



Local Government Context

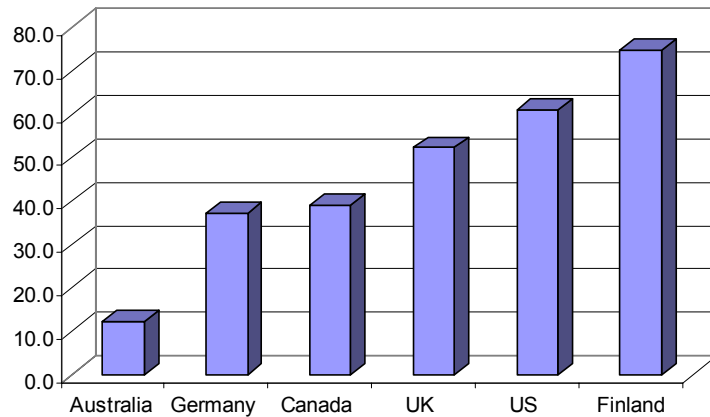
A Snapshot of Local Government in SA

**Prepared by the Local Government Association of SA
June, 2003**

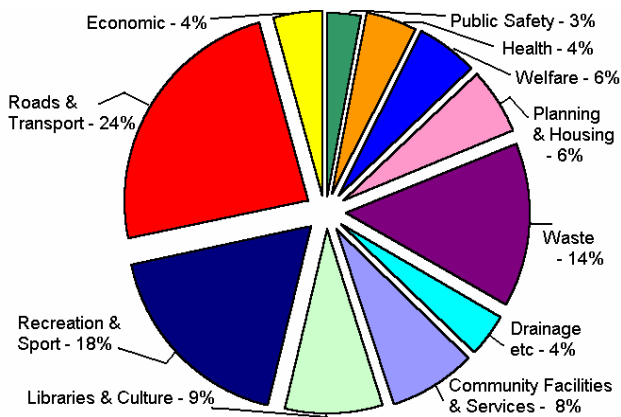
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LG Context – a snapshot of Local Government in SA

- ▶▶ Local Government in Australia has a **smaller role** than in virtually all successful economies around the world. Greater centralisation in Australia bogs down central governments with local issues affecting their capacity to focus on strategic issues, alienates local communities and centralises government spending decisions. This also helps explain the ongoing trend of devolution of tasks to Local Government. A number of reports [Ministerial Advisory Group, 1995; Regional Development Task Force, 1999] have recommended a more strategic functional review between State and Local Government.

