

OFFICIAL



RATES

Local Government Rates Oversight Scheme

Information Provision – Initial Guidelines

March 2022

OFFICIAL

Enquiries concerning these guidelines should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: escosa@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

Table of contents

1	Background.....	1
1.1	Summary of Information Requirements.....	1
2	Provision of Qualitative Information.....	3
2.1	Provision of Existing Documentation.....	3
2.2	Provision of further Qualitative Information.....	3
3	Provision of Quantitative Information.....	4
3.1	Proforma Template.....	4
3.2	Time Period of Analysis.....	4
4	Detailed Guidance - Completion of <i>Historical & SMP 2021-22 (A)</i>	5
4.1	Structure of Tab.....	5
4.2	Detailed Requirements – Key Data.....	5
4.3	Detailed Requirements - extract from Statement of Comprehensive Income.....	6
4.4	Detailed Requirements – extract from Analysis of Rates Revenue, per Financial Statements Note 2.....	7
4.5	Detailed Requirements – extract from Statement of Financial Position.....	9
4.6	Detailed Requirements – extract from Statement of Cash Flows.....	11
5	Detailed Guidance - Completion of <i>Historical & SMP 2022-23 (B)</i>	13
5.1	Structure of Tab.....	13
5.2	Detailed Requirements – Key Data.....	13
5.3	Detailed Requirements - extract from Statement of Comprehensive Income.....	13
5.4	Detailed Requirements – extract from Analysis of Rates Revenue, per Financial Statements Note 2.....	14
5.5	Detailed Requirements – extract from Statement of Financial Position.....	14
5.6	Detailed Requirements – extract from Statement of Cash Flows.....	14

1 Background

This document is intended to provide guidance to Councils, to assist in the provision of the information required by the Commission in support of the Local Government Rates Oversight Scheme.

The Commission considers providing councils with guidelines and a proforma Excel template to be appropriate. This is because it provides councils with transparency regarding the minimum level of information they are required to provide and how they are required to provide it. In turn, this is likely to reduce the number of inquiries, while also providing a clearer framework for dealing with inquiries that do arise.

The initial guidelines and proforma Excel template are both based on a Relevant Financial Year of 2022-23. The Commission notes that for each Relevant Financial Year, a revised set of guidelines and proforma Excel template will need to be published, to account for the roll-over of a financial year.

1.1 Summary of Information Requirements

For those Councils going through the scheme in 2022-23, by 1 August 2022, the following existing (2021-22) information is required:

Table 1: Provision of Existing Information

Relevant Financial Year	Existing information
2022-23	<ul style="list-style-type: none"> ▶ Completed proforma Excel template data tab '<i>Historical & SMP 2021-22 (A)</i>' ▶ 2021-22 long-term financial plan (LTFP) and current Infrastructure & Asset Management Plan (IAMP) document. ▶ 2021-22 CEO financial sustainability report. ▶ Audit Committee review of 2021-22 LTFP and current IAMP. ▶ Information on approach to assessing performance relative to LTFPs and IAMPs. ▶ Information on approach to assessing and accounting for residents' ability to finance plans. ▶ Information on consultation process for LTFPs and IAMPs

Subsequent to the provision of the above existing information, the following revised (2022-23) information is required by 30 September 2022:

Table 2: Provision of Revised Information

Relevant Financial Year	Revised information
2022-23	<ul style="list-style-type: none"> ▶ Completed proforma Excel template tab '<i>Historical & SMP 2022-23 (B)</i>' ▶ Draft 2022-23 LTFP and IAMP document. ▶ Reasons for any material variations identified in the draft 2022-23 LTFP and IAMPs versus 2021-22 documents. ▶ Any other material considered relevant.

2 Provision of Qualitative Information

2.1 Provision of Existing Documentation

The following existing documentation should be provided to the Commission in the format that is in use at Councils:

- ▶ 2021-22 LTFP and current IAMP document (by 1 August 2022)
- ▶ 2021-22 CEO financial sustainability report (by 1 August 2022)
- ▶ Audit Committee review of 2021-22 LTFP and current IAMP (by 1 August 2022)
- ▶ Draft 2022-23 LTFP and IAMP document (by 30 September 2022)

Where individual IAMPs exist for asset groups, rather than in a single consolidated IAMP document, the individual IAMPs should be provided.

