4 councils
Limestone Coast LGA	LCLGA	2	≥ 1 council
Legatus Group	LG	4	≥ 3 councils
Murraylands and Riverland LGA	MRLGA	2	= 2 councils
Southern and Hills LGA	SHLGA	1	≥ 1 council

2022-23 financial performance allocation

	2022-23 Allocation	Allocation Requirement
Top 16	4	= 4
Bottom 16	4	= 4

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2023-24 council listing

Council	Grouping	LGRA	Financial
Marion	UDUCC	GAROC	Top 16
Mitcham	UDUCC	GAROC	
Walkerville	UDUCC	GAROC	
Onkaparinga	UF	GAROC	Bottom 16
Playford	UF	GAROC	
Roxby Downs	UR	None	Top 16
Victor Harbor	UR	SHLGA	
Whyalla	UR	EPLGA	
Karoonda East Murray	RASM	MRLGA	Bottom 16
Kimba	RASM	EPLGA	Top 16
Northern Areas	RASM	LG	
Robe	RASM	LCLGA	
Clare & Gilbert Valleys	RALVL	LG	Bottom 16
Grant	RALVL	LCLGA	
Light	RALVL	LG	Top 16
Lower Eyre Peninsula	RALVL	EPLGA	
Renmark Paringa	RALVL	MRLGA	Bottom 16

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2023-24 grouping allocation

Council	Grouping	2023-24 Distribution	Sample Distribution
Urban Development and Urban City Centre	UDUCC	18%	24%
Urban Fringe	UF	12%	7%
Urban Regional	UR	18%	13%
Rural Agriculture: Small and Medium	RASM	24%	28%
Rural Agriculture: Large and Very Large	RALVL	29%	28%

2023-24 LGRA allocation

LGRA	Code	2023-24 Allocation	Allocation Requirement
Eyre Peninsula LGA	EPLGA	3	≥ 2 councils
Greater Adelaide Regional Organisation of Councils	GAROC	5	≥ 4 councils
Limestone Coast LGA	LCLGA	2	≥ 1 council
Legatus Group	LG	3	≥ 3 councils
Murraylands and Riverland LGA	MRLGA	2	= 2 councils
Southern and Hills LGA	SHLGA	1	≥ 1 council

2023-24 financial performance allocation

	2023-24 Allocation	Allocation Requirement
Top 16	4	= 4
Bottom 16	4	= 4



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2024-25 council listing

Council	Grouping	LGRA	Financial
Adelaide	UDUCC	GAROC	Bottom 16
Campbelltown	UDUCC	GAROC	Top 16
Charles Sturt	UDUCC	GAROC	
Gawler	UDUCC	GAROC	
Unley	UDUCC	GAROC	Top 16
Alexandrina	UF	SHLGA	
Mount Barker	UR	SHLGA	
Mount Gambier	UR	LCLGA	
Elliston	RASM	EPLGA	Bottom 16
Flinders Ranges	RASM	LG	Bottom 16
Orroroo Carrieton	RASM	LG	Top 16
Tumby Bay	RASM	EPLGA	Bottom 16
Wudinna	RASM	EPLGA	
Coorong	RALVL	MRLGA	Top 16
Loxton Waikerie	RALVL	MRLGA	
Port Pirie	RALVL	LG	
Tatiara	RALVL	LCLGA	

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2024-25 grouping allocation

Council	Grouping	2024-25 Distribution	Sample Distribution
Urban Development and Urban City Centre	UDUCC	29%	24%
Urban Fringe	UF	6%	7%
Urban Regional	UR	12%	13%
Rural Agriculture: Small and Medium	RASM	29%	28%
Rural Agriculture: Large and Very Large	RALVL	24%	28%

2024-25 LGRA allocation

LGRA	Code	2024-24 Allocation	Allocation Requirement
Eyre Peninsula LGA	EPLGA	3	≥ 2 councils
Greater Adelaide Regional Organisation of Councils	GAROC	5	≥ 4 councils
Limestone Coast LGA	LCLGA	2	≥ 1 council
Legatus Group	LG	3	≥ 3 councils
Murraylands and Riverland LGA	MRLGA	2	= 2 councils
Southern and Hills LGA	SHLGA	2	≥ 1 council

2024-25 financial performance allocation

	2024-25 Allocation	Allocation Requirement
Top 16	4	= 4
Bottom 16	4	= 4

## OFFICIAL

2025-26 council listing

Council	Grouping	LGRA	Financial
Holdfast Bay	UDUCC	GAROC	Bottom 16
Norwood, Payneham & St Peters	UDUCC	GAROC	
Port Adelaide Enfield	UDUCC	GAROC	
Tea Tree Gully	UDUCC	GAROC	Top 16
Barossa	UF	LG	
Cooper Pedy	UR	None	
Port Augusta	UR	None	
Ceduna	RASM	EPLGA	Top 16
Mount Remarkable	RASM	LG	Bottom 16
Peterborough	RASM	LG	
Southern Mallee	RASM	MRLGA	
Streaky Bay	RASM	EPLGA	Bottom 16
Berri Barmera	RALVL	MRLGA	
Copper Coast	RALVL	LG	Top 16
Kangaroo Island	RALVL	SHLGA	
Naracoorte Lucindale	RALVL	LCLGA	Top 16
Wakefield	RALVL	LG	Bottom 16

## OFFICIAL

## 2025-26 grouping allocation

Council	Grouping	2025-26 Distribution	Sample Distribution
Urban Development and Urban City Centre	UDUCC	24%	24%
Urban Fringe	UF	6%	7%
Urban Regional	UR	12%	13%
Rural Agriculture: Small and Medium	RASM	29%	28%
Rural Agriculture: Large and Very Large	RALVL	29%	28%