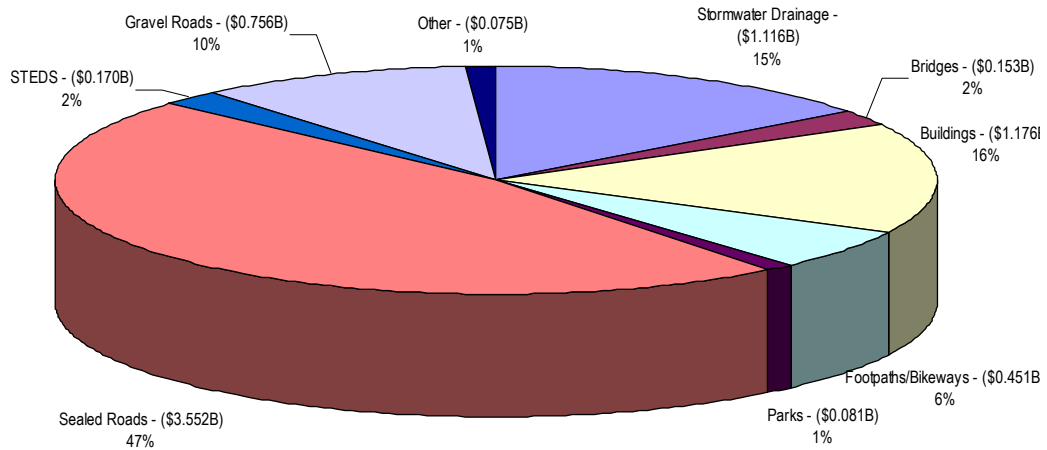


Percentage of public sector workforce employed by Local Government. Source: OECD



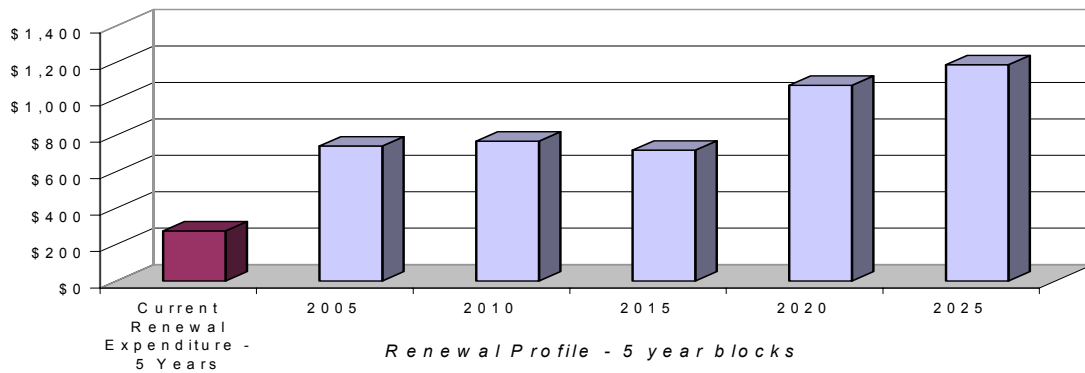
SA Local Government combined outlays
Source: ABS

- ▶▶ Notwithstanding this global comparison, Local Government in SA manages \$8 Billion worth of public infrastructure and manages \$1 Billion of services (**expenditure**) each year. It is more than 15% of the size of State Government (depending on which measure is used). Aside from any leadership, policy and regulatory functions, its infrastructure provision and annual expenditure ensures it has a significant impact on the State.



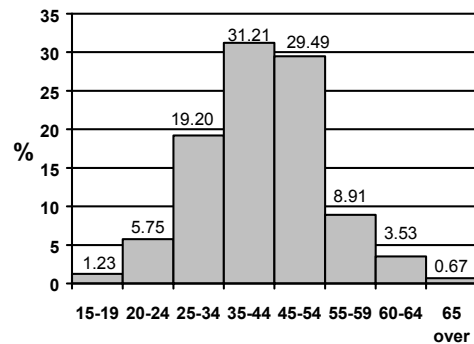
Current SA Local Government Infrastructure stock
Source: Wealth of Opportunities studyⁱⁱ

►► Much of Local Government **infrastructure** is integral to economic activity and growth, including roads and drains. However its infrastructure is rapidly ageing.



