

Special Council Meeting Minutes

1 August 2018

Our Vision

*A City which values its heritage, cultural diversity,
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable
and socially cohesive, with a strong community spirit.*

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City of
Norwood
Payneham
& St Peters

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VENUE Council Chambers, Norwood Town Hall

HOUR 7.32pm

PRESENT

Council Members

Mayor Robert Bria
Cr Lucy Marcuccitti
Cr Christel Mex
Cr Connie Granozio
Cr Kevin Shepherdson (entered the meeting at 7.33pm)
Cr Mike Stock
Cr Carlo Dottore
Cr Kevin Duke
Cr Evonne Moore
Cr John Frogley
Cr John Minney
Cr Sue Whittington
Cr Paul Wormald

Staff

Mario Barone (Chief Executive Officer)
Peter Perilli (General Manager, Urban Services)
Carlos Buzzetti (General Manager, Urban Planning & Environment)
Lisa Mara (General Manager, Governance & Community Affairs)
Sharon Perkins (General Manager, Corporate Services)
Tina Zullo (Administration Officer, Governance & Community Affairs)

APOLOGIES Cr Garry Knoblauch

ABSENT Nil

**1. CONFIRMATION OF THE MINUTES OF THE SPECIAL COUNCIL MEETING HELD ON
17 JULY 2018**

Cr Shepherdson entered the meeting at 7.33pm.

Cr Minney moved that the minutes of the Special Council meeting held on 17 July 2018 be taken as read and confirmed. Seconded by Cr Dottore and carried unanimously.

2. STAFF REPORTS

2.1 LOCAL GOVERNMENT (RATES OVERSIGHT) AMENDMENT BILL 2018

REPORT AUTHOR: General Manager, Corporate Service
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/03893
ATTACHMENTS: A - G

PURPOSE OF REPORT

The purpose of this report is provide an overview of the *Local Government (Rates Oversight) Amendment Bill 2018* (the Bill) and to seek the Council's position on whether it supports or does not supports to the Bill.

BACKGROUND

The Council has considered the issue of rate capping on a number of occasions, the most recent being at its meeting held on 7 August 2017, when the Council re-affirmed its opposition to rate capping in any form.

The Council also endorsed and lodged a submission in response to the Parliamentary inquiry into rate capping which was conducted by the State Parliament Economic and Finance Committee in 2015. Mayor Bria and Council's Chief Executive Officer appeared before the Committee to present the Council's submission.

A copy of all the various Council reports which have been considered in respect to the issue of rate capping, including the Council's submission to the Economic and Finance Committee, are contained in **Attachment A**.

The State Government introduced the *Local Government (Rates Oversight) Amendment Bill 2018* (the Bill), to the House of Assembly on 20 June 2018 in line with the Liberal Party's election commitment to introduce rate capping legislation in the Parliament within their first 100 days of government. Rate capping is promoted by the State Government as a measure to ease cost of living pressures on households and businesses by slowing the rate of growth in Council's general rate revenue.

The Bill provides the framework for the establishment of;

- Primary Rate cap determinations;
- Variation Applications; and
- Monitoring and Reporting

The Essential Services Commission of South Australia (ESCOSA) will be responsible for determining the rate cap, assessing the variation applications to the Primary Cap and the reporting and monitoring of compliance with the system.

At the Local Government Association (LGA) Special General Meeting held on 13 July 2018, Members voted in favour of Councils reviewing the *Local Government (Rate Oversight) Amendment Bill 2018* and were requested to advise the LGA by Friday 3 August 2018 of the Council's endorsed position based on the following options:

- a) the Council supports the *Local Government (Rate Oversight) Amendment Bill 2018*; or
- b) the Council opposes the *Local Government (Rate Oversight) Amendment Bill 2018*.

Following the receipt of responses from Councils, a Special Meeting of the LGA Board will be held to consider the endorsed positions of Member Councils. As rate capping would impact Councils differently depending on size, the services which are offered (both variety and quality), budget and rate base; the LGA Board will consider the endorsed positions of Member Councils on the basis of both a 'one vote, one value' counting method and a weighted voting method (using the same weighting system which is applied at LGA General Meetings).

