

**Submission
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GOVERNMENT SERVICE DELIVERY STANDARDS IN REGIONAL NSW

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DRAFT SUBMISSION

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Introduction

Thank you for the opportunity to provide input to the Committee on Investment, Industry and Regional Development regarding government service delivery standards in regional NSW.

Local Government NSW (LGNSW) is the peak body for local government in New South Wales, representing general purpose councils and related entities. LGNSW facilitates the development of an effective, community-based system of local government and advocates on behalf of councils to ensure the equitable provision of services across NSW.

This submission is in draft form until endorsed by the LGNSW Board. The Committee is asked to consider this current version. We will advise of any amendments to the submission in due course.

LGNSW'S POSITION

This submission is underpinned by the positions in [LGNSW's Policy Platform](#) which consolidates the voices of councils across NSW. Delivering the infrastructure and service needs of rural and regional communities is an ongoing challenge for local government. Small, widely dispersed and sometimes remote communities can struggle to reconcile high delivery costs with a small own source revenue base and face a range of economic, demographic and environmental challenges, such as structural change, ageing populations, skills shortages, population decline and water insecurity that undermine long term sustainability.

The abrogation of responsibility for service delivery by State and Commonwealth Governments has added to these challenges and councils often have no choice other than to take on additional responsibilities (examples include support for medical services and aged care).

LGNSW advocates for:

- 1.6 An end to cost shifting onto local government by the State and Commonwealth Governments.
- 3.21 Equitable access to public transport options.
- 4.1 Equitable service delivery and funding flows into rural and regional NSW by State and Commonwealth agencies.
- 4.4 New models for rural and regional infrastructure, service delivery, health, mental health care and aged care, including consideration of council coordination and/ or implementation that avoids cost shifting and is built on close collaboration between local, state and federal governments and NGOs.
- 4.5 Improved commercial airline and public transport for regional communities.

Local government's contribution to the delivery of regional services

DIRECT LOCAL SERVICE PROVISION

Local governments in rural and regional NSW frequently provide services in areas that extend beyond traditional council functions, including aged care, early childhood programs, disability support, family support initiatives, youth engagement, and community wellbeing services. This is critical in preventing mental health challenges and supporting early intervention. Councils implement these initiatives through youth services, social inclusion programs, libraries with targeted programs for older people, new parents, and children. By providing these supports, local government plays a vital role in promoting health, wellbeing and building resilient, connected communities.

COORDINATION AND REFERRAL FUNCTIONS

Councils act as backbone organisations in their regions. They convene interagency networks to coordinate services, reduce duplication, and integrate housing, health, disability, and youth supports. For example, the City of Newcastle supports the Newcastle Interagency Network, which brings community sector organisations together quarterly to share data, coordinate service updates, and strengthen connections. The council also provides tools such as community directories and e-newsletters to help services plan and respond to local needs.

Councils also play a critical informal role in service referral, linking residents to state-funded programs while delivering locally tailored interventions. For instance, Albury City Council's community-facing employees, including rangers and early childhood educators, connect residents with homelessness or domestic violence services when appropriate. A ranger might notice an animal showing neglect. An educator might observe a child who is frequently absent or poorly dressed. These concerns are reported to the community manager, who contacts the relevant service.

Through coordination and referral, councils improve alignment across services. They ensure local priorities are reflected in service delivery and provide stability where state services are intermittent.

MANAGEMENT OF LIMITED PUBLIC TRANSPORT OPTIONS

Limited public transport is a well-documented barrier to accessing essential services in rural and regional NSW, and councils often step in to fill gaps. Many councils operate community buses and local transport services to help residents reach health appointments, education, employment, shops and social supports in larger centres. LGNSW has consistently, over many years, identified the lack of reliable regional transport as a constraint on service access, noting that council-delivered services are essential interim solutions.¹

¹ Local Government NSW. [Submission to the Draft Future Transport Strategy 2056](#). (2017)

ADVOCACY AND FILLING GAPS IN STATE SERVICES

Rural and regional councils regularly advocate for their communities seeking equitable funding, service provision across health, transport, housing, and community services. When NSW Government service provision is limited, councils often step in. For example, funding supplemental transport for patients, subsidising facilities, or supporting workforce accommodation to retain clinicians in rural areas. Submissions to inquiries on health service delivery and workforce issues repeatedly reflect councils' roles in highlighting gaps and advocating for solutions to regional contexts.²

