

## **Office of the President**

Our Reference: DME 17262 / WC:SG

Tuesday 12 July 2005

Mr Bill Cossey  
Chairman  
Financial Sustainability Review Board  
GPO Box 1550  
ADELAIDE SA 5001

Dear Bill

I appreciate this further opportunity to put the views of the Local Government Association to the Inquiry. I have been pleased to see the progress of the inquiry and in particular the public hearings and consultation which have given the opportunity for any individual or organisation to put their views about rates or Local Government finances forward.

As you are aware, the LGA made a comprehensive submission to you prior to the publication of your interim report. The information and views put forward in that document remain relevant and we would re-emphasise the fundamental issues identified.

We have welcomed the Board's interim report and the technical report which accompanied that document. In many ways it has supported key propositions in our initial submission and which we have advanced over some time. It has however set such issues in a fresh context. In addition the interim report has raised some perspectives which have challenged thinking in Local Government – most notably in the central focus you have given to gaps in financial governance (as distinct from financial management). Lastly there is at least one major area where we believe the interim report has not given sufficient emphasis – that of the confusion of roles between local and other governments.

This further submission seeks to provide additional information and perspectives and to contribute to the board's thinking about possible recommendations for your final report.

### **1. Additional information – provided under separate cover**

1. A series of case studies foreshadowed in our initial submission. We will forward to you further case studies in the next 5 days. These should assist the Board to understand a range of issues in more detail.
2. Work being undertaken by the LGA on linkages between the SA Strategic Plan and Local Government planning at the regional level. These reports are draft and subject to input from Councils and regions but provide an initial indication of the likely areas of collaborative activity and concerns regarding the current Plan.
3. A short summary of the issues and opportunities relevant to the State Infrastructure Plan.

4. An extract of a report canvassing areas in which further collaborative initiatives could deliver for Local Government improved services, reduced costs or both. This report has not been subject to feedback from Councils and therefore should be considered as possible further areas not yet endorsed by the sector.
5. Preliminary proposals being considered by the LGA's Governance Advisory Committee relevant to the development of governance standards for the sector proposed to be supported by a program of training, education, models etc.

## **2. Fundamental Propositions**

The interim report confirms a number of important propositions put forward in recent years by Councils and the LGA. These include findings that:

- Councils have put community service needs and demands ahead of their own financial sustainability and the maintenance of infrastructure;
- Almost \$10 billion in community infrastructure in the care of Local Government is decaying more rapidly than current expenditures can halt;
- Increases to Council rates have lagged behind that of other governments;
- Rating policy improvements – have in part been the source of recent criticisms of the fairness of rating;
- Local Government has very low net debt in SA;
- Local Government has available to it less revenue than it requires to meet the nature of the roles expected of it;
- SA Councils receive an unfair share of Commonwealth funding for communities;
- SA Councils receive the lowest State Government funding of any mainland State;
- The combined impact of these last two latter facts is likely to be in the order of \$50m per annum.

I believe it is vital that the final report maintains a significant emphasis on these fundamentals. It is only as they gain more widespread understanding that the real challenges facing Local Government and its communities can be more affectively addressed.

I am pleased to note the important emphasis you have given to the differing positions of each of the 68 Councils in the State. There is always a danger that sector-wide issues can be improperly tackled by responding to “averages”, without recognising that such responses may be quite inappropriate in some Council areas. I believe the interim report recognised this and trust you will continue to emphasise this in your final report.

Having said that I should also say that the categorisation of Councils you have introduced (including “fast” and “long” Councils) is also of assistance in understanding the different challenges facing Local Government. Both rapid growth (fast) and static populations (slow) bring their own challenges as does the respective sparsity of Councils with respect to road length per capita (long and short).

The Association believes the one significant area of the interim report which was underemphasised is that of the impact of the uncertainty in intergovernmental relations and confused roles and responsibility between governments. The interim report included the following statement:

*“Nevertheless, there is a relatively complex relationship between local government and the State and Commonwealth governments. These complexities arise from the constitutional arrangements which result in a somewhat vague division of the respective roles and responsibilities of the three spheres of government.” (Interim Report P. 4)*

Without detracting from the Board's emphasis on what Councils can do to improve their positions, we will argue below that the impact of the "complexities" referred to in this paragraph is far more significant than indicated by the level of attention paid to the issue in the interim report.

### **3. Strategic Planning**

The LGA notes that the Board has not addressed to any great degree the nature of the responsibilities under the Local Government Act for Councils to prepare strategic management plans and the degree to which these plans drive service delivery and financial sustainability.

