



LEGISLATIVE COUNCIL

PORTFOLIO COMMITTEES

**BUDGET ESTIMATES 2019-2020**  
**Questions Taken on Notice**

**Portfolio Committee No. 7 – Planning and Environment**

**LOCAL GOVERNMENT**

Hearing: Thursday 31 October 2019

**Answers due by: Tuesday 26 November 2019**

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## Elections costs - Page 6

Mr DAVID SHOEBRIDGE: Minister, I want to address three things with you. The first is about electoral funding, the second is about Snowy Valleys Council and where you are up to on the audits, and the third is about superannuation for local councillors. Dealing with funding, first of all, you have been exploring that with the Hon. Mark Buttigieg. As I understand it, the Government has accepted the basic principle from IPART that councils are required to pay the direct costs of local council elections. Is that right?

Mrs SHELLEY HANCOCK: Yes:

Mr DAVID SHOEBRIDGE: The Government will pay the core costs?

Mrs SHELLEY HANCOCK: The core costs, so the professional staff, the costs of the Electoral Commission.

Mr DAVID SHOEBRIDGE: The core costs of running the Electoral Commission—

Mrs SHELLEY HANCOCK: Correct.

Mr DAVID SHOEBRIDGE: But direct costs applicable to a council election in a local government area will be met by local councillors.

Mrs SHELLEY HANCOCK: That is my understanding, yes.

Mr DAVID SHOEBRIDGE: I think it was your decision. I think you made the decision to accept that recommendation. Is that right?

Mrs SHELLEY HANCOCK: I am glad you reminded me that it was my decision, thank you.

Mr DAVID SHOEBRIDGE: Yes. Do you have a spreadsheet of what that will mean in terms of additional costs or, hopefully—though I think it is rarely the case—reduced costs for each individual council?

Mrs SHELLEY HANCOCK: We have statistics. I do not know if it is a spreadsheet as such. We have an indicative cost for each council because they have been submitting that to us, especially if they are concerned about the increase in costs—the increased costs perhaps in conflict with what the IPART report suggested they would be. Before you came in I said I asked the Electoral Commissioner to come in last week because a lot of councils now are writing to me saying, "We didn't expect these costs. You said it would go from \$12 per elector to \$8 and it is not going to be \$8, it is going to be \$12 according to the Electoral Commissioner's assessment."

Mr Schmidt and three of his advisers came in last week. Mr Schmidt has advised that one of those dedicated officers will be working with all councils between now and the local government elections to explore ways that they can further reduce their costs.

Mr DAVID SHOEBRIDGE: Are you in a position to provide on notice what those indicative costs will be for each local government area, as best as they have been provided to you?

Mrs SHELLEY HANCOCK: Their estimates?

Mr DAVID SHOEBRIDGE: Yes, whether it is the council's estimates or estimates you have had checked by the Electoral Commission.

Mrs SHELLEY HANCOCK: Really they are estimates that have been received by local government and so we do not necessarily have those at hand, do we, Mr Hurst?

Mr HURST: I think they would be commercial-in-confidence because there are private providers in the market.

Mr DAVID SHOEBRIDGE: Can you indicate the additional costs by council area? It would be useful to find out what the indicated additional costs are by council area so that we can get, if you like, a statewide view of what the impact will be on the local government sector. My office has had many concerning inquiries from across the sector. I think there should be a statewide—

Mrs SHELLEY HANCOCK: Yes, we can do some statewide figures for you.

Mr HURST: I cannot see commercial-in-confidence consideration applying to statewide figures.

Mrs SHELLEY HANCOCK: There are wildly different figures—

Mr DAVID SHOEBRIDGE: Perhaps you might give some indication about what that spread is as well.

Mrs SHELLEY HANCOCK: I am sure we can provide that to you, Mr Shoebridge.

**Answer**

**The size of the variation in councils' election costs between 2016/17 and 2020 ranges from -38.0% to 61.0%.**

**Costs for the running of elections is calculated independent of Government by the NSW Electoral Commission.**

## Snowy Valleys – OLG review of financial audit - Page 9

Mr DAVID SHOEBRIDGE: I refer to Snowy Valleys Council. At the last budget meeting we had an exchange about where you were up to in terms of reviewing the audited accounts. We had a discussion about the suggestion that there are millions of dollars missing for one reason or another. I know that since then Snowy Valleys Council has undertaken further auditing, as I understand it, in combination with the Office of Local Government. Will you provide an update on that?

