WILLOUGHBY CITY COUNCIL

SUBMISSION TO
PRODUCTIVITY COMMISSION RE
LOCAL GOVERNMENT REVENUE RAISING CAPACITY

This Submission gives a summary of the Willoughby City Council's response to the specific questions set out in the Issue Paper May 2007.

An overall comment that could be made regarding Local Government's Revenue Raising Capacity is that it has been severely restricted over the past years to the point that:

- Local Government has been unable to respond adequately to the demands of an increasingly wealthy and demanding society,
- Local Government has been unable to maintain the infrastructure it is responsible for in an efficient and effective manner with the consequent that many assets failed due to lack of maintenance resulting in failure of the asset before its designed service life, and
- New cultural and recreational facilities have been extremely difficult to fund resulting in a deterioration in the quality and quantity of the availability of these important activities to the community at large.

REVENUE

Trends in local government revenue

What are the principal factors explaining the trends in revenue from councils' various sources?

- *Pressure from rate pegging regime in NSW has pushed councils into alternate revenue streams. Revenue streams are outside what may have been traditional council revenue streams e.g. property development and management for capital growth and rental income streams.*

Why has 'other income' been growing at a faster rate than council rate revenues? and sales of goods and services?

- *Fees and Charges are the only other real source of revenue available to councils to access due to restrictions on rates. It has been important to grow these alternative sources due to the total cost of delivering services generally outstripping the CPI.*

Do these trends differ between States and Territories, and between urban, rural, remote and indigenous local governments? If so, what are the primary factors? explaining such differences?

- *Urban Councils with CBD's have a much greater chance of collecting revenue from fees and charges especially in relation to traffic offences and car parking income.*

- *Investment in property has provided capital and regular returns and is becoming an important facet of councils operations and this may have greater results in developing council areas.*

Does the composition of council revenue (shares of each own-source revenue — rates, fees and charges, and 'other') differ between States and Territories, and between urban, rural and remote local governments?

- *For above reason Councils in urban areas especially those wit CBD's have a higher percentage of revenue sourced from fees and charges*.

Capacity to raise own source revenues

What are the principal factors that determine the magnitude of the various revenue raising bases available to local governments?

- *Geographic location of LGA (Local Government Area)*
- *Population density*
- *Development Stage (Mature Council or Developing Council)*
- *Mix of Development (Commercial/Industrial Density)*
- *Disability factors (FAG Grants)*
- *Swinging government seat (Federal or State)*

How and why might they differ between local governments within and between States and Territories (for example, by council type or location and functions required of them), and over time?

- *Geographic location of local government*
  - *In State – LG in NSW is subject to rate pegging.*
  - *Proximity to CBDs either regional or City – e.g. allows for revenue from parking metres and traffic fines.*
  - *Demographics will allow (subject to rate pegging) a greater rate income in areas of high income per resident and vice versa.*
  - *LGA may have high proportion of non-rateable properties e.g. schools, defence land etc.*
  - *Location within areas of high growth often supports investment in property with less risk councils.*
- *Population density*
  - *Greater density – greater rate revenue and also usually greater no. rateable properties per unit of area with the converse being true e.g. North Sydney has same density (roughly) as Willoughby but 60% less area to manage.*
  - *Greater Density - FAG grant is greater per unit area.*
- *Development Stage*
  - *Development levies greater in developing Councils or mature Councils with redevelopment e.g. Ryde, Sydney City – however this is being restricted by State Government.*
- *Mix of Development (Commercial/Industrial Density)*
  - *Higher proportion of industrial/commercial areas generally supports greater generation rate revenues.*
- *Disability factors (FAG Grants)*

- *Greater disability factors as defined under the FAG provide greater revenue*

What are the key determinants of the capacity and willingness of resident households, organisations and businesses to pay for services provided by their local governments?

- *Perception of value for money – experience in NSW is that the community willing to accept rate rises when know what the rise will be targeted at – i.e. rate rise is achieved as a levy to achieve a certain result (business improvement districts, environmental projects etc).*
- *Capacity to pay - Wealth per resident in the LGA.*
- *Profitability of businesses.*
- *Quality of services provided and the support they give industry or the community.*
- *Willingness is often focused on group needs e.g. aged services seen as important by the aged, child care by young parents, recreation by sporting types, arts by theatre goers all of which are often not seen by many of the population as "core activities".*
- *In many LGA's there is the potential to raise much greater revenues from rates owing to the wealth of the residents. Many residents in these areas are not aware of the amount of their rates as the amount may be insignificant in their financial affairs.*
- *An interesting point relating to rate pegging is that some councils were supplementing rates from property development income and other income sources at the time rate pegging was introduced with the consequence that rates have been pegged at lower levels relative to other councils and they have not been able to regain the rates to levels that surrounding councils are receiving.*

What scope is there for local governments to augment their revenues with fees and charges collected from non-residents?

