



# **STATE COMPTROLLER OF ISRAEL**

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## **AUDIT REPORT ON LOCAL GOVERNMENT**

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**ABSTRACTS**



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Jerusalem

## Foreword

The present report presents the findings of the 2025 audit of local government. Local government bodies in Israel constitute public institutions that engage in direct and continuous interaction with citizens in their everyday lives. These local authorities bear responsibility for essential services that directly influence residents' well-being, security, and quality of life, encompassing areas such as education, welfare, infrastructure, sanitation, and environmental development.

The purpose of this report is to conduct a comprehensive examination of the performance of local authorities across a range of central fields of activity : planning, construction, and licensing; environment, infrastructure, and safety; management, administration, and technology; welfare, society, and education. The following provides an overview of several chapters incorporated within this report:

### **Planning and Promotion of Urban Renewal in Local Authorities**

Urban renewal is recognized as a potent policy instrument with the capacity to achieve objectives across various domains – spatial, economic, and social – and primarily the addition of housing units within existing urban frameworks that were originally developed at relatively low density, including the optimization of land use. In Israel, urban renewal constitutes a central strategic mechanism within the planning and construction sector, particularly given the rapid population growth and the increasing demand for high-quality and secure housing solutions.

The audit findings present a complex scenario: on one hand, there is significant momentum

in the planning of urban renewal projects, with approval granted for the construction of approximately 157,000 housing units during the period 2021-2024 alone – accounting for roughly 60% of all units approved since 2010. Conversely, this momentum is unevenly distributed and fails to meet comprehensive national objectives, with a primary focus on protecting and enhancing peripheral regions.

The audit reveals that the principal driver of urban renewal is economic feasibility. Consequently, approximately 58% of all urban renewal initiatives are concentrated in the Tel Aviv and Central districts. In contrast, not even one building permit for an evacuation-reconstruction project was issued between 2017 and 2025 in areas at high risk of earthquakes and missile attacks , such as Bet She'an, Tiberias, Safed, and Kiryat Shmona. This disparity underscores how security and safety considerations have been pushed aside by economic considerations.

Additionally, bureaucratic and financial barriers have been identified as impeding the realization of construction potential: only about 33% of the budgets from framework agreements signed in 2023 were utilized, with NIS 105 million yet to be allocated to local authorities. Furthermore, 23 of the 71 local authorities promoting evacuation-reconstruction projects lack a dedicated administrative body responsible for managing and accelerating these processes, which are inherently protracted. By way of example, the report cites a case in Ra'ananna, where a project extended over 23 years from inception to occupancy.

These findings highlight the necessity of developing a uniform national policy designed to eliminate barriers and introduce economic

incentives that promote projects even in locations lacking evident economic viability, thereby ensuring that urban renewal achieves its intended outcomes across the entire country.

### **Solar Energy Systems in Urban Areas**

Solar energy, derived from sunlight, is converted into electricity via photovoltaic systems, and in the sun-drenched State of Israel, this process ensures a high and stable electricity output for most days of the year and contributes to the reduction of greenhouse gas emissions and air pollution. Energy storage serves as a complementary technology to solar energy production, enabling the retention of surplus electricity generated during peak hours for utilization when the panels are inactive or during power outages.

The audit findings reveal a significant disparity between the state's objectives and the current status of solar energy deployment in urban areas. The official governmental target stipulates that by 2030, 30% of electricity production will originate from renewable energy sources. However, in 2024, this percentage reached only 14.6%, with solar energy comprising 13%. This discrepancy is especially pronounced in urban areas, which represent approximately 60% of the local production potential but have achieved a realization rate of only about 15%, and as of 2023, 2,700 MW of solar capacity had been installed out of a potential 11,400 MW (approximately 23%). Despite the Minister of Energy setting a national target of 100,000 new solar roofs by 2030 in February 2025, these findings raise considerable doubts regarding the feasibility of achieving this goal without removing existing impediments. The primary obstacles lie in regulatory constraints and significant financing difficulties experienced by local authorities,

resulting in considerable underutilization of available budgets and resources. The audit indicates that from a budget of NIS 248 million allocated by the Ministry of Energy through calls for proposals for the period 2021-2025, local authorities received only about NIS 39 million (about 16%). Moreover, only 52 local authorities utilized approximately NIS 136 million from a loan fund totaling around half a billion NIS, provided by Mifal HaPais (Israel's government-owned lottery company) (around 27%). Furthermore, the "Citizens of Israel Fund" did not allocate any resources to the renewable energy sector during 2023-2024, and only in the 2025 budget were NIS 20 million approved, for the first time, for activity in this domain, representing only about 11% of the overall allocation of NIS 189 million.

