

Review of the Local Government Rating System

Rating exemptions and pensioner concession

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Better targeting of exemptions

- ▼ Eligibility for exemptions to be based on **land use** rather than ownership
- ▼ Land that is used for **commercial activities** and **residential purposes** should be **rateable**
- ▼ Where land is used for both exempt and non-exempt activities, rates should be based on the percentage used for non-exempt activities

Better targeting of exemptions

- ▼ These draft recommendations:
 - ▼ improve the equity and efficiency of the rating system
 - ▼ ensure comparable uses of land are treated in the same way, promoting competitive neutrality
- ▼ Councils' maximum general income should not be adjusted as a result of any one-off changes to exemptions

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Impact of basing exemptions on land use

Remains exempt	Becomes rateable
Land used by universities and schools for educational purposes	University student or other accommodation
Public and private schools and hospitals	Retirement villages
Passenger rail lines	Freight rail lines
Land used for religious purposes	Child care centres charging market rates
Charities and PBIs where the activity is not commercial or residential	Social housing owned by PBIs
Crown land not leased or used for commercial purposes	Commercial logging in State Forests

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Mixed use land

- ▼ Non-exempt land use that can be separated on a spatial basis is rated normally
- ▼ Non-exempt land use separated on a temporal basis pays rates according to the percentage of non-exempt land use
- ▼ Propose using a system of bands to reduce administrative complexity

% of non-exempt use	80-100%	50-80%	20-50%	0-20%
% of rateable land	100%	65%	35%	0%

- ▼ Organisations seeking an exemption would self assess to determine exempt land use

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Concessions for pensioners

- ▼ Proposing a rate deferral scheme operated and funded by the State Government:
 - ▼ Eligible pensioners defer payment of rates up to \$250 or any other amount set by the State Government
 - ▼ Liability incurs interest at the bond rate and becomes due when property ownership changes and a surviving spouse no longer lives in the residence

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Concessions for pensioners

- ▼ Benefits of rate deferral scheme:
 - ▼ Better targets assistance in paying rate bills for income-poor pensioners at lower cost to the State and councils
 - ▼ The deferment amount can be raised above \$250 providing better cash flow relief to pensioners at low cost to the State
 - ▼ Prevents ratepayers with typically lower net wealth funding a subsidy to other ratepayers
 - ▼ More sustainable, with beneficiaries of the scheme helping to fund the costs over the long term
 - ▼ Does not require councils to fund a State government policy
 - ▼ Does not narrow the rate base or affect councils with a high proportion of pensioners

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