

27 August 2008

Office of the General Manager

Reference File: F00608

Review of the Revenue Framework for Local Government  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office NSW 1230



Dear Sir / Madam,

**SUBJECT                      Blue Mountains City Council's Submission on the Review  
of the Revenue Framework for Local Government**

Please find enclosed the Council's submission on the Review of the Revenue Framework for Local Government. The submission was endorsed for forwarding to the Independent Pricing and Regulatory Tribunal (IPART) at the 26 August 2008 Council meeting. The Council also wished to note that this response is provided in the main from management rather than Councillor involvement.

The documentation includes:

- The Council Report presented at the Council meeting of 26 August 2008
- The Blue Mountains City Council's submission on the Review of the Revenue Framework for Local Government as endorsed at the 26 August Council meeting and the following supporting documentation:
  - > *The Blue Mountains City Council Community Survey Report 2007*
  - > *The Blue Mountains City Council 2008-2009 Management Plan and Financial Supplement.*

We look forward to participating in ongoing consultations and in presenting our views at the hearings.

Should you have any further queries please contact Ms Rosemary Dillon, the Council's Corporate and Community Outcomes Manager, on 4780 5679.

Yours faithfully



PHIL PINYON  
General Manager

ITEM NO: S2

SUBJECT: BLUE MOUNTAINS CITY COUNCIL SUBMISSION TO THE  
INDEPENDENT PRICING AND REGULATORY TRIBUNAL (IPART)  
ON THE REVIEW OF THE REVENUE FRAMEWORK FOR LOCAL  
GOVERNMENT – ISSUES PAPER JULY 2008

FILE NO: F00608

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**Recommendation:**

*That the Council endorses the submission as presented in the separate enclosure, on the Review of the Revenue Framework for Local Government - Issues Paper July 2008, for forwarding to the Independent Pricing and Regulatory Tribunal (IPART).*

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**Report by General Manager**

**Background**

The Independent Pricing and Regulatory Tribunal (IPART) has been requested by the Premier to assist the Minister for Local Government by conducting a review of the revenue framework for local government. IPART has been asked to make recommendations on:

- (1) an appropriate inter-governmental and regulatory framework for setting rates and charges;
- (2) a role for IPART in setting rates and charges; and
- (3) a framework for setting the charges levied by certain public authorities to enable these authorities to recover costs for the provision of services that are normally provided by local government.

IPART has released an Issues Paper outlining Terms of reference and key issues they are seeking comments on. This paper is available at the following internet site:

[www.ipart.nsw.gov.au/files/Revenue%20Framework%20for%20Local%20Government%20-%20Issues%20Paper%20-%20July%202008%20-%20APD%20Website.PDF](http://www.ipart.nsw.gov.au/files/Revenue%20Framework%20for%20Local%20Government%20-%20Issues%20Paper%20-%20July%202008%20-%20APD%20Website.PDF)

IPART is to provide a draft report to the Minister for Local Government by 13 May 2009 and a final report by 13 September 2009. In undertaking the review, IPART has invited submissions from interested stakeholders. The deadline for submissions is Friday 29 August 2008. Given the extremely tight timeframe available for councils to make submissions, an extension to the 29 August deadline was sought via WSROC. IPART has responded stating that no extension is possible but that a consultation process with stakeholders will be conducted during October and November drawing on submissions received.

In view of the significance of this review and the potential impact of its recommendations, this report has been prepared as a Supplementary Business Paper for the Council Meeting on 26 August 2008. In this regard it should be noted that the Department of Local Government has confirmed that providing comments on this Issues Paper is not considered to fall within the scope of caretaker provisions and councils should proceed with making submissions.

### **Overview of Issues on which IPART Seeks Comment**

In undertaking the review, IPART has identified 9 key questions in relation to the regulation of local government revenues that it wants stakeholders to respond to in their submissions. These questions addressed in **Section 1** of the Enclosed submission, include:

1. *What is the role of local government and how is it determined?*
2. *How effective is rate pegging and what are the implications for councils and ratepayers?*
3. *What are the objectives for a regulatory framework for local government revenues?*
4. *How does the current regulatory framework for council revenue;*
  - *Promote the effective and efficient provision of services?*
  - *enhance the financial sustainability of local government?*
  - *Meet the standard of principles for good regulation and taxation – efficiency, equity, simplicity, transparency?*
  - *Enhance the accountability of local government?*
5. *What role should IPART play in setting local government rates and charges, including charges for non-business activities?*
6. *Should IPART have a determinative role provided by legislation or should IPART's role be limited to making recommendations, if and when requested by the Minister?*
7. *To what extent do government authorities – Sydney Harbour Foreshore Authority, Sydney Olympic Park, Redfern Waterloo Authority and the Grothw Centres Commission - provide services that duplicate and overlap with those of local government?*
8. *What are the implications for local government rates where these authorities provide services normally provided by local government?*
9. *Should a common regulatory framework be introduced to these authorities?*

Please note that the Submission has not addressed questions 7 to 8 above given they are not of direct relevance to Blue Mountains City Council.

**Section 2** of the submission presents responses to 43 more specific questions raised in Chapters 2 to 8 of the Issues Paper. It should be noted that responses have again only been given to questions considered of direct relevance to Blue Mountains City Council (in this regard no response has been given to questions 46 to 52 and where a question has already been addressed a cross reference is given).

### **Summary of Options for Alternative Regulatory Frameworks**

IPART has identified five options for alternative regulatory frameworks for local government detailed on pages 63 and 64 of the Issues Paper. These Options are as follows:

#### ***1. Retain existing rate pegging arrangements but:***

- Publish the economic indicators or indices to be used in determining the uniform rates cap to be applied across local government each year.
- Modify the special variations process to ensure that the mandatory criteria required to justify a Section 508 (2) or a Section 508A variation are published and that the process of application and approval is fully transparent and forms part of local government regulatory system).
- Leave all charges unregulated (except s94 charges which are being dealt with separately under amendments to the NSW Planning and Assessment Act).

**2. Implement a more disaggregated form of rate pegging which incorporates cost indices relevant to each council (or groups of councils).** This option would be as for Option 1 but either:

- Group councils based on specific criteria and calculate a rate peg specific to each grouping, or
- Calculate a specific cap for each council based on specific criteria (eg cost structures, service dimensions).

**3. Reduce the scope of rate pegging to cover only local government revenue needed to fund operating expenditure and thus exclude capital expenditure from rate pegging (noting that operating expenditure should include some expenditure approximating asset depreciation).**

This option includes:

- Leaving other fees and charges (except s 94 charges) largely unregulated as is.
- Providing separate guidelines on operating and capital expenditure planning and pricing. These guidelines could require approaches to operational revenue raising, related expenditure, capital expenditure plans and costings, pricing policies and charges, depreciation policy and proposed funding options including debt financing and public private partnerships. A section on relationship of Section 94 Plans to these guidelines could be included.
- Modifying the special variation arrangements as described in Option 1 above.

