



**Tatiara**  
the good country

File 9/50/6

11 July 2019

South Australian Productivity Commission  
GPO Box 2343,  
ADELAIDE SA 5001

Dear Sir/Madam,

**Re: Productivity Commission Inquiry into Local Government Efficiency**

On behalf of Tatiara District Council, I am pleased to make a submission to the Productivity Commission's Methodology Paper.

- The paper relies very heavily on cost comparisons. Unfortunately, each of the 68 councils will have a different way to determine the direct and indirect cost of its services. Some do not attribute overall administrative or governance costs across other functions at all, some use budget percentages, some staffing percentages, some other percentages (Tatiara District Council uses a complex system based on how much we believe each area requires in supporting overall administrative services). Unless we agree on a sector wide method, our financial information is not going to be comparable.
- Cost of service delivery is influenced by a range of factors that is individual to councils and cannot be captured in four groups. Whether a council is rural agricultural small/medium or large/very large is going to impact less on its waste management costs/per capita/property than its proximity to a waste and recycling facility. Comparing cost of stormwater drainage per number of properties or expenditure per number of bridges is not taking into account significantly higher costs due to engineering/construction needs, for example for a town as flat as Keith that has to install a multitude of bores and pumps to pump its stormwater out of town, or the different construction/maintenance cost depending on the height, width and length of a bridge.
- Environmental and coastal costs seem to provide an equally incomparable data set, even more so if different council policies on environmental work are not taken into account.
- Reported expenditure on roads compared to total kilometres of roads provides no insight into efficiency. Expenditure would have to be compared against kilometres of work completed, and possibly councils' sustainability ratios. Even then, low costs will not necessarily equate greater efficiencies but can simply be a reflection of construction materials like limestone having to be transported significant distances compared to a limestone quarry close by. Costs alone also provide no insight into the quality of the

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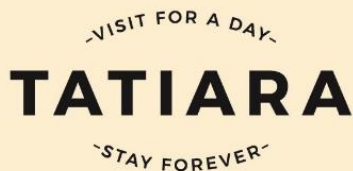
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work undertaken or different construction methods, which may be reflected in the total expenditure.

- For some years, the Victorian Government has collected large amounts of data and cost comparisons from local government and shared them on the “Know Your Council” website. Unfortunately, the reporting regime created significant administrative costs for councils. While these costs can be easily quantified by councils, I am not aware that the Victorian Government has been able to quantify any efficiencies that the system has achieved for the sector. Should regular reporting of additional council data be a part of the Commission’s proposed approach to improving efficiency and financial accountability of local government, it is essential to undertake this cost-benefit comparison from the outset.
- The paper queries what factors could be used that could affect cost and efficiency of SA councils. The South Australian Local Government Grants Commission uses a very detailed set of factors to determine the allocation of funding per council. For example, the Commission applies a cost relativity index to the road length calculations to determine council’s individual road need, taking into account soil, terrain, rainfall and material haulage.
- Qualitative data would have to be an essential element of measuring efficiency. What is the quality of the service provided compared to its cost? Unfortunately, there is no one way that councils are currently collecting this information across the state.
- The paper finally queries the key determinants or drivers of council costs and how they have changed over time. At the risk of stating the obvious, one of the key drivers has been the shifting of costs from other levels of government.

From the recent substantial increase of the Solid Waste Levy, a levy collected to reduce waste going into landfill but used to fund state government activities, to mandatory rates rebates for community housing, to administrative costs for the collection of the NRM Levy, including shifting the debt for the levy to local government as the debt collector rather than the debtor, to the removal of rubbish bins from DPTI roadside stops leaving local government to clean up the waste, the examples are numerous and have been well documented over many years.

- On the topic of drivers of council cost I would also like to refer to the extensive administrative burden local government has to bear for the provision of services. An example might be the provision of water services. Tatiara District Council provides water services in the town of Wolseley.

The town has a population of 300, so our provision of non-potable water services is small in scale. The reporting burden, however, is not. While the service provision returned an income of \$10,753 in 2018/19, service maintenance, administration and compliance



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with the Essential Services Commission's requirements cost Council an estimated \$24,000.

At the same time as illustrating the administrative requirements placed on councils, the example of Tatiara District Council's provision of water services also highlights the wide range of services local government provides, including where we step in as a service provider of last resort when other levels of government or private business fail or refuse to provide services.

I appreciate the opportunity to provide comment on the Methodology Paper. I would be pleased to provide further information and can be contacted [REDACTED] by email to [annechampness@tatiara.sa.gov.au](mailto:annechampness@tatiara.sa.gov.au).

Yours faithfully,

Anne Champness  
Chief Executive Officer

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