

TAMWORTH REGIONAL COUNCIL SUBMISSION

IPART – Review of the Local Government Rating System- 2016

1 Proposed tax principles

Agree

2 Valuation methods

Council's should be able to choose per category or sub-category.

Valuation charges should reflect the cost of method chosen.

3 Valuer General's property valuation services

The Valuer Generals services should be used by all councils if this provides the best cost efficiency and compliance.

4 Base and Minimum amounts

Base and minimum amounts should not be used to try and apply a form of user pay principle based on things like number of people or bedrooms. It would be too inefficient and inaccurate. This principle would be better achieved more directly from fuel levies and user charges.

The base amount system is suitable for the purpose of getting revenue for specific costs from a flat charge.

It seems the main use of minimum amounts is to resolve issues with apartments not paying enough under UV's. This is at odds with the whole purpose of valuations and should be resolved by an appropriate valuation method.

5 Rating categories

The current rating categories are suitable.

Sub-categories should be:

Residential;

High density or Low density; and

Service area.

The density distinction will allow the use of different valuation methods to address equity with multiple-occupancy on single assessments.

Using Service area instead of Centre of population gives a more relevant base for distinction.

Farmland

Should have an optional "Service area" that sits over the existing categories to allow locality based distinctions where required

Mining

As with Farmland

Business

As with Residential

6 Rating burden across communities

The only issues known in relation to this have been resolved by the merger of donut councils with the relevant city council.

7 Rate pegging and Special Rate Variations

Rate pegging is reasonable if it properly reflects any cost shifting issues imposed on local government.

It is difficult and costly to sell SRV's to the public and IPART under the current criteria, and difficult for councillors to support no matter how genuine.

It should be based on set criteria designed to show that the request is genuine and reasonable and that council is applying rating equity.

8 Urban renewal

Special rates can already be used to target specific projects.

9 Manage Overdue Rates

Councils already can and do offer flexible payment arrangements for ratepayers who make contact.

The problem is getting them to make contact instead of ignoring warnings. The cost of this is high for council to do in-house as it cannot be passed on. External agents are therefore used and they have to commence costly proceedings to be able to charge.

If council could make an administration charge for reminder notices and follow up action, in-house management that concentrated on contact and arrangement rather than proceedings would be more attractive.

10 Rating Exemptions

Agree with the principle that exemptions should only be granted where the benefits of the exempt activity are largely confined within the local government area.

Exemptions should not be granted for welfare reasons. Rates are not a suitable tax for funding welfare.

Exemptions to religious bodies is questionable given it is only one specific form of pursuit for a limited section of the community.

Strict adherence to these principles would mean only public charities would receive exemptions.

Disagree with allowing councils discretion over exemptions. It should be consistent across all councils.

11 Tax exemptions for councils

Councils are essentially a vehicle to provide State responsibilities and should not pay state taxes to do this.

Exemptions should only apply to designated core functions. Other activities, especially if they are competing to some degree with private enterprise, should be subject to all taxes.

12 Pensioner concessions

This is a welfare function for which rates are not a suitable funding source.

The current concession scheme should be retained and funded 100% from the State.

A rate deferral scheme is not financially responsible.

An asset test would be difficult with unimproved values.

13 Rate path freeze policy interpretation

Agree with interpretation.

14 Special Variations permitted

Merged councils should be permitted to apply for all special variations listed.

15 Any other situations for special variations

Where a rating inequity should be addressed and there was a need to increase rate income, a special variation should be allowed so that the increase for some was retained by council rather than resulting in a reduction to others.

Rate Freeze Period (16 to 20)

There should just be a requirement for merged councils to submit proposed rating structures to IPART for the four year period for review.

Each council may have different requirements which would make it hard to legislate specific issues.

If councils were required to maintain pre-merge conditions, this should be done for all finances not just rates. Doing this would eliminate many problems involved with mergers. The previous councils would be set up as separate entities with appropriate charges from shared services.

Post Rate Freeze period (21 to 23)

Councils should be able to choose to continue as separate entities within the merged organisation to retain autonomy while benefitting from economies of scale.

Otherwise they should be able to propose any structure for review by IPART on a case by case basis.