

Submission to IPART's Review of the Local Government Rating System

Goulburn Mulwaree Council makes the following submission to IPART's review of the Local Government Rating System in NSW.

Taxation Principles

Issue	Response
Do you agree with the IPART's proposed tax principles? If not, why?	Goulburn Mulwaree Council generally agrees with the proposed tax principals contained within the issues paper.

Assessing the current methods for setting rates

Issue	Response
What valuation method should be used as the basis for determining the ad valorem amounts in Council rates? Should Council be given more choice in selecting a valuation method, as occurs in other states, or should a valuation method continue to be mandated?	<p>Council is supportive of the consideration of the use of other methods of valuation including Capital Improved Valuations. Council further supports the idea of the ability to use a mix of valuation methods to levy rates giving them greater flexibility to determine rates, particularly if this is coupled with an added ability to further categorise, or sub-categorise its rateable land.</p> <p>The only concern that Council has with this is the potential for additional (and ongoing) costs involved in acquiring a second set of valuations and believes that this would need to be considered before any decision is made to move from the unimproved land value method.</p>
Should Councils be required to use the Valuer General's property valuation services, or should they also be able to use a private valuation firm (as occurs in Victoria and Tasmania)?	Council believes that this is an issue for discussion following a decision on the method of valuation. This being said, if the decision was to remain with the current valuation method, the use of the Valuer General's property valuation services would ensure consistency in the valuations across the state particularly in terms of their methodology.

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What changes (if any) should be made to the Local Government Act to improve the use of base and minimum amounts as part of the overall rating structure?	<p>Council supports the retention of the current provisions in relation to the base rates.</p> <p>A review of the ceiling on the minimum rate needs to be undertaken giving Councils the ability to set the minimum rate higher if they can demonstrate a reasonable rationale for this.</p>
What changes could be made to rating categories? Should further categories or sub-categories be introduced? What benefits would this provide?	<p>Council is supportive of a review of the rating categories. It is firmly of the belief that Councils should be given the ability to further sub-categorise land based on other factors than those currently permissible in the Act (for example, as suggested in the issues paper, the sub-categorisation of residential land into detached and multi-unit categories).</p> <p>As a Council that is seeing a lot of quarry-based development, we would also like to see the definition of the mining category be reviewed to capture these activities. Mining developments can have a major impact on Council infrastructure and currently a lot of these developments in this area fall into the business category, by definition.</p>
What changes could be made to the current rate pegging arrangements to improve the current rating system and, in particular, to better streamline the special variation process?	<p>Council agrees that the current rate pegging and special variation application process should be reviewed.</p> <p>Council supports the view of the Independent Local Government Review Panel that the current rate pegging arrangements have an adverse impact on the financial sustainability of Councils.</p> <p>Council believes any review of the current arrangements should, amongst other things, consider:</p> <ul style="list-style-type: none"> • The removal of rate pegging • The ability for Councils to increase rate revenues based on its IP&R process, regular service reviews and the introduction of financially sustainable revenue strategies • An independent review process for councils who propose an increase above a set threshold, which could be conducted by a body such as IPART or the NSW Auditor General

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<p>What changes could be made to the rating system to improve Council's management of overdue rates?</p>	<p>Council believes that each individual Council should maintain their ability to set their own debt recovery and hardship policies. This will continue to enable Councils to take into consideration local demographic and socio-economic factors when setting its policy direction in relation to its management of overdue rates.</p> <p>Council would like to see legislation amended to enable it to deal with small, unsaleable (and often land-locked) parcels which often appear following a periodic review of unvalued land by the Valuer General.</p>

Assessing exemptions, concessions & rebates

Issue	Response
<p>Are the land uses currently exempt from paying council rates appropriate? If a current exemption should be changed, how should it be changed? For example, should it be removed or more narrowly defined, should the level of government responsible for providing the exemption be changed, or should councils be given discretion over the level of exemption?</p>	<p>Council agrees that the current exemption categories under the Local Government Act should be reviewed.</p> <p>Council is supportive of an approach which takes into consideration the dominant use of the land, rather than ownership to determine exemptions.</p> <p>Council would also like to see IPART review other concessions permitted under the Act such as postponed rates and conservation agreements.</p>
<p>What should the objectives of the pensioner concession scheme be? How could the current pensioner concession scheme be improved?</p>	<p>Council believes that the current concession scheme should be retained with greater levels of funding from the State Government. Consideration should be given to the periodic indexation of the concession amount.</p> <p>Council cannot support the introduction of a deferral scheme due to the adverse impact such a scheme would have on Council's annual cash flows.</p>