

Local Government Report Consultation
Division of Local Government
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Friday, 4 April 2014

To whom it may concern,

We welcome the opportunity to comment on the Final Report of the NSW Independent Local Government Review Panel, *Revitalising Local Government*, and the Final Report of the Local Government Acts Taskforce, *A New Local Government Act for New South Wales and Review of the City of Sydney Act 1988*.

The Property Council of Australia has been a long-time supporter of reforms to improve the performance of councils across New South Wales and thanks the Independent Panel and the Taskforce for their detailed and comprehensive work and final recommendations.

Local government should be the engine room for growth in housing and jobs. Any yet our councils are facing significant challenges, particularly with financial management. Reform would help create stronger, larger councils that are better able to manage their own affairs and meet the challenges of the future.

We acknowledge the Government's role in commissioning this work in order to address the underlying weaknesses in our current local government system.

The time has come for action to be taken to arrest the decline of our councils. We urge the Government to be bold in making the necessary changes to modernise our local government system and facilitate the growth needed in NSW.

The Independent Panel's *Revitalising Local Government* offers the platform for the State to undertake this much needed comprehensive reform. We broadly support the majority of recommendations made by the Panel.

We also welcome the Taskforce's recommendations to deliver a new *Local Government Act* and *City of Sydney Act 1988*. In particular, we strongly support the recommendation to remove the discriminatory treatment of non-residential voters.


Please find attached our detailed submission. Our headline recommendations include:

- The Government must take note of the Panel's advice that amalgamations are necessary, and are unlikely to occur voluntarily. Compulsory amalgamations must be undertaken to deliver high-performing and fiscally responsible councils with the scale to fund infrastructure and deliver improved services.
- The Panel has clearly identified the negative consequences of maintaining rate pegging. The Government must commit to the abolition of rate pegging and introduction of "rate benchmarking", subject to council amalgamation and incentives to strengthen financial viability such as sound business planning, greater fiscal discipline and compulsory infrastructure strategies.
- While there is recognition of the infrastructure backlogs which need to be addressed by council, there is limited discussion of developer contributions towards infrastructure. We recommend that councils be required to spend these levies in full, on-time and for the purpose they were collected. Poor performers should also be held to account.
- Rates should not be increased based on any 'improved value of land' or 'capacity to pay'. Rates should only be levied to the extent required to fund services.
- Local government needs meaningful culture change, including the professionalisation of staff. We support the Panel's recommendations to improve skills.
- The Taskforce has proposed a model for a fairer electoral system that does not discriminate against non-resident owners, occupiers and lessees of rateable land. We urge the Government to address the disenfranchisement of non-residential voters.

We look forward to working with local government to deliver on these reforms and help deliver prosperity to our State.

If you would like to discuss this submission further, please contact me on 02 9033 1907 or fwilson@propertyoz.com.au.

Yours sincerely,



Felicity Wilson

NSW Deputy Executive Director
Property Council of Australia

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**Final Report of the NSW Independent Local Government
Review Panel - *Revitalising Local Government***

**Final Report of the Local Government Acts Taskforce -
*A New Local Government Act for New South Wales and
Review of the City of Sydney Act 1988***

Submission to the Division of Local Government

April 2014



About us

The Property Council is the nation's peak representative of the property industry. Our 2,200 members are Australia's major investors, developers and owners of commercial, residential, retail, industrial, retirement living and hotel assets worth over \$320 billion.

Our members shape, design, build and finance our cities and have a long-term interest in the vitality, sustainability and productivity of urban areas.

We have a crucial relationship with local government. We are a major source of revenue for local government through the provision of property related services, contributing to the billions collected by councils in rates and charges.

In particular, our members contribute to local government infrastructure through significant development levies. In 2012-13, councils collected \$393 million – a record amount, with \$935 million in levies sitting unspent in council accounts across Sydney's 38 councils.

We are also a major user of local government services. Our members rely on councils to progress development applications so they can do business. In 2012-13 (the most recent public data), councils approved 74,875 development applications, worth \$24.5 billion.

