

Review of NSW council financial model - Draft ToR consultation

12 February 2024

1 Why is this review happening and how long will it take?

IPART has received a [draft Terms of Reference \(ToR\)](#) from the NSW Government asking IPART to investigate and report on the financial model for NSW local councils.

This review was recommended by IPART late last year as part of our review of the rate peg methodology and supported by the Minister for Local Government. See our [review of the rate peg methodology](#) for more information.

Once we have received the final ToR, we will have 12 months to complete this review which includes publishing a Draft Report, holding at least one public hearing and submitting a Final Report to the Premier and Minister for Local Government. We will also undertake further consultation such as publishing an Issues or Discussion Paper and conducting workshops.

2 What is IPART consulting on?

We are seeking feedback on the scope of the review as set out in the [draft ToR](#) from a range of stakeholders including the community, ratepayers, councils, former and current councillors and council staff.

Stakeholders can provide feedback on the draft ToR until **15 March 2024** by:

- completing a [short survey](#)
- making a [submission](#) via our website.

The draft ToR asks IPART to review and recommend improvements to councillor and community visibility over the financial and operational performance of their councils, whether current budget and financial processes deliver value for money and whether the current funding model will sustainably support the needs of communities.

It also includes reviewing the capacity and capability of councils, how better planning and reporting systems can improve long term budget performance, transparency and accountability to the community and any other matters IPART considers relevant.

3 Why is IPART consulting?

Two of the ways the NSW Government can ask IPART to investigate a matter under the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW) (IPART Act) are:

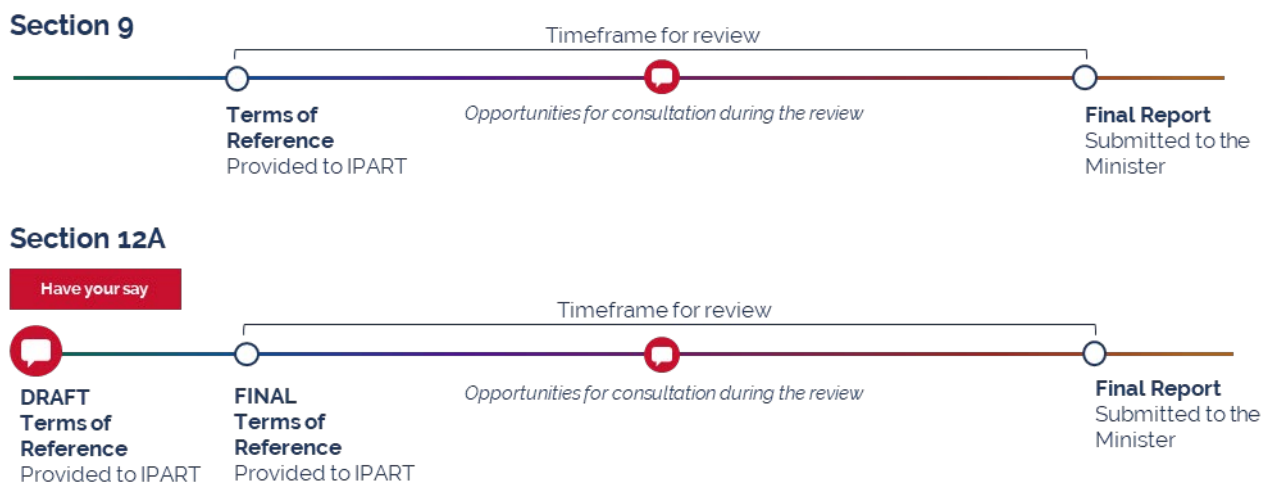
- **An arrangement under section 9 of the IPART Act** – Under this provision, IPART can enter into an arrangement with a government agency to provide services within IPART’s field of expertise and relevant to its functions.
- **An investigation under section 12A of the IPART Act** – Under this provision, the NSW Government can ask IPART to investigate and report on any matter with respect to pricing, industry or competition.

It is a requirement of the IPART Act that we consult the public on the ToR for an investigation under section 12A of the IPART Act before finalising the ToR with the NSW Government.^a There is no equivalent consultation requirement on the terms of an arrangement under section 9 of the IPART Act.

Accordingly, we are consulting with the public on the ToR as required by the IPART Act. This allows members of the public, councils and other stakeholders to provide feedback on the scope of the review. We may make recommendations to the NSW Government on the final ToR, as a result of feedback we receive. Once IPART receives the final ToR, we will have 12 months to complete the review under section 12A.

The difference between reviews provided to IPART under section 12A compared to section 9 of the IPART Act is demonstrated in **Figure 1**.

Figure 1 Types of IPART reviews



^a *Independent Pricing and Regulatory Tribunal Act 1992* (NSW) s 13(3).

4 What happens to my feedback?

We are currently collecting all feedback on the draft ToR from submissions and responses to our survey.

Once consultation for the draft ToR has closed, IPART will consider all feedback and may recommend changes to the scope of the review, as a result of feedback we receive.

5 Can I provide feedback to the review at later stages?

Yes. There will be additional opportunities to provide feedback during the review once we receive the final ToR from the NSW Government.

We will update you with future consultation and stakeholder engagement opportunities.

6 How do I stay informed

To stay informed and be notified on this review you can subscribe for updates on our website [here](#).