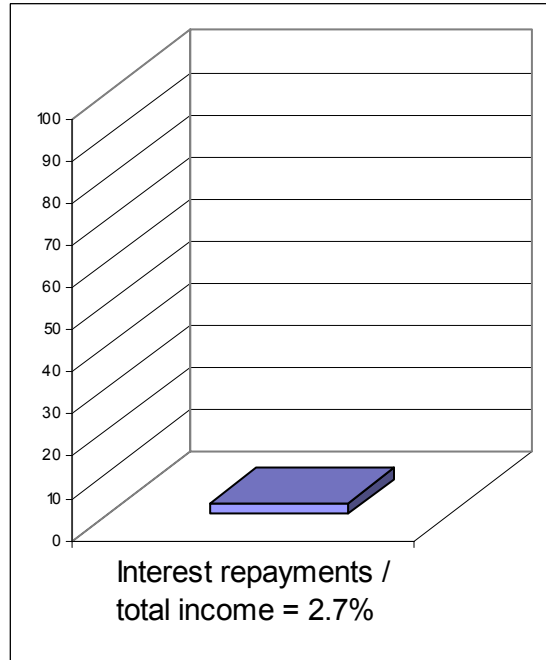
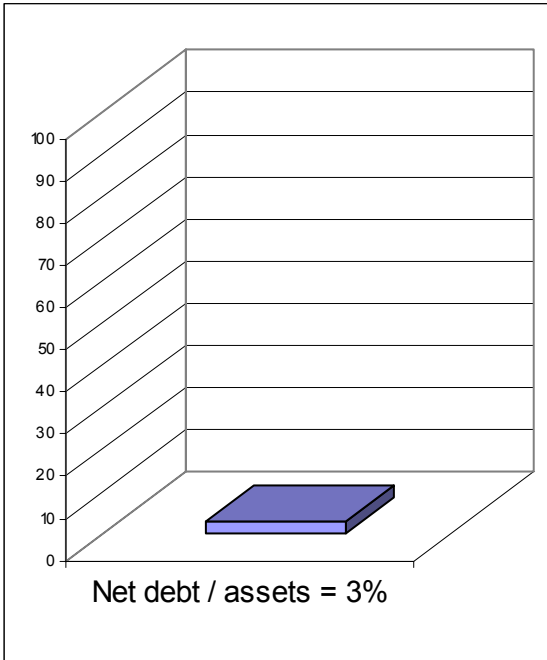
SA Councils – All Infrastructure Assets, Renewal Profile (\$ Millions).
Source: Wealth of Opportunities studyⁱⁱⁱ

►► The Local Government workforce (about 8,000 full time equivalents and 10,000 individuals) has a very similar age profile to that of State Government. It comprises more than 10% of the combined State/Local government workforce. The average age of workers of 35 Councils in a 2002 LGA study was 42.4 years. Workers aged 15-24 represented less than 7% of the workforce compared to a national average of 19.8%.

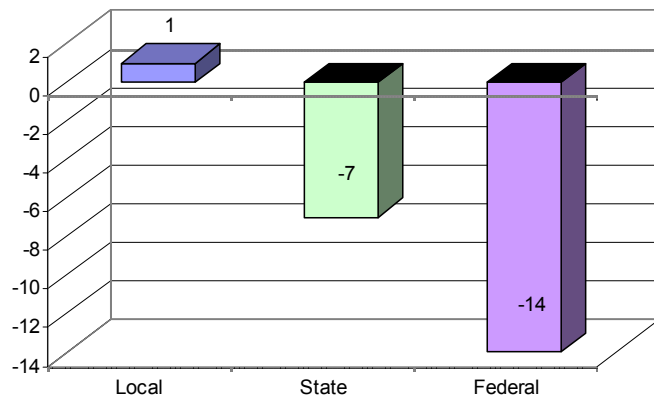


The Local Government workforce age profile – from LGA Workforce Planning Study 2002^{iv}.

- ▶▶ LG is in a very sound financial position with a **very low net debt** presenting opportunities for prudent and strategic use of debt to invest in economic infrastructure. Its net debt is equivalent to a \$5000 mortgage on a \$200,000 house. [Net debt = approx \$220m; Infrastructure Assets = \$8 Billion; interest paid as a percentage of total income = less than 3%]