## 2025-26 LGRA allocation

LGRA	Code	2025-26 Allocation	Allocation Requirement
Eyre Peninsula LGA	EPLGA	2	≥ 2 councils
Greater Adelaide Regional Organisation of Councils	GAROC	4	≥ 4 councils
Limestone Coast LGA	LCLGA	1	≥ 1 council
Legatus Group	LG	5	≥ 3 councils
Murraylands and Riverland LGA	MRLGA	2	= 2 councils
Southern and Hills LGA	SHLGA	1	≥ 1 council

## 2025-26 financial performance allocation

	2025-26 Allocation	Allocation Requirement
Top 16	4	= 4
Bottom 16	4	= 4



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## Proposed ESCOSA Framework Key issues and Feedback to the LGA and ESCOSA

ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
<p>Ref: 2.3.1 Page 9 <i>Overarching intent of the legal framework</i></p>	<p>ESCOSA recitation of the legal framework is substantially correct. However ESCOSA draws upon second reading speeches and a range of ancillary powers in section 122 to assert a wider scope than authorised by the legislation.</p> <p>Section 122 requires ESCOSA to focus on the Long Term Financial Plan (LTFP) and Infrastructure and Asset Management Plan (IAMP). Further powers are given, if required, to enable ESCOSA to request additional documents or information, necessary to properly understand the 'relevant matters'. The power to obtain these additional documents is incidental to enabling ESCOSA to perform its core function in relation to the 'relevant matters'.</p> <p>It is not the case that the incidental power to obtain clarifying documents authorises ESCOSA to expand the scope of its review.</p> <p>The LGA is concerned that ESCOSA's expansive interpretation of the ambit of its review will result in significant additional work by the Administration of Council to create and supply additional information. This interpretation is also a primary driver for the significant additional costs that ESCOSA propose to invoice each council.</p> <p>Minister Chapman gave the SA Parliament indications that the costs of ESCOSA reviews per council would be in the order of \$20,000<sup>1</sup>.</p>	<p><b>(ESCOSA Question 2.1)</b></p> <p><b>Do stakeholders agree with this interpretation of the legal framework?</b></p> <p><b>If not, why not?</b></p> <p>Council agrees with the legal framework giving effect to the scheme relates to monitoring and the provision of advice, not economic regulation. It does not provide to the Commission any powers to enforce compliance measures, set service standards or regulate any council's rates.</p> <p>However, ESCOSA's expansive interpretation of their review should be clearly defined as the increased creation and provision of information not only leads to increased pressure on each council's administration but also increases costs charged by ESCOSA.</p>

<sup>1</sup> Hansard SA House of Assembly, 13 October 2020, Second Reading Debate on the Statutes Amendment (Local Government Review) Bill 2020



ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
	<p>The LGA is concerned about the \$52,000 per council, per review figure, included in ESCOSA's consultation paper.</p> <p>To the extent that ESCOSA does have a discretion the LGA submits that it should be exercised in a manner consistent with the limited scope of review contemplated in the Act and in Minister Chapman's second reading contribution.</p>	
<p>Ref: 2.3.2 Page 10 <i>The scope and context of the advice</i></p>	<p>Further ESCOSA has used the objectives set out in s122(1g) to justify an additional increase in the scope of their review. This is not how s122 is intended to operate.</p> <p>The LGA reiterate earlier comments that section 122(1g) restates the objectives set out in section 3 and merely provides that ESCOSA must have regard to <b>the council's</b> objective of providing for "appropriate financial contributions by ratepayers to those services and facilities".</p> <p>The LGA note that the Framework states:</p> <p><i>"...the Commission must have regard to ensuring that the financial contributions proposed to be made by ratepayers, <b>under the council's LTFP and IAMP</b> [emphasis added], are appropriate."</i><sup>2</sup></p> <p>Section 122(1g) is focussed on aggregate revenue sources, and it is not necessary to disaggregate this data further as proposed in the ESCOSA Framework.</p>	<p><b>(ESCOSA Question 2.2)</b></p> <p><b>Do stakeholders agree with this interpretation of the scope and context of the advice to be provided under the scheme?</b></p> <p><b>If not, why not?</b></p> <p>Council agrees that the scope should be limited to what has been legislated and this should not be exceeded as is proposed by ESCOSA.</p>