Moreover, the health and vitality of the property sector is crucial to the State's economy. Independent research commissioned by the Property Council shows the sector:

- is the largest single contributor to NSW tax revenues of any industry – paying \$7.7 billion in state taxes in 2010-2011, including \$2.3 billion in land tax
- provided \$16.6 billion in wages to NSW families and workers
- generated almost 300,000 jobs across the state
- added \$44.5 billion to economic growth, and
- triggered \$63 billion in flow on economic benefits.

Introduction

We welcome the opportunity to comment on the Final Report of the NSW Independent Local Government Review Panel, *Revitalising Local Government* (the Panel), and the Final Report of the Local Government Acts Taskforce, *A New Local Government Act for New South Wales and Review of the City of Sydney Act 1988* (the Taskforce).

The Property Council of Australia has been a long-time supporter of reforms to improve the performance of councils across New South Wales. We broadly support the recommendations made by both the Panel and Taskforce.

Our submission focuses on:

- the necessity for compulsory amalgamations in order to deliver high-performance and fiscally responsible councils with the scale to fund infrastructure and deliver improved services
- the abolition of rate pegging, subject to council amalgamation and incentives to strengthen financial viability such as sound business planning, greater fiscal discipline and compulsory infrastructure strategies
- addressing the misuse by some councils of developer infrastructure levies by requiring these levies to be spent in full, on-time and for the purpose they were collected – with poor performers held to account
- efforts to broaden the rate base should not lead to the introduction of an inequitable and efficient system based on any 'improved value of land' or 'capacity to pay'. Rates should only be levied to the extent required to fund services
- local government needs meaningful culture change, including the professionalisation of staff, which can be driven through better incentives and training
- the need for a fairer electoral system that does not discriminate against non-resident owners, occupiers and lessees of rateable land.

We look forward to further consultation with the Government on the recommendations made by both the Panel and the Taskforce.

Financial sustainability

Integrated Planning and Reporting

We support the Taskforce's proposal to elevate Integrated Planning and Reporting (IPR) as the central plank of the new Act to deliver infrastructure, services and regulation.

IPR helps give a clearer picture of financial status and future financial requirements of local government. As TCorp concluded, the introduction of the IPR process in 2009 has increased Councils' focus on longer term planning and strategy.

We also support the general principles proposed by the Taskforce to ensure proper community consultation and engagement, including equity, rights, access and participation. However, it is important that IPR community engagement principles should be consistent with the principles of community engagement proposed by the Planning Review White Paper.

Recommendation 1: Elevate the status of IPR within the new Act, and ensure councils are meeting all requirements.

Fiscal responsibility

The Property Council supports initiatives to strengthen the financial capability and sustainability of local government, including:

- the establishment of an integrated Fiscal Responsibility Program, coordinated by DLG and also involving TCorp, IPART and LGNSW
- requirements for more rigorous 4-year Delivery Programs
- annual TCorp reviews of the financial management of sample councils
- a more consistent approach to auditing, potentially utilising the Auditor General as in Queensland and Victoria.

Strengthening the revenue base

We welcome an IPART review into the rating system, particularly to consider excessive exemptions and concession. We also seek analysis by IPART of the current inequitable application of rates and Special Rate Variations (SRVs) to different categories of landowners.

We recommend that the new Act:

- expressly rule-out the creation of subcategories that apply to one or a few properties, particularly when they are being applied subjectively to comparative properties
- expressly rule-out 'capacity to pay' as a rating principle to prevent it from being used in any form
- ensure that any attempt to increase 'sub-category rates' over a set amount (e.g. three times the IPART approved cap increase) is subjected to a more rigorous analytical and consultation process, best practice tax principles, and Ministerial approval
- ensure that all rate increases are clearly linked to specific increased services and the cost of providing these services.

Rule out discriminatory rate increases

The Property Council and its members strongly support and have a high level of confidence in the current land valuation system.

