

Enquiries to: **Cr J Martin**

Our Ref: **16/0367(16/29041)**

Your Ref:

11 May 2016

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

Dear Sir/Madam,

**Re: Submission to the Review of the Local Government Rating System**

Please find enclosed Council's Submission to the Review of the Local Government Rating System.

Yours sincerely,

**John Martin OAM**  
Mayor

ABN 52 877 492 396

Address all  
correspondence to  
the General Manager:  
PO Box 314  
SINGLETON  
NSW 2330

Administration Centre  
located at:  
Queen Street  
Singleton

Ph: (02) 6578 7290

Fax: (02) 6572 4197

Email:

[ssc@singleton.nsw.gov.au](mailto:ssc@singleton.nsw.gov.au)

Website:

[www.singleton.nsw.gov.au](http://www.singleton.nsw.gov.au)



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## **Singleton Council submission to the Independent Pricing and Regulatory Tribunal (IPART) – Review of the Local Government Rating System**

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This submission from Singleton Council (Council) responds to several questions and recommendations raised in the Issue Paper released by the Independent Pricing and Regulatory Tribunal (IPART) seeking feedback on the NSW local government rating system.

### **Assessing the current method for setting rates**

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?*

Currently, NSW councils use the Unimproved Land Value as a basis for the levying of rates. Alternatives are:

- Capital Improved Value (CIV) or
- Assesses Annual Value (AAV) – Rental

Council supports the continued use of Unimproved Land Value as a basis for levying ad valorem rates as at this point in time to capture CIV and AAV valuations would be an expensive process and would increase the cost of rating which would be borne by NSW councils. These valuation methods would also be inconsistent with the valuation method used by the NSW Government in calculating Land Tax which will add a further layer of confusion in residents understanding the valuation method being used.

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 is supportive of the continuation of the requirement to use the Valuer General's property valuation services. By allowing councils to use private valuation firms would result in additional expense for NSW councils in undertaking procurement for these services and may result in inconsistency in valuations between councils across the state.

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?*

Council considers that the current options of:

- Base amount and rate in the \$, or
- Minimum rate and rate in the \$, or
- Rate in the \$

Adequately, address the principles of equity (fairness) and ability to pay rates. In particular, Council supports the retention of the base amount up to 50% of rates levied and remainder by rate in \$ as it is simple to administer

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and conforms to the expectations of Council's ratepayers. Council utilises Base amount and rate in the \$ for its residential, business and farmland rate categories and utilises rate in the \$ for its mining category due to the large spread in the valuations of the assessment within this category. Council does not use minimum rating as it imposes an unfair burden on property owners, where the land has little real or assessed value.

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

Council supports the retention of the Farmland, Residential, Mining and Business categories as they adequately align with land use. However, Council would like consideration to be given to examining the definition used for Mining. Mining companies are required to have buffer land around the physical mine site. This buffer land, though mandatory for the operation of the mine, is rated as farmland or business under the current mining definition. Council proposes that the definition of mining be changed to enable the establishment of a mining subcategory for mining buffer land which is to be capped greater than the farmland ordinary rate but below the level of the mining rate.

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?*

Councils should have the autonomy to manage their own affairs in consultation with the community through the Integrated Planning and Reporting requirements as specified in *Local Government Act and Regulations*. Rate pegging and special variation process are instruments of the State Government that do not currently exist in other jurisdictions and should not be applied in NSW.

Council is of the view that IPART should continue to provide to the industry the Local Government Cost Index (LGCI), which is currently used to establish the rate peg limit, to assist councils to update their Long Term Financial Plan and rating policy. The LGCI will assist Council with their consultation to explain as to why they are seeking increases above the LGCI.

Should Rate pegging continue, a simplified process should be put in place for a Special Rate Variation Application. Where councils are required to seek variation above a limit set by the State, the assessment of such request by IPART should be based on the existing Integrated Planning and Reporting documents which are to include the additional information required by IPART, such as affordability and capacity to pay. An area for improvement could also be achieved in the area of community consultation. Councils are currently required to consult with the community prior to the lodgement of a Special Rate Variation Application. Upon receipt, IPART is also required to seek further public submissions to the

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Application which are usually from those who previously made submissions directly to the council.

### **Assessing exemptions, concessions and rebates**

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?*

Council supports the current exemptions from rating as set out in the *Local Government Act, 1993*. However, consideration should be given to reviewing the eligibility of Charities or Public Benevolent Institutions claims for exemption as provision for Public Housing is being transferred to this sector. Public Housing, when provided by the State Government is rateable but once transferred to Charities or Public Benevolent Institutions these properties then become non rateable as recently confirmed by the courts. As these dwellings do add to community demands they should be rateable so that they can contribute to the cost of Council's services.

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

Currently, in NSW eligible pensioners receive a pensioner rate rebate of 50% up to \$250.00 per annum off general rates and charges. NSW is the only pensioner rebate scheme in Australia that requires funding by the local community through rates.

Council supports that the Pensioner rebate remain in the rating system and be fully funded by the State and Federal Governments. Further this rebate has not been indexed since its introduction and Council supports the rebate in being indexed to keep pace with real costs.

Council does not support deferral of payment of pensioner's rates to their estate and recognises the efforts that pensioners make in keeping their rates up to date.