Performance Benchmarking of the role of Local Government as a Regulator
# Table of Contents

EXECUTIVE SUMMARY ................................................. 3

KEY RECOMMENDATIONS ............................................ 4

2.0 WHAT ARE THE PROBLEMS? .................................... 5
  2.1 TOO MANY COUNCILS, WITH OUTDATED BOUNDARIES .......... 5
  2.2 INEFFICIENT SERVICE PROVISION .......................... 8
  2.3 LACK OF LEADERSHIP, STRATEGIC PLANNING AND EXPERTISE .. 11
  2.4 FINANCIAL INSTABILITY .................................. 12

3.0 WHAT’S THE PROBLEM? ........................................ 13
  3.1 RATE SETTING ........................................... 13
  3.2 DEVELOPMENT LEVIES .................................. 15
  3.3 PLANNING AND DEVELOPMENT ASSESSMENT ISSUES ....... 17
  3.4 ENVIRONMENTAL PROTECTION AND ADAPTATION .......... 19

4.0 WHERE DO WE GO NEXT? ...................................... 20

APPENDIX 1 – THE PROPERTY COUNCIL OF AUSTRALIA ............ 22

APPENDIX 2 – SUPPORTING RESOURCES .......................... 23

APPENDIX 3 – PROPERTY COUNCIL BENCHMARK DATA ............ 24

APPENDIX 4 – CONTACTS ........................................ 25
Executive Summary

Local government and the property industry are inextricably linked. However, local governments often fall far short of the mark in their regulatory duties. Some councils, and some jurisdictions, perform better than others. However the Property Council believes that there is significant room for improvement across the board. This benchmarking study should provide a blueprint for best practice in local government regulation, and show a clear path for a more efficient and effective local government sector.

This submission has two parts:

- a discussion of the major structural issues which are preventing the local government sector from performing to its potential as a regulator; and.
- a summary of the main regulatory issues faced by the property sector in dealing with local government.

A number of the specific regulatory areas discussed in this submission fall outside the specific terms of reference for this project. They have been included because Property Council believes it is necessary to provide a complete picture of the challenges faced in delivering projects to communities.

Local governments must be able to overcome the barriers that prevent them from regulating effectively across their core policy areas, in order to manage urban growth and change in communities.
**Key Recommendations**

COAG should establish a local government reform program, which would work with jurisdictions to:

1. Establish local governments and municipal parliaments;
2. Rethink the size of councils;
3. Review local government boundaries;
4. Modernise local government election processes;
5. Institute meaningful reporting of performance;
6. Institute compulsory long-term strategic planning;
7. Establish compulsory training for councillors;
8. Apply RIS discipline to local policy-making and reform development assessment;
9. Establish a misconduct commission for local government; and
10. Improve public financing and reduce cost shifting.
2.0 What are the problems?

Local Government regulations cause significant costs to the property industry.

There are a range of structural issues that cause inefficiency and ineffectiveness at a local government level.

When combined, they result in a local government that struggles to regulate effectively, even in areas considered core council business.

2.1 Too many councils, with outdated boundaries

Councils vary in both their geographic and population size across Australia (figure 1).

These differences partly reflect the geographic and population variations between jurisdictions.

However, the relatively small size and population of councils in some areas provides a clear context for their regulatory inefficiencies (see chapter 3.1)


Figure 1: Average Council Size by State, June 2010 (Source: Deloitte Access Economics)
Structural reform has occurred, but it is inconsistent, sporadic, and often does not go far enough to resolve the problem.

The table below shows the most recent structural reforms of local governments in each jurisdiction.

For most states, it is past time for a new round of reform, taking into account the changing size and spread of the population.

Structural reform of local government, resulting in fewer councils with an optimal population and geographic area, is the cornerstone of improving the regulatory capacity and outcomes of local government.