The current system is consistent, transparent, efficient and predicts valuations within a reasonable margin of error. In particular, we strongly support the use of site value as the basis for calculating land tax and local council rates.

The site value methodology values land only, taking into account any improvements made to the land – such as clearing, levelling, drainage, filling and retaining walls – and excluding all capital improvements on the land such as buildings and other structures.

We consider the site value basis of the NSW land valuation system to be robust and to reflect best valuation practice.

We continue to strongly oppose any move from Land Value to Capital Improved Value (CIV) to better reflect 'capacity to pay'. The Panel recognises that rating "based solely on land values... achieves a reasonably equitable distribution of the rate burden."

However, the Panel then goes on to suggest that CIV could be introduced for the rating of multi-unit dwellings in areas where this built form is the majority of housing stock.

Increasing rates based on Capital Improved Value is poor public policy. It penalises anyone who improves the value of their land through their own imagination, vision and hard work.

A move to CIV would have negative consequences for NSW. It would:

- stifle innovation and best practice in the industry
- hit all property owners, including the 'mum and dad' owners of family homes, holiday houses and investment properties
- act as a brake on investment and make NSW less attractive to capital than competitor states
- discourage essential densification of our cities through pricing and taxation signals.

Indeed, the NSW Government itself acknowledges:

"Taxing the market value of properties provides a disincentive to make capital improvements to land, and thereby distorts investment decisions."

In 2012, the Property Council commissioned Urbis to assess the impact of a move from Land Value to Capital Improved Value.

Using the City of Sydney and Willoughby Council as examples and based on assumptions from the experience of analogous councils in Victoria, Urbis concluded that a move to an improved value rating system would:

- have a substantial inflationary impact across all aspects of the statutory valuation process
- result in vast differentials within a particular rating category depending on the individual form of development on the land
- cause a substantial redistribution of the rate burden from Residential to "Business" (industrial, commercial and retail) given the nature of the respective improvements.

Urbis measured the percentage of change from the existing system (Land Value) to Capital Improved Value where the existing total rate revenue is increased by 10%, 20% and 30% across industrial, commercial and shopping centres.

The table below summarises the key findings of this analysis:

City of Sydney

INDIVIDUAL PROPERTY EXAMPLE

Property	LV	CV	% CV to SV	EXISTING	10.0%		20.0%		30.0%	
				Rates Revenue LV	Rates Revenue CV	% Δ	Rates Revenue CV	% Δ	Rates Revenue CV	% Δ
Industrial	\$5,520,000	\$34,600,000	16.0%	\$38,436	\$75,599	96.7%	\$84,216	119.1%	\$92,832	141.5%
Commercial	\$32,500,000	\$162,600,000	20.0%	\$420,550	\$646,430	53.7%	\$720,106	71.2%	\$793,782	88.7%
Shopping Centre	\$45,340,000	\$443,000,000	10.2%	\$586,700	\$1,761,183	200.2%	\$1,961,912	234.4%	\$2,162,641	268.6%

Source: Urbis

Willoughby Council

INDIVIDUAL PROPERTY EXAMPLE

Property	LV	CV	% CV to SV	EXISTING	10.0%		20.0%		30.0%	
				Rates Revenue LV	Rates Revenue CV	% Δ	Rates Revenue CV	% Δ	Rates Revenue CV	% Δ
Industrial	\$176,396	\$808,500	21.8%	\$1,330	\$3,363	152.8%	\$3,997	200.4%	\$4,630	248.0%
Commercial	\$18,300,000	\$113,900,000	16.1%	\$138,023	\$473,739	243.2%	\$563,026	307.9%	\$652,312	372.6%
Shopping Centre	\$51,300,000	\$800,000,000	6.4%	\$692,693	\$850,248	22.7%	\$1,010,496	45.9%	\$1,170,744	69.0%

Source: Urbis

The Panel also asserts that owners of high-value properties would have the capacity to pay any increased rates. We strongly oppose any rate increase based on perceived capacity to pay. It is:

- unfair and discriminates against certain types of properties
- not related to any specific additional burden on local infrastructure
- a burden on affordability because the rate increase will be passed to the consumer
- inconsistent with the 'reasonableness' requirement under the *Local Government Act*.

