File12/777
ED16/116510
BM

14 October 2016

DUBBO REGIONAL COUNCIL

Independent Pricing and Regulatory Tribunal of New South Wales
PO Box K35
Haymarket Post Shop NSW 1240

Dear Sir/Madam

**REVIEW OF THE LOCAL GOVERNMENT RATING SYSTEM**
**DRAFT REPORT**

Dubbo Regional Council would like to take the opportunity to provide comment on the Review of Local Government Rating System Draft Report, August 2016.

Council appreciates IPART holding the Public Forum in Dubbo on 10 October 2016 as an opportunity for Councils in regional NSW to remain informed of the proposed amendments and to provide input into the review.

In relation to the Draft Report, Council believes that the review appears to have a strong focus on issues currently being encountered in metropolitan areas of the state and that regional NSW faces different issues. Council has highlighted these issues within its submission.

Please see attached our responses to the recommendations contained within the Draft Report.

Yours faithfully

[redacted]

*Craig Giffin*
Director Organisational Services

Attachment/s: 1. Submission to Draft Report for Review of Local Government Rating System

All communications to: **THE INTERIM GENERAL MANAGER**
**ABN 53 539 070 928**
PO Box 81 Dubbo NSW 2830
**T** (02) 6801 4000 **F** (02) 6801 4259 **E** council@dubbo.nsw.gov.au
Civic Administration Building Church St Dubbo NSW 2830
**W dubbo.nsw.gov.au**

# Dubbo Regional Council Submission

# IPART
# Review of the Local Government Rating System
# Local Government – Draft Report
# August 2016

## 3. Allow councils to use CIV as an alternative to UV in setting rates

**Draft Recommendation 1:**

Councils should be able to choose between the Capital Improved Value (CIV) and Unimproved Value (UV) methods as the basis for setting rates at the rating category level. A council's maximum general income should not change as a result of the valuation method they choose.

Council understands that a major benefit for allowing the use of CIV for rating is to address the current problem encountered by metropolitan councils relating to equitable and efficiently raising revenue from apartments. Council acknowledges that the Capital Improved Value (CIV) method might correlate better with the benefits received from council services and may be more easily understood by the public, however, changing the valuation methodology would incur substantial additional costs.

In addition to the initial costs incurred in changing to CIV, ongoing administration expenses for councils and the Valuer General would increase, leading to higher annual fees for valuation services. Councils are not able to recoup increased valuation expenses due to rate pegging.

Whilst the Valuation Register would capture capital improvements on land when issued to councils in a General Revaluation, the register would either require frequent updating via supplementary valuations as properties are developed, or the valuations would become inequitable. Council notes that the Draft Report in discussing the supplementary valuation process and CIV (p. 45), states that under a CIV method, supplementary valuations would also occur if significant capital improvements are made to property.

Dubbo Regional Council, being a newly merged Council, is subject to the four year 'rate path freeze'. While council would be able to comply with the requirements for implementing a rate path freeze at a rating category level, changing the valuation methodology during this period would have a significant impact on rates levied for individual properties. Should the change in valuation methodology occur at the end of the 4 year 'rate path freeze' period, coinciding with post-merger rate equalizations, a change to CIV will further impact on the anticipated changes to rates levied on individual properties.

While Council considers that a change to CIV would impact on the amount of rates payable by all properties, Council anticipates that changing the valuation methodology for properties categorized Farmland, may result in significant changes to valuations for individual properties based on the level of on-farm infrastructure. Whilst the total rating yield from the Farmland rating category would remain unchanged, significant changes in rates payable for individual properties may occur. The use of CIV may not necessarily reflect their demand for Council services and the benefits that individual properties receive. In addition the change to CIV may discourage ratepayers from undertaking investments.

Council understands that the recommendations of the Draft Report are that Councils should be given the ability to choose either CIV or Unimproved Value (UV). Council, however, notes that contained within the report the valuation methodology for the Emergency Services Property Levy (ESPL) is to be CIV when values become available, with the base date for ESPL and Council valuations to be aligned.