- *Very little and depends on location of LGA*
- *Depends on activities within council area. The location of some councils allows significant income from non-residents (e.g. filming, parking fees.)*
- *Fees and charges often pegged by State Governments restricts potential to recover overheads on services.*

How and why might the scope to do so differ between local governments?

- *From above – location, capacity, development activity, swinging seat, financial capacity of residents.*
- *The inherent conservative nature of most Councillors who feel the social obligation to provide services equitably and fairly. Contrast this to privatisation of Sydney Airport where the single provider "Sydney Airport (Macquarie Bank)" who has no competition (similar to Councils) taxes at will the local, state, national and international population through fees and charges – why did not the Federal Government charge these fees when in control of the airport.*

Do local governments have policies, which in effect, limit their own-source revenue raising? If so, what are these policies and what might be factors holding back councils from increasing their own-source revenue? What might stand in the way of changing the policies to expand the ways, and extent to which local governments raise revenues?

- *State Government and Commonwealth Acts under which council's operate prescribe maximum fees and charges e.g. Development Application fees.*

- *Not achieving user pay principles for activities seen as essential for either maintaining or increasing the social capital of an area e.g. library services, aged care services, migrant services, recreation services, youth services, SES services etc.*
- *Major factor is the difficulty of making decisions which effect local residents that are close to councillors geographically and emotionally due to the very nature of "local" government. For example the recovery of costs for recreation facilities from cricket and rugby is about 30% of operational costs to maintain the facilities – for councils to raise the fees to even 50% recovery would create an incredible backlash from the associated communities which most if not all Councils are unable to cope with.*
- *Restrictions on advertising, restrictions on imposing parking fees at many locations.*

What strategies might be available to local governments to increase the capacity and willingness of local residents to pay for goods and services provided, and where applicable, non-residents? Would any new strategies provide stable sources of revenue over time or would they be subject to variability over time?

- *Local Councils that are in the higher income end of the financial demographics need to consider the charging of rates in line with the capacity for their residents to pay. There could even be a case for these residents to subsidise the activities of other councils – especially if equalisation on economic subsidies and greenhouse costs are added to the picture.*

Are there any untapped revenue sources that local governments could use to augment or change the mix of their revenue raising? Would any potential new revenue sources be stable or variable over time?

- *There must be a case where the generation of wealth that has occurred within the recent years needs to be more equally distributed to benefit the whole population rather the ad-hoc reduction in personal taxes.*
- *The Federal Government and State Government do not appear to support the real need of councils to find the revenue to deliver essential cultural and community services (many of which have either been shifted to council from these levels of government or accepted by council due to need obviously identified in the community).*

STATE AND TERRITORY GOVERNMENT REGULATORY CONSTRAINTS

Land rating and valuation methods

To what extent do limits on land categories that local governments can adopt for rating purposes restrict their capacity to raise rate revenues?

- *Not only restricts capacity to raise rates but restricts rating land uses that create either, extraordinary demands on local services or, a severe loss of amentity to other areas e.g. when a "Big Box" type shopping mall opens causing "dead town centre". Land uses need to be able have "special" categories to allow the rates to be charged against that use for the specific needs they create e.g. special rate for holiday accommodation in busy tourist areas, shopping centres in commercial areas that create dead main streets and other security issues.*

What are the principal reasons why some local governments do not pursue differential rate setting even where they are free to categorise their own land?

- Under rate pegging in NSW there is no real benefit in developing different rating revenue regimes as it would not result in any increase in total rate revenue.

Do restrictions on land valuation methods affect the capacity of local governments to raise revenue? If so, how and to what extent?

- *Depends – under current regime in NSW the answer is no as the total rate is based upon a rate in the dollar which Council is free to vary only in accordance with the allowable % as ruled by the State Government.*
- *Possibly rating methods could allow for much greater income from those with the capacity to pay – together with lifting of rate pegging.*

Rate pegging

What are, or might be, the reasons for rate pegging?

- *Appears political – certainly does not allow for good economic management.*

To what extent does rate pegging limit the ability of local governments to raise council rate revenues?

