



northern  
beaches  
council

# ATTACHMENT BOOKLET

**NORTHERN BEACHES COUNCIL**

**TUESDAY 28 MAY 2024**

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LEGISLATIVE COUNCIL

STANDING COMMITTEE ON STATE DEVELOPMENT

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

#### TERMS OF REFERENCE

That the Standing Committee on State Development inquire into and report on the ability of local governments to fund infrastructure and services, and in particular:

- (a) the level of income councils require to adequately meet the needs of their communities
- (b) examine if past rate pegs have matched increases in costs borne by local governments
- (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
- (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
- (e) compare the rate peg as it currently exists to alternative approaches with regards to the outcomes for ratepayers, councils, and council staff
- (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
- (g) any other related matters.

The terms of reference for the inquiry were referred to the committee by the Hon Ron Hoenig MP, Minister for Local Government on 8 March 2024 and adopted by the committee on 14 March 2024.

#### Committee membership

<b>Hon Emily Suvaal MLC</b>	Australian Labor Party	<i>Chair</i>
<b>Hon Sam Faraway MLC</b>	The Nationals	<i>Deputy Chair</i>
<b>Hon Mark Buttigieg MLC</b>	Australian Labor Party	
<b>Dr Amanda Cohn MLC *</b>	The Greens	
<b>Hon Emma Hurst MLC</b>	Animal Justice Party	
<b>Hon Stephen Lawrence MLC</b>	Australian Labor Party	
<b>Hon Taylor Martin MLC</b>	Liberal Party	
<b>Hon Peter Primrose MLC</b>	Australian Labor Party	

\* Dr Amanda Cohn MLC substituted for Ms Cate Faehrmann MLC from 15 March 2024 for the duration of the inquiry.

**House of Representatives Standing Committee on Regional Development,  
Infrastructure and Transport**

**Inquiry into local government sustainability**

**Terms of Reference**

The House of Representatives Standing Committee on Regional Development, Infrastructure and Transport will inquire into and report on local government matters, with a particular focus on:

- The financial sustainability and funding of local government
- The changing infrastructure and service delivery obligations of local government
- Any structural impediments to security for local government workers and infrastructure and service delivery
- Trends in the attraction and retention of a skilled workforce in the local government sector, including impacts of labour hire practices
- The role of the Australian Government in addressing issues raised in relation to the above
- Other relevant issues.

**Committee Secretariat contact:**

Committee Secretary  
House of Representatives Standing Committee on Regional Development, Infrastructure  
and Transport  
PO Box 6021  
Parliament House  
Canberra ACT 2600



26 April 2024

Chair of the NSW Legislative Council Standing Committee on  
State Development  
Parliament House  
6 Macquarie Street  
SYDNEY NSW 2000

Submission via online portal

Our Ref: 2024/262194

To the Chair of the NSW Legislative Council Standing Committee on State Development,

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

Thank you for the opportunity to provide a submission to the Legislative Council Standing Committee on State Development's inquiry on the ability of local governments to fund infrastructure and services.

The Northern Beaches stretches from Palm Beach to Manly, boasts more than half of all the beaches in Sydney and is home to nearly 270,000 people, living in over 105,000 dwellings. The Council manages \$3.45 billion of infrastructure assets including buildings, roads, footpaths, stormwater drainage, swimming pools, bridges, wharves, playgrounds, sportsfields and seawalls.

Council's responses to the Inquiry are provided in accordance with the terms of reference below.

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

Council requires sufficient income to fund both the operational and capital expenditure necessary to provide services and facilities to meet the needs and priorities of the local community.

Councils have different capacities to generate income and their financial performance and service needs are variously affected by geography, demographics, community preferences and population growth.

Community needs and service levels are determined in accordance with the Integrated Planning & Reporting (IP&R) framework whereby Council undertakes regular service level reviews to ensure it provides, and continues to provide, a range of quality services that the community needs and that are sustainable in the long term.

The IP&R is a robust framework which provides a pathway for Council to:

- work directly with the community to identify long-term priorities for local identity, growth and lifestyle
- understand the range of services the community wants, the service standards they expect and the infrastructure that will be required
- have meaningful conversations about the cost of meeting community expectations to allocate resources and map out a 4-year strategy to deliver key priorities, projects and services
- set appropriate rates, fees and charges and monitor the Council's progress in delivering priorities, projects and services through the Operational Plan

In looking at the level of income a council requires to adequately meet the needs of the community, it is necessary to look at restrictions which exist on each of the revenue sources available which do not increase in line with the increase in costs associated with services the community wants, the service standards they expect and the infrastructure that will be required.

**Rates** – The rate peg does not allow councils to adjust their rates to reflect actual changes in their costs and take account of differences between councils. It does not take account of changes in service levels, the impacts of extreme weather events, the impacts of climate change, cost shifting by other levels of government and operational costs associated with growing populations.

Over the past 3 years (to June 2023) inflation has increased by 16.8%, which is more than double the 7.2% increase in rates income over the same period. For Northern Beaches Council this is an accumulative gap of \$18 million in lost income from the rates base going forward each year.

**Fees and Charges** – A range of fees and charges have statutory limits imposed which often at levels below the full costs of providing the services. Annual increases in these fees and charges are generally well below the cost increases to which these services are subject. An example of this is the Stormwater Management Charge. The NSW Government has not updated the legislation, (which is now found in Section 125AA of the Local Government (General) Regulation 2021) regarding the maximum annual charge for stormwater management services since the legislation was enacted in 2006 and as such no longer covers the cost of providing stormwater management services.

**Grants and subsidies from the NSW and Commonwealth Governments** – Many of the grants are related to government initiatives for infrastructure and facilities which add significantly to Council's ongoing costs to operate and maintain these assets. There is no account for the challenges in applying for funding and complying with the requirements of grant funding programs.

Disaster recovery grants are extremely difficult to claim with onerous reporting, significant gaps in eligible costs, several layers of assurance testing and years in delays in payments. In the past 5 years the Northern Beaches experienced 6 natural disasters at a cost of \$14 million, of which \$7 million has been recovered to date from the Disaster Recovery Fund.































































































































































































































































































































































































































































































