In addition, IPART's Draft Report recommends changing the methodology for calculation of growth in rates revenue over the rate peg limit, which if adopted, would also require Council to capture CIV. Effectively all Councils would need to transition to the use of CIV or they will be forced to pay for land valuations for both valuation methodologies and maintain a valuation register for the two different valuation methodologies for each property, this would be inefficient and impractical. In additional, should CIV be required to be the basis for the Emergency Services Property Levy, and Council elected to use UV as the basis for Ordinary Rates, this would be confusing to ratepayers.

**Draft Recommendation 2:**

Section 497 of the *Local Government Act* 1993 (NSW) should be amended to remove minimum amounts from the structure of a rate, and section 548 of the Local *Government Act* 1993 (NSW) should be removed.

Base rates and minimum amounts should remain in the Local Government Act. Regional NSW has different issues to metropolitan councils and has subcategories which contain properties with substantial differences in land valuations. Should minimum rates be abolished some properties would not make a suitable contribution and other properties would pay substantially higher rates. The limit on revenue that can be raised for a rate category or sub category from the base amount, being not more than 50 per cent, can result in properties with very low land valuations not making a contribution reflective of the level of service provided.

## 4. Allow councils' general income to grow as the communities they serve grow

**Draft Recommendation 3:**

The growth in rates revenue outside the rate peg should be calculated by multiplying a council's general income by the proportional increase in Capital Improved Value from supplementary valuations.

- This formula would be independent of the valuation method chosen by councils for rating.

Council supports a change in the methodology for calculating notional growth outside the rate peg if the adopted methodology would more closely match the growth in costs for councils servicing more properties, especially were growth has resulted from a Strata development.

Council notes that the proposed methodology for calculating growth in rates income due to new development is reliant on Council maintaining CIV, regardless of the chosen rating methodology. This supports Council's comments regarding draft recommendation 2.

**Draft Recommendation 4:**

The *Local Government Act* 1993 (NSW) should be amended to allow councils to levy a new type of special rate for new infrastructure jointly funded with other levels of Government. This special rate should be permitted for services or infrastructure that benefit the community, and funds raised under this special rate should not:

– form part of a council's general income permitted under the rate peg, nor
– require councils to receive regulatory approval from IPART.

Council strongly supports that should a joint infrastructure project with the State or Federal Government be funded through a special rate, the funds raised under this special rate should not form part of council's general income permitted under the rate peg.

**Draft Recommendation 5:**

Section 511 of the *Local Government Act* 1993 (NSW) should be amended to reflect that, where a council does not apply the full percentage increase of the rate peg (or any applicable Special Variation) in a year, within the following 10-year period, the council can set rates in a subsequent year to return it to the original rating trajectory for that subsequent year.

Council agrees with the recommendation to allow councils to return to their long-term rates trajectory within a 10-year period. This amendment to the Act should not replace councils

ability to recover income lost by not setting the maximum permissible income within a two year period, as currently permitted within the Act via catch-up provisions.

## 5. Give councils greater flexibility when setting residential rates

**Draft Recommendation 6:**

The *Local Government Act 1993* (NSW) should be amended to remove the requirement to equalise residential rates by 'centre of population'. Instead, councils should be allowed to determine a residential subcategory, and set a residential rate, for an area by:

– a separate town or village, or
– a community of interest.

Council agrees with the proposed amendments to the Act allowing Council to determine a residential subcategory for a separate town or village, or a community of interest.

Whilst the current Act provides council with the ability to subcategorise residential properties according to a 'centre of population' and Council has Residential subcategories due to their clear geographic separation, the amendment to 'a separate town or village' is clearer terminology.