<sup>2</sup> Framework pg. 9

<p><i>Ref: 4.2</i>                  Page 12  <i>The Principles underpinning the analytical framework</i></p>	<p>These principles proposed by ESCOSA appear to be consistent with the legislative amendments and are a sound basis for designing a limited, high-level review as contemplated by the legislation.</p> <p>However, the LGA is not convinced that these principles have been applied in designing the proposed framework and approach. In particular, despite indicating a focus will be given to key overarching targets and measures, the scope of information required from councils indicates a more granular level of review. The proposed framework and approach appears to delve into a deeper level of operational data which, given the volume of required information outlined, adds complexity both to councils in terms of responding and ESCOSA in terms of analysis required.</p> <p>The LGA accepts that it is easier for a council to provide existing documents than it is to compile information into new documents. The LGA supports the use of data already available to ESCOSA via the SA Local Government Grants Commission. The proposed Framework includes requirements for councils to provide information that will require a significant amount of work from councils to populate the templates provided. The LGA again notes that each additional document reviewed by ESCOSA adds to the scope of the review, the time taken by ESCOSA personnel to analyse the information provided (including comparing the information provided in each document with each other document provided) and the resulting costs of the review.</p> <p>With regard to Principle 5 (Framework, p13): it is noted that the LGA does not collect data, the LGA utilises whole of sector data from the Local Government Grants Commission database reports. The LGA is not a party to the ESCOSA Rate Oversight Scheme and is not subject to ESCOSA's information-collecting powers contained in section 122.</p>	<p><b>(ESCOSA Question 4.1)</b>  <b>Do stakeholders consider these principles appropriate for the analytical framework?</b>  <b>If not, why not? How should they be changed and why?</b></p> <p>The Council agrees that the Principles are robust. However, consideration must be given to Principle 2 which details long term planning focus. If the advice is to be implemented within the following financial year, the results of this amendment or change may not be realised until after the next ESCOSA review cycle. Council also disagrees with Principle 5 as the LGA does not collect data and whilst councils do have the referenced data available, the collation and provision of this data would be a significant administrative burden on councils.</p> <p>ESCOSA should be able to obtain all of the information they require from published Council documents or the Grants Commission without requiring additional information from Council.</p>
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ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
<p>Ref: 4.3 Page 13 <i>Overarching analytical framework</i></p>	<p>The first and second iteration of the rates oversight scheme were described (by the State Government) as high-level advice about the state of and sustainability of councils' financial positions, as set out in their LTFP and IAMP.</p> <p>The Framework proposes a far more detailed analysis of each council's financial position.</p> <p>Some of the information proposed to be reviewed (eg cost controls, service risk profiles, demographics of ratepayers, reports of audit committees, information on a per rateable property basis) would require significant time and resources to analyse and report on.</p> <p>The LGA has not seen evidence that a review considering this additional detail would provide greater overall benefit to the local government sector than a high-level' review. The Framework does not comment on the benefits of requiring this detailed information, compared to the costs of obtaining and analysing it.</p> <p>Further, ESCOSA proposes to analyse councils' documents by reference to a range of criteria, likely beyond the purview of the rates oversight scheme.</p> <p>For example, ESCOSA proposes to examine 'program stability', which is described as <i>"the provision of reliable quality services over time, and requires a stable and consistent set of actions, from the perspective of day-to-day operational practices and infrastructure management"</i>.</p> <p>The LGA submits:</p> <ul style="list-style-type: none"> <li>• that the legislation does not contemplate a review of day-to-day or operational matters.</li> <li>• The review should not consider such a level of detail; and</li> </ul>	<p><b>(ESCOSA Question 4.2)</b></p> <p><b>Do stakeholders consider this an appropriate analytical framework?</b></p> <p><b>If not, why not? How should it be changed and why?</b></p> <p>The intent of the legislative reform to s122 of the Act was to provide an overview of a Council's financial performance. This would be achievable with using the Council's LTFP and IAMP. The additional information which ESCOSA may require to complete their review is far more in-depth and detailed, straying into the consideration of day to day operational matters. This raises the question as to whether the advice provided by ESCOSA regarding Council's financial performance would be limited to their LTFP and IAMP.</p> <p>ESCOSA should be able to obtain all of the information they require from published Council documents or the Grants Commission without requiring additional information from Council.</p>



ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
<p>Ref: 4.4.1.1 Page 19 <i>The relevance of historical trends</i></p>	<ul style="list-style-type: none"> <li>In any event, elected councils are entitled to make changes to the manner in which services are provided.</li> </ul> <p>ESCOSA advice therefore should be limited to high-level advice enabling council members to understand the implications of their revenue decisions with reference to their LTFPs and IAMPs.</p> <p>The Framework proposes the collection of historical data going back to 2007-08. The LGA acknowledges that historical trends are an important consideration, however we suggest that a timeframe of ten years historical data should provide sufficient reference. This reflects the current timeframe for LTFPs and IAMPs in the Act (being for a period of ten years) and would allow ESCOSA to look back ten years and forward ten years.</p> <p>The LGA notes that some information older than 7 years is likely to have been archived and will not therefore be readily available. Similarly, the LGA is concerned with a number of template forms contained in the Framework which appear to require the creation (or re-creation) of new data sets.</p> <p>The LGA submits that in accordance with principle 5, councils should only be required to provide information which is, in fact, readily available. The LGA does not support a review approach which requires council staff to gather, analyse and report existing information to ESCOSA in new templates/formats.</p> <p>The LGA does not believe that the resources required to collect information back to 2007-08 is commensurate with the potential insight to be gleaned from this historical data. This is particularly so as since 2005, councils have made significant improvements in</p>	<p><b>(ESCOSA Question 4.3)</b></p> <p><b>Do stakeholders consider it necessary to consider historical trends when applying the analytical framework?</b></p> <p><b>If not, why not? How should it be changed and why?</b></p> <p><b>(ESCOSA Question 4.4)</b></p> <p><b>Do stakeholders consider this to be an appropriate approach for the collection of historical information?</b></p> <p><b>If not, why not? How should it be changed and why?</b></p> <p>Council does not believe it is necessary to review information from 2007, indeed it is difficult to see the relevance of any past information when assessing the LTFP and IAMP for any particular year as these are forward looking documents. Much of this older information would also not be available and Council argues that the relevance of this</p>

ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
<p>Ref: 4.4.1.3 Page 20 Accounting for scale</p>	<p>accounting practices, risk control and information gathering and reporting. As a result, practices older than ten years are unlikely to have relevance to recent trends.</p> <p>The LGA question the value to be gained by going to a deep level of granularity. The LGA also believe that picking one metric to normalise information by could be misleading. ESCOSA will still be able to draw meaningful conclusions by looking at total revenue sources without looking at per rateable property.</p> <p>The LGA reiterates that council rates are not a fee for service. Federal, state and local tiers of government in Australia operate on the principle that all citizens make an equitable contribution to the costs of running their government. Not all citizens use all services such as public libraries, playgrounds or jetties and they are unlikely to travel over every local road or bridge. Citizens contribute to the costs of all government services, even if they do not use those services.</p> <p>Decisions about council service levels are matters for the elected members of councils.</p> <p>High-level ESCOSA advice on the financial implications of council decisions is welcomed.</p>	<p>information is negligible given the length of time passed, the differing political environment and changes in ratepayer demands. Council proposes that if such information were to be required, it be provided for a maximum of 5 years prior to the review year (i.e. for a Council reviewed in 2022/2023, the information from 2017/2018).</p> <p><b>(ESCOSA Question 4.5)</b></p> <p><b>Do stakeholders agree that, where it is useful to do so, information should be normalised on a per rateable property basis?</b></p> <p><b>If not, why not? How should it be changed and why?</b></p> <p>Council disagrees with the proposal that information should be normalised on a per rateable property as this method offers no reasonable basis for comparison. This methodology does not consider the vast number of inputs which affect this comparison causing it to be misleading.</p> <p>Council rates are not a fee for service. Federal, state and local tiers of government in Australia operate on the principle that all citizens make an equitable contribution to the costs of running</p>



ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
		<p>their government. Not all citizens use all services such as public libraries, playgrounds or jetties and they are unlikely to travel over every local road or bridge. Citizens contribute to the costs of all government services, even if they do not use those services.</p> <p>Further this methodology does not consider that council offer differing levels and modes of services for similar services. For example, the City of West Torrens offers one library with a variety of services operating from this centre. Other councils have a number of libraries that service their community with a variety of different services from these locations. It would be very difficult to meaningfully compare these services on a rateable property basis given the demands of the community differ and there is no effective baseline.</p>
<p><b>Ref: 4.4.1.4</b>  <b>Page 20</b>  <b>Accounting for inflation</b></p>	<p>The CPI measures increases in the costs of goods and services purchased by households/ consumers. This is a different bundle of goods and services than the bundle purchased by councils.</p> <p>The LGPI measures increases in the costs of goods and services actually purchased by councils. The LGPI is a more relevant index by which to judge whether council expenditure and revenue increases are reasonable.</p>	<p><b>(ESCOSA Question 4.6)</b></p> <p><b>Do stakeholders agree that use of the CPI is an appropriate index to utilise when considering a council's operating income and expenditure growth over time?</b></p> <p><b>If not, why not? How should it be changed and why?</b></p>



ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
	<p>It is reasonable for ECOSA to use CPI as an initial reference point (eg to note that costs faced by councils are rising faster than costs faced by consumers).</p> <p>If actual council expenditure costs are rising in accordance with the LGPI (rather than CPI) it is reasonable for council budget setting to be based upon the more relevant index.</p> <p>The Local Government Act provides discretion for councils to determine the reasonable assumptions to be used in the development of their LTFP. These issues were comprehensively reviewed as part of the passage of the Statutes Amendment (Local Government Review) Act 2021 and ultimately councils were not required to use specific indices. Rather, councils now have an obligation to include the assumptions used in the development of their LTFP. In attempting to prescribe the inflation index, ESCOSA inappropriately limit the discretion bestowed upon councils under the Act.</p>	<p>CPI a commonly used measure of comparison but in the case of the comparison of local government entities, it does not take into account the evolving nature of Council decision making. It also does not take into account the fact that the CPI measures increases in the costs of goods and services purchased by households/ consumers which is a different bundle of goods and services than the bundle purchased by councils.</p> <p>Further, measuring or comparing by CPI where rates are to increase by CPI only, would not give councils the opportunity to consider large scale capital expenditure or increasing savings. This methodology would only allow this sort of expenditure or savings by decreasing costs through efficiencies or by increasing grants allocation. The City of West Torrens operates in a very resourceful manner and grants are not an entirely reliable source of income.</p> <p>The LGPI measures goods and services purchased by Council and is a preferred method of comparison and measurement. This one of the indices on which the City of West Torrens' LTFP has been developed.</p>

ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
<p>Ref: 4.4.2 Page 22</p> <p><i>The key questions to address</i></p> <p><i>Whether a council's LTFP and IAMP are robust, consistent with each other and successfully implemented, with actual performance relative to plans monitored?</i></p> <p><i>Do the LTFP and IAMP, and the</i></p>	<p>The LGA believe that the first three key questions on page 22 encapsulate much of what is required of a high-level review of the 'relevant matters'.</p> <p>A high-level review would satisfy ESCOSA's section 122 obligations whilst also providing councils with useful but not extraneous advice. The LGA are still considering the detail of these questions in the context of broader comments above.</p> <p>Under section 122, it is not ESCOSA's role to audit whether a council has 'successfully implemented' the LTFP and IAMP. However, ESCOSA should have 'regard to' the historical trends evidenced by the financial indicators. For example, if a council's LTFP is projecting an Asset Sustainability Renewal Ratio of 100 percent for the next ten years but over the last five years the ratio has been below that, ESCOSA would be justified in highlighting this and recommending that the council review the robustness of the assumptions that have formed the LTFP.</p> <p>The 'relevant matters' relate to the material amendments made or proposed to be made to the LTFP and IAMP (and the potential</p>	<p><b>(ESCOSA Question 4.7)</b></p> <p><b>Do stakeholders consider these to be appropriate questions for implementing the analytical framework?</b></p> <p><b>If not, why not? How should they be changed and why?</b></p> <p>Council does not agree with the premise that it is the role of ESCOSA to effectively audit the implementation of any council's LTFP or IAMP.</p> <p>The City of West Torrens is also concerned that financial ratios do not tell a complete story of financial performance.</p> <p>Council is does not agree with the definition of successfully implemented as it is not clear and is beyond the scope of an ESCOSA review.</p> <p><i>Feedback is contained below at ESCOSA question 4.9..</i></p>

	<b>Notes</b>	<b>Feedback to the LGA and ESCOSA</b>
<p><b>ESCOSA Framework Reference</b></p> <p><i>implementation of those plans, ensure the sustainability of the council's long-term financial performance and position?</i></p> <p><i>What are the implications of the above for a council's long-term financial sustainability and service risk profile, and the consequent appropriateness of the path projected for general rates and other income sources?</i></p>	<p>impact on the revenue sources outlined in the funding plan) not to the implementation of the plans.</p> <p>The LGA agree that the implications of a council's long-term financial sustainability forms part of ESCOSA's scope however the LGA does not agree that a council's 'service risk profile' is a matter contemplated by s122.</p> <p>The further factors which ESCOSA propose to review (ie. cost control, ratepayer demographics and practical implementation) descend into a level of detail beyond the scope of the legislation. Rather, these are matters for the democratically Elected Members of council, council administrations, council auditors and council Audit Committees.</p> <p>The LGA agree that the three key financial ratios are an appropriate mechanism which should guide high-level advice however we do not believe it is the role of ESCOSA to verify or audit the information that feeds into the ratios.</p> <p>The LGA proposes an approach consistent with the high-level review contemplated by s122.</p> <p>The <i>Local Government (Financial Management) Regulations 2011</i> Regulation 5(1) outlines that a LTFP must include:</p>	<p>Council agrees that the review of LTFP is within the scope of the ESCOSA review but does not believe the review of cost control, ratepayer demographics, practical implementation or ratio input information forms part of this scope.</p> <p>Council does not agree with the veracity of financial data being effectively audited is within the scope of an ESCOSA review. This information is audited by annual external audit processes. Further the resources required to</p>
<p><b>Ref: Table 5: Key questions</b></p>		



ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
	<p>(b) a summary of proposed operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and</p> <p>(c) estimates and target ranges adopted by the council for each year of the long-term financial plan with respect to an operating surplus ratio, a net financial liabilities ratio and an asset renewal funding ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.</p> <p>(2) A long-term financial plan must be accompanied by a statement which sets out—</p> <p>(a) the purpose of the long-term financial plan; and</p> <p>(b) the basis, including key assumptions, on which it has been prepared; and</p> <p>(c) the key conclusions which may be drawn from the estimates, proposals and other information in the plan.</p> <p>The LGA therefore submit that the focus of ESCOSA's key questions should be on the information (that is required by the regulations to be included) in the LTFP (ie. what are the historical figures indicating about the validity and robustness of the assumptions used to predict the proposed high-level trends). Note that many councils provide more information in their LTFP than required by the regulations. The LGA does not believe that such a choice by a council expands the scope of the review contemplated by s122.</p>	<p>provide this information may not be available at all councils given the August information provision schedule conflicts with the external audit process and Audit Committee reporting requirements.</p>

ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
	<p>The LGA does not believe it is the role of ESCOSA to verify or audit the data contained in council LTFPs and/or the ratios. The LGA notes that council financial statements are already audited by external auditors.</p> <p>The LGA does not support the scope of ESCOSA's review including any matter or any process which is already provided for in the legislative scheme governing SA councils (eg audits, comparisons of council data).</p>	
<p><i>Material amendment</i></p>	<p>The LGA agrees with ESCOSA that what is a 'material' amendment to a LTFP or IAMP will depend on the council being considered. The LGA does not believe it is appropriate to further constrain the definition of materiality. Councils have an existing understanding around what is considered 'material' in the context of their financial statements, as guided by Australian Accounting Standards. This understanding should be drawn on to guide ESCOSA in this regard.</p>	<p><b>(ESCOSA Question 4.8)</b></p> <p><b>Do stakeholders consider the proposed approach to a material amendment appropriate?</b></p> <p><b>If not, why not? How should it be changed and why?</b></p> <p>Council also considers the consideration of material amendments to be deficient measure in the comparison of councils. There is no definition for 'material' in the Accounting Standards and each council's auditor sets the value for material as relevant for each council. Therefore material amendments different significantly from council to council leading to difficulties in comparison.</p>
<p><i>Ref: 4.4.3</i></p>	<p>The LGA does not support Methodological Proposal 3 which further expands the proposed scope of the review, adding additional analysis methods that will considerably increase council costs. For</p>	<p><b>(ESCOSA Question 4.9)</b></p>

ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
<p><i>How the analytical framework can address the key questions and what information is required to do so</i></p>	<p>example the review of audited financial statements and audit committee reviews are all matters regulated by other parts of the Local Government Act with other bodies and individuals responsible for their oversight.</p> <p>The LGA does not support the ESCOSA review replicating any task already provided for in the statutory scheme.</p> <p>The LGA accepts that section 122(1e) enables ESCOSA to make guidelines relating to the provision of information by councils. The LGA submits that this section authorises guidelines dealing with <i>how</i> relevant information is provided. The LGA does not consider that section 122(1e):</p> <ul style="list-style-type: none"> <li>• expands the possible scope of a rates oversight scheme; nor</li> <li>• does it authorise the acquisition of documents that are beyond the objectives of a review, as set out in section 122(1g).</li> </ul> <p>Section 122(1e) requires each council to provide “all relevant information” on:</p> <ul style="list-style-type: none"> <li>• material amendments made or proposed to be made to the council's LTFP and infrastructure and asset management plan and the council's reasons for those amendments; and</li> <li>• revenue sources outlined in the funding plan (which is part of the LTFP).</li> </ul> <p>This section relates to the provision of information. The LGA does not consider it lawful or appropriate to use section 122(1e) guidelines to increase the scope of the rates oversight review.</p> <p>The powers of ESCOSA to obtain information for s122 reviews are clearly defined in s122(1j). That is, ESCOSA “<i>may, by written notice,</i></p>	<p><b>Do stakeholders consider this an appropriate approach to the analytical framework to assess the key questions in Table 5?</b></p> <p><b>If not, why not? How should the approach be amended and why?</b></p> <p>Council does not agree with the premise that ESCOSA may request further information to review which is within the ambit of other legislative provisions. Further this adds little to no value to councils as often independent entities are paid for this work. Including this as part of the ESCOSA review increases the scope of the review and therefore, unnecessarily, increases the costs to councils.</p>



ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
	<p><b>require a council</b> [emphasis added] to give the designated authority, within a time and in a manner stated in the notice (which must be reasonable), <b>information in the council's possession</b> [emphasis added] that the designated authority reasonably requires for the performance of the designated authority's functions under this section".</p> <p>This power does not extend to information held by parties external to a council (ie. the LGA and/or LGFA).</p> <p>As argued above, the range of information that ESCOSA may obtain is limited by the words and context of s122. The LGA does not believe that the (usually wide) discovery powers available to ESCOSA pursuant to the <i>Essential Services Commission Act 2002</i> are applicable when conducting a review pursuant to s122 of the Local Government Act.</p> <p>The expression "all relevant information" is, at first glance, broad. However, this expression must be read in the context of:</p> <ul style="list-style-type: none"> <li>• the purpose of the amendments to section 122, as articulated in the Second Reading Speeches;</li> <li>• the description of the LTFP and IAMP as the 'relevant matters'; and</li> <li>• the objectives of the Act, set out in section 122(1g).</li> </ul> <p>The LGA does not agree that the expression 'all relevant documents' authorises the inclusion in the review of a wide range of documents, which are not necessary for ESCOSA to understand and provide a high-level review of the LTFP or IAMP.</p>	

ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
<p>Ref: 4.5.1 Content of the advice</p>	<p>Further, the LGA does not accept that a power to obtain these documents (if such a power exists) authorises a widening of the scope of the rates oversight review.</p> <p>Furthermore, the LGA does not support the inclusion of graphs which include analysis of figures which are:</p> <ul style="list-style-type: none"> <li>• 'CPI constrained' – As outlined above, the Act provides discretion for councils to determine the key assumptions to be used in the development of their LTFP. The LGA contends that ESCOSA's role is to assess whether the assumptions that a council has used are reasonable. It is not ESCOSA's role to determine which indices or assumptions a council must use. The practical effect of this proposal could be that councils are effectively 'constrained to CPI'.</li> <li>• 'per property' – The LGA question the value to be gained by going to a deep level of granularity. The LGA also believe that picking one metric to normalise information by could be misleading. ESCOSA will still be able to draw meaningful conclusions by looking at total revenue sources without looking at per rateable property.</li> </ul> <p>ESCOSA proposes to "provide an overarching picture of any potential cost control, affordability, and sustainability risk, based upon actual performance and forecast performance. Further, the advice can utilise available qualitative information regarding a council's SMP, its current CEO sustainability assessment and its approach to setting rates to identify how any risks identified in the quantitative assessment are managed/mitigated, creating opportunity for further discussions on those matters".</p>	<p><b>(ESCOSA Question 4.10)</b></p> <p><b>Do stakeholders consider this an appropriate approach to developing the content of the advice that the Commission provides to each council? If not, why not? How should the approach be amended and why?</b></p>

<i>ESCOSA Framework Reference</i>	<b>Notes</b>	<b>Feedback to the LGA and ESCOSA</b>
	<p>The LGA submits that the proposed 'Content of the advice' goes beyond the advice contemplated by the section 122 scheme. For example, section 122 does not contemplate that ESCOSA will assess how council manages and mitigates risks.</p> <p>The LGA position remains that the ESCOSA review is a high-level review, focused on the 'relevant matters'.</p>	<p>Council does not agree that ESCOSA's proposal regarding content of its advice is consistent with s122 of the Act as the proposal goes far beyond the scope.</p>
<p><i>Ref: 4.5.2 Publication of the advice</i></p>	<p>Section 122(1h) requires councils to publish ESCOSA advice and the council's response to that advice in its annual business plan (ABP) (which must be published on the council's website).</p> <p>ESCOSA proposes that councils publish this advice in full. It argues that this is in the public interest and would not constitute commercially sensitive information.</p> <p>The LGA assumes that ESCOSA's advice will be separated into findings and recommendations with attached explanatory and supporting analysis.</p> <p>The LGA accepts that the legislation requires the publication of ESCOSA advice and that it is in the public interest for this advice to be made public.</p> <p>A very large ESCOSA report may impact adversely on the size and readability of councils ABPs.</p> <p>The LGA queries whether it is possible for an (ESCOSA-prepared) executive summary (ie. the findings and recommendations) to be published in the council's ABP, together with an ESCOSA link to the full document.</p>	<p><b>(ESCOSA Question 4.11)</b></p> <p><b>Do stakeholders consider this an appropriate approach to adopt for the publication of the advice, given the legal framework?</b></p> <p><b>If not, why not? How should the approach be amended and why?</b></p> <p>Council agrees that the legislation is quite clear that ESCOSA advice and Council response must be published in its annual business plan. Given the potential size of this advice and response, Council proposes that ESCOSA considers this in the preparation of its advice, potentially creating an overview document with links to a full version of its report.</p>



<i>ESCOSA Framework Reference</i>	<b>Notes</b>	<b>Feedback to the LGA and ESCOSA</b>
	<p>This approach would ensure the full advice was available to council and all others who wished to access it; whilst keeping council ABP to a manageable size.</p>	
<p><i>Ref: 4.6.1 Alignment with the legal framework</i></p>	<p>The LGA does not agree with either the proposed analytic framework nor ESCOSA's interpretation of the legal framework.</p> <p>The LGA does not consider that the proposed analytical framework aligns with the legal framework. The analytical framework includes matters and a level of detail (eg service sustainability, costs control and affordability) beyond the scope of section 122.</p>	<p><b>(ESCOSA Question 4.12)</b></p> <p><b>Do stakeholders consider the analytical framework aligned with the legal framework?</b></p> <p><b>If not, why not? How should the approach be amended and why?</b></p> <p>Council does not consider that the proposed analytical framework aligns with the legal framework. The analytical framework includes matters and a level of detail (e.g. service sustainability, costs control and affordability) beyond the scope of section 122.</p>
<p><i>Ref: 4.6.2 Alignment with the overarching principles for the analytical framework</i></p>	<p>As already outlined above, the LGA believes that the analytical framework includes matters and a level of detail (eg service sustainability, costs control and affordability) beyond the scope of section 122.</p>	<p><b>(ESCOSA Question 4.13)</b></p> <p><b>Do stakeholders consider the analytical framework to be aligned with the overarching principles for its development?</b></p> <p><b>If not, why not?</b></p> <p>Council does not consider that the proposed analytical framework aligns with the legal framework. The analytical framework includes matters and a level of detail (e.g. service</p>

<i>ESCOSA Framework Reference</i>	<b>Notes</b>	<b>Feedback to the LGA and ESCOSA</b>
		sustainability, costs control and affordability) beyond the scope of section 122.

