

OFFICIAL



Advice

# Guideline



## Guideline for information provision under the Local Government Advice Scheme 2022-23

Version: LGAS 2022-23/2

AUGUST 2022

OFFICIAL

**Enquiries concerning this guideline 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: [advice@escosa.sa.gov.au](mailto:advice@escosa.sa.gov.au)  
Web: [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)

## Amendment record

Issue number	Commencement date	Pages
1	8 August 2022	13
2	10 August 2022	13

## Table of contents

1	Introduction .....	1
1.1	Local Government Advice Scheme.....	1
1.2	About this document .....	1
1.3	Annual Rollover .....	2
1.4	Input from Interested Parties .....	2
2	Information guidelines for Councils pursuant to 122(1e) of the Local Government Act 1999 .....	3
2.1	Summary of Information Requirements .....	3
2.2	Material Amendments .....	3
3	Non-Guideline information requirements .....	5
3.1	Summary of other Information requirements for councils .....	5
3.2	Data Collected by the Commission.....	6
3.3	Financial Indicators.....	7
3.4	Other Non-Financial Data.....	7
Appendix 1	Schedule of Councils .....	8
Appendix 2	Presentation of Data in the Financial Reporting Template.....	9
A2.1	Data from the Statement of Comprehensive Income .....	9
A2.2	Data from the Analysis of Rates Revenue.....	10
A2.3	Data from the Statement of Financial Position .....	11
A2.4	Data from the Statement of Cash Flows .....	13

# 1 Introduction

## 1.1 Local Government Advice Scheme

- 1.1.1 The Local Government Advice Scheme (**Advice Scheme**) came into operation on 30 April 2022 with amendments to the *Local Government Act 1999* (**the Act**). The State Government introduced the **Advice Scheme** to give ratepayers confidence that their council's rate levels are reasonable. It applies to all 68 councils in South Australia.
- 1.1.2 The first cycle of the **Advice Scheme** spans four-years (2022-23 to 2025-26), and the Commission has allocated different groups of councils to the Scheme each year. The **Commission's Fact Sheet - Local Government Advice Scheme - Schedule of Councils – August 2022** indicates which councils will be subject to the **Advice Scheme** in 2022-23, and which councils will be subject to the Scheme in subsequent years (2023-24 to 2025-26) (**Appendix 1** sets out the Schedule).

## 1.2 About this document

- 1.2.1 Under section 122(1e) of **the Act**, a council must, on or before 30 September in the relevant financial year for the council, provide to the Essential Services Commission (**Commission**), as the designated authority, with all relevant information on the following matters (the **Relevant Matters**) in accordance with guidelines determined by the **Commission** (if any):
- 1.2.1.1 material amendments made or proposed to be made to the council's long-term financial plan (**LTFP**) and infrastructure and asset management plan (**IAMP**) and the council's reasons for those amendments
  - 1.2.1.2 revenue sources outlined in the funding plan (being a component of the **LTFP**), and
  - 1.2.1.3 any other matter prescribed by the regulations.
- 1.2.2 Chapter 2 of this document sets out the information that councils must provide to the **Commission** in 2022-23 and by when, and are guidelines for the purposes of section 122(1e) of **the Act**. The **Commission** has carefully considered whether the information required is reasonable in terms of the relevant matters outlined in section 122(1e) of **the Act**, in determining the scope of the guidelines.
- 1.2.3 Chapter 3 of this document is for information purposes only and does not impose any binding legal obligations pursuant to section 122(1e) of **the Act**. The purpose of Chapter 3 is only to explain the general nature and scope of information that the Commission may separately require from councils using the other power to issue a written notice under section 122(1j) of **the Act**. Where the Commission forms the view that it does reasonably require information of that nature (or other information to assist it in the performance of its advisory function), the Commission will issue a written notice to a council under section 122(1j). That notice will require the council to give the Commission, within a time and in a manner stated in the notice (which must be reasonable), information in the council's possession that the Commission has identified as reasonably required for the performance of its functions.