**4. Maintain rate pegging power but promote greater freedom by exempting individual councils from rate pegging subject to mandatory demonstration of:**

- Financial accountability and governance
- Financial sustainability
- Comparative efficiency and effectiveness indicators (including affordability and availability of local services and facilities)
- Ability to achieve the above objective criteria over 10 year time frame through an approved and independently audited management plan. This audited plan could be tabled in Parliament and made publicly available.

This option may require regulatory changes to current Management Plans prepared under the Local Government Act 1993 – Chapter 13, Part 2 Management Plans.

**5. Institute measures to enhance accountability to the local community and remove mandatory rate pegging.**

This option includes compulsory reporting on a comparable basis to enable comparisons between councils. Where councils fail to meet these criteria a default rate cap could apply. While IPART has included this option for discussion, it notes that the Minister for Local Government favours the continuing rate pegging.

In addition, in assessing Options 1 and 2, IPART will also consider whether councils should also be required to develop a 10 Year Management Plan, as outlined in Option 3 above.

### **Summary of Key Points Presented in the Submission**

The submission argues that there is a need for any local government revenue framework to support the ability of councils to be proactive and control their own destinies, rather than being dependent on uncertain handouts and grants from the state government. Further that the role, responsibilities and funding of local government should not be considered in isolation

from a consideration and clarification of the roles, responsibilities and funding responsibilities of the two other tiers of government.

The submission favours Option 5 above, the removal of mandatory rate pegging in favour of allowing Councils greater freedom in setting rates in consultation with community. However, in this regard it also stresses the need for local government to:

- Receive a greater and more equitable share of total taxation revenue on a recurrent and untied basis that has inbuilt natural growth
- Be adequately compensated for cost shifting of services and responsibilities from other tiers of government to councils
- Continue having access to funding such as that received annually through the Federal Assistance Grant Scheme (FAGS) which compensates councils facing significant challenges as a result of their unique characteristics (this mode of funding may be revised if the first point is adequately addressed) and
- Be fairly categorised and treated in terms of the unique characteristics, challenges and varying revenue generating capacities of different councils – so there is equity for NSW local communities.

These points are particularly significant in the case of Blue Mountains given our limited rate capacity, relatively high existing average rate per residential assessment (\$881.84 in 2005/2006 – the highest in the DLG Category 7)) and relatively lower socio-economic status with higher number of Blue Mountains households in the lowest three income quartiles relative to the Sydney Statistical Division. Blue Mountains City Council is limited in its capacity to use rates as a major source of revenue because of the City's static population base and the shortage of available land for developing additional rateable properties due to the constraints of our World Heritage environment and those applied through the City's highly environmentally focused Local Environmental Plan 2005 – which reflects the priorities and values of our local community.

In the event that rate pegging is to continue in some form, Blue Mountains City Council favours aspects of Options 2 and 4 detailed above and on pages 63 and 64 of the *Issues Paper*. However, we have significant concerns regarding the possible use of the modified Department of Local Government (DLG) local government classification (reducing the categories of local government from 22 to 11) and IPART's further modification of the classification (from 11 categories to 5) in analysing and determining the local government revenue framework. The IPART Issues Paper does not clarify why and how IPART would use the modified local government classification relative to local government revenue determination – and this detail is required for an informed response to be given.

The submission emphasises our particular concern that those councils with unique roles, responsibilities and challenges –such as Blue Mountains City Council – may end up being grouped with councils who are very dissimilar as the City of Blue Mountains already has been. In this regard we note that under the initial Australian Classification of Local Governments, Blue Mountains with a population of 73,054 was and is the ONLY council in NSW placed in Category 12 Urban Fringe Large (UFL). However, when the Department of Local Government reduced the number of local government classification categories from 22 to 11, we were then grouped in Category 7 with 7 other “Very Large” councils all with populations over 120,000.

If rate pegging is to remain in some form, the submission also argues that IPART, rather than the Department of Local Government, should have the determining role in setting rates. This is seen to be appropriate given their independent role as an economic regulator in overseeing pricing in such areas as electricity, gas, water and transport industries.

**Sustainability Assessment (Triple Bottom Line Reporting)**

<b>Effects</b>	<b>Positive</b>	<b>Negative</b>
<u>Environmental</u>	The recommendations included in the Council's submission, seeks to ensure appropriate levels of revenue are available to local government to provide environmental, social and economic outcomes for the community in accordance with community values and priorities .	There are no negative implications in the Council endorsing the submission.
<u>Social</u>		
<u>Economic</u>		

**Financial implications for the Council**

There are no direct financial impacts on the Council in endorsing this submission. The recommendations in the submission seeks opportunities for additional revenue for the Council to provide services to the community.

**Legal and risk management issues for the Council**

There are no legal or risk management issues in endorsing this submission.

**External consultation**

Discussions with the Western Sydney Region Organisation of Councils (WSROC) have been held.

**Conclusion**

It is recommended that the Council endorse the submission presented in the separate enclosure to this report.

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**Enclosure:** *Blue Mountains City Council Submission to the Independent Pricing and Regulatory Tribunal (IPART) on the Review of the Revenue Framework for Local Government – Issues Paper July 2008*

**ENCLOSURE:**

**BLUE MOUNTAINS CITY COUNCIL SUBMISSION TO THE  
INDEPENDENT PRICING AND REGULATORY TRIBUNAL (IPART)  
ON THE REVIEW OF THE REVENUE FRAMEWORK FOR LOCAL  
GOVERNMENT – ISSUES PAPER JULY 2008**

## Introduction

Improving the revenue framework for local government in NSW is critical to the overall sustainability of NSW councils and of the State – socially, economically and environmentally. For too long, NSW councils under the rate pegging regime have been denied the opportunity to be masters of their own destination in collaboration with their communities. Despite this situation, the City of Blue Mountains continues to develop and make a major contribution to the region and to the State through its unique roles and responsibilities in the following areas:

- Playing a significant stewardship role in the management and improvement of Sydney's drinking water catchments located within the Local Government Area (LGA);
- Being a City located within the Greater Blue Mountains World Heritage Area - we undertake a number of roles and stewardship responsibilities relative to managing the impacts of urban development on the World Heritage environment. Linked to this, the Blue Mountains is now a major international and national tourist destination – with associated challenges of managing the impacts of high and fluctuating visitor numbers on the environment and the local community; and
- Our City provides the land for a nationally significant transport corridor bridging the metropolitan and coastal east with the rural Central Western hinterland.

