



northern
beaches
council

SUPPLEMENTARY AGENDA

Notice is hereby given that a Northern Beaches Council Meeting will be held in the Council Chambers at the Civic Centre, Dee Why on

Tuesday 26 March 2024

Beginning at 6:00pm for the purpose of considering and determining matters included in this agenda.

Scott Phillips
Chief Executive Officer

OUR VISION

Delivering the highest quality service valued and trusted by our community

OUR VALUES

Trust Teamwork Respect Integrity Service Leadership

OUR OBLIGATIONS

I swear/solemnly and sincerely declare and affirm that I will undertake the duties of the office of councillor in the best interests of the people of the Northern Beaches and the Northern Beaches Council and that I will faithfully and impartially carry out the functions, powers, authorities and discretions vested in me under the Local Government Act 1993 or any other Act to the best of my ability and judgement.

ORDER OF BUSINESS

7.0	MAYORAL MINUTES	4
7.2	Mayoral Minute No 6/2024 - Submissions to the Inquiries into the Financial Sustainability of Local Government	4

7.0 MAYORAL MINUTES

ITEM 7.2	MAYORAL MINUTE NO 6/2024 - SUBMISSIONS TO THE INQUIRIES INTO THE FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT
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PURPOSE

The purpose of this mayoral minute is to seek the preparation of submissions relating to:

- the inquiry by the NSW Parliament's Legislative Council Standing Committee on State Development into the ability of local governments to fund infrastructure and services; and
- the inquiry by the Parliament of Australia's House of Representatives Standing Committee on Regional Development, Infrastructure and Transport into local government sustainability.



Sue Heins
MAYOR

RECOMMENDATION

That:

1. A submission to the inquiry by the NSW Parliament's Legislative Council Standing Committee on State Development into the ability of local governments to fund infrastructure and services be prepared by Council staff and circulated to Councillors via memorandum for feedback prior to lodgement.
 2. A submission to the inquiry by the Parliament of Australia's House of Representatives Standing Committee on Regional Development, Infrastructure and Transport into local government sustainability be prepared by Council staff and presented to the April 2024 Ordinary Council Meeting.
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BACKGROUND

A number of factors are increasingly eroding the financial sustainability of local government and risking the capacity of councils to deliver grassroots services to their communities and maintain vital local infrastructure. Council has dealt with some of these issues at recent meetings, including in relation to the growth of cost shifting to councils.

For Northern Beaches Council, this constrains our ability to maintain our community infrastructure and sustain the same level of service to our community. Our Asset Management Plan (AMP 2022-2032) identifies an infrastructure funding gap of \$151 million over 10 years. This is further exacerbated by recent high inflation and the \$3.1 million increase in costs to Council associated with the Emergency Services Levy this financial year. A combination of regulatory reform, budgetary provision and appropriate funding is required.

Recognition of this problem is growing at both the State and Federal level with recent initiatives providing the opportunity for Council to contribute to the consideration of this important issue.

On 11 January 2024, the Independent Pricing and Regulatory Tribunal (IPART) received draft terms of reference from the NSW Government to investigate and report on the financial model for NSW local councils under section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992* (Draft IPART Terms of Reference). In line with the requirements of the Act, IPART advised it would undertake consultation and seek feedback on the Draft IPART Terms of Reference until 15 March 2024. The Draft IPART Terms of Reference are at Attachment 1.

At the Ordinary Council meeting held on 27 February 2024, Council resolved to endorse a submission to IPART. This submission, which suggested that various other matters be included in the review, was lodged with IPART by Council on 29 February 2024 (see Attachment 2).

On 8 March 2024, the Hon Ron Hoenig MP, Minister for Local Government, referred the terms of reference for an inquiry into the ability of local government to fund infrastructure and services to the NSW Parliament's Legislative Council Standing Committee on State Development. The Standing Committee's terms of reference (NSW Standing Committee Terms of Reference) were adopted by the Committee on 14 March 2024. The NSW Standing Committee Terms of Reference are at Attachment 3.

On 19 March 2024, IPART received a letter from the NSW Government withdrawing the referral pertaining to the Draft IPART Terms of Reference to avoid unnecessary duplication, as the matter will now instead be considered by the NSW Parliament's Legislative Council Standing Committee on State Development. IPART has advised that it will consider all feedback received in response to the Draft IPART Terms of Reference and will provide a summary of issues raised by stakeholders to the NSW Government.

While the NSW Standing Committee Terms of Reference have similarities to the Draft IPART Terms of Reference, there are differences including that the NSW Standing Committee Terms of Reference specifically focus on the impact of the rate peg and 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.

Submissions in relation to the NSW Standing Committee Terms of Reference are due by 26 April 2024, which is prior to the Ordinary Council meeting to be held on 30 April 2024. As such, it is proposed that staff circulate a draft submission to Councillors via memorandum out of session so that Councillors can provide feedback and the submission can be finalised by staff before the due date.

On 21 March 2024, it was further announced that the Parliament of Australia House of Representatives Standing Committee on Regional Development, Infrastructure and Transport will inquire into and report on local government sustainability, following a referral from the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Catherine King MP. The terms of reference for this inquiry (Federal Standing Committee Terms of Reference) are at Attachment 4.

Submissions in relation to the Federal Standing Committee Terms of Reference are due by 3 May 2024. It is proposed that staff present a draft submission relating to the Federal Standing Committee Terms of Reference to the Ordinary Council meeting to be held on 30 April 2024.

It is timely that Standing Committees at both the State and Federal level are conducting inquiries into local government financial sustainability. Council should take the opportunity to contribute to the inquiries.

TRIM FILE REF	2024/205213
ATTACHMENTS	<ul style="list-style-type: none"> ↓1 IPART - Draft Terms of Reference - Review of the council financial model in NSW ↓2 IPART - Draft Terms of Reference - Review of the council financial model in NSW - Submission ↓3 NSW Parliament's Standing Committee on State Development - Terms of reference - Ability of local governments to fund infrastructure and services ↓4 House of Representatives Standing Committee on Regional Development, Infrastructure and Transport - Terms of Reference - Local Government Sustainability

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 / JAD / 2024

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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



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