- *By no more than the State Government directive: approx CPI*

Are local governments able to raise revenues from other sources to compensate for the potential revenue raising limits imposed by rate pegging? How, and with what consequences?

- *Not really able to raise fees and charges to compensate for wage increases, construction cost increases, cost shifting from state and federal governments, fire levy charges greater than CPI etc. - especially in councils where the rates are in the order of 50% of total revenue raised.*
- *Councils do raise fees and charges to ensure that the maximum income is derived from non-rate revenue.*
- *Council's do become more commercially conscious and there is no doubt that the rate pegging has limited councils' expenditures and forced operations to become more efficient and creative in the manner they deliver their outputs.*

Concessions and exemptions

To what extent do mandated exemptions and concessions limit the ability of local governments to raise council rate revenue?

- *Depending on LGA a large percentage of land area may be occupied by State and Federal Government enterprises e.g. army bases, private schools, private hospitals on public land, churches etc. all of which limit the rating base even though services are to be provided to, and for, these facilities.*
- *Concessions for pensioners through rebates are mandated by the NSW government to which the State Government contributes 55% of rebates granted. The extent this would effect the ability of Council total rate revenue would depend on the number of concessional residents, amount of rebate and whether rate pegging prevented the recovery of any growth in the rebate amount.*

What are the existing arrangements in each State and Territory regarding the payment of council rates and rate-equivalents by Australian, State and Territory landholders?

- *These bodies are exempt from paying rates in NSW*.

What are the existing arrangements in each State and Territory regarding the provision of concessions, and the compensation by State and Territory governments for the loss of revenue by local governments from these concessions?

- *No arrangements in place.*

To what extent do exemptions and concessions limit the ability of local governments to raise revenues?

- *Should the concessional arrangements be altered it would be a redistribution of "taxes" from State and Federal revenues to those councils that have the greatest land areas to which the concessions apply. This could mean that some councils that are already in a position of raising sufficient rates to cover their service requirements (because of the capacity of the community to pay)would receive revenue in excess of its basic requirements.*
- *Due the time that the concessions have been in place the total rating revenues probably reflect these conditions and their effect has been incorporated into current revenues. The concessions do also depend on the land uses that otherwise would have occupied the land areas in question.*

Are local governments exempt from taxes and charges by other tiers of government? If so, what are they? Does any lack of reciprocity favour or disadvantage local governments?

- *Land tax and stamp duty on most land dealings favours local government in NSW*
- *Possibly in a less favourable position in relation to FBT to both the Corporate and the NotForProfit sectors.*

Setting fees and charges

What are the regulatory requirements and guidelines applied to local governments for setting fees and charges?

- *Maximum fees are set for fines, licences, Development Application fees and some certificates under NSW Legislation.*
- *Prior to setting any fees and charges, altering fees, or creating news fees all these charges are to be advertised to the public either when the Management Plan is publicised or as a special advertisement for public comment.*
- *The State Government raised from Willoughby Council area approx $3m from car parking levies to be spent anywhere in NSW without any plan. If councils had the ability to raise this large pool of money it would still probably be difficult because of the pressure placed upon it by the community through e.g. State Government members, business councils, local residents etc – this gives a good example of the difficulty local councils have in raising revenue compared to the State and Federal Governments because of their "distance' from the local community. In this example it is no more legitimate for the State Government to raise this levy to support public transport than it is for the local Councils to raise money to solve exactly the same transport issues that impact their areas. Councils do not have the legal authority to raise such funds.*

To what extent are local governments constrained in setting fees and charges?

- *By State Government regulations*
- *By having to advise in Management Plans fees and charges before any rise can be implemented.*
- *Willoughby would only receive a return of 20% against what could be received in a user charge environment – Libraries, City Hall, recreation etc. Yet if all regulations were removed it would still be difficult to imagine that their would be much of an increase in fees and charges because of community resistance.*

To what extent are the requirements and guidelines followed by local governments?

- *All regulations are followed.*
- *A requirement that is quite onerous and inequitable is the charging by the State Government for a percentage (15%) of the income received from Crown Land activities that councils generate revenue from e.g. sporting fields, swimming pools etc. This percentage is right off the bottom line and adds to the losses all councils suffer from the management of these facilities. The land is vested in control and management to councils and there would not appear to be any major overheads that the State Government can legitimately claim against this expense to councils. If council's were to hand the land back to the Crown the State Governments would be placed in a very difficult position*.

