

THE HILLS SHIRE COUNCIL

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ABN No. 25 034 494 656

13 October 2016

Review of Local Government Rating System
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Dear Sir

**COUNCIL'S COMMENT ON IPART'S REVIEW OF LOCAL GOVERNMENT'S RATING
SYSTEM – Draft Report August 2016**

Council at its meeting of 11 October 2016 considered a report on the above matter and resolved as follows:

"The General Manager make a submission on the IPART draft recommendations for the review of the rating system as outlined in this report with the exception that the Hills Shire Council does not agree with the proposal to replace the pensioner's commission with a rate deferral scheme".

Council did not support Recommendations 4 and 20 as highlighted in red in the attached report.

Should you require further information please contact Sarah Bowe [REDACTED]
Yours faithfully

[REDACTED]
Chandi Saba
CHIEF FINANCIAL OFFICER

Attach:

1. Council Report – 11 October 2016
2. Council Resolution – 11 October 2016

**MINUTES of the duly convened Ordinary Meeting of The Hills Shire Council held
in the Council Chambers on 11 October 2016**

ITEM-5

**COUNCIL'S COMMENT ON IPART'S REVIEW OF
LOCAL GOVERNMENT'S RATING SYSTEM**

A MOTION WAS MOVED BY COUNCILLOR DR LOWE AND SECONDED BY COUNCILLOR HAY OAM THAT The General Manager make a submission on the IPART draft recommendations for the review of the rating system as outlined in this report with the exception that the Hills Shire Council does not agree with the proposal to replace the pensioner's concession with a rate deferral scheme.

THE MOTION WAS PUT AND CARRIED.

543 RESOLUTION

The General Manager make a submission on the IPART draft recommendations for the review of the rating system as outlined in this report with the exception that the Hills Shire Council does not agree with the proposal to replace the pensioner's concession with a rate deferral scheme.

Councillors Hay OAM and Harty OAM rose for a Division. The result of the Division was as follows:

VOTING FOR THE MOTION

Clr Keane
Clr Preston
Clr Thomas
Clr Dr Gangemi
Clr Hay OAM
Clr Harty OAM
Clr Tracey
Clr Taylor MP
Clr Dr M R Byrne
Clr Dr Lowe

VOTING AGAINST THE MOTION

Clr A N Haselden

ITEM-5	COUNCIL'S COMMENT ON IPART'S REVIEW OF LOCAL GOVERNMENT'S RATING SYSTEM
THEME:	Proactive Leadership
OUTCOME:	2 Prudent management of financial resources, assets and people to deliver the community outcomes
STRATEGY:	2.2 Maintain a strong financial position that supports the delivery of services and strategies and ensures long term financial sustainability.
MEETING DATE:	1 OCTOBER 2016 COUNCIL MEETING
GROUP:	GENERAL MANAGER
AUTHOR:	ACTING RATES TEAM LEADER SARAH BOWE MANAGER FINANCE MICHAEL SPENCE
RESPONSIBLE OFFICER:	CHIEF FINANCIAL OFFICER CHANDI SABA

EXECUTIVE SUMMARY

Purpose of this report is to make a written submission in response to the Draft Recommendations relating to the review of the Local Government Rating System. All responses are due by 14 October 2016. Final Report is expected in December 2016.

As reported at the Council meeting on 10th May 2016 the independent Pricing and Regulatory Tribunal (IPART) has conducted a review of the local government rating system in NSW. In May 2016 IPART sought responses from stakeholders in relation to the Issues Paper. The Hills Shire Council provided a submission to IPART after approval at Council Meeting 10 May 2016.

The 34 Draft Recommendations are the result of the stakeholder submissions to the Issue Paper. They are summarised under the following 8 categories;

- a) Allowing councils to use CIV as an alternative to UV in setting rates
- b) Allowing councils' general income to grow as the communities they serve grow
- c) Giving councils greater flexibility when setting residential rates
- d) Better targeting rate exemption eligibility
- e) Replacing the pensioner concession with a rate deferral scheme
- f) Providing more rating categories
- g) Recovery of council rates
- h) Other draft recommendations

It is proposed in this report that The Hills Shire Council supports these recommendations with the exception of Recommendation No 4.

