

Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240

Our Ref:
File:
Date:

Z16/231576
FI-914.25.005
11 October 2016

Dear Sir/Madam

REVIEW OF THE LOCAL GOVERNMENT RATING SYSTEM

Please find attached Wollongong City Council's submission on the Review of the Local Government Rating System.

Please contact Council's Rates Manager, Tracey Walker, on [REDACTED] should you require further information.

Yours faithfully

[REDACTED]
David Farmer
General Manager
Wollongong City Council
Telephone (02) 4227 7111

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

INTRODUCTION

Wollongong City Council ("Council") notes that, in undertaking its work, the Independent Pricing and Regulatory Tribunal ("IPART") was required to ensure that:

- the current rating system and recommend reforms that aim to enhance councils' ability to implement sustainable and equitable fiscal policy, and
- recommend a legislative or regulatory approach to achieve the Government's policy that there will "be no change to the existing rate paths for newly merged councils for four years".

This submission from Council responds to a number of recommendations in the paper. Set out below are Council's comments as they pertain to relevant proposal headings identified in the draft report, as well as other matters we believe should be considered by IPART during this process.

ALLOW COUNCILS TO USE CAPITAL IMPROVED VALUE (CIV) AS AN ALTERNATIVE TO UNIMPROVED VALUE (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.**

Wollongong City Council supports the recommendation that provides councils with the flexibility of choosing either of the two valuation methods proposed, being unimproved land value (UV) and capital improved value (CIV). Council's basic premise is that councils should be afforded a flexible range of options that allow it to develop a Revenue Policy, based on sound taxation principles and their application that best suits its local circumstances in consultation with its community. It is argued that the variations experienced within and across council areas are difficult to contain within a narrow set of policy options. Valuation based rates are linked to the "capacity to pay" principle and Council agrees in some circumstances that CIV better reflects current capacity.

While the desire to apply CIV is generally linked to the so called 'apartment problem' it also has potential application in other areas within the Wollongong Council LGA. An example of this would be in Wollongong's north and coastal areas where current UV land valuations are relatively high but a long term ratepayer may not have the disposable income to meet rates requirements *[A residential property at Wombarra that had a land value of \$325,000 in 1998, is currently valued at \$1,920,000. This property seems to have been a family home for quite some time and is currently in the ownership of two pensioners with an ordinary residential rate of \$6,305.47 before pensioner concession rebates. This compares to an average annual rate of \$1,145. Another residential property at Scarborough with a UV of \$194,000 (at the base date of 1 July 2013) was recently purchased for \$735,000 and has an ordinary residential rate of \$1,236].*

It could also be argued that the ratepayer does not understand the UV concept as it is not in line with the price they paid to purchase the property or the current value they may expect for their property.

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

As the Valuer General has disclosed, the process to obtain CIV information and create a reliable database will take time and will require significant investment. It is considered that this process should commence at the earliest opportunity although there needs to be a clear analysis of the broader applications and benefits of a broad based CIV database and the potential revenue and intangibles derived from investment. Wollongong considers that analysis needs to be made transparent through a consultative process with clear consideration of how the costs of developing and maintaining CIV information should be shared amongst the potential users of the data.

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.

