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RATES

# Local Government Rates Oversight Scheme

Schedule of Councils

March 2022

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## Glossary of terms

ABS	Australian Bureau of Statistics
ACLG	Australian Classification of Local Governments
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
LGA	Local Government Association
LGRA	Local Government Regional Association

# 1 Background

The *Statutes Amendment (Local Government Review) Act 2021* brings into effect a council rates oversight scheme (**the scheme**), by effecting amendments to the *Local Government Act 1999*, with the local government rates oversight provisions commencing from 30 April 2022.

The *designated authority* administers the scheme. In the absence of a specific person or body being identified, this defaults to the Essential Services Commission of South Australia (**Commission**). As matters currently stand, the Commission will undertake this role.

To implement the first cycle of the scheme, the 68 South Australian councils are to be split across a four-year Prescribed Period.<sup>1</sup> This forms the Schedule of Councils. The legislative framework in the *Statutes Amendment (Local Government Review) Act 2021*, does not provide any guidance on what this should be, leaving it to the Commission's discretion as the designated authority implementing the scheme.

Table 1 in Chapter 2 provides the Schedule of Councils that the Commission has developed for the local government rates oversight scheme for a four-year Prescribed Period, starting 2022-23 and ending in 2025-26. Chapter 3 details the methodology used to arrive at the Schedule of Councils.

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<sup>1</sup> A Regulation is due to set the Prescribed Period to four years.

## 2 Schedule of Councils

The Schedule of Councils for the local government rates oversight scheme for a four-year Prescribed Period, starting 2022-23 and ending in 2025-26 is:

Table 1: Schedule of Councils

2022-23	2023-24	2024-25	2025-26
<b>Urban Development &amp; Urban City Centre</b>			
Burnside	Marion	Adelaide	Holdfast Bay
Prospect	Mitcham	Campbelltown	Norwood, Payneham & St Peters
Salisbury	Walkerville	Charles Sturt	Port Adelaide Enfield
West Torrens		Gawler	Tea Tree Gully
		Unley	
<b>Urban Fringe</b>			
Adelaide Hills	Onkaparinga	Alexandrina	Barossa
	Playford		
<b>Urban Regional</b>			
Murray Bridge	Roxby Downs	Mount Barker	Coober Pedy
Port Lincoln	Victor Harbor	Mount Gambier	Port Augusta
	Whyalla		
<b>Rural Agricultural: Small &amp; Medium</b>			
Barunga West	Karoonda East Murray	Elliston	Ceduna
Cleve	Kimba	Flinders Ranges	Mount Remarkable
Franklin Harbour	Northern Areas	Orroroo Carrieton	Peterborough
Goyder	Robe	Tumby Bay	Southern Mallee
Kingston		Wudinna	Streaky Bay
<b>Rural Agricultural: Large &amp; Very Large</b>			
Adelaide Plains	Clare & Gilbert Valleys	Coorong	Berri Barmera
Mid Murray	Grant	Loxton Waikerie	Copper Coast
Wattle Range	Light	Port Pirie	Kangaroo Island
Yankalilla	Lower Eyre Peninsula	Tatiara	Naracoorte Lucindale
Yorke Peninsula	Renmark Paringa		Wakefield

## 3 Development of the schedule

### 3.1 Approaches considered

The Commission considered that there were two overarching approaches to developing the Schedule, either a random draw, or through developing a representative sample. If it were the case that the 68 South Australian councils were similar in terms of, for example, geographic area covered, demographics, relative wealth and income, and service portfolios provided, a random draw approach might be appropriate. This, however, is not the case, as South Australian councils are diverse.

As an example, this diversity is reflected in the Australian Classification of Local Governments (ACLG) categories, determined by the Australian Bureau of Statistics (ABS). This classifies all Australian councils, based upon population and population density, into 22 different categories. In terms of South Australian councils, 16 of these categories are relevant, the split being as follows:

Table 2: Number and distribution of South Australian Councils per relevant ACLG category<sup>2</sup>

