

Quote No L24/455 - 12/29
LJB

Telephone / Personal Enquiries
Ask for Mayor Kennedy

12 March 2024

Ms Carmel Donnelly PSM
Chairperson
Independent Pricing and Regulatory Tribunal (IPART)
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Dear Ms Donnelly,

Please address all communications to:

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BROKEN HILL CITY COUNCIL SUBMISSION

Draft Terms of Reference - Investigation of council financial model in NSW

Reference is made to the Minister for Local Government's draft Terms of Reference for the investigation of council financial model in NSW which was forwarded to Council by The Hon Chris Minns MP, Premier of New South Wales on 11 January 2024.

In response to receiving this correspondence, a Councillor Briefing was held on Monday 26 February 2024 for Councillors to discuss the draft Terms of Reference and to provide feedback to IPART.

SUBMISSION

All Councillors in attendance at the Councillor Briefing held Monday 26 February 2024 agreed that the following feedback on the discussion points provided in the draft Terms of Reference for the investigation of council financial model in NSW, be provided to IPART:

Item 1 – The visibility of councillors and the community over the financial and operational performance of their councils

- *Are the mechanisms for reporting on council performance clear and understood. Does the accounting code for local government provide meaningful financial information to enable councillors to understand and influence the financial and budget performance of their council. Is there a need to update the performance indicators to make them more useful for 'real time' monitoring.*
- *Are councillors receiving timely and appropriate information to enable decisions on allocation of public funds in an efficient and cost-effective way.*

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- *Are there benefits to moving to dedicated budget or expenditure review committee models to ensure budget decisions are understood by councillors and the communities they serve?*

Council wishes to provide the following comment on Item 1:

Remove Point 3 of Item 1 as it is already a role of Audit, Risk and Improvement Committees to oversee the budget process and auditing of Council's annual financial statements and the option to have standing committees, so there is no need for another Committee to be developed. The Office of Local Government's (OLG) new Guidelines which take effect on 1 July 2024 will reduce the number of Councillor Delegates on Audit, Risk and Improvement Committees to one (1) non-voting Councillor Delegate which cannot be the Mayor, and OLG asking for feedback from Councils regarding the development of a new Committee to ensure Councillors are informed and understand the budget, is an unusual concept given that they have just removed Councillor participation in Audit, Risk and Improvement Committees.

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

- *Is the Integrated Planning and Reporting process, currently used by councils to make budget decisions, effective in allowing councillors to engage with the community on the challenges in setting a budget and meeting service level expectations.*
- *How well Councils are setting service delivery standards that match revenue, managing their expenses within allocated budgets, and what opportunities exist for improvement in efficiency, service quality and sustainability.*
- *How to visibly boost elected councillor accountability for council budgets and expenditure to the community.*

Council wishes to provide the following comment on Item 2:

Amend Point 1 of Item 2 – to add the following sentence: “Do councils believe that their community understands the Integrated Planning and Reporting process and its correlation with councils budgets.”

Add another Point – “How has the Federal Government's freeze on the indexation of Financial Assistance grants between 2015-2017 and the State Government's cost shifting to councils affected the management of council budgets, and what impact has this had on service delivery standards and the delivery of council projects to the community.”

Item 3 – Whether the current funding model will sustainably support the needs of communities

- *How do councils balance cash flow to manage the different (and sometimes uncertain), timeframes for revenue and grants money (including Financial Assistance Grants), coming into council.*

- *How effective are councils in identifying and using other revenue sources beyond grants and rates to support the needs of communities and sustainably provide services required to be delivered by councils.*
- *Identify measures to put downward pressure on rates through other "own source" revenue or closer scrutiny of expenditure.*
- *Consider the needs of diverse communities and councils and protect the interests of current and future ratepayers from unnecessary impact on their cost of living.*

Council wishes to provide the following comment on Item 3:

Remove Points 3 and 4 of Item 3.

Add a new Point 3 – "Identify the impediments to councils in implementing "own source" revenue initiatives in order to become more financial sustainable which would in turn put downward pressure on rates income."

Add a new Point 4 – "Consider different funding models and/or grant investment for Metropolitan and Regional Councils given their different commercial and "own source" revenue raising abilities."

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

- *Are councils equipped with the right internal capabilities to deliver on services which their community requires?*
- *Has the Audit Mandate been successful in providing a consistent view on the accounting and risk management practices of councils?*
- *Are there opportunities to look at long term expenditure and service delivery improvements by insourcing services? Where outsourcing models have been used, do they provide an efficient and effective means of meeting community needs?*
- *What examples of best practice capability building and innovation could be implemented more widely?*

Council has nil comment on the discussion points of Item 4.

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

- *How effective councils are in managing their assets and planning for future growth and renewal of assets.*
- *Whether current community engagement allows for effective long-range planning and sustainable funding.*
- *Whether the current framework of reporting and compliance is appropriate and effective.*

Council has nil comment on the discussion points of Item 5.

Continued...


Item 6 – Any other matters IPART considers relevant

Council wishes to provide the following comment on Item 6:

Council would welcome a Government Parliamentary Inquiry into the setting of Council rate pegging in NSW.

Thank you for your time in considering Council's submission into the Minister for Local Government's draft Terms of Reference for the investigation of the council financial model in NSW.

Yours faithfully


TOM KENNEDY
MAYOR