



Local government advice - framework and approach

Project Released: 31 Mar 2022

Project Closes: Jul 2022

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Overview

The South Australian Government is introducing a scheme for the provision of Commission advice to local councils in relation to their strategic management plans. The scheme is given effect through amendments to the *Local Government Act 1999*, which came into operation on 30 April 2022. The scheme is intended to benefit ratepayers by supporting local councils' decision-making processes, thereby affording ratepayers increased transparency and greater confidence that council operations are being undertaken on a long-term financially sustainable basis.

Under the scheme, the 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 and infrastructure and asset management plan, 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 both positive outcomes and 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 long-term financial plans and infrastructure and asset management plans, 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).

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The legislation provides the Commission with discretion in relation to scheme design and implementation. To that end, the Commission has prepared a consultation draft Framework and Approach, which explains and seeks feedback on how it will give effect to the scheme in practice.

The Commission is consulting on the [draft Framework and Approach](#) until Friday 27 May 2022 and welcomes written submissions.



The Commission has also prepared the initial Schedule and information provision guideline, which will be put into effect from 30 April 2022:

- The initial four-yearly [Schedule for the scheme](#) (2022-23 to 2025-26) has been set based on existing local government classifications. This provides to councils, as early as possible, confirmation as to when they will go through the scheme, in order to assist their planning processes.
- The [information provision guideline](#) (and [supporting Excel template](#)) allows the Commission to obtain the underlying historical and future information necessary to give effect to the scheme, no matter what the final



form of the scheme design. The Commission will require councils in the first year of the scheme to provide the relevant **historical** information, using the guideline, by **1 August 2022**. Councils which fall within the first year of the Schedule (as above) should prepare information on this basis.



Publications

Initiate - 31 Mar 2022