In summary, the Act requires the preparation of these plans to identify the objectives for the individual Councils over the planning period (currently 3 – 5 years) and that they provide a clear indication of:

- the extent to which Councils have participated with other Councils and with State and national governments in setting public policy objectives and the extent they relate to regional State and national objectives;
- relevance of the above to economic social, physical and environmental development and management of their areas;
- the extent of intended co-ordination with State and national governments in the planning and delivery of services where there is a common interest.

Section 122 of the Act goes further to require:

- estimates of revenue and expenses;
- measures (financial and non-financial) to monitor and assess performance;
- relationship between the plans' objectives and activities relevant to rating policy;
- consistency (as far as is reasonably practical) with the Planning Strategy and Development Plan or Plans for the area and other relevant statutory policies and plans.

This approach to strategic planning is critical to establishing the relationship between long term financial planning and asset/infrastructure planning and influences final decisions regarding service areas and annual budgets.

All Councils have strategic management plans. Later in this submission comment is made regarding financial management planning and asset/infrastructure planning and the desirability to enhance these practices in Local Government.

Councils have a desire (and legislative requirement) to assess their plans against the SA Strategic Plan and in a separate attachment to this submission information is provided regarding difficulties in this regard being experienced by Councils. This issue in our view is critical to identifying opportunities where intergovernmental collaboration can occur and in addition could remove duplication in service delivery (and therefore costs) between the spheres of government.

Comments by the Board in relation to these issues would be welcomed.

### **4. Governance**

The LGA's Governance Manual (provided to Access Economics as background information on the commencement of the Inquiry) included a paper seeking to define the scope of "governance" in a Local Government context. Professor Bill Russell offered the following definition of "governance":

*"... the structures and processes adopted by a Council to ensure that its accountability and relationships to its residents, employees and stakeholders reflect:*

- *Sound principles*

- *Ethical behaviour*
- *Robust procedures*
- *Democratic accountability*
- *Openness*
- *Transparency*
- *Clearly assigned roles and responsibilities and*
- *A responsive framework for community participation”*

It is the assertion of the LGA that financial governance is one aspect of the overall governance arrangements required to be adopted by Councils. The LGA’s Governance Checklist (included in the Manual) has 7 primary areas of Governance:

- **Elected Representation** - It is essential to good governance that a Council’s community is fairly, effectively and efficiently represented by its Council Members. The election processes, representation structures, boundaries and related reviews must comply with legislative requirements and principles of democratic representation. Governance is also about leadership within and beyond the Council. It is also concerned with how a Council is presented to the community through the media which, in an environment of good governance, should portray Council Members and staff as ethical, accountable, accessible and effective.
- **Community Participation** - Effective information exchange between a Council and its community, proper consultation, engagement and participation in Council decision making processes are all critical to good governance. Effective participation invites and provides real opportunities for the community to contribute to discussions and decisions that impact upon and are of concern to it. Where necessary a Council uses effective mediation and conciliation procedures to address the concerns of individuals or groups.
- **Roles and Responsibilities (Council Members and Staff)** - Role clarity is essential to good governance. Council Members and staff must be aware of and fulfil their respective roles and responsibilities, which must be clearly stated and regularly reviewed. For good governance to be practiced, the relationships between the Mayor, Chairperson, Council Members and staff should foster partnership, maturity and a high level of respect.
- **Strategic Direction** - A community expects it will have a clear direction for the future. Community confidence requires a Council to establish and communicate its priorities, the strategies it will adopt, resources it will require and to report on progress. The community and other key stakeholders expect a Council to implement procedures which provide them with the opportunity to influence and contribute to these strategic directions and to be informed about achievements against agreed strategies.
- **Policies & Procedures** - Policies and procedures adopted by a Council need to be forward-thinking, well put together and easily understood by its community and staff. Policies support a Council to achieve its objectives and must be underpinned by clear procedures and responsibilities for implementation. Policies and procedures should comply with legal obligations and relevant community standards. Periodic reviews of policies and procedures are necessary to ensure that they continue to be relevant and do not present conflicting positions.
- **Accountability** - Council Members are accountable to their constituents for the governance of the Council area. The Chief Executive Officer is accountable to the Council Members for managing the Council’s resources efficiently and effectively. External accountability mechanisms should be in place, eg. Auditing, public reporting etc. These mechanisms, and others relevant to local circumstances, provide the community and other stakeholders with assurances that their Council is exercising proper governance over its affairs.