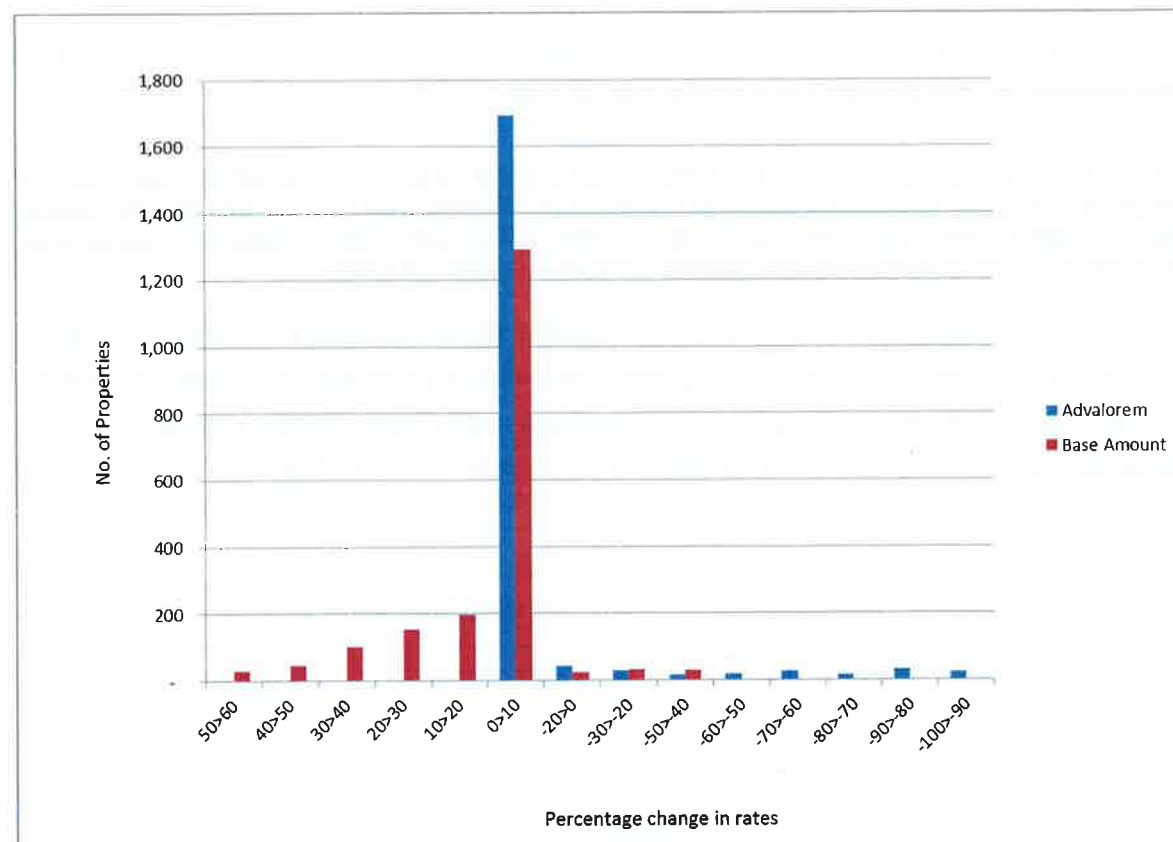
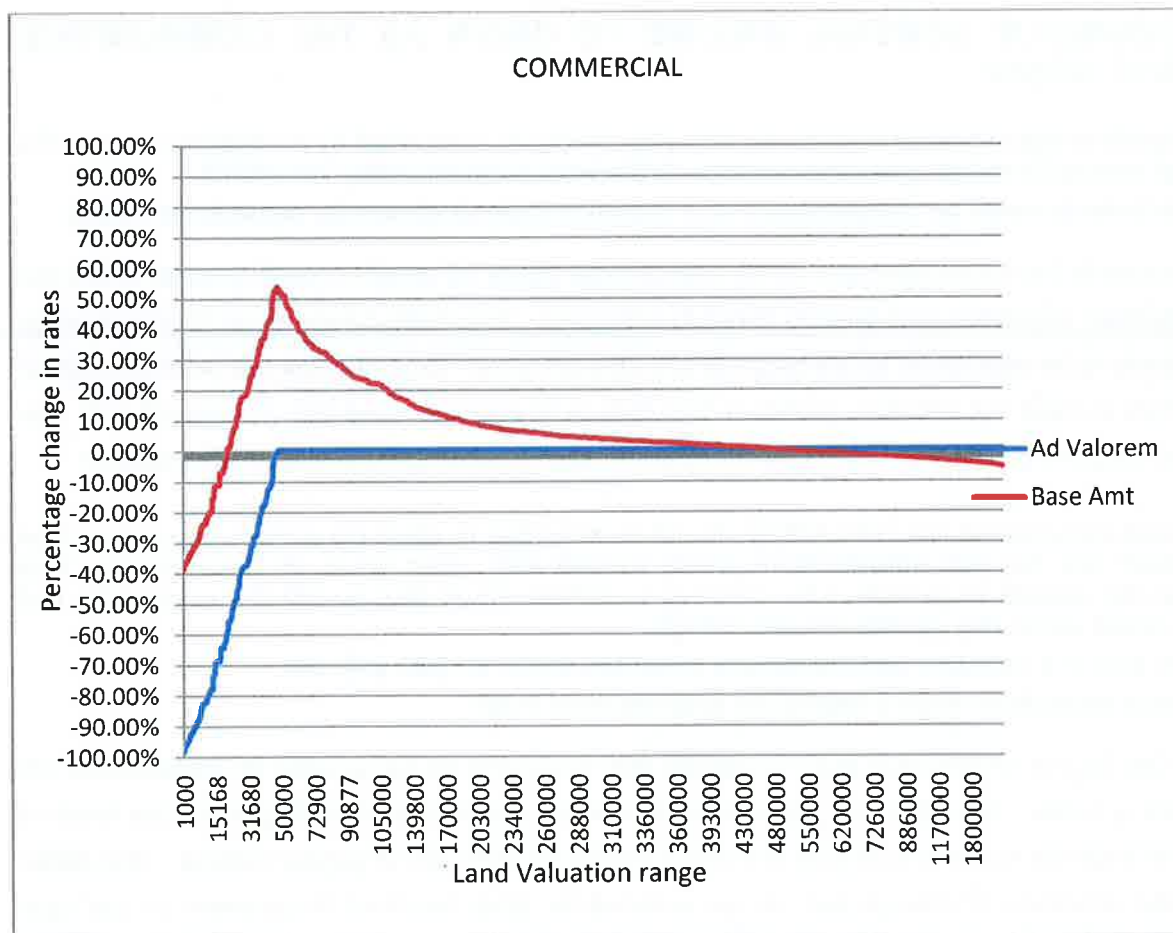
In its first submission to IPART, Wollongong supported the continuation of minimum rates due to the difficulty in applying a base charge reasonably to our Business structure and arguing that there remains a rationale to apply some element of fixed charge, representing a fee for base service.

