



Mosman
COUNCIL

17 September 2009

Review of Regulatory Framework of
Local Government - Draft Report
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Mosman Municipal Council
Civic Centre
Mosman Square
PO Box 211
Spit Junction 2088
DX 9301 Mosman NSW
Telephone 02 9978 4000
Facsimile 02 9978 4132
ABN 94 414 022 939

council@mosman.nsw.gov.au
www.mosman.nsw.gov.au

Dear Sirs,

Re: Review of Regulatory Framework of Local Government - Draft Report

I refer to the Draft Report and welcome the opportunity of making a submission regarding two key recommendations:

Asset Management

Council supports the implementation of a revised asset reporting framework for local government. The revised framework should provide consistent definitions of asset conditions which will afford comparability within local government and which will make Special Schedule 7 of the published financial statements a credible document.

It is understood that the Department of Local Government as part of its Planning Reform process will mandate that all Councils develop detailed Asset Management Plans which feed into long term financial models.

A New Rating Framework for Local Government

Council appreciates that efficiencies have been achieved in Local Government through rate pegging, however also acknowledges the impact on Council's finances of cost shifting and meeting community expectations with the funding of new and expanded community services. This has seen the reduction in available funds for infrastructure expenditure which has resulted in annual expenditure allocations not being set at prescribed levels and a widening infrastructure backlog gap.

Mosman has been successful in achieving special rate variations on the two occasions it has applied due to it spending the time to consult with the community to achieve its support and to develop detailed plans in support of its application.

In view of the above, Council supports a revised rating system that provides for the following:

- Retains Rate Pegging.
- Introduces a relevant Local Government Cost Index (LGCI) including reference to specific local government productivity factors, which may also be region based.
- Annual increase based on LGCI and productivity factors.
- Allows Council input into the makeup of the LGCI.

Proud to be Mosman
Protecting our Heritage
Planning our Future
Involving our Community

- Appropriate communication of indexes to assist in financial modeling/strategic planning.
- Allows Councils to prepare long term applications for special rate variations (unlimited cycles) which are fully planned and costed and have community support.
- Minister should retain function of determining special rate variations and provide details of assessment.
- Department retaining its administration function and making recommendations to Minister.
- IPART making recommendations to the Minister pertaining to LGCI and the annual increase.

Any enquiries should be directed to Council's Finance Manager, Mark McDonald on 9978-4011.

Yours faithfully,

V H R MAY
GENERAL MANAGER

Per:

A handwritten signature in black ink, appearing to read 'M. McDonald', written over a horizontal line.

(Mark McDonald, Manager Finance)