

Memorandum of Understanding

Local Government Research and Development Scheme

BETWEEN

The Minister

AND

Local Government Association of South Australia

1. Parties to this Memorandum

The Minister

As the Minister responsible for the *Local Government Finance Authority Act 1983*.

President, Local Government Association of South Australia

As the manager of the Local Government Research and Development Scheme.

2. Definitions

The Fund means the Local Government Taxation Equivalents Fund

DTF means the Department of Treasury and Finance

LGA means the Local Government Association of South Australia

LGFA means the Local Government Finance Authority

LGFA Act means the *Local Government Finance Authority Act 1983*

The Minister means the minister responsible for the *Local Government Finance Authority Act 1983*.

MOU means the Memorandum of Understanding between the Minister and the Local Government Association of South Australia

The President means the president of the Local Government Research and Development Scheme

The Scheme means the Local Government Research and Development Scheme

3. Background

- 3.1 This Memorandum of Understanding outlines the agreed principles, purposes and processes that will guide the use of the funds for the Local Government Research and Development Scheme.
- 3.2 The Local Government Research and Development Scheme is established to fulfil the provisions of the *Local Government Finance Authority Act 1983*.
- 3.3 The LGFA Act, section 31A, requires that the LGFA pay amounts that are equivalent in effect to the income tax and other taxes or imposts that the LGFA would be liable to pay under the law of the Commonwealth (if it was a public company) into the Local Government Taxation Equivalents Fund.
- 3.4 The LGFA Act also requires that the amounts held within this Fund, along with interest accrued, will be applied for Local Government development purposes.
- 3.5 The parties to this MOU agree that the funds available to the Scheme are public funds subject to a statutory regime and need to be managed in accordance with the legislation and with the standards of reporting and accountability appropriate for public funds.
- 3.6 The disbursement of Scheme funds should not result in any unfair competitive advantage to the Local Government Finance Authority.

- 3.7 The MOU may be amended at any time, with the written agreement of the Minister and the President.

4. Principles and Purposes

- 4.1 As stated in the LGFA Act (section 31A), amounts held for the Scheme will be applied for Local Government development purposes recommended by the Local Government Association of South Australia (the LGA) and agreed to by the Minister in accordance with the principle/s agreed between the Minister and the LGA.

This principle is:

- *That in complying with the statutory requirements, the Scheme be applied for 'local government development purposes' and the funding should be used strategically for the benefit of local government as a whole.*

- 4.2 The LGA may meet, from amounts made available to the LGA from the Fund, reasonable costs incurred in administering the Fund in accordance with these principles.
- 4.3 The purposes for which the funds will be used through the Scheme are included in *Schedule 1*.

5. Management of the Scheme

- 5.1 Primary responsibility for the management of the Scheme lies with the LGA Board.
- 5.2 Unless otherwise agreed by the LGA and the Minister, processes and procedures by which the Scheme will be managed are:
- 5.2.1 The LGA may recommend to the Minister that any new or varied purposes for which funds may be applied and seek the Minister's agreement on those additions or variations.
 - 5.2.2 Should the Minister not agree to a purpose or purposes recommended by the LGA, then a meeting of the Minister and the LGA President will be convened as soon as possible with the objective of understanding the reasons behind the Minister's decision and reaching an agreement.
 - 5.2.3 Projects for carrying out the agreed purposes will be approved by the LGA Board of Directors.
 - 5.2.4 The Scheme is required to provide the LGA Annual General Meeting with an annual report for the previous financial year which should include:
 - An overview of the Scheme's projects and activities in the previous financial year
 - A special purpose financial report covering the previous financial year and a budget for the ensuing year.
 - 5.2.5 Copies of the annual report provided to the LGA Annual General Meeting will be provided to the Minister annually within 45 days of the LGA Annual General Meeting.
 - 5.2.6 Twice each year, the LGA will arrange to obtain from the LGFA an update of the estimate of the LGFA's profit before tax equivalent expenses for the relevant financial year and the following financial year.
- 5.3 The LGA will maintain a website that lists details of projects approved for Scheme funding for the last five years and any uncompleted projects. The website will include access to resources and other materials generated by the project for the use of the

sector. This should include the status of current projects and access to the project output for completed projects.