### 1.3 Annual Rollover

- 1.3.1 The **Commission** will update this document for councils on a rolling financial year basis, with revised financial year dates and application to different groups of councils accordingly.
- 1.3.2 The main information requirements and timelines during the year should not change in subsequent years. However, the **Commission** may make updates to account for new information or other matters as the **Advice Scheme** progresses.

### 1.4 Input from Interested Parties

- 1.4.1 The **Commission** welcomes comments, discussion, or suggestions for amendments to this guideline from any interested party. Any contributions in this regard should be addressed to:

Essential Services Commission  
GPO Box 2605  
Adelaide SA 5001  
Telephone: (08) 8463 4444  
E-mail: [advice@escosa.sa.gov.au](mailto:advice@escosa.sa.gov.au)

## 2 Information guidelines for Councils pursuant to 122(1e) of the Local Government Act 1999

### 2.1 Summary of Information Requirements

- 2.1.1 Pursuant to this Guideline and section 122(1e) of **the Act**, by **30 September 2022**, a council must submit to the **Commission** the following information:
- 2.1.1.1 where available, a copy of the council's updated or draft **SMP** documents for 2022-23 (ie, the **LTFP** and **IAMP**)
  - 2.1.1.2 an explanation of material amendments made or proposed to be made to the council's **LTFP** and **IAMP** (as at the end of the 2021-22 financial year) and the Council's reasons for those amendments
  - 2.1.1.3 revenue sources outlined in the funding plan (being a component of the latest available version of the **LTFP**)
  - 2.1.1.4 any other relevant matter prescribed by the *Local Government (Financial Management) Regulations 2011* (see **Table 1** below), and
  - 2.1.1.5 any other material a council considers relevant to assist the Commission to perform its statutory scheme functions.

### 2.2 Material Amendments

- 2.2.1 Materiality is a relative term, determined by considering the qualitative (quality) and quantitative (amount) factors arising from an event. In general, councils should consider 'material amendments' to their **LTFP** and **IAMP** in the context of the changes and relevant circumstances. This will help the **Commission** to focus on key overarching targets and measures in its Advice, rather than on minor changes.
- 2.2.2 From a qualitative perspective, 'material amendments' would include adjusted or new spending, revenue sources or savings introduced into the Council's budget and forecasts. It would also include any influential changes in the assumptions underpinning the forecasts (eg, for asset depreciation, inflation, or growth).
- 2.2.3 From a quantitative perspective, the **Commission** generally considers 'material amendments' to be any difference to a forecast variable (eg, capital expenditure) for a single year of at least 10% from the previous forecast, and possibly between 5 and 10%, depending on the overall trend in the variable and reason for the variation. In some cases, lower differences which are repeated over consecutive years might also be considered 'material'.

Table 1: 2022-23 Information for the 2022-23 Scheme Year

2022-23 Information	Guidance for Councils
<ul style="list-style-type: none"> <li>▶ 2022-23 LTFP and IAMP documents.</li> </ul>	<p>The adopted <b>2022-23 LTFP</b> and <b>IAMP</b> (or latest versions) must be provided by councils, or latest draft versions endorsed by the Council, when final versions have not yet been adopted.</p> <p>(Note: The <b>IAMP</b> may be in multiple documents for some councils.)</p> <p>Councils should explain to the <b>Commission</b> their timeframe to adopt plans if they submit them in draft form.</p>
<ul style="list-style-type: none"> <li>▶ Material amendments made or proposed to be made to the council's <b>LTFP</b> and <b>IAMP</b> and the Council's reasons for those amendments.</li> </ul>	<p>A written statement explaining any material amendments (or providing reference in plans to these amendments) must be provided by the Council with appropriate supporting evidence (eg, from Council reports, briefing notes, minutes, letters or media releases).</p> <p>Refer to Clause 2.2 above for advice on what constitutes 'Material Amendments'.</p>
<ul style="list-style-type: none"> <li>▶ Revenue sources outlined in the funding plan (being a component of the <b>LTFP</b>).</li> </ul>	<p>Information on revenue sources could form an extract from the <b>LTFP</b>.</p> <p>Councils must also include appropriate supporting evidence for current and projected rate levels and other revenue sources, including, but not limited to:</p> <ul style="list-style-type: none"> <li>▶ internal briefings on revenue issues, if relevant</li> <li>▶ the updated Audit Review Committee report for the 2022-23 <b>LTFP</b>, if available, and</li> <li>▶ consultation outcome reports associated with rates or other revenue changes, if relevant.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Any other relevant matter prescribed by the Regulations or material a council considers relevant to assist the Commission to perform its statutory scheme functions</li> </ul>	<p>No specific format is prescribed for this information, if it is required, but sufficient information should be provided to convey meaningful understanding of the matter (eg, with Council reports, briefing notes, minutes, letters or media releases).</p>

