

RKS:DVC

13<sup>th</sup> May 2016

Dr Peter Boxall AO  
Chairman  
PO Box K35  
HAYMARKET POST SHOP NSW 1240



**Tumut Shire**  
**COUNCIL**

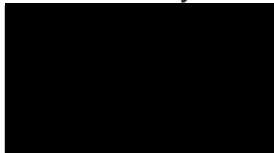
Dear Sir,

Thank you for the opportunity to lodge a submission in respect to the Local Government Rating Review.

Please find attached Council's response.

Council would be pleased to discuss any aspect of its submission.

Yours faithfully



R K Stewart  
**GENERAL MANAGER**

**List of Issues requiring comment – Rate Review - IPART**

Question	Reply
<b>Principals of Taxation</b>	
1. Do you agree with IPARTS tax principals? If not, why	Yes – Council agrees with the principles
<b>Method of setting Rates</b>	
2. What rate method should be used for setting the ad valorem amounts of current rates?	UCU for all land except where multiple developments (strata units) exist on land or significant industrial / commercial investment. Council to have option to use valuation method.
Should Councils be given more choice in selecting the valuation method?	Yes
Should the valuation method be mandated?	No
3. Should Councils be required to use the Valuer General's property valuation	Yes – Valuer General provides oversight
Should they be able to use a private firm?	No
4. What changes should be made to the <i>Local Government Act</i> to improve the use of base and minimum amounts as part of the overall rating structure?	Current Act provides flexibility to use base and minimum amounts coupled with ad valorem
5. What changes could be made to rating categories?	Greater number of categories - Subcategory multi-unit properties
Should further categories be introduced?	Leave to individual Councils

Question	Reply
What benefits would this provide?	Enable individual Councils to set up sub-categories to respond to local needs
6. Does the current rating system cause any equity and efficiency issues associated with the rating burden across communities.	Yes – State Government Corporations such as Forest Corporation and State Water do not pay rates, yet private corporations do.
7. What changes could be made to current rate pegging arrangements to improve the rating system and in particular the SRV process?	Rate peg should stay with flexibility to permit Councils to go to a maximum 3% increase above rate peg without need for SRV.
8. What changes could be made to the rating system to better encourage urban renewal?	N/A to Tumut Shire
9. What changes could be made to the rating system to improve Councils management of overdue rates?	Ability under <i>The Act</i> for Councils to introduce Hardship Policy. Amend Act to require all rates to be paid every two (2) years.
<b>Assessing exemptions, concessions and rebates</b>	
<p>10. Are land uses currently exempt from paying rates appropriate? How should current exemptions be charged if they are changed? E.g.</p> <ul style="list-style-type: none"> <li>- more narrowly defined?</li> <li>- Should the level of government responsible for providing the exemption be changed?</li> <li>- Should Councils be given discretion over level of exemption?</li> </ul>	<p>No – Would be based on land use not the owning organisation if commercial use – rates should be paid</p> <p>Yes – to reflect land use activity – See separate attachment for Tumut Shire Council position</p> <p>Yes – Local Government has discretion based on set defined criteria</p> <p>Yes</p>

Question	Reply
11. To what extent should the exemptions from certain state taxes be considered if exemptions?	Exemption only if: No business activity = Competitive Neutrality No State or Federal Cost Shifting
12. What should the objectives for the pensioner concession scheme be?	100% State Funded
How can the concession scheme be improved?	As above
<b>Freezing existing rate paths for newly merged councils</b>	
13. Rate path freeze policy – Merged councils means “that in the four years after a merger the rating path in each pre-merger councils area will follow the same trajectory as if the merger had not occurred”.  Do you agree with this?	No Need ability for SRV if applicable – Utilise IP&R Process  - If new rateable land added to base then notional income level must increase
14. Within the rate path freeze period, should merged councils be permitted to apply for new special variations:  - For Crown Lands added to the rating base?  - To recover amounts that are ‘above the cap’ on development contributions set under the <i>EPA Act 1979</i> ?  - To fund new infrastructure projects by levying a special rate?	Yes  Yes – (however if Crown Lands added, this should be on top of national income prior to addition)  Yes  Yes – provided identified under IP&R Process with community