The Board will also use the following criteria to inform and resolve a position:

- a merits-based assessment of the proposed legislation;
- the best interests of the communities of South Australia and their confidence in the Local Government sector;
- current LGA policy positions and whether there is a mandate from Members for an amended policy to be adopted;
- potential impacts on the long-term financial sustainability of the Local Government sector, and how any negative impacts could be mitigated;
- potential amendments and concessions that are in the best interest of Councils and the community they serve;
- positions of political parties in the Legislative Council and the impact this would have on the outcomes that can feasibly be achieved through the parliamentary process; and
- the number of responses received and the number of Councils that did not participate in the voting process.

The LGA has requested that Councils provide advice on an endorsed position by Friday 3 August 2018, to enable the LGA Board to finalise a position and advise political parties of the Local Government's response in preparation for the spring session of Parliament when the Bill will be debated.

It is critical for the LGA Board's decision making process that all Councils indicate whether the Bill is supported, irrespective of any potential amendments and concessions which may ultimately take place during the Parliamentary process.

Once the Board has resolved a position on behalf of Local Government, the LGA has indicated it will use its best endeavours in the Parliament to secure an outcome which reflects Local Government's position and in the interests of the communities they serve.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Strategic Management Plan, *CityPlan 2030: Shaping Our Future*, provides the framework upon which the Council's Strategic Management Plans are developed. The Council's suite of Strategic Management Plans currently incorporates the *CityPlan 2030*, the Long Term Financial Plan (LTFP), the Infrastructure and Asset Management Plans and the Annual Business Plan and Budget.

Financial Sustainability is an ongoing objective of the Council, with the financial goal of the Council being a *City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner.*

In developing its financial plans, namely the Annual Business Plan or the 10 year Long-Term Financial Plan, the underlying premise is and will continue to be to ensure that the Council maintains the service standards for its services, programs and activities which support the delivery of the Strategic Objectives outlined in the Council's Strategic Management Plan *CityPlan 2030: Shaping Our Future* and that those services and initiatives receive appropriate funding, balanced with ensuring that the community does not face significant increases in their annual rates contribution through excessive rate revenue increases.

FINANCIAL AND BUDGET IMPLICATIONS

If passed, the Legislation is due to come into effect in the 2019-2020 Financial year. So while there are no impacts for the 2018-2019 financial year, depending on the *Primary Cap* which is set, there may be financial and budget impacts for future financial years and in turn the Council's ability to deliver on the objectives set out in *CityPlan 2030: Shaping Our Future* and the 2018-2028 Long-Term Financial Plan.

EXTERNAL ECONOMIC IMPLICATIONS

Rate revenue increases are required to continue to provide the various programs, services and asset management programs at the standard which the community expects. The introduction of a rate cap, may limit the Council's ability to meet those service standards the which the Community expects.

SOCIAL ISSUES

The Council's Rating Policy currently provides relief to eligible ratepayers through the setting of a minimum rate, automatic rate capping and remission and postponement of rates options.

In addition, the Council provides payment plan options to rate payers who are experiencing difficulty in meeting their financial obligations with respect to quarterly Rates Instalments.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

- **Elected Members**
The Council has considered the issue of rate capping on a number of occasions and its decisions are documented and contained in the minutes of the various meetings (refer to **Attachment A**).
- **Community**
Not Applicable
- **Staff**
Not Applicable
- **Other Agencies**
Not applicable

DISCUSSION

The Local Government (Rate Oversight) Amendment Bill 2018, establishes the framework for the Rate Capping System (the System) , which encompasses a *Primary Rate Cap* (the Rate Cap) plus the guidelines for applying for a variation to the Rate Cap and the reporting and monitoring mechanism to ensure compliance with the System.

It should be noted that the framework, sets the maximum increase in General Rate Revenue for any given year. The System, does not apply the Rate Cap to individual ratepayers contribution to rate revenue, as such, as with the current rating system, some ratepayers will have a rate increase that is greater than the Rate Cap and other ratepayers may have rate increases which are less than the Rate Cap.

The responsibility for administering the System will rest with the Essential Services Commission of South Australia (ESCOSA). ESCOSA will be responsible for determining the Rate Cap, assessing requests for variations to the Rate Cap and the reporting and monitoring of compliance to the System. To date, details of the guidelines which ESCOSA will use to determine the Rate Cap are yet to be developed however, ESCOSA has indicated that the objective is to have a Rate Cap that is easily understood, reliable, independent and transparent, with the suggested indices that may be applied being the Consumer Price Index (CPI), the Local Government Price Index (LGPI) or the State Government Fees and Charges Index, which is based on public sector wage increases and CPI. Details of the components of CPI and the LGPI are contained in **Attachment B**.