To support our submission we have enclosed copies of our *2008-2009 Management Plan* and *Financial Supplement* and a copy of the *2007 Community Survey* assessing resident satisfaction with Council service delivery. These documents provide requested information on the range of services and infrastructure provided by the Council and the challenges faced by the Council and the City.

Blue Mountains City Council has been very successful in engaging our local community in the development of a community endorsed 25 year *City Vision and Map for Action 2000-2025: Towards A More Sustainable Blue Mountains* and our Council has shown leadership in responding to this through its four year Management Plans - with a major focus on improving the financial sustainability of the Council. Like many other councils in NSW, Blue Mountains City Council is facing significant financial challenges. The Council's *2005 Submission to the Independent Inquiry into the Financial Sustainability of NSW Local Government* acknowledged that, while the Council's current short term cash financial position was relatively sound, **it has been achieved at the cost of not adequately renewing and maintaining our aging built assets and at the cost of declining service provision to residents.** The forecast outlined in the submission was that there would be a decline in the financial position over the next 10 years if there was no change in the availability of resources to deliver Council's services expected by the community.

Over the past four years Blue Mountains City Council has actively focused on addressing our financial challenges through developing a 10 year Long Term Financial Strategy/Model and completing Sustainable Asset Management Plans for all asset types. As detailed in our 2008-2009 Management Plans, the top two Council priorities for action over 2008-2012 are:

1. *Addressing Council's financial sustainability and*



2. *Addressing the asset renewal and maintenance funding gaps – including equitable service provision / service levels*” (BMCC, 2008-2009, p. 2).

Council’s 2008-2009 Management Plan identifies clear financial targets for improving the Council’s financial position over the next four years. While these priorities are critical strategies to address the issues in a responsible way, they are limited in what they can achieve in addressing the reasonable needs of the community without the injection of additional funding.

In considering the role and funding of local government, this submission argues that there is a need to do this in relation to a consideration of the roles and responsibilities of the other two tiers of government. This submission emphasises the importance of local government having the ability to be proactive and control its own destiny, rather than being forced to be restrained and reactive, dependent on uncertain handouts and funding levels. Local government should not be viewed as an arm of State Government but rather as another level of government with accountability to the communities served.

This submission argues for the removal of the current rate pegging system employed in NSW, in favour of allowing Councils greater freedom in setting rates in consultation with community. However, the submission also stresses the need for local government to:

- Receive a greater and more equitable share of total taxation revenue on a recurrent and untied basis with inbuilt natural growth
- Be adequately compensated for cost shifting of services and responsibilities from other tiers of government to councils
- Continue having access to funding such as that received annually through the Federal Assistance Grant Scheme (FAGS) which compensates councils facing significant challenges as a result of their unique characteristics (this mode of funding may be revised if the first point is adequately addressed)
- Be fairly categorized and treated in terms of the unique characteristics, challenges and varying revenue generating capacities of different councils – so there is equity for NSW local communities.

The above points are particularly significant in the case of Blue Mountains given our limited rate capacity, relatively high existing average rate per residential assessment (\$881.84 in 2005/2006 – the highest in the DLG Category 7)) and relatively lower socio-economic status with higher number of Blue Mountains households in the lowest three income quartiles relative to the Sydney Statistical Division. Blue Mountains City Council is limited in its capacity to use rates as a major source of revenue because of the City’s static population base and the shortage of available land for developing additional rateable properties due to the constraints of our World Heritage Listed environment and those applied through the City’s highly environmentally focused Local Environmental Plan 2005. Blue Mountains rates also support millions of tourists visiting the City for which there is very limited ability to recoup associated costs.

In the event that rate pegging is to continue in some form, Blue Mountains City Council favours aspects of Options 2 and 4 detailed on pages 63 and 64 of the Issues Paper. However, we have significant concerns on the possible use of the modified DLG local government classification (reducing the categories of local government from 22 to 11) and IPART’s further modification of the classification (from 11 categories to 5) in analysing / determining a local government revenue framework. The IPART Issues Paper

does not clarify why and how IPART would use the modified local government classification relative to local government revenue determination – and the lack of certainty in this regard is of some concern.

We are particularly concerned that those councils with unique roles, responsibilities and challenges –such as Blue Mountains City Council – may end up being grouped with councils who are very dissimilar as the City of Blue Mountains already has been. A solution or assessment relevant to the majority grouped in a particular category may disadvantage some minority councils. In this regard we note that under the initial Australian Classification of Local Governments, Blue Mountains with a population of 73,054 was the ONLY council in NSW placed in Category 12 Urban Fringe Large (UFL). However, when the Department of Local Government reduced the number of local government classification categories from 22 to 11, we were then grouped in Category 7 with 7 other “Very Large” councils all with populations over 120,000 and with significant growth potential – unlike the Blue Mountains.

The following pages outline the Blue Mountains City Council position regarding the key questions identified in the Issues Paper. **Section 1** covers the 9 key questions outlined in Chapter 1 while **Section 2** covers the remaining 43 questions raised in Chapters 2 to 8 - seeking more specific information on particular matters.

## SECTION 1: Responses to Key Questions 1 to 9 Raised in Chapter 1 of the Issues Paper

<p><b>Overview of issues on which IPART seeks comment</b></p>	<p><b>BMCC Response</b></p>
<p><i>Chapter 1. What is the role of local government and how is it determined?</i></p>	<p>1. We note that Section 3 of your <i>Issues Paper</i> provides a summary of the role of local government and this is generally in line with Blue Mountains City Council's interpretation.</p> <p>We agree there is a contradiction between the limited revenue base of many NSW local governments (exacerbated by rate pegging) and the now broad social, environmental and economic agenda for local government envisaged in the <i>Local Government Act (NSW) 1993</i>, <i>Environmental Planning and Assessment Act (NSW) 1979</i>, <i>Protection of the Environment (Operations) Act (NSW) 1997</i> and other local government statutes and regulations. We agree that the <i>Local Government Act</i>, particularly the Charter included in it, reflects a maximalist view of the role of local government (as opposed to the minimalist "roads rates and rubbish" view) and that the rate pegging approach constrains councils' revenues and limits the capacity of local government to provide this "wider range of services".</p> <p>We would like to comment on section 3.3 <i>Recent changes in the role of local government</i> which refers to the additional responsibilities and activities for local government which has occurred as a result of more infrastructure being transferred to NSW's councils from other tiers of government and to the shift in the role of local government from property based services to human services. We believe this later shift has also largely been due to other tiers of government shifting their responsibility for the provision of human services (at times through legislation). This cost shifting (over and above that related to shifting responsibility and costs associated with infrastructure) has significantly changed the role of local government and added to their financial challenges.</p> <p>Communities do influence the roles and priorities for their local areas. As an example the Blue Mountains has a significant emphasis on environmental protection. This accountability of local government to their constituency, emphasises the point that councils have a democratic legitimacy that seems to be overlooked by the state government in particular. The apparent perspective of the state government is that local government is an "arm of the state" much in the same light as a statutory authority ignores local democracy and accountability.</p> <p>Given the above we would argue that the current role of local government has significantly been determined by the policy decisions and actions of other tiers of government. We would also highlight the need to consider the role of local government in the broader context of understanding the roles of the three different tiers of government in relation to each other. We would also argue that the broader context is a reflection on community expectations as well.</p>