Recommendation NO 4 - It is proposed to object this, as it is attempting to levy special rates on the general population of the local government area as a means of funding other levels of Government costs.

REPORT

Current Rating System

Currently under the Local Government Act 1993, a rate may consist of:

- An ad valorem amount (which may be subject to a minimum amount), or
- a base amount with an ad valorem amount.

An ad valorem amount is a variable charge set as a proportion of the unimproved land value (UV) of the rateable property.

A minimum amount is a flat charge applied instead of the ad valorem amount, when the minimum exceeds the ad valorem amount.

A base amount, where applied, is a fixed charge that is levied equally against all rateable properties within a given rate category, or subcategory of land use.

The Local Government Act sets out a process that regulates the amount by which Councils increase their general income, the main component of which is rates revenue from ordinary and special rates. Each year IPART determines the maximum percentage by which a council may increase its general income in the coming year, known as the rate peg.

The major issues for Hills residents are:

- The rapid expansion and future expansion in the population of The Hills Shire Council and the requirement to provide income that matches that growth.
- The increase in multi-unit properties and the level of services utilised by these properties needs to match the rates revenue.
- The need to fund the gap between developer contributions and cost of development.

Proposed New Rating System

The aim is to develop recommendations to improve the efficiency and equity of the rating system to give councils the ability to implement sustainable fiscal policies over the longer term. The draft proposals are not designed to increase the overall rates collected by Councils.

The Draft Recommendations explore using a Capital Improved value (CIV) of the rateable property when calculating the ad valorem as opposed to the unimproved land value (UV) of the rateable property currently stated in the Local government Act.

Comments on IPART's 34 Draft Recommendations

A. Allowing councils to use CIV as an alternative to UV in setting rates

- 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 agrees with this draft recommendation.

- CIV is a more equitable, sustainable and efficient method of raising revenue in multi-unit properties. The Hills currently has a large number of such properties, both residential and commercial with more planned for the future.
- Rate charges based on CIV will be more in line with the cost of rate payer benefits and the cost of providing council services.
- CIV has a broader tax base (i.e., capital and land value), it is generally better understood than UV and would be more consistent with international best practice.
- Council can choose the rating categories where CIV will be applied therefore taking local conditions into account to provide better economic outcomes.
- Council has 4 years to implement CIV

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.

- No impact for The Hills Shire Council, we had not used minimums in their rate calculations for at least 8 years, preferring instead to use a base rate with an ad valorem amount added.

B. Allowing councils' general income to grow as the communities they serve grow.

1. 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.**
- As a major growth council, this draft recommendation will be a significant benefit to the Hills Shire Council in the future.
- The current rating system prevents the revenues for areas of growth and urban renewal from increasing, to meet the increased costs for delivering services to those areas. This is a disincentive for council to pursue growth and urban renewal and/or an incentive to decrease services, unless council applies for a Special Variation.
- Although Council agree with this recommendation and it addresses issues in the future it does not take into consideration the inadequate increase in income so far for new developments that had occurred in the last 10 years as a result of the current rate peg.
- This draft recommendation is intended to reduce the need for councils to apply for Special Variations when experiencing population growth.

2. 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.**

If the intention of the 'Special Rate' is to cover future Grant funding for various infrastructure projects, or to cover the 'Contribution Gap' funding shortfalls which is a result of the State Government's cap on development contributions, the Council does not agree with this draft recommendation

Developer Contributions

These are capped at \$30,000 per lot, and any shortfall between this amount and the rate established under a Contributions Plan is currently funded by the State Government.