### 3 Non-Guideline information requirements

This section is for **information only** and does not of itself create any legal obligations for councils to provide information to the Commission and any written notices must be issued to individual councils under section 122(1j) of **the Act**. However, this section of the guideline explains the general nature and scope of the Commission's other power to require the provision of information through written notices issued under section 122(1j) of **the Act**. Where the Commission forms the view that it does reasonably require information of that nature (or other information to assist it in the performance of its advisory function), the Commission will issue a written notice to a council under section 122(1j). That notice will require the council to give the Commission, within a time and in a manner stated in the notice (which must be reasonable), information in the council's possession that the Commission has identified as reasonably required for the performance of its functions.

#### 3.1 Summary of other Information requirements for councils

3.1.1 The Commission through the use of written notices under section 122(1j) of **the Act** will require the relevant councils for the 2022-2023 Scheme Year, to by **15 August 2022**, to provide the following information, current as at the end of the 2021-22 financial year (see **Table 2** below):

- 3.1.1.1 long-term financial plan (**LTFP**)
- 3.1.1.2 infrastructure and asset management plan (**IAMP**)
- 3.1.1.3 the CEO financial sustainability report and
- 3.1.1.4 the audit committee report for the **LTFP**.

**Table 2: Current Information for the 2022-23 Scheme Year**

2021-22 Information	Guidance for Councils
▶ <b>LTFP</b> and <b>IAMP</b> documents, current at the end of the 2021-22 financial year.	The <b>IAMP</b> may be in multiple documents for some councils.  Prepared in accordance with section 122(1a) of <b>the Act</b> .
▶ 2021-22 CEO financial sustainability report	CEO report (or statement), as generally published in the <b>LTFP</b> .  Prepared in accordance with section 122(4a) of <b>the Act</b> .
▶ 2021-22 Audit Committee Review of <b>LTFP</b> and <b>IAMP</b> , current at the end of the 2021-22 financial year.	The Audit Committee report, which reviews the <b>LTFP</b> (and <b>IAMP</b> as relevant) and its assumptions.  Prepared in accordance with section 126(4) of <b>the Act</b> .



- 3.1.2 The Commission through the use of written notices under section 122(1j) of the Act will require the relevant councils for the 2022-2023 Scheme Year, by **30 September 2022**, to provide the following information in relation to its 2022-23 LTFP (or draft LTFP) in a specified manner and form (see **Table 3** below).

**Table 3: 2022-23 Information for the 2022-23 Scheme Year**

2022-23 Information	Guidance for Councils
<p>► <b>Financial Reporting Template</b> completed with 2022-23 LTFP forecast data</p>	<p>Completion of an Excel-based the <b>Financial Reporting Template</b> with financial data from its 2022-23 LTFP (or draft LTFP) for 2021-22 and the forecast period 2022-23 to 2031-32.</p> <p>Instructions will be included within the <b>Financial Reporting Template</b>.</p> <p>Councils may also wish to verify the pre-populated history and forecast data from the previous year's LTFP (current as at the end of 2021-22) already entered by the <b>Commission</b> into the Template.</p>

