

Fact Sheet – Decisions on councils’ applications for Crown land adjustments for 2017-18

8 June 2017



WHAT

This fact sheet summarises IPART’s determinations on councils’ applications for Crown land adjustments.



WHY

Crown land adjustments increase the general income of councils for parcels of Crown land that have become rateable.

Crown land is generally exempt from rates. It usually becomes rateable if it is:

- ▼ sold or leased to private entities, or
- ▼ transferred to State Owned Corporations that are liable to pay rates.

Crown land adjustments allow councils to add the value of rates payable by the newly rateable land to their rate base. These adjustments should not affect the rates paid by other ratepayers.



WHO

Four councils applied for Crown land adjustments:

- ▼ Broken Hill City
- ▼ City of Sydney
- ▼ Kiama Municipal, and
- ▼ Port Stephens.



DECISIONS

IPART approved all four applications for permanent increases to the rate base for Broken Hill, City of Sydney, Kiama and Port Stephens.

In making these determinations, IPART has regard to the Office of Local Government’s assessment that these applications were valid crown land adjustments.

Table 1 on page 2 summarises our determinations for the four applications.

Table 1 Summary of Crown land adjustments for 2017-18 approved by IPART

Council	Previous owner	CLA in application – based on 16-17 rates (\$)	CLA for 17-18 – adjusted for rate peg (\$)	Permitted increase in general income for 17-18		
				Increase for CLA (%)	Increase for rate peg (%)	Combined increase (%)
Broken Hill	▼ Soil Conservation Commission NSW (1 parcel, business rating category)	92,076	93,457	0.64	1.50	2.14
	▼ Essential Energy (22 parcels, business rating category)					
City of Sydney	▼ Sydney Harbour Foreshore Authority (3 parcels, business CBD rating category)	2,903,803	2,947,360	1.08	1.50	2.58
Kiama	▼ Sydney Water Corporation (35 parcels, business commercial/industrial category)	37,553	38,116	0.25	1.50	1.75
Port Stephens	▼ Landcom (5 parcels, residential rating category)	12,846	13,039	0.03	1.50	1.53
	▼ Defence Housing Australia (7 parcels, residential rating category)					

This year we refined our method for calculating Crown land adjustments (CLAs). The CLAs in council applications are based on 2016-17 land values and rating charges, and calculate the rates that would have been payable by the crown land in 2016-17. Our new method escalates these amounts by the rate peg (1.5 per cent in 2017-18) to estimate the rates that would be collected from the crown land in 2017-18, and the increase in the council's general income from adding this land to the rate base in 2017-18. These calculations are shown in Table 1.