<p><b>Overview of issues on which IPART seeks comment</b></p>	<p><b>BMCC Response</b></p>
<p>2. How effective is rate pegging and what are the implications for councils and ratepayers?</p>	<p>2. Rate pegging has been very effective in limiting rate increases of NSW councils. As outlined in the <i>Final Report of the Independent Inquiry into the Financial Sustainability of NSW Local Government</i>, between 1995/96 and 2003/04 rate increases in NSW were lower than in any other state and NSW had the lowest council rates per capita of any jurisdiction in Australia other than the Northern Territory (2006, p207).</p> <p>However, given that NSW is the only state in Australia imposing rate pegging one has to question its effectiveness overall. Rates are the single largest source of revenue to councils. Unless councils have greater ability to set their own rates, charges and fees, they may not be able to afford to continue providing the range and level of services they currently do. In addition, the roles and responsibilities of the three tiers of government in relation to service provision in local areas needs to be considered as a whole- with transparent role delineation and equitable funding arrangements.</p> <p>Rate pegging as it currently operates has not been very effective in assisting local government to be financially sustainable and provide the level of services required by communities. In combination with cost shifting from other levels of government to local government, unreliable grant funding and a reduction in the percentage of the total tax dollars allocated to local government from other levels of government, rate pegging has significantly restricted Councils ability to meet resident's expectations and grow thriving sustainable communities. To some extent it can be argued that initially rate pegging forced local governments in NSW to be more efficient and innovative. However, the time between this outcome being achieved and many Councils now becoming financially unsustainable and struggling to provide acceptable levels of service to residents has long since passed.</p> <p>Much information and research has gone into the poor condition of NSW local and state infrastructure. The emphasis has nearly always been on civil infrastructure. This has masked the deteriorating social, cultural, environmental and economic capital in local communities. It has been stated that the quality of a community's civil infrastructure is a good measure of the social environmental and economic capital and assets. One only has to visit other state's regional areas and New Zealand to see what dynamic communities can be created when reasonably funded and unrestrained by other levels of government.</p> <p>Well funded and managed local government can be a major economic driver for the State. NSW has for too long relied on the top down approach with state imposed rate pegging and a reliance on the State deciding what grants and additional funding will be allocated based on State Government priorities that are not necessarily local community priorities. There needs to be a balanced approach with the pendulum swinging back more to local democracy and accountability.</p> <p>Like other councils in New South Wales, Blue Mountains City Council is impacted by cost shifting. There is currently no agreed process between councils and the State and Federal Governments to ensure that, when services devolve to local government, they are automatically accompanied by adequate and secure funding sources. This applies not only to the devolution of services, but also to increasing accountability and reporting requirements placed on councils. It can also be argued that local government has not been</p>

Overview of issues on which IPART seeks comment	BMCC Response
	<p>receiving a fair and adequate share of State and Federal Government tax revenue despite an increase in demand for local government services. There is a need to increase the proportion of unified funding to local government. For example, local government should receive a higher proportion of total personal income tax revenue – a set amount to provide certainty in funding from year to year. Local Government should not have to beg for money to provide essential services and facilities required by local communities.</p> <p>The lack of adequate funding is compounded by limitations placed on Council through rate pegging. This affects Council's ability to recover costs from the local community for providing needed services. The level of grant funding available to Council is also determined by state and federal governments and is not always a reliable and continuing source of revenue. As well as affecting Council's annual budgets these limitations make it difficult for Council to raise capital required to replace and refurbish existing aging infrastructure.</p> <p>Local government needs to be considered as a partner and not merely a tier of government at the end of the revenue food chain.</p> <p>It is also important to note that rate pegging is currently applied to a base amount from the previous year. This methodology presumes that the base from a prior year was sufficient for each council. Any new method would be more acceptable if there were to be a review of each council and an adequate rate base set to which all future rate pegging increases could be applied.</p>
3. What are the objectives for a regulatory framework for local government revenues?	<p>3. Objectives developed should aim to address the following:</p> <ul style="list-style-type: none"> <li>▪ effective and efficient service delivery</li> <li>▪ economic/ financial, social and environmental sustainability of local government areas/councils</li> <li>▪ equity and fairness – including consideration of the varying capacity of councils to raise required revenue as a result of their unique characteristics, roles, responsibilities and challenges</li> <li>▪ transparency and accountability</li> </ul> <p>In addition any regulatory framework imposed should support rather than hinder the ability of local governments to proactively plan ahead. In the context of annual budgeting, if rate pegging is retained, councils need to know the percentage rate in time to inform the development of the annual budget (not after it has been developed as currently occurs). Ideally, to enable Councils to do 4 year delivery programs, Councils need to have certainty on the amount of rate funding available over a four year period and facilitate flexibility and innovation in the response of local governments to addressing funding shortfalls – there are many costs likely to rise that are outside of the control of local government such as wages, cost of goods and services, cost of petrol etc. Local government needs to be able to increase its revenue within reason to be able to continue to provide existing services and/or increase service levels if required.</p>
4. How does the current regulatory framework for council revenue, or any alternative framework:	<p><b>4. Current regulatory framework</b></p> <p>The current regulatory framework has forced local government to focus on financial sustainability challenges, to review its service delivery levels and options and to reduce its level of service in line with</p>

