REGIONAL COUNCIL OF GOYDER

Minutes of the Confidential meeting of the **Regional Council of Goyder** held on **17 May 2022** in the Council Meeting Room, 1 Market Square, Burra commencing at **3:51pm.**

1. ATTENDANCE

1.1 Present

1.1.1 Councillors Present
Crs. S. Mattey (Mayor) OAM J. Neal (Deputy Mayor), W. Gebhardt, J. Kellock, D. Hibbert and P. Schiller

1.1.2 In Attendance
Mr. D. J. Stevenson (Chief Executive Officer), Ms. E. Moore (Executive Assistant & Governance Officer).

CONFIDENTIAL MOTION
Moved: Cr. Kellock
Seconded: Cr. Neal

085/22 That Council endorses the Local Government Association (LGA) advocacy position in relation to the scheme established in section 122 of the *Local Government Act 1999* under which the Essential Services Commission of SA (ESCOSA) will provide advice to councils in relation to strategic management plans, and notes the following concerns in response to the ESCOSA proposed framework and approach:

- The scope of information requested by ESCOSA should be directly relevant to and used for the purpose of provision of advice regarding councils Long-Term Financial Plan, Infrastructure and Asset Management Plans and total revenue sources, in accordance with the requirements of section 122 of the *Local Government Act 1999;*
- the first four years of operation of the scheme should be used to set a baseline for each council and then, using a risk-based approach, the scope of the review could be scaled up for a particular council if a need is identified. This is consistent with ESCOSA's espoused "better regulation" approach, which it describes as being risk-based, proportionate to the problem that is being addressed and subject to continuous improvement and monitoring;
- The period for which historical data is provided should reflect the timeframe anticipated within the proposed scheme, i.e. four years, and a request for historical information for a longer period is not supported;
- The costs associated with the proposed scheme are far in excess of what was anticipated, and the scope of the proposed scheme should be reduced to address the unreasonable costs;
- The removal of the discretion provided in the *Local Government Act 1999* for Council to determine the reasonable assumptions to be used in the development of the Long-term Financial Plan is strongly rejected. These assumptions may include consideration of the Local Government Price Index (which accounts for the costs of items usually purchased by councils as opposed to CPI which accounts for the costs of items usually purchased by households), endorsed Enterprise Bargaining Agreements, the ABS wage price index and other actual cost factors which collectively provide a more accurate representation of inflation pressures to be considered by Council; and

- The use of the term 'CPI constrained' will lead to unreasonable criticism of councils that justifiably increase rates greater than CPI and will have a practical effect of capping council rates to the CPI rate. 'Rate capping' was not supported by Parliament. The assertion that councils should be CPI constrained is rejected.

CARRIED

CONFIDENTIAL MOTION

Moved: Cr. Hibbert

Seconded: Cr. Gebhardt

086/22 That Council endorse the submission provided by the Chief Executive Officer and that the submission be provided to ESCOSA.

CARRIED

CONFIDENTIAL MOTION

Moved: Cr. Schiller

Seconded: Cr. Neal

087/22 That Council write to the Minister outlining Councils concerns in the way in which ESCOSA is preparing to conduct its framework under section 122 of the Local Government Act 1999.

CARRIED

CONFIRMED MAYOR.. DATE ..../ ..../ ....

CONFIRMED CEO .... DATE ..../ ..../ ....

MEETING:	**Ordinary Meeting of Council**
DATE:	**17 May 2022**

DEPARTMENT:	**GOVERNANCE**
OFFICER:	**Executive Services & Governance Officer**

REPORT ITEM	13.3
REPORT TITLE	ESCOSA Submission
File Reference	*7.85.1.11*
PILLAR Objective	**LEADING THE WAY** Maintain a rating strategy that enforces the goals of this plan.
Links/Attachments	• Schedule of Councils • LGA - Local Government Rates Oversight Scheme – ESCOSA Draft Framework & Approach • Briefing Paper - ESCOSA LG Rates Oversight Scheme Briefing Paper

RECOMMENDATION:

That Council endorses the Local Government Association (LGA) advocacy position in relation to the scheme established in section 122 of the *Local Government Act 1999* under which the Essential Services Commission of SA (ESCOSA) will provide advice to councils in relation to strategic management plans, and notes the following concerns in response to the ESCOSA proposed framework and approach:

- The scope of information requested by ESCOSA should be directly relevant to and used for the purpose of provision of advice regarding councils Long-Term Financial Plan, Infrastructure and Asset Management Plans and total revenue sources, in accordance with the requirements of section 122 of the *Local Government Act 1999;*
- the first four years of operation of the scheme should be used to set a baseline for each council and then, using a risk-based approach, the scope of the review could be scaled up for a particular council if a need is identified. This is consistent with ESCOSA's espoused "better regulation" approach, which it describes as being risk-based, proportionate to the problem that is being addressed and subject to continuous improvement and monitoring;
- The period for which historical data is provided should reflect the timeframe anticipated within the proposed scheme, i.e. four years, and a request for historical information for a longer period is not supported;
- The costs associated with the proposed scheme are far in excess of what was anticipated, and the scope of the proposed scheme should be reduced to address the unreasonable costs;
- The removal of the discretion provided in the *Local Government Act 1999* for Council to determine the reasonable assumptions to be used in the development of the Long-term Financial Plan is strongly rejected. These assumptions may include consideration of the Local Government Price Index (which accounts for the costs of items usually purchased by councils as opposed to CPI which accounts for the costs of items usually purchased by households), endorsed Enterprise Bargaining Agreements, the ABS wage price index and other actual cost factors which collectively provide a more accurate representation of inflation pressures to be considered by Council; and
- The use of the term 'CPI constrained' will lead to unreasonable criticism of councils that justifiably increase rates greater than CPI and will have a practical effect of capping council rates to the CPI rate. 'Rate capping' was not supported by Parliament. The assertion that councils should be CPI constrained is rejected.

EXECUTIVE SUMMARY:
This report presents to Council the Local Government Association (LGA) Consultation Paper on the scheme proposed by the Essential Services Commission of SA (ESCOSA) for the provision of advice in accordance with section 122 of the Local Government Act 1999. The purpose of the report is to seek a resolution of Council to provide feedback to ESCOSA in relation to the proposed scheme.

MOVING INTO CONFIDENCE Section 90(2)
It is recommended that **Council consider this item in confidence** on the basis that the Council considers it necessary and appropriate to act in a meeting closed to the public in order to receive, discuss or consider in confidence information relating section **90(3)(j)** of the Act:

(j) information the disclosure of which—
- (i) would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the council, or a person engaged by the council); and
- (ii) would, on balance, be contrary to the public interest;

FURTHER INFORMATION
On 30 April 2022, the new 'strategic management plan advice scheme'[1] established in section 122 of the *Local Government Act 1999* (the Local Government Act) will commence. This scheme requires the designated authority (the Essential Services Commission of SA (ESCOSA)), on a four yearly rotating schedule, to review a range of council strategic management planning documents and provide advice to the council. The councils to be reviewed in each year of the cycle is determined by ESCOSA. The **Regional Council of Goyder is scheduled in the first tranche** of the first four year cycle of the scheme. The ESCOSA advice to councils and each council's response must be published in both the draft and adopted Annual Business Plan.

The strategic management plan advice scheme was approved by Parliament as part of the *Statutes Amendment (Local Government Review) Act 2021*. The State Government argued 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.

ESCOSA has released its 'Draft Framework and Approach' (DFA) for the strategic management plan advice scheme and called for submissions by 27 May 2022. The LGA will be making a sector wide submission to ESCOSA and has called for initial administrative feedback by 13 May 2022 to inform development of that submission. The LGA is encouraging councils to make a formal submission direct to ESCOSA and has prepared a Consultation Paper to assist councils with providing a submission. A copy of the Confidential LGA Consultation Paper is provided as **Attachment 1**.

Attachment 1 – CONFIDENTIAL LGA Consultation Paper

The LGA has identified a number of concerns with the ESCOSA DFA in the Consultation Paper and intends to advocate strongly on behalf of the sector in response to those. Of particular note are the following:

[1] The scheme inserted into section 122 of the *Local Government Act 1999* is the negotiated alternative to the originally proposed rate capping approach and has historically been referred to as the 'rates oversight scheme'.

- **Scope of the review:** The scheme established in section 122 focus ESCOSA on the Long-term Financial Plan (LTFP) and Infrastructure and Asset Management Plans (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 is reasonable.
- **Increased in projected costs:** the increase is 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.
- **Impact on discretion to determine assumptions used to develop LTFP:** The LGA strongly objects to any removal of 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 limit the discretion bestowed upon councils under the *Local Government Act 1999.* The LGA has significant 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.

CONCLUSION
The Strategic Management Plan Advice scheme is established in section 122 of the *Local Government Act 1999* and commenced on 30 April, with first round councils required to provide information to ESCOSA by 30 September 2022. Whilst there may be value to councils in receiving high level advice on strategic management plans, the DFA proposed by ESCOSA is overly onerous in terms of information provision by council and the costs are far in excess of what was anticipated. A submission to ESCOSA setting out concerns with the proposed DFA is warranted and the recommendation below proposes a submission for councils consideration.

RECOMMENDATION
As provided.

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
Urban Development & Urban City Centre			
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	
Urban Fringe			
Adelaide Hills	Onkaparinga	Alexandrina	Barossa
	Playford		
Urban Regional			
Murray Bridge	Roxby Downs	Mount Barker	Coober Pedy
Port Lincoln	Victor Harbor	Mount Gambier	Port Augusta
	Whyalla		
Rural Agricultural: Small & Medium			
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
Rural Agricultural: Large & Very Large			
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

GOYDER
South Australia's Heartland

Briefing Paper

Essential Services Commission of South Australia Local Government Rates Oversight Scheme

Officer: David J Stevenson Chief Executive Officer

Date: Tuesday, 10 May 2022

Synergy Reference: 7.85.1.11

Contents

INTRODUCTION

Local Government Association (LGA) and Essential Service Commission of South Australia (ESCOSA) have released consultation papers and a *draft* Framework and Approach to the introduction of the Local Government Rates Oversight Scheme.

BACKGROUND

The *former* State Liberal Government were considering the introduction of Rate Capping, in an effort to avert this the LGA negotiated an alternate outcome, the Local Government Rate Oversight Scheme. The scheme will be administered by ESCOSA commencing in 2022.

The scheme will have a four (4) year cycle, the process is that 17 Councils will be put through the scheme each year. Council has been chosen to participate in round #1 of the scheme in 2022.

The purpose of this briefing paper is to;

- Provide an assessment of the ESCOSA Framework and Approach;
- Respond to the LGA's consultation paper;
- Assess Councils readiness for a review by ESCOSA; and
- Measure any material impacts expected on Council as a consequence of the introduction of assessment by ESCOSA.

REVIEW OF THE LEGISLATION

- Local Government Act 1999; and
- Local Government (Financial Management) Regulations 2011.

RELEVANT DOCUMENTS & REPORTS

- Strategic Management Plans
  - Master Plan 2022-2035 (MP);
  - Infrastructure Asset Management Plan – Transport (IAMPT);
  - Infrastructure Asset Management Plan – Buildings (IAMPB);
- Annual Business Plan and Budget 2022-2023;
- Long Term Financial Plan 2022-2032;
- LGA Consultation Paper – April 2022;
- ESCOSA Local Government Rates Oversight Scheme Draft Framework and Approach;

Local Government Act 1999 [relevant extracts]

8—Principles to be observed by council

A council must act to uphold and promote observance of the following principles in the performance of its roles and functions—

(a) provide open, responsive and accountable government;

(b) be responsive to the needs, interests and aspirations of individuals and groups within its community;

(c) participate with other councils, and with State and national governments, in setting public policy and achieving regional, State and national objectives;

(d) give due weight, in all its plans, policies and activities, to regional, State and national objectives and strategies concerning the economic, social, physical and environmental development and management of the community;

(e) seek to co-ordinate with State and national government in the planning and delivery of services in which those governments have an interest;

(ea) seek to collaborate, form partnerships and share resources with other councils and regional bodies for the purposes of delivering cost-effective services (while avoiding cost-shifting among councils), integrated planning, maintaining local representation of communities and facilitating community benefit;

(f) seek to facilitate sustainable development and the protection of the environment and to ensure a proper balance within its community between economic, social, environmental and cultural considerations;

(g) manage its operations and affairs in a manner that emphasises the importance of service to the community;

(h) seek to ensure that council resources are used fairly, effectively and efficiently and council services, facilities and programs are provided effectively and efficiently;

(i) seek to provide services, facilities and programs that are adequate and appropriate and seek to ensure equitable access to its services, facilities and programs;

(ia) seek to balance the provision of services, facilities and programs with the financial impact of the provision of those services, facilities and programs on ratepayers;

(j) achieve and maintain standards of good public administration;

(k) ensure the sustainability of the council's long-term financial performance and position.

Chapter 8—Administrative and financial accountability

Part 1—Strategic management plans

122—Strategic management plans

*(1) A council must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the **strategic management plans**, which—*

*(a) identify the council's objectives for the area over a period of at least 4 years (the **relevant period**), and provide a clear indication of—*

(i) the extent to which the council has participated with other councils, and with State and national governments, in setting public policy objectives, and the extent to which the council's objectives are related to regional, State and national objectives; and

(ii) the extent to which the council has given consideration to regional, State and national objectives and strategies which are relevant to the economic, social, physical and environmental development and management of its area; and

(iii) the extent to which the council intends to co-ordinate with State and national governments and councils or other regional bodies in the planning and delivery of services in which there is a common interest; and

(ab) provide assessments that relate to the following matters (with particular reference to the relevant period):

(i) the sustainability of the council's financial performance and position; and

(ii) the extent or levels of services that will be required to be provided by the council to achieve its objectives; and

(iii) the extent to which any infrastructure will need to be maintained, replaced or developed by the council; and

(iv) anticipated changes in its area with respect to—

(A) real property development; and

(B) demographic characteristics of its community to the extent that is reasonable taking into account the availability of appropriate and accurate data; and

(v) the council's proposals with respect to debt levels; and

(vi) any anticipated or predicted changes in any factors that make a significant contribution to the costs of the council's activities or operations; and

(b) identify the principal activities that the council intends to undertake to achieve its objectives; and

(d) state the measures (financial and non-financial) that are to be used to monitor and assess the performance of the council against its objectives over the relevant period; and

(e) identify the means by which its activities are to be carried out and its objectives achieved; and

(g) address issues associated with arranging its affairs so as to separate its regulatory activities from its other activities, so far as this is reasonable to do so; and

(h) make provision for the regular review of the charters, activities and plans of any subsidiary of the council.

(1a) A council must, in conjunction with the plans required under subsection (1), develop and adopt—

(a) a long-term financial plan for a period of at least 10 years; and

(b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years,

(and these plans will also be taken to form part of the council's strategic management plans).

(1b) The financial projections in a long-term financial plan adopted by a council must be consistent with those in the infrastructure and asset management plan adopted by the council.

(1c) A council must, once in every prescribed period (which must be not 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

(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.

(2) Strategic management plans—

(a) should—

(i) address the strategic planning issues within the area of the council, with particular reference to (and in a manner consistent with) any relevant state planning policy or regional plan under the Planning, Development and Infrastructure Act 2016; and

(ii) set out the council's priorities for the implementation of planning policies; and

(b) should (as far as practicable) be consistent with the Planning and Design Code under the Planning, Development and Infrastructure Act 2016, other than where the council is proposing amendments to the Planning and Design Code and the Minister to whom the administration of that Act is committed has agreed to the implementation of a program to review and amend the relevant provisions of the Code; and

(c) should (as far as practicable) be consistent with any relevant statutory policy or plan (not referred to above).

(3) In addition to the requirements of subsection (2), a council must, in formulating its strategic management plans, have regard to—

(a) the council's roles and responsibilities under this or any other Act; and

(b) the council's objectives for its area.

(3a) The regulations may prescribe additional requirements with respect to strategic management plans.

(4) A council may review its strategic management plans under this section at any time but must—

(a) undertake a review of—

(i) its long-term financial plan; and

(ii) any other elements of its strategic management plans prescribed by the regulations for the purposes of this paragraph,

on an annual basis; and

(b) in any event, undertake a comprehensive review of its strategic management plans within 2 years after each general election of the council.

(4a) A council must, for the purposes of a review under subsection (4), take into account—

(a) in relation to a review under subsection (4)(a)(i)—a report from the chief executive officer on the sustainability of the council's long-term financial performance and position taking into account the provisions of the council's annual business plan and strategic management plans; and

(b) insofar as may be relevant—any other material prescribed by the regulations.

(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.

(5) A council may amend its strategic management plans or adopt new plans.

(6) A council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans (but nothing in this subsection is to be taken to limit subsection (5)).

(8) A council must, for the purposes of this section, specifically declare which plans will constitute the strategic management plans of the council.

(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.

Part 2—Annual business plans and budgets

123—Annual business plans and budgets

(1) A council must have, for each financial year—

(a) an annual business plan; and

(b) a budget.

(2) Each annual business plan of a council must—

(a) include a summary of the council's long-term objectives (as set out in its strategic management plans); and

(b) include an outline of—

(i) the council's objectives for the financial year; and

(ii) the activities that the council intends to undertake to achieve those objectives; and

(iii) the measures (financial and non-financial) that the council intends to use to assess the performance of the council against its objectives over the financial year; and

(c) assess the financial requirements of the council for the financial year and, taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue; and

(d) set out the rates structure and policies for the financial year; and

(e) assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the council; and

(f) take into account the council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the council; and

(g) address or include any other matter prescribed by the regulations.

(3) Before a council adopts an annual business plan, the council must—

(a) prepare a draft annual business plan; and

(b) follow the relevant steps set out in its public consultation policy, taking into account the requirements of subsection (4).

(4) For the purposes of subsection (3)(b), a public consultation policy must at least provide for the following:

(a) the publication in a newspaper circulating within the area of the council and on a website determined by the chief executive officer of a notice informing the public of the preparation of the draft annual business plan and inviting interested persons—

(i) to attend—

(A) *a public meeting in relation to the matter to be held on a date (which must be at least 21 days after the publication of the notice) stated in the notice; or*

(B) *a meeting of the council to be held on a date stated in the notice at which members of the public may ask questions, and make submissions, in relation to the matter for a period of at least 1 hour,*

(on the basis that the council determines which kind of meeting is to be held under this subparagraph); or

(ii) *to make written submissions in relation to the matter within a period (which must be at least 21 days) stated in the notice; and*

(b) *the council to make arrangements for a meeting contemplated by paragraph (a)(i) and the consideration by the council of any submissions made at that meeting or in response to the invitation under paragraph (a)(ii).*

(5) *The council must ensure that copies of the draft annual business plan are available at the meeting under subsection (4)(a)(i), and for inspection (without charge) and purchase (on payment of a fee fixed by the council) at the principal office of the council and on the website at least 21 days before the date of that meeting.*

(5a) *The council must ensure that provision is made for—*

(a) *a facility for asking and answering questions; and*

(b) *the receipt of submissions,*

on its website during the public consultation period.

(6) *A council may then, after considering—*

(a) *any submission made to the council during the public consultation period; and*

(b) *any new or revised information in the possession of the council that is relevant to the material contained in the draft annual business plan; and*

(c) *such other materials or information as the council thinks fit,*

adopt its annual business plan (with or without amendment).

(6a) *However, if a council proposes to adopt an annual business plan with amendments, the council must include in the adopted business plan a statement—*

(a) *setting out any significant amendments from the draft annual business plan; and*

(b) *providing reasons for those amendments.*

(7) *Each budget of a council must—*

(a) *be considered in conjunction with the council's annual business plan (and must be consistent with that plan, as adopted); and*

(b) *be adopted by the council after the council has adopted its annual business plan.*

(7a) *A budget of a council may authorise the entry into borrowings and other forms of financial accommodation for a financial year of up to an amount specified in the budget.*

(8) *An annual business plan and a budget must be adopted by a council after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 15 August for the financial year.*

(9) *A council must, after adopting an annual business plan and a budget—*

(a) *ensure—*

(i) *that a summary of the annual business plan is prepared so as to assist in promoting public awareness of the nature of its services and its rating and financial management policies, taking into account its objectives and activities for the ensuing financial year; and*

(ii) *that a copy of the summary of the annual business plan accompanies the first rates notice sent to ratepayers after the declaration of its rates for the financial year.*

(10) *The regulations may prescribe requirements with respect to the preparation, form and contents of—*

(a) *an annual business plan (including a draft for the purposes of public consultation), and the summary required under subsection (9); and*

(b) *a budget.*

(10a) *Without limiting subsection (10), regulations under that subsection relating to an annual business plan may—*

(a) *relate to the manner in which matters included in the plan are to be presented (such as, for example, by prescribing the location, style and level of emphasis that must be given to specified matters); and*

(b) *prescribe requirements relating to the description or explanation of matters included in the plan.*

(11) *However, in any event, the summary of the annual business plan must include an assessment of the extent to which the council's objectives for the previous financial year have been attained (taking into account the provisions of the annual business plan for that financial year).*

(12) *Subject to complying with a preceding subsection, any relevant document under this section will be in a form determined by the council.*

(13) *A council must, as required by the regulations, and may at any time, reconsider its annual business plan or its budget during the course of a financial year and, if necessary or appropriate, make any revisions.*

(14) *A rate cannot be challenged on a ground based on non-compliance with this section, or on a ground based on the contents of a document prepared or adopted by a council for the purposes of this section.*

Part 3—Accounts, financial statements and audit

Division 1—Accounts

124—Accounting records to be kept

(1) *A council must—*

(a) *keep such accounting records as correctly and adequately record and explain the revenues, expenses, assets and liabilities of the council; and*

(b) *keep its accounting records in such manner as will enable—*

(i) *the preparation and provision of statements that present fairly financial and other information; and*

(ii) *the financial statements of the council to be conveniently and properly audited.*

(2) *The accounting records may be kept in a form or forms, and in a place or places (within the State), as the council determines.*

(3) *A member of the council is entitled to inspect the accounting records at any reasonable time.*

Division 2—Internal control and audit committee

125—Internal control policies

(1) *A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records.*

(2) *The policies, practices and procedures of internal financial control under subsection (1) must be in accordance with a standard or document (such as a model relating to financial controls) adopted by the regulations.*

126—Audit committee

(1) *A council must have an audit committee.*

(2) *The membership of an audit committee—*

(a) *may include persons who are not members of the council; and*

(b) *may not include an employee of the council (although an employee may attend a meeting of the committee if appropriate); and*

(c) *may include, or be comprised of, members of an audit committee for another council; and*

(d) *must otherwise be determined in accordance with the requirements of the regulations.*

(4) *The functions of an audit committee include—*

(a) *reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and*

(ab) *proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan; and*

(ac) *proposing, and reviewing, the exercise of powers under section 130A; and*

(b) *liaising with the council's auditor; and*

(c) *reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.*

LGA RATES OVERSIGHT SCHEME CONSULTATION PAPER

Introduction

On 30 April 2022, the new 'rates oversight scheme' established in section 122 of the Local Government Act 1999 (the Local Government Act) will commence. This scheme requires the designated authority (currently the Essential Services Commission of SA (ESCOSA)), on a four yearly rotating schedule, to review a range of council strategic management planning documents and provide advice to the council. The councils to be reviewed in each year of the cycle is 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 rates oversight scheme was approved by Parliament as part of the Statutes Amendment (Local Government Review) Act 2021. The State Government argued 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.

ESCOSA has now released its ***'Draft Framework and Approach' (DFA)*** *for the rates oversight scheme. It has released this to the public and called for submissions. The LGA intends to make a submission drawing upon input from member councils.*

Confidentiality

This consultation document is provided to LGA member councils on a confidential basis.
A previous version of the document was released without the 'confidential' watermark in error. Please do not utilise the earlier version of this consultation paper in any council report.

The document contains LGA advocacy positions and is intended to inform the development of a sector wide response to the ESCOSA DFA public consultation process. The document is also intended to assist councils with the development of submissions to both the LGA and ESCOSA. Access is provided to LGA member councils only via the secure member access to the LGA website.

If this document is considered as part of a formal council agenda the LGA requests that it be considered in confidence under section 90(3)(j) on the basis that the LGA is constituted as a public authority[1]. An example confidentiality order, consistent with the requirements of this section is provided as Appendix 1 to this document.

LGA consultation process

The focus of this consultation document is to identify issues of strategic importance to the sector and seek views from the sector as to the Secretariat's interpretation of the DFA. The LGA also welcomes any feedback on the specific questions posed by ESCOSA. The detailed submission to be prepared by the LGA will address each of the questions asked in the DFA.

1 *Local Government Act 1999*, Schedule 1, Part 1—Local Government Association, s 1(3)

The LGA consultation timeframes are as follows:

ESCOSA DFA released	*31 March 2022*
LGA Consultation Paper released	*Week beginning 4 April 2022*
LGA LG Equip Zoom Update – Rates Oversight	*21 April 2022*
Deadline for feedback to the LGA Secretariat *(to be consolidated into a sector-wide submission)*	***13 May 2022***
Deadline for submissions direct to ESCOSA	*27 May 2022*

ESCOSA's closing date for submissions is 27 May 2022. This date was extended at the request of the LGA. If member councils provide a submission directly to ESCOSA, we request that a copy also be forwarded to the LGA Secretariat.

It is recognised that the 13 May due date for feedback to the LGA Secretariat may present some challenges in achieving a council endorsed response. The Secretariat welcomes administrative responses within this timeframe and encourages councils to provide a formally endorsed submission directly to ESCOSA.

It is important that all councils consider the implications of ESCOSA's proposed DFA and provide feedback, not just those councils scheduled in the first year of the four yearly cycle.

Council responses and copies of submissions made directly to ESCOSA can be provided to Andrew Lamb, LGA Local Government Reform Partner at andrew.lamb@lga.sa.gov.au.

*The LGA will hold an LG Equip Zoom Update session on the Rates Oversight Scheme on **21 April 2022**. In this session, the LGA Secretariat will outline the issues and provide participants with a significant opportunity to ask questions. The session will be open to elected members and relevant council employees. Mr Adam Wilson, CEO, ESCOSA will be in attendance at the Zoom update.*

Other resources currently available to the sector in relation to the rates oversight scheme include:

- *LG Equip Information Paper – Rates oversight scheme (available here)*
- *LG Equip Information Paper – LG Reform and its potential impact on financial and asset management planning (available here).*

Executive Summary

The LGA understands the rates oversight scheme in a manner consistent with the words of the Local Government Act and the Second Reading Speeches of respective Local Government Ministers.

Based upon member council feedback provided through LGA-sector consultation on the Statutes Amendment (Local Government Review) Bill 2020, the LGA supports a rates oversight scheme, in the form articulated in the Parliamentary debates and legislation.

As outlined in this document, the LGA expresses concern that the scope, level of detail and costs, proposed in ESCOSA's DFA represents a significant departure from Parliament's expressed intentions.

Whilst the scheme is referred to colloquially as the 'Rates Oversight Scheme', it is important to note that the scheme was inserted into section 122 which deals with strategic management plans and is therefore essentially a review of s122 related documents. The amendments to section 122 were designed as an oversight scheme, not an audit or an otherwise comprehensive review of a councils' financial, budgetary, risk and control settings.

