

Draft Report on Local Government Costs and Efficiency Released

The South Australian Productivity Commission (SAPC) today released the draft report for its inquiry into local government costs and efficiency.

The Minister for Local Government has developed a 12-month plan for local government reform to improve councils' efficiency and effectiveness and restore community confidence in councils' decision making. The reform elements address:

- Stronger council member capacity and better conduct
- Efficient and transparent local government representation
- Lowering costs and enhanced financial accountability in the local government sector
- Simpler regulation.

The SAPC was asked by the South Australian Government in May 2019 to provide independent advice on the third element of the reform plan: lowering costs in the local government sector and enhancing councils' financial accountability.

This required the Commission to analyse the costs and efficiency of councils' operations and develop options to lower councils' costs, improve their efficiency and create the capacity to pass savings on to ratepayers.

The Commission received submissions from councils and professional associations in the local government sector, including the Local Government Association of South Australia, and engaged with a range of experts and local government professionals as part of its public engagement.

"I greatly appreciate the contribution and goodwill of all the participants in the inquiry to date," Dr Butlin said.

"Our draft report begins to set out some directions for reform in the local government sector, including actions that councils can take to enhance their efficiency and lower their costs for the benefit of their communities. I look forward to further discussion and input in this next round of the inquiry."

The SAPC is the South Australian Government's independent research and advisory body, charged with providing advice on opportunities to improve the accessibility, efficiency and quality of government services; facilitate structural change, and promote regional and ecologically sustainable development.

It provides the government with advice and recommendations based on evidence, rigorous analysis and impartial assessment.

BACKGROUND

- On 13 May 2019, the SAPC was asked to undertake to analyse the costs and efficiency of local government, with particular reference to the following:
 - Analyse the available information on local government costs and the key drivers of costs
 - Develop and analyse measures of local government efficiency and productivity
 - Identify mechanisms and indicators that could be used by the local government sector to measure and improve performance over time
 - Consider recent reforms in South Australia and other jurisdictions to policy, governance and management practices in the local government sector and their potential to improve council performance
 - Provide advice on possible options to guide and assist councils to improve efficiency and create capacity to pass on cost reductions to rate payers
 - Provide recommendations on actions by the South Australian Government to lower local government costs and enhance local government financial accountability.

DRAFT REPORT

- The Commission has released its draft report its inquiry. A copy of the draft report is available on the SAPC website at www.sapc.sa.gov.au
- The draft report gives interested participants an opportunity to comment on the SAPC's analysis, conclusions and draft recommendations and advices.
- The SAPC encourages input from participants, with a deadline for written submissions of 25 October 2019.

NEXT STEPS

- The Commission will consult further with stakeholders on the draft report's findings, draft recommendations and advice.
- The Commission will publish its final report in February 2020.

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