It is recommended that the Ministry of Interior explore the possibility of designating dedicated budgets to promote the transition to renewable energy and enhance energy efficiency, as well as to support the financing of activities within regional clusters in these domains. To augment the number of solar systems within the residential sector, it is advisable for the Ministry of Energy to intensify outreach efforts and improve public access to information, with the assistance of the Ministry of the Interior, the Federation of Local Authorities, and the Israel Electricity Company, including through the websites of local authorities. Additionally, the Ministry of Finance should detail, within its annual proposal, the funds allocated from the Citizens of Israel Fund for investment in renewable energy each year, as required by law.

The audit underscores the importance of increasing electricity production from solar energy and highlights the necessity of

engaging local government to attain national targets in this field. At the same time, it should be positively acknowledged that the Ministry of Energy has undertaken various initiatives in recent years, such as developing tools for local authorities, promoting installation models for solar panels, mapping production potential, and enhancing public access to information. These measures reflect a recognition of the pivotal role local authorities play in strengthening energy resilience.

#### **Disparities in Local Authorities' Own-Source Revenues**

The total revenues of local authorities in Israel have demonstrated a consistent upward trajectory, increasing from approximately NIS 76.9 billion in 2021 to approximately NIS 83.6 billion in 2022 (an increase of approximately 8.7%), and further rising to approximately NIS 92.4 billion in 2023 (an additional increase of approximately 10.6%). Notwithstanding this growth, the revenue configuration reveals structural inequalities predicated on the capacity for municipal property tax collection, which in 2023 amounted to NIS 31 billion (divided between approximately 45% for residential uses and approximately 55% for other uses). Significant disparities are evident in the ratio between non-residential municipal property taxes (business and commerce) and residential municipal property taxes, which varied from a minimal 0.09 in Bustan al-Maraj to 1.95 in the Megiddo Regional Council. This disparity directly translates into the potential net income per capita from municipal property taxes: only NIS 861 in Bustan al-Marj and NIS 944 in El'ad, compared to NIS 4,327 in Megiddo.

Furthermore, it was observed that four of the seven local authorities examined had

not conducted a crucial property survey for over five years (El'ad and Isfiya since 2018), and the majority refrained from fully utilizing their own revenues derived from bylaws – an inconsistency reflected in cumulative revenues of approximately NIS 1 million in Isfiya and approximately NIS 2 million in Daliyat al-Karmil during the years 2021–2024, as contrasted with NIS 109 million in the Nof Ha'Galil municipality. Additionally, considerable temporal delays were identified between the publication of the geographical committees' recommendations regarding revenue distribution and the subsequent decisions adopted by the Minister of the Interior on the matter. Decisions concerning numerous revenue-sharing requests were rendered several years after the committees' recommendations were issued, and in some instances, decisions were not made at all. The delay between the publication of recommendations and the Minister's decision may result in the denial of supplementary revenue to local authorities with low socio-economic status that lack significant independent income sources, thereby adversely affecting their economic capacity and diminishing the level of services provided to their residents.

Local authorities, with support from the Ministry of the Interior, should finalize the enactment of bylaws across various domains to enhance their own-source revenues and actively enforce them. Given the high importance of property surveys, local authorities should conduct such surveys within their jurisdictions every five years. The Ministry of the Interior should streamline decision-making processes, including the implementation of mechanisms incorporating

fixed and binding timelines for addressing revenue-sharing requests, to prevent protracted delays between the release of the geographical committees' recommendations and the Minister's determinations. Moreover, equitable and transparent frameworks for distributing income generated from industrial zones should be established, with particular consideration afforded to local authorities characterized by low socio-economic status that require additional income.

#### **Use of Cameras by Local Authorities for the Enforcement of Traffic Laws**

In recent decades, there has been a marked increase in the deployment of technological devices, including enforcement cameras, for various purposes such as the documentation of traffic infractions and related enforcement measures. The employment of cameras by local authorities for enforcing parking and public transport travel routes violations streamlines enforcement within their jurisdictions. However, it is liable to infringe on the privacy of passersby and therefore necessitates careful deliberation, as well as proportionate and limited usage.

The implementation of cameras to enforce parking and traffic violations along public transport travel routes in Israel reveals intensified and financially advantageous enforcement for the local authorities, though characterized by inconsistencies, inadequate management, and infringements upon the right to privacy. The audit findings indicate that among the 38 local authorities with public transport travel routes within their jurisdictions, only six advertise the use of cameras to enforce relevant legal