It is understood that the IPART proposal for the removal of minimum rates will be phased in over a period of time allowing the Valuer General time to build the valuation database for CIV. Council acknowledges that with an introduction of CIV, coupled with greater flexibility in categorisation as proposed by IPART, there may be less need for minimum rates in a rating structure. Council maintains that the current flexibility offered through UV and minimum charges remains a viable and rational option for rating.

In arguing for continuation of a minimum option, Council acknowledges that the removal of the minimum in our circumstances would have a limited and potentially manageable impact across our current rate base. It would, however, create a number of very lowly rated properties that do potentially receive a disproportionate level of service compared to cost. Council would request that minimums should be retained whilst councils are required to use UV during any 'merger freeze period' and the transition into CIV.

The graphs below show the impact of a minimum rate removal on the Commercial business subcategory at Wollongong. The low valued properties would have a significant decrease under the full ad-valorem rate while the medium to higher range values would receive around a 2% increase. Alternatively, the application of a base charge would have a significant negative impact on a large number of medium valued properties that is not considered equitable.

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM



SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

ALLOW COUNCILS' GENERAL INCOME TO GROW AS THE COMMUNITIES THEY SERVE GROW

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

Wollongong supports this recommendation as the methodology allows for growth in rates to better reflect the growth in properties, population and services linked to properties. This methodology allows for the average rates per property to be maintained as the property and services grow. Council notes this recommendation requires councils to keep two valuation records if they choose to continue using UV. In councils with little growth or even negative growth this may not be effective and alternative options could be made available.