In addition to the proposed amendments to the categorisation of residential properties, amendments to the Act and the Local Government (General) Regulations should be made regarding the requirement to categorise serviced apartments and time-shares as residential. These properties are operated in direct competition to hotels and motels and should be rated as business.

The review of the Act should also include the rating of Community Lifestyle Retirement Villages that consist of self-contained villas under Leasehold title rated as one rate assessment. The ordinary rates levied on the parcel do not reflect an adequate contribution from the property owner towards the level of services provided by Council within the community to the large number of residents living in fully self-contained villas within these complexes.

**Draft Recommendation 7:**

An area should be considered to have a different 'community of interest' where it is within a contiguous urban development, and it has different access to, demand for, or costs of providing council services or infrastructure relative to other areas in that development.

Council supports the amendment to the Act to enable the subcategorization of residential properties according a community of interest, noting that this would allow Councils to set a different ad valorem rate for a 'community of interest' within a contiguous urban

development where there are differences in access, cost, or demand for Council services across suburbs.

**Draft Recommendation 8:**

The *Local Government Act 1993* (NSW) should be amended so, where a council uses different residential rates within a contiguous urban development, it should be required to:

– ensure the highest rate structure is no more than 1.5 times the lowest rate structure across all residential subcategories (i.e., so the maximum difference for ad valorem rates and base amounts is 50%), or obtain approval from IPART to exceed this maximum difference as part of the Special Variation process, and

– publish the different rates (along with the reasons for the different rates) on its website and in the rates notice received by ratepayers.

Where a Council determines that an area within a contiguous urban development has a different community of interest with differences in access, cost or demand for local services or infrastructure, Council should be able to adopt a rating structure that the community determines appropriate though the normal process of community consultation through the Integrated Planning and Reporting Process, without the requirement to obtain approval from IPART.

Council supports the proposal for the requirement to publish the different rates on its website (as currently required) including additional information regarding the reasons for the different rates.

Council does not support the proposal for the requirement to publish the different rates (along with the reasons for the different rates) in the rate notice received by ratepayers as there is already an extensive list of requirements that must be contained in the annual rate notice. As such this proposal would create confusion to ratepayers. As an alternative, the rate notice could refer ratepayers to council's website for extensive details regarding the rating structure.

**Draft Recommendation 9:**

At the end of the 4-year rate path freeze, new councils should determine whether any pre-merger areas are separate towns or villages, or different communities of interest.

– In the event that a new council determines they are separate towns or villages, or different communities of interest, it should be able to continue the existing rates or set different rates for these pre-merger areas, subject to metropolitan councils seeking IPART approval if they exceed the 50% maximum differential. It could also choose to equalise rates across the pre-merger areas, using the gradual equalisation process outlined below.

– In the event that a new council determines they are not separate towns or villages, or different communities of interest, or it chooses to equalise rates, it should undertake a gradual equalisation of residential rates. The amount of rates a resident is liable to pay to the council should increase by no more than 10 percentage points above the rate peg (as adjusted for permitted Special Variations) each year as a result of this equalisation. The *Local Government Act 1993* (NSW) should be amended to facilitate this gradual equalisation.

Dubbo Regional Council being a newly merged Council is subject to the 4-year rate path freeze. Council believes that merged Councils should be allowed to begin determining a new rating structure, including rate equalisation where required sooner. Council's adopted rating structure includes several residential subcategories which are for residential areas with a clear 'centre of population' as per the requirements of the current Act. Council agrees that at the end of the 4-year rate path freeze it should be able to continue the existing rates, or set different rates where Council considers there are separate towns, villages or communities of interest.

Council believes that the Draft Recommendations are too restrictive and merged Councils should have ability to determine an equitable rating structure through community consultation. Restricting the amount an individual residential rate assessment increases to 10 percentage points above the rate peg does not allow Councils to effectively equalise rates. In addition, restricting rate increases for individual residential assessments would be prohibitive to merged Councils transitioning to CIV should they choose, as the use of CIV will result in changes to rates payable by individual assessments.

