

14 February 2023

Independent Pricing and Regulatory Tribunal

Via email: ipart@ipart.nsw.gov.au

Review of NSW Competitive Neutrality Policies and Processes

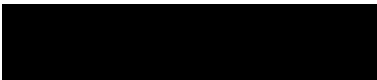
Thank you for the opportunity to respond to the Review of NSW Competitive Neutrality Policies and Processes (the Review).

In developing our response, we have consulted with our Finance Professionals Member Network and considered our previous submission (dated 15 August 2022), as well as previous work around the topic.

Our Local Government membership base, including general managers, directors and finance professionals, is looking forward to the raising of the significant business activity threshold from \$2 Million to \$3.7 million. The new threshold will reduce the unnecessary burden of quantitative financial reporting on councils whilst enabling a better focus on embedding qualitative competitive neutrality principles into business-as-usual financial practices in local government.

We would welcome the opportunity to discuss the implementation of the draft Report recommendations further with IPART representatives and propose two representatives from LG Professionals, NSW to contribute to the creation of public interest test templates for Local Government, one a member of the board and the second, a representative from our Finance Professionals Member Network.

Yours sincerely



Stewart Todd
President

Competitive Neutrality – Local Government Professionals Australia, NSW

Key Topics of Concern for Local Government

1. *Significance threshold* - The threshold being raised from \$2 million means less businesses operated by councils would be impacted and hence this will reduce the need for reporting. The proposed higher threshold of \$3.7million is supported.
2. *Financial reporting and the Public Interest Test* - In preference to the quantitative test, the qualitative test for applying the public interest test to local government is supported. However, in the Review it is unclear how communities (or their representatives) would have a role in the public interest test. Subject to more details, there is support for transparency and consultation for non-mandatory public interest assessments. Local Government Professionals would welcome an opportunity to provide input into the proposed public interest template.
3. *Independent price oversight of government businesses that are monopoly/statutory 'service' providers (eg. NSW Audit Office and Revenue NSW)*- The oversight of service providers has not been adequately addressed in the Review. Local Government Professionals, NSW would welcome a level playing field approach for local and state government in relation to independent oversight processes.
4. *Complaint processes* – The Report does not provide sufficient detail on the ability to complain (if needed) about a service authority. For example, the Audit NSW process or an allocated auditor. Also there needs to be clarity on how (and by whom) the 'discretion to investigate or not' is determined (eg frivolous and vexatious complaints). The aggregated data on complaints needs to be transparent and, ideally, be handled independently.
5. *Principles* – The report and processes should encourage the embedding of competitive neutrality principles into Local Government's 'Business as Usual' approach not just reportable matters. For example, when Council's Fees and Charges are prepared, they should align with competitive neutrality principles.
6. *Audit processes* – Audit NSW processes seem to have created a monopoly service approach that doesn't provide for auditor selection or tendering processes. Also, the scheduled calendar approach can cause significant delays for some councils. A more open, innovative, and equitable audit approach is sought to enable the resource load on Audit NSW to be relieved and to enable faster audit completion for all councils. LG Professionals would welcome an opportunity to discuss alternative models with the Office of Local Government before the Report and recommendations are finalized.