



The Nambucca Shire submits the following comments in response to the Issues Paper - Local Government Rating System

Issue One - Rating of caravan and mobile home parks - Issues Paper Section 4.3 Rating Categories

Caravan and mobile home parks are intense centres of population and activity and are therefore significant users of Council services. There are nine caravan parks and two mobile home parks in the Nambucca Shire. They are levied modest rates based on land valuation alone. Permanent park residences represent approximately 6% of dwelling in the Nambucca Shire compared to a NSW average of approximately 1% of dwellings. If the owners of these homes paid minimum rates the additional income on top of what the Parks currently pay would be \$292,767 or 2.9% of the 2015-16 rate income.

Council is seeking a solution to address this inequity, possibly by enabling LGA's to establish a rating category that captured caravan and mobile home parks so rates could be levied that reflected the intensity of use. Council is of the opinion this should be additional rate revenue. Council is also open to any other effective solution to this problem.

Issue Two - Rate Pegging - Issues Paper Section 4.5 Rate pegging and special variations

Council supports the Advisory Panels option that rate pegging be replaced with rate benchmarking and argues that Councils should be free to work with their communities to set rates that enable the delivery of services the communities are prepared to pay for.

As a second option Council supports the Panel's option of introducing earned autonomy, where councils that can demonstrate consistent high performance earn complete exemption from rate pegging.

As an alternate partial relief from rate pegging could also be helpful. A suggestion is that a prequalified Council (for example a Council Found "Fit for the Future") be permitted, without making a special rate variation application; to increase rate revenue a maximum of 4% over rate peg over a 4 years term of Council, but not by more than 2% in any one year.

Issue Three - Exemption from Rates - Charities Issues Paper 5.1 Exemptions from Rates

Consideration should be given to the impact of transfer of public housing from Housing NSW to various non-government organisations and the loss of rate income which will flow from such transfers. This issue relates to the action taken by Community Housing Ltd to claim exemption for rates on public housing on the basis of their charity status. Nambucca Shire would like to see this exemption removed.

Community Housing Limited took action against this Council and other Councils who had made the same determination that they should pay rates. The other Councils which were party to the action were Clarence Valley Council, Parramatta City Council, Port Macquarie Hastings Council, Gosford Council and Coffs Harbour Council. The Marsden Law Group acted as solicitors for all the councils.

The Court dismissed the proceedings and ordered Community Housing Limited to pay costs. The judgement found that Community Housing Limited is not a public charity or public benevolent institution as referred to in the LGA. However Justice Harrison only dismissed the application on a limited basis that having regard to the construction of the terms of the object clause in Community Housing Ltd's constitution that they were not properly characterised as a public benevolent institution or public charity for the purposes of the Local Government Act.

Community Housing Limited then appealed this decision in the Court of Appeal.

By decision delivered on 19 October, the Court of Appeal which was constituted with three judges has now upheld the appeal by Community Housing Ltd with the councils being ordered to pay the costs of Community Housing Limited.

The outcome of the matter does have some important policy implications for all local government areas where the Department of Housing owns existing public housing stock.

In the Nambucca local government area, the Department of Housing (NSW Housing) have until recently been the registered owner of 240 residential properties. Under the Housing Act 2001 NSW Housing are obliged to pay local government rates on these properties. Assuming these properties are all on the minimum rate they having been paying in 2015 dollars 245 x \$785 or a total of \$192,325 per annum in rates.

Recently Housing NSW financed the purchase of 5 properties for Community Housing Ltd. Also they have transferred management responsibility for a further 15 properties to Community Housing Ltd. The concern is that Housing NSW will continue to transfer ownership of public housing to non-government organisations such as Community Housing Ltd and over time the Council will incur a significant short fall in rate revenue. This is a classic example of cost shifting.

The Council made representations to the Minister for Social Housing, the Hon. Brad Hazzard as well as to Local Government NSW in relation to this cost shifting.

The Minister has replied through LG NSW and noted that it was his opinion that the impact was small and it would not be appropriate to take action while review of the Rating System is underway. The Minister suggested if LG NSW wished to pursue the matter that they take it up with the Minister for Local Government, the Hon. Paul Toole as he has responsibility for statutory exemptions to the Local Government Act 1993. Council has resolved to approach the Minister for Local Government, the Hon. Paul Toole to seek the desired changes and to include the issue in this submission on the Review of the Local Government Rating System.

The outcome of the matter does have some important policy implications for all local government areas where the Department of Housing (Housing NSW) owns existing public housing stock. Under the Housing Act 2001, NSW Housing are obliged to pay local government rates on these properties. However if they are transferred to non-government organisations such as Community Housing Ltd then rates are not payable. The rates income from the Department of Housing (Housing NSW) existing public housing stock is a little over 2% of total rates income, this may seem to a small percentage but is still larger than the rate pegging increase for 2016-17 and the loss of any income impacts Council's capacity to provide services to the Nambucca community.

Issue Four - Exemption of rates on Crown Land and State Forest Issues Paper section 5.1 Exemptions from Rates

The Nambucca Shire faces a number of specific challenges in relation to delivering services to the residents on a economically sustainable basis. These include....

- 41% of the Shire is either National Park or State Forest that yields no rates revenue National Parks valued at an average farmland valuation and levied at the farmland rate would yield income of \$670,899 or 6.8% of the 2015 -16 rate income.
- State forest valued at an average farmland valuation and levied at the farmland rate would yield income of \$724,605 or 7.3% of the 2015-16 rate income.
- Other non-rateable properties. Crown Land not privately leased, religious organisations, charitable bodies, public benevolent intuitions, local Aboriginal land councils and schools 399 properties valued at \$57,476,151 rates foregone \$318,919 or 3.2% of the 2015-16 rate income. Nambucca Shire also has 24km of coastline; typically this is Crown land but it is the Shire's responsibility to maintain it. While it is a wonderful asset to the Shire, enjoyed by locals and visitors alike, coastal erosion, salt laden air, fragile ecosystems and high public demand for facilities make the coastline an inherently expensive strip of land in which to provide and maintain infrastructure.

Issue Five Issues Paper section 5.2 Concessions for Pensioners

Nambucca Shire attracts a large number of retirees and has one of the largest proportion of rate assessments in New South Wales that attract the pensioner discount. This is consistent with the north coast of NSW being seen as an appealing place to retire.

Last year 2,481 assessments out of a total 9,277 assessments (26.7%) attracted a pensioner discount. Total rebate was \$902,872 with Council being reimbursed \$496,579 by the State, for a net cost to Council of \$406,293 or 4.1% of 2015-16 rates income.

Nambucca Shire Council believes that this concession should not be a responsibility of Local Governments and it is open to all reforms that reduce this burden.