



GOYDER
South Australia's Heartland

ONE GOYDER:

A united vibrant community that embraces change and is characterised by strong and responsible leadership.

**SA PRODUCTIVITY
COMMISSION INQUIRY INTO
LOCAL GOVERNMENT COSTS &
EFFICIENCY SUBMISSION**

24th September 2019

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CHAPTER 2

2.1: FUNDING

- 2.1.1 How does the untied nature of FAG funding affect council decisions to provide non-mandatory services?
It enables Council to prioritise and plan expenditure on those activities that community have identified through public consultation to achieve.
- 2.1.2 How does other Australian Government program or project funding to councils, of a more ad hoc nature, affect council expenditure?
It only affects it to the extent that pre-planning for the opportunity has been done, community identified and Council approved in its Master Plan or other planning including long-term financial planning.

2.2: COMPETITIVE NEUTRALITY POLICY

- 2.2.1 How, if at all, do the requirements of competitive neutrality policy affect councils' decision making on whether, and how, to provide services to their communities.
No comment
- 2.2.2 This may include direct provision of services or contracting the services from private sector providers
No comment

2.3: FINANCIAL MANAGEMENT

- 2.3.1 How have the financial management program reforms affected councils' ability and incentives to manage costs?
It has made us more aware of the allocations we need to make to maintain our asset base and it has improved the process as there is better scrutiny.
- 2.3.2 What changes to the type or quality of financial management information would assist councils to improve their decision making and contribute to better performance?
Budget reviews should be provided to Council monthly.
- 2.3.3 Is there a need for a stronger external auditing process to increase councils' compliance with their legislated responsibility to produce long-term asset and financial management plans and lift the quality of these plans? If so, what form should it take?
No

2.4: WORKFORCE PLANNING

- 2.4.1 Have councils experienced any issues with attracting and retaining workers or securing workers with specific skills?
Yes, specifically regional councils.
- 2.4.2 Are these issues unique to individual councils?
Yes, specifically regional councils.

- 2.4.3 Is there value in a sector-wide or region-wide approach to workforce planning and the development of specific skills to support councils?
Yes.

2.5: RESOURCE SHARING

- 2.5.1 What is the potential for additional use of resource sharing to deliver efficiencies and other benefits to participating councils?
This issue is circumstantial and benefits closely align with regional councils. This is something our Council examines often.

- 2.5.2 In councils' experiences of resource sharing, what works and what does not? Why? Councils are asked to provide further examples of resource sharing.
In smaller councils resource sharing doesn't work particularly well with plant and/or equipment;
- *There is less equipment available*
 - *Training can be a concern*
 - *Time, cost and inconvenience can be a deterrent, particularly in regional Councils with larger road networks. Moving at often time's unwieldy or extremely large equipment and/or plant is costly, can require a number of employees and sometimes takes upwards of a full day.*

Council resource shares Dog & Cat Management and although we experienced a big learning curve at the commencement, this appears to be working well now. Council is further investigating options for building, development, joint tenders and regional assessment panels.

- 2.5.3 Are there any impediments to the greater uptake of various forms of collaboration or resource sharing? What challenges, if any, do councils face in making use of the provisions contained in sections 42 and 43 and Schedule 2 of the Local Government Act 1999 to deliver effective and efficient services to their communities?
Companies Limited Guarantees

CHAPTER 3

3.1: MATERIALS, CONTRACTS AND OTHER COSTS

- 3.1.1 What are the main drivers of materials, contracts and other costs for rural small and medium councils?
Fuel, plant, labour, distance, materials, the ability to source quality product, contracts & contract costs, limited suppliers and lack of competition. Vast distances that we have to maintain for our communities, the road network and other services (i.e. waste collection, CWMS).
- 3.1.2 In what ways do current council procurement practices affect expenditure on materials, contracts and other costs?
See 3.1.1

3.2: POPULATION DENSITY

- 3.2.1 How does increasing population density and urban infill impact on council service costs?
Not applicable

3.3: SECTOR WIDE SERVICE STANDARDS

- 3.3.1 How do councils currently define and measure standards of service delivery?
Benchmarking - each service procured through a tender process is evaluated against pre-determined criteria. Other services are regularly market tested or evaluated against comparable standards at comments.