To levy a Special Rate on the general population in the Shire as a means of funding a 'contribution gap' shortfall would be contrary to the underlying 'user-pays' principle of Section 94 Contributions Planning. Under this principle, the full cost of new local infrastructure should be borne by the developers and/or the population which generate the demand for that particular infrastructure and not by the broader population base within the Shire.

While Council's are limited in their ability to collect adequate contributions from the relevant developers (as a result of the cap), it is critical that the State Government continues to fund the 'contribution gap' and not pass this burden onto an unrelated population in the area. Alternatively, the funding burden on State Government could be reduced by either increasing or indexing the Cap amount, which has been retained at \$30,000 since 2012 without any adjustments or increases. Another option is to remove the cap altogether and allow the new development to fund the actual cost of providing the necessary infrastructure.

It is noted that the cap was originally intended to reduce the cost of land prices and promote the delivery of new housing and housing affordability. However, in the current market with rapidly increasing land values and home sale prices, the cap is essentially limiting costs for Developers resulting in increased profits which are indirectly being funded by the State Government in the form of 'contribution gap' funding.

Grant Funding

On certain infrastructure projects, Councils have been receiving Grant funds to supplement Council funds.

The assessment of all Federal and State Grants that are currently available for Local Government should be carried out and it must be independent of whether a Special Rate or Levy exists in a select area, or over the entire Local Government area.

The assessment criteria for all Grant funded projects irrespective of whether those projects are planning schemes or infrastructure items should not include disclosure on alternative sources of funds from Local Government. The projects must qualify on their own merits.

If this burden is also placed on local residents, there will be large increases to local residents.

Special Rates Levy

Even a 10% special variation in Rates to each and every rate payer in the Hills Shire will result in the collection only \$6.3m in any given year.

Funding liabilities that the Hills Shire currently has on three Contribution Plans alone (Balmoral Road, North Kellyville and Box Hill) total in excess of \$ 333m. For eg. to recover such expenditure with a Special Rate variation will require a 26% increase in the first year, and the funds collected from this special levy needs to be put aside for 20 years. Furthermore, the changes in ESPL will also result in collecting increased Rates from local residents which cannot be quantified as no information is available.

This recommendation is aimed at 'shifting costs' to Local Councils to fund other levels of Government expenditure.

The Hills Shire Council will not support this recommendation.

- 3. 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 this draft recommendation.

- This will allow the rating base to be built up to the appropriate levels even at a future date.

C. Give councils greater flexibility when setting residential rates

- 1. 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 this draft recommendation

- Under current legislation it is difficult to set different centres of population because the requirements of the Act are unclear.
- The Hills Shire Council is currently treated as a single contiguous urban development because all areas are serviced by the same infrastructure and have the same community of interest.

- Together draft recommendations 7, 8 & 9 will allow larger, contiguous councils more flexibility in choice of residential subcategory and to tailor their rates to meet local community needs.
2. **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 agrees with this draft recommendation.

- The Hills Shire Council has a mix of established suburbs and growth suburbs. Growth suburbs often have a younger demographic and fewer facilities and council may provide them with different services and infrastructure compared to established areas. Setting the same rate for both suburbs will result in the established suburb paying for the services and infrastructure provided to the growth suburb.
3. **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.**

Council agrees with this draft recommendation.

- This draft recommendation will give protection to the community, apply consistency throughout NSW and increase the transparency of the rating system to rate payers.
4. **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.**

This recommendation is currently not applicable to The Hills Shire Council.

D. Better target rate exemption eligibility

1. **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 agrees with this draft recommendation.

- This draft recommendation will help to prevent land mainly used to deliver private benefits from being exempt from rates. Exemptions should be granted on efficiency and equity grounds where the activity provides substantial public benefits. For example a school or hospital generate public benefits but requiring them to pay rates could lead to a reduction in the quality of service they provide to the community.
- The current method of basing exemptions on ownership has led to some inequitable outcomes. For example exemptions to commercial logging in State Forests which generates private benefits; and rating privately owned retirement villages differently to ones owned by Public Benevolent Institutions.
- Land use for commercial activities should be rateable because the commercial activity creates a private benefit, this is the ability to pay. It also creates a cost to council which needs to be funded.
- The biggest impact of the draft recommendation for The Hills Shire Council will be retirement villages and social housing owned by PBI's becoming rateable.

