



Xavier Martin
President

Ref: 2448OC

20 March 2024

Carmel Donnelly PSM
Chair
IPART
PO Box K35
HAYMARKET POST SHOP NSW 1240

Dear Ms Donnelly

RE: Draft Terms of Reference for NSW council financial model review

NSW Farmers welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal (IPART) draft Terms of Reference (ToR) from the NSW Government to investigate and report on the financial model for councils in NSW.

NSW Farmers is Australia's largest state farming organisation, representing the diversity of interests of its members. Our focus extends from issues affecting particular crops and animals, through to broader issues, including the environment, biosecurity, water, economics, trade and rural and regional affairs.

We support the need to review local government financial model. The system as it currently stands is not delivering value for money to rate payers and especially landholders in rural and regional councils. We support the points currently in the ToR however, we believe there are additional items that need to be considered as part of the review.

Reviewing the accounting codes and process are positive however, there needs to be accountability for the competency of councillors who will preside over the budgets. Adding to the first section of the draft ToR, an investigation into improving training for local government councils, especially in relations to finance. Their competency is important to the proper functioning council. Also under the first section is the question of whether an oversight committee, such as IPART, be granted greater access and auditing power over councils to scrutinise the state of their accounts. There needs to be a stronger definition of accountability for councillors and investigation into if breaches of the Local Government Act should carry serious penalties under Administrative Law.

Under section three, NSW Farmers would like to see the inclusion in the ToR a review into the current exemptions to rateable land. We believe this needs reassessing, especially the exemptions given to Crown Land. National Parks have been expanding in rural and regional NSW, adding to the amount of land eligible for exemptions. This shifts the cost of running local government to other ratepayers and reduces the funds available to councils. In light of rising rates on farmland and special rate variations, these exemptions need reviewing.

NSW Farmers' Association

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A huge issue for councils is cost shifting. Cost shifting is when councils are forced to assume responsibility for infrastructure, services, and regulatory functions by the State and Federal Government. This is done through different ways such as granting ownership of roads to local government and passing on the cost of regulatory functions such as Weeds Action Program and are required to fund emergency service funding when the allocated Rural Fire Fighting Fund is not enough. As well as the need to review if it is sustainable for the local councils to pay for the upkeep of capital works delivered by the Federal and State Governments.

NSW Farmers supports adding a point to section four, investigating the benefit to the community of councils outsourcing functions to private contractors. Private contractors tend to cost more however, have the potential to improve outcomes.

Under section six the investigation should consider whether the current published data by the Office of Local Government on 'Your Council' website is adequate in informing the public of the utility of their local council. Better transparency through additional information allows the public to keep their councils accountable. The review should also consider what are the core and noncore functions of a local government council and whether a benchmark for essential items provided by council is needed.

If further information is required, please contact Kathy Rankin, Head of Policy and Advocacy on [REDACTED] or by email at [REDACTED]

Your sincerely

[REDACTED]
Xavier Martin
President