- **Council & Committee Meetings** - Council meetings are the key decision making forum of the body corporate. Council committees support the achievement of the objectives of a Council and enable persons (other than Council members) to participate in community decision making processes. Council and committee meeting agendas should be clear and concise and link to the achievement of the strategic goals of a Council. All Council and committee meetings are to be open to the public, except in circumstances provided for by the Local Government Act. Members should be well prepared and participate except where they have an interest in a matter. All committees should have clear terms of reference. All Council and committee members should receive appropriate training and support to function effectively and efficiently. All records of meetings should be kept safe and be readily accessible to the public, except in circumstances provided for by the Local Government Act.

The LGA's Governance Manual states that *"Council Members have a critical responsibility in setting strategic directions for the community through the strategic planning process, in allocating resources through the budget process and ensuring that the priorities of Council reflect the wishes of Council Members"*.

The Board in its Discussion Paper recognises that financial governance is one aspect of a Council's governance processes. The Paper also highlights the following comment from the Good Governance Advisory Group *"...no matter how good the rest of its governance may be, financial failure can bring a Council undone"*.

The Board has referred to "financial governance" in particular and the LGA would be keen to hear its views on other aspects of governance as identified in the checklist and manual that may influence (and therefore require attention) the operations of Councils relative to supporting aspects of the Terms of Reference for the Inquiry.

## **5. Financial Governance**

The LGA accepts the Board's view that far greater attention needs to be paid in Councils (and in the LGA's support programs) to financial governance. We have discussed this issue with both officers and Council Members from Councils across the State in formal and informal contexts. While there is some lack of understanding around the issue we have found that even in Councils which might be regarded as having "good practice" in relation to financial governance there is an acceptance that there are gaps which can be improved upon. Indeed creating a "best practice" focus around financial governance is likely to be of significant value as we find Councils learn well from other Councils.

In general terms we believe that financial management is sound in the vast majority of Councils, if not in all Councils for most of the time. The level of sophistication of accounting practices may vary between large and small Councils but while there are some signs of skill shortages surrounding finance and accounting positions, we do not believe the current development strategies in the sector have significant gaps. Your report has stimulated significant debate regarding approaches to depreciation and is likely we would think, to result in ongoing efforts to improve standards and consistency in the sector in relation to depreciation practices.

The same cannot be said about financial governance. While some Councils have questioned the evidence for the Board's approach in this area and clearly there are (as in most areas) good practice Councils, we believe this area requires a new strategy and new initiatives.

Having said this there is some work occurring in various areas and the inquiry has highlighted that there is no formally adopted Local Government program for reform guiding this work. The LGA has recognised that there is a need for co-ordination among the various groups expressing an interest in addressing this area.

## **6. Long Term Financial Planning**

The LGA endorses your assertions that further work needs to occur among Councils in respect to this matter, albeit some Councils are well down the track. The Rates Bill currently before the Parliament will require these plans to be put in place. The LGA supports this aspect of the Bill and was instrumental in having it included.

There has been work undertaken by professional staff within Local Government to develop a model for this planning framework and the LGA is keen to promote a model approach and ensure support is provided to Councils needing more expertise in this area.

The LGA is also of the view that financial policies need to underpin the planning framework and to support governance practices. We are keen in this regard to explore the development of a list of areas for policy development and provide guidelines/models to assist Councils. This would include updating the LGA's Financial Management in Local Government manual.

The Board has highlighted the diversity of Councils in this State and the LGA is mindful of developing models etc that are relevant to this diversity and in particular recognise the resourcing implications for especially smaller Councils.

## **7. Asset & Infrastructure Planning**

The LGA accepts the Board's view that further work needs to occur among Councils to assist them to establish a policy and planning framework for asset/infrastructure maintenance, renewal and purchase. This matter is reflected in the Rates Bill currently before the Parliament where asset/infrastructure plans will be required to be developed. Again the LGA was instrumental in highlighting the need for formalising requirements for these Plans.

Some Councils are well underway in their asset/infrastructure planning whereas others need support. A recent survey of officers indicates that there is a need for training in the sector on this important issue.

The LGA's Asset Management Advisory Committee (originally established to progress support programs highlighted in the recommendations from the "Wealth of Opportunities Report") has reviewed its work in this area and is keen to facilitate the development of model policies and planning frameworks in conjunction with CEOs, financial managers, engineers and other key stakeholder groups in Local Government.