ACLG Category	ACLG Code	Number of Councils	%
Urban - Capital city	UCC	1	1%
Urban - Metropolitan Developed - Small	UDS	3	4%
Urban - Metropolitan Developed - Medium	UDM	7	10%
Urban - Metropolitan Developed - Large	UDL	2	3%
Urban - Metropolitan Developed - Very large	UDV	3	4%
Urban - Regional Town/City - Small	URS	8	12%
Urban - Regional Town/City - Medium	URM	1	1%
Urban - Fringe - Small	UFS	2	3%
Urban - Fringe - Medium	UFM	1	1%
Urban - Fringe - Large	UFL	1	1%
Urban - Fringe - Very large	UFV	1	1%
Rural - Significant Growth	RSG	1	1%
Rural - Agricultural - Small	RAS	10	15%
Rural - Agricultural - Medium	RAM	9	13%
Rural - Agricultural - Large	RAL	11	16%
Rural – Agricultural - Very large	RAV	7	10%
<b>Total</b>		<b>68</b>	<b>100%<sup>3</sup></b>

<sup>2</sup> Data extracted from the 2019-20 South Australian Local Government Grants Commission data tables.

<sup>3</sup> Total percentage does not cast to 100% due to rounding.

## 3.2 Preferred approach

Given this diverse mix, the Commission considered a representative sample approach to be favourable. This ensures that the sample of councils going through the scheme in each year is balanced and does not disproportionately focus on councils with certain characteristics in any year.

To obtain a representative sample, the following steps have been undertaken:

- ▶ **Step one:** Consolidate the distribution in Table 2 above, based on ACLG categories, so that it is more tractable.
- ▶ **Step two:** Account for Local Government Regional Associations (LGRAs).
- ▶ **Step three:** Account for financial performance variation across councils.

### 3.2.1 Step one: Consolidation and accounting for ACLG categories

Table 2 is consolidated into five categories by combining the relevant ACLG categories, as per Table 3:

Table 3: Consolidation and associated number, and distribution of relevant ACLG categories

Consolidated category	ACLG Codes	Number of Councils	%
Urban Development and Urban City Centre (UDUCC)	UCC, UDS, UDM, UDL, UDV	16	24%
Urban Fringe (UF)	UFS, UFM, UFL, UFV	5	7%
Urban Regional (UR)	URS, URM	9	13%
Rural Agriculture: Small and Medium (RASM)	RAS, RAM	19	28%
Rural Agriculture: Large and Very Large (RALVL)	RSG, RAL, RAV	19	28%
<b>Total</b>		<b>68</b>	<b>100%</b>

The objective of this step is that a similar distribution to Table 3 should apply to each year in the four-year period, while also accounting for the following factors.

### 3.2.2 Step two: Accounting for LGRAs

South Australia has six LGRAs, with 65 councils being a member of at least one of these<sup>4</sup>, based on the Commission's understanding. These are as follows, including current council membership.

<sup>4</sup> Coober Pedy, Port Augusta, and Roxby Downs are not members of any LGRA, while Adelaide Hills appears to be a member of two.



Table 4: LGRAs and membership in South Australia

LGRA	Code	No of Councils <sup>5</sup>
Eyre Peninsula Local Government Association	EPLGA	11
Greater Adelaide Regional Organisation of Councils	GAROC	19
Limestone Coast LGA	LCLGA	7
Legatus Group	LG	15
Murraylands and Riverland LGA	MRLGA	8
Southern and Hills LGA	SHLGA	6

In addition to each year of the four-year period having a similar distribution to that in Table 3, each year must also meet the allocation requirement in Table 5 below:

Table 5: LGRA allocation requirement

LGRA	Allocation requirement
Eyre Peninsula LGA	No less than two EPLGA councils per year for the four-year period.
Greater Adelaide Regional Organisation of Councils	No less than four GAROC councils per year for the four-year period.
Limestone Coast LGA	No less than one LCLGA council per year for the four-year period.
Legatus Group	No less than three LG councils per year for the four-year period.
Murraylands and Riverland LGA	Two MRLGA councils per year for the four-year period.
Southern and Hills LGA	No less than one SHLGA council per year for the four-year period.

The reason for this is to ensure that no LGRA is disproportionately represented in any given year of the four-year period.

### 3.2.3 Step three: Accounting for financial performance variation across councils

To provide a simplistic proxy for the variation in councils' financial performance, the adjusted operating surplus ratio for 2019-20<sup>6</sup> for each council was ranked from highest to lowest. The top and bottom 16 councils were identified and the following allocation requirement applied:

- Four councils in the top 16, and four in the bottom 16, to be included in each year of the four-year period.