As with the application of any limit or cap on price increase, each of the suggested indices have arguments for and against in their use as appropriate indexation factors, however it can be argued that each of the indices are easily understood, reliable, independent, transparent and readily available.

The key elements of the Bill are summarised below:

Primary Rate Cap (Rate Cap)

- the Rate Cap will be determined by ESCOSA, not later than 31 December each year or by another date set by ESCOSA;
- the Rate Cap does not need to be linked to an index such as the Local Government Price Index (LGPI) or the Consumer Price Index (CPI);
- the Rate Cap may include an efficiency or productivity element;
- the Rate Cap applies to General Rates only, (i.e. Separate Rates such as the Parade Rate and the NRM Levy are not subject to the Rate Cap). However, the Council must advise ESCOSA by 31 October each year if the introduction of a Separate Rate or Fixed Charge is proposed;
- the Council's *Standard Capped Rate* for a specified financial year, must not exceed the *Base Standard Rate* by more than the Rate Cap, where the *Base Standard Rate* is the Council's annualised rate revenue divided by the number of rateable properties at the end of the base year; and
- the *Standard Capped Rate* is determined by dividing the Council's annualised rate revenue for the capped year by the number of rateable properties as at 1 July of the capped year (i.e. General Rate Revenue of \$34.982 million divided by 20,121 rateable properties equals a Standard Capped Rate of \$1,739) .

Rate Cap Variations

- applications for variations to the Rate Cap must be lodged with ESCOSA by 31 March of the year before the capped year (i.e. March 2019, for the 2019-2020 Financial year);
- a fee may be charged recover the costs of assessing a variation application;
- the Community must be consulted on the proposed variation to the Rate Cap;
- a Variation application must include:
 - the proposed varied rate cap and what years that the Council proposes that it applies to, up to a maximum of five (5) years;
 - the reasons for the variation;
 - the community engagement process the Council undertook, to inform and engage with the community on the proposed rate variation. The Council does not have to demonstrate community support for the variation is not required;
 - the likely impact of the proposed variation on ratepayers;
 - how the Council considered alternatives to the proposed rate variation, i.e. spending priorities, alternative funding sources etc.;
 - how the proposed variation represents value for money for the Council and its citizens and promotes efficient use of resources; and
 - how the proposed rate cap variation is consistent with the Council's Long Term Financial Plan and Asset and Infrastructure Management Plan
- Rate Cap Variations applications must be published on the Council's website.

It should be noted that details of the System are not defined or included in the Bill, as these are yet to be established by ESCOSA. For example, there is currently no detail provided on the final methodology/formula which will be used to determine how a price index will be established, and whether the Rate Cap will include any efficiency or productivity component within the index (i.e. the Rate Cap may be set at CPI less 0.1% as an efficiency or productivity factor). In addition, full details of the process to assess the variation applications, including potential application fees which councils will be required to pay, and the community consultation guidelines have yet to be determined. ESCOSA has indicated that an Issues Paper containing these details will be released in August 2018.

A copy of the Bill and accompanying explanatory paper, along with the Local Government Association's (LGA) analysis of the Bill outlining the broad issues that have been identified on behalf of the sector, are contained in **Attachment C**.

Impacts of Rate Capping

Research which has been undertaken by the University of Technology Sydney (UTS) indicates that there is little empirical evidence from an Australian perspective, to support the claims which have been made by the State Government about the purported advantages of rate capping, which are:

- restriction of coercive monopoly powers;
- limiting the provision of non-core services thus improving and enhancing financial sustainability; increased scrutiny (by the regulator) thereby reducing governance risk;
- reduced level of impost on local government tax payers; and
- increased efficiency by imposing a discipline on local government.

The research that is available provides evidence that rate capping will result in:

- higher levels of debt over time;
- lower level of infrastructure maintenance; and
- lower levels of inter-jurisdictional revenue effort equity (creating inequity in individual Councils' ability to raise revenue).

The research does not provide any evidence of improved levels of efficiency being associated with rate capping. A summary of the research which was presented at the Local Government Association (LGA) Special General Meeting held on 13 July 2018, is contained in **Attachment D**.