To what extent do local governments under or over-recover the costs of supplying goods and services?

- *Nearly all services under recover the real costs of running the services:*
    - o *Recreational services (sporting fields, swimming centres)*
    - o *Cultural services (theatres, halls, activity centres, libraries)*
    - o *Development application approval process.*

What scope would there be to raise additional revenue if the limits were removed?

- *It would depend on the politics and capacity of the community in each council to pay. However it would probably be a slow process not to move to full recovery because of the resistance and criticism from the community who may be comfortable with the current low fee structures.*

To what extent does local government legislation or other relevant legislation explicitly provide the power to set fees and charges in excess of the cost of supply?

- *Other than where regulated councils are free to apply charges for services to make a profit as in private industry.*

IMPACTS ON INDIVIDUALS, ORGANISATIONS AND BUSINESSES

Council rates

What would be the effects on individuals, organisations and businesses of local governments increasing council rates?

- *In terms of residents' and business' economic capacity it could be from having a severe effect to having no effect whatsoever e.g. in Willoughby it would have little to no effect on the majority of ratepayers and Council would be in a position to undertake major infrastructure works and deliver many services. In converse a small country council may find it extremely difficult to raise rates because of the economic capacity of its residents.*

- *Raising rates in a commercial centre may reduce its capacity to compete against nearby centres that have lower rates. The CBD's in Sydney compete to attract commercial and retail businesses, and rates do become a factor in the selection of a tenancy.*

What effects might rate pegging and the choice of land valuation methods have upon individuals, organisations and businesses?

- *Rate pegging prevents rates from rising and services being delivered (providing all the efficiencies that rate pegging forces upon councils has been achieved.)*
- *Choice of valuation methods only varies the individual amount – has little to do with the total amount councils raise in NSW i.e. it redistributes the individual rates payable. Other questions are whether the rates should depend upon income, number of people and services an individual use may generate in an area (e.g. tourist activities).*

To what extent are council rate revenues used to subsidise the delivery of goods and services for which fees and charges are collected? What are the consequences?

- *To a large extent - 30% of development application services are covered by the fees, and in recreation services council only recovers 30% of the costs of supply.*

To what extent do efficiency and equity considerations contribute to the attractiveness of council rates as a source of local government income?

- *(Attractive? – unusual choice of wordst!)*
- *Attractive because of ease of collection which is both efficient and equitable especially if high value land is rated on an ad valorum basis*
- *The UCV with ad valorum is regarded by Willoughby as fair and equitable as it tends to ensure that those that are able to afford the areas with high UCV have the capacity to meet the higher rates. There is always the issue of the elderly residents who may be caught in high rating properties due to longevity in the property and while being "asset rich are cash poor".*
- *The use of ICV instead of UCV may be a better method of councils receiving an equitable return on the capital improvement made in an area where property values have increased. It could also protect those residents – tending to be the elderly and in the "asset rich cash poor bracket" from being caught up in the UCV hike that accompanies this development.*

Sales of goods and services

To what extent do councils cross subsidise the prices of goods and services?

- *Very small % of cross subsidies from services that make a profit at Willoughby Council other than rates income, fees and charges income and income from property.*

If services are subsidised, are the subsidies funded by higher rates or other fees and charges? Could full cost-recovery fees and charges be collected? What would be the consequences? Are any other revenue sources used to subsidise services?

- *Subsidies are from rates, property income and fees.*
- *Full cost recovery for some services would mean that the services would not be utilised due to inability of users to pay e.g. Youth Centre, aged care services, recreation services etc.*

Do councils use the return on their long-lived assets (profit and depreciation) to cross subsidise services? If so, what are the consequences for the sustainable provision of infrastructure services?

- *Return from property rental income used to support services*.

What would be the principal implication for individuals, organisations and businesses of applying or removing cross subsidies?

- *User pays would mean inability of many individuals to access services.*
- *Subsidising services to compete with private industry delivery may not be a good use of council funds.*

Developer charges and contributions

To what extent do local governments employ developer contributions and charges to finance investments in new and upgraded assets?

- *Developer contributions over the period 1993 to 2003 provided revenue for over 50% of Willoughby Capital Works Programs. This money was invested in infrastructure projects to meet the 10,000 additional population settling in Willoughby over this period as a consequence of the State Government's urban consolidation policies.*
- *A State Government development in the Chatswood CBD over the Chatswood Rail Station denied Willoughby Council of over $15m dollars in developer contributions. Willoughby Council was entitled to the amount under its Contributions Plan had the State Government not been the "Head" developer and waived its levy. This means that 1000 residents in the development have not contributed to the increased demand for services and facilities that they will need and council will inevitable have to provide.*

Are there legislated limits to contributions that can be required or charges that can be collected?