3.4: COST SHIFTING

- 3.4.1 What measures could be developed on a sector wide basis to measure quality standards for either mandated or non-mandated services?
Benchmarking
- 3.4.2 To what extent do councils receive external funding or an ability to charge fees for delivery of mandatory services?
No comment
- 3.4.3 To what extent are councils able to fully recover costs for the mandatory services listed in appendix 4?
No comment
- 3.4.4 Councils are asked to provide further information on instances of cost shifting and quantify how they have impacted on councils' costs.
*When collecting Natural Resource Management (NRM) fees the amount paid to NRM is not always a reflection of the amount collected. This occurs when Council rates haven't been paid and Council is required to cover these costs.
Compliance and legislation changes have also seen further burden placed Councils by State Government.*

3.5: COMPLIANCE COSTS

- 3.5.1 Councils are asked to provide further examples of compliance costs and quantify how they have impacted on councils' costs.
The introduction of Dogs and Cats Online has reduced Council fees although Council still provides the compliance pressures. Legislative changes to the Native Vegetation Act and the implementation of the Local Nuisance and Litter Control Act has increased the cost burden. The Implementation of the new planning system is intended to further increase costs.

3.6: COST PRESSURES

- 3.6.1 What are the most significant cost pressures (and their impact on costs) which councils expect to face over the next 5 years?
- *Rubbish including future opportunities to provide more recycling options in line with emission reduction targets.*
 - *Climate change impacts including drought and flooding*
 - *(Our Council) Conservation Management Plan – policy implementation, strategic documents, master plans and heritage tourism*
 - *Wages – due to and out of date information retrieval system*

CHAPTER 4

4.1: PERFORMANCE REPORTING

- 4.1.1 How can these lessons from state-wide performance reporting frameworks in other jurisdictions be applied to South Australia?
No comment
- 4.1.2 Which indicators used in other jurisdictions would be appropriate for South Australian councils?
No comment

4.2: PERFORMANCE REPORTING

- 4.2.1 What do these partial productivity estimates tell us about local government efficiency? What other partial productivity estimates can be used with currently available data?
No comment
- 4.2.2 What additional data would councils be able to report on for minimal additional cost which would improve our understanding of council efficiency?
No comment
- 4.2.3 Is there any other evidence of an expansion in the scope of council services, or improvement in quality over this time period?
No comment

4.3: SERVICE SPECIFIC EFFICIENCY

- 4.3.1 Acknowledging the gaps in data currently available, how can data quality be improved in order to measure service-specific efficiency across councils?
No comment

4.4: EFFICIENCY CHANGES THROUGH TIME

- 4.4.1 How can the change in volume, scope or quality of services be quantified or otherwise incorporated into an evaluation of local government efficiency?
*This will be difficult given the vast array of differing cost basis across Councils, including the debt burden some Councils carry.
Some Councils have managed their financials better than others (i.e. the cost of plant and equipment, the range and efficiency of plant and equipment means the costs of some Councils services are much higher than others).
Service delivery models differ from Council to Council (i.e. amount and application of human resources, information technology and materials).*

4.5: FACTORS THAT INFLUENCE ESTIMATED COUNCIL EFFICIENCY

- 4.5.1 What other factors can explain the estimated efficiency differences between councils or over time?
- *Management*
 - *Regular reviews of operation*
 - *Scale of economy*

4.5.2 What factors can explain the estimated productivity differences between councils over time?
What other possible data sources can improve this analysis?
No comment

4.5.3 What further information could be considered to analyse and interpret estimated partial and global efficiency scores?
No comment

CHAPTER 5

5.1: EMPLOYEE COSTS

5.1.1 Are there any benefits from streamlining the current industrial relations arrangements by moving to sector-wide enterprise bargaining?
Yes, regional-wide with the inclusion of flexible working operations

5.2: QUALITY AND QUANTITY OF DATA

5.2.1 How can councils be assisted to work collectively to improve the quantity and quality of the available data on inputs, outputs and outcomes for services?
This information is made available in Council's financials and continued consistency with reporting

5.3: STRENGTHENING COUNCILS ACCOUNTABILITY AND TRANSPARENCY

5.3.1 How can the South Australian Government strengthen the accountability and transparency of councils? Possible instruments include:

- funding;
- legislation and monitoring of implementation through audits of the processes of local government decision making; and
- an agreement with councils and regular dialogue to reinforce the expectation that councils will conduct audits of the processes of local government decision making
- Should councils be required to undertake an independent external audit of their expenditure and efficiency in the event of that they record relatively high operating expenditure growth in a given period?
- Would growth in operating expenditure over any three-year period (normalised for population growth) which exceeds the rise in the Local Government Price Index for that period be an appropriate trigger for such an audit?

None of the above. There is already a requirement for auditing and a detailed variance analysis of Councils financial statements. The existing auditing and accounting standards provide detailed accountability and transparency. Including an additional ad-hoc audit will only add cost and provide no more transparency.