## 6. Better target rate exemption eligibility

**Draft Recommendation 10:**

Sections 555 and 556 of the *Local Government Act 1993* NSW should be amended to:
– exempt land on the basis of use rather than ownership, and to directly link the exemption to the use of the land, and
– ensure land used for residential and commercial purposes is rateable unless explicitly exempted.

Council strongly supports the Draft Recommendations for the amendment of Sections 555 & 556 of the Act for exemption to be based on land use rather than land ownership.

The increasing transfer of social housing properties from the Department of Housing (rateable) to Public Benevolent Institutions claiming exemption has resulted in ratepayers subsidising the cost of providing council services to an increasing number of residential properties. These properties are leased to individuals and families for independent living and receive the full benefit of Council services. These properties should remain rateable despite being held under, or vesting in the ownership of a Public Benevolent Institution.

Consideration should be given to the continued exemption for residential properties that are owned by Public Benevolent Institutions where the properties are used for the provision of care of residents who are unable to live independently, e.g. aged care and disability group homes.

**Draft Recommendation 11:**

The following exemptions should be retained in the *Local Government Act 1993* (NSW):
– section 555(e) Land used by a religious body occupied for that purpose
– section 555(g) Land vested in the NSW Aboriginal Land Council
– section 556(o) Land that is vested in the mines rescue company, and
– section 556(q) Land that is leased to the Crown for the purpose of cattle dipping.

In relation to exemptions under section 555(g) land vested in the NSW Aboriginal Land Council, council notes that Part 2 Clause 4(2)(a) of the *Aboriginal Land Rights Regulation 2014* contains the stipulation that in order for the land to be exempt from rates under the Local Government Act the land cannot be used for commercial or residential purposes.

Should the exemption under section 555(g) remain it should be stipulated within the Local Government Act that the land cannot be used for commercial or residential purposes.

**Draft Recommendation 12:**

Section 556(i) of the *Local Government Act 1993* (NSW) should be amended to include land owned by a private hospital and used for that purpose.

Council disagrees with the Draft Recommendation, private hospitals are not comparable to public hospitals. Private Hospitals are commercial enterprises operated for the profit of shareholders.

**Draft Recommendation 13:**

The following exemptions should be removed:
– land that is vested in, owned by, or within a special or controlled area for, the Hunter Water Corporation, Water NSW or the Sydney Water Corporation (*Local Government Act 1993* (NSW) section 555(c) and section 555(d))
– land that is below the high water mark and is used for the cultivation of oysters (*Local Government Act 1993* (NSW) section 555(h))
– land that is held under a lease from the Crown for private purposes and is the subject of a mineral claim (*Local Government Act 1993* (NSW) section 556(g)), and
– land that is managed by the Teacher Housing Authority and on which a house is erected (*Local Government Act 1993* (NSW) section 556(p)).

Council supports the Draft Recommendation.

**Draft Recommendation 14:**

The following exemptions should not be funded by local councils and hence should be removed from the Local Government Act and Regulation

– land that is vested in the Sydney Cricket and Sports Ground Trust (*Local Government Act 1993* (NSW) section 556(m))
– land that is leased by the Royal Agricultural Society in the Homebush Bay area (*Local Government (General) Regulation 2005* reg 123(a))
– land that is occupied by the Museum of Contemporary Art Limited (*Local Government (General) Regulation 2005* reg 123(b)), and 82

– land comprising the site known as Museum of Sydney (*Local Government (General) Regulation 2005*).

The State Government should consider whether to fund these local rates through State taxes.

Not Applicable to Council.

**Draft Recommendation 15:**

Where a portion of land is used for an exempt purpose and the remainder for a non-exempt activity, only the former portion should be exempt, and the remainder should be rateable.

Council supports the Draft Recommendation in principle that where only a portion of the property is used for an exempt activity only that portion of the property should be rateable.

