

15 March 2024

Ms Carmel Donnelly PSM
Chair
IPART
PO Box K35
Haymarket Post Shop NSW 1240

By email to: ipart@ipart.nsw.gov.au

Dear Ms Donnelly

NSROC welcomes the Premier's recent approval for the Independent Pricing and Regulatory Tribunal (IPART) to review the council financial model in NSW and appreciates the opportunity to make a submission on the Terms of Reference (ToR). This submission has been prepared with the input and support of our member councils but should be considered draft until it is formally endorsed by the NSROC Board

NSROC has concerns about the limited scope provided by the draft ToR and the focus on the need to improve/strengthen reporting and compliance activities. NSROC supports LGNSW position that the review should be comprehensive, recognise the differences between councils and include local governments' revenue base.

The ToR do not address the fundamental question as to whether rating structures and other revenue streams are equitable or adequately fund councils. The ToR are silent on the limitations and constraints on council revenue such as rate pegging and external cost drivers including cost shifting by the State Government.

The ToR should provide scope for IPART to:

- Determine whether the current revenue base for local government provides councils with adequate financial capacity to meet mandatory responsibilities and deliver the infrastructure and services demanded by communities.
- Identify and consider new own source revenue mechanisms needed for the local government sector.
- Identify the impacts of historical and ongoing cost shifting and propose alternative transparent arrangements that are fair and equitable. Major cost shifts include:
 - o Waste Levy
 - o Rate exemptions
 - o DAs and regulatory functions
 - o Emergency services contributions
- Ensure statutory charges reflect the efficient costs incurred by council in delivering the service.

NORTHERN SYDNEY REGIONAL ORGANISATION OF COUNCILS

Member Councils: Hornsby; Hunter's Hill; Ku-ring-gai; Lane Cove; Mosman; North Sydney; Ryde; Willoughby
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- Develop a mechanism to deal with the rating inequity arising from build to rent developments. The current system does not allow councils to maintain average rates per capita to service the new population.
- Consider a rate peg exemption model for councils that demonstrate an agreed level of performance and streamlining and simplification of the Special Rate Variation process.
- Better target eligibility for rate exemptions
- Evaluate existing pensioner concession and the adequacy of compensation provided to councils.
- Consider how climate change impacts financial sustainability given the increasing frequency of natural disasters and extreme weather events.

The review should make recommendations that will strengthen ongoing financial sustainability for councils. It should also provide transparency for councillors and the community over the performance of councils without creating additional administrative burdens.

NSROC and our member councils look forward to engaging closely with IPART throughout the review. If you require more information or wish to provide further updates about the process, please don't hesitate to contact me at [REDACTED] or by phone on [REDACTED].

Yours sincerely

[REDACTED]

Dr Meg Montgomery
Executive Director
Northern Sydney Regional Organisation of Councils

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