- 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.**

Wollongong City Council understands that this special rate would only be for services or infrastructure not core to Council activities. We agree that this represents a viable option for joint funding with other levels of Government to meet the needs of that area and that it should not form part of general income. This option must be at the discretion of Council and not be enforced by other levels of Government on the local ratepayers as an additional source of State or Federal funding.

This process will also alleviate the need in applying for Special Rate Variations which often results in substantial costs and time for Council during the consultation process.

- 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.**

Wollongong City Council supports this on the basis that it provides greater flexibility in varying the timing of rates indexation over a longer period of time. While Council has historically managed within the current three year period, it is envisaged that there could be future scenarios where this option is valid. Council also views this as beneficial for regional areas that may be affected by drought, flood or other natural or economic disasters.

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

GIVE COUNCILS GREATER FLEXIBILITY WHEN SETTING RESIDENTIAL RATES

- 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.

Wollongong supports the removal of "centre of population" for residential rates which adds the clarity around the case law of *The Council of the City of Sydney v South Sydney City Council [2002] NSWLEC 129* that allows subcategories of residential based on a separate town or village. It should be noted that defining the residential activity as stated on page 78 in the draft report - predominantly used as a place to live and occupied by the same resident continuously for periods of three months or greater should be added to s516 of the Local Government Act.

- 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 agrees that the ability to subcategorise residential property based on the community of interest within a contiguous urban development is a valid option. This will allow councils to identify within their Revenue Policy the rates based on the areas that have different access to, demand for and cost of providing that service within an area.

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

Wollongong Council acknowledges that the 1.5 times limit that IPART is recommending to be applied is intended to restrict the possibility of irrational outcomes, Council is of the view that this type of limitation, coupled with approval processes imposed and determined externally, reduces the capacity of the local council to manage the affairs of the area with its community. It is difficult at this point in time to predict the potential outcomes of a good Revenue Policy under the proposals being made and, therefore, it is difficult to agree to arbitrary limits being placed on the variability between sub categories in a differential rating scenario. It is considered that a council should have the discretion to determine the residential subcategory and set the residential rate for an area by a separate town or village, or a community interest through the IPR process. Council does not agree to the capping of 1.5 times the lowest rate structure and feels that communication with the community during the IPR process should be the basis, especially where a particular area has requested the additional services that impact this rate.

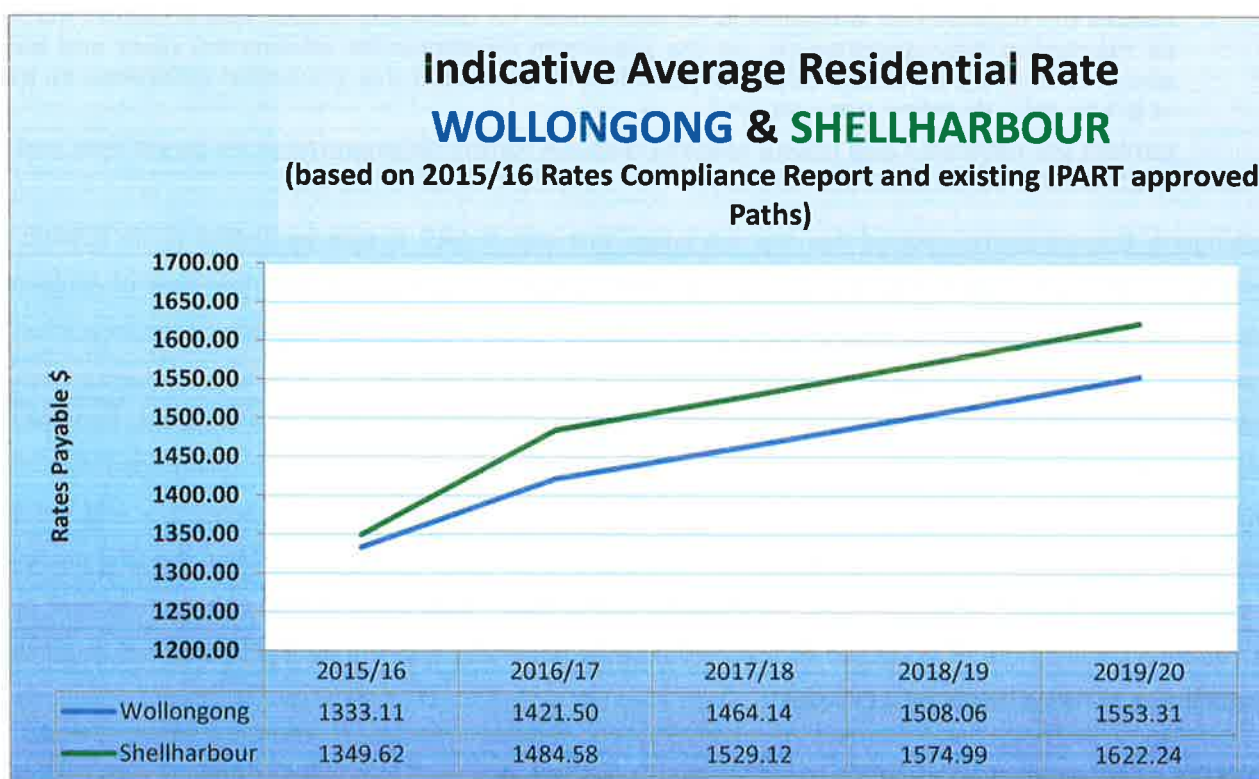
Wollongong City Council does agree to higher levels of accountability and communication when setting its Rating Policy with the requirement to publish the justification of the different rates to be applied.