## 3.2 Data Collected by the Commission

- 3.2.1 To reduce the burden on councils, the **Commission** has pre-populated a **Financial Reporting Template** for each council with historical information (from audited financial statements) and forecast information for the 2021-22 financial year (based on a council's 2021-22 LTFP).
- 3.2.2 The **Financial Reporting Template** includes data that extends back 10 years (from 2011-12) to the latest actuals, then forward for ten years for each LTFP (as at the end of 2021-22 and the available 2022-23 version), this being the minimum forecast period that councils must forecast in their plans.
- 3.2.3 The extent of information already collected by the **Commission** in relation to a council will be shown in the **Financial Reporting Template** provided to that council with any information request.<sup>1</sup> A council may choose to verify the pre-populated data and discuss any proposed amendments with the **Commission**.
- 3.2.4 The historical data already completed by the **Commission** (from 2011-12) helps it to establish a baseline from which to provide advice on the council's LTFP and IAMP forecasts, and revenue sources and rate levels.
- 3.2.5 **Appendix 2** sets out the presentation of the council financial statement data that is collected in the **Financial Reporting Template** for the relevant time periods. The presentation of line items mirrors the Annual Financial Statements for councils, consistent with the Model Financial Statements.<sup>2</sup>

<sup>1</sup> In accordance with section 122(1j) of the Act.

<sup>2</sup> The 2021 Model Financial Statements are available: <https://www.agd.sa.gov.au/documents/office-of-local-government/grants-commission/model-financial-statements-lga-2021.pdf>

### 3.3 Financial Indicators

- 3.3.1 The **Financial Reporting Template** automatically calculates the three main financial indicators on an annual basis to inform the **Scheme Advice**: the operating surplus ratio, the net financial liabilities ratio and the asset renewal funding ratio.
- 3.3.2 The formulas for these ratios are consistent with Note 15 on Financial Indicators in the Model Financial Statements (as referred to in the **Regulations**).<sup>3</sup>

### 3.4 Other Non-Financial Data

- 3.4.1 The **Financial Reporting Template** includes other non-financial data:
- 3.4.1.1 Number of rateable properties: The **Commission** has pre-populated historical data to 2020-21.
- 3.4.1.2 Number of council staff: Full-time equivalent (**FTE**) basis: The **Commission** has pre-populated historical data to 2020-21, obtained from the South Australian Local Government Grants Commission. The number of FTE is as of 30 June each year.

---

<sup>3</sup> Or Note 14 for some councils.

## Appendix 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	Cooper Pedy
Port Lincoln	Victor Harbor	Mount Gambier	Port Augusta
	Whyalla		
<b>Rural Agricultural: Small &amp; Medium</b>			
Barunga West	Karoonda East Murray	Elliston	Ceduna
Goyder	Kimba	Flinders Ranges	Mount Remarkable
Kingston	Northern Areas	Orroroo Carrieton	Peterborough
	Robe	Tumby Bay	Southern Mallee
	Cleve <sup>1</sup>	Wudinna	Streaky Bay
			Franklin Harbour <sup>2</sup>
<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

<sup>1</sup> The District Council of Cleve has been reallocated to year two of the scheme, to allow the council to focus on unavoidable repairs to its road infrastructure in 2022-23 resulting from a severe storm disaster that impacted 70 percent of its road network.

<sup>2</sup> The District Council of Franklin Harbour has been reallocated to year four of the scheme, to allow the Council to focus on unavoidable repairs to its road infrastructure in 2023-23 and 2023-24 resulting from Cyclone Tiffany.

## Appendix 2 Presentation of Data in the Financial Reporting Template

### A2.1 Data from the Statement of Comprehensive Income

The **Financial Reporting Template** (at rows 10-34) 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 2011-12 to final year of the LTFP	
<b><u>Income</u></b>		
Rates		
Statutory charges		
User charges		
Grants, subsidies, and contributions		
Investment income		
Reimbursements		
Other income		
Net gain – equity accounted Council businesses		
<b>Total income</b>		
Rates		
Other revenue		
<b>Total income</b>		
<b><u>Expenses</u></b>		
Employee costs		
Materials, contracts, and other expenses		
Depreciation, amortisation, and impairment		
Finance costs		
Net loss – equity accounted Council businesses		
<b>Total expenses</b>		
<b>Operating surplus/(deficit)</b>		

