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Dr Peter J Boxsall AO
Chairman
Independent Pricing & Regulatory Tribunal - NSW
PO Box Q290
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Dear Dr Boxsall

**Local Land Services Board of Chairs' Response to IPART Draft Report
*Review of Funding Framework for Local Land Services (LLS)***

Thank you for the opportunity to submit a response on behalf of Shoalhaven City Council (SCC) to the draft Review of Funding Framework for Local Land Services NSW (the paper).

Council has reviewed the document in question and has 2 major objections to the recommendations being made, both of which will adversely affect Council.

The first objection is in regard to the suggestion that Local Councils will collect rates for properties under 2ha in area. Council would do this by utilisation of their existing processes and databases to collect the rates.

The issues Council envisage with this process are:

- There is already a perception that Council imposes significant "taxes" on the public, adding another "tax" to Council's existing structure may cause further confusion and anxiety;
- There would be little understanding within Council of what this "tax" relates to and this would impact our customer service and the information being provided to the public;
- There is potential for the level of inquiries to be quite substantial, being a new "tax" with complex issues;
- The current rating structure is a minefield in terms of categorisations and special rates, to add to this another "tax" based on a customer base, which may be different to the Council Customer base, may be difficult to handle within existing systems;
- There would be no financial benefit of utilising existing Council processes and databases as Council would still need to employ additional people to

manage this new function, which would involve training, accommodation and support. This would add complexity to Council which would only be recovered in a fee based on marginal costs;

- Collection of these “taxes” through individual Councils will allow for inconsistent approaches to staffing, processes and procedures;
- The cost for LLS to collect data or information from 152 Councils would be considerable and complex;
- Understanding which balance sheet the debt will be reported, if on Councils it will distort the financial reporting for council, and affect comparability with past years; and
- The fact that the Councils focus will be on Council debt outstanding, may affect the collection methods and debt recovery of LLS debt and aging of debt.

The second objection relates to the proposal to make Council land holdings subject to LLS rates.

In relation to this point, Council raises the following concerns:

- There are two categories of Local Government land. There is land that Council owns and there is land managed by Councils on behalf of the Crown. In both instances, Council would argue they are already responsibly managing this land in terms of noxious weeds, feral animals and pest fumigation, such that a “tax” imposed would in effect be a double up of costs for Council. An alternative arrangement may be to work in conjunction with the LLS to manage any issues which arise without the need for a “tax” on Council property; and
- The introduction of such a “tax” on Council, whilst we are under a rate pegging structure, would leave Council in a financially untenable position. The result of this may drive Council to request a special rating from IPART to cover the additional costs imposed, with flow on effect to all ratepayers, which would leave those residential or business properties unfairly disadvantaged.

Given the reasoning above and the fact that Council is currently in the process of implementing a new system, as well as a transformation project, the timing of introducing such a “tax” and financial burden on Council must be rejected.

Yours faithfully



Craig Milburn
Director of Corporate & Community Services