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

- 9 At the end of the four 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.

Wollongong City Council still considers that transition provisions should be introduced to allow councils greater flexibility in transitioning to new models in conjunction with other changes to the rating provisions. Council believes that during the transition period where councils are seeking to harmonise services and pricing strategies, not having the ability to harmonise their most significant pricing mechanism (rates), would place Council in a difficult position that creates potential argument for and against such timely action.

This can be shown in the graphs below where currently the difference in residential rates between Wollongong and Shellharbour (current proposed merger) are minimal, but as we progress through the rate path freeze period this difference would increase. Councils should be given the flexibility to consider gradually equalising the rates within this four year period, otherwise the alternative could be at least another four to five years afterwards before council would have a rate structure that is both equitable and fair across the new council area.



BETTER TARGET RATE EXEMPTION ELIGIBILITY

- 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.

Wollongong City Council supports and welcomes the recommendation of basing exemption from rates on the use of the land rather than ownership of the land. It also supports ensuring residential and commercial uses are rateable.

Council considers that commercial and residential usage are the primary drivers of the demand for services provided by a council and are the primary source of Council's revenue to fund the provision of those services. There is a broad and growing existence of both residential and commercial use that has gained exemption on the basis of ownership of land in Universities, public land, charity and benevolent institutions that have distorted the rating base over a period of time.

It is agreed that the existence and continuing emergence of these uses on exempt property distorts the competitive neutrality principles and creates inequities in the allocation of cost for such services in some local areas. Council supports the efforts of those institutions that are currently exempt and provide public good, and agree with their claims for external funding or subsidy from government, however, it considers that application of subsidy from local rates is inequitable as the cost is not appropriately or fairly distributed due to the disproportionate occurrence of services in varying localities.

While Council supports the rating of residential use, it considers that there is a high degree of clarity required in defining residential use to ensure it does not have unintended consequence. Council has concerns that some medium term 'residential/care' arrangements including critical age care, refuge centres, drug and alcohol rehabilitation centres and the like could be unintentionally caught under the residential definition. Council considers that such accommodation should remain exempt and that it be excluded from the residential activity definition (page 78 of the draft report) as this type of use is a service that does not drive demand for Council service in the same way typical residential arrangements do. While legislators will need to craft this definition, it is possible that one line of delineation could be through differentiating 'dependent' and 'independent' living.

- 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.