<p><b>Overview of issues on which IPART seeks comment</b></p> <ul style="list-style-type: none"> <li>▪ <i>Promote the effective and efficient provision of services?</i></li> <li>▪ <i>Enhance the financial sustainability of local government?</i></li> <li>▪ <i>Meet the standard of principles for good regulation and taxation – efficiency, equity, simplicity, transparency?</i></li> <li>▪ <i>Enhance the accountability of local government?</i></li> </ul>	<p><b>BMCC Response</b></p>
	<p>available funding. The asset renewal and maintenance funding gaps have increased significantly for many councils. The current regulatory framework has limited the ability of councils to undertake medium to longer term forward financial planning due to the rate pegging level being announced on a year to year basis - after councils have already completed their annual budget process. The current system does not respect the budgetary cycles and timeframes of local councils. This will be exacerbated with the introduction of the planned Integrated Planning and Reporting reforms.</p> <p><b>Alternative framework</b></p> <p>It would be more effective and efficient to remove rate pegging and allow councils to determine in consultation with local communities acceptable rate increases. In addition, there needs to be a greater allocation of taxation funds received by other tiers of government to local government to address financial sustainability and asset management challenges of local government generally, and in particular of councils with low revenue potential/ low growth opportunity / or areas facing multiple disadvantages as a result of geography, location, population level, remoteness etc.</p>
<p>5. <i>What role should IPART play in setting local government rates and charges, including charges for non-business activities?</i></p> <p>6. <i>Should IPART have a determinative role provided by legislation or should IPART's role be limited to making recommendations, if and when requested by the Minister?</i></p>	<p>5. and 6. If it is decided that local government rates should continue to be regulated, this submission recommends that IPART (rather than the Department of Local Government) should play a determining role in setting local government rates. <b>This is on the proviso that there is an agreed and transparent basis for the setting of rates and charges that is fair, equitable and transparent - taking into account the unique characteristics, roles, responsibilities and challenges of different councils and or the ability to consider disabilities like the FAGS does.</b></p> <p>Particular care would need to be taken by IPART not to just group very different councils with greatly varying populations and different challenges and attributes together into a single local government classification category - for the purpose of regulating rate revenue (the number of rateable properties within a given area should also be taken into consideration in any grouping or categorisation of councils).</p> <p>Currently there is no transparency in how rate increases are determined – though probably they are notionally based on CPI and award wage increases. CPI however, does not adequately cover the costs of local government goods and services. The prices of these items move in different ways to average household price movements (CPI). Recognising this, the Local Government Association of South Australia (LGASA), has published the SA Local Government Price Index (LGPI). The LGASA states that the LGPI is a reliable and independent measure of the inflationary effect of price changes in the South Australian Local Government sector. In describing the index the LGASA notes that the lack of relevance of CPI (which is a measure of household costs) as an indicator of changes of Council costs has previously been acknowledged by many in the sector over a number of years. Despite the CPI not being relevant to the local government sector, many ratepayers and the media continue to use the CPI as a reference point when evaluating Council rate rises that are sometimes needed to deliver increasingly costly services.</p> <p>It is recommended that rather than using CPI a Local Government Index should be used by IPART - based</p>

Overview of issues on which IPART seeks comment	BMCC Response
<p>7. To what extent do government authorities - such as SHFA, SOPA, RWA and the GCCs - provide services that duplicate or overlap with those of local government?</p> <p>8. What are the implications for local government rates where these authorities provide services normally provided by local government?</p> <p>9. Should a common regulatory framework be introduced for these authorities?</p>	<p>on a realistically costed basket of goods and services relevant to local government service provision. IPART should also advise rates percentage increases well in advance and ideally on a 4 year basis say 1% plus local government Index (with potential for adjustment) so that Councils have the opportunity to properly plan their budgets.</p> <p><b>Questions 7 to 9 have not been addressed as they are not considered to be of relevance to Blue Mountains City Council</b></p>

**SECTION 2: Responses to More Detailed Questions 10 to 52 (raised in Chapters 2 to 8 of the Issues Paper)**

IPART Issues Paper Contents	IPART Seeks Comment on the Following Issues	BMCC Response
<p><b>Chapter 2. Local Government in NSW</b></p> <p>2.1 Legislative framework</p> <p>2.2 Revenue sources</p> <p>2.3 Contributions for public amenities and services within a local government area</p> <p>2.4 Council characteristics</p> <p>2.5 Cooperation and partnerships between councils</p>	<p>10. Is the Department of Local Government modification of the Australian Classification of Local Governments (ACLG) a suitable framework within which to consider the differences between councils?</p>	<p>10. The Australian Classification of Local Governments (ACLG) was originally developed to provide comparative information on the performance of councils across Australia (with only 2 of the 11 performance areas relating to revenue- rating and financial). Page 14 of your Issues Paper outlines:</p> <ul style="list-style-type: none"> <li>I. the initial approach to the Australian Classification Scheme</li> <li>II. the modification by the NSW Department of Local Government -which reduced the local government categories from 22 to 11 and</li> <li>III. IPART's proposal to use the modified DLG classification in its analysis for the review and for its analysis – and to further classify councils from the 11 DLG categories into 5 location based categories.</li> </ul> <p>In relation to point (II) above, we believe the Department of Local Government modification of the Australian Classification of Local Governments (ACLG) <u>is not a suitable framework within which to consider the differences between councils.</u></p> <p>Under the original unmodified Australian Classification of Local Governments, Blue Mountains City Council with an estimated residential population of 76,511 in 2005 was the ONLY council in NSW classified as UFL (Urban Fringe Large). In modifying the Classification, the NSW Department of Local Government (DLG) grouped Blue Mountains Local Government in a new category (7) that compares it with Urban Fringe "Very Large" councils with populations greater than 120,000 (including: Baulkham Hills estimated 2005 residential population of 161,068; Campbelltown est. popn 150,216; Gosford est. popn. 163,304; Hornsby est. pop. 157,204; Liverpool est. popn. 170,192; Penrith est. popn. 177,995 and Wyong est. popn. 143,393).</p> <p>In our covering letter we have identified the unique role and impact of developing responsibilities of the City of Blue Mountains. We believe the need for additional funding - from other tiers of government because of our unique and developing responsibilities, our low rate base and because of our World Heritage environmental constraints – are no longer apparent and have been lost in the DLG modification to the Classification.</p> <p>In relation to (III) above – IPART using the DLG modified classification – we note no explanation has been provided on how and why you intend using this. This detail is required for an informed response to be given.</p> <p>In IPART's further modification of the Classification by location (see Issues Paper Table 2.3</p>