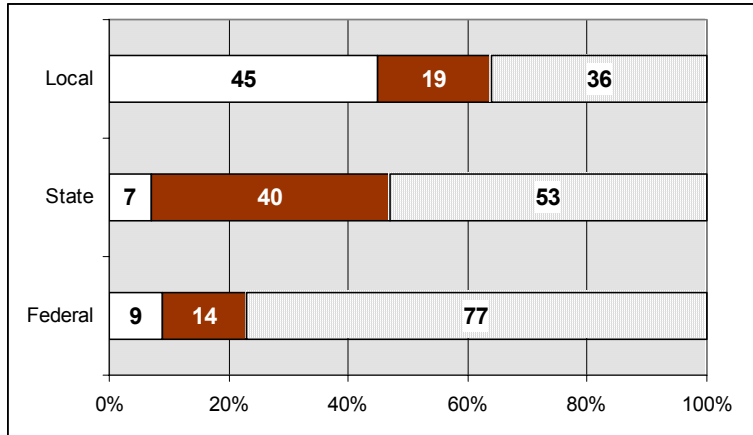
- ▶▶ Local Government enjoys a much higher standing in the community than State and Federal Governments. Surveys also show the community believes Local Government **performs better and achieves greater value for money** than other governments. Independent survey work also shows Local Government is regarded by small and medium businesses as the "most supportive" government.



SME attitudes to Government, national figures, Feb. 2003
Source: Yellow Pages Small Business Index^v

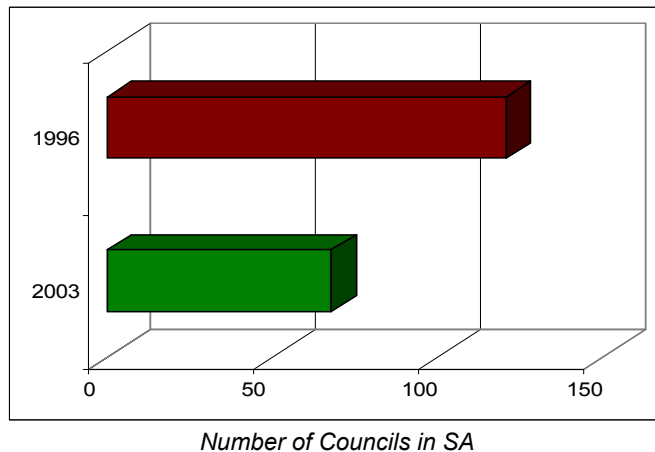
- ▶▶ In addition to the higher standing of its leaders in the community, people want Local Government to have a **bigger say** on State/Federal matters affecting the local area and want it to deliver a wider range of services.

[Left, Ranking of relative trust in politicians. White area = first ranked for trust. Source: McGregor Tan Survey for LGA^{vi}]

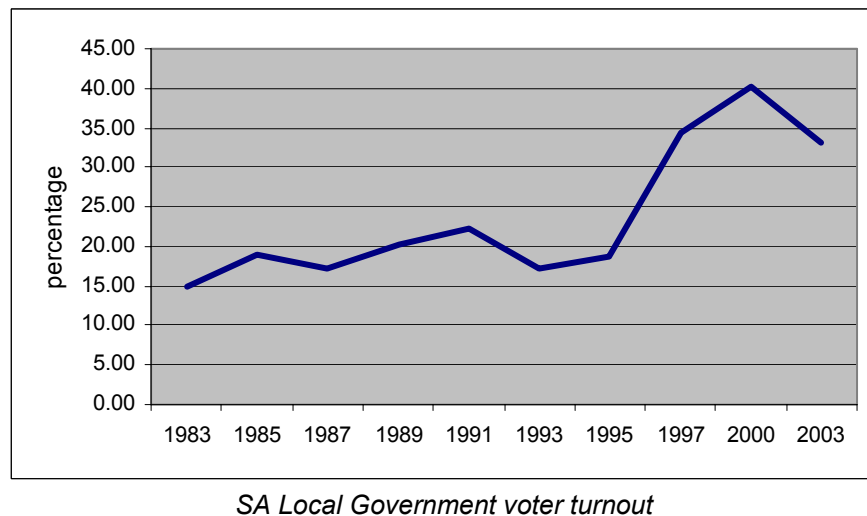


- ▶▶ Local Government has a modern legislative framework with a high level of autonomy from State Government and a **high level of local accountability** mechanisms [Local Government Act 1999].

