

14 MARCH 2024

IPART
PO Box K35
Haymarket Post Shop
NSW 1240

Sent via web portal: <https://councilportal.ipart.nsw.gov.au>

Submission: NSW Government's Draft Terms of Reference for NSW Council Financial Model Review

QPRC welcomes the opportunity to provide feedback to IPART on the Terms of Reference from the NSW Government to investigate and make recommendations on the NSW Council financial model. The report and recommendations that arise from IPART's review have the potential to impact NSW Local Government for decades to come.

The current terms of reference cover the recommendations of IPART in terms of transparent governance and better accountability, streamline frameworks and processes and better engagement with the community to build trust and understanding but do not effectively cover better financial sustainability for councils and ensuring rates affordability and the equity of the rating system.

QPRC recommends the following specific issues impacting councils' financial sustainability be considered with this review:

- Better targeting eligibility criteria for rates exemptions. This would help to ensure ratepayers do not subsidise the costs of providing council services to properties where it is not justified on efficiency and equity grounds.
- Councils should be able to choose between the Capital Improved Value (CIV) and Unimproved Value (UV) methods as the basis for setting rates at the rating category level. A council's maximum general income should not change as a result of the valuation method they choose.

Our submission to the IPART Review of the Local Government Rating System noted that this is a substantial change and additional consultation is required, including analysis of the impact on different socio-economic groups.

- Certain fees for Council services are set by various NSW Government Acts and Regulations, for example development approval fees and stormwater management charges. Financial sustainability impacts should be considered for any statutory charges that may not reflect the efficient costs incurred by councils in providing statutory services.

OFFICES

144 Wallace St, Braidwood
10 Majara St, Bungendore
256 Crawford St, Queanbeyan

POSTAL

PO Box 90, Queanbeyan NSW 2620

PHONE

P: 1300 735 025

EMAIL/WEB

W: www.qprc.nsw.gov.au
E: council@qprc.nsw.gov.au

- A comprehensive state-wide evaluation of existing pensioner concessions should be conducted, along with the exploration of additional initiatives to enhance support for vulnerable ratepayers. Clear communication and proactive promotion of available assistance options offered by councils are essential.
- Where councils can demonstrate good financial management the rate peg should incorporate additional flexibility so that communities can engage with their councils to resource the draft four year delivery program and the community strategic plan that they want.

Our submission to the IPART Review of the Rate Peg Methodology included a proposal to measure the performance of councils as an alternative to the Rate Peg.

- Investigate how cost shifting from other levels of government to local government impacts financial sustainability and the consideration of funding mechanisms to take account of these cost transfers.
- Investigate the equity and efficiency of the current systems of grants to local government financial sustainability against the proposition that State and Federal Government increase untied transfers to councils to manage the priorities on behalf of their local communities.
- Consider climate change impacts on local government financial sustainability. Councils don't have enough funding to both respond to extreme weather events and invest in lowering greenhouse gas emissions to reduce the risk of future adverse weather events. Councils need core funding for this work. Related to this, the rising cost of insurance needs to be addressed.
- A review of the impact of population growth on local government financial sustainability, especially whether the i) structure of developer contributions and ii) the new population factor in the rate peg are effectively addressing these.

As part of the current Terms of Reference, we also recommend a review of the implementation status of previous government commitments for revenue reform and local government financial sustainability. This would include:

- Government response to the IPART Review of the Local Government Rating System June 2020
<https://www.olg.nsw.gov.au/wp-content/uploads/2020/06/IPART-Rating-Review-Government-Response.pdf>
- NSW Government response to the Independent Local Government Review Panel recommendations Sept 2014

Additionally, we support a review of the status of previous IPART recommendations where government has noted recommendations and commitments have not yet been made including:

- IPART Review of the Revenue Framework for Local Government, December 2009
- IPART Review of the Local Government Rating System December 2016

Yours sincerely,



Kate Monaghan
Director Corporate Services
Queanbeyan-Palerang Regional Council