It is important that this work reflects the size and resources of the various Councils in this State and relevant support programs are put in place.

## **8. Commonwealth response to the 'Hawker' Report**

The LGA supports the approach taken in the report that the primary focus should be on actions which Councils can take to address challenges faced by Local Government. However this should include areas for which other governments are responsible and may involve lobbying by Councils. During the consultation period the Commonwealth Government provided its long-awaited response to the 'Hawker' report on cost shifting to Local Government which was tabled in the Federal Parliament in November, 2003.

This response has proposed action to correct unfair distribution of identified local road grants which should maintain beyond 2007 additional funding to SA Councils of more than \$13m per annum. This is a significant win in the campaign to see a fair deal in distribution of Federal funding to SA.

However the Commonwealth has failed to deal with the unfair distribution of untied Financial Assistance Grants. This was estimated by the Commonwealth Grants Commission in 1990 to be costing SA Councils around \$35m per annum. This is a major blow to the State and will continue to mean SA Councils are unable to deliver similar service levels to Councils in larger States unless rates are higher than in those States.

In our view the Inquiry should highlight this inequity and ongoing approaches to address the issue. In addition the low level of State funding to Councils should be given further prominence.

The Commonwealth's proposal to use the Productivity Commission to inquire into the revenue raising capacity of Councils is welcomed and the work undertaken through this LGA Independent Inquiry is likely to be invaluable to SA's response to the Commission's Inquiry. The Terms of Reference for the Commission Inquiry will be developed in consultation with the ALGA.

## **9. Intergovernmental Relations**

The confusion in roles and responsibilities between governments in Australia has several direct and indirect impacts on Local Government's financial sustainability. First and foremost it impacts on the most fundamental question: financial sustainability for what?

The Local Government Act 1999 outlines a very broad set of roles, functions and objectives for Councils (sections 6, 7 & 8). In short it might be regarded as providing a broad power of general competence limited only by other legislated or constitutional constraints. In the words of the Inquiry interim report:

*"To a significant extent, therefore, what individual councils do is a function of their own policy choices." (Interim Report P. 4)*

The LGA is keen to raise with the Board the fact that Councils have no legal obligation to collect rubbish, operate libraries, maintain roads, provide parks or sporting facilities or to provide street lighting. This can be seen as reinforcement that Councils can control their own financial sustainability, however, traditionally these are services provided by Councils through their own staff or via contracting out and are not likely to be discontinued due to the obvious community "outcry" and possible lack of an obvious "other" provider. Councils should of course be continually reviewing the costs for the delivery of services and introducing efficiency measures consistent to service needs and strategic plan objectives.

Section 3 of this submission highlights the requirements of the Local Government Act relative to strategic management plans and the requirement for Councils to have regard and give due weight to the plans, policies and objectives of State and National governments and to work regionally. These issues provide significant tension for Councils and are further complicated by the financial influence of State and Commonwealth governments and the powers of State Parliament in particular where decisions are made to allocate roles to Councils (regulatory and other) with insufficient attention given to the costs of the delivery of these services.

Traditionally, charges for regulatory services are determined in regulation and not established or periodically increased to reflect changes in costs of delivery of services. The LGA recognises that there needs to be a fine balance between provision of public services and costs however issues such as charging the user of services an adequate level to compensate for costs incurred needs closer attention and an agreed, with State Government, framework to ensure costs do not get too far out of kilter with charges.

During the period of this inquiry a Minister has floated the concept of Councils conducting kerbside collections of clothing for charities, a State agency has begun consultation on the potential to delegate further planning discretion to Councils, and the Commonwealth has introduced a new program encouraging regional Councils to provide walk-in, walk-out clinics for General Practitioners.

These are just three approaches in a short space of time which compound the uncertainty and in addition to current community demands on Councils place pressures on financial sustainability.

In our view, there are a number of mechanisms which could substantially relieve these pressures without compromising the capacity for strategic reforms or the capacity to respond to differing local needs.

The work undertaken to date in the LGA's "Making the Connections" project indicates that there are a range of targets in the SA Strategic Plan that match with the goals/objectives of Local Government. In addition, there are issues that make connections difficult to identify - the most prominent being lack of direction in the Plan as to the areas (geographic) of activity proposed by the State Government. It is our view that State and Local Government should agree on a program of activity in the regions or within individual Council areas that will pave the way for joint activity, define roles and responsibilities and financial/resourcing issues. These agreements should then form the basis of program/project funding and that administrative arrangements for relevant agencies should be minimised. It is often the case that small programs/projects result that are not directly relevant to the nature of needs in individual/regional areas.