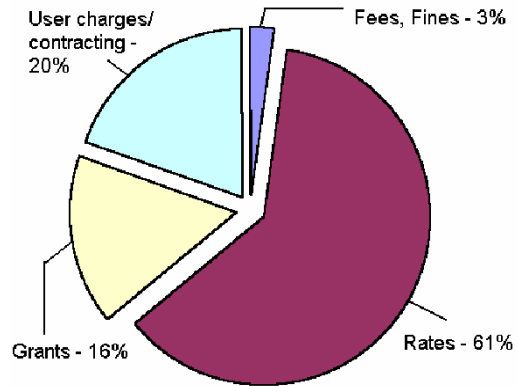
- ▶▶ Local Government managed a voluntary amalgamation process in 1996-98 (with State support) which achieved the highest level of voluntary **amalgamations** in Australia's history (121 Councils to 68). Notwithstanding the extensive process Councils remain open to reviewing boundaries on a voluntary basis and several Councils are currently involved in exploring options.



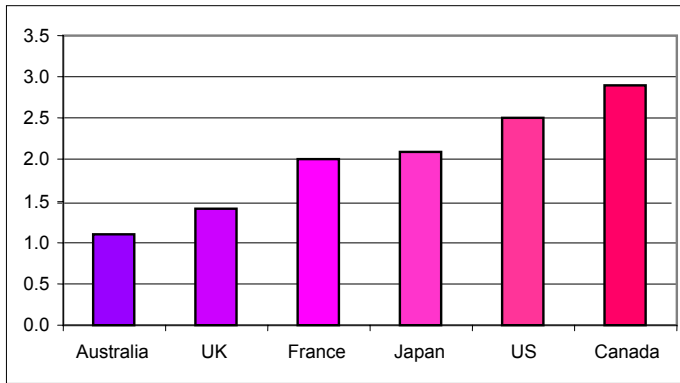
- ▶▶ Voluntary **voter turnout** has steadily increased over the past 20 years showing growing interest in local affairs. About one in three South Australians now choose to vote.



- ▶▶ Local Government relies on one tax (Council rates) which severely limits its flexibility in comparison to other Governments. **Rates** comprise about 61% of Local Government revenue meaning Councils are far less dependent on other governments than State Government.



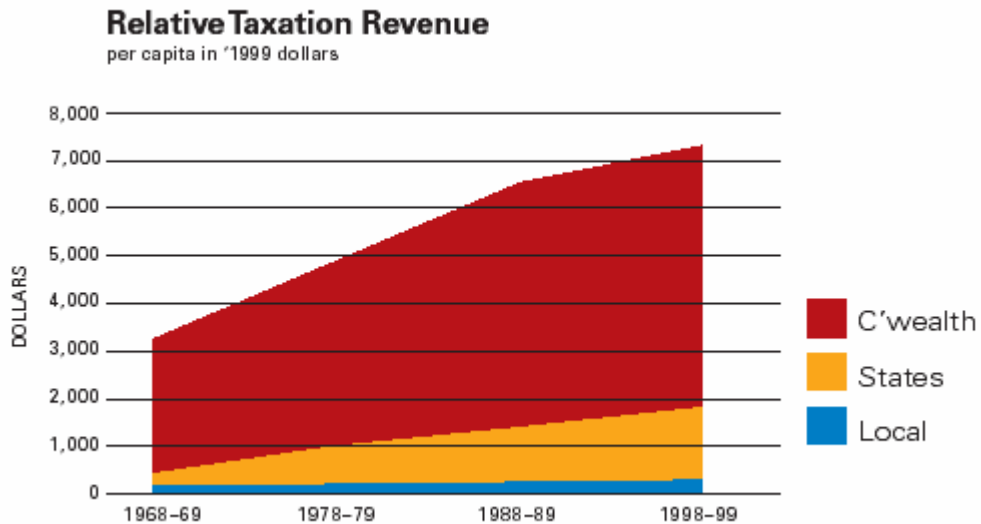
[Right – SA Local Government Revenue. Source: ABS]