Question	Reply
15. Are there any other situations where merged councils should be able to apply for new special variations within the rate path freeze period?	Yes – under I P & R Process following election
16. During the rate path freeze period, should merged councils only be able to increase base amounts and minimum amounts each year by the rate peg (adjusted for any permitted special variations)?	No – Do not agree with rate freeze paths
17. During the rate path freeze period, should merged councils be able to allocate changes to the rating burden across rating categories by either: <ul style="list-style-type: none"> <li>- Relative changes in the total land value of a rating category against other categories within the pre-merger council area, or</li> <li>- The rate peg (adjusted for any permitted special variations)?</li> </ul>	Yes – New organisation - Harmonisation to commence after 1 <sup>st</sup> year – and path way established by newly elected Council
18. Do you agree the 'rate freeze' policy should act as a 'ceiling' so councils have the discretion to set their rates below this ceiling for any rating category?	No
19. What other discretions should merged councils be given in setting rates during the rate freeze period?	Lodge SRV's applications if relevant
20. For implementing the rate freeze policy, should the preferred option be to provide the Minister for Local	No – Tumut Shire Council disagrees with Rate Freeze Policy. If required by regulation or by defining in proclamation

Question	Reply
<p>Government with new instrument making power?</p> <ul style="list-style-type: none"> <li>- What are your views?</li> <li>- Are there any other options?</li> </ul>	
<b>Establishing new, equitable rates after the 4 year freeze</b>	
<p>21. Should changes be made to the LG Act to better enable a merged council to establish a new equitable system of rating and transition to it in a fair and timely manner?</p> <p>If so, should the requirement to set the same residential rate within a centre of population be changed or removed?</p>	<p>Yes – after 12 months following election</p> <p>Yes – Maintain as option</p>
<p>22. Should approved special variations for pre-merger councils be included in the revenue base of the merged council following the 4 year rate path freeze?</p>	<p>Yes</p>
<p>23. What other rating issues might arise for merged councils after the 4 year rate path freeze period expires?</p>	<p>Equity for harmonisation where there are variations in ad valorem of merging entities</p>

## ATTACHMENT RELATING TO QUESTION 10

Tumut Shire is a multi-purpose rural Council with a population of 11,250 located on the South West Slopes of NSW. It has an area of 4,567 square kms.

62% of the Shire is unrateable, in that lands are exempt because of s555 of the *Local Government Act 1993*.

### Tumut Shire Council Land Use

TYPE	AREA HA	PERCENTAGE
Forest Corporation	94054.43	21%
NPWS	189400.50	41%
Private Forests	10125.50	2%
Tumut LGA	456600	

The unrateable areas on which commercial activities are undertaken comprise:

- State Forests managed by Forestry Corporation.
- National Parks – commercial activities comprising Ski resorts/Accommodation
- Dams - managed by Water NSW

Across the Shire there are private enterprises undertaking the same or similar activities, yet they pay rates.

For example:

#### - **Forests**

Forest Corporation of NSW manages over 2000,000 hectares of plantation pine in the state. 94,000 hectares of which are located in the Tumut Shire. No rates are paid on these lands.

These plantations support world class processing and paper pulp industries with an estimated economic output of \$517m

The Forestry Corporation Annual Report 14-15 details a profit of \$53-6m. This report also notes that the Corporation receives ongoing Community Service Obligation funding from the NSW Government to deliver valued services to regional communities such as firefighting and forest tourism.

Also located in the Tumut Shire are extensive privately owned and operated plantation pine forests having an area of 10,125 hectares upon which rates are paid which go towards local service provision.

#### - **Dams**

Blowering Dam is operated by the State Water Corporation and has an area of 4500ha.

Jounama Pondage located directly above Blowering is operated by Snowy Hydro and has an area 410.67ha.

Same water that yields a commercial return to both parties yet Snowy Hydro pays rates and State Water does not.