In addition, research undertaken by the LGA indicates that there is overwhelming evidence that shows rate capping is not an effective public policy. The New South Wales and Victorian experience has confirmed that rate capping:

- undermines local democracy, centralises decision making about Local Government rate revenue and shifts accountability from community representatives (i.e. the Council) to an unelected bureaucracy;
- limits councils' ability to provide local services – putting discretionary services at risk;
- leads to higher user pays fees, charges and fines;
- creates asset renewal and infrastructure backlogs; and
- does not make councils more efficient or financially sustainable – in fact council debt increases as councils struggle to meet community expectations.

A copy of the research which has been undertaken by the LGA is contained in **Attachment E**.

Under the proposed System which is contained in the Bill and applying it to this Council's situation, the Council would determine its *base rate*, which is calculated by dividing its annualised revenue by the number of rateable properties. Assuming the 2018-2019 Financial year as the base year, the Council's base rate would be \$1,713 (General Rate Revenue of \$34.129 million divided by 19,922 rateable properties). Assuming, a 2.5% increase in rate revenue (as per the Council's LTFP) and a 1% increase in the number of rateable properties, the Council's Standard Rate for 2019-2020 Financial year would be \$1,739 (General Rate Revenue of \$34.982 million divided by 20,121 rateable properties), with the increase on the base rate being 1.49% (\$1,713 increasing to \$1,739). Therefore, assuming 199 new rateable properties, for the Council to be worse off than the forecast set out in the LTFP, the Rate Cap would need to be set at a rate less than 1.49% for the 2019-2020 Financial year.

Alternatively, if the Rate Cap is set at less than 2.5%, the Council would require 100 new rateable properties for every half percent (0.5%) the Rate Cap is less than the Council forecast rate revenue growth of 2.5%.

The financial modelling which has been undertaken and, which is contained in **Attachment F**, is based the revenue growth as set out in the Council's 2018-2028 Long-term Financial Plan and predicted new assessment growth, which has been based on known building approvals and the average number of new assessment since 2010. A summary of the relationship between the Council's LTFP and the Proposed Rate Capping Systems is detailed in Table 1 below.

TABLE 1: RATE CAPPING AND THE 2018-2028 LONG TERM FINANCIAL PLAN

Financial Year	Rate Revenue Growth as per LTFP	Base Standard Rate	Growth in Rateable Properties	Minimum Primary Rate Cap
2019-2020	2.50%	1,739	1.0%	1.50%
2020-2021	2.50%	1,773	0.5%	2.00%
2021-2022	2.50%	1,809	0.5%	2.00%
2022-2023	2.50%	1,845	0.5%	2.00%
2023-2024	2.50%	1,883	0.4%	2.10%
2024-2025	2.50%	1,923	0.4%	2.10%
2025-2026	2.75%	1,968	0.4%	2.35%
2026-2027	2.75%	2,017	0.3%	2.45%
2027-2028	2.75%	2,066	0.3%	2.45%

As the standard base rate each year is dependent on the growth in the Council's new assessment's and annualise rate revenue, without knowing what the Rate Cap is, it is difficult to determine the future impact on the Council's revenue growth.

Essentially, under the proposed structure, the maximum increase in rate revenue which the Council can make each year is the Rate Cap plus the growth in the number of new assessments. As detailed in Table 2 below, if the Rate Cap is set at 2.5%, and the Council had new assessment growth of 1%, the Council could set a Rate revenue increase of 3.5% and the Standard Capped Rate would be within the Rate Cap.

TABLE 2 : PRIMARY CAP VERSUS RATE REVENUE INCREASE

Financial Year	Base Year	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Primary Cap		2.50%	2.50%	2.50%	2.50%	2.50%
Standard Base rate	\$1,713					
Standard Capped Rate		\$1,756	\$1,800	\$1,845	\$1,891	\$1,938
Assessment growth		1.00%	0.50%	0.50%	0.50%	0.40%
Number of Rateable Properties	19,922	20,121	20,221	20,322	20,423	20,503
Gross Revenue (\$millions)	\$34.130	\$35.329	\$36.393	\$37.488	\$38.616	\$39.736
Allowable Rate Revenue Increase		3.5%	3.0%	3.0%	3.0%	2.9%

As a result of this Council's sound fiscal management, particularly over the last Council term, on the assumption that the Rate Cap is set at a reasonable level (i.e. between 2 to 3%), the impact of the introduction of the Rate Capping system, will not place this Council under any undue pressure in the near future to reduce service levels as a result – all things being equal.

