

**INQUIRY INTO ABILITY OF LOCAL GOVERNMENTS TO
FUND INFRASTRUCTURE AND SERVICES**

Organisation: Wingecarribee Shire Council

Date Received: 26 April 2024

26 April 2024

Ms. Laura Ismay
Director Committees
Parliament of NSW
6 Macquarie St
Sydney NSW 2000

Dear Ms Ismay,

Inquiry into the ability of local governments to fund infrastructure and services.

Thank you for the opportunity to provide a submission in relation to the Terms of Reference relating to the inquiry into the ability of Local Governments to fund infrastructure and services.

Council considered this matter at its meeting held on 17 April 2024, and subsequently resolved to make a submission for the inquiry, as such attached is Council's submission in relation to the Inquiry.

If you should have any queries, please to contact Council's Acting Director Corporate Strategy and Resourcing,

Yours Sincerely,

Lisa Miscamble
General Manager

We're with you

Council welcomes the opportunity to comment on the Draft Terms of Reference relating to the Inquiry into the ability of local governments to fund infrastructure and services. The following feedback is provided on each section of the draft Terms of Reference:

(a) the level of income councils require to adequately meet the needs of their communities.

Council supports the proposed scope outlined in the terms of reference for this matter.

In considering this point within the draft terms of references, it is suggested that the Terms of Reference considers the allocation of grant funding to councils, in particular those in regional areas that cover a large geographic area with a modest rate base.

(b) examine if past rate pegs have matched increases in costs borne by local governments.

Council supports the proposed scope outlined in the terms of reference for this matter.

In considering this point within the draft terms of references, it is suggested that the terms of reference considers the impact of depreciation on councils and how this is addressed in calculating the rate peg. It is also suggested that consideration of the relevance of the rate peg as the most appropriate methodology in determining rate increases and how well the rate peg aligns to how Councils determine services levels in accordance with the Integrated Planning and Reporting framework.

(c) current levels of service delivery and financial sustainability in local government, including the impact of cost shifting on service delivery and financial sustainability, and whether this has changed over time

Council supports the proposed scope outlined in the Terms of Reference on this matter.

Council continues to experience cost shifting with proposed State Government levies (Cemeteries, Dam Safety) to be considered for the 2024/25 financial year which will



be borne by our residents. Other considerations relating to cost shifting, include the allocation of operational grants in regional and rural areas to fund essential services that would otherwise be operated by the State or Federal government in providing support to the community, such as the youth and elderly.

(d) assess the social and economic impacts of the rate peg in New South Wales for ratepayers, councils, and council staff over the last 20 years and compare with other jurisdictions.

Council supports the proposed scope outlined in the Terms of Reference on this matter.

In considering this point within the draft Terms of References, it is suggested that the Terms of Reference considers reviewing the indexation of rebates, such as the statutory pensioner rebates (provided by the NSW) which have not been indexed since their introduction and funding a greater proportion of these rebates accordingly.

(e) compare the rate peg as it currently exists to alternative approaches with regards to the outcomes for ratepayers, councils, and council staff.

Council supports the proposed scope outlined in the Terms of Reference on this matter.

In considering this point within the draft Terms of Reference, the role of the rate peg and how it operates within Integrated Planning and Reporting framework should be included. The replacement of the rate peg with a strategic approach in levying rates should also be considered.

(f) review the operation of the special rate variation process and its effectiveness in providing the level of income Councils require to adequately meet the needs of their communities.

Council supports the proposed scope outlined in the Terms of Reference on this matter.

As outlined above, consideration need to be given in relation to the role of the rate peg and how it operates within Integrated Planning and Reporting framework should be



included. The replacement of the rate peg with a strategic approach (aligned with the Integrated Planning and Reporting framework) in levying rates should also be considered, which should minimise or eliminate the need of a special rate variation.

(g) any other related matters

As outlined in this submission, consideration of the replacement of the rate peg and aligning rates growth to local service levels and cost growth should be considered to ensure that revenue is aligned to service levels rather than the current, counter intuitive approach.

Considerations on how grant funding is allocated to regional and rural Council's should be captured as a part of this inquiry to ensure infrastructure and services can be maintained at suitable levels without greater financial burden on ratepayers, particularly those Councils that have large geographic areas to service with a modest rates base.

