

Statutes Amendment (Local Government Review) Act 2021

The following reforms are to commence on 6 January 2022:

- Amendments to the *Local Government Act 1999* (the LG Act) to implement financial accountability reforms, including—
 - The requirement for adopted council annual business plans to include a statement about significant changes from draft annual business plans, with reasons for these changes.
 - An amendment to ensure that a budget adopted by a council may include approval of an amount of new borrowings or other forms of financial accommodation which may be undertaken for the financial year.
 - An incremental improvement to bring forward council annual budget processes by requiring councils to adopt their annual business plans and budgets and declare general rates by 15 August each year (rather than 31 August).
 - The requirement for councils to ensure that an audit firm is not appointed for more than five years.
 - A regulation-making power to prescribe a standard or document that relates to council's internal controls. The regulations will require councils to comply with the *Better Practice Model – Internal Financial Controls* published by the LGA, that is currently being used by all councils.
- Amendments to the *Local Government (Financial Management) Regulations 2011* will also require councils to report on expected changes to general rate revenue in a consistent way in their annual business plans, and enable comparability between councils. Clear information about changes to rates in annual business plans will enable ratepayers to more easily understand and engage with councils on this critical decision.
- Amendments to the LG Act to require that council annual reports must include the amount of legal costs incurred by the council in the relevant financial year. This will apply for the annual report that must be prepared and adopted by the council on or before 30 November 2022 for the 2021-22 financial year.
- Amendments to the *Local Government (General) Regulations 2013* have also been made to require councils to include in their annual reports information about credit card expenditure, interstate and international travel, and gifts to council members and employees from the council.
- Amendments to the LG Act for the appointment of members of the Behavioural Standards Panel. While the new conduct management framework as a whole is not proposed to commence until November 2022 (new term of council), the early appointment of Panel members will enable them to establish the practice directions, guidance papers, and standard operating procedures that are necessary to have in place before the Panel can formally commence its role.