## A2.2 Data from the Analysis of Rates Revenue

The **Financial Reporting Template** (at rows 36-58) 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 2011-12 to final year of the LTFP (for the 2021-22 and 2022-23 LTFPs separately)	
<b><u>General rates</u></b>		
General rates		
Less: Mandatory rebates		
Less: Discretionary rebates, remissions, and write-offs		
<b>Total general rates</b>		
<b><u>Other rates (including service charges)</u></b>		
Natural resource management levy		
Waste collection		
Water supply		
Community wastewater management systems		
Separate and special rates		
Electricity supply		
<b>Total other rates</b>		
<b><u>Other charges</u></b>		
Penalties for late payment		
Legal and other costs recovered		
<b>Total other charges</b>		
Less: Discretionary rebates, remissions, and write-offs		
<b>Total rates revenue</b>		

### A2.3 Data from the Statement of Financial Position

The **Financial Reporting Template** (at rows 65-112) replicates the format of the 2021 Model Financial Statements *Statement of Financial Position*, as follows:

Statement of Financial position	Time series data from 2011-12 to final year of the LTFP (for the 2021-22 and 2022-23 LTFPs separately)	
<b><u>Current assets</u></b>		
Cash and cash equivalents		
Trade and other receivables		
Other financial assets		
Inventories		
Non-current assets held for sale		
<b>Total current assets</b>		
<b><u>Non-current assets</u></b>		
Financial assets		
Equity accounted investments in council businesses		
Investment property		
Infrastructure, property, plant, and equipment		
Other non-current assets		
<b>Total non-current assets</b>		
<b>Total assets</b>		
<b><u>Current liabilities</u></b>		
Trade and other payables		
Borrowings		
Provisions		
Other current liabilities		
Liabilities relating to non-current assets held for sale		
<b>Total current liabilities</b>		
<b><u>Non-current liabilities</u></b>		
Trade and other payables		
Borrowings		

Statement of Financial position	Time series data from 2011-12 to final year of the LTFP (for the 2021-22 and 2022-23 LTFPs separately)	
Provisions		
Liability – equity accounted council businesses		
Other non-current liabilities		
<b>Total non-current liabilities</b>		
Total liabilities: Trade and other payables		
Total liabilities: Borrowings		
Total liabilities: Provisions		
Total liabilities: Other		
<b>Total liabilities</b>		
<b>Net assets</b>		
<b>Equity</b>		
Accumulated surplus		
Asset revaluation reserve		
Other reserves		
<b>Total equity</b>		

## A2.4 Data from the Statement of Cash Flows

The **Financial Reporting Template** (at rows 124-173) replicates the format of the 2021 Model Financial Statements *Statement of Cash Flows*, as follows:

Statement of Cash Flows	Time series data from 2011-12 to final year of the LTFP (for the 2021-22 and 2022-23 LTFPs separately)	
<b><u>Cash flows from operating activities</u></b>		
<b><u>Receipts</u></b>		
Rates – general and other		
Fees and other charges		
User charges		
Investment receipts		
Grants utilised for operating purposes		
Reimbursements		
Other revenues		
<b><u>Payments</u></b>		
Employee costs		
Materials, contracts, and other expenses		
Finance payments		
<b>Net cash provided by (or used in) operating activities</b>		
<b><u>Cash flows from investing activities</u></b>		
<b><u>Receipts</u></b>		
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		
<b><u>Payments</u></b>		
Expenditure on renewal/replacement of assets		
Expenditure on new/upgraded assets		
Purchase of investment property		



Statement of Cash Flows	Time series data from 2011-12 to final year of the LTFP (for the 2021-22 and 2022-23 LTFPs separately)	
Net purchase of investment securities		
Development of real estate for sale		
Loans made to community groups		
Capital contributed to equity accounted council businesses		
<b>Net cash provided by (or used in) investing activities</b>		
<b><u>Cash flows from financing activities</u></b>		
<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		
<b>Net cash provided by (or used in) financing activities</b>		
<b>Net increase/decrease in cash held</b>		
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period		



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](mailto:escosa@escosa.sa.gov.au) | W [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)