

## Submission

I am employed as Management Planning Officer at Lake Macquarie City Council at Speers Point in NSW. This submission is on my own behalf and does not necessarily reflect the views of Council. I have used my 14 years experience in Local Government in preparing this submission.

The revenue raised by Lake Macquarie from rates has ranged from 47% of total revenue at 30/6/03 to a forecast 58% in 2007/2008. However the 2007/2008 includes a special rate variation of 8.54%. Council's own source revenue has ranged from 68% to a forecast of 75%. This appears to place Council in a healthy position but is misleading as it ignores the expenditure side of the equation.

Whilst Lake Macquarie may appear reasonably self-sufficient it has no control over the level of increase of approximately 75% of its income. The level of increase for rates is controlled by the NSW Government and many other areas, especially in development assessment & compliance are also controlled by the NSW Government. Therefore council is not in the position to control its own destiny. Generally the community does not want its services reduced and any further reduction in maintenance expenditure will only exacerbate the existing problems

The two recent inquiries have indicated that Councils' revenue base is inadequate to fund maintenance requirements and to be financially viable. More and more Councils in NSW have to apply for special rate variations to fund infrastructure maintenance, as rate-pegging increases are not keeping up with cost increases. Applying for a special rate variation is a very time consuming and costly exercise. Councils are required to go through a process to fund what is their core business.

The solution is to increase Council's revenue raising capacity. I would suggest the following,

1. Rate pegging be abolished in NSW. No other State has it. Councils are answerable to their community as is every other level of government and should not have to go cap in hand to the NSW Government to fund its core operations. However, I accept the problems associated with this as the NSW Government receives political kudos for 'controlling' the rate increase for local government.
2. Council receive a fixed level of Federal Income Tax revenue – 2%. The FAG is being reduced in real terms
3. Councils receive a fixed level of GST revenue. No revenue is received from this source now.
4. Other levels of government be required to pay rates. Councils have to pay for services it receives from other levels of government.
5. Cost shifting from other levels of government be fully funded by that level of government
6. Amalgamate councils into super councils. This is not a long term answer, as it would not provide significant savings.

Whilst this is brief, I believe it summarises the situation and provides appropriate solutions.

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