Having said that, there a number of other factors, beyond the impact on future revenues that need to be taken into account when determining if this Council supports the *Local Government (Rate Oversight) Amendment Bill 2018* or not.

The State Government has indicated that the intent of the *Local Government (Rate Oversight) Amendment Bill 2018*, is to ease the cost of living pressures on the community by slowing the rate of increase in Rates. In addition, at the LGA Special Meeting, the Minister for Local Government stated that Rate Capping is the first step in a reform package of Local Government to restore faith with the Community. Council Rates are a small portion of the household budget in comparison to other cost pressures which are imposed particularly through the cost of utilities (i.e. electricity, gas water), State Government Taxes and Charges such as the Emergency Services Levy, fuel and food and services. For the last term of this Council, the average annual increase for the Average Residential Rate payer has been \$24.25, which is not considered as a significant impost on the cost of living in comparison to other cost increase over the same period..

An advantage of rate capping that has been put forward by the State Government is the increased scrutiny of Local Government which results from the introduction of a Rate Cap. The provisions of the *Local Government Act 1999*, already provide for a high degree of disclosure and transparency in respect to the financial management of the Council and the provision of services (both quantity and quality). In addition, Local Government is the only level of Government which is required to consult with the community as part of the budget processes and prior to the setting of the Annual Budget and the rates payable. As such it is questionable that the introduction of a rate cap will provide any further increase in transparency of Local Government. Albeit, financial and budgetary discipline would still be required, particularly in the knowledge that this Council's rates are already significantly lower than that of other similar sized Councils.

Attachment G provides an outline of the potential amendments to the Bill and possible concessions drawn from LGA analysis which was presented at the Special Meeting held on 13 July 2018 and the comments and questions which have been received from Councils. As discussions and negotiations with the Government, Opposition and other parties may be required, the LGA has requested that Councils specify the priority amendments and concessions they would like the LGA to use its best endeavours to achieve in any negotiations with political parties about the legislation. It is recommended the following areas be raised by the LGA:

- that ESCOSA, as the regulator should be given power to cap State Government taxes, levies, fees and charges in a similar way in which Council rates are proposed to be capped;
- the requirement for the regulator (ESCOSA) to consult with Local Government prior to the adoption of the guidelines and regulations that support the *Local Government (Rate Oversight) Amendment Bill 2018*;
- the definition of “*annualised revenue recoverable from general rates*” be defined as General Rate Revenue before Mandatory rebates;
- the Legislation be amended to remove the powers for Ministerial direction to ensure independence and politicisation of the System;
- the Legislation be amended to remove the efficiency dividend as part of setting the Primary Cap;
- amend the timeframe for the determination of the Primary Cap, to allow Councils sufficient time to lodge variations if required;
- the Legislation to be amended to include a provision to ensure that the financial impact of State Government Cost shifting (i.e. transfer of community housing and associated mandatory rebate) is not included in the calculation of the standard base rate;
- the Legislation be amended to remove the reference to Council's paying a fee to lodge a variation application; and
- the Legislation be amended for the inclusion of provisions which limit the increases in State Government Charges on Local Government (i.e. Waste Levy) to the Primary Cap.

OPTIONS

The Council can either advise the LGA that it either supports or does not support the *Local Government (Rate Oversight) Amendment Bill 2018*.

For reasons outlined in this report, it is recommended that the Council advise the LGA that it does not support the *Local Government (Rate Oversight) Amendment Bill 2018*.

CONCLUSION

The Council, through adoption of its LTFFP, has a clear strategy of achieving financial sustainability. Financial sustainability means having a financial position capable of meeting long term service and infrastructure levels and standards, which are acceptable to the community plus having the financial capacity to meet its financial obligations from cash generated from operations or cash reserves.

The Council over the last two (2) terms and in particular the current term, has demonstrated strong fiscal management by setting sensible increases in rate revenue which have been sensitive to the economic environment and the cost living pressures which are being experienced by ratepayers.

From a political perspective, the Bill has been passed by the House of Assembly as the Government holds the majority. However, the Bill must pass both Houses of Parliament to become law. The Government does not hold a majority in the Legislative Council. The Government has indicated that the Bill will be scheduled for debate in the Legislative Council in the first or second sitting week of Parliament following the winter recess.