The LGA is not persuaded that section 122 is broad enough to permit a review of the scope contemplated in the DFA:

> *The **essence of the scheme** [emphasis added] 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.*[2]

The LGA considers that the 'essence of the scheme' is contained within section 122, which:

- *provides that the designated authority 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 (s122(1f)(a)); and*
- *defines the '**relevant matters**' as 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 and revenue sources outlined in the funding plan (s122(1e)).*[3]

*The LGA acknowledges that the Act provides that the designated authority 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*[4]*;*

This section is primarily about the requirement of councils to perform their functions in accordance with the Objects set out in section 3 of the Local Government Act. That is, a statutory object of councils is to "provide for appropriate financial contributions by ratepayers to those services and facilities" (s.3(f)).

Section 122(1g) restates the objectives set out in section 3 and merely provides that ESCOSA must have regard to the council's objective of providing for "appropriate financial contributions by ratepayers to those services and facilities".

Interpreted in this manner, section 122(1g) is not intended to expand the scope of ESCOSA's proposed review[5]*. In fact, the opposite is true. Through its choice of words, section 122(1g) is centring ESCOSA's review on specific objects in the Local Government Act. As these and no other objectives are provided in section 122, ESCOSA should not pursue objectives not specifically provided for.*

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2 ESCOSA, Local Government Rates Oversight Scheme, *Draft Framework and Approach* (March 2022), Executive Summary – Page 1.

3 Noting that at this time, no regulations under section 122(1e)(c) have been proclaimed.

4 s122(1g)(a), *Local Government Act 1999*

5 Whilst this is ESCOSA's limited focus, we note that Councils are required to act consistently with all of the clauses in section 3 of the *Local Government Act 1999*

This argument is strengthened by virtue of the nature of the documents contemplated within 'the relevant matters'. The LTFP (including the funding plan) is a high level document which outlines the intended sources of total revenue (such as revenue from rates, grants and other fees and charges) and therefore the LGA considers that the focus should be on whether the proposed aggregate revenue sources are appropriate (having regard to the objective under s122(1g)(a)(ii)).

The LGA therefore submits that the scope of review contemplated by section 122 is much more limited than as proposed in the DFA. The DFA also posits that the ESCOSA has a discretion to expand the scope of its review[6] by requesting additional information or by deciding to provide advice on other matters it considers appropriate[7].

The LGA does not agree that ESCOSA has a unilateral power to expand this scope. Rather, the discretion provided by these sections is merely to enable the collection of such additional information ESCOSA requires to provide advice on the LTMP and the IAMP for the objectives set out in section 122(1g).

To the extent that ESCOSA does have a discretion about:

- *which documents it requires councils to provide; and*
- *the range of matters it analyses, as part of its review,*

the LGA submits that ESCOSA should err on the side of a limited, high-level review, as contemplated by Parliament. It should seek information that is necessary for it to perform its statutory function, but no more than that.

The LGA accepts that councils will benefit from high-level advice on LTFP's and IAMP's. The LGA is not convinced that the proposed DFA will deliver additional benefits to the sector, commensurate with the significant additional cost.

Instead, the LGA recommends that ESCOSA design a rates oversight scheme that:

- *is limited in scope to reviewing the intended revenue sources outlined in the funding plan and material amendments made or proposed to be made to the council's LTFP and IAMP (and such other documents required to properly understand these two documents), and the council's reasons for those amendments;*
- *is further limited in scope to the objectives set out in section 122(1g)(a); and*
- *provides each council with high-level advice about the LTFP (including funding plan) and IAMP.*

As the rate oversight scheme is new, the LGA considers it prudent to use the first four years to set a baseline and then using a risk-based approach, scale up the scope of the review for a particular council if a need is identified. This aligns with the wording of s122(1f)(b) which provides that the designated authority, may, if it 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. It is also consistent with ESCOSA's "better regulation" approach, which it describes as being risk based, proportionate to the problem that is being addressed and subject to continuous improvement and monitoring[8].

Finally, ESCOSA provides in Principle 2 in the DFA:

> *"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 (they should not vary due to political cycles, or short-term transient operational or financial concerns)."*

The LGA notes that councils are democratically elected to represent the hopes and aspirations of local communities. These communities (as expressed through their votes) are entitled to change their priorities and elect new representatives. Ultimately, decisions about revenue and expenditure remain the responsibility of elected members of council and long-term plans will change as a result of political cycles. It is also noted that the local government sector is often constrained by political decisions of state and federal government which may affect service delivery, infrastructure development and other costs to council. For example, there may be a sudden offer of grant funding for an asset on a council's long-term capital program which, in order to secure the funds, the council must match dollar for dollar. These matters must be responded to in a timely way that considers the best interests of each council's community and may result in unanticipated changes to a

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6 DFA pg 9, '*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*'.

7 ESCOSA, Local Government Rates Oversight Scheme – Draft Framework and Approach, March 2022, Section 2.3.2

8 ESCOSA, "Charter of consultation and regulatory practice", November 2019, page 5 (available at https://www.escosa.sa.gov.au/regulatory-approach/charter-of-consultation-and-regulatory-practice)

council's LTFP and/or IAMP. ESCOSA advice should therefore provide a framework within which elected members can make informed decisions, understanding the implications of those decisions.

Background

Rates Oversight Scheme - Changes in Scope

The rates oversight scheme, now embedded in the Local Government Act[9], resulted from a series of negotiations with the State Government, as an alternative to rate capping. A number of rate capping proposals had been included in legislative amendments put forward by the State Government and in Private Members' Bills.

RATES OVERSIGHT - FIRST ITERATION

The first iteration of rates oversight was introduced into Parliament by then Local Government Minister Stephan Knoll on 17 June 2020, as an element of the Statutes Amendment (Local Government Review) Bill 2020 (the Review Bill).

That proposal focused on changes to council rates. Councils would have been required to explain:

- *increases in revenue from general rates including the reasons for the change;*
- *the impact of the rates change;*
- *information as to whether consideration had been given to alternatives to the proposed change in total revenue from general rates, such as alternative expenditure measures or funding proposals; and*
- *information as to how the proposal was consistent with the council's long-term financial plan and infrastructure and asset management plan.*

During his Second Reading Speech[10] on the Review Bill, Minister Knoll explained the scope, thus:

> *"Councils will now be required to receive and consider advice from an independent body on their proposed revenue from general rates for each financial year. Councils will need to provide information on their proposed rate revenue to this body at the end of the calendar year, along with critical information on the context in which this revenue change is proposed. This will include the council's view of the impact of the rate change on its ratepayers, whether the council has considered alternate mechanisms such as the responsible use of debt, the use of council reserves or exercising spending restraint and, most importantly, how the proposed change is consistent with the council's long-term financial plan and infrastructure and asset management plan."*

Based on member input, the LGA accepted the principle of a rates oversight scheme, whilst advocating strongly for a more modest scope and a more realistic reporting timeline.

RATES OVERSIGHT - SECOND ITERATION

On 13 October 2020, as a result of LGA and sector advocacy, then Minister for Local Government, Vickie Chapman, introduced a modified rates oversight scheme, with a more limited scope. The scope of the ESCOSA review was centred around a council's LTFP and its IAMP.

During debate on the Review Bill, then Minister Chapman told the House of Assembly[11]:

> *"These amendments make significant changes to the rate monitoring scheme included within the bill, following extensive discussion with the LGA. In summary these changes require council to receive advice from a designated authority on their proposed revenue every three years rather than every year[12], refocus this advice from council's annual business plans to the revenue decisions that they make within the context of the council's 10-year financial plan, remove the*

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9 Section 122, *Local Government Act 1999,* commencing 30 April 2022.

10 SA Parliament, House of Assembly Official Hansard, Second Reading, *Statutes Amendment (Local Government Review) Bill,* the Hon S.K. Knoll (Schubert—Minister for Transport, Infrastructure and Local Government, Minister for Planning), 17 June 2020.

11 SA Parliament, House of Assembly Official Hansard, Legislative Review Committee, the Hon V.A. Chapman (Bragg—Deputy Premier, Attorney General, Minister for Planning and Local Government), *Statutes Amendment (Local Government Review) Bill* Committee Stage, 13 October 2020.

12 Note that, as a result of LGA advocacy, ESCOSA will now review each council every four years instead of every three.

> *minister's ability to direct the designated authority to consider particular matters, remove the minister's ability to direct councils on the basis of a report from the designated authority and clarify that the designated authority is the Essential Services Commission of South Australia unless another body is prescribed. I also note that most of these amendments are the same as the amendments that were filed on 24 September.* ***The only further amendment is to remove the ability of the designated authority to require councils to provide information as it determines*** *[emphasis added].*

Note that the clearly expressed intention of the State Government was to specifically remove ESCOSA's ability to require councils to provide any information it determined. Rather the ESCOSA's role was clearly articulated as:

- *A review of a council's LTFP and IAMP, in particular, any changes to these documents;*
- *ESCOSA's scope of inquiry was limited to the objectives set out in new subsection 122(1g), namely:*
  - *the objective of councils maintaining and implementing long-term financial plans and infrastructure and asset management plans;*
  - *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.*
- *ESCOSA did not have the power to unilaterally increase the scope of its reviews. For this to occur, a Regulation was required .*

This version of rates oversight scheme, explained by the Minister, was the version approved by the Parliament.

RATES OVERSIGHT - THIRD ITERATION

The rates oversight scheme set out in ESCOSA's DFA is effectively the third iteration of the proposed scheme. The ESCOSA DFA represents a significant increase in the proposed scope of the rates oversight scheme and, in many areas, goes beyond what was contemplated in even the first iteration outlined previously in this paper. The LGA does not support the approach proposed by ESCOSA in the DFA. In the table, below, the LGA responds to specific matters and questions posed by ESCOSA, in relation to the DFA.

All references to legislation in this document, including in the table, are references to sections in the Local Government Act 1999, most of which will commence on 30 April 2022.

CALL FOR SUBMISSIONS

The LGA Secretariat is seeking submissions from councils by ***13 May 2022*** *and administrative responses are welcome. Direct submissions to ESCOSA are required by 27 May 2022 and we request that a copy of any direct submissions also be provided to Andrew Lamb, Local Government Reform Partner (andrew.lamb@lga.sa.gov.au).*

The LGA is aware of the length and complexity of the issues contained in this consultation paper. However, we are already aware anecdotally that these issues are likely to be of considerable interest to many councils. ESCOSA has posed a large number of very specific questions and we thought it important to respond to each of these so that the sector's consent could not be implied where a response was not provided to ESCOSA. For these reasons this consultation paper is necessarily detailed.

This consultation paper has been provided to facilitate councils returning information to the LGA which will inform the development of a more detailed, formal submission to ESCOSA. It is not intended that this consultation paper be provided to ESCOSA as part of a direct submission.

This paper provides preliminary views of the LGA Secretariat, and they are intended to be tested with member councils prior to development of the LGA final submission. It is important that the LGA and member councils can work through the issues in a frank and confidential manner without undue concern that testing an idea will lead to, for example, adverse media comment. Further the LGA Secretariat's comments are designed to encourage understanding and debate on the DFA, with a final LGA Board view to be determined following the completion of the consultation process with councils.

Councils are welcome to adopt any of the views expressed in the consultation paper as part of their own direct submission to ESCOSA.

Local Government Association of South Australia

The voice of local government.

ESCOSA DFA REFERENCE	***LGA Secretariat Comments***	***Council Comments***
REF: 2.3.1 *OVERARCHING INTENT OF THE LEGAL FRAMEWORK*	*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.* *Section 122 requires ESCOSA to focus on the LTFP and 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'.* *It is not the case that the incidental power to obtain clarifying documents authorises ESCOSA to expand the scope of its review.* *The LGA is concerned that ESCOSA's expansive interpretation of the ambit of its review will result in significant additional work by council administrations 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.* *Minister Chapman gave the SA Parliament indications that the costs of ESCOSA reviews per council would be in the order of $20,000[13]. The LGA is concerned about the $52,000 per council, per review figure, included in ESCOSA's consultation paper.* *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.*	*(ESCOSA Question 2.1)* ***CEO Comments*** *Council agrees with the LGA's interpretation of the legislation.* *In particular, that ESCOSA should focus on the LTFP and IAMP of Council and not assume a wider ambit of investigation of other documents.* *The cost escalation from the estimate by the Former Minister of circa $20k to now over $50k is an impost on Council that has very little (if any) benefit to ratepayers. A more cost effective alternative would have been to require the Council auditor to report under the Local Government (Financial Management) Regulations 2011 on substantially the same matters ESCOSA is required to do.*

[13] Hansard SA House of Assembly, 13 October 2020, Second Reading Debate on the Statutes Amendment (Local Government Review) Bill 2020

ESCOSA DFA REFERENCE	***LGA Secretariat Comments***	***Council Comments***
REF: 2.3.2 *THE SCOPE AND CONTEXT OF THE ADVICE*	*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.* *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 **the council's** objective of providing for "appropriate financial contributions by ratepayers to those services and facilities".* *The LGA note that the DFA states:* *"…the Commission must have regard to ensuring that the financial contributions proposed to be made by ratepayers, **under the council's LTFP and IAMP** [emphasis added], are appropriate."[14]* *Section 122(1g) is focussed on aggregate revenue sources, and it is not necessary to disaggregate this data further as proposed in the ESCOSA DFA.*	*(ESCOSA Question 2.2)* ***CEO Comments*** *ESCOSA have in effect reinterpreted section 122(1g) so that they are reviewing financial contributions to be made by ratepayers, as opposed to having regarding to the objective of providing for appropriate financial contributions by ratepayers to those services and facilities in the Councils LTFP and IAMP.* *This moves the goal posts from a review of the Councils objects of providing for to, ESCOSA having regard to financial contributions to be made by ratepayers are appropriate. Surely this is a significant departure from the intent of the legislation.*

[14] DFA pg. 9

ESCOSA DFA REFERENCE	LGA Secretariat Comments	Council Comments
REF: 4.2 THE PRINCIPLES UNDERPINNING THE ANALYTICAL FRAMEWORK	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. 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. 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 DFA 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. With regard to Principle 5 (DFA, 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.	(ESCOSA Question 4.1) CEO Comments The proposed framework suggests the approach is to provide new and additional reports and information above what is already generated by Council. This will create an additional burden on what is an already stretched finance and administration team. The approach also seems to suggest that the work to be done by ESCOSA could be akin to analytical audit procedures and processes. It could be concluded that more "red tape" is being generated without any tangible benefit/s to the ratepayers. As the LGA points out the Grants Commission has considerable current and historical data ESCOSA can call upon without requiring Councils to reproduce information in a nil value add process. It should also be questioned why is this coal face data mining required if the legislation is aimed at a review of the objectives for rating and sustainability measured through performance reported on historical, current and future through the LTFP and IAMP.
REF: 4.3 OVERARCHING ANALYTICAL FRAMEWORK	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. The DFA proposes a far more detailed analysis of each council's financial position.	(ESCOSA Question 4.2) CEO Comments A radical review of the DFA at this juncture may conclude that ESCOSA is positioning themselves to remove the democratic right from Councils to set rates commensurate with the strategic position

ESCOSA DFA REFERENCE	LGA Secretariat Comments	Council Comments
	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. 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 DFA does not comment on the benefits of requiring this detailed information, compared to the costs of obtaining and analysing it. Further, ESCOSA proposes to analyse councils' documents by reference to a range of criteria, likely beyond the purview of the rates oversight scheme. For example, ESCOSA proposes to examine 'program stability', which is described as "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". The LGA submits: • that the legislation does not contemplate a review of day-to-day or operational matters. • The review should not consider such a level of detail; and • In any event, elected councils are entitled to make changes to the manner in which services are provided. 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.	adopted by elected members from the community. The information required seems to suggest that 'cost - controlling' could be inevitable via an ill-conceived view that rates should be set equivalent to CPI or some arbitrary measure which links comparative costs across a Council or Councils. It seems to me Council and the LGA should reiterate that the intent of the legislation is to review, not conduct detailed analysis. I agree with the LGA position that ESCOSA should limit their advice to a high-level which should be aimed at enabling Council members to understand the implications of their tax policy.
Ref: 4.4.1.1 The relevance of historical trends	The DFA 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. 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 DFA which appear to require the creation (or re-creation) of new data sets.	(ESCOSA Question 4.3) CEO Comments I agree with the LGA, a ten (10) year historical timeframe should be more than sufficient, this will give ESCOSA a twenty (20) year timeline for Council. Council should not (unnecessarily) be required to reformat information that is already aotherwise available. This issue is particularly relevant to small

ESCOSA DFA REFERENCE	LGA Secretariat Comments	Council Comments
	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. *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 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.*	*regional rural Councils with limited resources. It could in fact turn out that councils may have engage outside resources to meet the obligations of ESCOSA which is yet an additional cost to Council with no value to ratepayers.*
Ref: 4.4.1.3 *ACCOUNTING FOR SCALE*	*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.* *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.* *Decisions about council service levels are matters for the elected members of councils.* *High-level ESCOSA advice on the financial implications of council decisions is welcomed.*	*(ESCOSA Question 4.5)* ***CEO Comments*** *Every Council is different, attempting to draw comparative data by normalising can and most probably will lead to misleading information.* *Over time, depending upon what conclusions are drawn by ESCOSA, the decision making capacity by Elected Members maybe eroded due to cost comparatives becoming an imperative which will drive service level and strategic management decisions in the LTFP and IAMP therefore consequently tax policy.*
Ref: 4.4.1.4 ***Accounting for inflation***	*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.* *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.*	*(ESCOSA Question 4.6)* ***CEO Comment*** *LGPI is an appropriate measure of inflation for Councils, albeit ESCOSA has adopted CPI. This is*

ESCOSA DFA REFERENCE	LGA Secretariat Comments	Council Comments
	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). *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.* *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.*	*malapropos given there is no indices to which Local Government is bound.*
REF: 4.4.2 *THE KEY QUESTIONS TO ADDRESS* *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*	*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'.* *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.* *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.* *The 'relevant matters' relate to the material amendments made or proposed to be made to the LTFP and IAMP (and the potential impact on the revenue sources outlined in the funding plan) not to the implementation of the plans.*	*(ESCOSA Question 4.7)* ***CEO Comments*** *Ibid*

ESCOSA DFA REFERENCE	LGA Secretariat Comments	Council Comments
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?	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. 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. 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.	As mentioned above this is ESCOSA trying to assert a great degree of influence than has been contemplated by the legislation. How individual Councils determine their services levels and therefore the costs they bear is something each Council is responsible for, the Local Government Act 1999 cl. 8 has principles to be observed by Councils which often are determines by the democratically elected member meeting their obligations to provide for services, facilities and programs in their communities.
REF: TABLE 5: KEY QUESTIONS	The LGA proposes an approach consistent with the high-level review contemplated by s122. The Local Government (Financial Management) Regulations 2011 Regulation 5(1) outlines that a LTFP must include: (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 (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. (2) A long-term financial plan must be accompanied by a statement which sets out— (a) the purpose of the long-term financial plan; and (b) the basis, including key assumptions, on which it has been prepared; and	CEO Comments I concur with the LGA comments in their entirety.

ESCOSA DFA REFERENCE	LGA Secretariat Comments	Council Comments
	(c) the key conclusions which may be drawn from the estimates, proposals and other information in the plan. 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. 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. 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).	
MATERIAL AMENDMENT	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.	(ESCOSA Question 4.8) CEO Comment I concur with the LGA comments, materiality is a pre-determined concept, well understood by Councils and applied both internally and by the Council auditors. ESCOSA should not have any other methodology to calculate materiality.
REF: 4.4.3 HOW THE ANALYTICAL FRAMEWORK CAN ADDRESS THE KEY QUESTIONS AND WHAT INFORMATION IS REQUIRED TO DO SO	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 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. The LGA does not support the ESCOSA review replicating any task already provided for in the statutory scheme.	(ESCOSA Question 4.9) CEO Comments I concur with the views of the LGA in their entirety. ESCOSA will duplicate work already done by Council auditors, more analysis of statutory prepared, certified and audited financial statements

ESCOSA DFA REFERENCE	LGA Secretariat Comments	Council Comments
	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 how relevant information is provided. The LGA does not consider that section 122(1e): • expands the possible scope of a rates oversight scheme; nor • does it authorise the acquisition of documents that are beyond the objectives of a review, as set out in section 122(1g). Section 122(1e) requires each council to provide "all relevant information" on: • 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 • revenue sources outlined in the funding plan (which is part of the LTFP). 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. The powers of ESCOSA to obtain information for s122 reviews are clearly defined in s122(1j). That is, ESCOSA "may, by written notice, **require a council** [emphasis added] 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** [emphasis added] that the designated authority reasonably requires for the performance of the designated authority's functions under this section". This power does not extend to information held by parties external to a council (i.e. the LGA and/or LGFA). 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 Essential Services Commission Act 2002 are applicable when conducting a review pursuant to s122 of the Local Government Act. The expression "all relevant information" is, at first glance, broad. However, this expression must be read in the context of: • the purpose of the amendments to section 122, as articulated in the Second Reading Speeches; • the description of the LTFP and IAMP as the 'relevant matters'; and • the objectives of the Act, set out in section 122(1g).	is a waste of Council resources, no additional value can accrued to ratepayers by doing what is proposed. ESCOSA is clearly overstepping the intent of the legislation, this must be addressed.

ESCOSA DFA REFERENCE	LGA Secretariat Comments	Council Comments
	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. 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. Furthermore, the LGA does not support the inclusion of graphs which include analysis of figures which are: • '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'. • '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.	
REF: 4.5.1 CONTENT OF THE ADVICE	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". 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. The LGA position remains that the ESCOSA review is a high-level review, focused on the 'relevant matters'.	(ESCOSA Question 4.10) CEO Comments I concur with the LGA view entirely.
REF: 4.5.2 PUBLICATION OF THE ADVICE	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).	(ESCOSA Question 4.11) CEO Comment

ESCOSA DFA REFERENCE	LGA Secretariat Comments	Council Comments
	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. The LGA assumes that ESCOSA's advice will be separated into findings and recommendations with attached explanatory and supporting analysis. 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. A very large ESCOSA report may impact adversely on the size and readability of councils ABPs. 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. 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.	I concur with the LGA view.
REF: 4.6.1 ALIGNMENT WITH THE LEGAL FRAMEWORK	The LGA does not agree with either the proposed analytic framework nor ESCOSA's interpretation of the legal framework. 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 (e.g. service sustainability, costs control and affordability) beyond the scope of section 122.	(ESCOSA Question 4.12) CEO Comment I concur entirely with the LGA view.
REF: 4.6.2 ALIGNMENT WITH THE OVERARCHING PRINCIPLES FOR THE ANALYTICAL FRAMEWORK	As already outlined above, the LGA believes that the analytical framework includes matters and a level of detail (e.g. service sustainability, costs control and affordability) beyond the scope of section 122.	(ESCOSA Question 4.13) CEO Comment I concur entirely with the LGA view.

ESCOSA DFA REFERENCE	LGA Secretariat Comments	Council Comments
REF: 5.2 GUIDELINES AND INFORMATION PROVISION	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 DFA contains several template documents which appear to require the insertion of large amounts of data to complete. This will: • Consume significant council resources in preparing; and • Expand the scope of the ESCOSA review beyond the scope contemplated by s122, thereby increasing overall council costs. 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. The LGA submits that as far as possible, ESCOSA restrict the documents it compels councils to provide to those documents that already exist and which remain readily available.	(ESCOSA Question 5.1) CEO Comment I concur entirely with the LGA view.
REF: 5.3 TIMING OF INFORMATION PROVISION	A major concern with the first iteration of the Rates Oversight Scheme related to proposed timelines which were inconsistent with 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. 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. The guidelines referred to in s122(1e) enable ESCOSA to guide councils on how information is provided (for example, in a particular format). However, this guideline-making power must be exercised in a manner consistent with the Act. For these reasons the LGA submits that the timeline for providing information to ESCOSA remain as set out in s122(1e).	(ESCOSA Question 5.2) CEO Comment I concur entirely with the LGA view.

CONFIDENTIAL

ESCOSA DFA REFERENCE	***LGA Secretariat Comments***	***Council Comments***
REF: 7.1 *COST RECOVERY - INTRODUCTION*	*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).* *ESCOSA proposes a scope of review that is considerably wider than contemplated by section 122.* *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.* *A high-level, limited scope review will likely provide councils with sufficient information to make appropriate choices about their financial settings.* *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.* *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.* *These costs are likely to fall on a council once every four years.* *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.[15]". ESCOSA now propose a process that would cost each council $52,000 per review.* *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.* *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.*	*(ESCOSA Question 7.1)* ***CEO Comment*** *I concur entirely with the LGA view.*

[15] Debate on the Statutes Amendment (Local Government Review) Bill 2020, House of Assembly. 13 October 2020.

ESCOSA DFA REFERENCE	***LGA Secretariat Comments***	***Council Comments***
REF: 7.2 *REASONABLE COSTS*	*The LGA does not agree that the legislation provides for recovering set up and developments costs:* *(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.* *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.* *Section 122(1k) authorises ESCOSA to charge councils that for costs that are incurred "in relation to the council". 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.* *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.* *As there is no legislative authority to charge councils, fixed costs, overheads and establishment costs must be borne by the State Government.*	*(ESCOSA Question 7.2)* ***CEO Comment*** *I concur entirely with the LGA view.*
REF: 7.3 *COST RECOVERY*	*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.* *The LGA does not have statutory authority to act in the manner ESCOSA propose. All 68 councils would need to agree that the LGA should act as their agent for the purpose of payment of ESCOSA invoices.* *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.* *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.*	***CEO Comment*** *I concur entirely with the LGA view.*

ESCOSA DFA REFERENCE	***LGA Secretariat Comments***	***Council Comments***
REF: 7.3.2 *WHEN SHOULD COUNCILS BE BILLED AND WITH WHAT FREQUENCY?*	*Going forward (after the first four years), councils would need an early indication of costs to build into annual budgets.*	*(ESCOSA Question 7.4)* ***CEO Comments*** *Councils require information as early as possible so that budget preparations are not compromised with very large (material) changes as a consequence of ESCOSA cost imposts.*
REF: 7.3.3 *HOW SHOULD COSTS BE ALLOCATED BETWEEN COUNCILS?*	*The LGA will be guided by feedback from member councils.*	*(ESCOSA Question 7.5)* ***CEO Comments*** *Councils should be invoiced the "actual" costs incurred, sufficient details must be provided by ESCOSA in relation to the rates charged, hours of work performed and by whom. This work isn't a one size fits all, therefore the work that will be done on a large metro Council will be vastly different from that of a small regional Council. It should not be lost on the Government the vary large burden that this scheme is placing on the Local Government sector, in the case of RCoG the costs in the first year will exceed the equivalent of 2% of rates!*

Appendix 1

EXAMPLE CONFIDENTIALITY ORDER

1. *Pursuant to section 90(2) and (3)(j) of the Local Government Act 1999 the Council orders that the public be excluded from attendance at that part of this meeting relating to Agenda Item XX (Report title), except the following persons:*

   - *List relevant staff names and position titles*

   to enable the Council to consider item XX in confidence on the basis the Council considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter:

   - *information the disclosure of which would divulge information provided on a confidential basis by a public authority, being the Local Government Association of SA (LGA)*

   the disclosure of which would, on balance, be contrary to the public interest, being information provided by the LGA in relation to proposed advocacy and sector wide submission in response to the Essential Services Commission of SA 'Draft Framework and Approach' that the LGA has requested be kept confidential at this stage.

