



CITY OF
ADELAIDE

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Dear Sir/Madam

Inquiry into the Local Government Costs and Efficiency – Methodology Paper

Thank you for providing the opportunity for City of Adelaide to respond to the Methodology Paper. We welcome the opportunity to improve our efficiency and effectiveness in delivery of services to our rate payers.

We are not in full agreement with the statement that rates have been increasing faster than inflation, and often our general rate increase is well below CPI. CoA uses an Assessed Annual Value to determine its rates each year, which is based on rental income and not capital value as used by other Councils in South Australia. It is also made up of two components, one being a general uplift in annual assessed values and the second coming from growth ie new developments, alterations and additions.

CoA incurs \$32m of foregone rate revenue through the provision of rebates and exemptions. Increased occupation of land by any of these rebate or exemption categories directly impacts on rate revenue such as increased footprint of University holdings.

A direct comparison with other metro Councils to determine efficiency may be misleading as being a Capital City Council, our service provision often extends to those outside its ratepayers catchment area. This is particularly evident in Council's support for key city events and activation activities such as the Adelaide Fringe, Supaloo500 and the various Christmas and New Year's Eve events extending beyond the event itself to the cost impact associated with the management of key infrastructure components that enable these activities. It is also evident in many of our community services such as the Aquatic Centre, Golf Course and Parklands.

As a Capital city, CoA has a larger role to play in economic/business attractiveness and tourism than other metropolitan Councils and this may distort the effectiveness of return of money invested.

Additionally, the cost for the provision of services in the CoA historically has proven to be greater than other constituent councils. This is largely associated



with the complexity associated with carrying out complex works within the CBD environment e.g. latent conditions due to the age and history of the area and meeting stakeholder needs, which often conflict with work requirements due to the diversity of enterprises. This will distort spend and require additional clarification and investigation.

The high level of Infrastructure spend in recent years by the State Government in its own initiatives will have impact on operational costs going forward. Notwithstanding the multitude of jointly funded projects, other projects include TramLink Upgrades, Torrens Junction trainline, Riverbank Precinct, Bowden Village redevelopment (within CoA), Kintore Avenue of Honour. The resulting gifted assets become the CoA's responsibility without an additional injection of income from the State Government to maintain its increasing costs to the CoA.

There is also a possibility that a pure efficiency or productivity measure will fail to capture qualitative impacts of service provision that are not purely output driven. This includes community social outcomes, attractiveness, wellbeing, sustainability and greening.

While benchmarking can be a useful indicator of relativity or highlight areas of concern, it should only be used as an indicator and much work needs to be done to ratify the data used, its relevance, removal of once off impacts. Interpretation of outcomes and recommendations needs time and attention which the current timetable may not provide sufficient time to input accordingly.

CoA is happy to provide qualifying information and additional input around the interpretation of any calculations or conclusions before any recommendations are made from this process.

Regards



Mark Goldstone
CEO

