

24 July 2009

**‘Time to let go’
Development industry disappointed in outcomes of
IPART Review of Local Government Revenue Frameworks**

The Urban Development Institute of Australia NSW (UDIA NSW) has today expressed disappointment with the draft recommendations of the Independent Pricing and Regulatory Tribunal’s (IPART) Review of Revenue Frameworks for Local Government. UDIA NSW Chief Executive Stephen Albin said that, “it’s time for the NSW Government to let go of the inefficient and restrictive process of rate pegging. Unfortunately, after a long period of review, it’s a recommendation of more of the same from IPART.”

Mr Albin said that, “the draft IPART Report was released two months after it was promised, giving the community the impression that significant changes were on the way. The draft Report has unfortunately revealed however, that IPART has proposed minor tampering with around the edges of the issue of rate pegging, lacking the vision to propose widespread structural reform.”

The draft report advised that, “*Specifically, IPART cannot find that rate pegging has had an adverse effect on the financial position of councils in NSW on average. Overall revenue growth has been strong and debt levels have been contained.*” Mr Albin said, “IPART has ignored the elephant in the room. Because of rate pegging, Councils have been using development contributions to supplement their income, contributing to the worst housing supply results in NSW for more than fifty years.”

“The collection of rates provides the most effective means of revenue collection for local government. It is a broad, efficient means of taxation that provides a consistent and reliable revenue source for Councils. Councils must be allowed to better utilise this source of revenue to fund their infrastructure programs and stop relying on developers to foot the bill. It’s time for a more sustainable funding model for local government, one that doesn’t depend on development contributions”, he said.

“UDIA NSW recommends that IPART significantly expand the proposed four year exemption from rate pegging to a minimum of ten years. Four years doesn’t give Councils sufficient scope to the type of long term, sustained infrastructure planning and delivery processes that are needed in the major growth centres of NSW. Option B should also become the default for Councils, not at the discretion of the Minister, as proposed by IPART”, said Mr Albin.

UDIA NSW believes that it is also time for the NSW Government to address the issue of structural reform to local government. Mr Albin said, “there is the potential for significant benefits to be derived from more efficient governance. Council boundaries need to better reflect the benefit that a single council can deliver through its service and infrastructure provision.”

Mr Albin added that, “there are 27 councils within 15kms of the Sydney CBD with over 300 councillors. Sydney is chronically over-governed. Its time we asked whether that structure is the best way to deliver infrastructure and services for our global city. People should be getting more infrastructure and services for their rates, not more Councillors.”

Mr Albin noted that, “UDIA NSW will be consulting with its membership, which includes developers, consultants, and more than 24 of the state’s Councils in preparing its response to IPART.”

For Media Enquiries, please contact:

Lisa Marshall
UDIA NSW Communications Manager
0417 493 899
02 9868 3677