



Office of Local Government

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Our Reference: A760888
Your Reference: F21/95
Contact: David Rolls
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10 March 2021

Mr Phillip Rudd
General Manager
Rous County Council
PO Box 230
LISMORE NSW 2480

By email: phillip.rudd@rous.nsw.gov.au

Dear Mr Rudd

Thank you for your letter of 11 February 2021 about Rous County Council's request that the *Local Government (General) Regulation 2005* be amended to include a similar provision to clause 397L requiring councils to make financial contributions to county councils in the same way that they are required to make financial contributions to joint organisations.

The information that you have provided in support of Council's request has been carefully considered. However, it is not considered that the information amounts to a compelling case to amend the Regulation.

As you may be aware, unlike joint organisations, county councils have the ability to make and levy special rates and charges under the *Local Government Act 1993*. As is the case for general purpose councils, this allows county councils to fund the costs of works, services, facilities or activities they provide or undertake in carrying out their functions and to recoup the costs of providing services such as water supply, sewerage and drainage.

Where special rates and charges remain unpaid, county councils have the same ability under Chapter 17 of the Act to recover those debts as do general purpose councils.

By contrast, joint organisations have no ability to raise income through the imposition of rates nor, except in very limited circumstances, charges. Consequently, an alternative means of funding joint organisations is effected by section 400ZF of the Act and clause 397L of the Regulation. Together, they authorise joint organisations to require their member councils to make financial contributions to the joint organisation.

In comparing the funding basis of county councils with that of joint organisations, care needs to be taken not to confuse the functions of the two entities. The principal functions of a joint organisation are to establish regional strategic priorities, provide regional leadership and identify and take up opportunities for inter-governmental co-operation on regional matters. These are not revenue generating functions for the joint organisation.



Conversely, county councils are established to undertake one or more functions of a constituent council within the county council's area of operations. Where this occurs, the functions are divested from the constituent council with the effect that the county council becomes responsible for the discharge of the functions. Various provisions of the Act provide the means by which councils fund the cost of undertaking of their functions and those means may be availed by whichever council or county council is responsible for the discharge of the functions.

In summary, clause 397L of the Regulation is reflective of the fact that, unlike county councils, most joint organisations have no independent sources of revenue and rely on financial contributions from their member councils to fund their operations.

I trust that this information is of assistance.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Grant Gleeson".

Grant Gleeson
Director, Legal

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