We anticipate that the report provided by the LGA to the Minister's Local Government Forum on the outcomes of our Making the Connections project will pave the way for discussions to occur regarding the project findings. It is anticipated that at the next Forum meeting proposed for October we should be able to commence these discussions as the project findings would have been considered by each of the regions by this time. For your information attached is a letter of exchange between the Minister for State/Local Relations and the President of the LGA regarding a process to support consideration of issues identified through this project.

Related to this matter is the recent release of the State's Infrastructure Plan. The LGA has established a seminar program jointly with the State Government to assist Councils to better understand the contents of this Plan and to provide feedback on it to the Minister. We are also keen to establish a formal mechanism for input into the Plan, similar to that established via the attached letter related to the SA Strategic Plan.

## **10. Other Issues**

### **Skills Development**

It is increasingly apparent that along with other sectors, Local Government is facing significant skills shortages. This includes occupations such as environmental health, planning and building, finance and accounting and asset management. In general these shortages tend to be felt more acutely in regional areas.

## Developer Contributions

The LGA notes the inquiry's interim finding relating to the low level of developer contributions in SA:

*"This has the effect of shifting the cost of providing infrastructure for new and infill development from developers and purchasers of land to all ratepayers. A thorough review of South Australia's system of developer contributions would seem warranted. There needs to be clear legislative power to levy developer contributions for the wider cost of their development." (Page 23)*

The LGA would support a strong recommendation on this issue and has raised this matter during negotiations on the Sustainable Development Bill. We have also established an LGA Working Party to consider mechanisms to support these contributions being collected and used in a transparent manner.

## **11. Approaches to Recommendations**

The Board is unfettered in the recommendations it may choose to make. The LGA is committed to assessing the Board's recommendations for implementation and is scheduling a major forum of Councils to assist in responding to them. In this regard the LGA State Executive will "sign off" on a process at its meeting later this month. Importantly, the Minister's Local Government Forum has also agreed to receive a report on the issues identified by the Inquiry Board.

The Board should consider the appropriateness or otherwise of a range of options in response to the challenges facing Local Government which it has identified. These could include:

- Legislation
- Regulation
- Standards – (mandated/reportable/voluntary)
- Guidelines/Models
- Best Practice promotion
- Training
- Support Services, including brokered or bureau arrangements
- Community Education
- Agreements with and/or lobbying of other Governments
- Further review of specific issues

There are also a range of stakeholders who may be involved in such approaches. These include:

- Councils
- Regional organisations of Councils and the Metropolitan group
- Local Government Association
- Local Government Professional Organisations
- Private Auditors
- Minister's Local Government Forum
- State Government (including OLG/Treasury)
- State Parliamentary processes (including Auditor-General)
- Australian Local Government Association
- Commonwealth Government

Having assessed the interim report of the inquiry we believe – assuming the final report maintains a similar focus on key challenges, that there may be different responses to differing issues but that several approaches will be fundamental to addressing the challenges identified.

These are:

#### The need for improved community education processes by Local Government

During the life of the inquiry the LGA has been working on a range of issues in relation to improved community education. A new Local Government education website/kit has been developed and is to be launched shortly. Planning for improved promotion of Local Government elections is under way (a matter addressed in the SA Strategic Plan but for which there was no prior consultation with our sector).

Specific work on transparency of budget and media reporting has taken place (refer LGA Circular 26.10). Councils have substantially improved their consultation and communication regarding budgets and rating issues. We believe however that further and more consistent work is required. Indications are that there is considerable support in Councils for such improvements.

#### The need for a program approach by the LGA to financial governance

The LGA has and is undertaking considerable work to support good practices in governance in Councils. Financial governance is not a strong element of this work and we anticipate as a result of the work of the inquiry that the LGA's members will wish to see a far greater focus given to financial governance. This would be likely to involve a linked approach to standards, guidelines/models, best practice promotion, training and support services.

We are also conscious that various professional and other stakeholder groups have an interest in this area but to date work is not co-ordinated well. We believe that the LGA should take a key role in this co-ordination but that relevant stakeholders continue to be actively involved in the delivery and development of concepts/materials etc with appropriate resourcing.

It would be beneficial for the Board to specify the key areas of financial governance it believes needs to be addressed as feedback from Councils to date indicates that this would be very beneficial.