- **National Parks**

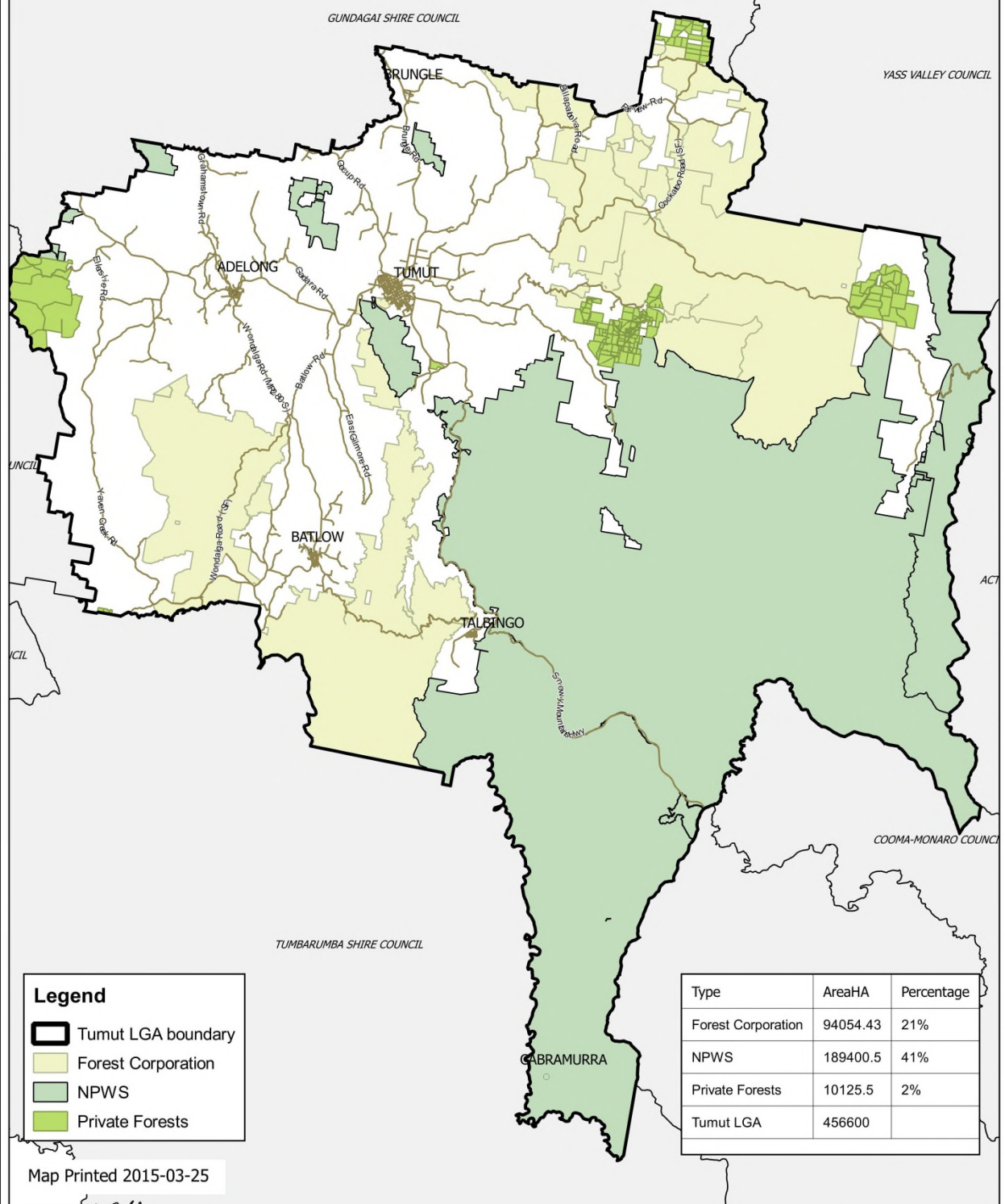
Located in the Kosciuszko National Park are several commercial activities such as Ski resorts and accommodation undertaken by private corporations and this land does not pay rates.

These activities, whilst making a major economic contribution to the local economy also have significant impacts on Council operations, particularly road transport, provision of community infrastructure and services required.

This situation highlights the need for changes to the legislation to ensure that the taxation principles of rates revenue of equity and competitive neutrality are applied.



# TUMUT LGA MAP



**Legend**

- Tumut LGA boundary
- Forest Corporation
- NPWS
- Private Forests

Type	AreaHA	Percentage
Forest Corporation	94054.43	21%
NPWS	189400.5	41%
Private Forests	10125.5	2%
Tumut LGA	456600	

Map Printed 2015-03-25



DISCLAIMER: No responsibility is taken for any errors or omissions that may be contained within any map and associated data in any form. No guarantee is given as to the accuracy of the information contained within any map or data. Onsite asset locations should be checked before proceeding with any excavations. You should NOT rely solely on this information especially if you are buying a property, building on a property and/or making a final decision. It is recommended that you seek legal advice before proceeding. Any data from the DCDB is used under license from Land & Property Information.