Recommendation 2: Ensure that all rate increases are clearly linked to specific increased services and the cost of providing these services and that any attempt to increase 'sub-category rates' over a set amount (e.g. three times the IPART approved cap increase) is subjected to a more rigorous analytical and consultation process, best practice tax principles, and Ministerial approval.

Recommendation 3: The Government should not amend the Act to allow rate increases on the basis of 'capacity to pay' – nor should the use of improved value of land underpin rates. All rate increases should be clearly linked to specific increased services and the cost of providing these services.

Abolish rate pegging... post-reform

We agree with the Panel primary consideration that "the rate-pegging system in its present form impacts adversely on sound financial management".

NSW is the only state in Australia to retain rate pegging. According to IPART, rate pegging diminishes the financial viability of local government, stifles the ability to raise debt, limits the growth of rate revenue and increases infrastructure backlogs.

We are disappointed that the Panel has not recommended the abolition of rate pegging, despite stating that this is its preference. The Property Council would, however, support the introduction of the Panel's preferred option of Rate Benchmarking if it accompanies a complete abolition of rate pegging.

The removal of rate pegging should be subject to:

- council amalgamation
- adherence to Integrated Planning and Reporting requirements
- greater fiscal discipline and accountability, including sound business plans
- compulsory infrastructure strategies with a forward capital expenditure program
- curbing the use of 'capacity to pay' provisions.

Recommendation 4: The Government should abolish rate pegging, subject to council amalgamation and incentives to strengthen financial viability such as

adherence to Integrated Planning and Reporting requirements, sound business planning, greater fiscal discipline and compulsory infrastructure strategies.

Greater use of debt financing

We support the Independent Panel's view that debt is an appropriate way to fund long term assets.

Councils are often cautious in their use of debt to finance infrastructure. Elected officials take pride in their ability to manage their organisation with little debt. The community has a perception that low debt is a reflection of sound financial management. This means that many councils prefer to use current year funding – such as rates or grants – to finance infrastructure.

Yet local government has a significant capacity to leverage its balance sheet further and should borrow to finance infrastructure investment.

Councils should be encouraged to use more debt finance for infrastructure, subject to:

- compliance with Integrated Planning and Reporting (IPR) requirements, including the preparation of long-term financial and asset management plans
- ministerial approval for new borrowings over a certain amount
- upper limits on borrowing based on a considered assessment of the cost and benefit of alternative financing options.

The Government's Local Infrastructure Renewal Scheme is one such successful initiative driving infrastructure upgrades through debt funding support. We see merit in the Panel's recommendation to establish a state-wide borrowing facility to enable local government to access debt where appropriate.

Recommendation 5: The Government should introduce mechanisms which encourage councils to borrow more debt to finance infrastructure renewal, subject to limits and sound plans.

Meeting infrastructure needs

We support the view that tackling the local infrastructure backlog should be given the highest priority.

The State's 2013–14 budget commitment to deliver \$60 billion to fix the infrastructure backlog is a strong acknowledgement that infrastructure requires both State and industry investment and a long-term approach.

Spend development levies

The Panel presents limited commentary on infrastructure contributions, focussing mainly on its concerns that any changes to the framework through the land use planning system may risk the ability of councils to address their infrastructure needs.

Under the current scheme, Section 94 infrastructure levies are not being spent properly.

An audit of Section 94 infrastructure levies done by the Property Council in January 2014 concluded that \$935 million had not been spent. The amount of unspent levies rose by \$170 million in the past year. This represents a 22% increase over the last year

The Government should introduce mechanisms to ensure that levies are spent in-full, on time and for the purpose they were collected. Poor performers should be held to account.