Where a portion of the property is permanently used for an activity that is not exempt, e.g. a building subject to a lease for exclusive use, Council supports the continuance of the current requirement of section 555(5) of the Act, for the portion of the parcel not being exempt from rates to be valued in accordance with section 28A of the *Valuation of Land Act 1916.* This allows for rates and charges for that portion of the property to be separately levied which is often a requirement of the exempt body, given that payment of outgoings often forms a condition of the lease.

Where a property is used for exempt and non-exempt activities, as per the examples provided where buildings are rented for portions of the week or month and also used for exempt purposes (p. 83), Council supports the Draft Recommendation that an exemption should be granted in respect of the portion of space or time devoted to the exempt activities.

Council agrees that the use of proposed bands to determine the % of land that should be rateable based on the % of exempt use would be beneficial to Council in determining the rates to apply to properties with partial exemptions, however, where a substantial commercial use/activity may form the majority of the use of the land the % of land that should be rateable should be greater than 65% as proposed.

**Draft Recommendation 16:**

Where land is used for an exempt purpose only part of the time, a self-assessment process should be used to determine the proportion of rates payable for the non-exempt use.

Council supports the proposed self-assessment process for reduced administrative burden on Councils in determining exemption levels on the basis that Councils are permitted to conduct investigations where determined necessary and review the level of exemption granted if required.

**Draft Recommendation 17:**

A council's maximum general income should not be modified as a result of any changes to exemptions from implementing our recommendations.

As identified within report the increasing levels of properties claiming exemption from rates has resulted in the remainder of ratepayers paying additional rates. Council supports the Draft Recommendations to restrict the number of properties eligible for exemption from rates and understands that Council's maximum general income would not be modified as a result of any changes, as the change in rateability would not be a supplementary valuation.

**Draft Recommendation 18:**

The *Local Government Act 1993* (NSW) should be amended to remove the current exemptions from water and sewerage special charges in section 555 and instead allow councils discretion to exempt these properties from water and sewerage special rates in a similar manner as occurs under section 558(1).

Council supports this recommendation.

**Draft Recommendation 19:**

At the start of each rating period, councils should calculate the increase in rates that are the result of rating exemptions. This information should be published in the council's annual report or otherwise made available to the public.

Council supports the Draft Recommendations to amend sections 555 & 556 of the current Act which would result in a significant reduction to properties eligible to claim exemption from rates.

While Council agrees that publishing the 'cost' of providing exemptions may improve public awareness and increase transparency, the exemptions granted are not at Councils discretion.

Council does not support the Draft Recommendations due to the fact that some exempt properties are not currently valued, e.g. State Forests and Councils are not able to 'calculate the ad valorem rate twice – once with all land being rated and once with the exemptions removed' to determine the rates that would have been payable.

In order to facilitate the proposed Draft Recommendation all exempt properties would require valuing, categorising and subcategorising to determine the rate that would have been levied, should the property not be exempt under the Act.

## 7. Replace the pensioner concession with a rate deferral scheme

**Draft Recommendation 20:**

The current pensioner concession should be replaced with a rate deferral scheme operated by the State 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.

In accordance with section 575 of the current Act pensioner concessions are currently provided to eligible pensioners. Section 575(3) provides that the amount by which a rate or charge is required to be reduced is:

(a) all ordinary rates and charges for domestic waste management services levied on any land for the same year are reduced is not to exceed $250, and
(b) all water supply special rates or charges so levied are reduced is not to exceed $87.50, and
(c) all sewerage special rates or charges so levied are reduced is not to exceed $87.50

The Draft Recommendations for the current pensioner concession to be replaced with a rate deferral scheme operated by the State Government provides limited detail in relation to the administration of the deferral scheme, council requirements and cost impacts. Details have not been provided such as if the deferred rates would become a charge on the land that would be administered by councils, with debts needing to be included by councils on Section 603 Certificates and recovered upon the settlement of properties.