Notwithstanding the process which Local Government is currently going through in terms of providing comments on the Bill to the Local Government Association, ultimately the Parliament will make the decision about the legislation in respect to whether it is passes and in what form.

There is no question about the on-going pressures around the cost of living and the impacts which these have on individuals, households and the business sector and the community and economy in general, however Council rates are not the only contributor to the cost of living pressures.

All levels of Government contribute in some form towards the cost of living, which includes the cost of electricity, water, gas, EPA Levy, motor vehicle registration, Emergency Services Levy, Land Tax, and other charges such as the Waste Levy. Some of these costs (ie. the Waste Levy) are placed on Local Government where the revenue comes from Council rates and ultimately are paid for by the community. If all levels of Government are serious about easing the cost of living, then capping increases in charges, rates and taxes, must go beyond just Council rates.

The impact of rate capping will not be felt in Year 1 or Year 2. It is the long term consequence of rate capping which present a problem, as clearly evidenced by what has occurred in New South Wales and Victoria. Notwithstanding the evidence (which is readily available) of the impacts of rate capping in New South Wales and Victoria, the State Government has chosen to pursue placing a cap on Council rates. From a community perspective, rate capping is a policy that will no doubt be generally supported, as any reduction in household or business expenditure is seen as a relief. However, the policy is nothing but populist.

It is important for the State's economy that the debate around reducing the cost of living expenses needs to move from the current populist rhetoric of simply capping Council rates, to a more mature discussion, which should involve the State Government to also agreeing to cap its fees, charges and taxes. To date, the Government has been silent on whether it will put a self-imposed cap upon itself. In this respect, the Government had the perfect opportunity to lead by example by only increasing the NRM Levy (which is collected by Local Government but paid by property owners) in accordance with the legislation, but chose not to, but instead the increase for 2018-2019 is 6%, compared to the June 2017 Adelaide CPI index of 1.6%, as set out in the Legislation.

The Government also had the opportunity not to increase the Waste Levy, which is a regressive form of tax, which while paid for by Local Government, is indirectly paid for by households and businesses. Again, the Government has elected not to reduce the rate of increase in the Waste Levy, which for 2018-2019 is 15%.

In a mature debate, rather than take an adversarial position and introduce punitive measures on the third and lowest tier of Government, the debate should be about how can all levels of Government work together to deliver a reduction in the cost of living. Unfortunately, in respect to the cost of electricity, which is the largest contributor to the cost of living for households and the cost of doing business, this opportunity was lost when ETSA was privatised. However, there is significant scope to work together to reduce where possible, the cost of living expenses which go beyond just Council rates.

The State Government's objective in introducing the *Local Government (Rate Oversight) Amendment Bill 2018*, is to ease the cost of living pressures on the community by slowing the rate of increase in Council rates, however Council rates are a small portion of the household budget in comparison to other cost pressures imposed through the cost of utilities (i.e. electricity, gas water), State Government taxes and Charges such as the Emergency Services Levy, fuel and food and services.

In summary, notwithstanding the general popularity of the Government's proposal, it is questionable whether the Bill as introduced will achieve the Government's objectives.

