

Review of the Local Government Rating System

The method for setting rates

Anthony Rush
Principal Analyst

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Outline

- ▼ Give councils the choice of using either Unimproved Value (UV) or Capital Improved Value (CIV) at the rating category level
- ▼ Remove minimum amounts

How councils set rates

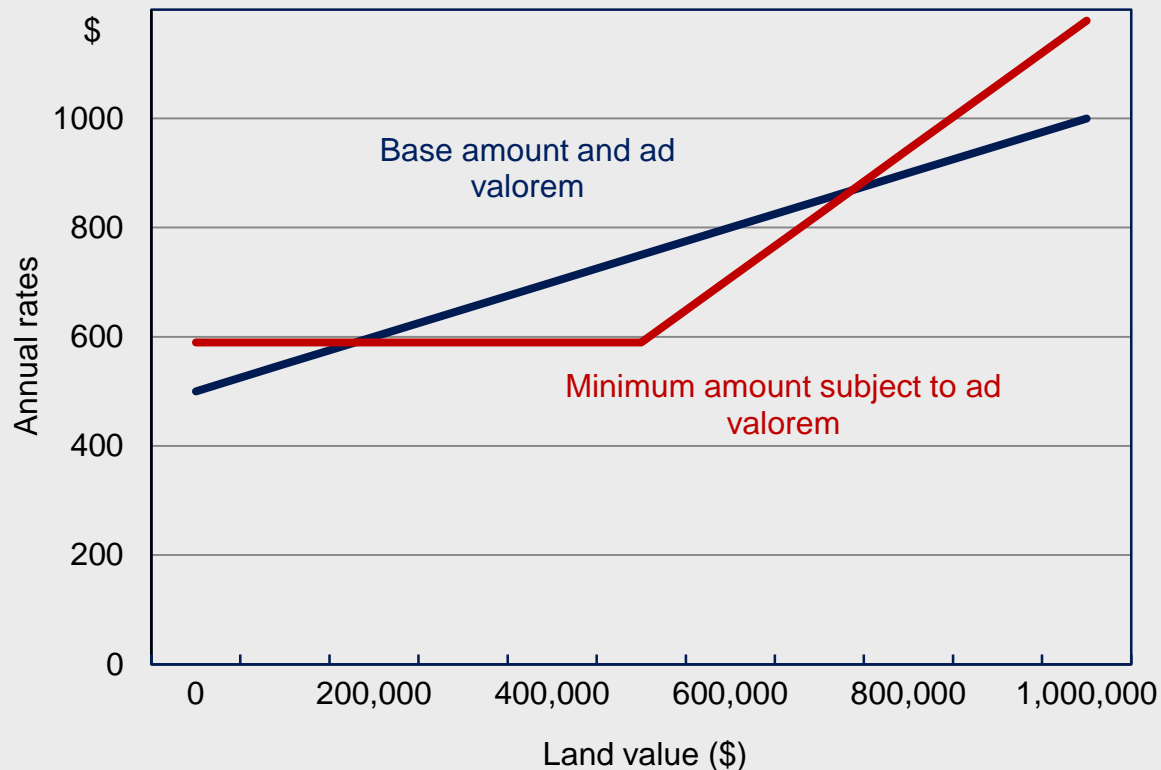
- ▼ Rates are currently a mix of:
 - ▼ Variable charges based on property value
 - ▼ Fixed charges (base or minimum amounts)
- ▼ Variable charge currently based on UV
 - ▼ Most jurisdictions either mandate CIV or allow councils choice
- ▼ **Draft recommendation:** allow councils to choose either UV or CIV at the rating category level

Why choice?

- ▼ Promotes tax principles: CIV performs well against the equity, simplicity and sustainability principles
- ▼ Resolves major (and growing) issues with rating apartments
- ▼ Consistent with international best practice
- ▼ Supported by stakeholders (70% of councils)
- ▼ There are substantial economy wide benefits from collecting CIV data, costs are low if implemented gradually

Why remove minimum amounts?

- ▼ Base amounts are more equitable and efficient
 - ▼ Minimums currently used to collect revenue from apartments; CIV should resolve this issue



Potential questions for discussion

Valuation method

- ▼ Should councils have choice or should a single method be mandated state-wide?
- ▼ Is choice at the rating category level appropriate?

Minimum amounts

- ▼ If councils are allowed to use CIV, are minimum amounts needed?



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