

30 September 2016

Subject: IPART Review into Rates

Dear Sir/Madam

Thank you for the opportunity to respond to the IPART review into rates. [REDACTED] agrees with the proposed changes as they impact on all Local Government Authorities and have attached a submission which deals with each individual recommendation. We have identified the relative impact of the proposed recommendations on [REDACTED] and believe that overall, the proposed recommendations would not impact negatively on Council based on its current rate profile (attached).

I would also like to offer some general comments for consideration in regards to the [REDACTED] including:

- 1). Recommendation 13: that state government land should be rateable and if not, then separately identified in annual reports.
- 2). Recommendation 26: all land held for mining purposes whether for buffer or not should be rated as mining.

Please do not hesitate to contact me should you require further information and/or clarification as [REDACTED] would be very happy to assist in whatever way we can.

Yours sincerely

RATING SYSTEM: DRAFT RECOMMENDATIONS

1	Councils should be given the ability to choose between Capital Improved Value (CIV) or Unimproved Value (UV) methods as the basis for setting rates. A council's maximum general income should not change as a result of the valuation method they choose.	Neutral impact.
2	Section 497 of LG Act should be amended to remove minimum amounts from the structure of a rate, and section 548 should be removed.	Current rating structure utilises minimum amounts.
3	Growth in rates revenue outside the rate peg should be calculated by multiplying a council's general income by the proportional increase in CIV from supplementary valuations. <i>This formula would be independent of the valuation method chosen by councils for rating.</i>	Positive impact.
4	LG Act 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: <ul style="list-style-type: none"> - Form part of a council's general income permitted under the rate peg, nor - Require councils to receive regulatory approval from IPART. 	Positive impact.
5	Section 511 of LG Act should be amended to reflect that, where a council does not apply the full percentage increase of the rate peg (or any applicable Special Valuation) 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.	Previously, Council has always applied the full percentage increase.
6	LG Act 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: <ul style="list-style-type: none"> - A separate town or village, or - A community of interest. 	Council's village areas fall quite well into current rating categories. This change would not have any significant impact.
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.	No significant impact.
8	The LG Act should be amended so, where a council uses different residential rates within a contiguous urban development, it should be required to: <ul style="list-style-type: none"> - Ensure the highest rate structure is no more than 1.5 times the lowest rate structure across all residential subcategories (ie, 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 - Public the different rates (along with the reasons for the different rates) on its website and in the rates notice received by ratepayers. 	No significant impact.
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. <ul style="list-style-type: none"> - In the event that a new council determines they are separate town 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 	Does not affect ██████ shire in current situation.

	<p>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.</p> <ul style="list-style-type: none"> - In the event that a new council determines they are not separate towns or villages, or different communities of interest, or it choose 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 LG Act should be amended to facilitate this gradual equalisation. 	
10	<p>Sec 555 and 556 of LG Act should be amended to:</p> <ul style="list-style-type: none"> - 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. 	There are few properties in [REDACTED] that are currently deemed exempt based on ownership, that would change to rateable if this amendment goes through.
11	<p>The following exemptions should be retained in the LG Act:</p> <ul style="list-style-type: none"> - Sec 555(e) land used by a religious body occupied for that purposed - Sec 555(g) land vested in the NSW Aboriginal Land Council - Sec 556(o) land that is vested in the mines rescue company, and - Sec 556(q) land that is leased to the Crown for the purpose of cattle dipping. 	No impact.
12	Sec 556(i) of LG Act should be amended to include land owned by a private hospital and used for that purpose.	No change to how hospital land is currently rated in [REDACTED].
13	<p>The following exemptions should be removed:</p> <ul style="list-style-type: none"> - Sec 555(c) & Sec 555(d) 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 - Sec 555(h) land that is below the high water mark and is used for the cultivation of oysters - Sec 555(g) land that is held under a lease from the Crown for private purposes and is the subject of a mineral claim, and - Sec 556(p) land that is managed by the Teacher Housing Authority and on which a house is erected. 	Does not affect any properties in [REDACTED]
14	<p>The following exemptions should not be funded by local councils and hence should be removed from the LG Act and Regulation:</p> <ul style="list-style-type: none"> - Sec 556(m) land vested in the Sydney Cricket and Sports Ground Trust - Reg 123(a) LG (General) Regulation (2005) land that is leased by the Royal Agricultural Society in the Homebush Bay area - Reg 123(b) LG (General) Regulation (2005) land that is occupied by the Museum of Contemporary Art Limited, and - Reg 123(c) LG (General) Regulation (2005) land comprising the site known as Museum of Sydney. 	Does not affect any properties in [REDACTED]
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.	Unlikely any properties in shire would qualify for a part exemption.
16	Where land is used for an exempt purpose only part of the time, a	Unlikely any properties in shire would qualify for a