Mrs SHELLEY HANCOCK: Where are we up to with that, just in the last few days? It is very recent.

Mr DAVID SHOEBRIDGE: Yes.

Mr HURST: Those reports and material were provided by Snowy Valleys Council. There are a number of different reports looking at different aspects of the financial performance and the previous financial situation of the council. We looked through all of that material provided. We reviewed the reports. I have provided responses to the local community groups that raised it with the Office of Local Government, as well as responses to the council and also to the local member. Those responses confirm that we have been through those reports and that we can find no fault with the recommendations in each of those reports. What we have asked the council to do is to continue to update us on a six-monthly basis about their implementation of those recommendations.

Mr DAVID SHOEBRIDGE: What were the conclusions drawn about the missing millions in those reports that you reviewed, Mr Hurst?

Mr HURST: I understand that the report that dealt with that question found that there were not missing millions. Certainly, our assessment of the report is that the methodology in finding that was sound.

Mr DAVID SHOEBRIDGE: How did they explain the discrepancy between that report that you have just received and the report that was produced 12 months ago that identified missing millions?

Mr HURST: We were not asked to review the report previously, only the assessment that council had independently undertaken into the question at the request of local community groups. As I say, I am happy to take on notice and provide you with a copy of the response that we provided to the council—

Mrs SHELLEY HANCOCK: Would that be useful to you?

Mr HURST: —on our review of those reports. It was a detailed review.

**Answer**

**The letter to Snowy Valleys Council has been provided.**

## Hilltops Council – Late financial statements - Page 15

The Hon. PETER PRIMROSE: How close did Hilltops Council come to following the same path as Central Darling Shire?

Mr HURST: The path that Central Darling Shire followed is that there were a series of interventions spanning more than 15 years, with a public inquiry that was held. The public inquiry recommended the dismissal of the councillors—the councillors being suspended during that period of time and the administrator being appointed. Hilltops Council was late in lodging its financial statements with the Office of Local Government.

None of the other interventions that we talked about for Central Darling were applied to Hilltops Council.

The Hon. PETER PRIMROSE: You issued the council with an intention to issue a performance improvement notice. Wasn't that the case?

Mr HURST: The Minister provided a notice of intention but, as I said, the council has now lodged a financial statement.

Mrs SHELLEY HANCOCK: Sometimes taking that action, Mr Primrose, expedites a response from the council. In this case it did. It was not a performance improvement order [PIO], it was an intention to do so.

The Hon. PETER PRIMROSE: I understand that.

Mrs SHELLEY HANCOCK: That achieved the result that we wanted.

The Hon. PETER PRIMROSE: I fully understand that. That is why I said "the intention to issue an improvement notice". What are the reasons that the council was late again?

Mr HURST: The council provided material in their response to the notice of intention about the reasons they were late. I can provide those to you on notice.

### Answer

**In its response to the Notice of Intention to Issue a Performance Improvement Order, Hilltops Council advised the Minister as follows:**

**Council could not meet the four-month deadline due to legacy issues in relation to the rollover of the three financial systems of the former Shires into the single new Tech One operating system. As a result, Council requested an extension to the Office of Local Government in September. This extension was granted until 28 February 2019. Council failed to meet this extension.**

**Another extension could not be granted and, as a result, a significant amount of work has been done by Council staff to ensure that the 2017.18 (2018) preparation was in accordance with the LG Code of Accounting practice and Financial reporting systems. Councils external auditors were on site in late January 2019 and August 2019 to finalise the audit of statements. Council had updated its financial statements in May and August with a finalised version produced in September 2019.**

**Council received the Ministerial Notice of intention on 6 September 2019 at 4.07 pm.**

**I can advise, that since that Notice, Council received an unqualified audit opinion on 17 September 2019. We acknowledge that Council was non-compliant in not meeting its statutory deadline for completing the accounts.**

We can also advise that our financial systems are fully operational now and as a result we have produced the 2019.20 budget from our single system. This budget was endorsed at Councils June 2019 meeting.