In addition, the Draft Recommendations are for the $250 rebate granted on the ordinary rates and domestic waste management service only. Council understands that IPART have determined that the pensioner concession required to be granted on water and sewerage charges is not within the scope of the report.

Should the Act be amended to replace the pensioner concession with a rate deferral scheme it should be inclusive of the total pensioner concession of $425 required to be granted under section 575 of the Act.

Council agrees with IPARTs findings that 'the impact of the pensioner concession is prominent in regional areas with a high – and rising – proportion of pensioners' with Councils funding 45% of pensioner concessions. A rate deferral scheme would remove the cost burden of the concession from ratepayers and local councils.

A rate deferral scheme, allowing pensioners to defer a portion of their rates up to the amount of the current concession, whilst attracting interest, plus an administrative fee, until their property is sold is not a concession, it is a liability on the property. Council is of the view that a number of eligible pensioners would choose not to encumber their property for the amount previously granted as a concession, which may adversely affect them financially.

In addition, if the Ordinary rates were deferred, however a rebate was still applicable to the Water and Sewer charges this would create confusion for eligible pensioners and additional administrative processes for councils.

Council supports the option of a pensioner concession fully funded by the State Government as this would reduce the burden on local councils and ensure all eligible pensioners continued to receive a concession on their ordinary rates and applicable charges.

## 8. Provide more rating categories

### Draft Recommendation 21:

Section 493 of the *Local Government Act 1993* (NSW) should be amended to add a new environmental land category and a definition of 'Environmental Land' should be included in the LG Act.

Council supports the introduction of a discretionary Environmental Land category or subcategory which could attract a lower ad valorem rate. Should an Environmental Land category be introduced, the requirement to exempt lands subject to a conservation agreement from rates under section 555(b) of the current Act, with the reduction subject to the % of land subject to a conservation agreement (555(3)) should be removed.

### Draft Recommendation 22:

Sections 493, 519 and 529 of the *Local Government Act 1993* (NSW) should be amended to add a new vacant land category, with subcategories for residential, business, mining and farmland.

Council believes that vacant land subcategories should be introduced within the existing rating categories, as opposed to a new vacant Land Category with subcategories.

Council supports the view that Councils should have the ability to set a higher or lower ad valorem rate for vacant land subcategories depending on their individual circumstances and concurs that it would be an important requirement if councils were to change their valuation methodology to CIV.

**Draft Recommendation 23:**

Section 518 of the *Local Government Act 1993* (NSW) should be amended to reflect that a council may determine by resolution which rating category will act as the residual category.

– The residual category that is determined should not be subject to change for a 5-year period.

– If a council does not determine a residual category, the Business category should act as the default residual rating category.

Council is of the opinion that the current residual category of Business remains appropriate as a residual rating category. Council does not object to the Draft Recommendation that councils should be able to determine by resolution which rating category will act as the residual. Should this be introduced a 4-year period aligned to Council terms would seem more appropriate.

**Draft Recommendation 24:**

Section 529 (2)(d) of the *Local Government Act 1993* (NSW) should be amended to allow business land to be subcategorised as 'industrial' and or 'commercial' in addition to centre of activity.

Council supports this Draft Recommendation with the ability to subcategorise business properties as 'industrial' and 'commercial' providing councils with the opportunity to align the property rating categorisations with that of the Emergency Services Property Levy.

**Draft Recommendation 25:**

Section 529 (2)(a) of the *Local Government Act 1993* (NSW) should be replaced to allow farmland subcategories to be determined based on geographic location.

Council supports this Draft Recommendation as it may assist Council in establishing an equitable farmland rating structure following the end of the 4-year rate path freeze.

**Draft Recommendation 26:**

Any difference in the rate charged by a council to a mining category compared to its average business rate should primarily reflect differences in the council's costs of providing services to the mining properties.

