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Date of submission: Friday, 15 March 2024

Your submission for this review:
We make this submission on behalf of Figure it Out BRC - the group that took on the SRV in Bathurst LGA NSW. We are a team of concerned citizens from all walks of life - a key member of ours was in a senior accounting role at a different Council in NSW. We have serious concerns about many aspects of this issue and are happy to speak at any time. Together, we use a range of skills to interrogate this problem. We hope the feedback attached assists IPART in completing a robust interrogation of full scope of this issue. We believe the SRVs that some LGAs are having approved will cripple their economy. The capacity to pay model being heavily flawed, based on "covid" census data that is not representative of today's hostile cost-of-living environment. Council's should not be able to gouge the ratepayer the way that they are - large SRVs are cash grabs often based on misrepresented data (inflated asset backlogs for example) in order to inflate the SRV amount needed. SRVs ensure Council's never have to "be any better". SRVs promote "business as usual" mindsets in Local Government. The lack of accountability over decades and still today, is extreme, and not every Community has the ability to achieve what Figure it Out has! I recorded every "community consult" session facilitated by Morrison Low and the way ratepayers were treated was an absolute abomination. We were not heard, we were told! We will be watching this review closely. Thank you

Our response is below. The format of our response assumes each dot point in the terms of reference is A, B, C, etc so the use of D, E, F below represents additional dot points in the original ToR.

1. The visibility of councillors and the community over the financial and operational performance of their councils:

D. Addressing Limited Reporting:

- **Standardization:** Investigate the role of government or IPART in establishing minimum financial reporting standards. This could include:

    o **Standardized software requirements:** Mitigating the excuse of "inferior software" hindering robust reporting by potentially mandating specific software or ensuring compatibility across different systems.

    o **Clearly defined reporting formats:** Specifying the level of detail and granularity required in financial reports.

E. Empowering Councillors:

- **Combined strategy:** Implement minimum reporting standards (as outlined in D) alongside:

    o **Financial literacy training:** Equip councillors with a stronger understanding of financial information.

    o **Improved access to reports:** Ensure timely and readily available financial reports in a clear and understandable format.

2. Whether the current budget and financial processes used by councils are delivering value-for-money for ratepayers and residents:

D. Pre-emptive Action on Value for Money:

- **Regular review process:** Establish a routine assessment system to proactively identify areas where value for money might not be achieved. This could involve:

    o Performance indicators and benchmarks to gauge efficiency and effectiveness.

    o Cost-benefit analysis of ongoing projects and initiatives.

- **Contingency plans:** Develop a set of potential improvements, recommendations, and solutions in advance to address situations where value for money is compromised. This would enable a swifter response and minimize disruptions.

E. Strengthening Community Feedback Mechanisms:

- **Multi-channel approach:** Implement diverse avenues for community members to voice their concerns about budgetary decisions. This could include:

    o **Online surveys and forums:** Allow for wider participation and anonymous feedback.

    o **Town hall meetings and community consultations:** Provide opportunities for direct interaction and discussion.

- o **Citizen advisory committees:** Establish representative groups to offer insights and recommendations.

- **Transparency and responsiveness:**

  - o **Clear communication:** Regularly share information about budgetary allocations, project expenditures, and performance outcomes. Utilize plain language and accessible formats.

  - o **Timely feedback:** Acknowledge and address community concerns promptly. Provide explanations for decisions taken and outline any actions undertaken based on the feedback received.

F. Addressing the Issue of Limited Accountability Cycle:

- **While elections offer a primary channel for holding officials accountable, consider these additional measures:**

  - o **Strengthening oversight bodies:** Empower independent institutions to scrutinize public spending and identify areas for improvement.

  - o **Performance audits:** Conduct regular audits to assess the efficiency and effectiveness of budgetary decisions and service delivery.

  - o **Publicly accessible data:** Make budgetary data and performance metrics openly available to the public, enabling ongoing monitoring and analysis by citizens.

3. Whether the current funding model will sustainably support the needs of communities:

C. Identify measures to put downward pressure on rates through other "own source" revenue or closer scrutiny of expenditure:

1. Procurement Enhancements:

- **Strengthen Procurement Processes:**

  - o Implement a **centralized procurement department** to ensure consistency and best practices.

  - o Utilize **e-tendering platforms** to increase transparency and competition.

  - o Conduct **thorough market research** to identify cost-effective solutions.

- **Policy and Tendering Scrutiny:**

  - o **Review tender specifications** to ensure they are clear, concise, and avoid unnecessary requirements.

  - o **Establish clear conflict-of-interest guidelines** for procurement personnel.

