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Submission: Review of Local Government Rating System

Principles of Taxation

The system should allow additional charges or levies on industries or premises that create significant costs for the rest of the community, e.g. health-hazardous pollution.

An important example of significant costs imposed on the community is the use of domestic wood heaters. A consultancy report for the NSW EPA estimated the health costs of domestic wood heaters at over \$8 billion over 20 years¹, equivalent to an average cost of more than \$22,000 for every wood heater in NSW. Local councils are expected to manage this problem but lack adequate resources.

In a submission to the Federal Government in 2013 on wood-heater regulation, Armidale Dumaresq council stated: "It is estimated that Council has committed more than \$300,000 (excluding wages) in the past 10 years on wood smoke abatement measures". Much more money will be needed to solve this problem and satisfy National Air Quality Standards. It seems grossly unfair that the entire community has to bear this cost, rather than the households that use wood heating.

The NSW EPA consultancy report recommended licencing fees for wood heater use. Assuming the money raised is used to fund woodsmoke reduction programs, the estimated net benefit was \$1.28 billion.¹,

As part of its review of the rating system, IPART should therefore consider whether councils should be allowed to levy licencing fees such as those recommended by the NSW EPA. The current system is grossly unfair and ineffective – the entire community suffers billions of dollars of health damage because councils lack the funds for effective woodsmoke-reduction programs and households using wood heaters have no price signals to remind them of the significant health costs offsetting their personal benefit of slightly cheaper fuel costs.

Exemptions to paying rates

Retaining the current concession scheme: only if this does not disadvantage the pensioners anymore than it does. Pensioners (majority) are living on the poverty line (\$400 per week), general house hold bills are always rising and any discounting is of little value. If councils were to adopt less concession rates, this will create more hardship.

Cited Information

1. NSW OEH, Economic Appraisal of Wood Smoke Control Measures, 2011, AECOM Australia Pty Ltd. Prepared for the Office of Environment and Heritage. Available at: <http://www.epa.nsw.gov.au/woodsmoke/smokecontrolopts.htm>.