- *Acts of State Government limit amount that can be charged without the preparation of Developer Contribution Plans.*
- *While there are no legislated limits developer contributions are the subject of Contribution Plans setting out the nexus between infrastructure required as a direct consequence of development. The ability to actually prove the nexus is often tenuous, particularly in established urban areas – yet when placing 10,000 people in a new town it would be obvious for example that a new library, swimming pool, ovals, drainage, roads etc would be required. These assets could easily be shown to be required in response to a direct need created by the development. Willoughby Council is being asked to place a further 8,000 people under the State Government urban consolidation plan for Sydney Metropolitan Area but with no provision for new major facilities.*
- *More recently the State Government has bought into force legislation that offers an alternative to the traditional Contributions Plan. This new avenue applies a percentage levy over all development above a certain value. Whilst this new method forgoes the traditional nexus method, it does not take into account the complexity of infrastructure particularly in terms of providing regional infrastructure within a local area (for example regional sporting, library, transport of arts facilities)*

and will not be sufficient to ensure the quality of facilities and amenity is maintained even at existing levels.

Are there legislated constraints on the use of revenue raised from developer charges?

- *Funds have historically only to be used on infrastructure that is required as a direct result of the development. It cannot be used for recurrent expenditure.*

What are the effects on individuals, organisations and businesses of the use of developer charges and contributions?

- *The effects are positive in terms of allowing the proper an appropriate infrastructure to be provided to support the economic growth of LGA's, the cultural needs, security issues etc. Developer charges are vital to Local Government meeting the needs generated by the growth that results from development.*

What is the most appropriate way to recover the costs of new and upgraded assets?

- *Councils need to be able fund from either the State or Federal Government grants, infrastructure that is deemed to be necessary for a community's financial and social well-being. There needs to be a standard for the minimum facilities deemed to be necessary to create balanced communities, this is especially so in a country as wealthy as Australia where philanthropy by individuals, to whose advantage the wealth being generated has the most benefit, do not support the general community as seems to be more prevalent in the USA.*
- *There needs to be ways through a differential rates system where individuals, organisations that have the capacity to support community facilities are able to be make the appropriate contributions to these facilities. For example while, on the North Shore of Sydney there are several live theatres, of exceptional quality available to private schools, the general community does not have one theatre of equivalent quality. In this example the wealth that has the capacity to enrich the whole community is being directed to supply facilities to a very small % of the population.*

Fines and other pecuniary penalties

What are the effects on individuals, businesses and organisations of fines and other pecuniary penalties and increases in them?

- *Fines are a necessary "stick" to ensure that individuals, businesses and organisations respect the community at large and the standards expected by a community in terms of its values. Values relating to the environment, safety, protection of assets and observance of the policies, control plans and regulations that are codified to allow council to enforce these values through pecuniary penalties when necessary.*
- *Generally the effects of the pecuniary fines are more of a nuisance to the stakeholders rather than having a negative effect on their ability to conduct their business. Companies are very aware of ensuring they do not have a conviction of a more serious nature, such as a breach of a statutory building offence, listed against the company.*

What measures are there in place to protect against the possibility that local governments might view fines as a revenue raising instrument more than as an appropriate deterrent?

- *Transparency of operations*

If conflicts of interest arise between deterrence and revenue raising, is there any evidence of the effects on individuals, organisations and businesses?

- *Generally only issue centres on reaction of individuals to receiving parking and traffic related infringements. 99% of these cases the person is in the wrong and uses the excuse that Council is "revenue raising".*

Interest income

To what extent are local government cash reserves the result of State government imposed borrowing limits?

- *Cash Reserves have not been related to borrowing limits at Willoughby Council.*

What are some of the implications of these limits and how do they affect capacity of local governments to raise revenues?

- *The difficulty inherent in having to gain Sate Government approval for loans is the lack of certainty that an approval will be forthcoming which inhibits long term strategic planning. This coupled with rate pegging would be intolerable in any other business.*

What are some of the implications of cash reserves on both efficiency and intertemporal equity in the community?

- *Delays in developing facilities due to lack of funding or ability to raise loans results in lack of facilities and services for the existing community with loss in value of present cash reserves and increasing the inability for future delivery.*

Factors influencing expenditure and revenue raising

To what extent is there scope for local governments to reduce the unit costs of their operations? If so, how might they most effectively reduce their costs?