There is also a risk that changes to the planning system will lead to higher infrastructure taxes than currently exists. We are also concerned that a new planning system will remove the 'nexus' between the levy and the particular infrastructure required. There is also the potential for double recovery of costs both for existing and anticipated infrastructure.

We would welcome a robust and market-based investigation into infrastructure financing that is open-minded, independent and considered.

Recommendation 6: The new *Local Government Act* should make it mandatory for councils to spend development levies in full, on-time and for the purpose they were collected.

Recommendation 7: The new *Local Government Act* should prescribe strict penalties for non-performance. Unspent levies should be seized by the Local Government Grants Commission.

Improvement, Productivity and Accountability

Measure and enforce council performance

Local government needs a continuous culture of improvement – and that includes holding poor performers to account.

For example, in 2005 Leichhardt Council had the slowest gross mean determination times for development applications according to the Local Development Performance Monitor. Five years later, Leichhardt still had the worst determination times.

As much as there has been some reduction in these times over the five-year period, it suggests a pattern of poor performance. Yet no substantive intervention has been undertaken by the NSW Government to overhaul the practices and processes of Leichhardt Council.

Poor performers should be held to account. Councils should be required to have strict Key Performance Indicators with consequences for failure to comply.

We agree with the NSW Auditor General that there should be a suite of penalties and sanctions in the *Local Government Act* for councils that do not comply with legislative requirements.

Recommendation 8: The new *Local Government Act* should require councils adopt strict key performance indicators (KPIs) to measure functions such as development assessment times.

Recommendation 9: The new *Local Government Act* should prescribe penalties and sanctions for councils that fail to meet KPIs.

Political leadership and good governance

Incentives for council officials

We acknowledge the many dedicated and professional officers working in local government, both in an elected and official capacity. Yet as the Percy Allan report found, there is a growing shortage of skilled planners, engineers and accountants. The skills shortage will intensify as they reach retirement age and is worse in regional and rural councils.

We support the Independent Panel's recommendation to improve political leadership through professional development, accreditation and increasing councillor remuneration.

Done properly, cultural reform could attract a new generation of council officials who are well qualified, well paid, who understand land economics and who focus on the strategic benefits of growth.

Other initiatives could include:

- build on the ongoing work done by the Property Council and the Planning Institute of Australia to transform planning culture in NSW
- increase investment in trainees, apprentices and cadets to expand the pool of skilled local government employees
- offer performance incentives to reward culture change, such as pay rises, promotions and performance appraisals.

Recommendation 10: Incentives should be provided to improve council leadership, such as pay rises, promotions, appraisals and professional development.

Enhancing the role of mayors

We support the Independent Panel's considerations of measures to enhance the status of mayors, including full-time, well paid positions in larger councils, professional development opportunities and popular election for mayors of large councils.

We support the Panel's recommendations in relation to the election of Mayors, including direct election. We recommend that the final Act also consider requiring Mayors to serve fixed four-year terms.

Recommendation 11: Incentives should be introduced to enhance the status of mayors.

Structures and boundaries

We support the Independent Panel's vision for reshaping metropolitan Sydney, especially its proposal to reduce Sydney's 44 councils to 'around 15'.

NSW is long overdue for significant amalgamation. Between 1990 and 2010, NSW councils reduced by only 14% whereas councils reduced by 62% in Victoria, 45% in Queensland, 45% in South Australia and 37% in Tasmania. An amalgamation process is also currently underway in Western Australia.

Compulsory amalgamation of councils

We are disappointed that the Independent Panel has been constrained by the NSW Government's policy of 'no forced amalgamations'. However, the Panel has been clear in its view that amalgamations are an essential element of reform, and that voluntary mergers are unlikely to occur.

It is clear that the Panel views compulsory amalgamations as necessary, and we urge the Government to be bold in its reform agenda. Meaningful reform will not be achieved through voluntary amalgamation alone.