<table>
<thead>
<tr>
<th>State</th>
<th>Total number of councils</th>
<th>State/Territory population</th>
<th>Smallest council population</th>
<th>Largest council population</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>152</td>
<td>7,232,589</td>
<td>1,261</td>
<td>307,816</td>
</tr>
<tr>
<td>VIC</td>
<td>79</td>
<td>5,545,932</td>
<td>3,314</td>
<td>255,659</td>
</tr>
<tr>
<td>QLD</td>
<td>74</td>
<td>4,513,850</td>
<td>267</td>
<td>1,067,279</td>
</tr>
<tr>
<td>WA</td>
<td>139</td>
<td>2,293,510</td>
<td>112</td>
<td>202,014</td>
</tr>
<tr>
<td>SA</td>
<td>70</td>
<td>1,644,582</td>
<td>110</td>
<td>162,925</td>
</tr>
<tr>
<td>TAS</td>
<td>29</td>
<td>507,643</td>
<td>900</td>
<td>65,826</td>
</tr>
<tr>
<td>NT</td>
<td>16</td>
<td>229,711</td>
<td>209</td>
<td>77,290</td>
</tr>
</tbody>
</table>

Source: Australian Bureau of Statistics 2011

*Figure 2: Council size statistics by state, June 2010*

<table>
<thead>
<tr>
<th>State</th>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>2003</td>
<td>The number of councils was reduced from 172 to 152 under voluntary boundary reforms.</td>
</tr>
<tr>
<td>Victoria</td>
<td>1994</td>
<td>The number of councils was reduced from 210 to 78 under compulsory boundary reforms.</td>
</tr>
<tr>
<td>Queensland</td>
<td>2008</td>
<td>The number of councils was reduced from 157 to 73 under compulsory structural reform.</td>
</tr>
<tr>
<td>South Australia</td>
<td>1998</td>
<td>The number of councils was reduced from 118 to 68 under voluntary structural reform.</td>
</tr>
<tr>
<td>Tasmania</td>
<td>1993</td>
<td>The number of councils was reduced from 46 to 29 under compulsory structural reform.</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>2008</td>
<td>The number of councils was reduced from 61 to 16 under compulsory structural reform.</td>
</tr>
</tbody>
</table>

Source: Department of Regional Development (2008) and State Government of South Australia (2008)

*Figure 3: Overview of most recent council structural reform (Source: Deloitte Access Economics)*
<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>NSW has more councils, serving fewer people, than competitor states. NSW’s 152 councils service an average of 47,000 people, whereas Victoria’s 78 councils service an average of 70,000 people and Queensland’s 73 councils service an average of 60,000 people.</td>
</tr>
<tr>
<td>NSW</td>
<td>NSW council boundaries were drawn up more than 100 years ago. Today, key commercial centres and transport corridors are dissected by out-dated boundaries. For example, the Pacific Highway from North Sydney to Hornsby runs through at least four councils while Parramatta Road runs through at least eight.</td>
</tr>
<tr>
<td>Queensland</td>
<td>Post amalgamation, there are still considerable differences in geographical and population sizes. Diamantina Shire Council- 148 rateable properties, employing 56 FTEs, approx. 95,000km² (2009/10) Brisbane City Council- 315,161 rateable properties, employing 9,211 FTEs, approx. 1,200km² (2009/10).</td>
</tr>
<tr>
<td>Tasmania</td>
<td>Modelling suggests that there are significant inefficiencies caused by having too many small councils. For example, combining 12 southern councils into a single local government could save up to $110 million dollars through efficiency gains of up to 35%.</td>
</tr>
<tr>
<td>WA</td>
<td>Perth has only 12.3% of Australia’s capital city population however it has 22.4% of all capital city councils. If there were 10 local governments in Perth their average population would be some 160,000 persons.</td>
</tr>
<tr>
<td>WA</td>
<td>The State Government’s proposed light rail network for central metropolitan Perth, which only extends 10 kms north of the CBD and five kms east/west of the CBD, would run through seven local authorities.</td>
</tr>
<tr>
<td>South Australia</td>
<td>South Australia has 68 local government areas serving a population of 1.5 million people. It is possible to get elected to Adelaide City Council with only 300 votes.</td>
</tr>
</tbody>
</table>
2.2 Inefficient service provision

Local government is notoriously inefficient at providing services to residents. Services are often provided in economically and logistically inefficient ways.