#### The need to explore a more formalised approach to standards

Local Government has for some time been exploring the notion of aiming for greater consistency through a system of sector-wide standards. At the April 2005 General Meeting a motion was carried supporting in principle a role for the LGA in setting governance standards in consultation with member Councils. Such standards could be voluntary, but could also have a more formal status, without necessarily being mandated via regulations. For example, Councils could be required to report to their communities against a standard to be set by the LGA. Further consideration is required as to how such standards would be applied, however there is clear support for such consideration to occur.

Preliminary consideration of the nature of such a structure and approach has been addressed by our Governance Advisory Committee and included separately is a very draft proposal that has been subject to discussions at the Governance Committee level but not yet endorsed for broader sector-wide consultations. The Board may wish to provide some guidance on how this matter may be usefully progressed.

In addition it would be useful for the Board to specifically outline areas it believes standards development would be beneficial.

### The need for further exploration and implementation of resource sharing

The LGA believes that there is greater scope to share resources among Councils and there is evidence of an increasing desire, particularly among metropolitan Councils, to explore further possible areas. There are already many examples within country areas of Councils sharing resources (staff, equipment and services).

Clearly there are areas where resource sharing between State and Local governments could also be considered. A recent example of which was the management by State and Local government of their respective but separate depots.

The LGA would welcome further comments/suggestions by the Board in regard to this matter.

### The need for greater effort to be applied to intergovernmental mechanisms

In its initial submission, the LGA indicated that it believed that relationships between governments, particularly State and Local government required greater formalisation and a greater focus on building stronger communities for the future. The work of the Minister's Local Government Forum is likely to be fundamental to progressing relationships.

In our view these are vital ingredients in any strategy designed to improve the financial sustainability of Local Government. More formal and more detailed agreements regarding principles and processes – and in particular regarding financial issues are required to reduce uncertainty at the local level.

We would appreciate support from the inquiry for a review of existing State funding for Local Government, and for establishing a principle of real terms growth as a minimum indexation for existing funding programs. Consideration should also be given to some form of ongoing compensation for the continual creep of minor responsibilities to Local Government. At the same time strategic consideration should be given to the potential for some major shifts in roles and responsibilities between State and Local Government underpinned by secure transfer of resources. The focus of such issues should be on improved outcomes for communities and the State, not on cost-shifting to, or revenue raising for Councils.

In addition, the LGA sees value in establishing a financial relationship agreement underpinned by principles to take into consideration when current or new programs are being reviewed or proposed. These principles should also apply to legislative proposals resulting in resourcing/cost implications for Councils. Traditionally these matters are dealt with, usually ineffectively, after a decision has been taken by State Government.

In particular, the State should apply more resources to understanding the extent to which objectives in the SA Strategic Plan are reliant on an efficient and effective Local Government – and the extent to which such objectives may be put at risk as a result of the financial position of Councils.

The LGA challenges why a State the size of SA cannot through collaborative arrangements and agreements between State and Local government map out the areas (including geographic) for which consideration will be jointly given to:

- Population growth
- Industry development
- Infrastructure
- Management/sale of public land
- Land use planning
- Environmental issues

and the like.

Having undertaken such a “mapping” exercise clarity would be gained regarding joint or separate activities commensurate with appropriate roles/responsibilities and financial arrangements. This approach would ensure that our collective resources are targeted towards enhancing the environmental, economic and social needs of our State in the most effective, efficient and outcomes orientated manner.

## **12. Summary**

The Local Government Association appreciates the progress made by the inquiry and believes it to be “on the right track.”

We believe greater attention needs to be given by the Board to intergovernmental relations issues i.e. setting up a framework for discussions regarding financial arrangements between the sectors. In addition ongoing attention needs to be given to addressing the unfair grant funding for Local Government and the impact on communities of the current low level of developer contributions in SA.

Without wishing to constrain the Board in making recommendations, we believe there is significant endorsement within Local Government for a program of support to ensure that Councils develop a shared understanding of the sector’s financial performance, address financial governance issues and to explore a role for the LGA in setting standards for the sector.

We look forward to receiving the Board’s final report and to working with Local Government to consider each of the recommendations included within it.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Legoe". The signature is fluid and cursive, with a large initial 'J' and 'L'.

**Cr John Legoe**  
**President**

Telephone: 8224 2022

Email: [shandelle.gameau@lga.sa.gov.au](mailto:shandelle.gameau@lga.sa.gov.au)

Attach: *Additional Information – DME 17299*  
*Letter from Minister Rory McEwen, DME 12627*