2. *The disclosure of this information would, on balance, be contrary to the public interest because it is in the public interest for the Council to be able to communicate on a confidential basis with the LGA about proposed sector advocacy and thereby act cooperatively with the LGA in achieving positive outcomes for the local government sector.*
3. *Accordingly, on this basis, the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or matter confidential.*

Section 91(7) Order

1. *Pursuant to Section 91(7) of the Local Government Act 1999, the Council orders that the following documents relating to Agenda Item XX (Report title) shall be kept confidential, being documents relating to a matter dealt with by the Council on a confidential basis under Sections 90(2) and 90(3)(j) of the Act:*

   - *Report and attachments*
   - *Minutes*

   on the grounds that the documents relate to information provided on a confidential basis by a public authority, being the Local Government Association of SA (LGA) the disclosure of which would, on balance be contrary to the public interest, being information provided by the LGA in relation to proposed sector advocacy that the LGA has requested be kept confidential at this stage.

2. *The disclosure of this information would, on balance, be contrary to the public interest because it is in the public interest for the Council to be able to communicate on a confidential basis with the LGA about proposed sector advocacy and thereby act cooperatively with the LGA in achieving positive outcomes for the local government sector.*
3. *This order shall operate until 30 June 2022.*
4. *Pursuant to section 91(9)(c) of the Local Government Act 1999, the Council delegates to the Chief Executive Officer the power to revoke this order in whole or part.*

ANNUAL BUSINESS PLAN AND BUDGET

Overview

Under Section 123 of the Local Government Act 1999, Council must have for each financial year an annual business plan and a budget.

The annual business plan is Council's core statement of its intended programs and outcomes for the year. It links the Council's longer term planning for the area, as set out in its strategic management plans, with the allocation of resources in its budget. It also establishes the basis for review of the Council's performance over the year included in its annual report.

The document includes the following elements:

- *a summary of the Council's longer term strategies and objectives, as set out in its strategic management plan – Master Plan (2021-2036);*
- *significant influences for the year including financial factors, asset renewal needs and progress on continuing projects;*
- *the Council's specific objectives for the year against which its performance will be measured;*
- *the activities (services and projects) that the Council intends to undertake to achieve its objectives;*
- *a summary of the proposed sources of revenue for the year;*
- *Council's proposed approach to rating for the year and what it means for ratepayers.*

Under Section 122 of the Local Government Act 1999, Council is required to prepare a long term financial plan and an infrastructure and asset management plan for a period of at least 10 years.

This ten year Long Term Financial Plan (LTFP) for the Regional Council of Goyder covers the period commencing 1st July 2022 to 30th June 2032 with year one of the Plan being the Annual Business Plan and Budget for the period 1st July 2022 to 30th June 2023. Incorporated into this document is the data extracted from the draft Asset and Infrastructure Management Plan for Council's assets including transport infrastructure, CWMS, buildings and associated infrastructure, plant and equipment and human resources. The LTFP is designed as a high level document with the following aims to ensure that:

- *Council have a financial rating strategy in place to meet the annual operating costs of Council and adequately maintain or enhance services levels to the community,*
- *Council can adequately fund future replacement and refurbishment of its assets base and that deteriorated infrastructure is repaired or replaced on time,*
- *Deprecation accurately reflects the level at which council replaces and/or enhances its assets and infrastructure,*
- *Sufficient funds are available to meet the plan requirements and fund the Section 155 reserves (CWMS, Waste Management, Burra Caravan Park and Paxton Square Cottages), and*
- *Debt levels are maintained within acceptable parameters and borrowings are minimised.*

Under Section 123 of the Local Government Act 1999 – Annual Business Plans and Budgets

"A council must, as required by the regulations, and may at any time, reconsider its annual business plan or its budget during the course of a financial year and, if necessary or appropriate, make any revisions."

Monthly financial and operational variance reports are provided to Council which detail Council's performance against the measures contained in the Annual Business Plan, Annual Budget and Long Term Financial Plan. This provides a valuable measuring tool which enables Council to make informed decisions regarding progress of projects undertaken, analyse goals achieved and allows a progressive revision of the elements influencing the LTFP.

Public Consultation & Publication

The Local Government Act requires consultation on the draft annual business plan. This enables consultation to be undertaken at an earlier stage on Council priorities, funding and rating policies without having to wait until more detailed financial information is available towards the end of the financial year. Consultation must be undertaken on the draft annual business plan in accordance with the Council's adopted public consultation policy, the minimum requirements for which are set out in Section 123 (4) of the Local Government Act. The minimum consultation requirement comprises publication of a notice in the local press allowing at least 21 days for written submissions and/or verbal *submissions at a public meeting. The public meeting may form part of a meeting of the Council. Section 123 (5) requires that copies of the draft annual business plan must be available at the meeting and for at least twenty one (21) days before the meeting. The draft plans were adopted for Public Consultation at the Council Meeting of the 19th April*

2022. Public submissions close at 4pm, Tuesday 10th May 2022. This minimum requirement is quite specific, and focuses on the completed draft annual business plan document. Unless there are controversial elements of major community concern, it is unlikely that the consultation will generate a high level of community response. Public consultation will be undertaken as part of Council's meeting on Tuesday 17th May 2022 from 1.30pm to 2.30pm.

Section 123 (9) of the Act requires that a Council must prepare a summary of the annual business plan to be sent out with the first rates notice for the year. Copies of the full

Annual Business Plan and Budget 2022/23 and ten year

LTFP 2022-32 must be made available to the public from the Council offices. (Council place a copy on their web-site www.goyder.sa.gov.au for downloading). These will be available after adoption of the budget in June 2022.

Introduction
The annual business plan and budget sets out the Council's proposed services, programs and projects for 2022/23. It aims to maintain efficient services for the community and continue progress towards the longer term objectives for the Region set out in the Strategic Management – Master Plan (2021-2036) adopted by Council. (Refer to Council's website www.goyder.sa.gov.au)

Features of the Regional Council of Goyder:

- *Area 6,681 sq km*
  Population 4,136 (2016)
- *Road Distance of 3,467km*
- *(Consisting of: rural sealed roads 108km, rural sheeted and graded roads 2,282km, rural unformed roads 533km, township sealed roads 59km, township sheeted and graded roads 23km, road reserves 462km)*
- *Number of Assessments 5,146*
- *Number of rateable assessments 4,445*
- *General Rate revenue 2022/23 $5.1M*
- *Operating Income $12.2M*
- *Operating Expenditure $12.8M*
- *Capital Expenditure $7.5M*
- *Local Industries: Primary production, mineral processing, engineering, tourism*

1. OUR VISION

One Goyder – A vibrant community that embraces change and is characterized by strong and responsible leadership.

Our Community – Includes people who live, work, participate or contribute to community life as well as access services in the Goyder region.

STRATEGIES

1) *Engaging the Community: Council and Community sharing information and working together.*

2) *Strengthening Community: A well-resourced, active and connected community*

2. SIGNIFICANT INFLUENCES and PRIORITIES

A number of significant factors have influenced the preparation of the Council's Annual Business Plan and Budget 2022/23 and LTFP 2022-32. These include:

Cost Indices - The SA latest local government price index for the year ended 31st December 2021 was an increase of 3.5% and the Adelaide CPI for the equivalent period was an increase of 3.3%. The current Council AWU EB and ASU EA have a minimum annual pay increase of 2% or CPI and expire in June 2024. In consideration of the above indices Council have used a cost index of 3.5% for the 2022/23 Financial Year and 3.5% for the remaining life of the LTFP

Capital valuations - Capital Valuations throughout the Council area increased by 20% for the period 1st July 2021 to 7th March 2022. The primary production land use category increased 22.6% and all other land use categories increased 9.2%.

Rates Revenue - Council considered the impact of the Nil increase in general rate revenue on Council income in the previous two financial years 2019/20 and 2020/21 and the decrease in Grants Commission Funding in 2020/21 and have forecast a general rate revenue increase of 3.0% for the 2022/23 financial year. Increases of 3.0% are factored into the remaining nine years of the ten year LTFP. In 2021/22 the rate burden was distributed 70% rural and 30% urban and this split has been maintained throughout the life of the ten year LTFP. Council considered the 2012 Rating Review Report recommendations of attaining rate parity between Burra and Eudunda townships by 2015/16 and this was achieved within the required timeframe.

Overdue rates and charges (CWMS, Waste Service and NRM levy) as at 30th June 2021 totalled $593k ($631k as at 30th June 2020) which is 10.2% of the total amount of rates and charges levied in 2020/21. Rates levied in 2020/21 comprised 30% urban and 70% rural yet the outstanding rates as at 30th June 2021 comprised 68% urban and 32% rural.

The fixed charge per rateable assessment dropped to $150 in 2015/16 and this charge remains at this amount for the 2022/23 financial year and the remaining nine years of the LTFP. Council consider this a prudent move in order to alleviate the rate pressure on the owners of low value properties, and to achieve greater equity in the rate distribution.

Interest Rates - As at 5th April 2022 the LGFA interest rate earned on deposits is 0.3% and the rate for CAD loan borrowings is 2.05%. The current Bank SA term deposit rate is 0.37%.

Personnel

1) *Administration - The current full time equivalent of staff is 18.6 comprising Administration 8.0, Compliance 1.0, Technical Services 4.0, Tourism 1.0, YAC and Community Engagement 0.9, Visitor Information Centre 1.7, Sport and Recreation Officer 1.0 and Arts and Cultural Facilitator 1.0. These levels except fixed term contracts are forecast to remain throughout the term of the LTFP. The current contract for the Sports and Recreation Officer expires on the 30th June 2022. Council (in conjunction with the Clare and Gilbert Valleys Council) is in the process of submitting a proposal for the engagement of a Field Officer with the Office for Recreation, Sport and Racing for a three year period commencing 1st July 2022. In 2019 Council were successful in obtaining a contribution from Country Arts SA to engage the services of an Arts and Cultural Facilitator. The role currently expires in December 2022 and Council is submitting a proposal to extend the engagement for a further three years until 2025.*

2) *Technical Services - The current staffing levels (excluding seasonal pool employees) are 18 permanent full time staff, 3 contract full time staff, Work Shop Manager and Waste Compactor Operator. This staffing level is forecast to remain from 2022/23 to 2023/24 as the current Roads to Recovery programme is scheduled from 2019/20 until 2023/24. The cessation of RTR funding in 2024 may result in a re assessment of current staffing levels. Council actively seek grant funding through external avenues such as the Special Local Roads, Black Spot Programmes, State and Federal Government Authorities and private works.*

Other Significant Influences include –

- *Requirement to maintain and improve infrastructure assets to acceptable standards including roads,* *footpaths, lighting, storm water drainage, street trees and plantings, open space and Council properties*

- *Service and infrastructure needs for a generally steady population with a demographic that contains a greater concentration of population in the under 17 age range and the over 50 age range compared to the State population distribution*
- *Commitments to continuing projects and partnership initiatives including, Mid North Community Passenger Network, Legatus Group, Regional Development Board of Yorke and Mid North.*
- *Grants Commission funding for administration, services and local roads deemed to continue in 2022/23 and for the complete term of the long term financial plan with a 3.5% increase applied in line with CPI.*
- *Federal Government Roads to Recovery Scheme is to provide grant funding of $685k in 2022/23 and 2023/24, a total of $4.1M over the 5 year period 2019-24.*
- *In 2021 the Federal Government announced Phase 3 of the COVID-19 Local Roads and Community Infrastructure Grants with $1,534,468 being awarded to Council. The program aims to assist a community-led recovery from COVID-19 by supporting local jobs, firms and procurement. Grant income and capital expenditure is factored into the 2022/23 financial year*
- *In 2022 council were successful in a grant application for Passport Heritage sign replacement of $270k from the federal government. Total expenditure on the project is $344,500 and is programmed to be completed from 2022-2024*
- *Changes imposed by other governments e.g. EPA waste levy, Regional Landscapes Levy*
- *Local Government Financial Sustainability guidelines and measures*
- *Continue to provide community development schemes for the reuse of waste water from the CWMS at Eudunda and Burra wherever possible*
- *Maintenance of Councils extensive network of roads, including patrol grading, servicing communities and providing residential access*
- *Maintenance and minor upgrades will be continued on building assets throughout the region including toilet blocks, footpaths, parks and reserves*
- *Major projects including those partnered with other entities i.e. Federal/State Governments, which rely on a commitment from the Council to share the costs*
- *Impact of COVID-19 on Council Operations – Council experienced reduced activity at the Burra Caravan Park in 2021/22 due to state border closures and lockdowns and forecast a return to pre COVID occupancy in 2022/23. Council's net expenditure on COVID measures in 2021/22 is estimated to be $71k and this is forecast to decrease to $25k in 2022/23*
- *Technical Services have an allocated budget of $125k to provide for assistance with compilation of scoping, design and costing for future capital projects to enable submission for grant funding*
- *The Asset Management Plans for CWMS, Buildings and transport infrastructure are under construction and preliminary projects and costing has been incorporated into the Annual Business Plan & Budget and LTFP. The AMP for transport was released for public consultation in March 2022.*
- *Councils land, buildings and infrastructure, bridges and CWMS were revalued in the 2018/19 financial year and depreciation reassessed in line with asset condition and cycle and replacement timeframes. The next revaluation is due in 2023.*
- *Creative Auditing were appointed Council Auditors for the five year period commencing 1st July 2017. A preliminary site visit occurred in March 2022 with the follow up final audit to be carried out during August-September 2022.*
- *Renegotiating Community Land Leases*

Asset Management Plans – 1) Roads: Sealed

Maintenance: $75k in 2022/23 on patching, potholing and general shoulder repairs across the Council area Construction: Roads to Recovery: $685k North

Booborowie Rd to Council border, Special Local Roads:

Hills Rd reconstruction of $300k, LRCI Phase 3:

Construction of 1.3km or sealed roads in the Hallett township

$250k, Shoulder reconstruction Morehead St Burra $50k, Re

Seals : Council Wide $663k

Roads - Un Sealed

Maintenance: $575k has been allocated for patrol grading and maintenance in 2022/23, and $1.8M has been allocated to re sheeting 94km.

2) Transport Infrastructure - Footpaths, Kerbing, Guttering, Storm Drains and Floodways, Bridges

Maintenance: $175k in 2022/23

Construction:

- *Drainage – Eudunda – $150k (50% stormwater management funded), install new Drain E $100k and replace Drain A culvert $20k (LRCI funded), Burra – St Just St $120k*
- *Floodways – reconstruct Black Springs Rd $80k, Foote Rd/Neales Rd intersection $20k*
- *Footpaths – Burra – Mt Pleasant Rd repave $30k, Terowie General Store slate $10k, Booborowie $75k*
- *Kerbing – Eudunda – Bruce St (Lloyd St to Kapunda St) $100k, Burra – Allen St $130k, Lower Thames St $80k,*

  Park St $50k, Smelts Rd (adjacent oval) $80k, View St

  $30k, West St $30k (all LRCI funded), Butterworth St

  $25k, Packard St $25k
- *National Heavy Vehicle Regulation upgrades - $150k Council wide per annum 2022/23 & 2023/24*
- *Signs – replace Passport Heritage Signs $172,250 – part federal government funded*

Market St Paving - 2021

3) Buildings and Associated Infrastructure

Major maintenance and capital work to be undertaken in 2022/23

- *Cemeteries – new niche walls - Booborowie $20k and Farrell Flat $20k, Burra - wall repairs $25k (LRCI), Burra – replace water supply pipe $5k,*
- *Pools – Burra –admin building painting $20k, Hallett – new liner $12k*
- *Waste Transfer Stations – Hallett – construct hardstand for green waste $10k, Burra – oil drop and e waste shelters $8k*
- *Burra Caravan Park – refurbishment $25k, Paxton Square Cottages $100k, Passport Product Sites $40k*
- *Reserves and park furniture – Eudunda Memorial Gardens – new septic tank $15k (LRCI), Nicholson Reserve Eudunda – new playground and shade sail $75k,*

  Inspiration Point Robertstown – new shelter $30k (LRCI), Eudunda Oval – Irrigation upgrades $55k, re seal behind new building - $40k (LRCI), Burra Creek – power for Xmas lights $3k, Burra - Jubilee fountain restoration $20k,

  Trail – Eudunda to Hampden $100k (LRCI), Eudunda Skate Park Construction - $523k (part grant and LRCI

  funded)
- *Buildings – Burra – Activities Centre painting $13k, Burra Council Office air conditioner server room $2.5k, Burra Tennis Club Building $20k (LRCI), Burra Town Hall – wall repairs $6k, Burra & Goyder Visitors Centre verandah and upgrade $100k (LRCI), Eudunda Community Hub – new building $20k (LRCI), Eudunda Heritage Gallery – new roof & structure $120k (LRCI), Hallett Hall – replace guttering, water tank, memorial gardens refurbishment and water pipe line upgrade $65k (LRCI), Asbestos Removal $20k, Hallett Public Toilets refurbishment $40k, Robertstown Telecentre – asbestos removal $10k, kitchen upgrade $20k (LRCI)*
- *Tree Trimming – Farrell Flat Duncan Park $30k, Hanson – reserve $15k, Burra – southern town entrance $40k, Burra Creek – southern end $15k*
- *Waste Management strategy – organics study $15k CWMS - Burra – BS pump station upgrade $17k, Eudunda – RM air valve and PS level sensor $19k*

Julia Rd Bridge 2021 (prior to removal and infill)

<u>Buildings and associated infrastructure have been classed as:</u>

Core Council Activities – includes Council Offices, Council

Depots and CWMS infrastructure

Council Core Community – includes Halls, Burra Art Gallery, Burra & Goyder Visitor Information Centre, Pools and Pool Buildings, BCAC, Eudunda Health Clinic, Eudunda

Heritage Gallery, Public Toilets

Council Heritage & Self-Funding Buildings – Paxton Square Cottages, Burra Caravan Park, Passport Product Sites, Council Houses

Council Recreation – includes recreation grounds, clubrooms

External Council Activities – includes CFS sheds, Ambulance Centres.

The Business Plan & Budget and LTFP allocate funds set aside from general rate revenue for ward funding in 2022/23 of 4%, an increase of 1% compared to 2021/22. The total amount provided in 2022/23 budget year for the ward funds is $204k and $2.3M over the life of the LTFP. Associations that own or are responsible for Council recreation buildings and associated infrastructure may apply to Council for access to ward funds to upgrade buildings and/or associated infrastructure.

Council heritage buildings such as Paxton Square Cottages and the Passport product sites are self-funding with the income generated funding the Asset Management Programmes. In addition, the Burra Caravan Park is selffunding with the surplus generated being utilised to fund its Asset Management Programme.

Project Scoping-

1) *Burra Cultural Precinct- in 2018 Council engaged Phillips/Pilkington Architects to undertake the concept plans and architectural drawings for the proposed Burra Cultural and Events Centre. The proposed development includes relocating the Burra and Goyder Visitor Information Centre to a new building linking the Burra Town Hall and Art Gallery.*

Initial cost estimates indicate a capital outlay of approximately $8.6M Council has secured funding from the State Government Infrastructure Program for $2.1M and has lodged an application with the Commonwealth Government under the Building Better Regions Program 6 for $3.9M. It is envisaged, subject to the Commonwealth Grant being successful that Council will need contribute $2.6M in debenture loans in order to complete the project.

Further public consultation is to occur and Council is required to have a Prudential Report prepared under S48 of the Local Government Act 1999.

2) *<u>CWMS Networks</u> – The CWMS Asset Management Plans for the Eudunda and Burra schemes are scheduled to be completed in 2022/23.*

4) <u>Plant and Equipment-</u> The following plant and equipment is due for replacement in 2022/23

- *Dual cab/utility – fleet - $48k*
- *Waste Compactor – replacement cab chassis - $250k*
- *Prime Mover – replacement - $275k*
- *Rock breaker – new – $65k*
- *Road Broom – new - $12k*
- *Minor Plant - $15k*

5) <u>Furniture, Computers, Fittings</u> –

Truck Tarps (B doubles/maintenance trucks) - $34k

3. CONTINUING SERVICES

All Councils have basic responsibilities under the Local Government Act and other relevant legislation. These include:

- *regulatory activities e.g. maintaining the voters roll and supporting the elected Council;*
- *setting rates, preparing an annual budget and determining longer-term strategic management plans for the area;*
- *management of basic infrastructure including roads, footpaths, parks, public open space, street lighting and storm-water drainage.*
- *street cleaning and rubbish collection;*
- *development planning and control, including building safety assessment;*
- *various environmental health services, animal management.*
- *Mid North Community Passenger Network Scheme*

In response to community needs the Council also provides further services and programs including:

- *funding for School Community Library Services at Burra and Eudunda*
- *ongoing support to staff and maintain the Burra and Goyder Visitor Information Centre*
- *support for Regional Goyder Visitor Information Outlets*
- *heritage conservation management plan*
- *Robertstown Community Centre annual funding of $7k*
- *Inspection of food premises*

Minor Works requests are promoted and enable the residents to advise Council of any maintenance or capital issues that need attention.

The charges for the weekly wet and fortnightly recycling waste collection service and Community Wastewater Management Schemes will be levied to meet the annual costs of operation and loan repayments. In addition to the waste collection service Council maintains three waste transfer stations at Hallett, Burra and Eudunda. Construction of two waste transfer stations at Terowie and Robertstown is scheduled for completion by late 2021/22, early 2022/23. Construction of two Waste Transfer Stations at Farrell Flat and Booborowie is planned for 2023/24. An annual large skip bin service will be provided to towns not serviced by the transfer stations, being Booborowie, Farrell Flat, Mt Bryan and Bower. Dates for these will be advertised via the press and Council website during the 2022/23 financial year.

Council adopted the 4th iteration of the Goyder Masterplan 2021-2036 in February 2022 and it was released for public consultation. The Master Plan replaces the 2012 Community Plan and makes up part of the Council Strategic

Management Plans as required under the Local Government Act 1999 sec 122. The Master Plan incorporate strategies and visions encapsulated in the 2012 Community Plan. It will revisit the objectives identified and include community projects in shovel ready format.

Council is committed to improving access to education by residents. During 2022/23 Council will work with the community to implement the Goyder Education Foundation. The Foundation has already received support from the Mid North Knowledge Partnership representing Flinders University and Charles Darwin University. AGL, Engie and Neoen have expressed interest in participating to expand the opportunities available across vocational, secondary and tertiary education sectors.

Swanbury Penglase were engaged by Council to develop a Conservation Management Plan for the town of Burra in September 2018. The project has come about as a result of the National Listing of Australian Cornish Mining Sites:
Burra and Moonta by the Federal Government in May

2017. The scope of the project is to develop a new

Conservation Management Plan for National Heritage List Australian Mining Sites in Burra. The plan needs to be developed in accordance with the Burra Charter and the Federal Government's guidelines for Managing National
Heritage Places. The plan was completed and adopted by Council at the Meeting of the 16th July 2019. The

Conservation Management Plan will be used as a tool by Council and by State and Federal Government agencies to inform future development and decision making and management strategies for the town. Expenditure of $100,000 has been factored into the 2022/23 financial year.

4. MEASURING PERFORMANCE- Objectives for the Year

Monthly financial and operational variance reports are provided to Council which enable monitoring and review of Council's performance against the measures and projects contained in the Annual Business Plan and Annual Budget 2022/23 and Long Term Financial Plan 2022-32;

- *Annual Operating expenditure maintained within budget – aim to have a balanced budget – reviewed monthly*
- *Ongoing maintenance and monthly updating and review of Councils Asset Management Plans and Long Term Financial Plans*

Objectives for the previous year 2021/22

1) Council forecast an operating deficit of $0.45M - this is revised to a deficit of $1.57M as at 31st March 2022 – a deficit increase of $1.12M. The major contributing factors are:

- *Grants commission funds of $1.41M for 2021/22 paid in June 2021*
- *Unbudgeted Supplementary Local Roads Funding of $0.31M paid in September 2021*

Capital Projects: The 2021/22 Budget contained 47 significant capital projects/purchases – 44 are due to be completed by 30th June 2022, 3 are deferred to 2022/23 and 14 projects were carried forward from 2020/21.

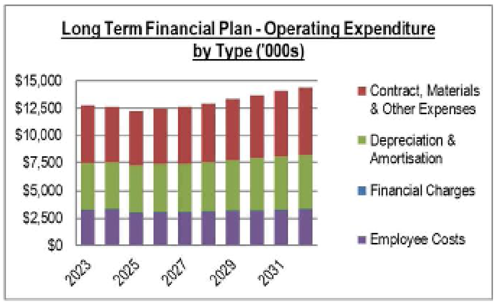
2) Council forecast net cash out flow of $0.87M – revised to a net cash outflow of $3.05M. The major contributors to the additional cash outflow is:

- *grants commission funding of $1.41M paid in June 2021 with expenditure to occur in the 2021/22 financial year*
- *unbudgeted local roads supplementary income of $0.31M received in 2021/22, and*
- *capital projects totalling $2.18M that were carried forward from 2020/21 to the 2021/22 financial year*

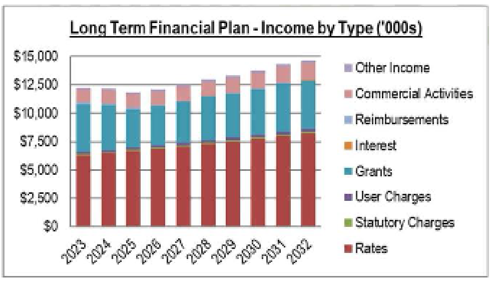
Council forecast capital expenditure of $4.38M - revised to $5.07M. Council have assessed the 2021/22 works programme and have carried forward projects into the annual business plan & budget 2022/23 that are unlikely to be completed by June 2022.

Financial Performance

Operating Surplus/Deficit - Council anticipates an operating deficit of $543k for the 2022/23 financial year (2021 $708k deficit, 2022 $1.57M deficit - estimated) and an operating deficit of $1.4M over the 10 year life of the LTFP for the period 2022-32 (operating surplus of $1.8M adjusted for heritage and external depreciation). RTR of $685k in 2022/23 is classed as operating income and expended as capital expenditure being reconstruction of Booborowie Rd north to the Council border.



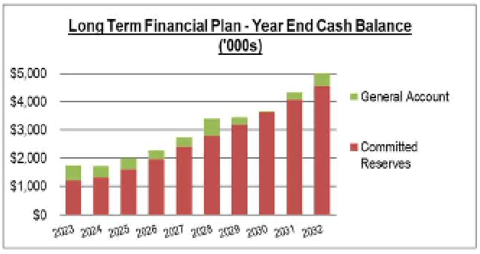
Deprecation on Council heritage assets and external buildings is included in the operating result for Council. The financial indicators are prepared excluding the heritage and external depreciation in order to gain a more meaningful understanding of the impact on Council's budgets and annual financial statements.



Cash Flow - Council anticipate an opening cash balance of

$3.3M as at 1st July 2022 comprising committed Cash Reserves of $1.2M and $2.1M of general operating funds.

The forecast net cash outflow for the financial year ended 30th June 2023 is $1.56M comprising an increase in committed cash reserves of $0.04Mk and a decrease in general operating funds of $1.60M. Council anticipate a cash balance of $5.16M as at 30th June 2032 comprising

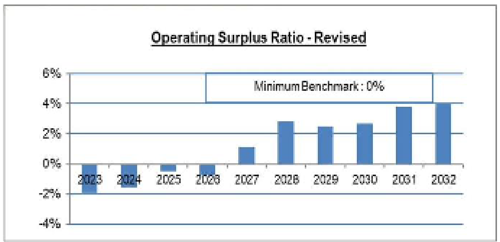


Financial Indicators

1) Operating Surplus Ratio- (excluding heritage assets depreciation) – This ratio expresses the operating surplus/deficit as a percentage of total operating revenue.