- **Consultant Fee Management:**

    - **Develop a comprehensive consultant fee policy** outlining selection criteria, fee structures, and performance evaluation.

    - **Explore alternative solutions** like in-house expertise or collaboration to reduce reliance on external consultants.

- **Preferred Provider Review:**

    - **Regularly assess the performance and cost-effectiveness of preferred providers.**

    - **Open contracts to competitive bidding** if a preferred provider fails to meet expectations.

2. Expenditure Control:

- **Implement stricter budget controls:**

    - **Line-item budgeting** to track spending against allocated amounts.

    - **Variance analysis** to identify and address cost overruns promptly.

    - **Conduct a thorough review of recent procurement practices** to identify areas for improvement.

    - **Implement a robust reporting system** to track project scope, cost variations, and adherence to budget.

    - **Establish clear accountability measures** for managing project costs and preventing scope creep.

D. Balancing Community Needs and Ratepayer Protection:

- **Conduct cost-benefit analyses** before undertaking new initiatives to ensure they deliver value without placing undue burden on ratepayers.

- **Explore alternative funding sources** such as grants, user charges for specific services, or public-private partnerships.

- **Promote community engagement** to ensure that rate increases are implemented only after considering all options and receiving feedback from residents.

E. Examining Rate and Fee Determinations:

- **Advocate for a review of the current system** to allow councils more control over setting fees and charges.

- **Lobby for a transparent and predictable process** for government-determined rates and charges.

- **Explore opportunities to generate additional revenue** through innovative service offerings or partnerships that do not directly impact the cost of living.

4. Whether councils (both councillors and staff) have the financial capacity and capability to meet current and future needs of communities.

General comments:

- **The terms of reference in this section should be reconsidered,** with a view to reallocating them within the existing first three ToR headings. But for the intent to examine "examples of best practice capability building and innovation" the remaining points are not strong enough – in comparison to the issues raised in ToR 1 to 3 - to remain as stand-alone items.
- The resources available to iPart to examine the issues raised in ToR 4 would be better deployed by **re-scoping the ToR 4 contents into ToR's 1-3 and eliminating ToR 4.**

5. How can better planning and reporting systems improve long-term budget performance, transparency and accountability to the community?

General comments:

- The terms of reference in this section should be reconsidered, with a view to reallocating them within the existing first three ToR headings.
- The ten-year financial plans in the LTFP are revised each quarterly review. However, the ninth and tenth year always represent a plan that is beyond the four-year terms of two future councils.
    - For planning purposes, the budgeted projections in years nine and ten of the LTFP are borderline meaningless and are largely the product of as much guess work as any carefully considered plans.
    - The financial projections are typically formulated by merely applying a standard budgetary inflator.
    - The administrative burden of forecasting and reporting the ninth and tenth year budget could be avoided by moving to an eight year cycle that aligns with the current council PLUS two future councils.

Rewritten Points for IPART Consideration:

A. Morrison Low Model:

- **Transparency and Oversight:**

    - Assess the accountability mechanisms within Morrison Low's business model to ensure proper service delivery and address concerns.

B. Potential Conflicts of Interest:

- **Lobbying Influence:**

    - Investigate potential conflicts arising from lobbying groups influencing council decisions and expenditures.

C. Business Case Requirements:

- **Project Justification:**

  o Evaluate the need for mandatory business cases to ensure informed decision-making for council projects.

D. Asset Management Backlog:

- **Infrastructure Investment Strategy:**

  o Analyze the current state of the asset backlog and propose strategies to address infrastructure investment needs.

E. Continuous Improvement:

- **Performance Benchmarking:**

  o Implement a framework to monitor progress and identify areas for improvement in council operations.

F. Collaborative Environment:

- **Stakeholder Engagement:**

  o Foster a collaborative relationship between IPART, councils, and relevant stakeholders to address concerns and improve decision-making.

G. Cost Analysis and Transparency:

- **Cost Breakdown and Allocation:**

  o Request a detailed breakdown of the cost structure, including the justification for the service fee increase and the allocation of funds.

H. Customized Rate Pegs:

- **Equity in Rate Setting:**

  o Advocate for a review of the current rate peg system to account for the varying costs of service delivery in different geographic regions (rural vs. urban).

I. Funding Model Review:

- **Sustainable Funding Solutions:**

  o Broaden the scope of the review to explicitly address the limitations of the current funding model and explore sustainable solutions.

Additional Considerations:

- **Land Value vs. Service Cost:** Explore alternative rate peg structures that consider both land value and the actual cost of service provision.