Challenges for local government

COST SHIFTING PLACES UNSUSTAINABLE PRESSURE ON LOCAL GOVERNMENT

Local governments across rural and regional NSW are increasingly managing the consequences of gaps in state-funded service delivery, particularly in homelessness, housing, and health services including mental health and aged-care. These deficits place ongoing pressure on councils. Despite not being funded as primary service providers, councils often become the default point of contact for residents in crisis. Cost-shifting to local government is estimated at \$1.5 billion annually, equivalent to approximately \$497 per NSW ratepayer.³

GAPS AND WORKFORCE SHORTAGE IN REGIONAL AND RURAL HEALTH SERVICES

Rural, regional and remote communities experience significantly poorer health outcomes and reduced access to services compared with metropolitan NSW, driven by workforce shortages, distance, transport barriers and fragmented service delivery.

Councils are not legislated as health service providers. However, in response to persistent service gaps, many councils in rural and regional NSW provide:

- Financial incentives and subsidised accommodation to attract doctors, nurses and allied health professionals and their families.
- Capital and operational support for medical centres (in some instances, fully funding)
- Community transport and patient travel assistance
- Youth services and facilities that support mental health and wellbeing
- Disaster recovery services that address physical and mental health impacts

Councils frequently observe the impacts of service withdrawal, workforce shortages, outsourcing and weak accountability in the health system. Councils advocate for their communities to raise health access as a priority concern when services decline.

² Local Government NSW. [Submission to the inquiry into the delivery of specific services and specialist care in remote, rural and regional NSW](#) (2024)

³ Local Government NSW. [2025 LGNSW Cost Shifting Report - How State Costs Consume Council Rates](#) (2025)

COST PRESSURES FROM ESSENTIAL INFRASTRUCTURE

Local governments in rural and regional NSW face significantly higher costs in delivering and maintaining essential infrastructure, particularly roads and transport services. Councils manage more than 167,000 kilometres of local roads across NSW, with a disproportionate share located in regional and remote areas and a high proportion of unsealed roads. Greater travel distance, growing freight demands, climate exposure, and dispersed populations increase per capita maintenance costs.⁴ The estimated NSW road infrastructure funding backlog stood at \$3.4 billion in 2023-24, with approximately \$2.8 billion attributable to rural and regional councils.⁵ Councils are financially constrained and under financial stress, particularly in rural and regional areas.

Public transport limitations further compound these pressures. The [Bus Industry Taskforce report](#) highlighted the issues of poor coverage, isolation and the lack of bus infrastructure in regional NSW. In many rural and regional areas, public transport services are limited or non-existent, requiring councils to intervene through community transport and local bus services. These services are often funded through short-term grants or council supplementation, and involve ongoing costs related to vehicles, fuel, compliance, staffing, and insurance.

These cumulative pressures limit councils' ability to invest in long term planning and asset renewal. Further, accessible and reliable public transport is critical to improve mobility, reduce individual vehicle use and deliver environmental benefits.

LACK OF STABLE FUNDING FOR RURAL AND REGIONAL SOCIAL SERVICES

Short-term, competitive grants undermine councils' ability to plan effectively. High per-capita costs in rural and regional areas make councils dependent on these unstable funding models. For example, funding cycles of one to three years disrupt workforce development and retention. When programs end, councils are often left managing community expectations, impacts and crisis responses without additional funding. This has undermined effective service delivery in regional communities.⁶

Councils have consistently reported that locally based, locally employed staff provide continuity and trusted relationships that improve service engagement and outcomes. However, the lack of funding, notably in mental health and emergency services, has meant that councils have had to turn away community members in need. This has placed pressure on other services such as homelessness, youth and disability.

⁴ Local Government NSW. [Inquiry into local government sustainability: Submission 186 to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport](#). (2024)

⁵NRMA. [Council backlog for roads hits \\$3.4B: NRMA Launches Road Safety Campaign](#). (2025)

⁶ Local Government NSW. [Draft submission – NSW Mental Health and Wellbeing Strategy](#) (2025);

REDUCED FUNDING FOR SERVICE CO-ORDINATION

The lack of long-term investment in coordination networks has reduced councils' capacity to deliver integrated services or manage interagency collaboration effectively.