This is closely linked to the size and boundaries of councils – Figure 4 shows a clear relationship between the population of the council area and per-capita expenditure.

It will naturally be more expensive to provide services in sparsely populated areas, so some councils will always face higher delivery costs.

However, in many councils there is an opportunity to increase the cost-effectiveness of service delivery through:

- consolidation and amalgamation of LGAs; and/or,
- resource sharing arrangements.

![Figure 4: The relationship between operating expenses and council population in Australia (Source: Deloitte Access Economics)](image)

Common services, such as waste collection and road work, could be achieved at a significantly reduced cost if councils worked together to take advantage of economies of scale.

Deloitte Access Economics estimated that effective local government structural reform in Tasmania could yield savings between 5%-45% on a range of expenditure categories simply due to the economies of scale it would create.
Jurisdiction | Example
---|---
NSW | The Richmond Report (2010) found that councils provided 55 different types of rubbish bin configurations and collection frequencies across NSW.
Queensland | Gold Coast with 130,069 rateable properties spent $81,718,000 on sealed roads (2009/10).
| Mackay with 39,985 rateable properties spent $92,991,000 on sealed roads (2009/10).
| Cost of maintaining parks in Queensland ranges from $1,999 per hectare on the Gold Coast (20,012 hectares) to $54,200 per hectare in Boulia (10 hectares) (2009/10).
Queensland Partnership Group | The Local Government Association of Queensland has established the Queensland Partnership Group to identify opportunities for shared services, such as joint call centres across multiple Queensland councils.
| Queensland | The Local Government Association of Queensland in partnership with the Queensland Department of Transport and Main Roads (DTMR) has established the Queensland Roads Alliance (QRA).

Through the QRA groups of local government’s work collaboratively with DTMR to manage a network of roads. Through the QRA councils also look for opportunities for joint purchasing and resource sharing across councils.

2.3 **Lack of leadership, strategic planning and expertise**

Strategic planning is important for any organisation. It is particularly important for local governments, considering the long term service and infrastructure provision responsibilities.

However, a symptom of small, poorly-skilled councils is a lack of strategic planning ability.

This can be seen in many of the examples shown in Chapter 3, where decisions are made without clear rationale or any modelling of their future impact.

Local government struggles to attract and keep high quality staff.

A lack of expertise and leadership within local government leads to:

- Poor regulatory decision-making;
- Lack of long-term strategic planning; and
- Poor community perception of local government’s capacity.

In many councils, development proponents have little confidence in their interactions with officials, and local residents do not feel engaged in decision-making processes about growth and change in their communities.

Local government also faces looming skills shortages – the Percy Allan report\(^1\) notes a growing deficit in the number of planners, engineers and accountants in local government. This shortage will intensify as current staff reach retirement age, and is worse in regional areas.

Councils operating without a sufficiently skilled staff are more likely to require intervention from other levels of government and dispute resolution bodies.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>In NSW, there is a growing shortage of planners, engineers and accountants, which will intensify as they reach retirement age (Percy Allan, 2006). The skills shortage is worse in regional and rural councils.</td>
</tr>
<tr>
<td>Queensland</td>
<td>Sunshine Coast Regional Council is renowned for its ‘anti-development’ stance, and political intervention in development applications. State Planning Minister has ‘called in’ several applications in recent times at the request of the applicant. ‘Urban development areas’, managed by the Urban Land Development Authority have also been established to facilitate development.</td>
</tr>
</tbody>
</table>

\(^1\) *Independent Inquiry into the Financial Sustainability of Local Government in NSW (Local Government Inquiry)* (Local Government and Shires Association, 2006)
2.4 Financial instability

Poor strategic planning intensifies financial instabilities within local government, which make it more difficult for councils to regulate effectively.

The financial position of local governments has been studied extensively over the last decade.

The 2006 Percy Allan report concluded that only one in four NSW councils were financially stable.  

In 2007, Access Economics found that one in five Tasmanian councils may be financially unsustainable.  

A 2005 South Australian Local Government Association study showed that 33 of 68 councils were either ‘vulnerable’ or ‘unsustainable’.  

