

Submission for Review of the council financial model in NSW

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.**

When a local accounting business boss says they had trouble understanding the mechanisms for reporting on. Council's performance depends to how they are monitored with most in community depending on their councillors. Council staff swamp them with all sorts graphs and documents that are complex. I believe average councillors rather than speak up and say that they do not fully understand will in most cases go by the staff recommendation.

Our council base performance to their 100K Blueprint plan that people have little understanding off. This 100k Blueprint is a working and everchanging document to facilitate future population and services.

Our Council is about spending monies without consideration for cost effective service provision or asset management.

- **Are councillors receiving timely and appropriate information to enable decisions on allocation of public funds in an efficient and cost effective way.**


Councillors have 1 week to go through a mountain of papers before each council meeting, with general public have from Friday to read them and have to apply to speak on any topic in the papers by the following Monday.

Most new projects do not seem to come with business plan, operating and asset management costs, estimated project expenditure costs usually is 40 – 50% above cost.

Most construction works seem to almost double the estimate once the work has been completed. Staff tell councillors that is due to unforeseen circumstances. This has become acceptable.

Council have allowed developers to not contribute to headwork charges on subdivisions etc instead have placed caveats on the land so that the purchaser plays. This has placed Council in situation when land is slow to sell or the subdivision takes a couple of years to finish, Council has little monies to go necessary works for infrastructure for the subdivisions,

borrowing monies at a high interest rate placing extra burden on ratepayers.

 **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?**


Expenditure review committee models are excellent if they are independent of Council staff, for instance an independent accounting firm that is experienced in local Government. If it is not so it just becomes another committee as per council's numerous others.

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

If our Council was private enterprise it will be broke in day. Councils tend to copy parts of private enterprise. Like staff becoming directors and paid like private enterprise. When you look at the responsibility of a private enterprise director who votes on the board, that responsibility in local council is with a local councillor who does the voting. When in actual fact the councillors are the directors of a Council. This creates contention with council directors

Current budget and financial process will only provide value for money when General Manager and the directors of council have got their Budget costing right. The processes cannot be blame for incompetency of management.

In the past Council have veered of track from the core services neglecting these services for tourism, sponsoring many annual sporting, horse and music events while employing extra staff to service these streams. All at an extra annual cost to the ratepayer. These extras come at a cost to the core streams as well with a reduction in allocation of funds impacting on a poor service delivery or lesser service of the core services. This impacts on the annual cost to the ratepayer with Council requesting rate variation as they become operating in the red.

 **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**

The Integrated Planning and Reporting process is too complicated for councillors to comprehend let alone allow councillors to communicate it to the community (Councils should adopt the KISS methodology). Our council budget is in 3 parts and it is hard to colligate between the three.

As a ratepayer in a Council that has no wards where there is no specific ward councillor, where all correspondence goes through council to get to a councillor under council's comms department, with the councillor when reached is unable to fully explain your questions and has to refer you back to a staff member. It is very frustrating and in most times is still unanswered. Unless you know a councillor personally, or in the same sporting club they are complete strangers to the community.

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.

If our Council's service delivery standards are anything to go by matching to revenue would depend on that the budget allocation for the service, to what standard or level of cost service was allocated for that service in the budget and if they achieved that level of service to the allocated costs. In our Council this is not the case.

Our council mayor believes he saves money by not resealing roads due to the cost of bitumen. Now the maintenance costs have accentuated due to the costs of pot holes that come in the same spot every time it rains. Maintenance costs then exceed the resealing costs, so more monies are spent for lesser achievement.

Contracted out services such as garbage collection etc is usually on budget as any under estimating is worn by the contractor not by Council.

How to visibly boost elected councillor accountability for council budgets and expenditure to the community

Councillors firstly need knowledge of how the allocated budget is going to provide the level standard and the cost of the service, need to understand the impact of all this on the ratepayer ability to be able to pay. Election of councillors is on popularity not experience in accounting.

Councillors need to be in more contact with the community and listen to their concerns. Not have a consultant come in prepare the budget for Council while working out ratepayers' affordability based on Government Statistics of local areas where the ratepayer is able to be charged more and adopting that method. Ratepayer affordability should be spread according to the Government Land valuers valuations.

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

Sustainability to support the community has little to do with current funding model it is dependent the competence of the management of council (good tradesman does not blame his tools)

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

Our Council borrows monies out of the water or sewerage trust account and pays back once the grant money comes through. With infrastructure etc the project should not start until the government places the funds into council coffers.

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.

Our Council never supports the community needs with sustainably services that why every year the road budget gets blundered and every year Council applies for rate increase to fund other projects that are not council's core services.

Our council is safe National seat, they do well when they are in government, last few years they have had a good share of funding now they struggling for monies other than their core streams.

Identify measures to put downward pressure on rates through other 'own source' revenue or closer scrutiny of expenditure.

Council is employing more people engaged in destination Tamworth, for sporting events, Country music and taking over bookings for accommodation etc for hospitality industry. Along with this state Government has given Local Government more services to cost to Local Government. Instead complaining council would be better off estimating the costs for that extra service, if government funding does not cover the service, only carry out part of that service that monies would cover bill government for the remainder and complete service once the monies is available to council. This should not be passed on to ratepayers who have paid for this service through taxes.

The costs of this operation have not been taken into consideration for the return that it brings into Council (loss it makes). The majority of the budget monies are provided for engineering (Infrastructure) dept is where only 200 out of total 650+ employees. Council has TfNSW road contracts for maintenance of State Highways and roads also having for options on reconstruction works on these roads which is a very high earner for Council. When you look at Council staff structure that has gone from 450 staff to 650+ staff in a little over 10 years, one questions are all these staff affordable to be able such a workforce? Council provides long service leave after 5 years. This is added costs and not only that but the costs for temporary staff to replace them.

Council remuneration for directors and managers is excellent with Council stating they are all experienced and qualified, yet council are paying millions for consultants where in the past these staff carried out that function.

There seems to be a double on expenses here. If council has the right staff why we paying all these millions?

Most infrastructure projects are over budget between 45 – 56%, either they are not estimated right in the first instant or they are not project managed correctly. Local Government finance has grown over the decades and needs appropriate industry leaders to get it back in line.

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.

Our Council are oblivious diverse communities and protection of the interests of current and future ratepayers from unnecessary impact on their cost of living.

Council have set up as a country music capital, tourist and sporting destination, costly operations to finance for little or no return.

Mostly Council infrastructure projects that ratepayers have to pay extra for now and the future loans are for projects design for the above and little thought has gone into the impact this is causing ratepayers now and will be impossible to keep funding.

Council has 3 large abattoirs in our main town that use over 50% of town water, cost of 65% of sewerage costs, are rate subsidised (charged at cheaper farm rate not commercial), employ over 6000 workers of which 90% are from overseas that use all of region's facilities (doctors, hospitals etc) and have priority over housing rental market. This all adds extra costs and strain on the ratepayers' capacity to pay.