For example, councils have reported that under the Targeted Early Intervention Program, councils supported service delivery, coordination, planning of a range of early intervention services within their community. This included capacity building, training and sector development on a range of matters relating to child safety, youth mental health, drug and alcohol issues. Councils often financially contributed to these programs, demonstrating an effective partnership approach for local communities.

However, program funding changes in 2026 have meant that many councils have lost funding to deliver longstanding programs that have been staffed by skilled workers with strong community relationships. As a result, councils can no longer support critical local coordination between service providers and communities. This will create gaps that disproportionately affect vulnerable community members.

Recommendation 1 – Local service presence with stable funding

That the NSW Government require government procurement to prioritise providers with a permanent, physical presence and established community relationships rather than large metropolitan organisations delivering services remotely.

Recommendation 2– Adequate funding for incentives to attract health providers in rural and regional NSW

That the NSW and Australian Governments work with councils to prevent shifting costs onto local government by adequately funding health workforce incentives and health services in regional, rural and remote communities.

Recommendation 3– Ensure reliable, locally tailored public transport

That the NSW Government improve transport services for regional communities, and support innovative, locally tailored transport solutions that recognise geographic and demographic realities, ensuring residents can reach essential services reliably.

Recommendation 4 – Consider place-based funding models for rural and regional social services

That the NSW Government considers place-based funding models that account for distance, dispersed populations, and higher per-capita delivery costs in regional and rural NSW to ensure equitable access regardless of location.

Challenges for communities

RESIDENTS STRUGGLE TO ACCESS ESSENTIAL SERVICES

Rural and regional communities face significant gaps in service coverage, particularly in mental health, disability, family support, and housing. Residents often must travel long distances to reach services located in larger regional centres. Councils report that outreach services may be limited to a few hours per week and are poorly visible, reducing uptake and continuity of care. Residents in isolated towns experience reduced access to specialist mental health and disability support, often relying on councils or community organisations for assistance.⁷

Workforce shortages, transport limitations, and inconsistent outreach exacerbate inequities, leaving residents without reliable access to critical care.

SHORT-TERM FUNDING DISRUPTS CARE FOR VULNERABLE POPULATIONS

Short-term, competitive grants destabilise service provision, particularly for vulnerable populations. Services operating under two- or three-year contracts often leave residents without continuity of care.

Unstable funding cycles impede the retention of skilled staff, disrupt program delivery, and undermine community trust in regional health and community services. These challenges contribute to fragmented service delivery and critical gaps in areas such as homelessness and mental health, further undermining community wellbeing and reducing the effectiveness of regional services.

TRANSPORT BARRIERS LIMIT SERVICE ACCESS AND EFFECTIVENESS

For communities, infrastructure and transport cost pressures translate directly into reduced access to essential services. Rural and regional NSW contains many small towns located significant distances from regional centres where health, disability, education, and employment services are concentrated. Compared with metropolitan NSW, public transport options are limited or absent, resulting in reliance on private vehicles or infrequent services with limited coverage.⁸

Residents without access to a private vehicle experience disadvantage. Older people, young people, people with disability and low-income households face higher barriers to attending medical appointments, accessing specialist care, or participating in education and employment.

Councils report that travel distances, cost of fuel, and lack of reliable services frequently prevent residents from engaging with services even when they are technically available, contributing to poorer health and social outcomes.

⁷ Local Government NSW. [Draft submission – NSW Mental Health and Wellbeing Strategy](#) (2025)

⁸ IPART. [Ensuring the Affordability of Rural and Regional Buses](#) (2020)

Poor transport coverage also undermines service effectiveness and planning. Outreach services in smaller towns are often limited to a few hours per week and depend on residents being able to travel at specific times. Where transport is unreliable, service uptake may appear low despite underlying demand, which can lead to service withdrawal or further reductions.

