

FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT

- This paper provides an update in relation to the Local Government Association's (LGA) Financial Sustainability Program.
- Previous reports have outlined the history of the inquiry and the LGA's response in the form of its Financial Sustainability Program. A comprehensive update of Councils' progress was provided to members at the September 2007 Forum meeting. This information is also available on the LGA's Financial Sustainability Program webpage: www.lga.sa.gov.au/goto/fsp.
- The LGA has continued to receive strong support in implementing the program from Treasury and the Office for State/Local Government Relations (OSLGR) including the part-time contracting of a State officer to the LGA.
- The LGA has now incorporated its Financial Sustainability Program into its wider "Strengthening Local Government Program", which includes its governance work and the joint elections review, as endorsed at its April 2007 General Meeting.
- Following review of the LGA Policy Manual, the LGA's October 2007 Annual General Meeting received a progress report on the "Strengthening Local Government Program" and endorsed a program of activities in the key areas of Governance and the Elections Review.
- Within the Financial Sustainability Program the LGA State Executive Committee has been asked to address intergovernmental issues relating to local government impact statements as part of the Cabinet submission process and providing a legislative framework for the Minister's State/Local Government Forum and the *State-Local Relations Agreement*.
- Further Program developments have included:
 - Work is progressing on the implementation of the Framework for Shared Service Delivery. Expressions of interest have been received from Councils wishing to participate in the pilot case studies and initial projects are currently being selected.
 - Preparation, and release to Councils for consultation, of the draft 2008 Model Financial Statements. These are expected to be finalised by late March 2008 and forwarded to the Minister for State/ Local Government Relations for endorsement as the new financial reporting standard for Councils.
 - Preparation, and release to Councils for consultation, of a draft information paper on Treasury Management. The information paper includes a draft Treasury Management Policy that Councils can modify to suit their own particular circumstances and then adopt as one of their financial governance policies. Following receipt of comments by 15 April 2008 this paper is expected to be finalised in May.

- Release of an Excel spreadsheet based model which will assist Councils in the preparation of their Long-term Financial Plans. An information paper dealing with the recommended format for information in a long-term financial plan has also been released.
- Extensive training, information and support for both Council Members and staff covering:
 - Financial sustainability in general;
 - Infrastructure and asset management planning;
 - Role of audit committees;
 - Financial reporting;
 - Annual Report and Annual Business Plan preparation;
 - Treasury Management;
 - Long-term Financial Planning.

To supplement this training activity the LGA is initiating a program of on-site support to further assist Councils to implement measures aimed at improving their financial governance.

- A copy of the LGA response to the Local Government Audit and Oversight Report- Parliamentary Economic and Finance Committee has been provided to Councils and the Minister for State/Local Government Relations.