This adjusted ratio is (1.9%) in 2022/23 as a result of the additional tree trimming and waste transfer station maintenance operating expenditure related to the clean-up of a ten year back log of construction waste material. The Ratio varies from (1.6%) to 4.1% throughout the remaining life of the LTFP which is favourable as it is above Council's minimum benchmark limit of 0%. The average result over the term of the long term financial plan is 2.0% which indicates that's council is funding its capital expenditure over the life of the plan with 1% of rates available for future capital expenditure during this period. Council is operating sustainably throughout the term of the LTFP.

The revised operating surplus ratio graph excludes depreciation of $309k on council heritage buildings as they are not considered relevant to the operating surplus ratio.

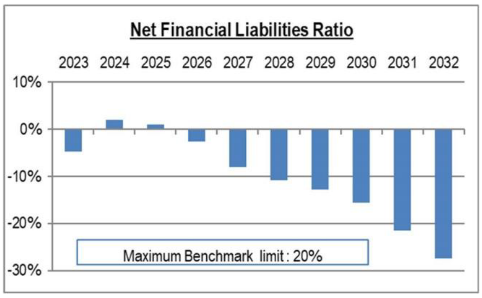


committed cash reserves of $4.62M and general operating funds of $0.54M.

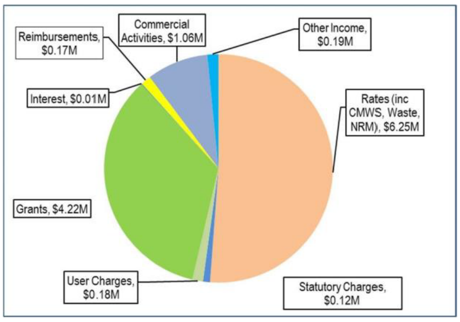
2) Net Financial Liabilities Ratio – Net financial liabilities are defined as total liabilities less financial assets. These are expressed as a % of total operating revenue.

Council has traditionally operated with a negative net financial liabilities ratio – which translates to cash reserves being greater than liabilities. In the 2022/23 financial year the ratio is (5%) which is within the Council benchmark limit of 20% reflecting the positive cash balance. The ratio varies between 1% and (27%)

from 2024 to 2032 reflecting the $2.17M in loan funds taken out to fund capital expenditure and waste compactor replacements being largely paid off by 30th June 2032. In 2032 Council will be in the situation of having $0.54M in general funds and $4.62M in reserves (net cash balance of $5.16M) and $0.25M in borrowings.

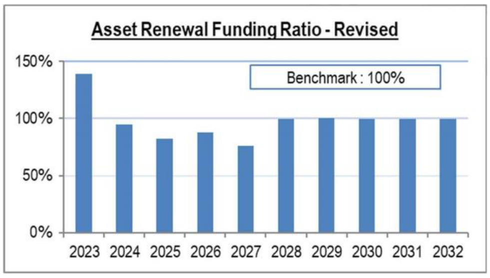


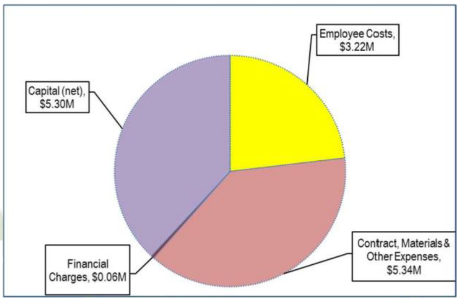
Cash Inflow 2022/23



3) <u>Asset Renewal Funding Ratio</u>– 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.

This ratio is 129% for 2022/23 and varies between 70% and 93% for the life of the long term financial plan. The ratio is positively distorted in 2022/23 due to the inclusion of the capital expenditure of $1.5M on Local Roads Community Infrastructure funded projects. The revised asset renewal ratio excludes heritage depreciation and ranges from 76% to 100% for the life of the LTFP. This indicates that council's net assets (plant & equipment, infrastructure replacement and road re sheeting and road re sealing) are being replaced/renewed at an adequate level to provide long term sustainability.





Council's revenue in 2022/23 includes $5.1M to be raised from general rates. Other sources of revenue for the Council are:

Statutory Charges set by State Government. These are fees and charges set by regulation and collected by the State Government and distributed to Council for regulatory functions such as assessment of development applications. Revenues rarely cover the cost of the service.

User Pay charges set by Council. These comprise charges for the Council's fee based facilities such as community centres, cemeteries, road rents and swimming pools.

5. <u>Funding the Business Plan</u>

The net surplus measures the difference between operating revenue and expenses for the period. The Council's long-

term financial sustainability is dependent on ensuring that, on average over time, its operating expenses are less than its operating revenue. The net surplus planned for 2022/23 is $1.3M.

Commercial Activities. These comprise income from Burra Caravan Park, Paxton Square Cottages, Paxton Convention Centre and Burra and Goyder Visitor Information Centre.

CWMS Service Charges for 2022/23 (increase 2.5%)

1) Burra:
a) *$410 per property unit on occupied rateable and non-rateable land*
b) *$309 per property unit on assessments of vacant rateable and non-rateable land 2) Eudunda:*
a) *$595 per property unit on occupied rateable and non-rateable land*
b) *$456 per property unit on assessments of vacant rateable and non-rateable land*

Waste Collection Service Charges for 2022/23 (increase 3.5%) $238 per service

Grants and Partnerships: The Council normally seeks to attract as much grant funding as possible from other levels of government, and major projects of wider State benefit are usually jointly funded in partnership with the State government and other relevant parties.

Council receives ongoing F.A.G's from the Grants Commission and has budgeted $3.45M for 2022/23 consisting of $2.46M of general funding and $0.69M of local roads funding and $0.31M of supplementary local roads funding.

Loans – Current Year & LTFP: Council is forecast to take out two loans over the life of the LTFP for waste compactor replacements, being $212,500 in 2023/24 and $454,2908 in 2027/28 and CAD loans of $1M in 2024 and $0.5M in 2026 to fund capital expenditure.

A maximum notional debt limit for a developed council of 10% has been utilised in the LTFP. Council is forecast to rise to 4.7% in 2026 and reduce through the life of the LTFP to 1.9% in 2032 - below the recommended maximum target of 10% and reflecting Council's low level of debt.

6. What it means for Rates
The decisions from the 2013 Rating Review are for Council to

adopt a rating strategy that includes:-

- basis of Valuation – Capital Valuation - retention of a Fixed Charge commencing at $300 per assessment in year one
- differential rates based on land use codes
- differential Rates based on twelve localities (Rural, Hallett,
Whyte Yarcowie, Terowie, Burra, Farrell Flat, Booborowie,

Mount Bryan, Robertstown, Point Pass, Eudunda, Hampden) - retention of Community Wastewater Management Scheme service charges based on property unit - retention of Waste Collection service charge based on property unit for urban localities

Council commenced the process of a setting up a Rate Review Committee in 2019 to review the current rating structure The committee was to comprise four elected members and four members of the Goyder Community.

No applications were received from the Goyder Community and Council decided to review the rating structure in conjunction with the annual business plan and budget process. The 2022 annual review was undertaken during budget discussion at the 15th March 2022 Council meeting.

Council have forecast a 3.0% general rate increase for the 2022/23 financial year and 3.0% for years 2 to 10 of the ten year long term financial plan.

Rating Summary

In 2021/22 Council general rates totalled $4,948,717 (excluding rebates and remissions on rates that are not discretionary rebates or remissions). Council rates according to land use and locality – the rate in the dollar for the Primary Production land use code was .002475 and the rate in the dollar for all other land use codes was .005502 for the 2021/22 financial year.

Council have recommended a general rate increase of 3.0% (including growth) for the 2022/23 financial year which will generate $5,097,179 in general rates. The cut-off date for valuations which are utilised for generating the 2022/23 general rates is the 30th May 2022. The rate in the dollar for each land use category will be adjusted to reflect the movement in valuations and achieve the 3.0% general rate increase.

In 2021/22 land use categories that contribute to the town area generated $1,485,124 in general rates. The projected increase of 3.0% will result in general rates raised of $1,529,678 from the town area.

In 2021/22 land use categories that contribute to the rural area generated $3,463,593 in general rates. The projected increase of 3.0% will result in general rates raised of $3,567,501 from the rural area.

Regional Landscapes Levy (previously NRM Levy) – State Government Charge
The Regional Landscape levy is a State Tax. Councils are required under the Landscape SA Act 2019 to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of the regional landscape boards who have responsibility for the management of the State's landscapes. A key priority of the landscape boards will be developing strong partnerships to deliver practical on ground programs to address the land, water, pest animal and plant, and biodiversity priorities of their regional communities. For further information regarding this levy, or the work the levy supports, please visit the Northern & Yorke Board at www.landscape.sa.gov.au

Appendix : A Financial Statements

for the Budget Year 01 July 2022 to 30 June 2023 and Ten Year Long Term Financial Plan

1 July 2022 to 30 June 2032

Statement of Comprehensive Income

Annual Budget : 01 July 2022 to 30 June 2023

	Actual 2021	Estimate 2022	Budget 2023
OPERATING : Revenue			
Rates	5,827,647	6,061,671	6,252,641
Statutory Charges	129,089	119,042	121,458
User Charges	177,264	200,663	183,523
Grants	4,434,643	3,017,331	4,216,791
Interest	53,764	29,150	14,642
Reimbursements	1,589,513	182,512	172,871
Commercial Activities	1,091,897	1,002,278	1,062,979
Other Income	224,624	190,841	191,774
Sub Total	**13,528,441**	**10,803,488**	**12,216,677**
Less : OPERATING : Expenditure			
Employee Costs	3,857,225	3,370,166	3,222,401
Contract, Materials & Other Expenses	5,872,350	4,945,327	5,342,332
Financial Charges	36,643	57,248	57,599
Depreciation & Amortisation	4,470,551	4,002,748	4,137,482
Sub Total	**14,236,769**	**12,375,489**	**12,759,815**
OPERATING SURPLUS/(DEFICIT)	**(708,328)**	**(1,572,001)**	**(543,138)**
REVENUE : Capital			
Grants	1,222,511	1,158,203	1,834,468
Asset Disposal	(239,987)	-	-
Sub Total	**982,524**	**1,158,203**	**1,834,468**
NET SURPLUS/(DEFICIT) Operations	**274,196**	**(413,798)**	**1,291,330**

Statement of Comprehensive Income

Annual Business Plan & Budget : 01 July 2022 to 30 June 2023 , incorp 10 Year Long Term Financial Plan

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
OPERATING : Revenue										
Rates	6,252,641	6,445,998	6,645,357	6,850,907	7,062,839	7,281,354	7,506,656	7,738,958	7,978,477	8,225,439
Statutory Charges	121,458	101,185	104,612	108,157	111,824	115,616	119,539	123,597	127,795	132,136
User Charges	183,523	189,946	196,594	203,475	210,596	217,967	225,596	233,492	241,664	250,122
Grants	4,216,791	3,945,965	3,374,924	3,493,046	3,615,303	3,830,915	3,872,803	4,008,351	4,247,404	4,293,846
Interest	14,642	8,568	8,261	7,785	9,817	11,247	13,409	13,378	13,873	16,071
Reimbursements	172,871	177,369	184,648	37,886	39,212	41,772	42,005	43,475	46,313	46,571
Commercial Activities	1,062,979	1,100,830	1,139,359	1,179,236	1,220,510	1,263,228	1,307,441	1,353,201	1,400,563	1,449,583
Other Income	191,774	198,486	205,433	212,623	220,065	227,767	235,739	243,990	252,529	261,368
Sub Total	12,216,677	12,168,346	11,859,188	12,093,115	12,490,166	12,989,867	13,323,188	13,758,442	14,308,618	14,675,136
Less : OPERATING : Expenditure										
Employee Costs	3,222,401	3,310,084	2,961,943	3,024,226	3,024,987	3,084,941	3,140,473	3,191,020	3,254,085	3,312,180
Contract, Materials & Other Expenses	5,342,332	5,123,988	4,953,650	5,102,056	5,266,814	5,392,116	5,573,926	5,754,683	6,003,658	6,160,120
Financial Charges	57,599	81,031	77,761	84,699	79,377	84,798	81,447	78,055	74,624	73,331
Depreciation & Amortisation	4,137,482	4,147,678	4,233,699	4,286,426	4,295,686	4,380,398	4,513,239	4,684,672	4,751,996	4,854,745
Sub Total	12,759,815	12,662,780	12,227,052	12,497,406	12,666,865	12,942,253	13,309,084	13,708,430	14,084,363	14,400,376
OPERATING SURPLUS/(DEFICIT)	(543,138)	(494,434)	(367,864)	(404,291)	(176,699)	47,614	14,104	50,012	224,255	274,760
REVENUE : Capital										
Grants	1,834,468	27,945	-	-	-	89,076	-	-	98,761	-
Sub Total	1,834,468	27,945	-	-	-	89,076	-	-	98,761	-
NET SURPLUS/(DEFICIT) Operations	1,291,330	(466,489)	(367,864)	(404,291)	(176,699)	136,690	14,104	50,012	323,016	274,760
Less Heritage/Community Depreciation	305,255	305,222	311,078	314,956	316,600	317,083	317,459	319,011	320,602	322,234
Adjusted OPERATING SURPLUS/(DEFICIT)	(237,882)	(189,212)	(56,786)	(89,334)	139,901	364,697	331,563	369,022	544,857	596,994

Statement of Cash Flows Annual Business Plan & Budget : 01 July 2022 to 30 June 2023 , incorp 10 Year Long Term Financial Plan

TOTAL	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Sub Total Sub	3,683,322	3,738,728	3,947,009	3,959,481	4,199,041	4,510,867	4,613,098	4,823,440	5,068,114	5,224,583
Total TOTAL Sub	12,216,677	12,168,346	11,859,188	12,093,115	12,490,166	12,989,867	13,323,188	13,758,442	14,308,618	14,675,136
Total Sub Total	8,533,356	8,429,618	7,912,179	8,133,634	8,291,125	8,479,000	8,710,090	8,935,002	9,240,504	9,450,553
TOTAL Sub	(5,301,911)	(4,513,616)	(3,431,092)	(3,819,908)	(3,456,647)	(4,045,190)	(4,277,212)	(4,337,017)	(4,234,665)	(4,228,061)
Total Sub Total	1,834,468	27,945	-	-	-	89,076	-	-	98,761	-
	7,136,379	4,541,561	3,431,092	3,819,908	3,456,647	4,134,267	4,277,212	4,337,017	4,333,425	4,228,061
	61,892	756,556	(248,434)	150,490	(282,918)	194,494	(265,122)	(270,557)	(169,871)	(173,353)
OPERATING Receipts Payments	212,500	1,000,000	-	500,000	-	454,290	-	-	-	-
INVESTING Receipts Payments	150,608	243,444	248,434	349,510	282,918	259,796	265,122	270,557	169,871	173,353
FINANCING Receipts Payments	(1,556,697)	(18,331)	267,482	290,063	459,476	660,170	70,763	215,866	663,579	823,169
NET CASHFLOW CUMULATIVE CASHFLOW	(1,556,697)	(1,575,029)	(1,307,546)	(1,017,484)	(558,008)	102,162	172,926	388,792	1,052,371	1,875,539
CASH RECONCILIATION										
Opening Cash Balance	3,285,597	1,728,900	1,710,568	1,978,051	2,268,113	2,727,589	3,387,759	3,458,523	3,674,389	4,337,968
Movement - Current	(1,556,697)	(18,331)	267,482	290,063	459,476	660,170	70,763	215,866	663,579	823,169
Closing Cash Balance : Available REG	1,728,900	1,710,568	1,978,051	2,268,113	2,727,589	3,387,759	3,458,523	3,674,389	4,337,968	,16

Rating Summary Annual Business Plan & Budget : 01 July 2022 to 30 June 2023 , incorp 10 Year Long Term Financial Plan

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
1. OPERATING : Revenue Rates										
General Rates	5,097,179	5,250,094	5,407,597	5,569,825	5,736,919	5,909,027	6,086,298	6,268,887	6,456,953	6,650,662
Increase	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Fines	45,000	46,575	48,205	49,892	51,639	53,446	55,316	57,253	59,256	61,330
Less:										
Rebated S193/185	25,486	26,378	27,301	28,257	29,246	30,269	31,329	32,425	33,560	34,735
Valuation Objections	4,301	4,451	4,607	4,768	4,935	5,108	5,287	5,472	5,663	5,861
Sub Total	5,112,392	5,265,840	5,423,894	5,586,692	5,754,377	5,927,096	6,104,999	6,288,242	6,476,986	6,671,396
2. Other Rates - Council Charges										
CWMS - Eudunda	242,260	250,739	259,515	268,598	277,999	287,729	297,799	308,222	319,010	330,176
Increase	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
CWMS - Burra	139,914	144,811	149,879	155,125	160,555	166,174	171,990	178,010	184,240	190,688
Increase	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Waste Service	462,531	478,720	495,475	512,817	530,765	549,342	568,569	588,469	609,065	630,382
Increase	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Sub Total	844,705	874,270	904,869	936,540	969,319	1,003,245	1,038,358	1,074,701	1,112,315	1,151,246
3. Other Rates - External										
Landscapes SA - Yorke & Mid North	295,544	305,888	316,594	327,675	339,144	351,014	363,299	376,015	389,175	402,796
Sub Total	295,544	305,888	316,594	327,675	339,144	351,014	363,299	376,015	389,175	402,796
Total RATES	6,252,641	6,445,998	6,645,357	6,850,907	7,062,839	7,281,354	7,506,656	7,738,958	7,978,477	8,225,439

Statement of Financial Position Annual Business Plan & Budget : 01 July 2022 to 30 June 2023 , incorp 10 Year Long Term Financial Plan

(in $'000s)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Current Assets	3,043	2,999	2,916	3,517	3,962	4,612	4,675	4,886	5,549	6,374
Non Current Assets	105,022	105,349	104,814	103,959	103,059	102,748	102,443	102,024	101,380	100,673
TOTAL ASSETS	108,066	108,349	107,730	107,476	107,021	107,359	107,118	106,910	106,928	107,047
Current Liabilities	1,270	1,267	1,466	1,603	1,568	1,566	1,364	1,201	1,056	1,063
Non Current Liabilities	638	1,391	941	955	711	915	861	766	606	444
TOTAL LIABILITIES	1,908	2,658	2,407	2,558	2,278	2,480	2,225	1,967	1,662	1,506
NET ASSETS	106,158	105,691	105,323	104,919	104,743	104,879	104,893	104,943	105,266	105,540
5. Equity										
1. Accumulated Surplus	22,442	21,874	21,204	20,454	19,834	19,585	19,191	18,812	18,683	18,481
2. Reserves - ARR	82,518	82,518	82,518	82,518	82,518	82,518	82,518	82,518	82,518	82,518
3. Reserves - Other	1,197	1,299	1,601	1,947	2,389	2,776	3,183	3,613	4,065	4,541
TOTAL EQUITY	106,158	105,691	105,323	104,919	104,742	104,879	104,893	104,943	105,266	105,541

Statement of Changes in Equity

Annual Business Plan & Budget : 01 July 2022 to 30 June 2023 , incorp 10 Year Long Term Financial Plan

(in $'000s)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
1. Accumulated Surplus										
Balance at end of previous reporting period	21,189	22,442	21,874	21,204	20,454	19,834	19,585	19,191	18,812	18,683
Net Result for the year	1,291	(466)	(368)	(404)	(177)	137	14	50	323	275
Net Reserve Transfers	(38)	(102)	(302)	(346)	(443)	(386)	(408)	(430)	(452)	(476)
Balance at end of period	22,442	21,874	21,204	20,454	19,834	19,585	19,191	18,812	18,683	18,481
2. Asset Revaluation Reserve										
Balance at end of previous reporting period	82,518	82,518	82,518	82,518	82,518	82,518	82,518	82,518	82,518	82,518
Gains on revaluation of property, plant & equipment	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated surplus on Sale of P,P & E	-	-	-	-	-	-	-	-	-	-
Balance at end of period	82,518	82,518	82,518	82,518	82,518	82,518	82,518	82,518	82,518	82,518
3. Other Reserves										
Balance at end of previous reporting period	1,159	1,197	1,299	1,601	1,947	2,389	2,776	3,183	3,613	4,065
Transfers to/from Accumulated Surplus	38	102	302	346	443	386	408	430	452	476
Balance at end of period	1,197	1,299	1,601	1,947	2,389	2,776	3,183	3,613	4,065	4,541
TOTAL EQUITY at the end of the reporting period	106,158	105,691	105,323	104,919	104,742	104,879	104,893	104,943	105,266	105,541

Cash & Reserves Reconciliation Annual Business Plan & Budget : 01 July 2022 to 30 June 2023 , incorp 10 Year Long Term Financial Plan

2022	Description	Balance 2023	Balance 2032
	Cash Accounts		
3,285,597	Cash	1,728,900	5,161,136
3,285,597	Sub Total	1,728,900	5,161,136
	Represented By :		
180,351	Reserve - Burra Caravan Park	210,317	394,249
47,217	Reserve - Paxton Square Cottages	62,651	1,049,299
130,000	Reserve - Burra Passport Product	161,969	590,926
141,112	Reserve - Development Fees	141,112	199,053
50,000	Reserve - Waste Management	40,110	74,499
10,000	Reserve - Recreation Funds	10,000	14,106
50,000	Reserve - Capital Projects	50,000	70,530
500,000	Reserve - Burra CWMS	574,547	1,492,041
(100,000)	Reserve - Eudunda CWMS	(61,178)	731,580
2,287	Reserve - Burra Cemetery Headstone	2,287	2,287
5,000	Reserve - Dog Control	5,000	5,000
143,000	Reserve - Heritage Passport Signage	-	-
1,158,967	Sub Total - Reserves	1,196,815	4,623,569
2,126,630	Sub Total - General Account	532,085	537,567
3,285,597	TOTAL	1,728,900	5,161,136

REGIONAL COUNCIL of GOYDER

Full Cost Attribution Model

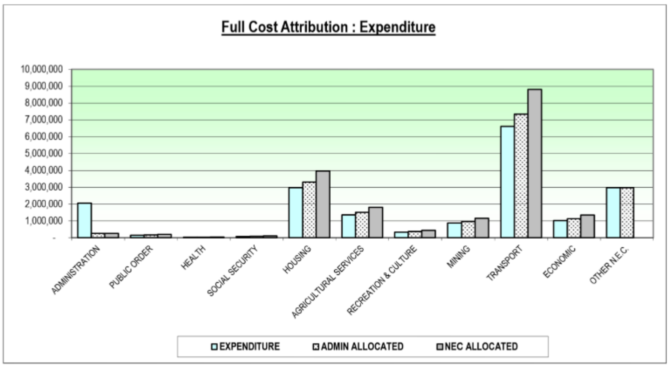
01 July 2022 to 30 June 2023

	BUDGET EXPENDITURE	ADMIN ALLOCATION	INTERIM EXPEND	NEC ALLOCATION	NEC ALLOCATION	FINAL EXPENDITURE
ADMINISTRATION	2,052,690	(1,799,440)	253,250			253,250
PUBLIC ORDER	148,042	16,246	164,288	1.10%	32,788	197,076
HEALTH	30,015	3,294	33,309	0.22%	6,648	39,956
SOCIAL SECURITY	76,310	8,374	84,684	0.57%	16,901	101,585
HOUSING	2,977,229	326,713	3,303,943	22.18%	659,389	3,963,331
AGRICULTURAL SERVICES	1,360,804	149,331	1,510,135	10.14%	301,387	1,811,523
RECREATION & CULTURE	330,044	36,218	366,262	2.46%	73,097	439,360
MINING	868,383	95,294	963,677	6.47%	192,327	1,156,004
TRANSPORT	6,619,396	726,395	7,345,791	49.31%	1,466,046	8,811,836
ECONOMIC	1,014,254	111,302	1,125,555	7.56%	224,634	1,350,190
OTHER N.E.C.	2,973,217	-	2,973,217		(2,973,217)	-
	18,450,384	(326,273)	18,124,111	100.00%	-	18,124,111

GOVERNANCE 253,250
ADMINISTRATION EXPENSE ALLOCATED (1,799,440)
NEC

-

NEC EXPENSE ALLOCATED **(2,973,217)**



Financial Indicators

Annual Business Plan & Budget ; 01 July 2022 to 30 June 2023 , incorp 10 Year Long Term Financial Plan

These Financial Indicators have been calculated in accordance with Information Paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operating Surplus	(4.4%)	(4.1%)	(3.1%)	(3.3%)	(1.4%)	0.4%	0.1%	0.4%	1.6%	1.9%
Operating Surplus (without heritage depreciation, GC funds in prior year)	(1.9%)	(1.6%)	(0.5%)	(0.7%)	1.1%	2.8%	2.5%	2.7%	3.8%	4.1%

Total Operating Revenue

Council minimum benchmark limit : 0% This ratio expresses the operating surplus as a percentage of total operating revenue.

Net Financial Liabilities Ratio

Net Financial Liabilities	(5%)	2%	1%	(3%)	(8%)	(11%)	(13%)	(16%)	(21%)	(27%)

Total Operating Revenue

Council maximum benchmark limit : 20%

Net financial liabilities are defined as total liabilities less financial assets. These are expressed as a % of total operating revenue

Asset Renewal Funding Ratio

Net Asset Renewals	129%	88%	76%	82%	70%	93%	93%	93%	93%	93%
Net Asset Renewals - Revised	139%	95%	82%	88%	76%	100%	100%	100%	100%	100%

Council minimum benchmark : 100%

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. The revised ratio excludes heritage depreciation.