- *Very little scope left in most NSW councils due to rate pegging having been an automatic restriction on expansion of services and necessitating continual refinement of activities to achieve efficiency gains. Most NSW councils now are running quite lean operations with little expansion to services over the past years and generally a reduction in services to the extent that infrastructure maintenance has been severely curtailed in many councils.*
- *Amalgamations have been often touted as a method of reducing unit costs, however this has not been proven in available studies to be a consistent result across all amalgamations and is dependent on many factors.*
- *The scope for cost reductions is reduced dramatically by the cost shifting of services from state and federal governments as well as the continual pressure on council bureaucracies to fulfil application and reporting requirements to state and federal government agencies.*

What effect would such cost reductions have upon their revenue raising requirements?

- *Obviously if councils were able to make significant cost reductions there would be saving. Under the current conditions it is difficult to imagine where these may be made without wholesale reductions to services.*

How and to what extent have structural reforms, such as boundary changes of local governments and service sharing arrangements, affected operational efficiency?

- *While savings through initiatives such as combined purchasing, shared use of both plant and labour resources, have all increased the operational efficiency of councils the inability to adequately fund infrastructure maintenance far outweighs any efficiency gains able to be made through these initiatives*.

Service levels and pricing

What guidelines and requirements are available to assist local governments to determine the appropriate range and standard of services, to measure and allocate their costs, to determine their revenue requirements, and to set rates, and fees and charges, accordingly?

- *This seems to be a sensible goal worthy of much work but unless there is some mechanism to equalise the distribution of wealth the huge variation in capacity to pay (demographics etc) due to location (CBD vs. urban, City vs. Country, Tourist destination vs. rural) would seem to make this unfeasible. It seems that there is no real understanding of the costs born by individuals in supporting the community. For example the subsidies paid to city dwellers for transport vs. disability of rural dwellers in terms of access to services does not seem to be part of any question on distribution of wealth. It is essential to the well being of Australia for rural services yet the disabilities and risks of rural living are not adequately compensated through equalisation policies. Again it seems that we need to have a goal for achieving a set of minimum facilities that should be available to communities, and then understand the costs associated in achieving these facilities, and then understand the most efficient way to deliver these facilities*.

Do guidelines properly take into account the allocation of infrastructure costs over the life of long-lived assets such as local roads, libraries and other facilities?

- *Not aware that any such guidelines exist.*

Financial and asset management skills

What effect might the lack of financial and asset management skills of managers and lack of appreciation of the relevant issues by councillors have on the revenue raising capacity and effort of local governments?

- *No different to any other organisation or Board, the greater the social, economic and environmental understanding of issues by participants the better will results be delivered measured against these same indicators.*

To what extent do local governments find difficulty in attracting and retaining suitably qualified experts in financial and asset management?

- *Under the current economic conditions in Australia this is proving extremely difficult for various reasons: from simply a non- popular location to poor financial compensation to the fact that even if the proper strategies and plans were developed there is not the ability for local government to raise the necessary finance to carry out the necessary work.*

What types of local governments experience the greatest difficulties?

- *Seemingly those with poor amenities (due to remote location) and inability to raise revenue.*

Incentive effects of grants and subsidies

What grants and subsidies are provided by the Australian Government? What is the value of each category of grant? Are there any terms and conditions attached to these grants? Do these terms and conditions distort the incentives of local governments to raise their own revenue? If so, how and why?

- *Historical FAG grants, Roads to Recovery Grants and recent ESD grants.*
- *The grants while being essential for all councils and critical for many councils all could include different categories and different disabilities . This is highlighted for a City such as Willoughby where, while it is classified as a regional centre and acts as a regional centre in terms of retail and cultural activities for the North Shore of Sydney, it has only a rating base of 25,000 properties (64.000 population) with service obligations to up to 500,000 population. The places a heavy financial burden on the City that is not accounted for in any grant allocations in terms of disabilities.*
- *The financial situation of most councils is not such that these grants distort any incentives to explore revenue raising or make revenue raising a non-critical goal.*
- *The ability of councils to apply for grants is highly variable as some councils (generally the larger) councils have more resources and staff to prepare the substantial grant applications that are now required. Further the wealthier councils are able to provide funds to match the grants making them seemingly more deserving to be successful in the application as they appear to be more willing to assist in the funding.*