Councils are reliant on property to fund their existence – so if development doesn't happen due to unfavourable regulation, local governments lose their main source of income.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>In 2006 the Percy Allan report concluded that only one in four councils was financially stable. In 2008 the FiscalStar review of the financial policies of the largest 100 councils concluded that 19 were ‘vulnerable’ and 35 were ‘unsustainable’.</td>
</tr>
<tr>
<td>Queensland</td>
<td>Brisbane City Council debt increased from $389,531,000 in 2009, to $995,138,000 in 2010. During this period (2009/10) they collected $589,236,311 in rates.</td>
</tr>
</tbody>
</table>

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3 A review of local government financial sustainability in Tasmania (Access Economics, 2007)
4 Rising to the Challenge: Towards Financial Sustainable Local Government in South Australia (Financial Sustainability Review Board, 2005)
3.0 What’s the problem?

This section outlines the specific areas where local government regulations impact negatively on the property sector.

Several types of local government regulation make it more difficult to deliver housing and other projects to improve the liveability of communities.

This section also highlights examples of good and bad regulations in each policy area.

A number of these issues may be outside the stated boundaries of this review. However, they serve as an important illustration of the structural issues outlined above, and the Property Council believes it is important to provide a clear picture of the relationship between the sector and local government.

3.1 Rate setting

What’s the issue?

The rates charged by local government are an important source of revenue.

Rates also make up a significant proportion of the outgoings paid by commercial building owners.

Every year, billions of dollars flow from the property industry to local government.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Property industry contribution (2008-9)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>$5.6 billion</td>
</tr>
<tr>
<td>Queensland</td>
<td>$4.3 billion</td>
</tr>
<tr>
<td>Tasmania</td>
<td>$587 million</td>
</tr>
<tr>
<td>WA</td>
<td>$1.1 billion</td>
</tr>
</tbody>
</table>

This figure includes rates, as well as user fees and charges.

The Property Council’s Benchmarks for 2010 show that, for the jurisdictions surveyed, municipal rates and charges make up between 5% and 20% of the cost of operating a commercial building (appendix 2).

In some cases, local government rates and charges are the single biggest operating expense for a commercial building.

The Property Council recognises that rates and charges are necessary for local governments to provide services to the community.

However, in many cases, this financial impost is coupled with onerous, impractical regulation that further increase the cost of doing business.

However, rate-setting decisions are not made with any of the rigour expected of regulatory processes at other levels of government.

Any decision with this potential for financial impact would require a full RIS process at other levels of government.

However, without this requirement at a local level, there is little transparency regarding the methodology and evidence base for rate-setting procedures.
Councils rarely have the expertise to properly manage the rate-setting process.

In addition, flexible rating systems are often used to create subcategories that are:

- inconsistently applied;
- unrelated to any additional burden on local infrastructure;
- opportunistically used to discriminate against certain property types; and,
- subject to unreasonable rate increases.

The differential rating systems available to local governments in several states are a clear example of local government targeting particular property types to raise revenue.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>One council created a subcategory that only included four properties. These properties were hit with a 55% increase in rates, which had no relationship to the level of infrastructure or services provided to these properties.</td>
</tr>
<tr>
<td>NSW</td>
<td>NSW is the only state to retain rate pegging. As IPART concluded in 2009, rate pegging diminishes the financial viability of local government, stifles the ability to raise debt, limits the growth of rate revenue and increases infrastructure backlogs.</td>
</tr>
<tr>
<td>Queensland</td>
<td>In Queensland Councils are able to set minimum rates and differentially rate properties based on categories of their own making. This results in a huge variation in rating systems, with Moreton Bay Regional Council using 191 categories to determine rates. The Gold Coast uses 102 categories, while the largest council, Brisbane, has only 47 categories. It also means that local governments are able to change the level of rates imposed on property, particularly commercial property, without any reference to the level of service provided by the council.</td>
</tr>
<tr>
<td>WA</td>
<td>The benchmark for council rates in Perth shopping centres in 2010 was $27.82 m², which is 135% greater than the national average, excluding Perth.</td>
</tr>
<tr>
<td>South Australia</td>
<td>One South Australian council attempted to reduce the burden on residential rate-payers by increasing rates on commercial property by 50-75% and vacant land by 100%</td>
</tr>
</tbody>
</table>
3.2 Development Levies

What’s the issue?