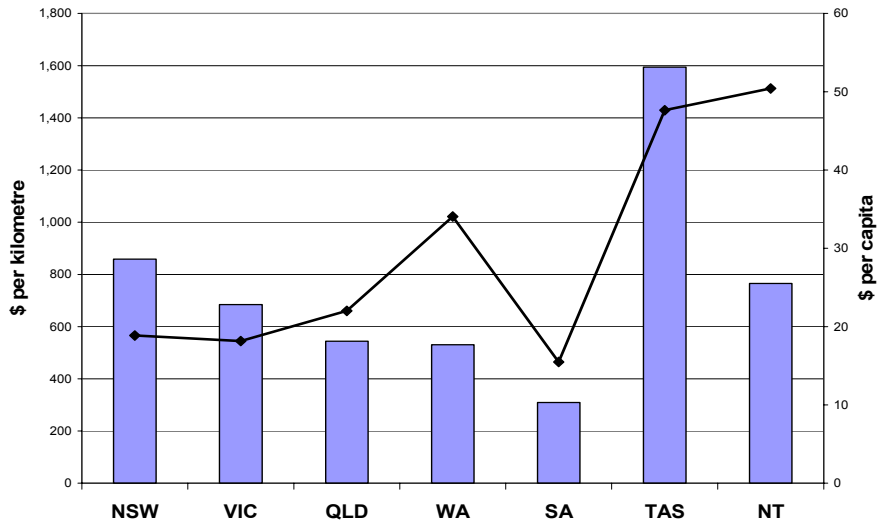
[Left: Council property taxation as a percentage of GDP. Source: SA Centre for Economic Studies^{vii}]

- ▶▶ Unlike Commonwealth and State Governments, which have increased their tax takes substantially, Local Government rate increases have been extremely conservative (see below).

[Source: ABS]



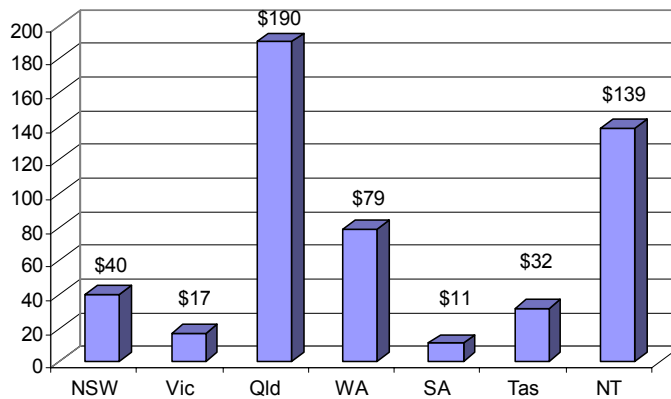
- ▶▶ SA Local Government receives an unfair share of Commonwealth identified road **grants** and suffers because untied grants are distributed between States and Territories based on population not need.



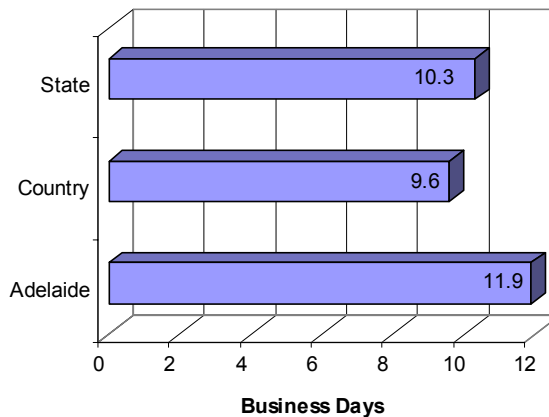
Commonwealth local road grants per km (bar chart, left scale) per capita (line, right scale) Source: SA Local Government Grants Commission^{viii}

- ▶▶ Councils in SA also receive the lowest share per capita of State grants in any State/Territory.