FRAGMENTED SYSTEMS INCREASE STRESS ON RESIDENTS

System fragmentation across government services forces residents in rural and regional communities to navigate multiple disconnected providers. For example, accessing specialist care under the NDIS often necessitates long distance travel across towns hundreds of kilometres apart.⁹ The lack of integration has led to high travel costs, delays and administrative burdens for communities. High staff turnover can result in people needing to repeat their circumstances to multiple organisations and healthcare workers. Councils can play a key role in bridging these gaps, but limited investment from state and federal governments in regional coordination structures reduces integration and continuity of care.

Along with overlaps in services, councils have reported gaps in co-ordination and delivery between aged care services, mental health, disability and homelessness. Siloed funding streams may have contributed to these inefficiencies, which hinder integrated planning and service delivery. This can result in inadequate access to holistic care for community members.

Recommendation 5 – Sustained youth and community services

That the NSW Government provide sustained and recurrent investment for council-run youth services, mental wellbeing initiatives, domestic and family violence prevention, social inclusion programs, and community connection initiatives.

Recommendation 6 – Multi-year contracts

That the NSW Government standardise multi-year service contracts (5–10 years) for rural and regional social and health services to support workforce stability, continuity of care, and long-term community trust.

Recommendation 7– Strengthen regional service coordination

That the NSW Government reinvest in interagency coordination structures, regional networks, and peak bodies to integrate housing, health, mental health, youth, and disability services, reducing fragmentation and easing the administrative burden on residents navigating multiple disconnected providers.

⁹ Local Government NSW. [Submission No. 345 to the Parliamentary Inquiry into Health Outcomes and Access to Health and Hospital Services in Rural, Regional and Remote New South Wales](#) (2020)

What needs to change

MONITORING, EVALUATION AND ACCOUNTABILITY OF REGIONAL SERVICES

There is a need for improved monitoring, evaluation and reporting of publicly funded health services in rural and regional NSW. Existing frameworks often focus on outputs rather than meaningful long-term results. Councils report that the emphasis on quantifiable measures in annual reporting has resulted in qualitative evidence, such as community feedback and individual experiences, being overlooked.

To improve accountability, evaluation frameworks should shift from measuring outputs to assessing long-term community outcomes over five to ten years. This would include indicators that measure accessibility, timeliness, continuity, cultural responsiveness, client satisfaction and overall community impact.

Improving the timeliness and accessibility of reporting would support better local planning, coordination between services, and ongoing service improvement. In health services, councils report that statewide indicators and aggregate reporting obscure local service gaps, including extended waiting periods for specialist appointments, intermittent service availability and the loss of face-to-face services. Communities often have limited information about service availability or expected waiting times, making travel to access services difficult.

Councils report that while they receive community feedback, more consistent and independent evaluations of government services would improve confidence that publicly funded services are appropriately monitored. Public reporting that outlines both successes and areas for improvement would further strengthen transparency and accountability. Clear performance metrics, such as response times, client satisfaction and service outcomes, could also support monitoring of service effectiveness. However, often reports are published only after service delivery has ended.

ACCOUNTABILITY OF OUTSOURCED DELIVERY

Council experience with health services highlights significant accountability challenges where government services are delivered through outsourced or third-party models.

In rural and regional areas, reliance on contracted, fly-in fly-out, and locum service providers has resulted in fragmented service delivery, limited continuity, and minimal local oversight. Councils report that when outsourced services are reduced or withdrawn, there are few mechanisms for local escalation or intervention, despite significant impacts on communities. This experience illustrates the risks associated with outsourced service delivery more broadly, particularly in rural and regional NSW where alternative providers are limited or non-existent.

Ensuring that clients and frontline workers have clear and accessible pathways to provide feedback would strengthen accountability. Additional funding for oversight bodies or independent watchdogs would also support monitoring of service standards, particularly in rural, regional or under-resourced areas.

Recommendation 8 – Establish clear and accessible feedback pathways

That the NSW Government establish clear and accessible feedback pathways for clients and frontline workers and ensure feedback is reviewed to inform service improvement and accountability.

DIFFERENCES IN SERVICE DELIVERY STANDARDS - METROPOLITAN AND REGIONAL NSW

Communities in rural and regional NSW experience materially different service delivery standards compared with metropolitan areas. Regional communities experience longer waiting times, fewer service options, and reduced access to specialist and allied health care.¹⁰ In many cases, telehealth is used as a substitute rather than a complement to face-to-face services, limiting effectiveness for complex, preventative, or culturally appropriate care. These experiences demonstrate that service standards in practice are significantly lower in regional communities.

