

## Media Release

# Minns Government supports reforms for stronger and more efficient councils

**Wednesday, 7 May 2025**

The Minns Labor government remains committed to ensuring NSW councils are efficient and financially sustainable, today announcing it will support 15 of the 17 recommendations from the NSW Parliament's Upper House inquiry into the ability of local governments to fund infrastructure and services.

The inquiry was established in March 2024 at the request of the Minister to examine long-held concerns from the sector about the financial challenges impacting councils across the state.

The inquiry heard cost pressures have increased significantly in recent years, impacting councils' ability to reliably and affordably provide the services communities rely upon, especially in rural and regional areas.

While many of the challenges relating to the financial sustainability of councils are not new, band-aid solutions by the previous Liberal-National government have done little to fix systemic issues which are threatening the long-term viability of the sector.

The Minns Labor government's response to the inquiry recognises the need to preserve local democracy and councils' autonomy, while also ensuring they can sustainably provide services over the long-term without financially burdening ratepayers.

The government has proposed five key actions:

- The Independent Pricing and Regulatory Tribunal (IPART) will continue to oversee council rates to ensure councils' revenue keeps pace with cost changes, while protecting ratepayers from excessive rate hikes
- Councils that want to permanently increase their rates will be required to submit a Comprehensive Spending Review to IPART that forensically examines their expenditure as well as their revenue
- The Special Variation process will be simplified and used solely by councils to fund specific projects or programs supported by the community
- Local government financial statements and reporting will be streamlined to increase transparency and councillor and public oversight over council spending
- Establishing an Expert Advisory Panel of experienced general managers, finance directors and other local government experts to support the government in delivering its reforms

The government will also audit local government fees and charges, to ensure they reflect inflation and changes in market costs. Models for distributing state government grants to councils will also be assessed so that councils continue to receive sustainable and equitable funding.

These reforms alongside those already in progress including rewriting the councillor Code of Conduct system, aim to enhance the reputation of local government as a robust, independent tier of government.

They will improve transparency in decision making and provide councillors with the financial information they need to be visibly in control of their councils to deliver local government services for their communities into the future.

The government's response to the inquiry can be viewed on the NSW Parliament website [here](#).

**Minister for Local Government Ron Hoenig said:**

“The role that councils play in building connected communities and fostering local development cannot be overstated.

“But the reality is, many councils are struggling under financial pressures and this is having flow-on effects to communities in the form of higher rates or reduced services.

“It's clear the status quo is not sustainable for councils and it's not fair on communities who will lose out. The ratepayers of NSW deserve assurance their money is being put to good use and that councils are doing all they can to tighten their belts, just like families are doing across the state.

“Fixing entrenched systemic issues won't happen overnight, but the Minns Labor government is serious about delivering long-term structural changes to the sector.

“Reforms that ensure councils are being efficient with their money and that decisions that financially impact ratepayers are made with them, not for them. This will come from councillors having transparent and digestible information about their council's financial position, so they can make more informed decisions about what their community needs most.

“I thank the committee for their work throughout this inquiry and all the councils and local government stakeholders for their input.”

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