According to the Australian Centre of Excellence for Local Government, council amalgamation could deliver the following benefits, if done properly:

- *Strategic capacity*: greater knowledge among council staff; better ability to attract talented staff; and stronger partnerships with state or national governments.
- *Financial capacity*: greater financial strength and stability; lower administrative costs; and increased purchasing power.
- *Service delivery*: better service delivery; quicker DA processing times; and more effective ability to deliver local infrastructure.
- *Local democracy*: more accountable governance, local democracy and representation; maintenance of local identity through more effective place management.

Importantly, the ACELG notes that "potential benefits are reduced or lost when the process is flawed due to inadequate planning and consultation or a failure to consider all the options available and precisely what each could achieve".

Our research indicates that the community wants change.

According to research commissioned by the Property Council and done by Auspoll, most homeowners are also in favour of merging councils to increase resources, add professional expertise and deliver better services, with 68% supporting amalgamation and only 11% opposing it.

Interestingly, support for amalgamation remains strong even if the NSW Government were to force councils to merge, with 66% supporting amalgamation under this circumstance and only 14% opposing it.

When prompted on a suitable number of councils, most homeowners (62%) believe Sydney should have 20 or fewer councils. 6% of respondents believe that Sydney should have just one council.

The Property Council sees value in the Panel's recommendation to establish Community Boards, similar to the New Zealand model, in large amalgamated councils to maintain local identity and representation.

Recommendation 12: The new *Local Government Act* should be drafted to facilitate the compulsory amalgamation of councils in the Sydney metropolitan area.

Redraw boundaries

There is also a need to redraw existing boundaries. Even if certain councils were amalgamated, their existing boundaries do not bear any logical relationship with key commercial centres and transport corridors.

For example, the Pacific Highway from North Sydney to Hornsby runs through at least four councils, Parramatta Road runs through at least eight, and St Leonard's Station sits at the intersection of three councils.

This causes obvious inefficiencies. Upgrades to essential infrastructure need to go through multiple councils. Even routine maintenance involves the cooperation of multiple councils. And the provision of services is often not shared between councils.

We agree with the factors to be considered when adjusting boundaries identified by the Independent Panel and support their recommendation to reconstitute the independent Boundaries Commission.

Recommendation 13: The independent Boundaries Commission should recommend a comprehensive rewrite of local government boundaries in conjunction with council amalgamations. New boundaries should be consistent with sub-regions identified in the Metropolitan Strategy for Sydney 2031.

State-Local government relations

Constitutional recognition of local government

We note the Independent Panel's suggestion to strengthen recognition of elected local government in the NSW Constitution.

We would not support an amendment that:

- recognised the existence of local government as a distinct tier of Australia's governmental institutions
- implied any powers to local government beyond those delegated by state or territory governments, or
- implied any local government autonomy from state and territory government control.

We will need to review any specific proposal put by the Independent Panel before commenting further.

Recommendation 14: The Property Council of Australia will take a close interest in any amendment to the NSW Constitution that seeks to strengthen recognition of elected local government. We will comment further on any specific proposal put in the future.

New *Local Government Act* and *City of Sydney Act 1988*

Treat non-resident owners fairly

We support the Taskforce's proposed improvements to the enrolment process and maintenance of the non-residential roll, particularly in the City of Sydney – but also in other local government areas across NSW.

Businesses, corporations and non-resident owners of land have a significant interest in the management of councils as their operations and perhaps performance can be impacted by council decision-making. However, the current system discriminates against businesses and building owners at local elections.

Currently, the roll of non-resident owners, occupiers and lessees of rateable land lapses after the election and consists of only those names of non-resident owners who have applied for inclusion on the roll. In addition, the owner of multiple properties only has one vote.

This impacts the franchise of property owners and other businesses, as they are forced to use a small window prior to each election to re-enrol. The process is too narrow to ensure meaningful participation, and businesses are easily excluded from exercising their vote.

These measures disadvantage owners, occupiers and lessees – and ignore the substantial contribution made to local economy activity and rating income.