National analysis shows a persistent and widening health expenditure gap between urban and rural populations. Australians living outside major cities received around \$1,090 less in healthcare funding per person in 2023–24, equating to an \$8.35 billion annual shortfall compared to urban residents and the gap continues to grow.¹¹ In small rural towns and very remote areas, per capita health expenditure was \$4,701 lower than in metropolitan areas in 2023–24.¹² This underinvestment contributes to poorer health outcomes in rural and remote areas.

While the public education system includes equity loadings to provide additional funding for disadvantaged students, health and many other services lack comparable mechanisms to adjust resources for geographic disadvantage.

Recommendation 9 – Establish Service Delivery Benchmarks for Regional NSW

That the NSW Government develop and mandate minimum service delivery benchmarks for regional, rural and remote communities across priority health and human services. Benchmarks should include measurable targets for waiting times, service availability, workforce coverage, and access to specialist and allied health services. Agencies should monitor and publish these outcomes by region.

Recommendation 10 – Introduce Regional Service Equity Funding Adjustments

That the NSW Government implement a funding model for health and other essential services that accounts for geographic disadvantage, service availability, and workforce supply challenges.

¹⁰ National Rural Health Alliance. [Rural Health in Australia Snapshot 2025](#). (2025)

¹¹ National Rural Health Alliance. [The Forgotten Health Spend: A Report on the Expenditure Deficit in Rural Australia](#). (2025)

¹² As above.

Conclusion

This submission highlights the key challenges faced by local councils and communities in delivering and accessing social and community services. We have proposed potential directions for improving government service delivery.

Local government's place-based role is critical to rural and regional service quality, which can only be sustained with ongoing support and recognition from the NSW and Australian Governments.

For further information or to discuss this submission, please contact [REDACTED]
[REDACTED]

Recommendations

1. Local Service Presence and Stability

Recommendation 1 – Local service presence with stable funding

That the NSW Government require government procurement to prioritise providers with a permanent, physical presence and established community relationships rather than large metropolitan organisations delivering services remotely.

Recommendation 2 – Adequate funding for incentives to attract health providers in rural and regional NSW

That the NSW and Australian Government work with councils to prevent shifting costs onto local government by adequately funding health workforce incentives and health services in regional, rural and remote communities.

Recommendation 6 – Multi-year contracts

That the NSW Government standardise multi-year service contracts (5–10 years) for rural and regional social and health services to support workforce stability, continuity of care, and long-term community trust.

2. Funding Models and Service Continuity

Recommendation 4 – Consider place-based funding for rural and regional social services

That the NSW Government considers place-based funding models that account for distance, dispersed populations, and higher per-capita delivery costs in regional and rural NSW to ensure equitable access regardless of location.

Recommendation 10 – Introduce Regional Service Equity Funding Adjustments

That the NSW Government implement a funding model for health and other essential services that accounts for geographic disadvantage, service availability, and workforce supply challenges.

Recommendation 5 – Provide sustained investment in youth and community services

That the NSW Government provide sustained and recurrent investment for council-run youth services, mental wellbeing initiatives, domestic and family violence prevention, social inclusion programs, and community connection initiatives

Recommendations continued

3. Service Co-ordination and Integration

Recommendation 7 – Strengthen regional service coordination

That the NSW Government reinvest in interagency coordination structures, regional networks, and peak bodies to integrate housing, health, mental health, youth, and disability services, reducing fragmentation and easing the administrative burden on residents navigating multiple disconnected providers.

Recommendation 3 – Ensure reliable, locally tailored public transport

That the NSW Government improve transport services for regional communities, and support innovative, locally tailored transport solutions that recognise geographic and demographic realities, ensuring residents can reach essential services reliably.

4. Performance, Accountability & Reporting

Recommendation 8 – Establish clear and accessible feedback pathways

That the NSW Government establish clear and accessible feedback pathways for clients and frontline workers and ensure feedback is reviewed to inform service improvement and accountability.

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