



# Media Release

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## Independent Inquiry on Financing Councils

An independent inquiry into the financial sustainability of local government in South Australia has been commissioned by the Local Government Association of SA.

The inquiry was flagged as part of a nine-point plan responding to rates concerns in August 2004 and is the first independent inquiry commissioned by the LGA. The plan also includes amendments to the Local Government Act currently under consultation.

Acting LGA President, Cr Max Amber, today announced that the inquiry would be led by a 3 member board comprising former senior State public servant, **Bill Cossey**, the former Chief Executive of a leading law firm, **Juliet Brown**, and the former CEO of the AFL, **Wayne Jackson**.

"We have given the board broad terms of reference which reflect the range of financial issues facing Councils including those outside of rates, such as Commonwealth and State funding and cost shifting onto Councils," Cr Amber said.

Cr Amber said that the inquiry was not an audit of Councils but would look at issues impacting on the Local Government system including statutory and community service expectations.

He said that the LGA would be resourcing the inquiry and that it had been mindful of a motion moved by the Hon Bob Such in the House of Assembly calling on the LGA to look at efficiency and other issues. The Inquiry's Terms of Reference are attached.

Mr Cossey would chair the board.

Recommendations arising from the Inquiry will be considered by the LGA and referred to the joint Local Government Forum established under the auspices of the Minister for State/Local Government Relations, Hon Rory McEwen.

Cr Amber said that the LGA had sought greater State involvement and funding but understood the State had confidence in the ability of Local Government to commission the inquiry.

The inquiry will be conducted independently to the LGA and its member Councils and submissions to the Inquiry from the LGA, any of its member Councils, the Government of SA or other interested stakeholders will be assessed in the same way as any other submissions put forward.

The community would be encouraged to make submissions and contribute to the inquiry. The inquiry is expected to report within six months. Information regarding the Board members is attached.

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### ENDS

### For further information contact:

Cr Max Amber, Acting President  
Chris Russell, Director, Policy & Public Affairs  
Mr Bill Cossey, Chair FSRB

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**OVERVIEW DOCUMENT****INDEPENDENT INQUIRY INTO THE FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT IN SOUTH AUSTRALIA**

An independent inquiry into the financial sustainability of local government in South Australia has been commissioned by the Local Government Association of SA, pursuant to a resolution of the LGA State Executive Committee and mindful of a motion being debated in the SA House of Assembly calling on the LGA to establish such an inquiry (copy appears at the foot of the next page).

The Inquiry's Terms of Reference are attached. Recommendations arising from the Inquiry are to be considered by the LGA. The LGA anticipates that the Inquiry report will also foster public (community) debate, and that the Minister's Local Government Forum established under the auspices of the Minister for State/Local Relations will take a direct interest in the outcome of the Inquiry.

While the LGA is funding the Inquiry, the Inquiry is to be conducted independently of the LGA and its member Councils. Submissions to the Inquiry from the LGA, any of its member Councils, the Government of SA or other interested stakeholders will be assessed in the same way as any other submissions put forward.

**Financial Sustainability Review Board**

A Financial Sustainability Review Board (FSRB) is appointed by the LGA to conduct the Inquiry. The FSRB is to conduct the Inquiry independently from any party or vested interest; in particular from the LGA, its member Councils and the Government of SA.

The FSRB comprises:

- Mr Bill Cossey (Chair)
- Ms Juliet Brown
- Mr Wayne Jackson.

These three prominent South Australians bring a range of skills and experience to the task and, while not currently or previously directly involved in local government in the State, they understand the roles and functions of local government and its interaction with the other spheres of government, the community, and business sector.

Access Economics has been engaged to assist the FSRB to undertake the Inquiry, thereby providing the FSRB with a level of independent and authoritative support commensurate with its task.

The FSRB is expected to formally commence the Inquiry on 14 February 2005.

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The FSRB is tasked to prepare a report based on the Inquiry's Terms of Reference, with recommendations for consideration by the LGA and for public (community) debate.

The FSRB will report its findings by no later than six months from the Inquiry's commencement. The FSRB's report will be a public document.

In conducting the Inquiry, the FSRB will ensure that appropriate research is undertaken, including on interstate and international information where relevant, that the opportunity to make written submissions is advertised and promoted widely and that public hearings are conducted in both metropolitan and country areas to allow direct interaction with the FSRB. The FSRB is encouraged to prepare a discussion paper addressing each element of the Terms of Reference and to consider the benefits of producing a draft/interim report for public comment prior to its finalisation.

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#### **HON BOB SUCH MOTION:**

*That this house calls of the Local Government Association to:*

- (a) consider the desirability or otherwise of changing the number of metropolitan Councils and their configuration, as well as the advantages and disadvantages of maintaining the status quo;*
- (b) make recommendations as to how Councils can be more efficient and effective in the delivery of services both as individual Councils and through cooperative endeavours;*
- (c) make recommendations about how changes, including to rates, can be implemented in accordance with equity principles; and consider ways to ameliorate upward pressure on rates and other charges*

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#### **ENDS**

Cr Max Amber, Acting President  
Chris Russell, Director, Policy & Public Affairs  
Mr Bill Cossey, Chair FSRB

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**Independent Inquiry  
Into the Financial Sustainability of  
Local Government in South Australia**

## **TERMS OF REFERENCE**

The aim of the Inquiry is to:

- A. establish the **key issues** impacting on the financial sustainability of the Local Government system in SA and the current financial position of Councils in this State; and
- B. identify **trends and future challenges** which may impact negatively or positively on the outlook for the financial sustainability of South Australian Local Government into the future.

The Inquiry is to culminate in a report containing recommendations addressing these terms of reference.

The following matters are to be reviewed during the Inquiry:

1. **Current infrastructure and services** provided to communities and maintained by Local Government, including the condition of infrastructure, costs and trends related to such infrastructure and services;
2. **Local Government's current financial position** including external funding, rates revenue; debt management, fees and fines and other revenue/infrastructure sources including developer responsibilities and trends in these revenue/infrastructure sources;
3. **Administration arrangements, costs and trends** and measures at a local, regional or state-wide level which may assist in reducing administrative and service provision costs;
4. The relationship between property valuations and rates and any **alternative funding/capacity options** proposed worthy of future research/consideration;
5. The relevance to SA communities of issues raised in the report of the House of Representatives Standing Committee on Economics, Finance and Public Administration Inquiry into Local Government and Cost Shifting ("the Hawker Committee") to the Commonwealth Parliament "**Rates and Taxes: A Fair Share for Responsible Local Government**" (October, 2003); and
6. **Any other such matter** as may be relevant to the overall aim of the Inquiry.

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**ENDS**

Cr Max Amber, Acting President  
Chris Russell, Director, Policy & Public Affairs  
Mr Bill Cossey, Chair FSRB

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