

## Comments on IPART's Issues Paper on the Review of Local Government Rating

### 1. Do you agree with our proposed tax principles? If not, why?

*I agree with the proposed principles but question the competitively neutrality aspect as regards other State agencies.*

### 2. What valuation method should be used as the basis for determining the ad valorem amounts in council rates? Should councils be given more choice in selecting a valuation method, as occurs in other states, or should a valuation method continue to be mandated?

*The methodologies could be mandated, Capital Improved Value (CIV) should apply to all multi dwelling properties and Unimproved Value (UV) to the remainder;  
Or  
Council's be given the option to choose the methodology that best suits their situation.*

### 3. 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's should be required to use the Valuer General's property valuation service.*

### 4. 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?

*No change required.*

### 5. What changes could be made to rating categories? Should further rating categories or subcategories be introduced? What benefits would this provide?

*There should be a separate category for Rural Residential as this category distorts the OLG comparatives as it is grouped within residential rates for comparative purposes.*

*The Mining category should be expanded to allow for other types of mines than metalliferous and coal.*

### 6. Does the current rating system cause any equity and efficiency issues associated with the rating burden across communities?

*Yes, tourist accommodation within Community Title lands, the rating burden is picked up by the local community however the use of these facilities is primarily from people outside the LG area.*

### 7. What changes could be made to current rate pegging arrangements to improve the rating system, and, in particular, to better streamline the special variation process?

*The adoption of a Stream-lined Rate-Pegging process whereby Community consultation is considered satisfactory (as mentioned on page 44 of the Panel Report) without the need then to also obtain IPART approval.*

**8. What changes could be made to the rating system to better encourage urban renewal?**

*No comment on this question.*

**9. What changes could be made to the rating system to improve councils' management of overdue rates?**

*An ability to be able to request payment from the mortgagee once 12 months rates are overdue as is the case in New Zealand. In regards to the assumption that councils are pursuing relatively low claims it needs to be stated that the claims of \$2,000 or less can represent in excess of 2 years rates in some councils. Councils have a responsibility to their communities to ensure rates are paid in a timely manner in order to maintain a proper cash flow. Amendment of the electronic notice of sale form to allow the capture of e-mail addresses and phone numbers could assist in debt management.*

*Councils should be able to enter into multiple payment options without the restrictions of 564*

*Council's should be allowed to issue notices in an electronic format.*

**10. 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?**

*All property categorised as residential and occupied should be rateable regardless of ownership as ALL such properties utilise Councils services – in some cases properties which are currently non rateable provide a greater drain on a Councils resources than rateable properties.*

*Large areas of non-rateable land such as State Water Corporation, Hunter Water Corporation, National Parks and State Forests which are used predominantly by people from outside LGA yet Councils ratepayers are carrying the financial burden. This should not be local government and therefore local ratepayer's responsibility to subsidise.*

*Voluntary Conservation Agreements need to be reviewed as these are being supplemented by fully rateable properties when the occupants of properties that have VCA's are utilising community assets at the same level as other ratepayers.*

*Exemptions from rates by Public Benevolent Institutions and Public Charities for uses such as Retirement Living, Community Housing and Boarding Schools and Colleges should not be exempt as these properties are occupied and use Council resources the same as rateable properties.*

**11. To what extent should the exemptions from certain state taxes (such as payroll tax) that councils receive be considered in a review of the exemptions for certain categories of ratepayers?**

*If this was implemented all levels of government and government agencies should be required to pay rates and no longer be exempt.*

**12. What should the objectives of the pensioner concession scheme be? How could the current pensioner concession scheme be improved?**

*To provide relief to low income/asset poor ratepayers. As in other states the concession scheme should be fully funded by the State Government.*

*The NSW Independent Local Government Review – October 2013 questioned welfare measures as being the responsibility of Local Council's where doubts were raised on the appropriateness of funding at the local level. The rebate scheme should be handled at the State Government level through the pension scheme.*

**13. We have interpreted the rate path freeze policy to mean that in the four years after a merger, the rating path in each pre-merger council's area will follow the same trajectory as if the merger had not occurred. Do you agree with this interpretation?**

*I agree with IPART's interpretation.*

**14. Within the rate path freeze period, should merged councils be permitted to apply for new special variations:**

*Yes, Yes and Yes, all the types of special variations mentioned should be allowed to be applied for.*

**15. Are there any other situations where merged councils should be able to apply for new special variations within the rate path freeze period?**

*If there is a specific need identified by the community within the merged Council then an application should be allowed.*

*Some merged councils have significant differences (gaps) between rates charged, without access to special variations the infrastructure gap at these councils will increase significantly during the freeze period and will require substantially higher variations at the completion of the freeze period. The rate freeze also goes against the state governments reasoning of councils being more sustainable and improving infrastructure.*

**16. During the rate path freeze period, should merged councils only be able to increase base amounts and minimum amounts each year by the rate peg (adjusted for any permitted special variations)?**

*No.*

**17. During the rate path freeze period, should merged councils be able to allocate changes to the rating burden across rating categories by either:**

**relative changes in the total land value of a rating category against other categories within the pre-merger council area, or  
the rate peg (adjusted for any permitted special variations)?**

*No, this is too simplistic and does not take into account existing council rating structures and how the rating burden is proportioned within individual Councils. Long term strategy should be allowed to stay in place.*

**18. Do you agree that the rate path freeze policy should act as a 'ceiling', so councils have the discretion to set their rates below this ceiling for any rating category?**

*There should be no rate freeze policy.*

**19. What other discretions should merged councils be given in setting rates during the rate freeze period?**

*Merged council's are being penalized by the rate freeze, there should be no rate freeze. If there is to be rate freeze then it should be reduces to two years.*

**20. We considered several options for implementing the rate path freeze policy. Our preferred option is providing the Minister for Local Government with a new instrument-making power. What are your views on this option and any other options to implement the rate path freeze policy?**

*There should be no rate freeze policy.*

**21. Should changes be made to the LG Act to better enable a merged council to establish a new equitable system of rating and transition to it in a fair and timely manner? If so, should the requirement to set the same residential rate within a centre of population be changed or removed?**

*Yes. The reference to Centre of population etc. should be removed.*

**22. Should approved special variations for pre-merger councils be included in the revenue base of the merged council following the 4-year rate path freeze?**

*Yes.*

**23. What other rating issues might arise for merged councils after the 4-year rate path freeze period expires?**

Merged Councils should have a re valuation in year two so all properties are on the same valuation base date.

*Rate harmonization - some merger councils have significant gaps between rates structures charged, without access to special variations the infrastructure gap at these councils will increase significantly during the freeze period and will require substantially higher variations at the completion of the freeze period. The rate freeze also goes against the state governments reasoning of councils being more sustainable and improving infrastructure. All merged councils will likely seek special variations at the expiry of the rate freeze.*