

Review of the Local Government Rating System

Rating exemptions and pensioner concessions

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Background

- ▼ Exemptions are a subsidy
 - ▼ Provided by other ratepayers
- ▼ Two high level issues
 - ▼ Is the exemption appropriate?
 - ▼ Who should pay?

Current exemptions from rates

Category	Examples
Government land	<ul style="list-style-type: none">• National parks• Rail infrastructure land
Education	<ul style="list-style-type: none">• Schools• Universities
Public charities	
Public hospitals	
Other	<ul style="list-style-type: none">• Land vested in Aboriginal Council• Mineral claims• Cattle dipping and oyster cultivation

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Tax principles and exemptions

- ▼ Efficiency
 - ▼ Positive and negative impacts on economic efficiency
- ▼ Equity
 - ▼ Other ratepayers subsidise exemptions which may not be equitable
- ▼ Simplicity
 - ▼ Minimise the number of exemptions and make them objective, transparent and targeted
- ▼ Sustainability
 - ▼ Exemptions reduce the size, diversity of the rate base
- ▼ Competitive neutrality

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Options for exemptions

Removing exemptions

- Commercial activity
- Capacity to pay rates
- Limited public benefit

Narrowing exemptions

- Mixed land use

Giving councils more discretion

- Variable levels of exemptions
- Additional rating categories

Rebates

- Transparent, targeted, variable

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Concessions for pensioners

- ▼ 50% discount up to \$250 per annum
- ▼ Funded 45% by councils, 55% by state government
 - ▼ Other states fully funded by state government
- ▼ Up-front concession
 - ▼ SA and WA have rate deferral schemes

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Concessions for pensioners

- ▼ Implications for efficiency and equity
- ▼ Some possible options
 - ▼ No change
 - ▼ Rate deferral scheme
 - ▼ Asset test

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Questions

Exemptions

- ▼ Are the current exemptions appropriate?
- ▼ How could exemptions be changed?

Pensioner concessions

- ▼ Could the current pensioner concession scheme be improved?

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Independent Pricing and Regulatory Tribunal

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