

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

Name: Name suppressed

Date Received: 26 April 2024

Partially
Confidential

Hon Emily Suvaal MLC Australian Labor Party Chair
Standing Committee on State Development
Ability of Local Governments to Fund Infrastructure and Services
Officeof.MLCSuvaal@parliament.nsw.gov.au

To the Hon Emily Suvaal MLC Australian Labor Party Chair

I am writing to you in regards to the **Terms of Reference g) and d).**

I am hoping that your committee could help with our concerns. I belong to the Leeton shire which includes the township of Leeton and Villages of Whitton, Murrumbidgee, Yanco and others. I also, belong to the LSR&R (Leeton Shire Ratepayers & Residents Association) which aims to ensure a more transparent Council, one that works with its ratepayers and residents, giving everyone a fair go and the basic services for all regardless where you may reside in our LGA. Leeton is the smallest rural shire in NSW with almost 2.5 times the population density of the group average. According to Council records worked out by a Consultant we currently have roughly 5,340 rateable properties. Considering that **not all** properties would have two incomes to pay rates. As there are quite a lot have a sole income or occupancy. Also, not all ratepayers reside within our LGA.

1. At present we have parts of the town area without kerb and guttering, sewer and storm water drainage. Furthermore, Whitton which is within our LGA and is older than the Leeton township are lacking basic services such kerb and guttering in their main street and has no-where for the storm water to go. Our Council (it seems) has the money for embellishments to attract tourism but does not seem to have enough money to pay for these basic services.
2. We want a Council that can keep and maintain records but often the electronic records available for comment are different to written records; for example, the last Water Asset Management Plan Reports on public record at the Town Library were different dates compared to those given to the Councilors and on the Website. Theirs were dated February 2024 and the ones in the Town Library were dated October 2023. Making the figures for the Water infrastructure costs were completely different and on a different page. With no mention of the Water meters which will not be working within 2 years of when they anticipate finalizing the dams and filtration plants that require updating.
3. Another example is providing a map of where the noxious weeds are situated and a list of when they have been dealt with, including dates, times and who completed the job. This information is essential as our shire is an agricultural area. Our Local Citrus Growers have reported problems to Council on public land for many years in writing yet **nothing has been done!** In fact, spiny burr grass, khaki weed an extremely noxious weed has been seen growing on road verges is simply slashed and seed is scattered everywhere. This is **NOT dealing with the problem**. The local weed officer position was made redundant five years ago, has not been replaced. Furthermore, the Crown Lands department recently offered land on the proviso that the Council take care of it for 5years. One of these sections is full of weeds which the Community are very concerned about. (Our productive Farmers keep their land in order).

4. Our Council, once classed as "fit for the future" in 2016, from an operating surplus in \$4.98 million has significantly eroded to a projected deficit of \$5.8 in 2023/24. During this time, there has been a huge increase in staff numbers + administration costs (which have now doubled). Yet, key leadership positions have been constantly turned over at an alarming rate. This represents a loss of corporate memory, meaning that people in council seem to have no idea what is going on! During this time, **consultancy fees have substantially increased, costing millions of dollars, which we don't have.** (Didn't the Premier state that no more Consultants would be used when coming into power!). Why should local Govt. councils continue to do so?
5. It is also concerning to see that nothing seems to be running smoothly nor are council meeting agendas released on time, leaving us interested ratepayers unable to see or comment on whether we wish to have our say on anything in a timely manner.
6. The number of Council meetings are increasingly having closed sessions, which potentially causes conflict with the Local Government Act, as the issues being discussed are of public interest.
7. Furthermore, it seems that grant money is directed to projects other than those intended and I believe that this warrants further investigation.
8. The last time that our Council went for an SRV back in 2022. They did not follow the IPART guidelines and had to rely on Consultants, to work out how many ratable properties they had. Notifications to ratepayers were late in arriving most of which came after the meetings were over especially in the outlying villages. This was the first we heard of being in deficit. **WHY?** This was also, a complete surprise to many as our shire had always been financial. Furthermore, the Financial records at this time were nowhere to be seen and the website was continually down.
9. Our Shire is a small one with an aging population and a lot of fixed incomes. The average taxable income for Leeton residents is \$50,373, with the group average being \$53,624. Thus, being said the ratepayers of our Shire cannot afford to pay in these austere economic times that we are currently facing, unless the current government wants more people homeless and on the streets. Leeton already has a higher than average rural council residential rate, being \$1.111.44 (2021/22), compared to the group average of \$912.18 (2021/2022).
10. As back then our Council wanted a permanent SRV and no doubt they would want another the same way or higher than before as they have admitted recently they are now in further debt. With the water Account going down as well (which wasn't the case back in 2022.) Majority of our Councillors stated that they shouldn't expect the ratepayers to pay millions of dollars more without showing that their Council could not show some saving first. I reiterate, that the ratepayers of Leeton have not the capacity to pay for an SRV of a permanent nature in these austere times unless the Government wants more people to be homeless. As we had professionals in well paid positions last time around stating that they wouldn't be able to live in their homes. We also back then sent information to the relevant Local Govt. Ministers at State and Federal but were ignored at the State level.
11. Also, for your information Our Council is a bit unusual as they run a Childcare and Pre-school which apparently that is now losing money, a Golf course for on average 260 people out of a population of 11,500 (roughly 2000 of which are students who don't pay

rates). Yet they have capacity to offer community grants to organizations of up to \$2,000. Our Council also charges 1% of the total of any new build so they can sign off before the owners can move in. This is on top of fees and charges paid for planning etc. No other Council within NSW does this that we are aware of. (Information supplied by a concerned LSR&R member). We ask ourselves whether this is allowable under the Local Govt Act.