<p><i>Ref: 5.2</i> <i>Guidelines and information provision</i></p>	<p>The LGA notes Principle 5 which proposes a scheme that leverages existing information and evidence. By contrast, the 'proforma Excel template' contemplated in this question indicates that council officers will be required to populate new datasets (albeit using existing information) in new documents. The Framework contains several template documents which appear to require the insertion of large amounts of data to complete. This will:</p> <ul style="list-style-type: none"> <li>• Consume significant council resources in preparing; and</li> <li>• Expand the scope of the ESCOSA review beyond the scope contemplated by s122, thereby increasing overall council costs.</li> </ul> <p>Some documents may already exist but may no longer be readily available (for example, an historical document which has been archived with State Records will require time and the payment of a fee before it can be retrieved.</p> <p>The LGA submits that as far as possible, ESCOSA restrict the documents it compels councils to provide to those documents that already exist <u>and</u> which remain readily available.</p>	<p><b>(ESCOSA Question 5.1)</b> <b>Do stakeholders consider publishing a revised set of guidelines and proforma Excel template no later than the start of each the Relevant Financial Year appropriate?</b> <b>If not, why not? How should the approach be amended and why?</b></p> <p>By requiring council to use an existing excel spreadsheet, the process would require Council Administration to extract data from various systems and then input into a new format. This would take significant resources. These resources may also be stretched given the August information provision deadlines conflict with external audit processes and Audit Committee reporting requirements. Some documents may already exist but may no longer be readily available (for example, an historical document which has been archived with State Records will require time and the payment of a fee before it can be retrieved.</p> <p>Council proposes that as far as possible, ESCOSA restrict the documents it compels councils to provide to those documents that already exist <u>and</u> which remain readily available.</p>
<p><i>Ref: 5.3</i></p>	<p>A major concern with the first iteration of the Rates Oversight Scheme related to proposed timelines which were inconsistent with</p>	<p><b>(ESCOSA Question 5.2)</b></p>



<p><b>ESCOSA Framework Reference</b></p>	<p><b>Notes</b></p>	<p><b>Feedback to the LGA and ESCOSA</b></p>
<p><i>Timing of information provision</i></p>	<p>council budget preparation cycles. The timeframe set out in s122 was drafted, based upon feedback from the 68 councils, taking into account workloads of financial teams and the timing, each year, when particular documents would become available.</p> <p>Section 122(1e) gives councils the option of providing the required information earlier than the 30 September deadline. The LGA does not agree that ESCOSA has a power to vary the statutory deadline set out in this section.</p> <p>The guidelines referred to in s122(1e) enable ESCOSA to guide councils on <i>how</i> information is provided (for example, in a particular format). However, this guideline-making power must be exercised in a manner consistent with the Act.</p> <p>For these reasons the LGA submits that the timeline for providing information to ESCOSA remain as set out in s122(1e).</p>	<p><b>Do stakeholders consider the proposed timing for information provision appropriate?</b></p> <p><b>If not, why not? How should the approach be amended and why?</b></p> <p>The timing of information provision is inconsistent with council budget preparation timeframes. This could lead to gaps in information provision. The advice from ESCOSA is also received in February/March of each year which is a significant way through the next years council budget process which would mean advice could not be acted upon until the following year. This would also leave one year until Council is again reviewed by ESCOSA which is often not long enough to see an impact from changes made to LTFPs and IAMPs.</p> <p>The timing of information provision is also problematic as it conflicts with the external audit process. Most, if not all councils, are still in the process of completing their end of financial year external audit reviews with their contracted external auditors and preparation of documents and reports for Audit Committee submission as a result of the November as a result of the LG Commission Submission.</p>

ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
<p><i>Ref: 7.1 Cost recovery - Introduction</i></p>	<p>As set out above, several versions of rate capping and rates oversight schemes were put before Parliament. Ultimately, it was agreed that an ESCOSA review would focus on a council's 'long-term financial plan' (LTFP) and its 'infrastructure and asset management plan' (IAMP).</p> <p>ESCOSA proposes a scope of review that is considerably wider than contemplated by section 122.</p> <p>The LGA acknowledges that the more information analysed, the more expensive the resulting report will be. However, it does not follow that a review that is twice as complex or twice as expensive will provide double the value to the local government sector.</p> <p>A high-level, limited scope review will likely provide councils with sufficient information to make appropriate choices about their financial settings.</p> <p>Councils are required to reimburse ESCOSA for the costs of each review. ESCOSA has indicated that the cost per review per council may be in the order of \$52,000.</p> <p>As ESCOSA proposes to adopt the same review process for each council there is unlikely to be a significant variation in the amounts paid by different councils.</p> <p>These costs are likely to fall on a council once every four years.</p>	<p>Further this would place significant pressure on existing resources to provide the information requested by ESCOSA and to implement the ESCOSA advice.</p> <p>Council is concerned that in late 2020 the approximate figure for an ESCOSA review was determined at \$20,000 and by early 2022, this figure has increased to \$52,000. There appears to be no rationale for this increase apart from a growth in scope for these reviews.</p> <p>Further this appears to be a 'fixed' figure and does not take into account the size or complexity of the council being reviewed.</p> <p>Given many of the functions of an ESCOSA review are already undertaken by external auditors, this 'double payment' does not appear to add any value to councils.</p>



ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
<p>Ref: 7.2 Reasonable costs</p>	<p>Former Minister Vickie Chapman previously advised Parliament that the costs of an ESCOSA review were “likely to be in the order of \$20,000 per council.”<sup>3</sup> ESCOSA now propose a process that would cost each council \$52,000 per review.</p> <p>The LGA accepts that costs would inevitably increase, in the 18 months since Minister Chapman’s Parliamentary costs statement. The LGA does not seek to bind ESCOSA to this undertaking.</p> <p>However, the increase in the scope of rates oversight reviews, as proposed by ESCOSA, has obviously led to substantial increases in the costs of the scheme to the sector. A reduction in the scope would reduce costs, ESCOSA has not made a case which would justify the proposed increase in scope.</p> <p>The LGA does not agree that the legislation provides for recovering set up and development costs:</p> <p>(1k) <i>The designated authority may recover from a council (as a debt due from the council) the costs reasonably incurred by the designated authority in performing its functions under this section in relation to the council.</i></p> <p>The LGA notes that the amendments to section 262M of the Act which will create the new Behavioural Standards Panel (the Panel) permit the Panel to invoice councils for “the reasonable costs of establishing the Panel”. There is no similar clause entitling, ESCOSA to recover its establishment costs from councils.</p>	<p><b>(ESCOSA Question 7.1)</b></p> <p><b>Do stakeholders agree with the Commission’s approach to allocating its projected indicative costs across the first cycle of the scheme?</b></p> <p><b>If not, why not? How should the approach be amended and why?</b></p> <p>Council does not agree that ‘set up’ or indicative costs for ESCOSA to perform these reviews fits within the legislative framework for cost recovery in s122(1k) of the Act. Set up</p>

<sup>3</sup> Debate on the Statutes Amendment (Local Government Review) Bill 2020, House of Assembly, 13 October 2020.

ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
	<p>Section 122(1k) authorises ESCOSA to charge councils that for costs that are incurred <i>"in relation to the council"</i>. This does not include the overheads or fixed costs of ESCOSA (eg recruitment costs, implementation of new IT systems) that are not attributable to a particular council or the establishment costs of the new scheme.</p> <p>It is a well-established principle that government taxation and fee for service powers must be drafted expressly. It is not sufficient for a power for a government agency to compulsorily acquire payments from third parties to be drafted in implied or indirect terms.</p> <p>As there is no legislative authority to charge councils, fixed costs, overheads and establishment costs must be borne by the State Government.</p>	<p>costs cannot be compared to the costs of actually conducting a review.</p> <p><b>(ESCOSA Question 7.2)</b></p> <p><b>Do stakeholders agree with the Commission’s approach to addressing any material difference between its actual costs and its projected indicative costs?</b></p> <p><b>If not, why not? How should the approach be amended and why?</b></p> <p>As above. Council does not agree that 'set up' or indicative costs for ESCOSA to perform these reviews fits within the legislative framework for cost recovery in s122(1k) of the Act. Set up costs cannot be compared to the costs of actually conducting a review.</p>
Ref: 7.3 Cost recovery	<p>The Act requires ESCOSA to invoice each council directly, ESCOSA propose an alternative arrangement whereby ESCOSA send one bill to the LGA. The LGA, would then recover these funds from councils. ESCOSA also propose spreading the payments over four years so that councils pay a smaller amount each year rather than a large lump payment once every four years.</p> <p>The LGA does not have statutory authority to act in the manner ESCOSA propose. All 68 councils would need to agree that the LGA</p>	<p><b>(ESCOSA Question 7.2)</b></p> <p><b>Do stakeholders agree that the Commission should bill the LGA the total yearly cost associated with the scheme, noting that any such scheme would require unanimous agreement between the LGA and member councils covering at least the first four-year cycle?</b></p>



ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
	<p>should act as their agent for the purpose of payment of ESCOSA invoices.</p> <p>The negotiations required to establish and maintain 68 agency agreements appears to involve a greater workload for all involved, compared with ESCOSA simply issuing invoices directly to councils.</p> <p>The LGA is therefore disinclined to agree to the Commission's proposal that they should bill the LGA unless member councils consider this would add significant value.</p>	<p><b>If not, why not?</b></p> <p>Cost recovery is for costs incurred 'in relation to the council'. Whilst the ability to 'spread payment' across multiple years thus reducing pressure on council expenditure cannot be ignored, this should not be the sole reason to implement this proposal. An ESCOSA review, regardless of the way it is invoiced or paid for, should not add undue pressure to council budgets, thus affecting the provision of services to the community.</p> <p>ESCOSA should be directly invoicing each council as the service provider to take into account any variation in costs specifically. By transferring the accounts payable process to the LGA, this shifts the responsibility onto the LGA whose role is primarily advocacy and sector assistance and is resourced to that effect.</p> <p>Council, therefore, disagree with the proposal that ESCOSA should invoice the LGA in a lump sum.</p>
<p>Ref: 7.3.2</p> <p><i>When should councils be billed and with what frequency?</i></p>	<p>Going forward (after the first four years), councils would need an early indication of costs to build into annual budgets.</p>	<p><b>(ESCOSA Question 7.4)</b></p> <p><b>Do stakeholders agree with the Commission's approach to the timing and frequency of billing?</b></p> <p><b>If not, why not? How should the approach be amended and why?</b></p>

ESCOSA Framework Reference	Notes	Feedback to the LGA and ESCOSA
<p>Ref: 7.3.3  <i>How should costs be allocated between councils?</i></p>	<p>The LGA will be guided by feedback from member councils.</p>	<p>Council disagrees with ESCOSA's proposed approach to the timing and frequency of billing. Council should be billed individually in the year their review is undertaken and early advice of the amount is required for budgeting purposes. For the CWT, as a first tranche Council being reviewed, to be advised the costs are likely to be more than double that of the amount initially proposed, is unacceptable.</p> <p><b>(ESCOSA Question 7.5)</b>  <b>If the Commission were to bill each of the 68 councils separately, do stakeholders agree with its proposed approach to allocating the total yearly cost between councils?</b>  <b>If not, why not? How should the approach be amended and why?</b></p> <p>Council strongly disagree with the LGA being the responsible body for invoicing for reviews on behalf of ESCOSA.</p> <p>However, if this approach was to be taken, Council proposes that councils are invoiced in line with their council group e.g. 1A, 1B etc. in line with how LGA membership fees are determined.</p> <p>Costs should be allocated on a per council basis based on the work undertaken by</p>



<i>ESCOSA Framework Reference</i>	<b>Notes</b>	<b>Feedback to the LGA and ESCOSA</b>
		ESCOSA and not allocated on an equal basis to each council. However, this needs to be capped and should not exceed the cost of CWT's standard financial audit.

**12 MEETING CLOSE**