



7 October 2016

IPART

Review of Local Government Rating System

PO Box K35

Haymarket Post Shop NSW 1240

Submit Online:

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Dear Sir/Madam

**Port Macquarie-Hastings Council Submission regarding IPART Draft Report in relation to the Review of Local Government Rating System**

Further to the release of the Draft report regarding the Review of the Local Government rating system, we are pleased to have the opportunity to lodge a submission.

Our responses are numbered according to the numbered draft recommendations in the Draft Report.

**1) Allow Councils to use CIV as an alternative to UV in setting rates.**

Port Macquarie-Hastings Council (PMHC) agrees with the proposal to allow Councils to choose between the Capital Improved Value (CIV) or Unimproved Value (UV), however PMHC believes that the method chosen would need to align to the method for Emergency Services Property Levy (ESPL).

**2) Section 497 of the Local Government Act should be amended to remove minimum amounts.**

PMHC support the removal of a minimum rate as it is not considered to align with the taxation principle of being "equitable".

**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 CIV.....**

PMHC supports the proposal to calculate growth in rates using CIV increase; however PMHC believes that the process of applying for a special rate variation should still be streamlined. CIV is not likely to address current shortfalls. PMHC suggests that it is still appropriate to consider alternatives to the SRV process such as:

- A reduced level of detail required for SRVs up to a certain level.

**4) Amendment of the Local Govt Act to allow Councils to levy a new type of special rate for infrastructure jointly funded.**

PMHC supports this proposal.

- 5) **Amendment of the Act to reflect that where a council does not apply for the full percentage increase of the rate peg in a year, within the following 10 year period the council can set rates in the subject year to return it to the original rating trajectory.**  
PMHC supports this proposal.
- 6) **Amendment of the Act to remove the requirement to equalise residential rates by centre of population - move towards separate town or village or a community of interest.**  
PMHC is not opposed to this proposal.
- 7) **An areas 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.**  
PMHC supports this proposal.
- 8) **Amendment of the Act so where a council uses different residential rates within a contiguous urban area the highest rate structure is no more than 1.5 times the lowest and the rates are published.**  
PMHC is not opposed to this proposal.
- 9) **New councils.**  
No comment.
- 10) **Amendment of Act to exempt land based on use rather than ownership, and ensure land for residential and commercial purposes is rateable unless explicitly exempted.**  
PMHC strongly supports this proposal as the current methodology is unequitable.
- 11) **Exemptions to be retained - religious body, NSW Aboriginal Land Council, vested in mines rescue company and leased for the purpose of cattle dipping.**  
PMHC does not object to these.
- 12) **S 556 of the LGA should be amended to include land owned by a private hospital and used for that purpose.**  
PMHC does not support a private hospital being exempt, on the basis that not all ratepayers would utilise the service due to cost, and it does not provide emergency service.
- 13) **Removal of exemptions**  
PMHC has no objection to these.
- 14) **Exemptions which should not be funded by local councils.**  
PMHC has no objection to these, and supports the funding by State Government.
- 15) **Portion of land to be non exempt.**  
PMHC supports this proposal.



**16) Part time use for exempt purposes.**

PMHC supports this.

**17) Maximum general income should not be modified as a result of any changes to exemptions.**

PMHC supports this proposal.

**18) Amendment of the Local Govt Act to remove the exemptions from water and sewerage special charges**

PMHC supports this proposal.

**19) Calculation of increase in rates that are the result of the rating exemptions - and publish of this in the annual report.**

PMHC does not oppose it.

**20) Replace the current pensioner concession with a rate deferral scheme operated by the State Government.**

PMHC supports an ongoing assistance scheme to all pensioners, and agrees that this should be State funded as it is a welfare measure and should not be funded by individual Councils. However, PMHC has some concerns with how this would operate. For example how these overdue amounts would be classified for measures such as outstanding rates.

**21) Provide more rating categories - Environmental Land.  
and**

**22) Provide more rating categories - Vacant Land**

PMHC supports these recommendations.

**23) Council may determine by resolution which rating category will act as the residual category.**

PMHC supports this recommendation, subject to a change in use allowing a redetermination of the use of land to be made.

**24) Amendment to allow business land to be subcategorised as industrial or commercial.**

PMHC would support this so long as it is consistent with any potential changes for Emergency Services Levy.

**25) Allow farmland subcategories to be determined based on geographic locations.**

PMHC does not oppose this recommendation.

**26) Mining category rating differentials should reflect differences in cost of providing services.**

PMHC does not have a view on this.

**27) Recovery - option to engage State Debt Recovery Office to recover outstanding rates and charges.**

PMHC understand that this may be of benefit to some Councils, however our own experience shows that the personal touch has been extremely important to us, and consequently the ability to choose the most appropriate service provider is critical.

**28) Recovery - streamline of process to recover outstanding rates by reducing the time before a property can be sold to recover rates from five to three years.**

PMHC strongly supports this recommendation.

**29) Recovery - an internal review policy to assist those who are late in paying rates before commencing legal proceedings**

PMHC support the need for internal policies, however is of the view that Councils should have flexibility regarding the content and approach.

**30) Recovery - OLG to issues guidelines to clarify that councils can offer flexible payment options to ratepayers.**

PMHC supports this recommendation.

**31) Recovery - Act amended to allow councils to offer a discount to ratepayers who elect to receive rates notices in electronic formats.**

PMHC is not opposed to this recommendation so long as Councils are given the choice.

**32) Recovery - Act amended to prevent ratepayers from postponing rates as a result of land zoning, and councils are not required to write off postponed rates after five years.**

PMHC strongly supports this recommendation.

**33) Alignment of the valuation base date for Emergency Services Property Levy (ESPL), and ESPL should be levied on capital improved value.**

PMHC is of the view that Councils should be entitled to align the valuation method used for rates, with the method used for ESL. It is noted that recommendation 1 suggests that Councils should have a choice regarding the method of valuation chosen for rates. This being the case, Councils should also have a choice regarding the method to be adopted for ESPL. Without such a choice, a Council using unimproved value for rates would be faced with additional costs to comply with a mandated capital improved value methodology for ESPL.

**34) Choice to buy valuation services from private valuers.**

PMHC does not oppose this so long as suitable monitoring methods are in place.

Trusting the above is to your satisfaction. Should you require any further information, please do not hesitate to contact Robyn Wilson, Chief Financial Officer on (02) 6581 8111 or by email at [REDACTED]

Yours sincerely

[REDACTED]  
Craig Swift-McNair  
General Manager