- 5.4 The Schemes Advisory Committee is responsible for providing oversight of the governance and operations of the Scheme. The Committee provides advice to the LGA Board and Minister in accordance with the MOU.

Membership of the Scheme Advisory Committee includes:

- Three members of the LGA Board appointed by the LGA Board, one of whom should be the Chair;
- One metropolitan CEO appointed by the LGA Board;
- One country/regional CEO appointed by the LGA Board;
- One representative recommended by the relevant Trade Unions;
- One representative recommended by SA Universities;
- One representative nominated by the Minister; and
- The Chief Executive Officer of the LGA or nominee.
- Each member of the LGR&DS Advisory Committee, with the exception of the Director Members and Sector Members, will have a proxy member to attend meetings in their absence.

- 5.5 The LGA Board will provide information to the Scheme Advisory Committee on changes to recommendations or additional funding decisions that were not considered by the Committee. This information will also be included in the report on projects made to the LGA General Meeting, as detailed in *Schedule 2*.

- 5.6 The terms of reference for the Advisory Committee, applying at the time of signing of this MOU, are attached.

6. Transfer of amounts to the LGA

- 6.1 The Fund is held within the Administered Items of the Department of Treasury and Finance. As soon as practicable, following the receipt by DTF of tax equivalent amounts from the LGFA (payable quarterly) DTF will provide a financial report to the LGA detailing;
- the cash balance in the Fund at the end of the previous quarter
 - receipts to and payments from the Fund, and
 - the resultant balance in the Fund available for draw-down by the LGA.
- 6.2 In June and October of each year, the LGA will provide DTF with an update of the estimate of the LGFA's profit before tax equivalent expenses for the relevant financial year and the following financial year, based on the information from the LGFA under 5.2.6. DTF will use the updated estimates to ensure that, among other things, DTF receipts will be sufficient to meet expected draw-downs from the Fund.
- 6.3 The LGA may make requests to draw-down amounts from the Fund, no more frequently than quarterly. These requests will be made to the manager of the administrative unit within the State Public Service that advises the Minister on the operation of the *Local Government Finance Authority Act 1983* by the Chief Executive, LGA (or Acting CE). Any such request will meet the reporting requirements included in *Schedule 2*.

- 6.4 DTF will aim to make payments to the LGA within 30 calendar days on receipt of a request for funds that meets all reporting requirements.

7. Records and reporting

- 7.1 In order for the Minister, Councils and the LGA to have a basis for reasonable assurance that the financial transactions of the Scheme are in accordance with the legislation, both parties agree that:
- 7.1.1 Proper records must be kept of the Scheme's financial activities.
 - 7.1.2 A special purpose financial report covering the Scheme's activities for the previous financial year and a budget must be prepared and provided to the LGA Board and the Minister each year, and if requested. The special purpose financial report will be reconciled to the Local Government Association of South Australia audited Financial Statements.
 - 7.1.3 A full record of projects funded under the Scheme in the previous financial year and proposed to be funded in the ensuing year will be kept and provided to both the LGA Annual General Meeting and the Minister each year, and if separately requested.

- 7.2 Accordingly, both parties agree to the reporting requirements contained within *Schedule 2*.

8. Application

- 8.1 This MOU applies to the arrangements between the Minister and the LGA, upon signing by the Minister and the President, Local Government Association of South Australia.
- 8.2 This document does not create legal relations or constitute a legally binding contractual agreement between the parties but notwithstanding this, the parties acknowledge their intention to use their best endeavours to comply with its terms.