	self-assessment process should be used to determine the proportion of rates payable for the non-exempt use.	part time exemption.
17	A council's maximum general income should not be modified as a result of any changes to exemptions from implementing our recommendations.	Neutral impact.
18	LG Act should be amended to remove the current exemptions from water and sewerage special charges in Sec 555 and instead allow councils discretion to exempt these properties from water and sewerage special rates in a similar manner as occurs under Sec 558(1).	No significant impact
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.	A list of non-rateable properties is prepared annually as part of Statement of Compliance reporting. The increase in rates that are a result of exemptions could be fairly easily determined using the data in this report.
20	The current pensioner concession should be place with a rate deferral scheme operated by the State Government. <ul style="list-style-type: none"> - Eligible pensioners should be allowed to defer payment of rates up to the amount of the current concession, and any other amounts 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. 	780 assessments are held by pensioners claiming a rebate for 2016/2017. This amounts to \$323,590.61 of which 55% is reimbursed to Council in December each year.
21	Sec 493 of LG Act should be amended to add a new environmental land category and a definition of 'Environmental Land' should be included in the LG Act.	No significant impact
22	Sec 493, 519 & 529 of LG Act should be amended to add a new vacant land category, with subcategories for residential, business, mining and farmland.	Easily determined for residential and business,... What would determine vacant farmland....no residence?
23	Sec 518 of LG act should be amended to reflect that a council may determine by resolution which rating category will act as the residual category: <ul style="list-style-type: none"> - The residential 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. 	Currently the business category acts as the default residual category within Council's rating structure. This would be expected to remain unchanged.
24	Sec 529 (2)(d) of LG Act should be amended to allow business land to be subcategorised to be determined based on geographic location.	No significant impact. Council's current rating structure has 3 business categories: CBD, Industrial & Ordinary (all with same ad valorem rate).
25	Sec 529 (2)(a) of LG Act should be replaced to allow farmland subcategories to be determined based on geographic location.	No significant impact. Council's current rating structure only has one farmland category.
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.	There aren't any properties that fall under the mining category in the [REDACTED]
27	Council's should have the option to engage the State Debt Recovery Office to recover outstanding council rates and charges.	Council currently engages the services of a mercantile agent to assist with debt recovery.
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.	While this would not make a huge difference to the amount received in the long term, given Council is receiving interest on overdue amounts over and above interest that would be earned on the overdue amount if it was invested... the shorter time frame would give Council a tighter reign on

		debt recovery.
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 advocates the ability to discuss payment plans with those facing financial difficulty. Legal proceedings only commence whereby Council has not received contact after sufficient warnings have been given.
30	The LG Act should be amended or the Office of Local Government should issue guidelines to clarify that councils can offer flexible payment options to ratepayers.	Payment arrangements (with flexibility) are already offered to ratepayers.
31	The LG Act should be amended to allow councils to offer a discount to ratepayers who elect to receive rates notices in electronic formats.	Council currently distributes 5.75% of notices via email.
32	The LG Act should be amended to remove Sec 585 & 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.	No postponed rates are currently applied to any property in the [REDACTED] shire.
33	The valuation base date for the Emergency Services Property Levy and council rates should be aligned. <ul style="list-style-type: none"> - 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. 	Neutral impact.
34	Councils should be given the choice to directly buy valuation services from private valuers that have been certified by the Valuer General.	Neutral impact.