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		p15), Blue Mountains City Council is now grouped and compared with council's with a population of less than 30,000 and more than 120,000. This would appear to make proper revenue comparison between Councils challenging, particularly if residential population base is used rather than number of rateable properties.
<p><b>Chapter 3. What is the role of local government?</b></p> <p>3.1 Role of local government</p> <p>3.2 Variations in the role of councils</p> <p>3.3 Recent changes in the role of local government</p>	<p>11. How does the current regulatory framework impact on the efficiency of rate setting by councils?</p> <p>12. What is the current role of Local Government and its limits? Where does this role come from? Is it self imposed or is it legislated?</p>	<p>11. Blue Mountains City Council is committed to the Charter included in the <i>Local Government Act 1993</i>. Given the Council's commitment to providing a comprehensive range of services to its community in line with the Charter, rate capping determined externally has is an "inefficient" way of obtaining the amount of revenue required to fund services.</p> <p>12. Please refer to your question 1 and our response to it above.</p> <p>We see that the role of local government is determined through:</p> <ul style="list-style-type: none"> <li>▪ Various Acts some of which have flexibility in interpretation</li> <li>▪ The policy and action of other tiers of government and</li> <li>▪ A councils' response to and capacity for meeting the local community's needs and expectations.</li> </ul> <p>Therefore, it appears that the role of local government is currently limited by an individual council's interpretation of the Local Government Act and Charter, the extent to which it chooses to respond to its community and its financial constraints.</p>
	13. What should be the limits on the role of local government?	<p>13. We believe it is inappropriate to consider "what should be" the limits on the role of local government in isolation from considering the roles and funding responsibilities of other tiers of government.</p>
	14. What infrastructure and services do councils currently provide?	<p>14. We note your summary of infrastructure and services provided by local government in sections 3.1.1 and 3.1.2 of your Issues Paper. The infrastructure and services provided by Blue Mountains City Council are outlined by Principal Activity in Council's 2008-2009 <i>Management Plan</i> (refer to <i>Principal Activity</i> Section of enclosed copy of Management Plan).</p>
	15. What infrastructure and services should councils be responsible for?	<p>15. We believe it is inappropriate to consider "what infrastructure and services should councils be responsible for" in isolation from considering the responsibilities of other tiers of government.</p>
	16. To what extent is there overlap with other levels of government?	<p>16. Definition of "overlap" in services is where more than one tier of government is involved in providing a service to the local community. <u>Providing there is a clear definition of roles and resources are not duplicated</u>, there can be benefits in service provision overlap. In the case of providing roads to the Blue Mountains community (the service), Council funds the provision of local roads while other tiers of government fund the major arterial roads in the</p>

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	<p>17. To what extent do service levels vary between councils in their scope, value and quality of infrastructure and other assets?</p> <p>18. What factors cause differences between council's provision of infrastructure and services to arise?</p> <p>19. To what extent are ratepayers satisfied that Councils provide services that are appropriate and delivered effectively and to acceptable standards?</p> <p>20. What demographic, intergovernmental, economic, social, technical and environmental changes are affecting councils now and their future revenue requirements?</p>	<p>local area. Given this view it is likely that local government overlaps to some extent with other levels of government in providing some services and infrastructure.</p> <p>17. There are significant variations in service levels “between councils in their scope, value and quality of infrastructure and other assets.” Blue Mountains City Council has a highly dispersed population with budgetary constraints impacting on the level and quality of services and infrastructure provided.</p> <p>18. It would appear that proximity to Sydney is one factor in causing differences between councils in the provision of infrastructure and services. Councils close to major city centres get the benefit of funding, infrastructure and services provided by other levels of government and by other councils. The further a council is from major cities the more the council and its community needs to rely on itself. In addition other factors causing differences between councils include local community values and educational standards, demographics and community diversity, geography including distance from major city centres and available revenue.</p> <p>19. Blue Mountains City Council conducts regular community surveys of residents – not just ratepayers – to assess the importance of and satisfaction with Council's services (please see enclosed 2007 Community Survey IRIS Report).</p> <p>20. Key changes impacting on the City of Blue Mountains include:</p> <ul style="list-style-type: none"> <li>▪ Stabilizing population</li> <li>▪ Imbalanced demographic structure – aging population / declining numbers of young people</li> <li>▪ Challenge of providing local employment</li> <li>▪ Impact of high commuting levels</li> <li>▪ E-commerce opportunities</li> <li>▪ High cost of resources/ commodities e.g. oil</li> <li>▪ Climate change</li> <li>▪ Carbon trading opportunities</li> </ul> <p>Blue Mountains City Council is limited in its capacity to use rates as a major source of revenue because of the City's static and aging population base and the shortage of available</p>

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		<p>land for developing additional rateable properties. It is unlikely there will be significant increases in population and the availability of rateable properties due to the City's environmental constraints now applied through statutory planning in the City's LEP 2005 (in response to our location response to our World Heritage location). Emerging issues for rates as a revenue source over 2008-2012 are:</p> <ul style="list-style-type: none"> <li>▪ The increasing age demographic, which will mean more pensioner rebates being processed and given - i.e. less rate revenue.</li> <li>▪ Increasing interest rates and likely downturn in the economy putting pressure on the Council's debt collection function and hardship applications i.e. increasing cost of compliance and potential reduction in revenue. The City is already experiencing a climate of increasing mortgagees in possession.</li> </ul> <p>Due to the elongated pattern of development from east to west, an extensive urban/bushland interface exists in the city of Blue Mountains. The City is highly bushfire prone with much of the settlement located on exposed ridges in close proximity to a combustible natural ecosystem. This poses threats to life and property and a challenge when trying to balance the competing objectives of bushfire management and maintaining the environmental values of the Blue Mountains.</p> <p>The City's location within the spectacular Blue Mountains World Heritage National Park places limits on the land available for living. It also places significant costs, responsibilities and a stewardship role on the community, Council and other agencies, to ensure that impacts of urban development are carefully managed and that the internationally recognised values of the natural environment are protected.</p> <p>Sydney's water supplies are sourced from and depend upon, natural areas located around the periphery of the City. The Blue Mountains provides significant water supply catchment areas and this has implications for urban development within the area. State Regional Policy No. 20 (Sydney's Drinking Water Catchments) and State Environmental Planning Policy No. 58 (Protecting Sydney's Water Supplies) recognise the impacts that land use and development within Sydney's drinking water catchment has on the quality of the water supply. The policies require that more stringent controls be applied to development within the drinking water catchment and limit the potential for future subdivision within specified catchment areas. This has cost implications.</p> <p>An increasing number of visitors from Sydney and overseas choose to drive cars to the Blue Mountains, traffic congestion increases, impacting on local amenity and the ability of residents to get about.</p> <p>More than 1 million national and international tourists visit the Mountains annually. The</p>