Development levies are intended as a mechanism to ensure that infrastructure is delivered to new developments.

However, many councils have developed an over-reliance on levies.

Development levies are often:

- too high – high levies increase development costs and reduce housing affordability;
- inequitable – new home buyers subsidise the cost of infrastructure which benefits the wider community;
- inconsistent – there is no agreed methodology for calculating development levies, and they vary widely between councils; and,
- ineffectively spent – levies are stockpiled, or added to consolidated revenue rather than put back into the community.

On top of these levies, applicants are often still expected to provide vital infrastructure.

This further adds to the cost of providing housing for communities. These costs are either:

- passed on to the end purchaser; or,
- so high that development is not economically viable, reducing housing supply.

Both of these outcomes result in higher housing prices.

Development levies are also perceived as politicising the planning system – they are the price to be paid in order to get a development approved.

This is largely because of the lack of transparency and accountability around the collection and use of levies.

Until there is a fair and transparent process for calculating, collecting and spending development contributions, they will continue to have a poor reputation.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>A 2010 audit of unspent development levies in NSW, undertaken by the Property Council, showed that approximately $560 million had been stockpiled by councils.</td>
</tr>
<tr>
<td>NSW</td>
<td>According to Percy Allen, local government has a $6.3 billion infrastructure deficit which will grow to $21 billion within 15 years if left unchecked. Local government will need to fund an additional $900 million each year to close the gap on its infrastructure backlog.</td>
</tr>
<tr>
<td>Queensland</td>
<td>As of 1 July 2011, all Queensland local governments operate under a Maximum Standard Infrastructure Charges regime. The standard charges are not geographically based, meaning that in some areas charges are less than pre-1 July, and others are significantly more.</td>
</tr>
</tbody>
</table>
However councils are still able to ‘condition’ for infrastructure outside of the capped regime. This means that there remains little certainty about the infrastructure costs that will be imposed on a development.

Also, councils are not required to report on the expenditure of infrastructure charges against their collection.
3.3 Planning and Development Assessment issues

What’s the issue?

The Productivity Commission’s 2011 report on Planning and Development Assessment clearly articulates the problems with the system.

Planning and development assessment (DA) are core business for councils, and their efficiency is central to Australia’s competitiveness and liveability.

However, systemic inefficiencies and a lack of administrative capacity often lead to sub-optimal results.

As noted in the Productivity Commission report, it is often only at the development assessment stage where final decisions about land use are possible. 5

This places a high burden on decision makers at a local government level to make the right decision, but this requires skilled staff working within a fair and transparent system.

Many councils don’t have the capacity to administer best-practice planning and development assessment systems due to:

- insufficient funding;
- a shortage of skilled staff;
- poor business planning; and
- inadequate delivery models.

Without staff who clearly understand the system and how it is supposed to work, or any incentive to actually most councils have no capacity to fix the system or deliver streamlined development assessment processes.

This in turn creates a culture where decisions are made without an understanding of their long-term (and short-term) consequences for particular projects or the community.

In this context, it is easy to see how councils make regulatory decisions that often seem ridiculous to industry.

The move to electronic development assessment (eDA) systems should provide a catalyst for reform within councils – it provides an opportunity to embed an efficient and consistent system, rather than replicating the existing inefficiencies.

However, eDA has yet to deliver these outcomes in practice.

Real change will only occur when State and Territory governments take the lead on DA reform and commit to consistent, best-practice systems.

The Development Assessment Forum’s (DAF) Leading Practice Model for Development Assessment outlined ten elements of an efficient development assessment process (Appendix 2).

Assistance and incentives must be in place to if there is to be improvement at a council level.