Council does not support this recommendation. Councils should be given the opportunity to determine and set rates according to community expectations in accordance with the Integrated Planning and Reporting process. Councils should continue to have the ability to determine rates that allow for all the impacts of mining on local communities, the additional strain on Council infrastructure and anticipated impacts post mining.

Whilst it may appear by comparing the adopted ad valorem rate applicable to the Mining Category against that of other business categories, that the mining rate is excessive, it needs to be considered that Mining properties may be surrounded by large amounts of land held for environmental buffer requirements, which are subject to conservation agreements effectively making these parcels exempt from rating. In addition mining is depleting an asset and therefore the valuation over the life of the mine will diminish, whilst the demand and impact on Council services remains unchanged. Councils should therefore have the option to set an appropriate ad valorem rate without the recommended restrictions.

## 9. Recovery of council rates

**Draft Recommendation 27:**

Councils should have the option to engage the State Debt Recovery Office to recover outstanding council rates and charges.

Council supports the recommendation that Councils should have the option to engage the State Debt Recovery Office, however this should not be made mandatory.

**Draft Recommendation 28:**

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.

Council supports this recommendation.

**Draft Recommendation 29:**

All councils should adopt an internal review policy, to assist those who are late in paying rates, before commencing legal proceedings to recover unpaid rates.

Council supports this recommendation, noting that Council already conducts an internal review of debts before commencing legal proceedings, attempts to make arrangements to assist rate payers where necessary and issues a Final Reminder Notice and a Letter of Intent requesting ratepayers contact Council to make payment arrangements where required, prior to initiating legal proceedings.

**Draft Recommendation 30:**

The *Local Government Act 1993* (NSW) should be amended or the Office of Local Government should issue guidelines to clarify that councils can offer flexible payment options to ratepayers.

Council supports the recommendation that the Act should be amended to offer more flexible payment options to ratepayers.

**Draft Recommendation 31:**

The *Local Government Act 1993* (NSW) should be amended to allow councils to offer a discount to ratepayers who elect to receive rates notices in electronic formats, e.g., via email.

Council supports the recommendation that the Act should be amended to allow councils to offer discounts to ratepayers who elect to receive electronic notices. The Act needs to be amended to make it clearer that service of rate notices via email or other electronic means such as Digital Mailboxes or Bpay View is the 'service of a notice' under the Local Government Act.

**Draft Recommendation 32:**

The *Local Government Act 1993* (NSW) should be amended to remove section 585 and section 595, so that ratepayers are not permitted to postpone rates as a result of land rezoning, and councils are not required to write-off postponed rates after five years.

Council supports the removal of postponed rates. A concessional valuation should be permitted under the Valuation of Land Act as occurs for properties subject to Heritage Restrictions. Such valuation concessions should be removed where properties are developed or subdivided.

Should sections 585 and 595 be removed from the Act, there should be transitional arrangements for properties currently receiving the benefit of postponed rates where those rates continue to be written off following a period of 5 years from postponement should the use of the property remain unchanged.

## 10.Other draft recommendations

**Draft Recommendation 33:**

The valuation base date for the Emergency Services Property Levy and council rates should be aligned.

– The NSW Government should levy the Emergency Services Property Levy on a Capital Improved Value basis when Capital Improved Value data becomes available state-wide.

Council supports the recommendation that valuation base dates should be aligned for council rates and the Emergency Services Levy. As previously raised within this submission the requirement to levy of the Emergency Services Levy on Capital Improved Valuation Data will effectively result in all councils in NSW transitioning to CIV as it will be inefficient and costly for Councils to continue to rate using the UV methodology, therefore effectively paying for and maintaining two sets of valuation data.

### Draft Recommendation 34:

Councils should be given the choice to directly buy valuation services from private valuers that have been certified by the Valuer General.

Valuation services for NSW should remain under the Valuer General's property valuation services. The benefit of engaging a private valuer is unlikely to cover the administrative costs of undertaking a Tender.