If any of the above documentation is not available, a statement explaining why should be provided.

2.2 Provision of further Qualitative Information

The following further qualitative information is sought from Councils:

- ▶ Information on approach to assessing performance relative to LTFPs and IAMPs (by 1 August 2022)
- ▶ Information on approach to assessing and accounting for residents' ability to finance plans (by 1 August 2022)
- ▶ Information on the councils' consultation process for LTFPs and IAMPs (by 1 August 2022)
- ▶ Reasons for any material variations identified in the draft 2022-23 LTFP and IAMPs versus 2021-22 documents (by 30 September 2022)
- ▶ Any other material considered relevant (by 30 September 2022)

The format of the above information has not been specified by the Commission. Councils should provide sufficient information to allow the Commission to understand their approach to dealing with the above issues. This may be in the form of internal reports; management information; external publications to stakeholders; extracts from minutes of Council meetings; or in a written statement to the Commission.

To the extent that any, or all, of the above issues have not been considered by a Council, a statement explaining why should be provided.

3 Provision of Quantitative Information

3.1 Proforma Template

A proforma template has been developed to aid the consistent collection of the minimum level of quantitative information required to operate the scheme. The template mirrors the format of information already published by Councils in their Annual Financial Statements. These should be consistent with the Model Financial Statements¹, approved annually by the Minister for Local Government, and published on the LGA website. As such, all line-item definitions used in the template should be considered as consistent with those published in the notes to the Model Financial Statements.

The template is based on a Relevant Financial Year of 2022-23, and comprises two data collection tabs, as follows:

- Historical and SMP 2021-22 (A)
- Historical and SMP 2022-23 (B)

The tabs are identical in format in terms of the lines of data being collected. The difference between the tabs simply being that tab *Historical and SMP 2022-23 (B)* seeks to collect data from one year later than tab A. This results in an additional year of actual data being sought, together with revised forecast data for the LTFP period.

3.2 Time Period of Analysis

The Commission requires data sets that run from 2007-08 to the latest actuals, then forward for ten further years, this being the minimum forecast period that Councils are obliged to forecast in their LTFPs.

¹ The 2021 Model Financial Statements are available: <https://www.agd.sa.gov.au/sites/default/files/lga-2021-model-financial-statements.pdf>

4 Detailed Guidance - Completion of *Historical & SMP 2021-22 (A)*

4.1 Structure of Tab

This tab comprises of five sections, as follows:

- Key data (lines 5 to 7)
- Extract from Statement of Comprehensive Income (lines 9 to 33)
- Extract from Analysis of Rates Revenue, per Financial Statements Note 2 (lines 35 to 57)
- Extract from Statement of Financial Position (lines 64 to 111)
- Extract from Statement of Cash Flows (lines 123 to 172)

Detailed guidance covering the population of data into each of these sections is provided below.

4.2 Detailed Requirements – Key Data

Two key pieces of statistical information are required for each year of the analysis period (to be inserted at lines 5 and 7), as follows:

- *Rateable properties*: for actual data (columns D to P), Councils should provide actuals in the relevant cells. For forecast data (columns Q to AA), Councils should provide the forecasts from the assumptions that underpinned the development of the 2021-22 LTFP.
- *Council staff – FTE basis*: for actual data (columns D to P), Councils should provide actuals in the relevant cells. These should be consistent with the number of FTEs reported in Note 3 of the published Financial Statements for the relevant financial year. For forecast data (columns Q to AA), Councils should provide the forecasts from the assumptions that underpinned the development of the 2021-22 LTFP.

4.3 Detailed Requirements - extract from Statement of Comprehensive Income

The data collection template (at lines 9 to 33) replicates the format of the 2021 Model Financial Statements *Statement of Comprehensive Income* (to Operating Surplus/Deficit), as follows:

Statement of Comprehensive Income	Time series data from 2007-08 to final year of the LTFP	
<u>Income</u>		
Rates		
Statutory charges		
User charges		
Grants, subsidies, and contributions		
Investment income		
Reimbursements		
Other income		
Net gain – equity accounted Council businesses		
Total income		
Rates		
Other revenue		
Total income		
<u>Expenses</u>		
Employee costs		
Materials, contracts, and other expenses		
Depreciation, amortisation, and impairment		
Finance costs		
Net loss – equity accounted Council businesses		
Total expenses		
Operating surplus/(deficit)		

For actuals (columns D to P), all data should be consistent with that reported in the published Financial Statements for the relevant financial year. For forecasts (columns Q to AA), all data should be consistent with the published 2021-22 LTFP.