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<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Example</th>
</tr>
</thead>
</table>
| NSW          | The Property Council has been compiling a list of the excessively onerous (and sometimes nonsensical) planning and Development Assessment requirements of local governments in NSW. Property Council members have reported a range of instances where local government has placed excessive burdens on development proponents, including:  
  - an LGA which has a Development Control Plan (DCP) of six volumes, and another where the contents page alone is 16 pages long;  
  - definitions of ‘horse’ up to 50 words;  
  - a requirement to ensure that domestic dogs could view the street and have access to direct sunlight at all times;  
  - a council resolving to list the Spanish Steps in Italy as a heritage item in its Local Environmental Plan (LEP); and,  
  Council requesting 12 sets of A1 plans for a residential development – at 120 sheets in each set, this equated to 1,440 sqm of architectural drawings, weighing over 115kg. |
| Queensland   | Brisbane City Council implemented a year-long ‘DA Improvement Project’ whereby all staff are required to report against KPIs weekly, they are rewarded for improvements and encouraged to provide suggestions for improvement. Sunshine Coast Regional Council has in recent times applied several last minute conditions that are not considered ‘relevant or reasonable’:  
  - Kawana Shopping World expansion- condition to build a bus interchange   
  - Woolworths in Sippy Downs- stalled development through requirement to build an additional 418 two-bedroom units  
  - Coles Nambour- condition to use 50% renewable energy sources |
| WA           | The Directions 2031 strategy for Perth is framed around 10 key centres. There is no relationship between this strategic planning framework and current council boundaries. |
| Victoria     | City of Melbourne proposed a range of mandatory water, waste and energy requirements for all new buildings above 2000 sqm – including office, retail, education centres and accommodation. |
3.4 Environmental Protection and Adaptation

What’s the issue?

Environmental protection is a clear example of an issue that requires greater collaboration across all three spheres of government.

The Federal Government’s recent response to the Hawke Review demonstrates a commitment to creating workable solutions for managing environmental issues.

Local government are best placed to understand the environmental landscape, and work on the front line to recognise workable solutions to environmental issues.

However, there is no capacity for local government to access the mapping required to properly understand the environmental impact factors are in their area.

There is also little capacity within councils to properly integrate environmental concerns with planning systems.

A lack of state and federal support means that there is a dearth of information at a local level.

This prevents flexible decision-making by councils, and decreases the quality of response to environmental issues.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland</td>
<td>State Planning Instruments Program-State Planning Policies are being used to override Regional Plans and local planning schemes- these have no central authority overseeing their development, and often incorporate conflicting and onerous regulations. Local authorities are required to incorporate them in updated planning schemes. (Example- Queensland Coastal Plan SPP will include ecological significance mapping and planning requirements unrelated to the coastline, with more onerous vegetation mapping than under the existing Vegetation Management Act.)</td>
</tr>
</tbody>
</table>
### 4.0 Where do we go next?

The Property Council has developed a broad policy on local government reform across Australia – the ten point plan for local government reform is outlined below.

These recommendations provide a blueprint for the future of local government in Australia.

COAG should establish a working group for local government reform, with the goal of improving the structure and governance of councils in every jurisdiction.

They would ensure that the structural barriers to good regulation are removed, and clear carrots and sticks are in place to encourage regulatory best practice at a local government level.

<table>
<thead>
<tr>
<th>Establish local governments as municipal parliaments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• COAG should establish a commission to develop a model for establishing councils as local parliaments.</td>
</tr>
<tr>
<td>• The model should mirror the separation of powers doctrine applied to other spheres of government - councillors would act as the parliament, office bearers and senior staff would act as the executive, and independent tribunals would act as the judiciary interpreting council rules.</td>
</tr>
<tr>
<td>• Alternatively, a corporations-law style reform should be undertaken to create a more accountable local government sphere.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rethink the size of councils</th>
</tr>
</thead>
<tbody>
<tr>
<td>• COAG should institute an inquiry to determine the optimal size of local councils to balance democratic representation, service delivery, environmental concerns, funding powers and staffing needs.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Review local government boundaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>• All jurisdictions should conduct a review of local government boundaries, based on the model developed by the inquiry.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Modernise local government election processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Electoral process reforms should include four year fixed terms, a cap on councillor numbers based on council size, and the direct election of mayors.</td>
</tr>
<tr>
<td>• Remuneration of mayors leading major councils should be linked to a cabinet minister’s salary.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Institute meaningful reporting of performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Productivity Commission (or another independent body) should recommend a standard format for reporting that is equal in scope to the obligations of listed public companies.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Institute compulsory long-term strategic planning as a core council role</th>
</tr>
</thead>
<tbody>
<tr>
<td>• All councils should develop strategic plans based on key performance indicators.</td>
</tr>
<tr>
<td>• Councils should also develop rolling 15-20 year infrastructure plans.</td>
</tr>
</tbody>
</table>
It is important to note that councils play a central role in development assessment processes. The DAF model relies on state-level implementation but should be used the basis for improved planning and development assessment systems within councils.

