



NSW Government Budget Priorities 2024

The Country Mayors Association of NSW (CMA) represents 87 Local Councils throughout non-metropolitan NSW. The Association exists because of city-country inequities. On a per capita basis, country councils have far high expense to income ratios than their city counterparts and few revenue growth opportunities. Country Mayors and their councils are much more connected to their communities and are a vital employer. They are the front line for government service delivery in regional communities, as seen since 2019, when the NSW Government partnered with Local Government to recover from a barrage of disasters across the State. Country Mayors and their councillors give a great deal for their constituencies and their staff are often underappreciated dedicated professionals.

Despite the clearly important roles of Local Government in NSW, country mayors are under ever-mounting pressure, due to financial sustainability barriers.

Financial sustainability

The financial sustainability of country councils in NSW must be a key budget item, if State required council plans are to be adhered to, if councils are to retain stressed staff in challenging recruitment areas and if councils are to maintain expected levels of service delivery and solvency.

Country Councils advocate for baseline structured funding methodology from the NSW Budget. Additional grants on a needs/project basis are appreciated by Country Mayors. However, the extent to which funding is variable and unpredictable from one year to the next renders plans, financial or otherwise, redundant.

Housing

Shortages in housing have been a priority concern in NSW for a number of years without significant redress. The lack of affordable housing and rentals is a crisis in regional and metropolitan communities. Yet, the crisis is worse in country towns because there is a critical lack of supply that is so dire that it inhibits economic growth opportunities. When regional businesses grow, new workers are needed and if they can be recruited, they can be in costly motel temporary accommodation for many months while struggling to be approved for a lease in the highly competitive rental market. Country Mayors understands that the NSW

Government is trying to increase the supply of public housing. A fund to support temporary housing, in collaboration with Local Government and industry would be another positive step. This might subsidise the purchase of miniature homes or cabins in response to need. The shortage is such that larger employers, like abattoirs, would be likely to invest in practical solutions.

Rising supply chain costs are making building and construction businesses insolvent. Increased spending on housing in regional NSW, should give preference to local businesses, which will yield flow-on benefits into the future.

Given the severity of the housing stock shortage, the Country Mayors Association recommends the establishment of a "Building Country Homes Fund" to support the building of Local Government housing stock and ultimately, improve the financial sustainability of regional councils.

The CMA has also recommended a suitably funded and qualified taskforce to identify suitable land and support the development of affordable housing in country NSW (where it is most needed, in consultation with Local Government).

Resources for Regions Funding

The NSW Government has announced the cessation of the Resources for Regions funding program and Country Mayors ask that this decision be repealed. The funding was a small portion of the royalties collected from NSW mines, returned to the hosting Local Government Area. It was the least that should be compensated, given the impacts that mining can have on communities, their infrastructure and costs.

Without the return of a Resources for Regions type funding arrangement the significant hosting impacts of these large developments is directly borne by the communities, while large royalty payments continue to be collected by the State Government. This seems to be in stark contradiction to the \$128mil. provided to the Councils in the Orana Renewable Energy Zone (no objection to that), in apparent compensation for hosting renewable energy developments. If the impacts of renewable energy developments deserve compensation, then surely the impacts of mining should be similarly recognised.

<https://www.nsw.gov.au/media-releases/funding-for-communities-central-west-orana>

At least 26 Councils which host (and are significantly impacted) by mining projects (generating more than \$5.5 billion in royalties for the NSW Government), should be assisted to repair and improve infrastructure.

With the Resources for Regions program, the funding was known in advance so sensible planning and community consultation can occur. It would be appropriate that funding compensating mining impacted Local Government Areas be entirely separate and in addition to the NSW Regional Development Trust Fund and possibly incorporated into the Regional Development Act.

A similar fund should be considered for major renewable energy projects, with the construction phase of these projects spanning in excess of 24 months and heavily impacting local road assets. Planning Agreements have been established in some cases (between a Council and project owner) but there should be a framework developed for these. Precedents cannot assist councils, when finer details are likely in confidence.

Inclusion of Water and Sewer Assets in the Disaster Recovery Funding Arrangements (DRFA)

The Disaster Recovery Funding Arrangements (DRFA) is a funding mechanism crucial to support Local Government in the aftermath of extreme events. However, the guidelines are interpreted to exclude water and sewer assets damaged in disasters.

Clearly the cost of repairing or potentially replacing such vital infrastructure as water treatment plants damaged or destroyed during these extreme events is well beyond the means of most country councils. By way of example, Parkes Council had \$19mil. of damage to water supply assets in November 2022. Without direct government intervention, the Council has not had a suitable funding mechanism.

While the large municipal water utilities may be able to self-fund these repairs, the cost on country councils is completely unaffordable.

Labour Shortages

The Country Mayors Association of NSW commends the State Governments regional welcome program for essential workers. The CMA expects this program will work because it is engaging with and utilising established local organisations.

Genuine consultation with regional employers must occur. Policies to encourage competition in the VET sector, centralise TAFE course delivery and force it into a more business style model failed to account for fundamental realities in regional NSW; the market is sparse and competition is unviable. Private VET colleges have not set up where gaps in TAFE training have been created. Given the inequity of training opportunities between metropolitan and regional NSW, the CMA recommends the establishment of a funded and incentivised “Building Country Trades Program”.

Transport and Roads

The CMA recommends the NSW Government commits to the “Fixing Local Roads Program” until 2027, increased annually in line with the inflation rate. Local Government planning is important and is required by the NSW Government. To enable planning, country councils require that local roads funding be through non-contestable funding streams. The unpredictable nature of road funding at present is far from optimal.

The funding of “Fixing Country Pinch Points” program with \$250mil for country NSW councils would be cost-effective for State and Local Governments, as redressing recurring failing points and problematic road infrastructure issues will greatly reduce public and council frustration with band-aid solutions. The need for such a fund has been demonstrated by NSW Government disaster recovery funding, which per funding criteria does not cover the *improvement* of road assets, despite their obvious failings.

A “Country Road Restoration Program” could see the NSW Government match the support for regional NSW, shown by the Australian Government, through its’ “Roads to Recovery Program”.

Country NSW Councils would like to see the acceleration of the NSW Government’s Regional Road reclassification and transfer program (15,000km take back). This would improve the financial sustainability of country councils and enable Transport for NSW to plan more efficient maintenance programs across the road networks than the ad hoc funding the State Government currently issues.

Health

Country Mayors recommend that the NSW Government increases incentives to attract and retain general practitioner in regional, particularly remote areas of the State.

That the Regional Health Minister oversees a funded review into the current health services/districts. This review would ideally focus on scale and boundaries, operational performance and contractual arrangements with private sector providers.

In 2023, two country towns in NSW saw their hospitals closed to inpatients because they could not even be staffed with a registered nurse. Nurse recruitment is a critical challenge but it is bailing water out of a holey boat. Registered Nurses are burning out and leaving the profession after an average of under five years. Nurse to Patient ratios have been lobbied for by the sector. They have been delivered in other eastern States and this has contributed to the outward nurse migration from NSW.

A State and Local Government collaborative strategic approach to attract and retain medical professionals (doctors, nurses and allied health professionals) must be developed and enacted. Concepts such as bonded scholarships could be considered (working in a designated regional location for each year that study/training is subsidised).

Country NSW Mayors recommends that the health outcomes and access to health and hospital services in rural, regional and remote NSW report recommendations be implemented with urgency. The important efforts and insights that went into the report should not be wasted, when unnecessary deaths and suffering is the cost of inaction. This is a matter of basic equity for people who live and work outside of the greater Sydney area, which is what the Country Mayors Association of NSW strives for.