

**Council of Social Service of NSW
(NCOSS)**
Response to
***Future Directions for NSW Local
Government: Twenty Essential Steps***



June 2013

Council of Social Service of NSW (NCOSS)
66 Albion Street, Surry Hills 2010
Ph: 02 9211 2599 Fax: 9281 1968 email: warren@ncoss.org.au

About NCOSS

The Council of Social Service of NSW (NCOSS) is a peak body for the not-for-profit community sector in New South Wales. NCOSS provides independent and informed policy advice, and plays a key coordination and leadership role for the sector. We work on behalf of disadvantaged people and communities towards achieving social justice in NSW.

Introduction

NCOSS welcomes this opportunity to comment on the Review Panel's *Future Directions* paper, in advance of its final report to the NSW Government later in the year.

Local government in NSW plays an important role for the not-for-profit community sector, through its work on land use planning and development assessment, its provision of local facilities and other forms of community infrastructure, and its capacity building, co-ordination and direct service role in a range of community services.

We endorse the Review Panel's goal of 'a more sustainable system of democratic local government that has added capacity to address the needs of local and regional communities, and to be a valued partner of State and Federal governments' (p.4).

At this stage of the reform process, we have elected to comment on a relatively small number of the Review Panel's 'essential steps'. We reserve comment on some others, pending the Review Panel's final report. Others we see as up to local government itself to pursue.

Our comments appear in the order in which they appear in the Review Panel's paper.

Sustainability and finance

NCOSS agrees with the Review Panel that financial sustainability is one of the key challenges facing local government in NSW.

We appreciate that the precise methodology used by the NSW Treasury Corporation (TCorp) to assess the short and longer term sustainability of individual councils is contentious. Despite this, there would be general agreement that the local government sector in NSW faces a large infrastructure backlog, possibly exceeding \$7 billion; that this is being compounded by an annual asset maintenance gap; and that regional performance varies, with major challenges facing councils in the far west of the state.

We endorse the Review Panel's view that fiscal responsibility does not mean simply keeping rates and expenditure as low as possible and remaining debt free. 'On the contrary, in many cases the more responsible approach is to face up to the need to increase rates and charges in order to achieve an operating surplus and undertake essential asset maintenance, and then where necessary to borrow additional funds to tackle infrastructure backlogs' (p. 14).

The Review Panel correctly observes that the system of rate pegging, unique to NSW and in effect for over 30 years, has adversely impacted on sound financial management. In principle, we consider rates to be a form of taxation, rather than a utility charge that should be regulated like public transport fares, electricity charges and the like. While IPART potentially has a valuable role to play in assessing the cost effectiveness of local government's operations, we would support moving over time away from the current very prescriptive system of rate pegging. We await with interest the Review Panel's final recommendations on this key issue.

We note that the possibility of asset sales is dealt with fairly glibly in this section of the Review Panel's paper. While accepting that there may be particular cases where it is sensible to do so, we know of no empirical basis for suggesting that councils overall have more open space, community halls or libraries than they need (p. 19).

On the issue of whether Commonwealth Financial Assistance Grants should be redistributed to more needy councils and communities (p. 18), we believe this is an issue for the Commonwealth to resolve. In this regard we would note that there are a multitude of ways of measuring 'need' beyond just size and remoteness, including concentrations of advantage and disadvantage, settlement patterns, and population growth pressures.

Infrastructure

TCorp's report makes it clear that tackling councils' annual asset maintenance gap and their cumulative infrastructure backlogs warrants the highest priority (p. 20).

The Review Panel proposes that the Local Infrastructure Renewal Scheme, under which the NSW Government provides interest rate subsidies for councils that borrow commercially in order to fund identified priority capital works projects, should be extended by the NSW Government for a further 5 years. NCOSS supports this proposal.

We note that developer levies for community facilities are under review as part of the parallel Planning System Review. NCOSS will be making comments on that matter in our submission to the Department of Planning and Infrastructure.

As part of the broader infrastructure challenge, the Review Panel canvasses the need for a specific Strategic Projects Fund for roads and bridges. NCOSS has considerable reservations about this proposal, as it could be seen as suggesting that other infrastructure needs are of lesser importance.

Productivity and improvement

In principle NCOSS supports the Review Panel's proposal that the NSW Government should commission a review by IPART of the regulatory and compliance burden on NSW local government (p.24).

Better governance

We have no comments on this section of the paper.

Structural reform

We have no comments on this section of the paper.

Western NSW

NCOSS agrees that creative thinking is needed to address the challenges facing councils and communities in the Far West of the state. These communities are remote and have an ageing and declining population. For the councils involved this means high and growing costs accompanied by falling income.

In principle NCOSS supports the Review Panel's proposal that consideration be given to the establishment of a Western Region Authority, bringing together local government, key Aboriginal organisations (such as the Murdi Paaki Regional Assembly and local Aboriginal lands councils), and relevant Commonwealth and NSW Government agencies to plan and deliver integrated programs and services across the region (p. 54).

The proposed Authority will only be workable if a suitable governance model can be agreed upon and if it is provided with sufficient resources and authority.

Implementation

NCOSS is supportive of the thrust of this part of the paper. We caution, however, that the autonomy and independence of the peak body for local government, Local Government NSW, needs to be respected as the reform agenda proceeds. NCOSS

considers that it is ultimately up to its member councils, and not the NSW Government, to determine how Local Government NSW balances its advocacy, policy and program development, capacity building and other functions.

Conclusion

NCOSS awaits with interest the Review Panel's forthcoming final report.

In the meantime, if the Panel or its support staff would like any further information, please do not hesitate to contact Mr Warren Gardiner, Senior Policy Officer (housing, homelessness, planning and infrastructure) on 02 9211 2599 ext 112 or email warren@ncoss.org.au