12. Our Council Management team cannot keep going to IPART asking for a higher Rate Peg as this isn't going to fix the situation. Any SRV will not fix how this Council runs its business. It will only give them more money to squander without accountability.
13. In the end we want and need a Council that can spend their money more wisely irrespective from what source they get their money. For example, when the pool was done they ordered the wrong pump size, the cement around the children's pool was made too slippery and had to be redone, the Slide was ordered from overseas and did not comply with Australian Standards. Our Historic Roxy Theatre has blown out of budget and has been wrecked by the Lloyds Group that went bust as they went in with a jack hammer and have filled it with cement. There has been plenty of wastage of time, money and materials, as there were plenty of materials that could have been repurposed and used elsewhere. They call themselves a sustainable Council but I don't believe they know the true meaning of the word. Hence, I consider that our Council does not have the capacity to fund infrastructure and services efficiently.
14. Other Matters which your Committee should consider is Why was the latest land Values back dated prior to the floods of 2022 by the Valuer General? I gather by some direction by the previous Government perhaps. Mine personally has doubled as well as was quite a number in Leeton Shire. Parts of which were also affected by the flooding. I feel sorry for the other parts of the state like Lismore, Eugowra etc. As Housing Prices were very high back then in 2022.
15. Also, your **Terms of Reference** is slightly different to what was sent to IPART from The Premier Chris Minns back in January and was withdrawn in March. I enclose a copy of those Terms of Reference. I apologize if my concerns are not relevant to exactly your new terms.
16. As to the Rate Peg and you comparing it over the Past 20 years or so. Considering that there was a Rate Peg freeze sometime after 2014 no doubt by previous Governments direction. Also, having been involved with the recent Rate Peg Review by IPART in which they rectified the fact that there was generally a two-year lag before the now current Rate Peg mythology and considering population and other matters to make it fairer on Ratepayers.

Am hoping that you take my concerns into consideration.

Yours Sincerely,

24/04/2024.

The Hon Chris Minns MP
Premier of New South Wales



Ref: A5922499

Carmel Donnelly PSM
Chair
IPART
PO Box K35
HAYMARKET POST SHOP
NSW 1240

Re: Referral to commence review of the financial modelling of councils

Dear Ms Donnelly,

I refer the financial modelling of councils to IPART under section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992* (the Act).

Enclosed are a draft terms of reference as provided to me by the Minister for Local Government. I understand that IPART will consult on the draft terms of reference in line with the requirements of the Act.

I look forward to hearing about the next steps and outcomes of this work.

Sincerely,



Chris Minns MP
Premier of New South Wales

CC: The Hon. Ron Hoenig MP, Minister for Local Government

11 / JAN / 2024

DRAFT TERMS OF REFERENCE

Investigation of council financial model in NSW

I, the Hon. Christopher John Minns MP, Premier, under section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW), request the Independent Pricing and Regulatory Tribunal (IPART) to investigate and report on the financial model for councils in NSW.

The task

IPART should review and recommend improvements on the following matters:

- 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.
 - Are councillors receiving timely and appropriate information to enable decisions on allocation of public funds in an efficient and cost effective way.
 - 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?
- 2. Whether the current budget and financial processes used by councils are delivering value-for-money for ratepayers and residents**
 - 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
 - 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.
 - How to visibly boost elected councillor accountability for council budgets and expenditure to the community
- 3. Whether the current funding model will sustainably support the needs of communities**
 - 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
 - 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.
 - Identify measures to put downward pressure on rates through other 'own source' revenue or closer scrutiny of expenditure.
 - 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

4. **Whether councils (both councillors and staff) have the financial capacity and capability to meet current and future needs of communities.**
 - Are councils equipped with the right internal capabilities to deliver on the services which their community requires?
 - Has the Audit Mandate been successful in providing a consistent view on the accounting and risk management practices of councils?
 - Are there opportunities to look at long term expenditure and service delivery improvements by insourcing services? Where outsourcing models have been used, do they provide an efficient and effective means of meeting community needs?
 - What examples of best practice capability building and innovation could be implemented more widely?
5. **How can better planning and reporting systems improve long term budget performance, transparency and accountability to the community?**
 - How effective councils are in managing their assets and planning for future growth and renewal of assets.
 - Whether current community engagement allows for effective long-range planning and sustainable funding.
 - Whether the current framework of reporting and compliance is appropriate and effective.
6. **Any other matters IPART considers relevant.**

The review process and timeline

IPART is required to consult publicly as part of this review, including publishing a Draft Report for comment and undertaking a public hearing prior to finalising its Final Report. IPART may undertake other methods, including targeted consultation, that it considers appropriate.

IPART will provide the final report to the Minister administering the Independent Pricing and Regulatory Tribunal Act 1992 (IPART Act) and the Minister for Local Government within 12 months of receiving the final terms of reference.

The Minister administering the IPART Act will table the final report in each House of Parliament and forward a copy to the Parliamentary Librarian in accordance with section 19 of the IPART Act. Once the final report has been tabled in Parliament or earlier if requested by the Minister administering the IPART Act, IPART will publish a copy of the report on its website.

The Hon. Christopher John Minns MP
Premier