

Viv May/SJ

15 August 2007

Chairman
Local Government Study
Productivity Commission
Locked Bag 2 Collins Street
EAST MELBOURNE VIC 8003

Dear Mr Banks,

I refer to the Commission's research study presently taking place to examine the capacity of Local Government to raise revenue. At a meeting of Council held on 7 August 2007 consideration was given to a submission to the Commission prepared by the Australian Chief Officers Group dated August 2007, when Council resolved to endorse the Recommendations 1 to 6, viz:

Recommendation 1

State governments should allow local governments the unrestricted ability to set their rates (for example, by maintaining the same rate percentage between years). The tax base should be amended to allow the capital improved value of property to be used as the base.

Recommendation 2

The New South Wales Government should remove its restrictions on rate pegging, leaving councils to determine the appropriate rate levels for their communities.

Recommendation 3

All State Governments should review their regulations on local government fees and charges with the objective of removing all regulatory restrictions where there is not a clear public interest in the State Government retaining such powers. Councils should be allowed to automatically adjust user fees and charges in line with cost pressures.

Recommendation 4

Australian Government and State government organisations should pay rates to local government to reflect the cost of servicing those properties.


Recommendation 5

State governments should review their requirements for rate exemptions to take into account the ability of exempted groups to pay. State governments should fully compensate local government for those exemptions that are retained.

Recommendation 6

The Australian Government should reform its Financial Assistance Grants to local government by setting FAG funding as an appropriate fixed proportion of Australian Government taxation revenue, such that local government's share of overall government revenue adequately reflects its share of responsibility for national infrastructure and service delivery.

Yours faithfully,



(V H R May)
GENERAL MANAGER