Wollongong does not agree that there should be any blanket exemptions and instead would invite all those seeking exemptions to apply. One could argue the example of a religious body eg a minister's residence or manse should be categorised as residential as per the definition of residential activity noted on page 78 in the draft report - predominantly used as a place to live and occupied by the same resident continuously for periods of three months or greater does not mean it is being used for religious purposes.

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

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.

Wollongong understands the importance of both public and private hospitals and agrees they provide valuable service, however council does not agree with the interpretation that the activities of private hospitals are comparable to public hospitals. Private hospitals operate as a commercial business, many of which are for profit. They generally do not have emergency departments and are usually funded by patients with private insurance or from out of pocket payments. Council would argue that for profit private hospitals are commercial and should be rated as such. Wollongong City Council has 4 private hospitals within the Council area that are currently paying rates equating to \$188,305.

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)).

Wollongong agrees with the recommendation for removal of Water NSW and Sydney Water Corporation from Section 555 (c)(d), as per the State Owned Corporations Act.

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
- 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.

The removal of these sections of the Local Government Act does not impact on Wollongong City Council.

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 agrees with this recommendation and already requests separate valuations under s28A of the Valuation of Land Act 1919. The removal of s555(5) of Local Government Act which is specifically for religious bodies will allow this option to be utilised across all exempt properties within the local government area.

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

- 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.**

Wollongong City Council agrees with the recommendation and suggested that there be guidelines introduced for the self-assessment, as application from one council to another could vary and consistency is needed across the state.

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

Wollongong City Council understands that the rating proposals are based on rating principles and are not designed to provide additional revenue or address financial sustainability. Council generally agrees with this recommendation as the redistribution of rates to exempt properties will mean that other ratepayers' burden created by past exemptions would be removed. It is possible in some circumstances that general revenues have been diminished in certain areas due to exemption and Council was not able to make a decision to reallocate them was not viable. It is argued that where this is has occurred catch up provisions that may have been lost should be reinstated.

- 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).**

Not applicable to Wollongong.

- 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.**

Wollongong agrees with the recommendation of publishing the data to show the impact on the community due to the exemptions that have been granted. This may require the Valuer General's to value some exempt properties that are not currently valued and may have some other administrative impost, although similar requirements are being made through the Emergency Services Plan Levy process.

REPLACE THE PENSIONER CONCESSION WITH A RATE DEFERRAL SCHEME

- 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.

Council's previous submission made mention that there was a need to have appropriate increase in the level of concession rebates to keep pace with the real costs and that this should be funded by the State or Federal government and still support this. Wollongong City Council receives numerous requests each year for Council

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

to consider increasing the mandatory rebate and is sympathetic to that sentiment. Wollongong City Council does not agree to the removal of the Pension Rebate and continues to argue for full funding.

Wollongong is in agreeance with a supplementary and voluntary rates deferral model similar to the South Australian Model for the remainder of rates owing by pensioners, with modifications to s712 of the Local Government Act, to ensure that the deferred rates remain a charge on the land and that deferral is only applicable to those ratepayers of legislative retirement age.

PROVIDE MORE RATING CATEGORIES

- 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.**

Wollongong supports this recommendation as we have a large number of properties that are zoned environmental or recreation. This zoning allows residences to be built in certain circumstances, but often the owners are unable to build on the property due to size and other restrictions. It is considered that such property should be classified into this new subcategory to better represent the principles of rating to be applied. It further recommends that conservation agreements be removed as this land could be categorised under the new environmental land subcategory.

- 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.**

Wollongong supports this recommendation although it should be considered that it be a subcategory of Residential, Business and Mining and not be applicable to Farmland. This is consistent with the introduction of Emergency Service Property Levy classifications.

- 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 five year period.**
 - **If a council does not determine a residual category, the Business category should act as the default residual rating category.**

The current categorisation system allows for four types of rates being Residential, Farmland, Mining and Business. The current premise under the LGA, that a Business property is one that does not fit within the other three categories, creates some anomalies at Wollongong City Council and presumably other areas. Land that is undevelopable due to size, zoning, etc must be classified as Business. This terminology creates confusion with owners who cannot operate a business on the land and also creates further issue where the application of minimum charges imposes an unfair burden on the property owners, where the land has little real or assessed value.