This ensures that a similar mix of councils, when measured in terms of operating surplus ratio performance, will be taken through the scheme in each of the four years of the first prescribed period.

<sup>5</sup> The addition of the number of councils gives 66. Taking off one, to account for Adelaide Hills being counted twice, and adding on three for the non-affiliated councils, gives a total of 68 councils.

<sup>6</sup> Data extracted from the South Australian Local Government Grants Commission data tables.

### 3.3 Resultant Schedule of Councils

The Schedule of Councils developed consistent with the requirements of steps one-to-three is provided in Chapter 2. Appendix 1 provides the underlying detail for each year separately.

## Appendix 1 Meeting the allocation requirements

2022-23 council listing

Council	Grouping	LGRA	Financial
Burnside	UDUCC	GAROC	
Prospect	UDUCC	GAROC	
Salisbury	UDUCC	GAROC	Top 16
West Torrens	UDUCC	GAROC	Top 16
Adelaide Hills	UF	GAROC/SHLGA	Bottom 16
Murray Bridge	UR	MRLGA	
Port Lincoln	UR	EPLGA	
Barunga West	RASM	LG	
Cleve	RASM	EPLGA	Top 16
Franklin Harbour	RASM	EPLGA	Top 16
Goyder	RASM	LG	
Kingston	RASM	LCLGA	Bottom 16
Adelaide Plains	RALVL	LG	
Mid Murray	RALVL	MRLGA	Bottom 16
Wattle Range	RALVL	LCLGA	
Yankalilla	RALVL	SHLGA	Bottom 16
Yorke Peninsula	RALVL	LG	

## 2022-23 grouping allocation

Council	Grouping	2022-23 Distribution	Sample Distribution
Urban Development and Urban City Centre	UDUCC	24%	24%
Urban Fringe	UF	6%	7%
Urban Regional	UR	12%	13%
Rural Agriculture: Small and Medium	RASM	29%	28%
Rural Agriculture: Large and Very Large	RALVL	29%	28%

## 2022-23 LGRA allocation

LGRA	Code	2022-23 Allocation	Allocation Requirement
Eyre Peninsula LGA	EPLGA	3	≥ 2 councils
Greater Adelaide Regional Organisation of Councils	GAROC	4	≥ 4 councils
Limestone Coast LGA	LCLGA	2	≥ 1 council
Legatus Group	LG	4	≥ 3 councils
Murraylands and Riverland LGA	MRLGA	2	= 2 councils
Southern and Hills LGA	SHLGA	1	≥ 1 council

## 2022-23 financial performance allocation

	2022-23 Allocation	Allocation Requirement
Top 16	4	= 4
Bottom 16	4	= 4

## 2023-24 council listing

Council	Grouping	LGRA	Financial
Marion	UDUCC	GAROC	Top 16
Mitcham	UDUCC	GAROC	
Walkerville	UDUCC	GAROC	
Onkaparinga	UF	GAROC	Bottom 16
Playford	UF	GAROC	
Roxby Downs	UR	None	Top 16
Victor Harbor	UR	SHLGA	
Whyalla	UR	EPLGA	
Karoonda East Murray	RASM	MRLGA	Bottom 16
Kimba	RASM	EPLGA	Top 16
Northern Areas	RASM	LG	
Robe	RASM	LCLGA	
Clare & Gilbert Valleys	RALVL	LG	Bottom 16
Grant	RALVL	LCLGA	
Light	RALVL	LG	Top 16
Lower Eyre Peninsula	RALVL	EPLGA	
Renmark Paringa	RALVL	MRLGA	Bottom 16

2023-24 grouping allocation

Council	Grouping	2023-24 Distribution	Sample Distribution
Urban Development and Urban City Centre	UDUCC	18%	24%
Urban Fringe	UF	12%	7%
Urban Regional	UR	18%	13%
Rural Agriculture: Small and Medium	RASM	24%	28%
Rural Agriculture: Large and Very Large	RALVL	29%	28%

2023-24 LGRA allocation

LGRA	Code	2023-24 Allocation	Allocation Requirement
Eyre Peninsula LGA	EPLGA	3	≥ 2 councils
Greater Adelaide Regional Organisation of Councils	GAROC	5	≥ 4 councils
Limestone Coast LGA	LCLGA	2	≥ 1 council
Legatus Group	LG	3	≥ 3 councils
Murraylands and Riverland LGA	MRLGA	2	= 2 councils
Southern and Hills LGA	SHLGA	1	≥ 1 council