2. 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.**

Council agrees with this draft recommendation.

3. 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 agrees with this draft recommendation.

- Current rating legislation excludes only public hospitals from rates.
- This draft recommendation is based on the fact that the private hospitals are serving the same community. Their activities are comparable to public hospitals and as such should be treated the same for rating purposes

4. 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 agrees with this draft recommendation.

- These are mostly used for commercial purposes with no real benefit for the community.

5. 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 reg 123(c)*).
- The State Government should consider whether to fund these local rates through State taxes.

Council agrees with this draft recommendation.

- Councils and rate payers should not have to fund these activities.
- These institutions are primarily commercial and the public benefits are for the wider community.
- The Hills Shire Council is not affected by this recommendation.

6. 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 agrees with this draft recommendation.

- This method is more equitable to council and the rate payer providing a better result for the community.

7. 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 agrees with this draft recommendation, but would like clear guidelines stating what is and is not acceptable for self-assessment.

- Transparency and clear guidelines required to allow self-assessment to be successful.

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

Council agrees with this draft recommendation.

9. **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 agrees with this draft recommendation.

- This draft recommendation is not applicable to The Hills Shire Council but increases autonomy regarding water and sewerage special charges.

10. **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 agrees with this draft recommendation.

- This improves transparency to the community

E. Replace the pensioner concession with a rate deferral scheme

1. **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.**

Council agrees with the general principle of rate deferral scheme but requires more detail about how the scheme would operate.

- Eligible pensioners currently receive a 50% discount on their rate up to \$250 p.a. and 55% of this cost to council is reimbursed by the State Government. Other rate payers are paying higher rates to fund a state policy that is not consistent with other Australian States.
- The impact of the current scheme is also felt more in councils with a higher percentage of retirees.
- A rate deferral scheme allows the pensioners the choice to defer a portion of their rates until the property is sold.
- Questions currently unanswered by the draft recommendation or supporting documents:
 - Is the value of the deferred rates held on councils balance sheet?
 - Do Council or the State recover deferred rates on the sale of the property?
 - Is repayment of the deferred amount repayable if the owner leaves the property?
 - Some rate payers become pensioners for a period of time before reverting to back to being rate payers. Do deferred rates in these cases become immediately payable and whose responsibility is it to collect the funds?

The Hills Shire Council did not support this recommendation.

F. Provide more rating categories

- 1. 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. 99**

Council agrees with this draft recommendation.

- Land that cannot be developed due to geographic or regulatory restrictions will generally have lower costs than similar inhabited land of a similar value but must be categorised for rating purposes under one of the four existing categories; residential, business, farmland and mining.
- The new Environmental category will allow councils to levy lower rates reflect the lower associated costs.

- 2. 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 agrees with this draft recommendation.

- Currently an empty block of land in a residential area will be charged the same rate as other houses in the area and the same reasoning would apply to an empty block of commercial land in a commercial area.
- The new vacant land category allows councils to levy rates to reflect the different costs that arise from different land uses and encourage urban renewal and growth.
- Council will have more flexibility to tailor rates to the needs of the community. For example setting a higher rate for vacant land in a highly populated area to encourage the owners to develop the land. Alternatively Council could set a lower rate on rural vacant land to recognise the lower demand for services.
- Where a higher rate is applied to vacant land, guidelines should be introduced to protect the rate payer from excessive rates.

- 3. 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 agrees with this draft recommendation.

- Under the current rules land that cannot be categorised as farmland or residential or mining must be categorised as business.
- The draft recommendation allows council increased flexibility to choose the residual category or to use business as the default category.

- 4. 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 agrees with this draft recommendation.