Council also suggests that the determination be made in line with Council elections and be moved from five years to four and be the first year task of the new Council.

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

- 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.**

Wollongong supports the recommendation of the subcategories of commercial and industrial. This is consistent with the introduction of Emergency Services Property Levy classifications.

- 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.**

Wollongong City Council does not have a view on this recommendation and would be guided by regional councils that are predominately farmland.

- 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.**

Wollongong City Council has limited mining properties compared to the business category in total for the area. Council considers that, like other differential rating categories, that the proposed provisions around transparency in reporting on rationale and engaging with the community through the IPR process on that rationale through its Revenue Policy, should provide adequate security in practice. It is considered the investment in implementing and evaluating direct cost to a relatively small component of Council's rate base would not be warranted.

RECOVERY OF COUNCIL RATES

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

Wollongong City Council agrees with the ability to engage the State Debt Recovery Office (SDRO) to alleviate the burden on the local court system. Council feels that the current process of securing the debt via the local court is both time and cost consuming and is compounding additional financial stress on the ratepayer.

Council's Debt Recovery and Hardship Assistance Policy already provides the ability for flexible payment arrangements to those ratepayers experiencing financial hardship. Council currently has the ability to proceed with garnishee orders although we are required to secure the debt first via the court process.

Council believes that securing the debt may not be required as the debt is a charge on the land and if the Local Government Act could be amended in line with the Fines Act 1969, to allow council to proceed with enforcement action once the debt is in arrears over a certain value, say \$1,000, or two instalments whichever is greater, as rate cases are hardly ever defended in court and rarely go against council.

By enabling council to enforce the charge on the land without the requirement to go through the costly court process will have a twofold gain, firstly shortening the timeframes involved in the process and, secondly, reducing the financial burden on the ratepayer due to the possible reduction in cost.

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

- 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 does not have objection to this change although feels the sale of land option is an option of last resort, albeit an expensive and time consuming process.

- 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 agrees that this is good governance. Wollongong City Council has a thorough Debt Recovery and Hardship Assistance Policy that was adopted by Council that involved an educational and communication process with both staff and ratepayers prior to taking legal action.

- 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.**

Wollongong City Council currently offers flexibility to ratepayers in paying rates although contends a consideration of quarterly billing as opposed to annual billing may be more beneficial. This would be a similar process to utility and telecommunication companies and would be beneficial for the community as a whole

- 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, eg, via email.**

Wollongong City Council agrees that the option to allow discount adds flexibility to councils in motivating electronic transactions, although it believes the business case around such discount would be similar in outcome to discounts for early payment, which are not broadly used. This is primarily because the value of the conversion to electronic would not provide sufficient incentive to create change. It is clear that electronic transactions will dominate over time although options at the broader economy level need to be made available to accelerate the take up.

- 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.**

Wollongong has 111 properties with postponed rates; clarification is required on how Council would resolve the current debt that is being held if this proposal is implemented.

Council contends that there is a place for discounted rating in these situations where zoning changes impacts the potential value of property, but this valuation change does not necessarily mean a change in use or capacity to pay. It is agreed that rating options such as postponed rating, which do not incentivise take up of the higher value use, is not a logical long term solution. Council would like to propose that properties rates adversely affected by zoning change be offered a discount rate (similar to developers' allowances) for a period of time (say three years) to allow transition from current use.

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL- DRAFT REPORT – REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

OTHER DRAFT RECOMMENDATIONS

- 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 agrees that the Emergency Service Property Levy valuations should be on the Capital Improved Value, as the levy is to protect the structure on the land.

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

Wollongong City Council agrees that councils should be given the choice to use certified private valuers but still consider that there needs to be a higher level of oversight of pricing and service delivery provided by the State Government through IPART and the Auditor General.