provisions governing travel. Furthermore, the Ministry of Transport does not exercise its statutory authority to assume enforcement responsibilities within local authorities that fail to do so. In the local authorities examined, approximately 121,000 tickets were generated in 2024 via enforcement cameras (including 81,026 in Herzliya and 36,192 in Ramat Gan), with a total monetary value of about NIS 44 million, thereby underscoring the economic potential of this enforcement mechanism. Despite the potential benefits of cameras in upholding traffic regulations, the audit revealed operational deficiencies. Eight cameras across the examined jurisdictions either recorded no infractions or a negligible number. Moreover, notable shortcomings were identified concerning proportionality and privacy protection: local authorities retained photographs of sufficient quality to allow the facial recognition of passersby, and in certain instances, continued to monitor public spaces throughout the day even after enforcement activities had ceased. Additionally, traffic wardens deleted approximately 257,000 event records of suspected offenses – about 256,000 of which were within the Ramat Gan Municipality. It is recommended that the Ministry of Transport consider exercising its legal mandate to enforce public transport travel route violations in local authorities that decline to do so themselves. The local authorities examined should undertake measures to rectify the identified deficiencies and evaluate the recommendations raised in the audit. Furthermore, these authorities should periodically reassess whether the conditions that initially warranted the installation of enforcement cameras remain valid. Should it be determined that the cameras no longer serve their purpose, the authorities

should either discontinue monitoring public spaces using such devices or consider their relocation. The local authorities examined should employ enforcement cameras in a manner that is proportionate, equitable, and strictly aimed at achieving traffic law enforcement objectives, while safeguarding the privacy rights of passersby and adhering to pertinent laws, regulations, and guidelines in this domain.

#### **Follow-up Audits on the Rectification of Deficiencies**

The audit process does not conclude with the publication of a report. Rather, the issuance of the report marks the commencement of a critical procedure for correction and implementation. It is necessary to ensure that audit reports result in tangible actions and systemic reforms within the audited entities. This report contains two follow-up audits on the following subjects:

**Local Authorities' Preparedness for Floods and Inundations** – The increasing frequency and intensity of anomalous rainfall events, coupled with the substantial expansion of urbanized and impermeable areas, which reduce the infiltration capacity of soil, heighten the risk of floods and inundations in Israel. Local authorities play an important role in preparing the civilian population for civil emergencies, including floods and inundations, and serve as the foundational pillar responsible for resident care and assistance. In light of this situation, it is highly important that local authorities adequately prepare for and respond to floods and inundations. The follow-up audit revealed that certain deficiencies identified in the initial audit remain unaddressed: regulation

concerning local authorities' preparation for civil emergencies is incomplete, and no entity is yet authorized to enforce the local authorities' compliance with relevant directives; the division of responsibility between drainage authorities and local authorities regarding drainage infrastructure within urban territories remains undefined; the drainage infrastructure under local jurisdiction is outdated and not adapted to revised reference scenarios concerning expected rainfall volumes and flow rates; and the local authorities examined have not developed multi-year investment plans for upgrading drainage infrastructure. It is recommended that local authorities and pertinent stakeholders study the audit findings, derive necessary lessons, and collaboratively implement measures to enhance preparedness for flood events and minimize resultant damage. This course of action is imperative.

**Information Systems Management in Local Authorities** – The utilization of information systems to administer local authority affairs constitutes a fundamental national requirement and is unavoidable. Such use necessitates local authorities to implement measures for the protection of information collected by them and ensure its security to prevent unauthorized access to data and the illegal and harmful use of them. In the previous report, the State Comptroller cautioned that without optimal management of local information systems and increased readiness to secure the data in its possession, local authorities would be vulnerable to cyberattacks and breaches of information security in the information systems. This vulnerability could lead to the disclosure of information about residents,

including sensitive data, privacy violations, harm to essential and national infrastructures, significant financial losses, and damage to the reputation and credibility of the local authorities.

The follow-up audit assessed whether the audited bodies had rectified the deficiencies in accordance with the law, including forming teams to rectify the deficiencies, determining ways of making the corrections, monitoring progress, and reporting to the Office of the State Comptroller. It was found that some bodies had not completed the full correction process as mandated by law. It is incumbent upon local authorities to ensure optimal management of their information systems domain in compliance with the legal requirements and guidelines issued by the Ministry of the Interior and the Privacy Protection Authority, supported by the National Cyber Directorate and National Digital Agency. Furthermore, the Ministry of the Interior, with the assistance of the Privacy Protection Authority, the National Cyber Directorate and National Digital Agency, should provide guidance to local authorities regarding information systems management within their jurisdiction.

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This is the final audit report on local government endorsed by me in my capacity as State Comptroller and Ombudsman. Throughout my tenure, I have regarded the audit of local government as an exemplary instrument for the improvement of municipal systems, the enhancement of transparency, and the safeguarding of individual rights. The resilience of Israeli society is substantially dependent upon the capacity of local authorities to deliver accessible,

high-quality services to their residents, in strict compliance with the principles of good governance, integrity, efficiency, and prudent management of public resources.

I extend my sincere gratitude to the staff of the Local Government Audit Division within the Office of the State Comptroller and Ombudsman, who have supported me over seven years of professional, meticulous, and conscientious work in conducting an audit deserving of all praise. It is my hope that they will continue to achieve success in their future endeavors.



**Matanyahu Englman**

Jerusalem,  
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State Comptroller  
and Ombudsman