

Recommendations

- Recommendation 1** **40**
 That the NSW Government conduct a comprehensive review of the rate exemptions and concessions under the *Local Government Act 1993* to:
- better target the eligibility criteria for rate exemptions and concessions
 - achieve a better balance between local council financial sustainability, community benefits and principles of equity.
- Recommendation 2** **41**
 That the NSW Government redesign the local government rating system, including reassessing council base rates, and seek to:
- implement measures, such as greater use of the Integrated Planning and Reporting framework and rates benchmarking, to provide local government greater flexibility and latitude to set their own rates
 - emphasise the importance of continual evaluation and service delivery
 - keep rates affordable and maintain safeguards to ensure rates meet community needs
 - examine the use of capital improved value, rather than unimproved land value, to set the variable component of rates.
- Recommendation 3** **42**
 That the NSW Government seek to improve the special variation process, should the rate peg be retained in its current form, to:
- make it less resource and time-intensive for local councils
 - streamline the process for the assessment of special variation applications
 - consider alternatives to special variations that allow councils to raise additional rates to maintain existing service levels.
- Recommendation 4** **57**
 That the NSW Government conduct an audit of, and seek to update, the statutory fees and limits that apply to local government annual charges and user fees and charges to better reflect and account for increases in market costs and pressures, including inflation.
- Recommendation 5** **57**
 That the NSW Government advocate to the Australian Government to increase the federal taxation revenue distributed via Federal Financial Assistance Grants from 0.5 per cent to 1 per cent, and amend the current commonwealth grant guidelines per capita distribution method, that disproportionately benefits inner city councils.
- Recommendation 6** **58**
 That the NSW Government consider grant models that:
- provide a more secure and sustainable source of funding to local councils to achieve more equitable distribution of grants funding and provide councils with greater discretion in relation to how funding is spent

- take into account the preference of local councils for predictable grants that are determined in a timely manner and assist councils to receive grants within appropriate timeframes to support the delivery of infrastructure programs.

- Recommendation 7** **59**
That the NSW Government implement changes to the developer contributions framework to better financially support local councils to fund the ongoing costs at the completion of new infrastructure and works deemed essential to support development including community facilities as determined by the council on behalf of the local community.
- Recommendation 8** **97**
That, as part of the process of redesigning the local government rating system as outlined in Recommendation 2, the NSW Government have regard to the findings and recommendations of Portfolio Committee No. 8 – Customer Service’s Pounds in New South Wales report and ensure councils are able to properly fund pounds and companion animal services.
- Recommendation 9** **98**
That the NSW Government continue to improve the timeliness of disaster recovery assistance funding to local councils by utilising funding agreements such as tripartite arrangements which have provided councils with faster access to the funds they require to cover the cost of natural disaster recovery efforts.
- Recommendation 10** **98**
That the NSW Government centralise disaster recovery funding within the NSW Reconstruction Authority to assist in improving expenditure on mitigation and preparedness and create dedicated and ongoing funding streams for communities, councils and community organisations to support their work on mitigation and preparedness.
- Recommendation 11** **99**
That the NSW Government continue to advocate to the Commonwealth Government to incorporate betterment funding into disaster recovery funding arrangements.
- Recommendation 12** **99**
That the NSW Government seek amendment to the *Rural Fires Act 1997* such that Rural Fire Service assets are vested in the Rural Fire Service, with consequential amendment to the duties of councils as public authorities to prevent the occurrence of bushfires on, and to minimise the danger of the spread of a bush fire on or from land under its control or management.
- Recommendation 13** **100**
That the NSW Government review the depreciation methodology that applies to depreciation rates.
- Recommendation 14** **100**
That the NSW Government consider excluding depreciation expenses from the calculation of the Operating Performance Ratio.
- Recommendation 15** **100**
That the NSW Government:
- identify opportunities to reduce cost shifting to local government

- undertake greater consultation with local government prior to making decisions that may result in cost shifting
- review the practice of discounting infrastructure and other funding applications by border councils due to use by interstate residents
- use its waste levy review to examine how the Waste Levy can better support infrastructure and services that support the transition to a circular economy.

Recommendation 16

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That the NSW Government review the financial reporting guidelines and accounting model for local government.

Recommendation 17

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That the NSW Government review the performance measurement ratios for local councils.