**SIGNED for and behalf of
Government of South Australia**



Hon Stephen Mullighan
TREASURER

14/8/2023

**SIGNED for and behalf of
Local Government Association of South Australia**



Mayor Dean Johnson
President

21/08/2023

SCHEDULES

Schedule 1 – Agreed purposes of the Scheme

The agreed purposes of the Scheme are as follows:

Grants and Services that leads to one of the following outcomes:

1. **Collaboration across the local government sector** including;
 - Wide research dissemination across the local government sector.
 - Communities of practice.
 - New and/or strengthened partnerships.
 - Co-delivery of projects by multiple councils.
2. **Councils have the knowledge and capacity to improve services** including;
 - Strategic development of Local Government Information services.
 - Resources and guidance on initiating, delivering, improving, reviewing, commercialising, or closing of council services.
 - Benchmarking and performance measurement and reporting tools.
 - Strong alignment of council services with community aspirations and legislation including;
 - o Implementation of Legislation affecting local government.
 - o Implementation of Reform.
 - o Local Government Liabilities under legal provisions.
3. **Council deliver more with less** including;
 - Evidence base to identify new efficiencies.
 - Reduction in the duplication of effort.
 - Leverage government investment in programs/projects.
4. **Councils are thought leaders and ready for the future** including;
 - Evidence base for local government improvement.
 - Research and analysis that generates new ideas and strategic insights.
 - Partnerships and networks that generate new thinking.
5. **Communities understand the role and value of local government** including;
 - Resources and guidance on improving community engagement, transparency, and accountability.
 - Collateral and campaigns that measure and communicate awareness of government.

Regional Capacity Building

- Funding to regional groupings of councils to achieve local government development purposes at a regional level that contributes to the development of the sector.

Annual Research Priorities

- The Annual Research Priorities are determined based on sector consultation and are highlighted strategic priority areas in the Scheme's Annual Business Plan.

Schedule 2 – Reporting Schedule (*indicative*)

Month	Task
February	LGA will arrange to obtain an update of the estimate of the LGFA's profit before tax equivalent expenses for the relevant financial year and the following financial year.
June	<p>The following letters will be sent to the Department of Treasury and Finance:</p> <ul style="list-style-type: none"> Letter from the LGA CEO to the Minister regarding the activities of the Scheme, including: <ul style="list-style-type: none"> Budget and Financial Report. Any projects approved for the next financial year. A copy of the letter sent to the DTF (Executive Director Budget Branch) seeking drawdown of funds. A letter from the LGA CEO to the DTF (Executive Director Budget Branch) seeking drawdown of funding, including: <ul style="list-style-type: none"> The LGFA profit estimate be provided to LGA in February. <p>A copy of the letter to the Minister regarding the activities of the Scheme</p>
August	LGA will arrange to obtain an update of the estimate of the LGFA's profit before tax equivalent expenses for the relevant financial year and the following financial year.
October	<p>The LGA Board will provide an annual report to the LGA Annual General Meeting with an annual report that includes:</p> <ul style="list-style-type: none"> An overview of the Scheme's priorities and activities for the last financial year. A list of projects, including name recipient, funding quantity, project description and completion date/estimated completion date. This project list should include: <ul style="list-style-type: none"> projects funded in the previous financial year, projects completed in the previous financial year, uncompleted projects. A financial report, covering the Scheme's activities for the previous financial year and a budget for the ensuing year.
November	<ul style="list-style-type: none"> A copy of the Annual Report including the financial statement will be provided by letter from the LGA CEO to the Minister no later than 30 November.
December	<ul style="list-style-type: none"> A letter seeking drawdown of funds must be provided from the CEO to the DTF (Executive Director Budget Branch). The letter must include: <ul style="list-style-type: none"> The LGFA profit estimate as provided to the LGA in August A copy of the letter to the Minister containing the annual report.
Upon Request	<ul style="list-style-type: none"> Upon written request, the LGA must provide to the Minister all records relating to the Research and Development Scheme, including management accounts, annual reports and financial statements.

Schedule 3 – Terms of Reference for the Advisory Committee

The terms of reference for the LGR&DS Advisory Committee are available through the LGA [website](#).