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Gosford City Council

Review of the Revenue Framework for Local Government
Independent Pricing and Regulatory Tribunal
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Dear Sir/Madam

Submission to the Review of the Revenue Framework for Local Government

Gosford City Council supports previous studies/inquiries that identify NSW Local Government's ability to raise revenue is severely hampered by rate pegging and other matters.

The Independent Inquiry into the Financial Sustainability of NSW Local Government of May 2006 (commissioned by the LGSA) makes 49 recommendations supported by Gosford City Council. In particular, those related to revenue as follows:

Recommendation 7: Infrastructure Funding

To overcome the infrastructure crisis, increase council funding by the order of \$900 million per annum through a combination of increased Commonwealth and state grants (\$200 million), council expenditure savings (\$200 million) and higher income from rates, fees and charges (\$500 million).

Recommendation 21: Rate Pegging

The State Government free councils to determine their own income by removing statutory limitations on their rates (i.e. rate pegging) and certain fees (e.g. development application processing fees) in return for councils adopting longer term strategic and financial planning with outcome targets.

Recommendation 27 -28: Financial Assistance Grants

The Commonwealth Government increase its financial assistance grants (FAGs) to Local Government by 20 per cent (\$300 million in 2003/04 values) and then set them at a fixed percentage of:

- Gross domestic product (0.22 per cent); or*
- Total Commonwealth collected taxes, including GST (0.86 per cent); or*
- Total income taxes (1.27 per cent).*

In support of this inquiry, the Local Government & Shires Association's "Strengthening Local Government Taskforce" was resourced to prepare the Associations' draft positions and actions on all 49 recommendations of the Independent Inquiry into the Financial Sustainability of NSW Local Government.

Gosford City Council acknowledges that issues relating to local government's ability to raise revenue severely impact on our financial sustainability and we welcome this review.

Yours faithfully

Nic Pasternatsky
Director Corporate Services