DER Uniform Presentation of Finances Annual Business Plan & Budget : 01 July 2022 to 30 June 2023 , incorp 10 Year Long Term Financial Plan

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

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Income	12,216,677	12,168,346	11,859,188	12,093,115	12,490,166	12,989,867	13,323,188	13,758,442	14,308,618	14,675,136
less Expenses	12,759,815	12,662,780	12,227,052	12,497,406	12,666,865	12,942,253	13,309,084	13,708,430	14,084,363	14,400,376
Operating Surplus / (Deficit)	(543,138)	(494,434)	(367,864)	(404,291)	(176,699)	47,614	14,104	50,012	224,255	274,760
less **Net Outlays on Existing Assets**										
Capital Expenditure on renewal and replacement of Existing Assets	5,181,960	3,610,062	3,264,249	3,491,728	3,015,137	4,030,344	4,192,632	4,211,697	4,412,434	4,568,104
less Depreciation, Amortisation and Impairment	4,137,482	3,899,932	3,996,971	4,041,417	4,061,121	4,137,623	4,261,967	4,424,606	4,482,827	4,576,155
less Proceeds from Sale of Replaced Assets	90,750	214,245	293,783	231,722	247,004	228,630	259,611	122,775	276,530	340,043
	953,728	(504,115)	(1,026,505)	(781,411)	(1,292,988)	(335,908)	(328,946)	(335,683)	(346,923)	(348,094)
less **Net Outlays on New and Upgraded Assets**										
Capital Expenditure on New and Upgraded Assets	2,045,169	1,145,744	460,627	559,903	688,514	332,552	344,191	248,094	197,521	-
	210,701	1,117,799	460,627	559,903	688,514	243,476	344,191	248,094	98,761	-
Net Lending / (Borrowing) for Financial Year	(1,707,567)	(1,108,118)	198,014	(182,782)	427,776	140,047	(1,141)	137,601	472,417	622,854

Appendix : B

Operating Expenditure and Income

Financial Year

01 July 2022 to 30 June 2023

and Ten Year Long Term Financial Plan

1 July 2022 to 30 June 2032

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
			10: Administration (Expenditure)				
291,437	276,822	300.000	Administration	100001	Total	310.500	
2,268	1.145	1,000	Assessment	100002	Total	1,000	
880	816	1.500	Council Agencies	100004	Total	1,500	
98,648	113,488	120,500	Council Offices	100005	Total	124.718	
117,980	130,023	140,000	Information Technology	100006	Total	144,900	Synergy Soft Maint $42k, Internet $15k, Exponaire $12k, Mapinfo $10K. IT Support $15K, Licences $18K
16,436	14,305	17.500	Motor Vehicle Expenses	100007	Total	18,113	CEO and Admin Vehicles
9,646	1,149	-	Non Payment of Rates	100008	Total	500	
3,720	3.480	10.000	W.H.S.&Welfare	100009	Total	15.000	
1,150.444	1.207,284	1.097.904	Payroll	100010	Total	1,111,090	
3,178	2,268	3,500	Records Storage & Maintenance	100011	Total	5,000	
11,803	12,614	12,500	Training	100013	Total	20,000	
15,309	16,187	17,000	Valuations - Fees	100014	Total	17,595	
22,281	77.371	30.000	Human Resources Management	100016	Total	36,225	
25,250	5.647	5,000	Insurance Claims	100017	Total	5,000	Insurance Claims (10 * excess)
1,740	953	2,000	MFS Building	100018	Total	2,550	Refer AMP Buildings
1,004	975	1,000	Centrelink Commission	100019	Total	1,000	
1,772,023	1,864,526	1,759,404	Sub Total - Administration			1,814,690	
41,245	15,574	18,500	Governance - Administration	100150	Total	18,500	
7,530	6,896	10,000	Governance - Audit Committee	100151	Total	10,000	
1,341	1,550	2,000	Governance - Annual Report	100153	Total	2,000	
50,116	24,021	30,500	Sub Total - Governance			30.500	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
1,295	1,109	1,500	Members - Election	100250	Total	45,000	Next Due Nov 2022
115,977	112,388	125,000	Members - Benefits	100251	Total	127,500	Chairman, Deputy & 5 members, travel, childcare
3,747	2,544	5,000	Members - Meals/etc	100252	Total	5,000	
3,147	3,895	10,000	Members - Travel	100253	Total	10,000	
5,320	600	5,000	Members - Training	100254	Total	5,000	
5,612	(1,170)	6,000	Members - LGA Conferences/Meetings	100255	Total	6,000	
-	1,253	6,500	Members - National General Assembly	100256	Total	6,500	Mayor & Deputy
236	504	2,500	Members - Other Conferences/Meetings	100257	Total	2,500	
135,334	121,122	161,500	Sub Total - Council Members			207,500	
1,957,473	2,009,668	1,951,404			Total	2,052,690	
			11: Administration (Income)				
4,804	8,828	-	Debt Collection Reimbursement	110004	Total	-	
16	12	50	Fax/Phone/Photocopy Sales	110005	Total	50	
37	35	50	Freedom of Information	110006	Total	50	
378	224	500	FERU - receipts	110007	Total	500	
4,708,997	4,706,052	4,919,799	Rates	110009	Total	5,067,392	incl valuation objections
58,998	43,545	45,000	Rates - Fines Remitted	110010	Total	45,000	
9,678	12,893	14,766	Search Fees	110012	Total	15,283	
43,844	32,164	20,053	Workcover Bonus	110013	Total	20,000	
6,932	18,070	15,000	Asset Mutual Fund Bonus	110014	Total	15,000	
20,232	13,413	10,000	Insurance Claims	110017	Total	-	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
4,853,915	4,835,236	5,025,218			Total	5,163,275	
			15: Public Order (Expenditure)				
40,797	36,366	52,000	Dogs - Dog Control	150001	Total	52,000	
2,160	823	1,898	General - Inspections	150150	Total	1,973	
2,687	6,327	6,325	Fire Control - Administration	150156	Total	6,546	
33,688	50,733	38,947	Fire Prev - General Inspections	150157	Total	40,473	
723	7,833	30,000	Fire Prev - Fire Tracks	150158	Total	31,050	
-	-	500	Fire Prev - S105F Inspections	150160	Total	500	Block Slashing
130	391	500	Fire Prev - CFS Stations	150162	Total	500	Eudunda - Water
6,194	6,115	7,000	Public Order - Emergency Services Levy	150550	Total	7,000	
7,430	27,970	24,000	Public Order - Citizenship/Australia Day	150551	Total	8,000	Additional grant funding rec'd in 2021 and 2022
93,809	136,559	161,170			Total	148,042	
			16: Public Order (Income)				
50,829	56,068	52,000	Dog Control	160001	Total	52,000	
177	-	500	Fire Prev - S105F Expiations	160150	Total	500	
51,006	56,068	52,500			Total	52,500	
			20: Health (Expenditure)				
23,473	24,638	25,000	Health Inspections	200550	Total	25,875	
3,214	4,491	4,000	Waste Water Assessments	200553	Total	4,140	
26,688	29,129	29,000			Total	30,015	

			21: Health (Income)				
3,379	1,649	3,352	Inspection Fees	210550	Total	3,469	
3,379	1,649	3,352			Total	3,469	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
			25: Social Security & Welfare (Expenditure)				
11,982	11,517	17,315	Mid North Transport Network	250550	Total	17,921	Contribution as per network 2021/22
7,744	8,430	7,514	BCAC Building (Burra)	250552	Total	20,552	Lower North Health - Refer AMP Buildings
240	180	400	Day Centre (Robertstown)	250553	Total	400	(at Peace Hall R/Town)
426	723	750	Baby Room (Burra)	250555	Total	750	
998	1,019	1,100	Kindergarten (Eudunda)	250556	Total	1,100	CWMS and Waste Charges
5,373	1,894	2,500	Community Centre - Eudunda	250557	Total	2,588	Refer AMP Buildings
5,948	11,889	20,000	Youth Advisory Committee	250570	Total	20,000	
-	-	-	YAC - Battle of the Bands	250572	Total	10,000	
5,450	-	-	YAC - Burra Town Hall Cinema	250573	Total	3,000	
38,160	35,652	49,579			Total	76,310	
			26: Social Security & Welfare (Income)				
9,314	9,267	10,500	BCAC (Burra)	260550	Total	10,868	LN Health Contributions & Reimbursements
3,900	3,792	3,900	Community Centre - Eudunda	260557	Total	4,037	
125	186	2,000	Youth Advisory Committee	260570	Total	2,000	
5,000	-	-	Youth Battle of the Bands	260572	Total	-	

1,624	-	-	YAC - Burra Town Hall Cinema	260573	Total	2,500	
19,963	13.244	16.400			Total	19,404	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
			30: Housing & Community (Expenditure)				
108,907	149,640	132,000	Planning - Administration	300001	Total	72,500	
11,470	747	9,000	Planning - Appeals	300004	Total	10,350	
9,974	4,247	5,000	Planning - Regional Assessment Panel	300009	Total	5,000	
26,868	54,810	35,000	Cemetery - Maintenance	300151	Total	50,000	Refer AMP Buildings
16,328	28.377	26,438	Cemetery - Grave Digging	300152	Total	27,363	Offset Against Income
119,019	118.582	144,003	Public Conveniences- Maintenance	300250	Total	149,043	Refer AMP Buildings
359,070	357,619	306,510	S&G - Waste Collection : Weekly Wet	300350	Total	342,015	
41,837	48.456	44,500	S&G - Waste Collection : F/N Recycled	300351	Total	46,058	
13,970	5,284	5,000	S&G - Skip Bin Service - Townships	300352	Total	5,000	Annual Service
144,562	141.028	143,195	S&G - Streets/Bins	300353	Total	148.207	Inc Street Sweeping
104,155	116,395	120,000	S&G - Transfer Station Maintenance & Transport	300354	Total	199,000	Burra. Eudunda. Hallett. Terowie. Robertstown plus $55k in 2022/23 for crushing building/demolition waste at Burra, Eudunda and Hallett
1,000	3,000	4,000	S&G - Plastic Free July	300362	Total	4,000	3 year commitment
9,081	-	2,000	CWMS - Administration	300450	Total	2,000	
9,232	9.658	10,500	CWMS - Burra - Cleaning Tanks	300451	Total	10,868	
111,047	68.459	85,900	CWMS - Burra - Maintenance	300452	Total	75,000	incl AMP
16,120	17,665	12,500	CWMS - Eudunda - Cleaning Tanks	300453	Total	12,938	
200,410	194,283	128,300	CWMS - Eudunda - Maintenance	300454	Total	134,000	incl AMP
17,608	12.054	21,976	Community Bodies & Events - Goyder (9)	300550	Total	22.745	Insurance/Lease Fees
30,834	31,605	33,072	Comm Bodies - Regional Development Board Australia	300551	Total	34,230	
17,020	16,189	11,000	Comm Bodies - Robertstown Community Telecentre	300552	Total	11,000	Incl $7k per annum maintenance

4,424	150	3,500	Goyder Education Foundation	300554	Total	3,500	
308	176	632	Housing - Land Development - Eudunda	300650	Total	654	Power & Water Service Charge
4,219	4,749	10,000	Housing - Council House - Maintenance	300651	Total	5,000	Refer AMP Buildings
9,026	2,612	10,000	Housing - Eudunda Health Clinic	300652	Total	10,000	Refer AMP Buildings
1,455	1,082	2,000	Housing - Trees For Electors	300653	Total	2,000	
92,969	70,438	75,000	Housing - Street Lighting	300654	Total	70,000	Council Wide
1,480,911	1,457,306	1,381,026			Total	1,452,469	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
			31: Housing & Community (Income)				
11,148	10,974	500	Planning - Lodge Fees	310001	Total	500	
-	14,137	20,000	Planning - Fees (GST incl)	310010	Total	20,700	
-	-	30,000	Planning - Fees (GST free)	310011	Total	31,050	
1,000	1,000	1,000	Cemetery - Lease Fees - Booborowie	310150	Total	1,000	Dig Fees offset against exp
727	1,636	2,000	Cemetery - Grave Dig Fee - Booborowie	310151	Total	2,000	
5,750	4,500	4,500	Cemetery - Lease Fees - Burra	310155	Total	4,500	
5,818	2,909	3,400	Cemetery - Dig Fees - Burra	310156	Total	4,184	
391	318	500	Cemetery - Other Income - Burra	310157	Total	500	
500	-	779	Cemetery - Lease Fees - Farrell Flat	310160	Total	806	
727	-	1,218	Cemetery - Dig Fees - Farrell Flat	310161	Total	1,261	

1,500	250	1,290	Cemetery - Lease Fees - Hallett	310165	Total	1,335	
2,076	2,182	2,268	Cemetery - Dig Fees - Hallett	310166	Total	2,347	
3,500	5,500	5,198	Cemetery - Lease Fees - Eudunda	310170	Total	5,380	
6,672	7,818	8,048	Cemetery - Dig Fees - Eudunda	310171	Total	8,330	
682	227	924	Cemetery - Other Income - Eudunda	310172	Total	956	
500	2,000	2,436	Cemetery - Lease Fees - Terowie	310175	Total	2,521	
909	1,636	1,500	Cemetery - Dig Fees - Terowie	310176	Total	1,500	
-	-	606	Cemetery - Whyte-Yarcowie	310178	Total	627	
6,029	5,347	4,000	S&G - Transfer Station Fees - Burra	310180	Total	4,000	
168	235	150	S&G - Transfer Station Fees - Hallett	310181	Total	150	
5,967	5,837	4,500	S&G : Transfer Statione Fees - Eudunda	310182	Total	4,000	
410,998	432,890	440,640	S&G - Waste Managment Service	310351	Total	462,531	$242 per service
1,482	337	750	S&G - Bin Sales	310353	Total	750	
128,846	132,019	135,097	CWMS - Charges - Burra	310450	Total	139,914	
3,451	3,864	4,246	Septic Tank - Application Fee	310453	Total	4,395	
226,752	231,103	235,585	CWMS - Charges - Eudunda	310550	Total	242,260	
14,820	17,430	22,360	Housing - Council House Rent	310651	Total	7,800	
840,413	884,151	933,495			Total	955,298	
FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes

			35: Recreation & Culture (Expenditure)				
46,388	43,907	45,000	Libraries	350001	Total	46,575	Burra & Eudunda
3,396	3,414	3,482	Libraries - Community Information Grant	350002	Total	3,604	
116,551	141,460	156,627	Halls - Maintenance	350150	Total	120,409	Insurance, Maintenance incl AMP
1,768	4,194	10,000	Pks & Gdns - Worlds End Reserve	350250	Total	15,000	
42,961	61,484	104,345	Pks & Gdns - Burra Creek - Burra	350251	Total	75,000	Refer AMP Buildings
129,100	189,678	209,661	Pks & Gdns - Reserves - Maintenance	350252	Total	177,897	
54,925	23,869	39,414	Pks & Gdns - Playgrounds - Maintenance	350253	Total	40,782	
37,325	24,681	49,487	Sport & Rec - Ward Funds	350351	Total	203,887	4% General Rate Revenue from 2022 on
128,491	164,059	115,000	Sport & Rec - Sporting Grounds - Maintenance	350352	Total	110,000	inc AMP Buildings
217,780	205,742	220,000	Sport & Rec - Swimming Pools	350450	Total	240,000	Refer AMP Buildings
5,736	5,267	6,974	Rec & Cult - Eudunda Heritage Group	350551	Total	7,085	Insurance, Pest Control
3,137	2,872	3,882	Rec & Cult - Hallett History Society. Sir Hubert Wilkins	350552	Total	4,018	
7,074	15,314	22,257	Rec & Cult - Burra Mine - Engine House	350553	Total	24,114	Offset against Passport Income
805	562	1,500	Rec & Cult - Burra Smelts Site	350554	Total	1,500	
2,322	8,330	8,400	Rec & Cult - Heritage Sites - Maintenance	350555	Total	6,351	
28,367	7,414	31,930	Rec & Cult - Burra Art Gallery	350557	Total	17,016	Refer AMP Buildings
4,431	5,739	6,000	Rec & Cult - TV Facility	350558	Total	6,000	
7,268	6,642	17,858	Rec & Cult - Burra Cellars Site	350559	Total	6,567	Refer AMP Buildings
-	-	295,000	Rec & Cult - Burra Mine Office Digital Augmentation Project	350564	Total	-	100% Grant Funded
111,022	112,022	112,000	Rec & Cult - Starclub Officer	350562	Total	115,000	3 years 2023-25
49,497	70,483	125,379	Rec & Cult - Arts & Cultural Facilitator	350563	Total	115,000	3 years 2023-25
-	-	43,580	Rec & Cult - Copper & Stone Festival	350570	Total	25,000	

998,342	1,097,133	1,584,196			Total	1,360,804	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
			36: Recreation & Culture (Income)				
1,698	1,707	1,831	Libraries - CIS Grant	360001	Total	1,895	
892	672	750	Halls - Burra	360150	Total	750	Reimb : Water Consumption
3,652	3,231	3,750	Halls - Eudunda	360151	Total	3,750	Reimb : Power Consumption
-	-	-	Sporting Grounds - Eudunda	360350	Total	2,000	Oval Usage per annum
6,452	6,606	6,452	Pools - Swimming Pools - Burra Fees Schools	360452	Total	6,452	
2,720	2,113	3,000	Pools - Swimming Pools - Eudunda Fees Schools	360462	Total	3,000	
1,219	1,591	500	Pools - Swimming Pools - Hallett Reimbursement	360470	Total	500	
-	-	295,000	Rec & Cult - Burra Mine Office Digital Augmentation Project	360564	Total	-	
89,275	90,580	87,200	Rec & Cult - Starclub Officer - external contributions	360562	Total	87,200	Sport & Rec & CGVC
38,318	50,938	50,000	Rec & Cult - Arts & Cultural Facilitator - external contributions	360563	Total	50,000	Country Arts SA
144,225	157,438	448,483			Total	155,547	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
			40: Agricultural Services (Expenditure)				
2,103	177	1,000	Animal & Plant	400550	Total	1,000	
11,777	13,258	15,000	Street Tree Replacement	400551	Total	15,000	
87,691	282,723	285,550	Landscapes SA Levy - Northern Yorke	400570	Total	295,544	
183,193	-	-	Landscapes SA Levy - Murray Darling Basin	400571	Total	-	2020/21 on - refer NY
1,836	-	2,500	Drum Muster Program	400580	Total	2,500	
29,733	32,721	15,000	Private Works	400590	Total	15,000	
99	1,309	1,000	Pest Control	400595	Total	1,000	
316,431	330,188	320,050			Total	330,044	
			41: Agricultural Services (Income)				
87,910	282,038	285,550	Landscapes SA Levy - Northern Yorke	410570	Total	295,544	
183,197	-	-	Landscapes SA Levy - Murray Darling Basin	410571	Total	-	2020/21 on - refer NY
6,014	3,643	3,716	NRM - Recovery From Boards	410575	Total	3,846	
2,770	-	2,883	Drum Muster Program	410580	Total	2,984	
33,359	35,512	19,500	Private Works	410590	Total	19,500	30% markup
313,250	321,194	311,649			Total	321,874	

			45: Mining, Manufacturing & Construction (Expenditure)				
124,779	132,548	91,000	Building Administration	450550	Total	49,500	
7,207	4,099	-	Building - Fire Safety	450554	Total	5,000	
4,456	4,343	5,000	Building - Asbestos Hazard Reports	450555	Total	5,000	
228,475	207,102	226,405	Quarry - Raising Rubble	450575	Total	266,931	
309,739	371,463	459,669	Quarry - Crushing Rubble	450595	Total	541,952	
674,656	719,555	782,074			Total	868,383	
			46: Mining, Manufacturing & Construction (Income)				
618,813	566,317	686,074	Rubble Sales - Internal	460600	Total	808,883	
618,813	566,317	686,074			Total	808,883	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
			50: Transport (Expenditure)				
69,467	89,780	75,000	Roads Sealed - Maintenance	500050	Total	75,000	Council Wide
540,663	596,539	500,000	Roads Formed & Sheeted	500100	Total	575,000	Patrol grading, road maintenance
40,072	54,088	50,000	Footpaths - Maintenance	500105	Total	50,000	
39,428	48,817	50,000	Kerb & Water - Maintenance	500110	Total	50,000	
37,086	79,763	50,000	Storm Water Drains - Maintenance	500115	Total	50,000	
29,264	13,890	25,000	Bridges - Maintenance	500120	Total	25,000	

67,185	111,749	75,000	Traffic Control - Maintenance	500125	Total	90,000	Signs & relocation
6.810	6.986	8,429	Freight - Stores	500135	Total	10.000	
146,173	118,805	100,000	Project Formulation, Scoping & Design	500450	Total	125,000	
34,332	43,764	40,000	Roadside Slashing	500550	Total	40,000	
57,827	61.320	60,000	Weed Control : Roads	500555	Total	60.000	Roads and streets - Rural and Urban
84,106	70.922	60,000	Tree Trimming	500560	Total	160,000	Refer AMP Buildings
24,562	23,515	20,000	Quarry Rehabilitation & Maintenance	500570	Total	20,000	
12,803	5,121	10,000	Quarry Establishment	500571	Total	10,000	
9.423	7.343	7,233	Other Maintenance	500575	Total	8,280	Water Charges - Less on sales
-	-	40.000	Commodity Route Assessments	500591	Total	-	
21,969	18.523	29,703	Road Opening/Closing	500596	Total	20.000	
1,221.172	1,350,926	1.200,365			Total	1.368,280	
			51: Transport (Income)				
-	75.000	-	Stormwater Management Grant	510100	Total	75,000	Eudunda (50%)
725,456	570.057	657,685	Local Roads Grant (incl Supplementary)	510550	Total	992,999	(incl Supp LR for 22/23 only)
1,027.709	1,027,709	685.169	Roads To Recovery Grant	510560	Total	685,169	New RTR 2019/20-2023/24
93,821	98.709	103,438	Road Rent	510565	Total	99.673	Rural valuations increase
17,941	52,746	17,000	Other Roadworks Income	510570	Total	17,000	includes Power Poles Rent, Opening Closing Roads Income
5,184	1,664	6,000	Other Roadworks Income - Water Sales	510571	Total	6,000	
1,870,111	1,825,886	1,469,292			Total	1,875,841	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
			80: Economic Affairs (Expenditure) - Burra Caravan Park				
122,016	117,979	91,223	Administration	800150	Total	94,200	
4,776	4,878	4,689	CWMS Charge	800151	Total	5,438	
-	1,307	1,000	Camp Kitchen	800152	Total	1,000	
2,411	404	2,000	Cottage Maintenance	800153	Total	2,000	
6,979	7,682	7,000	Ablution Block Maintenance	800154	Total	8,125	
17,070	5,975	4,500	Site Maintenance	800155	Total	4,500	
153,252	138,225	110,412			**Total**	**115,263**	
			81: Economic Affairs (Income) - Burra Caravan Park				
146,394	196,000	160,215	Income - Burra Caravan Park	810150	Total	170,229	Revised due to Covid-19
146,394	196,000	160,215			**Total**	**170,229**	
			80: Economic Affairs (Expenditure) - Paxton Square Cottages				
402,510	529,370	512,164	Administration	800250	Total	528,307	
30,375	64,398	25,000	Cottages Maintenance	800251	Total	30,000	
3,897	15,791	42,500	Site Maintenance	800253	Total	15,000	
436,782	609,559	579,664			**Total**	**573,307**	
			81: Economic Affairs (Income) - Paxton Square Cottages				
415,083	765,100	732,500	Income - Paxton Square Cottages	810250	Total	770,000	
415,083	765,100	732,500			**Total**	**770,000**	
			80: Economic Affairs (Expenditure) - Bible Chapel				
4,421	7,084	15,000	Administration - General	800260	Total	15,000	
4,421	7,084	15,000			**Total**	**15,000**	
			81: Economic Affairs (Income) - Bible Chapel				
886	1,152	15,000	Income - Bible Chapel	810260	Total	15,000	
886	1,152	15,000			**Total**	**15,000**	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
			80: Economic Affairs (Expenditure) - Others				
2,065	2,018	2,000	Tourism - National Trust	800550	Total	2,139	Rates Donation-Bon Accord Cottage, old NAB Building
139,838	157,259	158,711	Tourism - Burra & Goyder Visitor Information Centre	800551	Total	172,576	
48,366	90,493	96,537	Goyder Tourism & Events	800553	Total	98,469	
296	91	2,500	Goyder Regional Tourism Support	800554	Total	2,500	Goyder visitor information outlet support
28,965	12,849	35,000	Tourism - Promotion	800555	Total	30,000	
4,887	6,010	5,000	Passport Product	800560	Total	5,000	Printing & advertising
224,417	268,720	299,748			Total	310,685	
			81: Economic Affairs (Income)				
7,055	7,444	9,563	BGVIC Other income	810550	Total	12,750	
74,522	123,353	100,000	Passport Product	810555	Total	110,000	
81,577	130,797	109,563			Total	122,750	
			82: NEC (Expenditure)				
-	-	-	Interest	820550	Total	-	
20,657	18,943	21,000	Donations	820552	Total	21,000	Rate rebates $8k, Donations $10k, Youth Sponsorship $3k
15,709	15,909	16,343	Insurance - General	820553	Total	20,501	Loss of Revenue/Rent/Addn Exp
8,719	8,754	5,000	Community Newsletters	820554	Total	5,000	Newsletters, periodic advertising in local press
17,899	20,897	25,000	Community Engagement	820555	Total	25,000	Incl Annual Calendars
-	-	5,000	Ngadluri - Reconciliation Action Plan	820559	Total	-	

50,767	86,645	75,000	Project & Assignment Support Officer	820560	Total	75,000	
-	-	-	Conservation Management Plan	820561	Total	100,000	Stage 1 c/fwd from 2022
-	-	-	Community Event Support	820562	Total	5,000	
59,088	40,684	71,547	Covid-19	820600	Total	25,000	
172,820	191,832	218,890			Total	276,501	
			83: NEC (Income)				
86,388	39,043	28,637	Interest - Bank	830550	Total	12,157	
29,205	14,721	-	Interest - LGFA	830551	Total	-	Refer bank interest
2,668,439	2,276,170	1,240,646	Grants Commission	830552	Total	2,457,228	
522	-	514	Interest - Community Organisation Loans	830556	Total	2,485	Burra Community Sports Club, Eudunda Sports Club
2,784,554	2,329,934	1,269,797			Total	2,471,869	

FY 2020	FY 2021	FY 2022	Description	Account	Total	Amount	Notes
			85: Engineering - Allocated Plant (Expenditure)				
1,207,993	1,039,794	1,046,660	Repairs & Maintenance	850150	Total	1,395,546	
1,207,993	1,039,794	1,046,660			**Total**	**1,395,546**	
			86: Engineering - Allocated Plant (Income)				
			Plant Alloc - Hire Income	860150	Total	1,787,341	
			Plant Hire - Diesel Rebate Income	860155	Total	102,000	
1,207,993	1,039,794	1,046,660			**Total**	**1,889,341**	
			85: Engineering - Allocated Works O/Heads (Expenditure)				
649,269	752,428	620,957	Payroll : Works Allocated	850250	Total	654,771	
58,603	55,447	70,556	Council Depots	850251	Total	73,025	
144,232	114,713	24,000	Machinery Transport	850252	Total	24,000	
8,198	11,999	10,000	Mobile Plant - Repairs	850253	Total	10,000	
9,505	10,386	8,999	Other : Works	850254	Total	9,000	Telephones/Communication
2,920	1,451	2,501	Travel	850256	Total	2,500	
14,036	7,859	17,000	Training	850257	Total	17,000	
16,691	17,185	20,000	Minor Plant/Tools	850261	Total	20,000	
903,456	971,469	774,013			**Total**	**810,297**	
			86: Engineering - Allocated Works O/Heads (Income)				
877,134	944,568	756,987	Works - Allocated	860250	Total	792,675	
26,322	22,451	17,026	Workers Compensation Rebate	860251	Total	17,622	
-	4,450	-	Training	860252	Total	-	
903,456	971,469	774,013			**Total**	**810,297**	
			87: Engineering - Un Allocated (Expenditure)				
474,872	488,372	482,434	Technical Services Administration	870551	Total	490,872	includes Asset Management
474,872	488,372	482,434			**Total**	**490,872**	
			88: Depreciation (Expenditure)				
4,121,168	4,470,550	4,484,276	Depreciation	880550	Total	4,474,205	Gross Depreciation
4,121,168	4,470,550	4,484,276			**Total**	**4,474,205**	

Appendix : C

Capital Expenditure and Income
Financial Year 01 July 2022 to 30 June 2023 and Ten Year Long Term Financial Plan 1 July 2022 to 30 June 2032

