

11 May 2016

Independent Pricing and Regulatory Tribunal  
Review of Local Government Rating System  
PO Box K35  
**HAYMARKET POST SHOP NSW 1240**

Dear Sir/Madam,

**Re: Review of Local Government Rating – Issue Paper**

Reference is made to the issues paper dated April 2016 in relation to Local Government Rating.

Please find below my comments in relation to this matter.

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

Agree in general with the principles outlined in the report.

**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?**

Whilst there is some merit in the use of Capital Improved Value (CIV), Council should be given the option to choose which valuation method is used.

**3. Should Council's 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)?**

Due to the lack of evidence in any benefits of using the Valuer General or private valuers, no comment is made on this matter.

**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?**

The restriction on the amount of minimum rates Councils can impose under section 548 (3) should be removed to allow Councils more flexibility in setting appropriate minimum rates if or where required. We do not agree with removing minimum rates.



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**5. What changes could be made to rating categories? Should further rating categories or sub-categories be introduced? What benefits would this provide?**

- Provision of a rating category for attached, multi-unit, or high rise properties. i.e. a "high density rating category"
- Removal of the rural residential sub-category or the definition of "between 2 and 40ha" and that it "must be the site of a dwelling".
- Introduction of business rating categories based on type of industry as opposed to centre of activity.

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

Allowing Council's more flexibility as outlined in this submission would address many of the issues which may cause equity and efficiency issues.

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

Where Council's seek to increase rates above the rate peg, by only a small amount, say an additional 2-3% only demonstrated community consultation would be required and not IPART approval.

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

Being part of the South west growth centre, Liverpool City Council currently does not have an issue with urban renewal.

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

An ability to formally request payment from the mortgagee once rates become 12 months overdue.

**10. Are 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?**

The current legislation in relation to exemptions requires significant changes, particularly with the substantial increases of Community Housing Groups acquiring houses and subsequently claiming exemption. The loss of revenue is placing a strain on Council revenue, is not sustainable and nor equitable. Where properties are used for residential purposes the properties should remain rateable.

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

Councils should remain exempt from taxes such as payroll tax, as those taxes fund activities for services provided for by the State Government. The State generally does not fund for services provided at the local level.

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

Council agrees with the IPART panel's view that pensioner concessions are a welfare measure and form of tax relief. Land rates are based on capacity to pay through the land value process and as such improvements to the system should be aligned with this principle via a process of asset testing.

Council also agrees with the IPART panel that in line with other states, the state government should fully fund pensioner concession rebates.

As Liverpool City Council is not part of a merging process, we have not made comments relating to the issues 13-23.

Yours sincerely,

  
**David Grasso**  
Rates Co-ordinator