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SHLGA calls for practical, context-aware approach to ESCOSA's Local Government Advice Scheme

The Southern and Hills Local Government Association (SHLGA) has lodged a submission to the Essential Services Commission of South Australia (ESCOSA) on the proposed framework and approach for the second cycle of the Local Government Advice Scheme.

Representing councils across the Adelaide Hills, Fleurieu Peninsula and Kangaroo Island, SHLGA has expressed broad support for the continuation of the Scheme and its role in helping communities understand the financial challenges and long-term sustainability considerations facing local government.

The submission acknowledges that ESCOSA's approach has evolved significantly over the first four-year cycle, with councils increasingly using the Scheme to support stronger financial planning, improved governance and more informed conversations about rates, service levels and infrastructure investment.

However, SHLGA has emphasised that the value of the Scheme will ultimately depend on whether the advice provided is practical, proportionate and responsive to the diverse circumstances faced by councils across South Australia.

A key theme of the submission is the need for ESCOSA's advice to move beyond simply reporting financial indicators and instead provide practical recommendations that councils can implement. SHLGA notes that councils receive the greatest benefit when advice helps identify genuine financial sustainability risks, supports community understanding of difficult trade-offs, and provides achievable pathways for improvement.

The submission also highlights the importance of recognising that meaningful financial reform often takes place over multiple planning and budgeting cycles. SHLGA has encouraged ESCOSA to acknowledge implementation costs, workforce capacity constraints and the challenges councils face when delivering large-scale asset management, financial management or organisational reform programs.

To improve confidence in the Scheme, SHLGA has recommended a more structured engagement process between ESCOSA and councils during assessments. This would include early discussions to confirm key issues, opportunities for councils to explain local circumstances and planning assumptions, and a formal factual verification process before advice is finalised. The Association believes this will help ensure ESCOSA's advice is informed by an accurate understanding of local conditions while maintaining the Commission's independence.

The submission also calls for greater recognition of the diversity of South Australian councils. Factors such as population growth, remoteness, tourism impacts, climate risks, workforce availability, asset





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burdens and revenue capacity can all significantly influence financial sustainability outcomes. SHLGA has recommended that ESCOSA adopt a maturity-model approach to assessing financial management practices, recognising that councils operate at different stages of organisational capability and capacity.

Another important issue raised is the need for ESCOSA's framework to reflect the unique role of local government. SHLGA has cautioned against applying "consumer" or business-style concepts too closely to councils, noting that local government exists to deliver a broad range of community, social, cultural and wellbeing outcomes rather than operating as a traditional commercial enterprise.

The submission also recommends greater alignment between ESCOSA and the Local Government Finance Authority (LGFA) in relation to long-term financial assumptions, consideration of the effectiveness of prudential reporting processes, and recognition of the role that shared services and regional collaboration can play in addressing workforce and financial challenges.

Finally, SHLGA has emphasised the importance of ensuring the Scheme delivers value for money, particularly for smaller councils, with a focus on minimising duplication, streamlining reporting requirements and concentrating effort on areas of genuine financial risk and materiality.

ESCOSA will consider stakeholder feedback as it finalises the framework for the second cycle of the Local Government Advice Scheme commencing in 2026/27.

Read the full SHLGA Submission to ESCOSA - [Submissions | Southern and Hills LGA](#)

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