- The current rating system only allows councils to subcategorise business land by centre of activity, therefore a single business rate per centre is applied which ignores the diversity of the business within the centre.
- The draft recommendation proposes subcategories for business land as commercial or industrial in addition to the centre of activity.
- Sub categorisation of businesses into commercial and industrial uses is consistent with the proposed treatment under the new Emergency Services Property Levy due to commence 1/7/17.
- Industrial properties could be defined based on Local Environment Plan zonings with all other businesses outside the industrial definition being defined as commercial property.

- 5. 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 agrees with this draft recommendation.

- Current legislation allows sub categorisation of farm land based on 'intensity of land use', 'the irrigability of the land' and 'economic factors affecting the land'. These are highly subjective criteria which are difficult for councils to assess.
- The draft recommendation allows geographic location for sub categorisation which appears more equitable. By using geographical markers and infrastructure as physical boundaries councils can define geographic location to reflect land productivity and hence wealth generation.

- 6. 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 agrees with this draft recommendation.

- The NSW Mineral Council has stated that mines are generally self-sufficient and that councils are charging excessive rates on mining properties.
- Under the draft recommendation a mining rate set above the business rate must be justified by the extra cost in councils services to the mine.

G. Recovery of council rates

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

Council agrees with this draft recommendation.

- The option to use the State Debt Recovery Office is acceptable but may not be taken up by the Hills Shire Council who already has experienced the service provided for non rates debts. Council believes it can provide a more efficient

and effective service to recover outstanding rates using its current debt recovery procedures.

- 2. 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 agrees with this draft recommendation.

- Reducing the time period to three years bring NSW into line with the majority of other states and simplifies the rating system as well as being likely to reduce the costs and delays of debt recovery.

- 3. 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 agrees with this draft recommendation.

- Throughout NSW the value of overdue rates is increasing and councils' court orders for overdue rates are creating a major burden on the Local Court system
- An internal review policy for overdue rates should clearly specify the methods Council will pursue to recover outstanding amounts prior to commencing legal action

- 4. 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 agrees with this draft recommendation.

- The Hills Shire Council is quoted in the report as being the only council in the stakeholder submission that already offers a variety of flexible payment plans and payment options.

- 5. 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 agrees with this draft recommendation.

- Current legislation only allow councils to issue paper notices to ratepayers unless the rate payer has specified otherwise in writing.
- This draft recommendation would encourage rate payers to supply their electronic addresses and improve communication speeds between the council and the rate payer, which is particularly useful if rate payments are late and more cost effective with regard to the rising cost of postage.

- 6. 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 agrees with this draft recommendation.

- The administration of rate postponements is complex and can cost councils more than the postponed rates.
- Allowing rates to be postponed and then written off if the land is not developed does not promote growth and urban renewal.

H. Other draft recommendations

1. The valuation base date for the Emergency Services Property Levy (ESPL) 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 agrees with this draft recommendation.

- Aligning the valuation base for the ESPL to the CIV makes the ESPL more easily understood by rate payers, simpler because only one base is used and the cost of fire and emergency services relates more closely to the protection of capital on the property rather than the property itself. It also brings NSW into line with existing ESPL schemes in other states.

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

Council agrees with this draft recommendation.

- However clear rules are in place to protect councils in the cost of obtaining CIV valuations, and the administration and consistency of Valuer General certified valuers.

CONCLUSION

Submissions are required to be submitted by 14 Oct 2016. A submission will be made on the day following the meeting that encapsulates the general view of the Council.

IMPACTS

Financial

This matter has no direct financial impact upon Council's adopted budget or forward estimates.

The Hills Future - Community Strategic Plan

The adoption of a new Rating System should result in a stronger and better Local Government Industry.

RECOMMENDATION

The General Manager make a submission on the IPART draft recommendations for the review of the rating system as outlined in this report incorporating any matters raised at this meeting.

ATTACHMENTS

1. Review of the Local Government Rating System (160 pages)