Description			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
1. Buildings & Infrastructure												
Asset Management Plan		TOTAL	1,488,760	670,680	257,094	121,959	117,047	206,892	214,133	221,628	229,385	237,413
2. Transport Infrastructure												
Asset Management Plan		TOTAL	5,251,115	3,356,199	2,418,751	2,820,669	2,735,789	3,261,159	3,058,212	3,409,356	3,008,552	3,238,417
3. CWMS Infrastructure												
Asset Management Plan		TOTAL	36,000	-	-	-	-	-	-	-	-	-
4. Plant & Equipment												
Replacement schedule		TOTAL	665,000	965,655	1,294,040	1,178,567	1,093,589	1,146,117	1,524,545	1,097,977	1,465,608	1,380,615
5. Furniture, Fittings & Office Equipment, Others												
Desktop Computers (incl Software) * 25, laptops * 3	2026		-	-	-	75,000	-	-	-	-	85,000	-
Server Upgrade	2026		-	-	-	90,000	-	-	-	-	100,000	-
Truck Tarps - B-Doubles/Maint Trucks	2023		34,000	-	-	-	-	-	-	-	-	-
		TOTAL	34,000	-	-	165,000	-	-	-	-	185,000	-
		TOTAL	7,474,875	4,992,534	3,969,884	4,286,195	3,946,426	4,614,168	4,796,890	4,728,961	4,888,545	4,856,445
Income												
Notional Trade In												
		TOTAL	90,750	214,245	293,783	231,722	247,004	228,630	259,611	122,775	276,530	340,043

Asset Management Plan - Buildings & Structures

Location	Location	Town	Project	Amount Current	Source of funds	Year end June	Major Maintenance/Capital Schedule - Year End June										Total
							2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Cemetery	Booborowie	Booborowie	New Niche Wall	$ 20,000	General	2023	20,000	-	-	-	-	-	-	-	-	-	20,000
Waste Transfer Station	Booborowie	Booborowie	Construction	$ 35,000	General	2024	-	36,225	-	-	-	-	-	-	-	-	36,225
Activites Centre	Market St	Burra	External & internal painting	$ 13,000	General	2023	13,000	-	-	-	-	-	-	-	-	-	13,000
Activites Centre	Market St	Burra	Drainage	$ 10,000	General	2024	-	10,350	-	-	-	-	-	-	-	-	10,350
Art Gallery	Market St	Burra	Asbestos removal	$ 18,000	General	2024	-	18,630	-	-	-	-	-	-	-	-	18,630
Art Gallery - Toilets	Market St	Burra	Asbestos removal	$ 15,000	General	2024	-	15,525	-	-	-	-	-	-	-	-	15,525
Burra Caravan Park	Bridge Tce	Burra	Capital upgrades	$ 25,000	BCP	per annum	25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	293,285
Burra Creek	Creek	Burra	Power Supply for Xmas lights	$ 3,000	General	2023	3,000	-	-	-	-	-	-	-	-	-	3,000
Cemetery	Burra	Burra	Wall repairs	$ 25,000	LRCI - 3	Annual	25,000	-	-	-	-	-	-	-	-	-	25,000
Cemetery	Burra	Burra	Wall repairs	$ 10,000	General	Annual	-	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	103,685
Cemetery	Burra	Burra	Replace water supply pipe	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
Council Office	Market Sq	Burra	A/cond replacement server room	$ 2,500	General	2023	2,500	-	-	-	-	-	-	-	-	-	2,500
Jubilee Fountain	Market Sq	Burra	Restoration	$ 20,000	General	2023	20,000	-	-	-	-	-	-	-	-	-	20,000
MFS Shed	Market St	Burra	Asbestos removal	$ 12,000	General	2027	-	-	-	-	13,770	-	-	-	-	-	13,770
MFS Shed	Market St	Burra	Roof repair/replacement	$ 12,000	General	2027	-	-	-	-	13,770	-	-	-	-	-	13,770
Mine Site	Mine Site	Burra	Engineering assessment/Specification works Morphetts and Hectors Shaft	$ 50,000	General	2025	-	-	53,561	-	-	-	-	-	-	-	53,561
Mine Site	Mine Site	Burra	Morphett Shaft Reconstruction	$ 1,500,000	General	TBA	-	-	-	-	-	-	-	-	-	-	-
Mine Site	Mine Site	Burra	Hector Shaft Reconstruction	$ 400,000	General	TBA	-	-	-	-	-	-	-	-	-	-	-
Passport Product Sites	Various	Burra	Refurbishment	$ 40,000	Passport	per annum	40,000	41,400	42,849	44,349	45,901	47,507	49,170	50,891	52,672	54,516	469,256
Paxton Square Cottages	Paxton Tce	Burra	Capital upgrades	$ 25,000	PSC	per annum	100,000	25,875	26,781	27,718	28,688	129,692	134,231	138,929	143,792	148,825	904,531
Pool - Admin Building	Smelts Rd	Burra	Internal/External painting	$ 20,000	General	2023	20,000	-	-	-	-	-	-	-	-	-	20,000
Pool - Amenities Block	Smelts Rd	Burra	Internal painting	$ 15,000	General	2024	-	15,525	-	-	-	-	-	-	-	-	15,525

Pool - Amenities Block	Smelts Rd	Burra	External painting	$ 15,000	General	2026	-	-	-	16,631	-	-	-	-	-	-	16,631
Public Toilets	Market St	Burra	Replacement	$ 250,000	General	2024	-	258,750	-	-	-	-	-	-	-	-	258,750
Sports Complex	Smelts Rd	Burra	Asbestos removal	$ 15,000	General	2026	-	-	-	16,631	-	-	-	-	-	-	16,631
Tennis Courts	Burra	Burra	New Building	$ 20,000	LRCI - 3	2023	20,000	-	-	-	-	-	-	-	-	-	20,000
Town Hall	Market St	Burra	Re furbish floor	$ 50,000	General	2025	-	-	53,561	-	-	-	-	-	-	-	53,561
Town Hall	Market St	Burra	Rear wall repairs	$ 2,000	General	2023	2,000	-	-	-	-	-	-	-	-	-	2,000
Town Hall	Market St	Burra	Repointing front wall stonework	$ 4,000	General	2023	4,000	-	-	-	-	-	-	-	-	-	4,000
Town Hall - Front foyer	Market St	Burra	Salt damp repairs	$ 10,000	General	2024	-	10,350	-	-	-	-	-	-	-	-	10,350
Town Hall - History Room	Market St	Burra	Asbestos removal	$ 10,000	General	2025	-	-	10,712	-	-	-	-	-	-	-	10,712
Unicorn Brewery	Bridge Tce	Burra	Barge/Fascia painting	$ 10,000	Passport	2025	-	-	10,712	-	-	-	-	-	-	-	10,712
Visitors Centre	Market Sq	Burra	U/grade incl front verandah replacement	$ 100,000	LRCI - 3	2023	100,000	-	-	-	-	-	-	-	-	-	100,000
Waste Transfer Station	Burra	Burra	Oil Drop shelter	$ 3,000	General	2023	3,000	-	-	-	-	-	-	-	-	-	3,000
Waste Transfer Station	Burra	Burra	E Waste shelter	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
Carpark	Oval	Eudunda	Re seal behind new building	$ 40,000	LRCI - 3	2023	40,000	-	-	-	-	-	-	-	-	-	40,000
Community Centre	Thiele Hwy	Eudunda	External Painting	$ 20,000	General	2024	-	20,700	-	-	-	-	-	-	-	-	20,700
Community Hub	Bruce St	Eudunda	New admin building	$ 20,000	LRCI - 3	2023	20,000	-	-	-	-	-	-	-	-	-	20,000
Council Office	Bruce St	Eudunda	A/cond replacement	$ 3,000	General	2024	-	3,105	-	-	-	-	-	-	-	-	3,105
Health Clinic	Bruce St	Eudunda	Asbestos removal/flooring review	$ 8,000	General	2025	-	-	8,570	-	-	-	-	-	-	-	8,570
Heritage Gallery	Bruce St	Eudunda	New roofing & structure	$ 120,000	LRCI - 3	2023	120,000	-	-	-	-	-	-	-	-	-	120,000
Memorial Gardens	Bruce St	Eudunda	New septic tank	$ 15,000	LRCI - 3	2023	15,000	-	-	-	-	-	-	-	-	-	15,000
Nicholson Reserve	Park Drive	Eudunda	New Playground	$ 65,000	General	2023	65,000	-	-	-	-	-	-	-	-	-	65,000
Nicholson Reserve	Park Drive	Eudunda	Shade Sail	$ 10,000	General	2023	10,000	-	-	-	-	-	-	-	-	-	10,000
Rail Trail	Hampden	Eudunda	Walking/Cycling Trail	$ 100,000	LRCI - 3	2023	100,000	-	-	-	-	-	-	-	-	-	100,000
Skate Park	South Tce	Eudunda	Construction - c/fwd from 2021/22 - $100k LRCI funded	$ 523,260	Grant	2023	523,260	-	-	-	-	-	-	-	-	-	523,260
Cemetery	Farrell Flat	Farrell Flat	New Niche Wall	$ 20,000	General	2023	20,000	-	-	-	-	-	-	-	-	-	20,000
Waste Transfer Station	Farrell Flat	Farrell Flat	Construction	$ 40,000	General	2024	-	41,400	-	-	-	-	-	-	-	-	41,400
Former CEO Residence	John St	Hallett	Asbestos removal	$ 5,000	General	2025	-	-	5,356	-	-	-	-	-	-	-	5,356
Institute Hall	Alfred St	Hallett	Replace guttering	$ 15,000	LRCI - 3	2023	15,000	-	-	-	-	-	-	-	-	-	15,000

Asset Management Plan - Buildings & Structures

Location	Location	Town	Project	Amount Current	Source of funds	Year end June	Major Maintenance/Capital Schedule - Year End June										Total
							2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Institute Hall	Alfred St	Hallett	Replace water tank	$ 5,000	LRCI - 3	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
Institute Hall	Alfred St	Hallett	Memorial Gardens refurbishment	$ 30,000	LRCI - 3	2023	30,000	-	-	-	-	-	-	-	-	-	30,000
Institute Hall	Alfred St	Hallett	Replace water pipe - Hall to Oval	$ 15,000	LRCI - 3	2023	15,000	-	-	-	-	-	-	-	-	-	15,000
Institute Hall	Alfred St	Hallett	Asbestos Removal	$ 20,000	General	2023	20,000	-	-	-	-	-	-	-	-	-	20,000
Pool	John St	Hallett	Pool Liner	$ 12,000	General	2023	12,000	-	-	-	-	-	-	-	-	-	12,000
Public Toilets	Alfred St	Hallett	Refurbishment/Disabled access	$ 40,000	General	2023	40,000	-	-	-	-	-	-	-	-	-	40,000
Waste Transfer Station	Hallett	Hallett	Construct hardstand area for green waste	$ 10,000	General	2023	10,000	-	-	-	-	-	-	-	-	-	10,000
Public Toilets	Railway Pde	Mt Bryan	Diabled access	$ 10,000	General	2024	-	10,350	-	-	-	-	-	-	-	-	10,350
Council Depot	Railway Tce	Robertstown	Concrete Floor Replacement	$ 20,000	General	2026	-	-	-	22,174	-	-	-	-	-	-	22,174
Inspiration point	Robertstown	Robertstown	New shelter	$ 30,000	LRCI - 3	2023	30,000	-	-	-	-	-	-	-	-	-	30,000
Oval	Main Rd	Robertstown	Irrigation tank & bore upgrades	$ 55,000	General	2023	55,000	-	-	-	-	-	-	-	-	-	55,000
Storage Tank	Depot	Robertstown	Improve water supply/meter to 2"	$ 20,000	General	2024	-	20,700	-	-	-	-	-	-	-	-	20,700
Telecentre	Commercial St	Robertstown	Asbestos removal	$ 10,000	General	2023	10,000	-	-	-	-	-	-	-	-	-	10,000
Telecentre	Commercial St	Robertstown	Kitchen Upgrade	$ 20,000	LRCI - 3	2023	20,000	-	-	-	-	-	-	-	-	-	20,000
Town Hall	Main St	Terowie	Re Roof	$ 50,000	General	2025	-	-	53,561	-	-	-	-	-	-	-	53,561
Town Hall	Main St	Terowie	Asbestos removal	$ 20,000	General	2025	-	-	21,425	-	-	-	-	-	-	-	21,425
Tree Management	Farrell Flat	Farrell Flat	Duncan Park & Street trees	$ 30,000	General	2023	30,000	-	-	-	-	-	-	-	-	-	30,000
Tree Management	Hampden	Hampden	Hampden Rd & Street trees	$ 20,000	General	2024	-	20,700	-	-	-	-	-	-	-	-	20,700

Tree Management	Hanson	Hanson	Reserve	$ 15,000	General	2023	15,000	-	-	-	-	-	-	-	-	-	15,000
Tree Management	Burra	Burra	Southern township entrance	$ 40,000	General	2023	40,000	-	-	-	-	-	-	-	-	-	40,000
Tree Management	Burra	Burra	Creek - Southern End	$ 15,000	General	2023	15,000	-	-	-	-	-	-	-	-	-	15,000
Tree Management	Burra	Burra	Minesite Aleppo Pine Removal	$ 30,000	General	2024	-	31,050	-	-	-	-	-	-	-	-	31,050
Tree Management	Robertstown	Robertstown	Oval	$ 10,000	General	2024	-	10,350	-	-	-	-	-	-	-	-	10,350
Waste Management Strategy	Council Wide	Council Wide	Stage 1 : Development	$ 15,000	Waste	2023	15,000	-	-	-	-	-	-	-	-	-	15,000
Waste Management Strategy	Council Wide	Council Wide	Stage 2 : Implementation	$ 200,000	Waste	2024	-	207,000	-	-	-	-	-	-	-	-	207,000
						TOTAL	1,697,760	833,860	324,219	165,933	141,905	218,367	226,010	233,920	242,107	250,581	4,334,662
			Funding Source														
			Paxton Square Cottages				100,000	25,875	26,781	27,718	28,688	129,692	134,231	138,929	143,792	148,825	904,531
			Burra Caravan Park				25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	293,285
			Grant Funded				523,260	-	-	-	-	-	-	-	-	-	523,260
			LRCI - 3				555,000	-	-	-	-	-	-	-	-	-	555,000
			Passport Product				40,000	41,400	53,561	44,349	45,901	47,507	49,170	50,891	52,672	54,516	479,968
			Waste Management				15,000	207,000	-	-	-	-	-	-	-	-	222,000
			General Revenue				439,500	533,710	217,096	66,148	38,628	11,475	11,877	12,293	12,723	13,168	1,356,618
							1,697,760	833,860	324,219	165,933	141,905	218,367	226,010	233,920	242,107	250,581	4,334,662
			Capital				1,488,760	670,680	257,094	121,959	117,047	206,892	214,133	221,628	229,385	237,413	3,764,990
			Operating				209,000	163,180	67,125	43,974	24,857	11,475	11,877	12,293	12,723	13,168	569,672
						TOTAL	1,697,760	833,860	324,219	165,933	141,905	2 18,367	226,010	2 33,920	242,107	2 50,581	4,334,662

Description	Location	Town	Project	Amount	Source	Year end	Major Maintenance/Capital Schedule - Year End June										Total
				Current	of funds	June	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Pavement	Booborowie Rd	Booborowie	RTR Project	$ 685,169	RTR	2023	685,169	685,169	-	-	-	-	-	-	-	-	1,370,338
	Hills Rd	Burra - Rural	Road Construction - SLR 2/3 funded	$ 300,000	SLR	2023	300,000	-	-	-	-	-	-	-	-	-	300,000
Sealed Roads	North Tce, Richard St, Jessie St and John St	Hallett	Construction Sealed Road	$ 250,000	LRCI - 3	2023	250,000	-	-	-	-	-	-	-	-	-	250,000
	Railway Tce	Point Pass	Construction Sealed Road	$ 120,000	Re Seal	2027	-	-	-	-	137,703	-	-	-	-	-	137,703
	Morehead Street	Burra	Shoulders Best Place to Butterworth	$ 50,000	LRCI - 3	2023	50,000	-	-	-	-	-	-	-	-	-	50,000
	Lelante St	Burra	Construction Sealed Road	$ 60,000	Re Seal	2025	-	-	64,274	-	-	-	-	-	-	-	64,274
	Programmed	Council Wide	Re Seals	$ 663,472	Re Seal	2023	663,472	-	-	-	-	-	-	-	-	-	663,472
	Asset Management Plan	Council Wide	Re seals/drainage/footpaths/kerbing & water table		General			-	-	-	-	875,000	650,000	1,025,000	600,000	950,000	4,100,000
	South Tce Silos to Ward St	Eudunda	Road Re-Construction	$ 300,000	Re Seal	2026	-	-	-	332,615	-	-	-	-	-	-	332,615
Drainage	South Tce	Booborowie	Detention Dam near School - Construct	$ 50,000	General	2029	-	-	-	-	-	-	61,463	-	-	-	61,463
	Booborowie	Booborowie	Stormwater Management Plan (50% funded)	$ 150,000	SWMA	2028	-	-	-	-	-	178,153	-	-	-	-	178,153
	Terowie	Terowie	Stormwater Management Plan (50% funded)	$ 150,000	SWMA	2031	-	-	-	-	-	-	-	-	197,521	-	197,521
	Eudunda	Eudunda	Stormwater Management Plan (50% funded)	$ 150,000	SWMA	2023	150,000	-	-	-	-	-	-	-	-	-	150,000
	Bruce St	Eudunda	Install new Drain E	$ 100,000	LRCI - 3	2023	100,000	-	-	-	-	-	-	-	-	-	100,000
	Golf Course	Eudunda	Replace Drain A culvert	$ 20,000	LRCI - 3	2023	20,000	-	-	-	-	-	-	-	-	-	20,000
	Burra	Burra	Stormwater Management Plan	$ 200,000	General	2024	-	207,000	-	-	-	-	-	-	-	-	207,000
	St Just St	Burra	Stormwater Management Plan	$ 120,000	General	2023	120,000	-	-	-	-	-	-	-	-	-	120,000
Floodways	Black Springs Rd	Rural - Robertstown	Reconstruct floodway	$ 80,000	General	2023	80,000	-	-	-	-	-	-	-	-	-	80,000
	Foote Rd/Neales Rd	Rural - Eudunda	Intersection Drainage	$ 20,000	General	2023	20,000	-	-	-	-	-	-	-	-	-	20,000
	Belalie Rd	Rural - Hallett	Construct Floodway	$ 65,000	General	2024	-	67,275	-	-	-	-	-	-	-	-	67,275

	Booborowie Rd	Rural - Hallett	Construct Floodway	$ 65,000	General	2024	-	67,275	-	-	-	-	-	-	-	-	67,275
	Booborowie Rd	Rural - Hallett	Construct Floodway	$ 65,000	General	2024	-	67,275	-	-	-	-	-	-	-	-	67,275
	Australia Plains Rd	Rural - Eudunda	Reconstruct Floodway	$ 80,000	General	2026	-	-	-	88,697	-	-	-	-	-	-	88,697
	Border Rd	Rural - Eudunda	Construct Floodway	$ 65,000	General	2025	-	-	69,630	-	-	-	-	-	-	-	69,630
	Caroona Rd	Rural - Burra	Construct Floodway	$ 90,000	General	2027	-	-	-	-	103,277	-	-	-	-	-	103,277
	Caroona Rd	Rural - Burra	Construct Floodway	$ 80,000	General	2027	-	-	-	-	91,802	-	-	-	-	-	91,802
	Caroona Rd	Rural - Burra	Construct Floodway	$ 80,000	General	2027	-	-	-	-	91,802	-	-	-	-	-	91,802
	Caroona Rd	Rural - Burra	Construct Floodway	$ 65,000	General	2028	-	-	-	-	-	77,200	-	-	-	-	77,200
	Caroona Rd	Rural - Burra	Construct Floodway	$ 65,000	General	2028	-	-	-	-	-	77,200	-	-	-	-	77,200
	Eagle Rd	Rural - Eudunda	Construct Floodway	$ 15,000	General	2025	-	-	16,068	-	-	-	-	-	-	-	16,068
	Ketchowla Rd	Rural - Hallett	Construct Floodway	$ 90,000	General	2029	-	-	-	-	-	-	110,633	-	-	-	110,633
	Ketchowla Rd	Rural - Hallett	Construct Floodway	$ 75,000	General	2029	-	-	-	-	-	-	92,194	-	-	-	92,194
	Ketchowla Rd	Rural - Hallett	Construct Floodway	$ 65,000	General	2029	-	-	-	-	-	-	79,902	-	-	-	79,902
	Ketchowla Rd	Rural - Hallett	Construct Floodway	$ 65,000	General	2030	-	-	-	-	-	-	-	82,698	-	-	82,698
	Ketchowla Rd	Rural - Hallett	Construct Floodway	$ 65,000	General	2030	-	-	-	-	-	-	-	82,698	-	-	82,698
	Ketchowla Rd	Rural - Hallett	Construct Floodway	$ 65,000	General	2030	-	-	-	-	-	-	-	82,698	-	-	82,698
	May Rd	Rural - Eudunda	Additional headwall works	$ 10,000	General	2025	-	-	10,712	-	-	-	-	-	-	-	10,712
	Mallett Rd	Rural - Hallett	Construct Floodway	$ 65,000	General	2026	-	-	-	72,067	-	-	-	-	-	-	72,067
	Mallett Rd	Rural - Hallett	Construct Floodway	$ 65,000	General	2026	-	-	-	72,067	-	-	-	-	-	-	72,067
	Mallett Rd	Rural - Hallett	Construct Floodway	$ 65,000	General	2026	-	-	-	72,067	-	-	-	-	-	-	72,067
	Plains Rd	Rural - Robertstown	Construct Headwall	$ 10,000	General	2025	-	-	10,712	-	-	-	-	-	-	-	10,712
	Plains Rd	Rural - Robertstown	Construct Headwall	$ 10,000	General	2025	-	-	10,712	-	-	-	-	-	-	-	10,712
Footpath - New	Stock St	Burra	New footpath	$ 50,000	General	2024	-	51,750	-	-	-	-	-	-	-	-	51,750
	St Just St	Burra	New footpath	$ 50,000	General	2025	-	-	53,561	-	-	-	-	-	-	-	53,561
	Market St Footbridge	Burra	Disable Access	$ 80,000	General	2026	-	-	-	88,697	-	-	-	-	-	-	88,697
	Bruce St	Eudunda	Handrails	?	General	2023	-	-	-	-	-	-	-	-	-	-	-

Description	Location	Town	Project	Amount Current	Source of funds	Year end June	Major Maintenance/Capital Schedule - Year End June 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Footpath - Renewal	Bath St (RH) - Kangaroo to Queen	Burra	Resurface	$ 5,000	General	2024	-	5,175	-	-	-	-	-	-	-	-	5,175
	Bridge St (RH) - Bridge to Kingston	Burra	Resurface	$ 5,000	General	2024	-	5,175	-	-	-	-	-	-	-	-	5,175
	Bridge St East (LH) - Bridge to Ayres	Burra	Resurface	$ 5,000	General	2024	-	5,175	-	-	-	-	-	-	-	-	5,175
	Bridge St East (RH) - Bridge to Ayres	Burra	Resurface	$ 5,000	General	2024	-	5,175	-	-	-	-	-	-	-	-	5,175
	Bridge St West (LH) - Chapel to Upper Thames	Burra	Resurface	$ 5,000	General	2024	-	5,175	-	-	-	-	-	-	-	-	5,175
	Bridge St West (RH) - Chapel to Upper Thames	Burra	Resurface	$ 5,000	General	2024	-	5,175	-	-	-	-	-	-	-	-	5,175
	Church St (LH) - Ware to Kangaroo	Burra	Resurface	$ 5,000	General	2024	-	5,175	-	-	-	-	-	-	-	-	5,175
	Kangaroo St (RH) - Bath to Stock	Burra	Resurface	$ 5,000	General	2024	-	5,175	-	-	-	-	-	-	-	-	5,175
	Kangaroo St (RH) - Stock to Allen	Burra	Resurface	$ 5,000	General	2024	-	5,175	-	-	-	-	-	-	-	-	5,175
	Kingston St (RH) - East to Pleasant	Burra	Resurface	$ 5,000	General	2025	-	-	5,356	-	-	-	-	-	-	-	5,356
	Lower Thames St (LH) - Stock to Allen	Burra	Resurface	$ 5,000	General	2025	-	-	5,356	-	-	-	-	-	-	-	5,356
	Morehead St (LH) - West to Mill	Burra	Resurface	$ 5,000	General	2025	-	-	5,356	-	-	-	-	-	-	-	5,356
	Mt Pleasant LH) - Market to 40m	Burra	Repave	$ 30,000	General	2023	30,000	-	-	-	-	-	-	-	-	-	30,000
	Paradise St (LH) - Kingston to Quarry	Burra	Resurface	$ 5,000	General	2025	-	-	5,356	-	-	-	-	-	-	-	5,356
	Upper Thames St (RH) - Church to Bath	Burra	Resurface	$ 5,000	General	2025	-	-	5,356	-	-	-	-	-	-	-	5,356
	Main St	Terowie	Slate General Store	$ 10,000	General	2023	10,000	-	-	-	-	-	-	-	-	-	10,000
	East Tce (LH) - Second to Third	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	East Tce (LH) - Third to South Tce	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Fifth St (RH) - First to Second	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Fifth St (LH) - Second to Third	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Fifth St (RH) - Second to Third	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Sixth St (LH) - North Tce to First	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000

	Sixth St (RH) - North Tce to First	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Sixth St (LH) - First to Second	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Sixth St (RH) - First to Second	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Sixth St (LH) - Second to Third	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Sixth St (RH) - Second to Third	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Third St (RH) - Fourth to Fifth	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Third St (LH) - Fourth to Fifth	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Third St (RH) - Fifth to Sixth	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
	Third St (LH) - Fifth to Sixth	Booborowie	Resurface	$ 5,000	General	2023	5,000	-	-	-	-	-	-	-	-	-	5,000
Kerbing & Water Table - New	Allen St - Thames to the Creek	Burra	Footpath and Kerb	$ 50,000	LRCI - 3	2023	50,000	-	-	-	-	-	-	-	-	-	50,000
	Allen St - Queen to Chapel	Burra	Kerbing & Shoulders	$ 80,000	LRCI - 3	2023	80,000	-	-	-	-	-	-	-	-	-	80,000
	Butterworth Street	Burra	Kerbing & Shoulders	$ 25,000	General	2023	25,000	-	-	-	-	-	-	-	-	-	25,000
	Gall St - Hill St south	Burra	Kerbing & Shoulders	$ 80,000	General	2027	-	-	-	-	91,802	-	-	-	-	-	91,802
	Lower Thames St - Allen St to End	Burra	Kerbing & Shoulders	$ 80,000	LRCI - 3	2023	80,000	-	-	-	-	-	-	-	-	-	80,000
	Market St - Mine Entrance to Helen	Burra	Kerbing & Shoulders	$ 150,000	General	2026	-	-	-	166,308	-	-	-	-	-	-	166,308
	Mt Pleasant St Rear of Hall	Burra	Kerbing & Shoulders	$ 150,000	General	2025	-	-	160,684	-	-	-	-	-	-	-	160,684
	Packard Street	Burra	Kerbing & Shoulders	$ 25,000	General	2023	25,000	-	-	-	-	-	-	-	-	-	25,000
	Park St - West to Cooper	Burra	Kerbing & Shoulders	$ 50,000	LRCI - 3	2023	50,000	-	-	-	-	-	-	-	-	-	50,000
	Sancreed St - Ludgvan to Truro	Burra	Kerbing/Footpath/Shoulders	$ 150,000	General	2027	-	-	-	-	172,128	-	-	-	-	-	172,128
	Smelts Rd adjacent oval	Burra	Kerbing & Shoulders	$ 80,000	LRCI - 3	2023	80,000	-	-	-	-	-	-	-	-	-	80,000
	Stock St - Chapel to Thames	Burra	Seal Shoulders	$ 35,000	General	2025	-	-	37,493	-	-	-	-	-	-	-	37,493
	Taylor St (LH) - Morehead to Elder	Burra	Kerbing & Shoulders	$ 50,000	General	2028	-	-	-	-	-	59,384	-	-	-	-	59,384
	View St - St Just to The Grove	Burra	Kerbing & Shoulders	$ 30,000	LRCI - 3	2023	30,000	-	-	-	-	-	-	-	-	-	30,000
	West St (RH) - Morehead to Linkson	Burra	Kerbing & Shoulders	$ 30,000	LRCI - 3	2023	30,000	-	-	-	-	-	-	-	-	-	30,000
	Bruce St (LH)- Lloyd- Kapunda	Eudunda	Footpath and Kerb	$ 100,000	General	2023	100,000	-	-	-	-	-	-	-	-	-	100,000

