

# Armidale Dumaresq Ratepayers Association Inc.

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14<sup>th</sup> October 2016

## Submission regarding the Local Government Draft Rating Review

### Capital Improved Value

Change from UV (Unimproved Value) to CIV

*We believe that CIV valuations are inequitable and would probably result in higher rates for people who improve their properties. Councils tend to be top heavy in bureaucracy - always looking for ways to increase revenue. They could use high valuations to show that their LGA is growing and deserves a higher revenue. Some modelling needs to be done and presented to ratepayers. There will be added complexity in the system. The system in country areas with small population bases could be quite skewed.*

### Removal of Rate Peg

Allow councils' general income to grow as the communities they serve grow. Councils would be able to levy a special rate for new infrastructure that is jointly funded with other levels of government without the need for regulatory approval from IPART under the Special Variation process.

*This is a questionable suggestion. Any extra levy would have to be carefully monitored. The current system seems to work because the ratepayers have to agree to it. If councils don't have to go to IPART they can come up with all sorts of reasons for imposing an extra levy. Councils are not always responsible in their decision-making. Safeguards need to be in place. We disagree with this proposal.*

### More categories

Give councils more options to set rates within rating categories

*There should be greater costs imposed on developers but that might present other problems. The current system needs to be streamlined not made more complicated. Value judgments by staff may not be understood by councillors.*

### Vacant land category

For many urban councils, where land is scarce, allowing the council to set a higher rate on vacant land may encourage the development and urban renewal that is required to meet the current and future needs of the community.

*Vacant land rates should be lowered because they receive no services. In urban areas people sit on vacant land hoping for the value to rise. Councils want these developed because there is a limit to the amount of land available. This is not the case in rural areas. Allowing regional councils the option to levy a lower rate on vacant land to recognise the lower demand and cost of providing council services to these properties would be appropriate.*

### Environmental land

In many council areas, there is land that cannot be developed due to geographic or regulatory restrictions. Environmental land will typically impose lower costs on a council than inhabited land of similar value. Hence, councils should have the flexibility to be able to levy lower rates on environmental land to reflect these lower costs.

*These areas do not cost council much therefore the rates should be lowered. We have a number of properties which would fall into this category - currently they are classified as farmland. There are conservation issues involved here like covenants.*

### **Commercial**

All other business properties that do not fall under the industrial definition could be defined as commercial property. These properties would include office space and retail premises

*Business and industrial rates are higher here in Armidale than in Tamworth. Need to have a look at equity across regional areas.*

### **Rate exemptions**

Eligibility for exemptions would be based on land use rather than land ownership.

*Approximately 30% of Armidale land is not ratable because of the university, schools and churches. Educational usage would be exempt. Churches run businesses. We agree with a change in exemptions.*

### **Pensioner concession**

Replacing the current pensioner concession with a rate deferral scheme to be operated and funded by the NSW Government. Eligible pensioners should be allowed to defer payment of rates up to the amount of the current concession, or any other amount as determined by the State Government. The liability should be charged interest at the State Government's 10-year borrowing rate plus an administrative fee. The liability would become due when property ownership changes and a surviving spouse no longer lives in the residence.

*We are not in agreement with this. The state should take over 100% of concessions because it is a welfare issue. Councils shouldn't be out of pocket. However the benefits raised would be quite small compared to the bureaucracy involved in managing the scheme. This is a case of Death taxes by stealth.*

### **Emergency Services Levy**

Using the CIV method as the basis for calculating the Emergency Services Property Levy, when CIV data becomes available state wide The valuation base date for the Emergency Services Property Levy and council rates should be aligned. Councils should be given the choice to directly buy valuation services from private valuers that have been certified by the Valuer General.

*We would prefer valuations to stay with the Valuer General as private valuers may use the high end of the market.*

### **Recovery of council rates**

Councils should have the option to engage the State Debt Recovery Office to recover outstanding council rates and charges. The existing legal and administrative process to recover outstanding rates should be streamlined by reducing the period of time before a property can be sold to recover rates from five years to three years. Councils should be allowed to offer a discount to ratepayers who elect to receive rates notices in electronic formats, eg, via email.

*A discount should be offered to ratepayers who pay their rates in a lump sum rather than in instalments. Council should be encouraging an email system of rates mailouts and other correspondence as a matter of course. Other businesses and banks do this. People are used to it.*