



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
 Date Referred: 25/02/2015

Proposal No: A219
 Date Published: 23/03/2015

Proposal Title: **NEW APPROACHES AND NEW SOLUTIONS FOR LOCAL GOVERNMENT**

Cluster: Planning and Environment

General Government Sector Impacts

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	4 Year Total \$'000
Expenses (ex. depreciation)					-
Depreciation					-
Less: Offsets					-
Revenue					-
Net Operating Result:	-	-	-	-	-

Capital Expenditure					-
Capital Offsets					-
Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	-	-	-	-
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Net Financial Liabilities:	-	-	-	-	-
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Total State Sector Impacts

Net Financial Liabilities:	-	-	-	-	-
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Notes and costing assumptions

Policy

The policy proposes new approaches and new solutions for local government (councils) in NSW. The intended date of implementation is 1 July 2015.

Make council mergers voluntary, with new requirements to gain State Government support

Under the policy councils will have a choice on whether to merge with another council. The policy will also establish new requirements for State Government support should a council merge voluntarily. This policy ensures no forced council mergers which, as a policy decision, has no budget impact.

Making all mayors of Sydney councils directly elected to four year terms and establishing a new Congress of Mayors for Sydney. The direct election model will also be made easier for regional councils to adopt. (refer to costing A131)

The policy requires changes to sections of the *Local Government Act 1993* concerning the method by which Mayors are elected, which will not have any material cost impact. The policy assumes the costs of holding meetings of the Congress of Mayors can be met from existing funding, which is reasonable.

Establishing a new Premier's Council for Local Government across NSW

The policy assumes the costs of holding meetings of the Premier's Council for Local Government can be met from existing funding, which is reasonable.

Costing assumptions continued:

Initiate a gender equity audit to identify councils in need of assistance

The policy proposes the Office for Local Government will undertake gender equity audits as part of its regular duties overseeing councils in NSW. Funding for this program will be from existing resources of the Office of Local Government. The scope of the audits will be scaled to available resources that can be practicably reprioritised.

Work with councils to provide a right to paid domestic violence leave

Councils would be responsible for providing domestic violence leave to their employees, which is expected to be delivered within existing resources. The delivery of this leave would be finalised subsequent to negotiations with the local government sector.

Administration of local government elections to be managed by the NSW Electoral Commission

We have assumed no budget impact based on the NSW Electoral Commission operating under a cost recovery model. Under a cost recovery model, councils will meet the costs incurred by the Commission in managing their election. \$32.5 million of recovered costs are estimated for the 2016 Local Council elections. The \$32.5 million estimate is based on reported 2012 Local Council election costs (note 14 councils managed their own elections) escalated three percent for wages and inflation.

Maintain the role of IPART in 'Council Rates' pegging and the State Government contribution to pensioner 'Council Rates' rebate scheme.

We have assumed no budget impact in maintaining existing programs.

Provide new powers to the Auditor General in regards to councils

Under the policy, the Auditor General would be empowered to undertake financial audits of councils each year. The transition of financial audits from third parties to the Audit Office of NSW will be finalised following consultation with the Auditor General and the local government sector. The cost for these audits would be recovered from the councils.

The policy would also empower the Auditor General to undertake performance audits of the local government sector. Performance audits of the local government sector will occur at the Auditor General's discretion. The performance audits will be funded through the existing budget allocation.

Other features of the policy with no budget impact, assumed to be funded within existing resources through reprioritisation or by councils themselves include:

- creating new strategic partnerships with Councils to improve service delivery and address potential future workforce gaps ;
- revising the current recognition of local government in the NSW Constitution and supporting recognition in the Commonwealth Constitution;
- requiring councils to hold Annual General Meetings (costs met by councils);
- strengthening the Integrated Planning and Reporting framework;
- establishing new opportunities for mentoring and networking among women in local government (costs met by councils); and
- introduce mandatory training requirements for new councillors (training costs met by councils).