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		<p>reliance on a single industry for a disproportionate share of local economic activity can result in the local economy being vulnerable to downturns associated with that industry. While tourism continues to be a major sector of the local economy, it also places development pressure and significant costs on ecosystems, infrastructure, resources, local facilities (e.g. public toilets and waste management) and amenity. The cumulative impact of this places a strain both on Council resources and on local residential amenity.</p> <p>Managing the cumulative impact of increased visitation will require significant resources, particularly if the City is to protect the values that have generated the Listing in the first place.</p> <p>The Blue Mountains provides the land for a nationally significant transport corridor bridging the metropolitan and coastal east with the rural Central Western hinterland of New South Wales. However, the Great Western Highway and the Railway also provide the means for local travel between villages, as the majority of towns and villages in the City are dispersed along it.</p> <p>The fact that the Great Western Highway also forms a much used and critical 'local road' is often not well understood. In many parts of the Blue Mountains the highway is the only road linking communities to facilities such as hospitals, shops and schools and commuters to jobs. Yet not infrequently, the highway is congested with traffic moving at a snail's pace. With the change in policy for transporting freight from rail to trucks, the number of freight trucks on the Great Western Highway has also increased, adding to traffic congestion, environmental and safety impacts.</p> <p>Work is currently taking place to upgrade the highway – a 'nationally' significant road – to four lanes. There are a number of challenges in doing this in a way that does not impact negatively on local communities, the environment, built heritage, amenity of towns and villages and local access.</p>
<p><b>Chapter 4. Councils' Revenue</b></p> <p>4.1 Sources of revenue</p> <p>4.2 Composition of revenues</p> <p>4.3 Variation in Councils' ability to raise revenue</p>	<p>21. What are the implications of the different revenue sources and revenue raising capacities for rate pegging or alternative regulatory frameworks which may be proposed?</p> <p>22. What scope is there for</p>	<p>21. If rate pegging / regulatory frameworks exist there will be greater pressure on other non rate based revenue sources. It is important to take into consideration the varying revenue raising capacities of different councils depending on their unique characteristics and circumstance. Blue Mountains City Council has provided an assessment of the possible pressures on all of its different revenue sources in our 2008-2009 Management Plan Financial Supplement (see enclosed document – Funding the Management Plan Section. It is significant to note that all sources of revenue were assessed as being at risk and under pressure in various ways. Pressures identified for some of the different revenue sources include:</p> <p>22. The scope depends on the socio-economic profile of the LGA and who can afford to pay</p>

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<p>4.4 Changes in the composition of council revenue</p>	<p>councils to make greater use of user charges?</p> <p>23. To what extent has the control of rates revenue under the rate pegging regime limited overall revenue growth or encouraged greater use of non-rate revenue?</p>	<p>for what. Increasing user pay charges across the board without considering capacity of various groups within the community to pay is not realistic. Targeting niche groups able to pay (e.g. tourists in the case of Blue Mountains) is a more appropriate approach.</p> <p>23. Rate pegging has significantly limited overall revenue growth in NSW councils as evidenced by the much greater percentage increase in rates levied by all other states.</p>
<p><b>Chapter 5. Councils' Expenditure</b></p> <p>5.1 Composition of Councils' expenditure</p> <p>5.2 Variations in councils' expenditure, by council category</p> <p>5.3 Changes in Councils' expenditure</p> <p>5.4 Future expenditure growth</p>	<p>24. To what extent are local governments' expenditure requirements likely to grow in the future?</p> <p>25. What are the implications of this expenditure growth for rate pegging or alternative regulatory frameworks proposed by submitters?</p>	<p>24. Given no change in the current status it is projected that local government expenditure requirements will grow particularly as a result in the growing gap in funding the renewal and maintenance of aging infrastructure. Employment and material and contract costs are also likely to increase at a rate higher than CPI as they are influenced by award wage indices and world prices respectively.</p> <p>25. The implication is that local governments will need to be able to either increase revenue through imposing additional rates and fees and charges or receive additional funding from the other tiers of government to support its important role in local service and infrastructure delivery. This implication reinforces our view that the local community should have the discretion to fund services via a non-regulated revenue framework in line with other states across Australia. The constraint of rate pegging only serves to increase the deficit between needed and provided services.</p>
<p><b>Chapter 6. Councils' financial position and efficiency</b></p> <p>6.1 NSW councils' recent financial performance</p> <p>6.2 What factors affect</p>	<p>26. What is an appropriate level for the net liability ratio and what obstacles prevent local government from making greater use of loan borrowings (debt) as a means of financing priority infrastructure renewal/replacement?</p>	<p>26. The DLG and LGMA advise councils to maintain a Debt servicing ratio of between 10-15 %. Blue Mountains City Council's Debt Service ratio is forecast to range between 6-9% over 2008-2012.</p> <p>A major obstacle preventing many local governments from making greater use of loan borrowings is their capacity to repay. Increased borrowings mean increase repayments are required. The fairness of present versus future generations bearing debt is also a consideration. If borrowed money is used to generate revenue then it is considered acceptable to make greater use of loans. However, most loans are for new capital works that</p>

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<p>councils' financial sustainability?</p> <p>6.3 Can efficiency improvements improve councils' financial sustainability?</p>	<p>27. Are there any other significant factors affecting financial performance of local government?</p>	<p>do not generate income but rather increase council's expenditure requirements.</p> <p>27. In summary significant factors affecting Blue Mountains City Council financial performance include:</p> <ul style="list-style-type: none"> <li>▪ Limited rate base</li> <li>▪ Static rate base</li> <li>▪ Costs rising faster than income (especially employment)</li> <li>▪ Community demand for increased levels of service</li> <li>▪ The expenditure requirements associated with servicing an aging population dispersed over 27 settlements along 100kilometres of mountainous ridgeline</li> <li>▪ Inadequate resources available to renew and maintain aging built assets with a corresponding deterioration in asset value and loss of service potential</li> <li>▪ Cost shifting from other levels of government to local government and a reduction in state and federal government funding in real terms – we are being asked to do more with less</li> <li>▪ High costs associated with managing impacts of urban activity on a World Heritage environment and environmental management of Sydney's drinking water catchments</li> </ul> <p>In addition financial performance is being impacted by:</p> <ul style="list-style-type: none"> <li>▪ The Blue Mountains World Heritage environment and LEP 2005 significantly constraining and limiting growth potential of the City - in accordance with local community expressed priorities and values.</li> <li>▪ Political and community pressure to maintaining existing services versus reviewing / changing levels of service.</li> </ul>
	<p>28. To what extent does rate pegging affect financial sustainability?</p>	<p>28. Significantly – given that rate revenue comprises 47% of our total revenue and is the most significant source of revenue for local governments in NSW..</p>
	<p>29. What are the appropriate measures for efficiency of local government?</p>	<p>29. Blue Mountains City Council has adopted a number of approaches to measuring our efficiency that it considers to be appropriate:</p> <ul style="list-style-type: none"> <li>▪ Developing clear financial performance targets to: address our financial sustainability overall (i.e. reducing our operating deficit including depreciation; maintaining healthy working capital; maintaining an acceptable liquidity ratio and debt service ratio); and to fund our revenue funding gaps for asset renewal, asset maintenance and the overall budget gap in revenue and expenditure.</li> <li>▪ Developing Outcome, Output and Input measures for services – these are currently in development.</li> <li>▪ Conducting regular community surveys to assess resident satisfaction with and importance rating of Council service delivery.</li> </ul>