4.4 Detailed Requirements – extract from Analysis of Rates Revenue, per Financial Statements Note 2

The data collection template (at lines 35 to 57) replicates the format of the 2021 Model Financial Statements *Note 2 – Income – Rates Revenue*, as follows:

Analysis of Rates Revenue (Per Financial Statements Note 2)	Time series data from 2007-08 to final year of the LTFP	
<u>General rates</u>		
General rates		
Less: Mandatory rebates		
Less: Discretionary rebates, remissions, and write-offs		
Total general rates		
<u>Other rates (including service charges)</u>		
Natural resource management levy		
Waste collection		
Water supply		
Community wastewater management systems		
Separate and special rates		
Electricity supply		
Total other rates		
<u>Other charges</u>		
Penalties for late payment		
Legal and other costs recovered		
Total other charges		
Less: Discretionary rebates, remissions, and write-offs		
Total rates revenue		

For actuals (columns D to P), all data should be consistent with that reported in the published Financial Statements for the relevant financial year. For forecasts (columns Q to AA), all data should be consistent with the published 2021-22 LTFP.

4.5 Detailed Requirements – extract from Statement of Financial Position

The data collection template (at lines 64 to 111) replicates the format of the 2021 Model Financial Statements *Statement of Financial Position*, as follows:

Statement of Financial position	Time series data from 2007-08 to final year of the LTFP	
<u>Current assets</u>		
Cash and cash equivalents		
Trade and other receivables		
Other financial assets		
Inventories		
Non-current assets held for sale		
Total current assets		
<u>Non-current assets</u>		
Financial assets		
Equity accounted investments in council businesses		
Investment property		
Infrastructure, property, plant, and equipment		
Other non-current assets		
Total non-current assets		
Total assets		
<u>Current liabilities</u>		
Trade and other payables		
Borrowings		
Provisions		
Other current liabilities		
Liabilities relating to non-current assets held for sale		
Total current liabilities		
<u>Non-current liabilities</u>		
Trade and other payables		
Borrowings		
Provisions		

Statement of Financial position	Time series data from 2007-08 to final year of the LTFP	
Liability – equity accounted council businesses		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities: Trade and other payables		
Total liabilities: Borrowings		
Total liabilities: Provisions		
Total liabilities: Other		
Total liabilities		
Net assets		
Equity		
Accumulated surplus		
Asset revaluation reserve		
Other reserves		
Total equity		

For actuals (columns D to P), all data should be consistent with that reported in the published Financial Statements for the relevant financial year. For forecasts (columns Q to AA), all data should be consistent with the published 2021-22 LTFP.

4.6 Detailed Requirements – extract from Statement of Cash Flows

The data collection template (at lines 123 to 172) replicates the format of the 2021 Model Financial Statements *Statement of Cash Flows*, as follows:

Statement of Cash Flows	Time series data from 2007-08 to final year of the LTFP	
<u>Cash flows from operating activities</u>		
<u>Receipts</u>		
Rates – general and other		
Fees and other charges		
User charges		
Investment receipts		
Grants utilised for operating purposes		
Reimbursements		
Other revenues		
<u>Payments</u>		
Employee costs		
Materials, contracts, and other expenses		
Finance payments		
Net cash provided by (or used in) operating activities		
<u>Cash flows from investing activities</u>		
<u>Receipts</u>		
Amounts specifically for new or upgraded assets		
Sale of replaced assets		
Sale of surplus assets		
Sale of investment property		
Net disposal of investment securities		
Sale of real estate developments		
Repayments of loans by community groups		
Distributions received from equity accounted council businesses		
<u>Payments</u>		
Expenditure on renewal/replacement of assets		
Expenditure on new/upgraded assets		
Purchase of investment property		
Net purchase of investment securities		