2023-24 financial performance allocation

	2023-24 Allocation	Allocation Requirement
Top 16	4	= 4
Bottom 16	4	= 4

## 2024-25 council listing

Council	Grouping	LGRA	Financial
Adelaide	UDUCC	GAROC	Bottom 16
Campbelltown	UDUCC	GAROC	Top 16
Charles Sturt	UDUCC	GAROC	
Gawler	UDUCC	GAROC	
Unley	UDUCC	GAROC	Top 16
Alexandrina	UF	SHLGA	
Mount Barker	UR	SHLGA	
Mount Gambier	UR	LCLGA	
Elliston	RASM	EPLGA	Bottom 16
Flinders Ranges	RASM	LG	Bottom 16
Orroroo Carrieton	RASM	LG	Top 16
Tumby Bay	RASM	EPLGA	Bottom 16
Wudinna	RASM	EPLGA	
Coorong	RALVL	MRLGA	Top 16
Loxton Waikerie	RALVL	MRLGA	
Port Pirie	RALVL	LG	
Tatiara	RALVL	LCLGA	

2024-25 grouping allocation

Council	Grouping	2024-25 Distribution	Sample Distribution
Urban Development and Urban City Centre	UDUCC	29%	24%
Urban Fringe	UF	6%	7%
Urban Regional	UR	12%	13%
Rural Agriculture: Small and Medium	RASM	29%	28%
Rural Agriculture: Large and Very Large	RALVL	24%	28%

2024-25 LGRA allocation

LGRA	Code	2024-24 Allocation	Allocation Requirement
Eyre Peninsula LGA	EPLGA	3	≥ 2 councils
Greater Adelaide Regional Organisation of Councils	GAROC	5	≥ 4 councils
Limestone Coast LGA	LCLGA	2	≥ 1 council
Legatus Group	LG	3	≥ 3 councils
Murraylands and Riverland LGA	MRLGA	2	= 2 councils
Southern and Hills LGA	SHLGA	2	≥ 1 council

2024-25 financial performance allocation

	2024-25 Allocation	Allocation Requirement
Top 16	4	= 4
Bottom 16	4	= 4



## 2025-26 council listing

Council	Grouping	LGRA	Financial
Holdfast Bay	UDUCC	GAROC	Bottom 16
Norwood, Payneham & St Peters	UDUCC	GAROC	
Port Adelaide Enfield	UDUCC	GAROC	
Tea Tree Gully	UDUCC	GAROC	Top 16
Barossa	UF	LG	
Cooper Pedy	UR	None	
Port Augusta	UR	None	
Ceduna	RASM	EPLGA	Top 16
Mount Remarkable	RASM	LG	Bottom 16
Peterborough	RASM	LG	
Southern Mallee	RASM	MRLGA	
Streaky Bay	RASM	EPLGA	Bottom 16
Berri Barmera	RALVL	MRLGA	
Copper Coast	RALVL	LG	Top 16
Kangaroo Island	RALVL	SHLGA	
Naracoorte Lucindale	RALVL	LCLGA	Top 16
Wakefield	RALVL	LG	Bottom 16

2025-26 grouping allocation

Council	Grouping	2025-26 Distribution	Sample Distribution
Urban Development and Urban City Centre	UDUCC	24%	24%
Urban Fringe	UF	6%	7%
Urban Regional	UR	12%	13%
Rural Agriculture: Small and Medium	RASM	29%	28%
Rural Agriculture: Large and Very Large	RALVL	29%	28%

2025-26 LGRA allocation

LGRA	Code	2025-26 Allocation	Allocation Requirement
Eyre Peninsula LGA	EPLGA	2	≥ 2 councils
Greater Adelaide Regional Organisation of Councils	GAROC	4	≥ 4 councils
Limestone Coast LGA	LCLGA	1	≥ 1 council
Legatus Group	LG	5	≥ 3 councils
Murraylands and Riverland LGA	MRLGA	2	= 2 councils
Southern and Hills LGA	SHLGA	1	≥ 1 council

2025-26 financial performance allocation

	2025-26 Allocation	Allocation Requirement
Top 16	4	= 4
Bottom 16	4	= 4



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