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	<p>30. To what extent have councils undertaken efficiency reforms and has this been effective?</p> <p>31. How does rate pegging and other constraints on councils' revenues affect the efficiency of councils' operations?</p>	<p>30. Blue Mountains City Council has implemented a number of measures that could be described as "efficiency reforms". These include:</p> <ul style="list-style-type: none"> <li>▪ Introducing a Purchaser Provider Model with the aim of improving the efficiency and effectiveness of the Council in delivering cost effective services.</li> <li>▪ Restructuring the Council from four Groups into three as a means of "living within our means".</li> <li>▪ Developing a four year Capital Works Program based on results on asset management planning</li> <li>▪ Developing a 10 year long Term Financial strategy/ Model to guide decision making</li> </ul> <p>31. It depends on ability of councils to be innovative in the way they use resources rather simply cutting services. Often the effect is for services to be under funded, for the community to experience a reduction to the expected service standard and for there to be deterioration in the asset condition.</p>
<p><b>Chapter 7. Framework for setting rates and charges levied by local councils</b></p> <p>7.1 What is the current framework for regulating council rates and charges in NSW?</p> <p>7.2 How are council rates and charges regulated in other jurisdictions?</p> <p>7.3 How effective and efficient is the current framework for regulating council rates and charges in NSW?</p>	<p>32. If variations under Section 508(2) provide for an escalated base for future rate increases under rate pegging, what benefits do councils gain from making application under the alternative Section 508A?</p> <p>33. What is the frequency and pattern of individual council requests for special variations to the rate cap?</p> <p>34. Are rate pegging special variations becoming the norm rather than the exception with local</p>	<p>32. There are not many benefits because our financial challenges require more than 7 years to resolve. Making special rate variation applications is a very costly and time intensive process requiring significant community engagement. 508A is good however for one off specific projects such as the revitalization of a town centre.</p> <p>33. Blue Mountains City Council has been successful in obtaining the following special variations to the rate cap:</p> <ul style="list-style-type: none"> <li>- Leura Special Rate</li> <li>- Springwood Town Centre special Rate 1997/98 to 2007/2008</li> <li>- Environmental Rate increase (10 years from 2005/06</li> <li>- Emergency Services Levy/ bushfire 1996</li> </ul> <p>34. From available data it would appear that a growing number of councils have successfully gained special rate variations.</p> <p>As outlined in <b>Section 1</b> above - alternatives to existing rate pegging practices definitely</p>

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7.4 Options for alternative regulatory frameworks	councils and should alternatives to existing rate pegging practices be considered to provide greater certainty for councils and reduce the need for Government approvals?	need to be considered to provide greater certainty for councils and to reduce the need for Government approvals.
7.5 The role for IPART in setting council rates and charges in the future	35. Given the role of special variations and the other revenue sources for local government, does rate pegging effectively constrain the level of rates and total revenues for local government?	35. Yes - because of the large proportion of the revenue coming from rates and because special variations are only for limited periods
	36. Should councils be able to achieve a permanent increase in revenue by applying for a special variation?	36. Yes – if rate pegging continues and if it is supported by the community.
	37. Does rate pegging increase the affordability and / or availability of local government services especially for poorer regions and sections of the community?	37. It increases the affordability to low income residents but also reduces availability to all sections of the community because it restricts available funding of existing and needed services.
	38 In addition to the Pensioner Rebate Scheme, are there any other specific measures that could be introduced to address any social impact issues arising from the regulation of council revenues?	38. Blue Mountains City Council strongly supports the need for a Pensioner Rebate Scheme – whether rate pegging remains in place or is removed - and the need for the State Government to fully subsidise payment under this scheme as is understood occurs in other States of Australia in various forms.  In addition it is also important to consider the number of rateable properties in an area as opposed to just population in any rate capping regulatory framework. Some areas have large numbers of dependent people not in a position to pay rates.



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	<p>39 Which performance measures should be developed for councils (or groups of councils) to provide information on outcomes, outputs, processes, and inputs and cost effectiveness in their service delivery?</p> <p>41. To what extent does rate pegging enhance or diminish the revenue raising by local government when assessed against the above criteria for taxation options by altering the revenue mix or enhancing/diminishing criteria such as efficiency, equity, simplicity, and accountability?</p> <p>42. What alternative regulatory models could be used to regulate rates and charges in NSW?</p> <p>43. How do the various alternatives rate against the criteria listed above i.e., financial accountability and governance, financial sustainability, comparative efficiency and effectiveness indicators including affordability and availability of local services and facilities?</p>	<p>39. Ensuring that any categorisation or grouping of councils is fair and transparent and that councils with unique circumstances/ challenges are not disadvantaged (see comment in covering letter on Blue Mountains categorization with other "Very Large" population councils. It is very important that the disabilities and challenges faced by councils (e.g. terrain/ climate/ World Heritage stewardship responsibilities/ dispersed settlement pattern) are taken into account in assessing cost effectiveness in service delivery – particularly when comparative measures are being used to assess performance and efficiency between different councils.</p> <p>41. No comment</p> <p>42. Please see response to Question 4 above.</p> <p>43. If rate pegging is to remain in place, Blue Mountains City Council favours various aspects of options 2 and 4. In this regard please see responses to questions 4, 5 and 6 above.</p>

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	<p>44. What role should IPART play in setting local government rates and charges in future years?</p> <p>45. How should IPART's role be implemented (for example, by a legislative amendment giving IPART a determinative role or by a terms of reference from the Minister requiring recommendations from IPART)?</p>	<p>44. Please refer to response to questions 5 and 6 above.</p> <p>45. Please refer to response to questions 5 and 6 above.</p>
<p><b>Chapter 8. Framework for setting the charges levied by other public authorities</b></p> <p>8.1 Sydney Harbour Foreshore Authority</p> <p>8.2 Sydney Olympic Park Authority</p> <p>8.3 Redfern-Waterloo Authority</p> <p>8.4 Growth Centres Commission</p> <p>8.5 Issues related to developing a common framework</p>	<p>46. Whether a common legislative or regulatory framework be introduced to improve consistency in the levying of charges by authorities (such as SHFA, SOPA, RWA and GCC) that provide services akin to those provided by local government?</p> <p>47. The best form for this legislative or regulatory framework to take?</p> <p>48. To the extent that these authorities provide services that overlap with or duplicate those of local government, what benefits and disadvantages arise from the duplication of</p>	<p><i>Questions 46 to 52 have not been addressed as they are not considered to be of relevance to Blue Mountains City Council</i></p>

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	<p>service provision?</p> <p>49 To the extent that these authorities provide local government services how should the costs of these services be recovered?</p> <p>50 Similarities and significant differences (in quantum, scope or standard of service) between SHFA, SOPA, RWA and neighbouring councils ....</p> <p>51 The potential overlap between the Growth Centres Commission's development approval and infrastructure planning processes and those used by Growth Centres Councils.</p> <p>52 The extent to which SHFA, SOPA, RWA and the GCC, respectively, impact upon the costs incurred and revenues generated by the corresponding councils.</p>	