The City of Sydney is a key area for property owners, as the area with the highest value of commercial property in NSW. In 2011, 78.5% of the rates paid to Sydney City Council were paid by non-resident persons or corporations.

We welcome the recommendation of the Taskforce to fix the discrimination against non-residential owners of property in its recommendations for the *City of Sydney Act*. However, businesses have the right to vote in council elections across NSW, and these recommendations should be applied in all local government areas.

The Property Council supports the review's suggested remedies, including:

- a permanent roll for property owners
- a campaign to identify eligible voters
- effectively deeming owners and corporations to be enrolled, either through identification via rates notices or ASIC records. This is how the system works in Melbourne – and it is readymade for adaption in Sydney.

Recommendation 15: The new *Local Government Act* (not just the *City of Sydney Act*) should ensure the electoral system does not discriminate against non-resident owners. All non-resident owners, occupiers and lessees of rateable land should remain on the electoral roll following elections, and building owners should be given one vote for every building they own.

Summary of recommendations

Integrated Planning and Reporting

Recommendation 1: Elevate the status of Integrated Planning and Reporting (IPR) within the new Act, and ensure councils are meeting all requirements.

Rule out discriminatory rate increases

Recommendation 2: Ensure that all rate increases are clearly linked to specific increased services and the cost of providing these services and that any attempt to increase 'sub-category rates' over a set amount (e.g. three times the IPART approved cap increase) is subjected to a more rigorous analytical and consultation process, best practice tax principles, and Ministerial approval.

Recommendation 3: The Government should not amend the Act to allow rate increases on the basis of 'capacity to pay' – nor should the use of improved value of land underpin rates. All rate increases should be clearly linked to specific increased services and the cost of providing these services.

Abolish rate pegging

Recommendation 4: The Government should abolish rate pegging, subject to council amalgamation and incentives to strengthen financial viability such as adherence to Integrated Planning and Reporting requirements, sound business planning, greater fiscal discipline and compulsory infrastructure strategies.

Greater use of debt financing

Recommendation 5: The Government should introduce mechanisms which encourage councils to borrow more debt to finance infrastructure renewal, subject to limits and sound plans.

Spend development levies

Recommendation 6: The new *Local Government Act* should make it mandatory for councils to spend development levies in full, on-time and for the purpose they were collected.

Recommendation 7: The new *Local Government Act* should prescribe strict penalties for non-performance. Unspent levies should be seized by the Local Government Grants Commission. If levies are not spent in full, the council should be prohibited from collecting new levies.

Measure and enforce council performance

Recommendation 8: The new *Local Government Act* should require councils adopt strict key performance indicators (KPIs) to measure functions such as development assessment times.

Recommendation 9: The new *Local Government Act* should prescribe penalties and sanctions for councils that fail to meet KPIs.

Incentives for council officials

Recommendation 10: Incentives should be provided to improve council leadership, such as pay rises, promotions, appraisals and professional development.

Incentives for mayors

Recommendation 11: Incentives should be introduced to enhance the status of mayors.

Compulsory amalgamation of councils

Recommendation 12: The new *Local Government Act* should be drafted to facilitate the compulsory amalgamation of councils in the Sydney metropolitan area.

Redraw boundaries

Recommendation 13: The independent Boundaries Commission should recommend a comprehensive rewrite of local government boundaries in conjunction with council amalgamations. New boundaries should be consistent with sub-regions identified in the Metropolitan Strategy for Sydney 2031.

Amendments to NSW Constitution

Recommendation 14: The Property Council of Australia will take a close interest in any amendment to the NSW Constitution that seeks to strengthen recognition of elected local government. We will comment further on any specific proposal put in the future.

Treat non-resident owners fairly

Recommendation 15: The new *Local Government Act* (not just the *City of Sydney Act*) should ensure the electoral system does not discriminate against non-resident owners. All non-resident owners, occupiers and lessees of rateable land should remain on the electoral roll following elections, and building owners should be given one vote for every building they own.

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Contact

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