



# Country Mayors Association Inc of NEW SOUTH WALES

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Country Mayors Association of NSW submission Re:  
Draft Terms of Reference IPART Review of the council financial model in NSW  
15 March 2024

## Introduction

The Country Mayors Association (CMA) was established in the early 1980's with a handful of members, and now represents the vast majority of the leadership of regional Local Government Areas in the New South Wales, with 87 members.

The CMA is a politically bipartisan organisation that has a long and respectful relationship with successive State Government leadership teams over the past 40 years in NSW. The Association represents, lobbies and supports country NSW Councils, while communicating the hopes and aspirations of their communities to ensure the ongoing prosperity of NSW. The NSW Country Mayors Association stands firm on its pursuit of equity of service provision for the regions.

The CMA will be of great assistance to the IPART review. Our executive will assist in encouraging input from member Councils and will provide an overall contribution. A data-driven financial sustainability report is currently being drafted and will be supplied.

## CMA commentary on the Draft Terms of Reference

A majority of the Terms of Reference (ToR) requires revision. The wording and tone of the points which are to be reviewed and improvement recommendations made seemingly stem from a negative bias in relation to the professionalism and expertise that exists in regional New South Wales (NSW) Councils. Further, some points are redundant. There is a lack of understanding of the NSW Government requirements of Local Councils and the structures or processes commonly in place to satisfy them. This submission will concisely describe them so IPART members themselves can see how the ToR can be improved and better focused on issues that need to be addressed, barriers to financial sustainability.

The Country Mayors Association of NSW (CMA) considers that it is critically important and practical for financial sustainability and practical policies or requirements that the Local Government paradigms in regional NSW and in metropolitan areas be accepted as distinct and that there are substantial variables among country NSW Councils



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Local Councils must meet mandatory financial reporting requirements.



Even the smallest of country Councils have in-house accounting or finance roles and external auditors. At least one Councillor is a member of the finance committee (which are standard across Councils and like organisations).

Local Councils are as transparent as possible. Only where matters are considered by a Council to be commercial in confidence or confidential for other reasons, are a very limited number of matters not visible to the public via council websites. Complete Profit and Loss financials, Fees and Charges, even staff and councillor details are publicly available on NSW Councils' websites.

Local Councillors are liable to uphold their responsibilities, just as Board Directors are. They are educated about their responsibilities during their councillor induction and training workshops when they commence their roles.

CMA data shows that country Councils in NSW have a far higher expense to income ratio per capita than large city Councils, which have greater and more diverse revenue capacities. In excess of 70% of the revenue in the smaller and more remote Councils in NSW is from State and Federal Government grant programs, which are largely competitive and variable. The extent to which council revenue may vary unpredictably not only impacts on financial sustainability but also undermines the 10-year plans that councils are required to lock in. The inconsistency of grants that councils are financially dependent on diminish smaller council's capacity to guarantee adherence to budgets or service level expectations.



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## Recommendations

The first improvement the CMA suggests covers most of the ToR questions. More insightful responses will be received to questions that are not phrased for one word or yes/no responses. Understanding Local Government financial models and better approaches, moving forward, requires suggestions from the coal-face. Item 1, Question 1 could be: how could councillor understanding of their council's financial position be improved as it relates to specific governance or project decisions? However, this line of questioning (Item 1 and its points) indicates that councils are already considered to be lacking financial self-awareness.

Subjective viewpoints should not be sought before gathering quantifiable information from country NSW Councils. The CMA's preliminary report on country NSW Council Financial Sustainability identifies key barriers, such as cost shifting (from NSW and Australian Government onto Local Government), road funding variability and inadequacy, the 'red fleet' (depreciation liability for unowned emergency services assets), grant dependency, rising operational costs at greater rates than the growth in revenue, limitations to revenue growth in regional councils and how they differ from metropolitan councils. These are clear and present financial sustainability barriers and the IPART ToR should investigate the extent of their impacts, better approaches and what would be required for financially challenged Councils to be more sustainable.

It is the view of the CMA that the IPART Review must be approached with three realities in mind:

- There are substantial distinctions and inequities between country and metropolitan councils.
- Every Local Council is unique.
- Councils are proud of their roles and do the best they can with their individual circumstances.



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