	Worlds End Highway	Pt Pass	New Kerb 90m	$ 25,000	General	2025	-	-	26,781	-	-	-	-	-	-	-	26,781

Description	Location	Town	Project	Amount	Source	Year end	Major Maintenance/Capital Schedule - Year End June										Total
				Current	of funds	June	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Kerbing & Water Table	Bath St (LH) - Kangaroo to Queen	Burra	Renewal/Replacement	$ 20,000	General	2025	-	-	21,425	-	-	-	-	-	-	-	21,425
	Bridge Tce (RH) - Paxton to End	Burra	Renewal/Replacement	$ 20,000	General	2026	-	-	-	22,174	-	-	-	-	-	-	22,174
	Church St (LH) - Hill to Justice Lane	Burra	Renewal/Replacement	$ 20,000	General	2026	-	-	-	22,174	-	-	-	-	-	-	22,174
	Church St (RH) - Hill to Justice Lane	Burra	Renewal/Replacement	$ 10,000	General	2027	-	-	-	-	11,475	-	-	-	-	-	11,475
	Commercial St (RH) - Hill St South	Burra	Renewal/Replacement	$ 15,000	General	2025	-	-	16,068	-	-	-	-	-	-	-	16,068
	East St (RH) Kingston to Quarry	Burra	Renewal/Replacement	$ 10,000	General	2025	-	-	10,712	-	-	-	-	-	-	-	10,712
	Hill St (RH) - Church to Commercial	Burra	Renewal/Replacement	$ 20,000	General	2026	-	-	-	22,174	-	-	-	-	-	-	22,174
	Kangaroo St (RH) - Stock to Allen	Burra	Renewal/Replacement	$ 35,000	General	2027	-	-	-	-	40,163	-	-	-	-	-	40,163
	Kingston St (RH) - Pleasant to Kooringa	Burra	Renewal/Replacement	$ 25,000	General	2025	-	-	26,781	-	-	-	-	-	-	-	26,781
	Linkson St (LH) - West to Jenkin	Burra	Renewal/Replacement	$ 15,000	General	2027	-	-	-	-	17,213	-	-	-	-	-	17,213
	Lower Thames (RH) - Bath to Stock	Burra	Renewal/Replacement	$ 20,000	General	2025	-	-	21,425	-	-	-	-	-	-	-	21,425
	Ludgvan St (LH) - Fore to Tregony	Burra	Renewal/Replacement	$ 10,000	General	2024	-	10,350	-	-	-	-	-	-	-	-	10,350
	Ludgvan St (LH) - Sancreed to Fore	Burra	Renewal/Replacement	$ 25,000	General	2024	-	25,875	-	-	-	-	-	-	-	-	25,875
	Ludgvan St (RH) - Fore to Tregony	Burra	Renewal/Replacement	$ 10,000	General	2024	-	10,350	-	-	-	-	-	-	-	-	10,350
	Ludgvan St (RH) - Sancreed to Fore	Burra	Renewal/Replacement	$ 25,000	General	2024	-	25,875	-	-	-	-	-	-	-	-	25,875
	Ludgvan St (RH) - Tregony to Tremabath	Burra	Renewal/Replacement	$ 10,000	General	2024	-	10,350	-	-	-	-	-	-	-	-	10,350
	Ludgvan St (RH) - Trembath to Crescent	Burra	Renewal/Replacement	$ 15,000	General	2024	-	15,525	-	-	-	-	-	-	-	-	15,525
	Mitchell Flat (RH) - Blyth to Stock	Burra	Renewal/Replacement	$ 35,000	General	2025	-	-	37,493	-	-	-	-	-	-	-	37,493
	West St (RH) - Linkson to End	Burra	Renewal/Replacement	$ 45,000	General	2027	-	-	-	-	51,639	-	-	-	-	-	51,639
	Young St	Burra	Renewal Replacement	$ 15,000	General	2024	-	15,525	-	-	-	-	-	-	-	-	15,525
	Main St	Terowie	Renewal/Replacement General Store	$ 10,000	General	2023	10,000	-	-	-	-	-	-	-	-	-	10,000

Various	Council Wide	Various	NHVR Upgrades	$ 150,000	General	Various	150,000	150,000	-	-	-	-	-	-	-	-	300,000
Signs	Heritage Passport Signage	Burra	Replacement tourist signage - Partially grant funded	$ 172,250	Heritage	2022	172,250	172,250	-	-	-	-	-	-	-	-	344,500
Sheeted Roads	Council wide	Various	Programmed	$ 1,815,224	Re Sheet	2022	1,815,224	1,727,780	1,797,440	1,861,628	1,926,785	1,994,225	2,064,021	2,136,261	2,211,031	2,288,417	19,822,810
						TOTAL	5,251,115	3,356,199	2,418,751	2,320,669	2,735,789	3,261,159	3,058,212	3,409,856	3,008,552	3,238,417	33,558,219

Funding Source
Re Sheet
Re Seal
R2R grant funding
Special Local Roads 67%
Australian Heritage Grant
Storm Water Management Authority
LRCI - Phase 3
General Revenue

1,815,224	1,727,780	1,797,440	1,861,628	1,926,785	1,994,225	2,064,021	2,136,261	2,211,031	2,288,417	19,822,810
666,470	-	64,774	532,613	187,203	-	-	-	-	-	1,138,164
685,169	685,169									1,370,338
300,000										300,000
172,250	172,250									344,500
150,000					178,152			197,521		525,673
820,000										820,000
645,000	772,500	557,037	625,426	671,801	1,088,784	994,191	1,273,594	666,050	950,000	8,176,883
	-	-	-	-	-	-	-	-	-	-
TOTAL 5,251,115	3,356,199	2,418,751	2,320,669	2,735,789	3,261,159	3,058,212	3,409,856	3,008,552	3,238,417	33,558,219

REGIONAL COUNCIL of GOYDER
Asset Management Plan - CWMS Infrastructure - Burra

Description	Location	Project	Replacement/New Maintenance	Compliance Requirement	Amount Current	Year end June	Major Maintenance/Capital Schedule - Year End June 2023	2024	2025	2026	Total
Bridge St PS	Pump Station	Flow and Pressure Monitoring Upgrades	New	NA	$ 17,000	2023	17,000	-	-	-	17,000
						TOTAL	**17,000**	**-**	**-**	**-**	**17,000**
					Operating	TOTAL	-	-	-	-	-
					Capital	TOTAL	17,000	-	-	-	17,000
											17,000

REGIONAL COUNCIL of GOYDER
Motor Vehicles, Plant & Equipment 10 year Replacement Schedule

REGIONAL COUNCIL of GOYDER
Asset Management Plan - CWMS Infrastructure Eudunda

Description	Location	Project	Replacement/New Maintenance	Compliance Requirement	Amount Current	Year end June	Major Maintenance/Capital Schedule - Year End June 2023	2024	2025	2026	Total
WWPS1	Rising Main	Air Valve Upgrades	Replacement	NA	$ 12,500	2023	12,500	-	-	-	12,500
WWPS1	Pump Station	Level Sensor and Programming Upgrade	Replacement	NA	$ 6,500	2023	6,500	-	-	-	6,500
						TOTAL	**19,000**	**-**	**-**	**-**	**19,000**
					Operating	TOTAL	-	-	-	-	-
					Capital	TOTAL	19,000	-	-	-	19,000
											19,000

REGIONAL COUNCIL of GOYDER
Motor Vehicles, Plant & Equipment 10 year Replacement Schedule

Key	Plant Description	Reg	Year	Replacement Date	Replacement Cost	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Motor Vehicles														
MV013	Holden Commodore Utility - PSC	S592AJH	2011	2027	$ 20,000	-	-	-	-	22,950	-	-	-	-	-
MV031	Ford Ranger Utility - Building & Assets	S606BFG	2015	2025	$ 20,000	-	-	21,425	-	-	-	-	-	-	-
MV018	Holden Captiva - Admin	S731AXX	2013	2026	$ 30,000	-	-	-	33,262	-	-	-	-	-	-
MV034	Holden Captiva - Admin	S801BNY	2016	2030	$ 30,000	-	-	-	-	-	-	-	38,168	-	-
MV027	Holden Colorado - Compliance	S110BYD	2019	2028	$ 32,000	-	-	-	-	-	38,006	-	-	-	-
MV021	Toyota Hilux Dual Cab - Tech Services	S130BGW	2015	2025	$ 45,000	-	-	48,205	-	-	-	-	-	-	-
MV032	Ford Ranger Dual Cab - Tech Services	S680CGS	2020	2026	$ 60,000	-	-	-	66,523	-	-	-	-	-	-
	Sub Total					-	-	69,630	99,785	22,950	38,006	-	38,168	-	-
	Nominal Trade in	25%				-	-	17,407	24,946	5,738	9,501	-	9,542	-	-
	Utilities														
Various	Replacement - Works	Various		$ 48,000		48,000	49,680	51,419	53,218	55,081	57,009	59,004	61,069	63,207	65,419
	Sub Total					48,000	49,680	51,419	53,218	55,081	57,009	59,004	61,069	63,207	65,419
	Nominal Trade in	25%				12,000	12,420	12,855	13,305	13,770	14,252	14,751	15,267	15,802	16,355
	Garbage Compactor														
MV022	Garbage Compactor (Replacement cab chassis)	SB92MF	2017	2023	$ 250,000	250,000	-	-	-	-	-	-	-	-	-
MV008	Garbage Compactor	SB64DL	2010	2028	$ 450,000	-	-	-	-	-	534,459	-	-	-	-
	Sub Total					250,000	-	-	-	-	534,459	-	-	-	-
	Nominal Trade in	$				37,500	-	-	-	-	-	-	-	-	-
	Nominal Trade in	15%				-	-	-	-	-	80,169	-	-	-	-
	Graders														

REGIONAL COUNCIL of GOYDER
Motor Vehicles, Plant & Equipment 10 year Replacement Schedule

P001	John Deere 770G	S18SXZ	2013	2024	$ 420,000	-	434,700	-	-	-	-	-	-	-	-
P006	John Deere 770G	S93SVT	2012	2025	$ 420,000	-	-	449,915	-	-	-	-	-	-	-
P007	John Deere 770G	S76SXR	2013	2025	$ 420,000	-	-	449,915	-	-	-	-	-	-	-
P010	Caterpillar 12M	S02SAX	2015	2028	$ 420,000	-	-	-	-	-	498,828	-	-	-	-
P012	Caterpillar 12M	S01SAX	2015	2027	$ 420,000	-	-	-	-	481,960	-	-	-	-	-
P013	John Deere 770G	S03SJT	2021	2031	$ 420,000	-	-	-	-	-	-	-	-	553,060	-
	Sub Total					-	434,700	899,829	-	481,960	498,828	-	-	553,060	-
	Nominal Trade in	25%		current		-	108,675	224,957	-	120,490	124,707	-	-	138,265	-
	Trucks														
P034	Mitsubishi Rigid	XS30DA	2009	2029	$ 240,000	-	-	-	-	-	-	295,021	-	-	-
P035	Mitsubishi Fuso	XS27CC	2019	2031	$ 145,000	-	-	-	-	-	-	-	-	190,937	-
P036	Hino Crew Cab	SB27NY	2018	2029	$ 120,000	-	-	-	-	-	-	147,511	-	-	-
P037	Hino Long Crew	SB06NX	2018	2029	$ 160,000	-	-	-	-	-	-	196,681	-	-	-
P038	Hino Tipper	S527BGN	2015	2026	$ 60,000	-	-	-	66,523	-	-	-	-	-	-
P039	Isuzu Rigid	SB27FE	2012	2025	$ 240,000	-	-	257,094	-	-	-	-	-	-	-
P052	Isuzu NQR 450 (Mechanic)	SB34HS	2013	2029	$ 105,000	-	-	-	-	-	-	129,072	-	-	-
P183	Hino - Tray Top - Sign	SB77KU	2015	2029	$ 100,000	-	-	-	-	-	-	122,926	-	-	-
	Sub Total					-	-	257,094	66,523	-	-	891,210	-	190,937	-
	Nominal Trade in	15%				-	-	38,564	9,978	-	-	133,682	-	28,641	-

REGIONAL COUNCIL of GOYDER
Motor Vehicles, Plant & Equipment 10 year Replacement Schedule

Key	Plant Description	Reg	Year	Replacement Date	Replacement Cost	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Rollers														
	Sub Total					-	-	-	-	-	-	-	-	-	-
	Nominal Trade in	4%				-	-	-	-	-	-	-	-	-	-
	Prime Movers														
P053	Mack Trident	SB12NG	2017	2026	$ 235,000	-	-	-	260,549	-	-	-	-	-	-
P053	Mack Trident	SB13NG	2017	2026	$ 235,000	-	-	-	260,549	-	-	-	-	-	-
P121	Volvo (Water Cart)	SB61JQ	2015	2023	$ 275,000	275,000	-	-	-	-	-	-	-	-	-
P193	Freightliner Coronado	XS33CQ	2019	2031	$ 275,000	-	-	-	-	-	-	-	-	362,122	-
	Sub Total					275,000	-	-	521,097	-	-	-	-	362,122	-
	Nominal Trade in	$				-	-	-	-	-	-	-	-	-	-
	Nominal Trade in	15%				41,250	-	-	78,165	-	-	-	-	54,318	-
	Low Loaders, Tippers, Trailers, Tankers					-	-	-	-	-	-	-	-	-	-
	Sub Total					-	-	-	-	-	-	-	-	-	-
	Nominal Trade in	$				-	-	-	-	-	-	-	-	-	-
	Nominal Trade in	5%													
	Dozers/Excavators														
P070	Dozer - John Deere 1050K	S91SJE	2020	2032	$ 950,000	-	-	-	-	-	-	-	-	-	1,294,752
P064	Excavator - Hitachi	S36SUR	2011	2026	$ 380,000	-	-	-	421,313	-	-	-	-	-	-

REGIONAL COUNCIL of GOYDER
Motor Vehicles, Plant & Equipment 10 year Replacement Schedule

P066	Excavator - 1.5 tonne with Trailer	S41STJ	2015	2027	$ 65,000	-	-	-	-	74,589	-	-	-	-	-
New	Rockbreaker			2023	$ 65,000	65,000	-	-	-	-	-	-	-	-	-
	Sub Total					65,000	-	-	421,313	74,589	-	-	-	-	1,294,752
	Nominal Trade in	25%				-	-	-	105,328	18,647	-	-	-	-	323,688
	Crushing Equipment														
P190	Crusher - Powersreen Trakpactor		2019	2030	$ 770,000	-	-	-	-	-	-	-	979,655	-	-
P159	Stockpiler - Metso		2013	2031	$ 120,000	-	-	-	-	-	-	-	-	158,017	-
	Sub Total					-	-	-	-	-	-	-	979,655	158,017	-
	Nominal Trade in	10%				-	-	-	-	-	-	-	97,966	15,802	-
	Loaders														
P058	Hitachi (Wheeled)	S21SSC	2010	2024	$ 300,000	-	310,500	-	-	-	-	-	-	-	-
P199	John Deere 320G	S67SJK	2021	2031	$ 90,000	-	-	-	-	-	-	-	-	118,513	-
P056	John Deere 644K	S62SCG	2015	2027	$ 350,000	-	-	-	-	401,633	-	-	-	-	-
	Sub Total					-	310,500	-	-	401,633	-	-	-	118,513	-
	Nominal Trade in	20%				-	62,100	-	-	80,327	-	-	-	23,703	-
	Backhoes														
P057	John Deere	S23SVH	2012	2029	$ 150,000	-	-	-	-	-	-	184,388	-	-	-
P059	John Deere	MPS215	2003	2029	$ 150,000	-	-	-	-	-	-	184,388	-	-	-
	Sub Total					-	-	-	-	-	-	368,777	-	-	-
	Nominal Trade in	20%				-	-	-	-	-	-	73,755	-	-	-

REGIONAL COUNCIL of GOYDER
Motor Vehicles, Plant & Equipment 10 year Replacement Schedule

Key	Plant Description	Reg	Year	Replacement Date	Replacement Cost	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Tractors/Mower/Slashers														
P057	New Holland (inc deck)	S66SXH	2013	2029	$ 152,218	-	-	-	-	-	-	187,115	-	-	-
P058	John Deere Tractor	S39SVK	2012	2024	$ 150,000	-	155,250	-	-	-	-	-	-	-	-
P176	John Deere Mower	S99SXS	2013	2027	$ 35,000	-	-	-	-	40,163	-	-	-	-	-
New	Road Broom			2023	$ 12,000	12,000	-	-	-	-	-	-	-	-	-
	Sub Total					12,000	155,250	-	-	40,163	-	187,115	-	-	-
	Nominal Trade in	20%				-	31,050	-	-	8,033	-	37,423	-	-	-
	Minor Plant/Equipment				$ 15,000										
New	Minor Plant	New				15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443
	Sub Total					15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443
	TOTAL														
	Sub Total					665,000	965,655	1,294,040	1,178,567	1,093,589	1,146,117	1,524,545	1,097,977	1,465,608	1,380,615
	Nominal Trade in					90,750	214,245	293,783	231,722	247,004	228,630	259,611	122,775	276,530	340,043
	Net					574,250	751,410	1,000,256	946,845	846,585	917,488	1,264,934	975,202	1,189,079	1,040,572

REGIONAL COUNCIL of GOYDER
Motor Vehicles, Plant & Equipment 10 year Replacement Schedule

Appendix : D

Road Re Sheeting and Re Seals Summary for the Financial Year 01 July 2022 to 30 June 2023

REGIONAL COUNCIL of GOYDER Re Sheet Programme 2022-23

Road	From	To
Anlaby Road	Hansborough Road	Buchanan Road
Burra Road	Hallelujah Hills Road	Werner Road
Black Springs Road	300m N of Apoinga Road (Council Boundary)	Tothill Belt Road
Braefoot Road	1750m W of Springvale Road	Booborowie Road
Brownlow Road	Eudunda Road	Stephen Road
Buchanan North Rd	Curio Highway	Buchanan Road
Cemetery Road (Booborowie)	Orchard Rd	RRD 900
Diagonal Road (Eudunda Ward)	Brownlow Road	Frankton Road
Donara Road 50% AGL	Farm Driveway 1630m N of Booborowie Road (South)	Gum Creek Road
Foote Road	Eudunda Road	Frankton Road
Franklyn Road	Deep Creek Road	End
Frankton Road	Stock Route Road	Angle Road
Iron Mine Road	Gum Creek Road	Little Springvale Road
Koonoona Road	Turners Road	2300m S of Quarry Road (Council Boundary)
Madigan Road	Somme Brae Road	RRD 1097
McMahon Road	Shed Driveway 3.2km E of Carmody Road	Booborowie Road
Mickan Road	Bower Road	Junction Road
Mt Bryan East Rd	Barrier Highway	East Tce
Mt Bryan East Rd	Barrier Highway	White Hill Rd
Neales Road	Von Reiben Road	Foote Road
Ngapala Road	Dunstan Road	Mosey Road
North Bungaree Road	Booborowie Road	1300m E of Booborowie Rd (Collinsvi Stud)
North Booborowie School Road	Old Boundary Road	RRD 3249

Orchard Road	*Booborowie Road (Central)*	*Cemetery Road*
Pipeline Track	*North Ramms Track*	*The Camels Hump Road*
Range Road (Burra Ward) - 50% AGL	*Donara Road*	*Hilldrop Road*
Smith Road (Eudunda Ward)	*Newlands Road (Farm Driveway)*	*Eudunda Road*
Springbank Road	*Lockett Road*	*2550m S of Margarets Road (Cross Dı*
Sunny Brae Road	*Belalie Road*	*Cross Drain 2090m N of Belalie Road*
Tiver Corner Road	*Old Hanson Road*	*Finch Road*
Tohls Road	*Back track*	*Bgooborowie School Road*
Turner Road	*Koonoona Road*	*Burra Road*
Weirs Gap Road	*Barrier Highway*	*Popperinghi Road*

REGIONAL COUNCIL of GOYDER Re Seal Programme 2022-23

Road	*From*	*To*
Gum Creek Road	*Blieschke Road*	*Booborowie Road*
Booborowie Road (Central)	*Petherton Road*	*Mundunny Hill Road*
Napier Street	*Cameron Terrace*	*Patterson Street*
Napier Street (previously Farrell Flat Rd)	*Copper Ore Road*	*Intersection*
South Terrace (Farrell Flat)	*Farrell Flat Road*	*Staveley Street*
Staveley Street	*South Terrace*	*The Gap Road*
Patterson Street	*South Terrace*	*Napier Street*
Paxton Terrace	*Bridge Street*	*End 75m SE of Quarry Street*
Bridge Street	*Kingston Street*	*End*
Chapel Street	*Commercial Street*	*Allen Street*
Allen Street	*Queen Street*	*End*

ESCOSA LOCAL GOVERNMENT RATES OVERSIGHT SCHEME FRAMEWORK AND APPROACH

OFFICIAL

ESSENTIAL SERVICES COMMISSION OF SOUTH AUSTRALIA

RATES

Local Government Rates Oversight Scheme

Draft Framework and Approach

March 2022

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), 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

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
Web: www.escosa.sa.gov.au

Contact officer: Sean McComish, Economic Regulatory Advisor

Local Government Rat The Essential Services Commission **Oversight Scheme** is an independent statutory authority with functions in a range of essential **2** services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory **OFFICIAL** function on economic matters. For more information, please visit

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Table of contents

Glossary of terms

ABS	Australian Bureau of Statistics
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
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)

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.

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.

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.

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,[16] 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%,[2] 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.

[16] 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 [2] Derived from LGGC data.

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

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.

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.[17]

Councils are also required to have an SMP; specifically, a LTFP and IAMP, both covering a period of at least ten years.[18]

The Act requires that LTFPs be reviewed on an annual basis.[19] As part of that review, a council's Chief Executive Officer must prepare a report on the council's financial sustainability.[20] IAMPs need to be updated within two years after each general election of the council.[21] 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

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[17] Section 8.
[18] Section 122 (1a)
[19] Section 122 (4)(a)
[20] Section 122 (4a)(a)
[21] Section 122 (4)(b)

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.

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.

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:

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?

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 202627 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.

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
Principle 1: 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.

Principle 2: 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).
Principle 3: 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.
Principle 4: 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.
Principle	**Reason**
Principle 5: Leveraging existing information and evidence	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.[22] In accordance with the legislative framework[23], 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.
Principle 6: 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.
Principle 7: 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?

[22] 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).

[23] 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.

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.

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.[24] 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.

[24] There are 21 current information papers on the LGA website, accessible to members.

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*.

Table 3: Overarching financial indicators specified by the LGA

Financial Indicator	Description

Operating surplus ratio	Explanation: The operating surplus ratio relates to a council's financial performance. Definition: The *Operating Surplus (Deficit)* is defined as: *Total Operating Income*[25] *less* *Total Operating Expenses*[26] The *Operating Surplus Ratio* is defined as: *Operating Surplus (Deficit) ÷ Total Operating Income* Application: Applied historically in the context of audited financial statements, and to forward-looking LTFPs. Target:[27] The LGA considers that, on average, over time, an operating surplus ratio of between zero and ten percent is appropriate. Interpretation: 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).

Financial Indicator	Description

[25] Total Operating Income comprises: Rates; Statutory Charges; User Charges; Grants, subsidies and contributions; Investment income; Reimbursements; Other income; Net gain – equity accounted Council businesses.

[26] 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.

[27] 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).

Net financial liabilities ratio	Explanation: The net financial liabilities ratio relates to a council's financial position. Definition: *Net Financial Liabilities* are defined as: *Total Liabilities (excl liabilities for equity accounted investments in Council businesses) less* *Current Assets (Cash and Cash Equivalents)* *less* *Current Assets (Trade and Other Receivables)* *less* *Current Assets (Other Financial Assets)* *less* *Non-Current Assets (Financial Assets)* The net financial liabilities ratio is: *Net financial liabilities ÷ Total Operating Income* Application: Applied historically in the context of audited financial statements, and to forward-looking LTFPs. Target: The LGA considers a ratio of between zero and 100%, but possibly higher in some circumstances, is appropriate. Also, councils that provide Community Wastewater Management Services (CWMS) are likely to need to have a higher level of net financial liabilities.[28] Interpretation: 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.

Financial Indicator	Description

[28] Paper 9, p.8.

Asset renewal funding ratio[29]	Explanation: The asset renewal funding ratio relates to a council's asset management performance. Definition: Since 2013, the asset renewal funding ratio has been defined as: *Asset Renewal Expenditure ÷ IAMP Renewal Expenditure* Where *IAMP Renewal Expenditure* is that required according to the IAMP. Prior to 2013, the asset renewal funding ratio (then known as the asset sustainability ratio), was defined as: *Net Asset Renewal Expenditure ÷ Depreciation* Where: *Net Asset Renewal Expenditure* *=* *Expenditure on Renewal/Replacement of Assets* *less* *Sale of Replaced Assets* Application: Applied historically in the context of audited financial statements and relevant IAMP, and to forward-looking LTFPs and the current IAMP. Target: The LGA considers a ratio greater than 90% but less than 110% appropriate. Interpretation: 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.

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.[30] 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.[17]

4.3.3 Measuring the financial indicators in a consistent manner

[29] While the definition of this ratio changed in 2013, it continued to be known as the asset sustainability ratio until 2018.
[30] Local Government (Financial Management) Regulations 2011 [17] See
Paper 9, p.4, FN8.

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.[31] 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

[31] 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.

4.2 Do stakeholders consider this an appropriate analytical framework?

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

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 fouryear prescribed period, this would result in the following information being required.

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

Relevant Financial Year	Fully audited information[32]
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

[32] For a Relevant Financial Year of 2022-23, the Commission will assess actual financial information up to end 2020-21, and the relevant LTFPs that build on from there.

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

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).[33]

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.[34]

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,

[33] 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.

[34] ABS, A Guide to the Consumer Price Index: 17th 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

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.[35] 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.

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.

[35] SACES, About the Local Government Price Index, available at: https://www.adelaide.edu.au/saces/economy/lgpi/

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.