COMMENTS

Nil

RECOMMENDATION

1. That the Council advises the Local Government Association of South Australia that it does not support the *Local Government (Rate Oversight) Amendment Bill 2018*.
 2. That the Council advises the Local Government Association of South Australia that the following priority issues, amendments and concessions which the Council seeks the Local Government Association to use best endeavours to address in discussions with political parties about the *Local Government (Rate Oversight) Amendment Bill 2018*, include the following:
 - that the State Government commit to ensuring that no cost shifting occurs from the State Government to Local Government and that if cost shifting or a transfer of functions is proposed, an independent financial/resource impact analysis is undertaken and if the cost shifting or transfer of function results in Local Government incurring additional costs, then appropriate measures are put in place to compensate Local Government;
 - that the Bill is amended to require ESCOSA to publish Long-Term *Primary Cap* forecasts, to enable Local Government to identify if any potential variance between Long-Term Financial Plans and Asset Management Plans, to enable Local Government to plan for changes in service levels and asset renewals and to plan strategically should a need to make an application for a variation to the *Primary Cap*;
 - that the Bill is amended to include provisions which limit the increases in State Government Charges on Local Government (i.e. Waste Levy);
 - that ESCOSA, as the regulator, also be given power to cap State Government taxes, levies, fees and charges;
 - that the Bill is amended to include a provision to ensure that the financial impact of any State Government Cost shifting (i.e. transfer of community housing and associated mandatory rebate) is not included in the calculation of the *Standard Base Rate*;
 - that the Bill is amended to remove the requirement for Councils paying a fee to lodge a variation application with ESCOSA;
 - that the timeframe for determination of the *Primary Cap* be brought forward to allow Councils sufficient time to lodge an application for variations if required;
 - the requirement for the regulator (ESCOSA) to consult with Local Government prior to the adoption of the guidelines and regulations that support the *Local Government (Rate Oversight) Amendment Bill 2018*;
 - the definition of "annualised revenue recoverable from general rates" be defined as General Rate Revenue before Mandatory rebates;
 - the Bill is amended to remove the powers for Ministerial direction to ensure independence and politicisation of the System; and
 - the Bill is amended to remove the efficiency dividend as part of setting the *Primary Cap*.
 3. That the Premier of South Australia and Member for Dunstan the Hon Steven Marshall MP, the Minister for Transport Infrastructure & Local Government and the Shadow Spokesperson on Local Government, be advised of the Council's decision in respect to the *Local Government (Rates Oversight) Amendment Bill 2018*.
-

Cr Frogley moved:

1. That the Council advises the Local Government Association of South Australia that it does not support the Local Government (Rate Oversight) Amendment Bill 2018.
2. That the Council advises the Local Government Association of South Australia that the following priority issues, amendments and concessions which the Council seeks the Local Government Association to use best endeavours to address in discussions with political parties about the Local Government (Rate Oversight) Amendment Bill 2018, include the following:
 - that the State Government commit to ensuring that no cost shifting occurs from the State Government to Local Government and that if cost shifting or a transfer of functions is proposed, an independent financial/resource impact analysis is undertaken and if the cost shifting or transfer of function results in Local Government incurring additional costs, then appropriate measures are put in place to compensate Local Government;
 - that the Bill is amended to require ESCOSA to publish Long-Term Primary Cap forecasts, to enable Local Government to identify if any potential variance between Long-Term Financial Plans and Asset Management Plans, to enable Local Government to plan for changes in service levels and asset renewals and to plan strategically should a need to make an application for a variation to the Primary Cap;
 - that the Bill is amended to include provisions which limit the increases in State Government Charges on Local Government (i.e. Waste Levy);
 - that ESCOSA, as the regulator, also be given power to cap State Government taxes, levies, fees and charges;
 - that the Bill is amended to include a provision to ensure that the financial impact of any State Government Cost shifting (i.e. transfer of community housing and associated mandatory rebate) is not included in the calculation of the Standard Base Rate;
 - that the Bill is amended to remove the requirement for Councils paying a fee to lodge a variation application with ESCOSA;
 - that the timeframe for determination of the Primary Cap be brought forward to allow Councils sufficient time to lodge an application for variations if required;
 - the requirement for the regulator (ESCOSA) to consult with Local Government prior to the adoption of the guidelines and regulations that support the Local Government (Rate Oversight) Amendment Bill 2018;
 - the definition of "annualised revenue recoverable from general rates" be defined as General Rate Revenue before Mandatory rebates;
 - the Bill is amended to remove the powers for Ministerial direction to ensure independence and politicisation of the System; and
 - the Bill is amended to remove the efficiency dividend as part of setting the Primary Cap.
3. That the Premier of South Australia and Member for Dunstan the Hon Steven Marshall MP, the Minister for Transport Infrastructure & Local Government and the Shadow Spokesperson on Local Government, be advised of the Council's decision in respect to the Local Government (Rates Oversight) Amendment Bill 2018.

Seconded by Cr Minney and carried.

Division

Cr Stock called for a division and the decision was set aside.

Those in favour:

Cr Wormald, Cr Whittington, Cr Minney, Cr Duke, Cr Dottore, Cr Mex, Cr Granozio, Cr Marcuccitti, Cr Frogley and Cr Moore.

Those against:

Cr Shepherdson and Cr Stock.

The Mayor declared the motion carried.

3. CLOSURE

There being no further business, the Mayor declared the meeting closed at 8.05pm.

Mayor Robert Bria

Minutes Confirmed on _____
(date)