[Right - Grants from State to Local Government, per capita 1999-2000. Source: SA Centre for Economic Studies^{ix}]



- ▶▶ Councils appoint Development Assessment Panels (DAPs) to assess about 5% of about 53,000 development applications lodged in SA each year. The other 95% of assessments are made by qualified planners under delegation. Less than 2 years after the introduction of DAPs to deal with applications not delegated, more than 2/3 of Councils have moved to panels comprising something other than all members of Council and 40% include non-Council members with specific expertise. Of the applications, more than 99% are approved with an average Council approval time of 10.3 business days (latest data). Less than 1% of Council decisions are appealed.



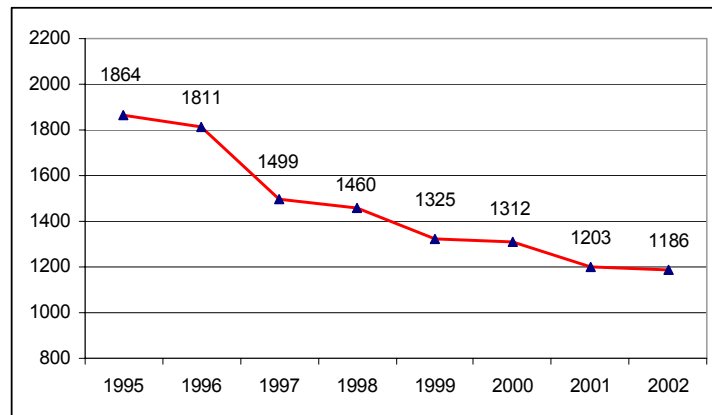
Average Council Development Approval times (pre-DAP) Source : LGA survey, 1999/2000^x

▶▶ Councils have a high level of **capacity to work together** in SA and through the LGA. We estimate that at present some 20% of Local Government expenditure is managed collaboratively via:

- LGA;
- LGA Mutual Liability Scheme;
- LGA Asset Mutual;
- LGA Worker’s Compensation Scheme;
- SA Local Government Finance Authority;
- Local Super (superannuation);
- LGCS P/L (eCouncils.com); and
- PLAIN Central Services.

▶▶ Each of these schemes delivers **savings** and more effective outcomes for Councils. Space does not allow us to canvass all of these however the relative insulation of Local Government from the current public liability “crisis” and our success in risk management / occupational health and safety strategies with reducing workers compensation claims against a growing workforce are typical examples.

[Right - Number of Workers Compensation Claims despite a growing workforce. Source: LGA Workers Compensation Scheme]



▶▶ In April, 2003, the LGA announced 66 Councils will jointly purchase **electricity** through a joint contract with State Government achieving savings to Councils estimated at about \$1.2m per annum. This follows announcements about a joint after-hours call centre and a common website publishing engine developed by the LGA with Commonwealth funding, to which 41 Councils have already signed up.

SPECIFIC DATA REFERENCES:

ⁱ Managing Across Levels of Government, OECD, Paris 1997.

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ⁱⁱⁱ A Wealth of Opportunities – A Report on the Potential from Infrastructure Asset Management in SA Local Government, Local Government Infrastructure Management Group, Adelaide, 2001.

^{iv} Workforce Planning for South Australian Local Government, LGA, Adelaide 2002;.

^v Yellow Pages Small and Medium Enterprise – Business Index, Sydney, February, 2003

^{vi} Ranking of Councillors and Government, McGregor Tan Research, Adelaide, August 2001.

^{vii} Financing LG’s Contribution to Community Development, SA Centre for Economic Studies, Adelaide, July, 2002.

^{viii} From LGA Submission to the House of Representatives Inquiry into LG and Cost Shifting, August, 2002.

^{ix} Financing LG’s Contribution to Community Development, SA Centre for Economic Studies, Adelaide, July, 2002.

^x Development Assessment Questionnaire – Responses and Data, Garth Heynen Planning Consultants, Adelaide, July, 2000.