

14 October 2016

Independent Pricing and Regulatory Tribunal
PO Box K35
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**Submission to IPART Draft Report to Local Government
Review of the Local Government Rating System**

The Northern Rivers Regional Organisation of Councils represents the Lismore, Tweed, Kyogle, Richmond Valley, Ballina and Byron Local Government Areas. This submission reflects the broad views of the General Managers of NOROC councils.

NOROC is offering suggestions to improve the rating system in NSW with the aim of enabling councils to have increased flexibility to implement fair and equitable rating structures and to achieve sustainable future funding through rating to meet the service expectations of the community.

Following are comments addressing the recommendations listed within IPART's draft report to Local Government - Review of the Local Government Rating System.

Allow councils to use CIV (Capital Improved Value) as an alternative to UV (Unimproved Value) in setting rates

NOROC **supports** the choice to use CIV or UV in setting rates and the removal of minimums from the structure of a rate.

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

NOROC **supports** the calculation of growth outside the rate peg via the proportional increase in CIV from supplementary valuations.

NOROC **supports** the introduction of a new type of special rate for jointly funded infrastructure projects with other levels of Government that is outside the rate peg providing the community receives direct benefit from the infrastructure.

NOROC **supports** the amendment to section 511 of the Local Government Act 1993 (LGA) to catch up permissible income trajectory in cases where the maximum allowable increase was not applied in previous years.

...2/

Give councils' greater flexibility when setting residential rates

NOROC **supports** the option to subcategorise residential rates for an area by a separate town or village or a community interest. An option to subcategorise based on "property type" would have been an improvement to the recommendation.

Better target rate exemption eligibility

NOROC **supports** the amendment of sections 555 and 556 of the LGA to exempt land based on its use rather than ownership, remove some existing exemptions and to ensure land used for residential or commercial purposes is rateable unless explicitly exempted.

NOROC **supports** the rating of a portion of exempt land that is not used for the exempt purpose.

NOROC **would prefer** that a councils income be allowed to increase as a result of any exemption changes to somewhat compensate for the years the land was exempt. NOROC recognises this may be difficult to assess as individual councils may have taken account of this already.

NOROC **supports** an amendment to abolish exemptions from water and sewer charges and instead allow individual council discretion.

NOROC **supports** the public reporting of increased rates resulting from exemptions however, as councils don't categorise exempt land, guidelines regarding this calculation method should be introduced to ensure consistency across councils.

Replace the pensioner concession with a rate deferral scheme

NOROC **does not support** the rate deferral scheme for the following reasons;

- The pensioner effectively does not receive a financial benefit.
- Pensioner concessions should be funded by the State Government as is the case in other states of Australia.
- Problems recovering an aged deferred debt in excess of 20 years may occur.
- Pensioners may be reluctant to take up the scheme to avoid leaving a debt for their estate to pay.

Provide more rating categories

NOROC **supports** the recommendations to provide more rating categories (environmental and vacant land) as well as greater flexibility in determining some subcategories and a default categorisation however, the preference would be to create new subcategories rather than categories to allow councils flexibility.

...3/

Recovery of council rates

NOROC **supports** the recommendations regarding the recovery of council rates including providing councils the option of engaging the State Debt Recovery Office to recover overdue amounts, reducing the period of time to sell land for overdue rates from 5 to 3 years, offering discounts to ratepayers that choose to receive their rate notices electronically and abolishing postponed rates.

Other draft recommendations

NOROC **supports** the alignment of base valuation dates for council rates and the new Emergency Services Property Levy (ESPL).

NOROC **supports** giving councils the option of engaging the Valuer General's Office or a private valuer to supply valuation services.

Following are comments addressing important matters in regard to the review of local government rating not covered within IPART's draft report recommendations.

- Discussion regarding the current **rate pegging** constraint on councils was outside the scope of IPART's review. NOROC supports the abolition of rate pegging legislation.
- If the rate pegging legislation is retained, NOROC would like to see a streamlined **special rate variation (SRV) application process** introduced. NOROC acknowledges that if the recommendation for a rate revenue growth calculation (outside the rate pegging limit) based on CIV is introduced, it may alleviate the need for some councils to apply for a SRV in the future.

Yours faithfully



Ann Lewis
Executive Officer