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

Area	Key questions
Operating Surplus Ratio	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. Operating surplus ratio Question 1: *How has the council's operating surplus ratio performed historically?* Question 2: *How is the council's operating surplus ratio projected to perform?* Underlying variables: Total operating income and total operating expenses Question 3: *What trends in total operating expenses and total operating income are contributing to this performance?* Underlying variables: Total operating income Question 4: *What are the trends in the sources of operating income?* Question 5: *What are the trends in operating income per rateable property?* Question 6: *How do the trends in operating income per property compare to CPI growth?* Question 7: *Is there any indication of affordability risk existing or emerging?* Underlying variables: Total operating expenses Question 8: *What are the trends across operating expenses categories?* Question 9: *What are the trends in operating expenses per rateable property?* Question 10: *How do the trends in operating expenses per property compare to CPI growth?* Question 11: *Is there any indication of cost control risk developing or emerging?*

Net financial liabilities ratio	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. Net financial liabilities ratio Question 12*: How has the council's net financial liabilities ratio performed historically?* Question 13*: How is the council's net financial liabilities ratio projected to perform?* Underlying variables: Net financial liabilities and total operating income Question 14*: What trends in net financial liabilities and total operating income are contributing to this performance?* Underlying variables: Net financial liabilities Question 15*: What trends in total borrowings relative to total liabilities are contributing to this performance?* Question 16*: What trends in cash and cash equivalents are contributing to this performance?*

Area	Key questions
	▶ Question 17*: Is there any indication of financial sustainability risk developing or emerging?* The more detailed trends in total operating income are considered as part of the analysis of the operating surplus ratio.

Asset renewal funding ratio	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. Asset renewal funding ratio Question 18*: How has the council's asset renewal funding ratio performed, and how is it projected to perform, based on the IAMP expenditure approach?* Question 19*: How has the council's asset renewal funding ratio performed, and how is it projected to perform, based on the depreciation approach?* Question 20*: To what extent do the two approaches result in an alignment of the asset renewal funding ratio calculated?* Underlying variables: Asset renewal/replacement expenditure, IAMP renewal/replacement expenditure and depreciation Question 21*: 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?* Question 22*: 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?* Question 23*: How is any difference explained within the council's LTFP and IAMP?* Underlying variables: Asset renewal/replacement expenditure Question 24*: What are the trends contributing to the asset renewal expenditure?* Question 25*: What are the trends in renewal/replacement expenditure relative to new/enhancement expenditure?* Underlying variables: IAMP renewal/replacement expenditure Question 26*: To what extent does the IAMP renewal/replacement expenditure relate to an up-to-date assessment of actual asset condition?* Underlying variables: Depreciation Question 27*: What is contributing to the trend in depreciation?* Question 28*: Is IAMP renewal/replacement expenditure reasonable given the trend in depreciation and the response to Question 26?* Question 29*: 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?*

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,

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?

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.[36]

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.[37]

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

[36] 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.

[37] 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.

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	Annual audited financial statements based upon the model financial statements. The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the audited financial statements and the IAMP. The actual number of rateable properties. The SEIFA Index of Economic Resources for 2011 and 2016.[38]
Historical estimates 2020-21	Annual financial statements based upon the model financial statements. ▶ The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the financial statements and the IAMP. An estimate of the number of rateable properties.
Forward forecasts 2021-22 to 2030-31	Annual financial statements based upon the model financial statements. ▶ The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the financial statements and the IAMP. Forecasts of the number of rateable properties.

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.

[38] The SEIFA Index of Economic Resources summarises variables relating to the financial aspects of relative socioeconomic advantage and disadvantage. Further information on the SEIFA Index is provided in Appendix 3.

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.

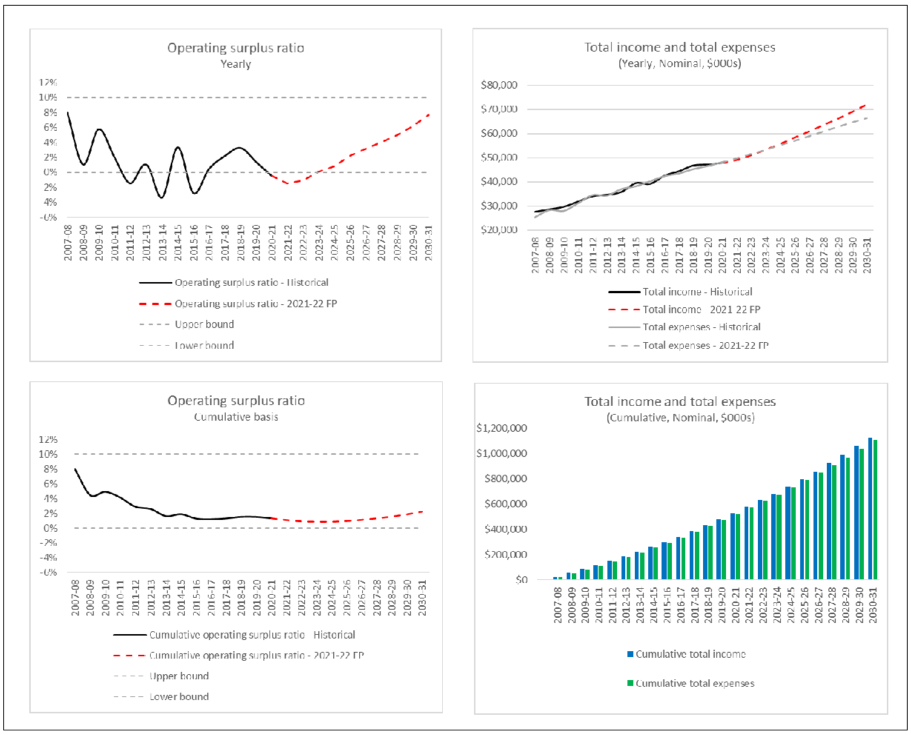
Based on this information, the analytical framework proposed can develop an evidence-based picture, using the financial indicators as a starting point, to consider the key questions and identify any potential risks.

4.4.4.1 Council A's operating surplus ratio The operating surplus ratio is defined as:

Operating surplus/deficit ÷ 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

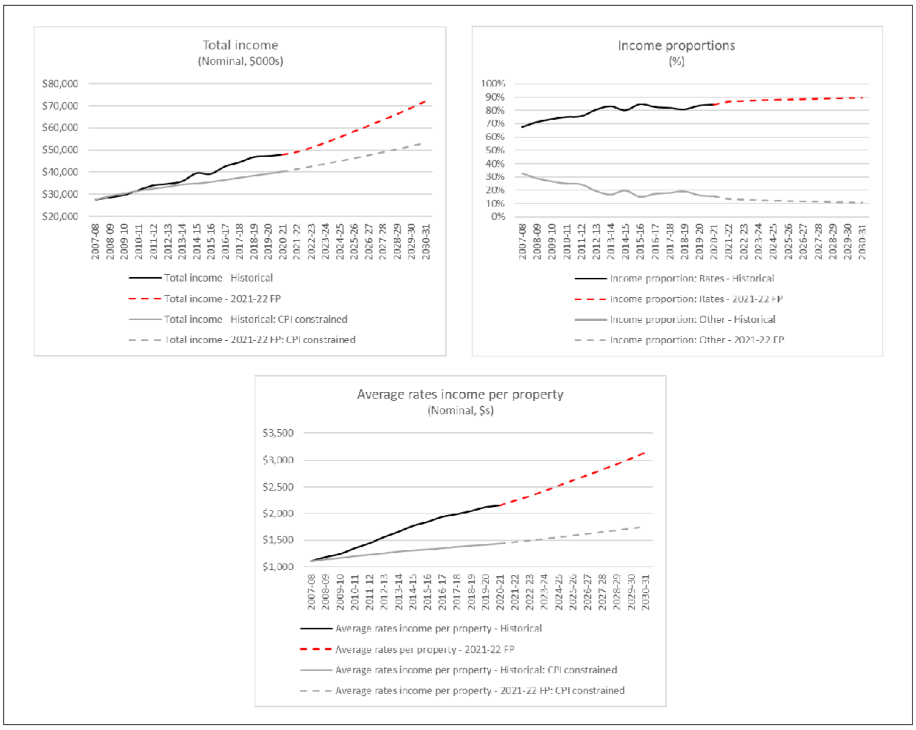


Council A projects its operating surplus ratio to increase over the period of the 2021-22 LTFP, relative to recent historical trends. Why this is so may be identified by assessing the trends in the component parts of the ratio; that is, total operating income and total operating expenses. Both total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

Figure2: Trends inCouncil A'soperatingincome



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.

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

The three main factors driving operating expenses are the costs of employees, materials and contracts, and depreciation. All exhibit growth over the 2021-22 LTFP. 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 LTFP 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.

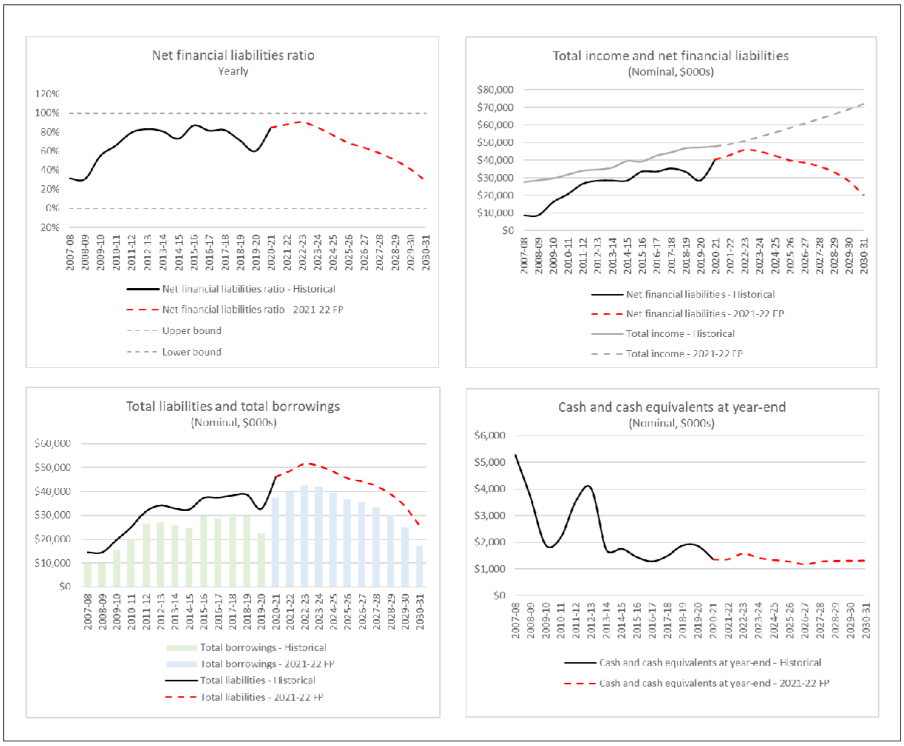
4.4.4.2 Net financial liabilities ratio

The net financial liabilities ratio is defined as:

Net financial liabilities ÷ Total operating income

This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. 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.

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 202324 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 cashequivalent 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.

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:

Asset renewal/replacement expenditure ÷ IAMP renewal/replacement expenditure Prior to that time, the definition was:

Net asset renewal/replacement expenditure[39] *÷ 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.

[39] The earlier definition reduced the *asset renewal/replacement expenditure* by netting off any proceeds realised from the *sale of replaced assets.*

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

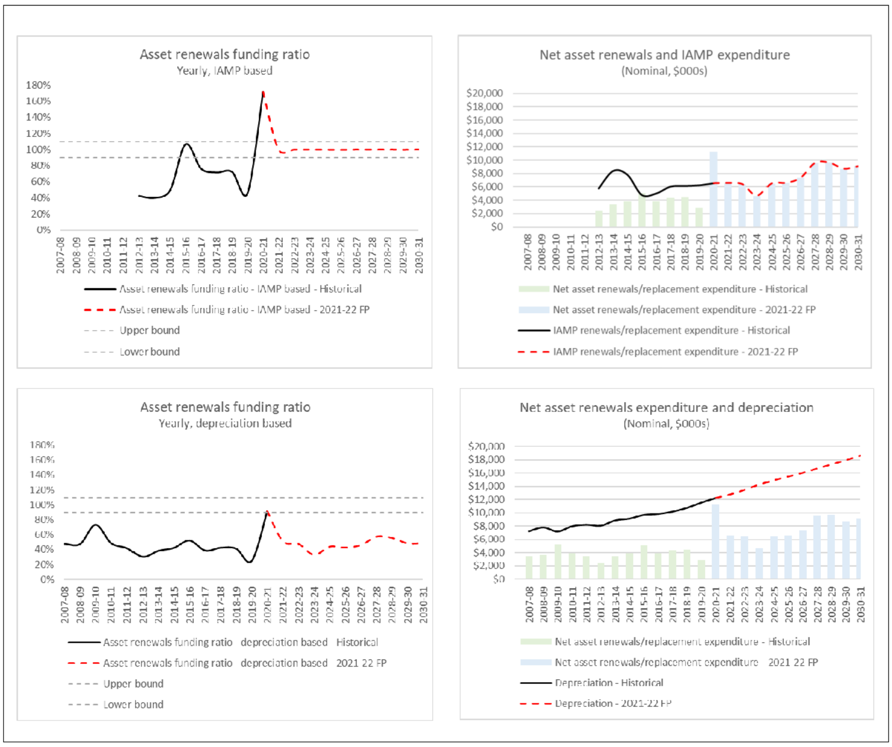
renewal/replacement expenditure then the reasons for this would need to be understood, as would any implications.

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.

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



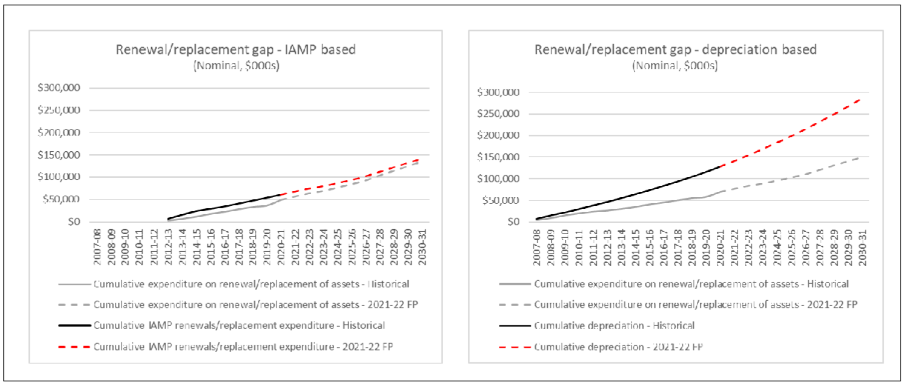
This indicates the following:

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.

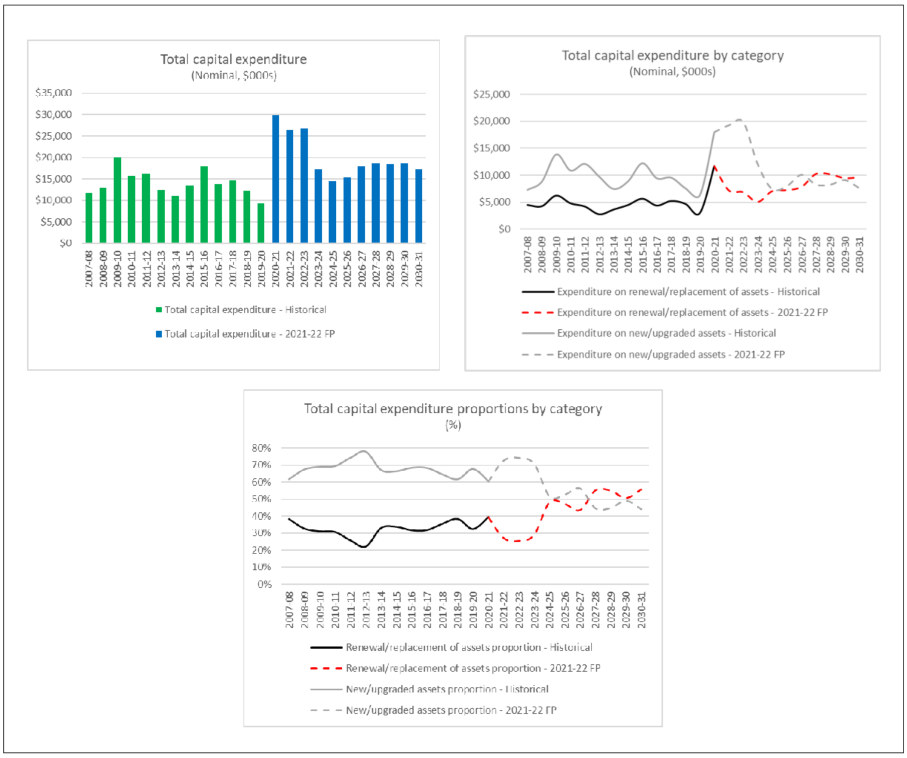
Further, on a depreciation basis, Figure 6 below suggests that the cumulative renewal/replacement gap continues to widen over the 2021-22 LTFP. This, in turn, suggests that there is a significant underspend on the renewal/replacement of the asset stock. However, on an IAMP renewal/replacement expenditure 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.

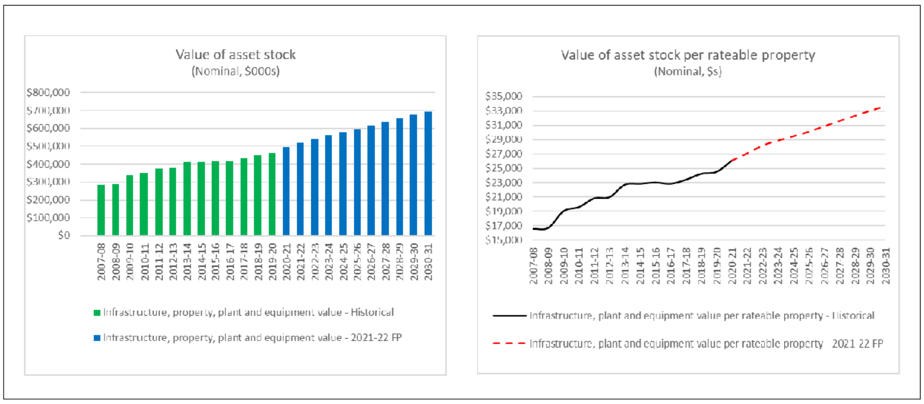
Figure 7: Trends in Council A's capital expenditure



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.

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:

Table 7: Information requirements – revised SMP

Time period	Information available
Historical actuals 2007-08 to 2020-21	Annual audited financial statements based upon the model financial statements. The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the audited financial statements and the IAMP. The actual number of rateable properties.

Historical estimates 2021-22	Annual financial statements based upon the model financial statements. ▶ The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the financial statements and the IAMP. An estimate of the number of rateable properties
Forward forecasts 2022-23 to 2031-32	Annual financial statements based upon the model financial statements. ▶ The operating surplus, net financial liabilities, and asset renewal funding ratios derived from the financial statements and the IAMP. Forecasts of the number of rateable properties

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.[40]

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.

[40] Noting that the IAMP is a free form document.

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?

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.

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.

Table 8: Alignment with the overarching principles

Principle	Reasons for alignment
Principle 1: 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.*	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.
Principle 2: 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).*	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.
Principle 3: 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.*	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.

Principle 4: 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.*	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.
Principle 5: Leveraging existing information and evidence	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. The extent to which common information gaps exist across councils that are relevant to the analytical
Principle	Reasons for alignment
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. *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.*	framework, will become apparent through applying it across councils.
Principle 6: 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.*	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.

Principle 7: Transparent process and approach *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.*	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. 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. 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.

Consultation question

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

► If not, why not?

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[41] 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.

[41] While an excel template will be used initially, it is intended to develop an automated data collection system.

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.

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.)

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	Completed proforma Excel template data tab '*Historical & SMP 2021-22 (A)*' 2021-22 LTFP and current IAMP document. 2021-22 CEO financial sustainability report. Audit Committee review of 2021-22 LTFP and current IAMP. Information on approach to assessing performance relative to LTFPs and IAMPs. Information on approach to assessing and accounting for residents' ability to finance plans. Information on consultation process for LTFPs and IAMPs	Completed proforma Excel template tab '*Historical & SMP 2022-23 (B)*' Draft 2022-23 LTFP and IAMP document. Reasons for any material variations identified in the draft 2022-23 LTFP and IAMPs versus 2021-22 documents. Any other material considered relevant.

2023-24	Completed proforma Excel template data tab '*Historical & SMP 2022-23 (A)*' 2022-23 LTFP and current IAMP document. 2022-23 CEO financial sustainability report. Audit Committee review of 2022-23 LTFP and current IAMP. Information on approach to assessing performance relative to LTFPs and IAMPs. Information on approach to assessing and accounting for residents' ability to finance plans. Information on consultation process for LTFPs and IAMPs	Completed proforma Excel template tab '*Historical & SMP 2023-24 (B)*' Draft 2023-24 LTFP and IAMP document. Reasons for any material variations identified in the draft 2023-24 LTFP and IAMP versus 2022-23 documents. Any other material considered relevant.
2024-25	Completed proforma Excel template data tab '*Historical & SMP 2023-24 (A)*' 2023-24 LTFP and current IAMP document.	Completed proforma Excel template tab '*Historical & SMP 2024-25 (B)*' Draft 2024-25 LTFP and IAMP document.
Relevant Financial Year	Existing information	Revised information
	2023-24 CEO financial sustainability report. Audit Committee review of 2023-24 LTFP and current IAMP. Information on approach to assessing performance relative to LTFPs and IAMPs. Information on approach to assessing and accounting for residents' ability to finance plans. Information on consultation process for LTFPs and IAMPs	Reasons for any material variations identified in the draft 2024-25 LTFP and IAMP versus 2023-24 documents. Any other material considered relevant.

2025-26	Completed proforma Excel template data tab *'Historical & SMP 2024-25 (A)'* 2024-25 LTFP and current IAMP document. 2024-25 CEO financial sustainability report. Audit Committee review of 2024-25 LTFP and current IAMP. Information on approach to assessing performance relative to LTFPs and IAMPs. Information on approach to assessing and accounting for residents' ability to finance plans. Information on consultation process for LTFPs and IAMPs	Completed proforma Excel template tab *'Historical & SMP 2025-26 (B)'* Draft 2025-26 LTFP and IAMP document. Reasons for any material variations identified in the 2025-26 LTFP and IAMP versus 2024-25 documents. Any other material considered relevant.

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.

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.[42] 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?

6 Developing and publishing the Schedule of Councils

[42] Noting that this is a reserve power which can be triggered when merits warrant.

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.[30]

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.

[30] The Schedule of Councils is available at:

https://www.escosa.sa.gov.au/ArticleDocuments/21844/20220331-I-

LocalGovernmentRatesOversightScheme-ScheduleofCouncils.pdf.aspx?Embed=Y

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.[43]

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.

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

[43] This relates to the Commission's costs including direct staff, support staff and other operating expenses.

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
Total yearly costs	$925,667	$925,667	$925,667	$768,000
Total yearly cost per council	$13,613	$13,613	$13,613	$11,294
Total cost per council				$52,133

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 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?

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	Schedule for the first cycle of the scheme published. Initial guidelines and Excel proforma template published. Consultation period for the Commission's proposals for the framework and approach starts.
27 May 2022	▶ Consultation period for the Commission's proposals for the framework and approach ends.
July 2022	▶ Commission's final framework and approach published.
1 August 2022	▶ Councils with a Relevant Financial Year of 2022-23, as defined by the Schedule published 31 March 2022, to provide historical information as per the initial guidelines and Excel proforma template, also published 31 March 2022.
30 September 2022	▶ 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.
28 February 2023	▶ 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.

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.[44]

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

[44] The schedule of Councils is available at: https://www.escosa.sa.gov.au/ArticleDocuments/21844/20220331-I-LocalGovernmentRatesOversightScheme-ScheduleofCouncils.pdf.aspx?Embed=Y

of the published initial guidelines and Excel Proforma template to commence collation of the required historical information.

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:

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 –

outlines the council's approach to funding services and infrastructure of the council; and

sets out the council's projected total revenue for the period to which the long-term financial plan relates; and

outlines the intended sources of that total revenue (such as revenue from rates, grants and other fees and charges); and

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):

material amendments made or proposed to be made to the council's longterm financial plan and infrastructure and asset management plan and the council's reasons for those amendments;

revenue sources outlined in the funding plan referred to in subsection

(1a)(a);

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 –

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

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 –

must have regard to the following objectives:

the objective of councils maintaining and implementing longterm financial plans and infrastructure and asset management plans;

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

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.

Section 122 – after subsection (3) insert:

(3a) The regulations may prescribe additional requirements with respect to strategic management plans.

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

Section 122 – after subsection (4a) insert:

(4b) A report from a chief executive officer under subsection (4a) must –

address any matters required by the Minister; and

be published in a manner and form, and in accordance with any other requirements, determined by the Minister.

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

Section 122(7) – delete subsection (7)

Section 122 – after subsection (8) insert: (9) In this section - designated authority means –

if a person or body is prescribed by the regulations for the purposes of this definition – that person or body; or

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.

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		
Income		
Rates		
Statutory charges		
User charges		
Grants, subsidies, and contributions		
Investment income		
Reimbursements		
Other income		
Net gain – equity accounted Council businesses		
d i Total income		
Rates		
Other revenue		
Total income		
Expenses		
Employee costs		
Materials, contracts, and other expenses		
Depreciation, amortisation, and impairment		
Finance costs		
Net loss – equity accounted Council businesses		
Total expenses		
Operating surplus/(deficit)		

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	
General rates		
General rates		
Less: Mandatory rebates		
Less: Discretionary rebates, remissions, and write-offs		
Total general rates		
Other rates (including service charges)		
Natural resource management levy		
Waste collection		
Water supply		
Community wastewater management systems		
Separate and special rates		
Electricity supply		
Total other rates		
Other charges		
Penalties for late payment		
Legal and other costs recovered		
Total other charges		
Less: Discretionary rebates, remissions, and write-offs		
Total rates revenue		

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

Non-current liabilities		
Trade and other payables		
Borrowings		
Provisions		

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		
Total non-current liabilities		
Total liabilities: Trade and other payables		
Total liabilities: Borrowings		
Total liabilities: Provisions		
Total liabilities: Other		
Total liabilities		
Net assets		
Equity		
Accumulated surplus		
Asset revaluation reserve		
Other reserves		
Total equity		

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

Cash flows from operating activities		
Receipts		
Rates – general and other		
Fees and other charges		
User charges		
Investment receipts		
Grants utilised for operating purposes		
Reimbursements		
Other revenues		
Payments		
Employee costs		
Materials, contracts, and other expenses		
Finance payments		
Net cash provided by (or used in) operating activities		
Cash flows from investing activities		
Receipts		
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		
Payments		
Expenditure on renewal/replacement of assets		

Expenditure on new/upgraded assets		
Purchase of investment property		
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		
Net cash provided by (or used in) investing activities		
Cash flows from financing activities		
Receipts		
Proceeds from borrowings		
Proceeds from aged care facility deposits		
Payments		
Repayment of borrowings		
Repayment of principal portion of lease liabilities		
Repayment of aged care facility deposits		
Net cash provided by (or used in) financing activities		
Net increase/decrease in cash held		
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period		

Appendix 3: SEIFA Indexes

Background

The SEIFA[45] 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[46]. 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.

Appendix 4: Consultation questions

[45] 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

[46] 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.

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?

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?

Section 7.3.1: Should councils be billed directly of 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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NEXT STEPS

- Provide a report to members at the May Council meeting after reviewing the LGA Consultation Paper – April 2022 and the ESCOSA Draft Framework and Approach;
- Conduct a review of the legislation, including regulations and develop a gap analysis, including those matters external to Council e.g., State and Federal Government plans, objectives and policies. As applicable and update the MP accordingly;
- Conduct a review and reconciliation between all strategic plans e.g., Masterplan, LTFP, IAMPT, IAMPB;
- Engage consulting support to help prepare an Infrastructure Asset Management Plan – Buildings (IAMPB); and
- Consider the requirement for public consultation and member updates as the above is prepared.