In addition to the 10 point plan, several of the Property Council’s state and territory divisions have developed plans for local government reform. These are attached at Appendix 2.

<table>
<thead>
<tr>
<th>Establish compulsory training for councillors</th>
</tr>
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<tbody>
<tr>
<td>• All councillors should undertake regular professional development training related to their core decision-making role.</td>
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<tr>
<td>• All councillors who sit on planning committees should undertake professional development provided by a registered training provider, until independent assessment panels are established.</td>
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<tr>
<th>Apply Regulatory Impact Statement (RIS) discipline to local policy-making and reform development assessment</th>
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<td>• The Property Council’s RIS model should be applied to the local sphere, especially to planning policies (see appendix 2).</td>
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<th>Establish a Misconduct Commission for local government</th>
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<td>• All states and territories should establish misconduct commissions for the local government sphere, or extend the brief of existing commissions to do so.</td>
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<th>Improve public financing and reduce cost shifting</th>
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<tr>
<td>• The Productivity Commission should be charged with recommending an optimal model for financing local government.</td>
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<tr>
<td>• This should clarify the taxing powers of local government.</td>
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<tr>
<td>• Rate capping should be abolished for councils adopting reforms, including implementing a fiscal responsibility protocol.</td>
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</table>

*Figure 6: Property Council of Australia 10 point plan for local government*
Appendix 1 – The Property Council of Australia

The Property Council represents the property investment sector in Australia. Its members include every major property investor in the country. Members are engaged in the entire property investment universe, which includes all:

- dimensions of property activity (financing, funds management, development, ownership, asset management, transaction and leasing);
- major property types (offices, shopping centres, residential development, industrial, tourism, leisure, aged care, retirement and infrastructure);
- major regions of Australia and international markets; and,
- the four quadrants of investment – public, private, equity and debt.

Some key statistics:

- the market value of all land and buildings in Australia is $4.3 trillion;
- the value of investment grade stock under management is $340 billion;
- more than 11.6 million Australians collectively own major segments of the nation’s most valuable commercial property assets;
- total construction spending in F2012 is forecast to be $117 billion in buildings and $87 billion in infrastructure (total: $204 billion);
- listed property is currently 5.34% of the capitalised value of the ASX;
- 39% of investment grade stock is listed;
- the market value of foreign assets owned by Australians is $50 billion;
- $113 million flows in to the property sector from super funds in an average week; and
- $28 billion in property specific taxes are paid annually.
Appendix 2 – Supporting Resources

Attached in a separate document are the following resources which have been referred to in our submission:

- *Local Government Reform* policy paper (Property Council of Australia NSW Division, 2011)
- *Local government structural reform in Tasmania* (Deloitte Access Economics, 2011)
Appendix 3 – Property Council Benchmark data

The Property Council’s Benchmarks publications are designed to provide building owners and managers with a reliable tool for evaluating the performance of buildings and preparing operating budgets.

In the context of this study, the data has two main uses:

- benchmarking rates and charges between jurisdictions; and
- benchmarking rates and charges against other statutory and operating expenses.

The electronic version of the Property Council’s Benchmarks 2010 Survey of Operating Costs for offices and shopping centres is attached separately.
Appendix 4 – Contacts

Please contact the following Property Council staff, should you require further information.

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jmacnamara@propertyoz.com.au