Statement of Cash Flows	Time series data from 2007-08 to final year of the LTFP	
Development of real estate for sale		
Loans made to community groups		
Capital contributed to equity accounted council businesses		
Net cash provided by (or used in) investing activities		
<u>Cash flows from financing activities</u>		
<u>Receipts</u>		
Proceeds from borrowings		
Proceeds from aged care facility deposits		
<u>Payments</u>		
Repayment of borrowings		
Repayment of principal portion of lease liabilities		
Repayment of aged care facility deposits		
Net cash provided by (or used in) financing activities		
Net increase/decrease in cash held		
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period		

For actuals (columns D to P), all data should be consistent with that reported in the published Financial Statements for the relevant financial year. For forecasts (columns Q to AA), all data should be consistent with the published 2021-22 LTFP.

5 Detailed Guidance - Completion of *Historical & SMP 2022-23 (B)*

5.1 Structure of Tab

This tab replicates the format of the *Historical & SMP 2021-22 (A)* tab, and comprises of five sections, as follows:

- Key data (lines 5 to 7)
- Extract from Statement of Comprehensive Income (lines 9 to 33)
- Extract from Analysis of Rates Revenue, per Financial Statements Note 2 (lines 35 to 57)
- Extract from Statement of Financial Position (lines 64 to 111)
- Extract from Statement of Cash Flows (lines 123 to 172)

Note: all line numbers and definitions are identical across both tabs.

All of the actual data covering the 2007-08 to 2019-20 period (columns D to P) will pre-populate from the *Historical & SMP 2021-22 (A)* tab. The key inputs here are as follows:

- Collection of 2020-21 actual financial data (column Q)
- Collection of revised 2022-23 LTFP data for the period 2021-22 to 2031-32 (columns R to AB)

Note that an additional column (AB) has been added, reflecting that the revised 2022-23 LTFP will have moved on by one year, and a further year of forecast data (reflecting 2031-32) is now required.

Detailed guidance covering the population of data into each of these sections is provided below.

5.2 Detailed Requirements – Key Data

Two key pieces of statistical information are required for each year of the analysis period (to be inserted at lines 5 and 7), as follows:

- *Rateable properties*: for actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data should be provided at column Q. Data from the assumptions underpinning the revised 2022-23 LTFP should be provided at columns R to AB.
- *Council staff – FTE basis*: for actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data should be provided at column Q, consistent with the number of FTEs reported in Note 3 of the published 2020-21 Financial Statements. Data from the assumptions underpinning the revised 2022-23 LTFP should be provided at columns R to AB.

5.3 Detailed Requirements - extract from Statement of Comprehensive Income

As before, the data collection template (at lines 9 to 33) replicates the format of the 2021 Model Financial Statements *Statement of Comprehensive Income* (to Operating Surplus/Deficit).

For historic actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data, consistent with the published 2020-21 Financial Statements, should be provided at column Q. Data consistent with the revised 2022-23 LTFP should be provided at columns R to AB.

5.4 Detailed Requirements – extract from Analysis of Rates Revenue, per Financial Statements Note 2

As before, the data collection template (at lines 35 to 57) replicates the format of the 2021 Model Financial Statements *Note 2 – INCOME – RATES REVENUES*.

For historic actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data, consistent with the published 2020-21 Financial Statements, should be provided at column Q. Data consistent with the revised 2022-23 LTFP should be provided at columns R to AB.

5.5 Detailed Requirements – extract from Statement of Financial Position

As before, the data collection template (at lines 64 to 111) replicates the format of the 2021 Model Financial Statements *Statement of Financial Position*.

For historic actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data, consistent with the published 2020-21 Financial Statements, should be provided at column Q. Data consistent with the revised 2022-23 LTFP should be provided at columns R to AB.

5.6 Detailed Requirements – extract from Statement of Cash Flows

As before, the data collection template (at lines 123 to 172) replicates the format of the 2021 Model Financial Statements *Statement of Cash Flows*.

For historic actual data (columns D to P), the template will pre-populate from the *Historical & SMP 2021-22 (A)* tab. 2020-21 actual data, consistent with the published 2020-21 Financial Statements, should be provided at column Q. Data consistent with the revised 2022-23 LTFP should be provided at columns R to AB.



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444

E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au