

Review of the Local Government Rating System

May 2015



CENTRAL NSW
COUNCILS



Centroc's Mission is to be recognised as the lead organisation advocating on agreed regional positions and priorities for Central NSW whilst providing a forum for facilitating regional co-operation and sharing of knowledge, expertise and resources; effectively nurturing sustainable investment and infrastructure development.

www.centroc.com.au

23 May 2016

Reference bw:vp 051623
Enquiries: Ms J Bennett: 0428 690 935

Dr Peter J Boxall AO
Chairman
Review of Local Government Rating System
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Dear Dr Boxall,

Re: Review of Local Government Rating System

Central NSW Councils (Centroc) represents over 243,000 people covering an area of more than 72,500sq kms comprising the Local Government Areas of Bathurst, Blayney, Boorowa, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Mid-Western, Oberon, Orange, Parkes, Upper Lachlan, Weddin, Young and Central Tablelands Water.



Centroc's vision is to be recognised as vital to the sustainable future of NSW and Australia.

Its mission is to be recognised as the lead organisation advocating on agreed regional positions and priorities for Central NSW whilst providing a forum for facilitating regional cooperation and sharing of knowledge, expertise and resources.

Centroc has two core objectives:

1. Regional Sustainability - Encourage and nurture suitable investment and infrastructure development throughout the region and support members in their action to seek from Governments financial assistance, legislative and/or policy changes and additional resources required by the Region.
2. Regional Cooperation and Resource Sharing – Contribute to measurable improvement in the operational efficiency and effectiveness of Member Councils through facilitation of the sharing of knowledge, expertise and resources and, where appropriate, the aggregation of demand and buying power.

The logo for 'Fit for the Future' features the text 'Fit for the Future' in a blue sans-serif font, with a blue silhouette of the state of New South Wales positioned behind the word 'Future'.

Centroc was selected as one of five regional pilot Joint Organisations to assist the NSW Government strengthen and reform local government.

The Centroc Board is made up of the 32 Mayors and General Managers of its member Councils who determine priority for the region. These priorities are then progressed via sponsoring Councils. For more advice on Centroc programming and priorities, please go to our website <http://www.centroc.com.au>

The advice in this Submission may differ from those of individual Councils and the Board respects and supports the differences of opinion across this region. Accordingly this submission should be read beside that of our membership.

In the first instance, the Board notes the challenging time frame for this review, especially given the Local Government Reform is a significant distraction to our members at the moment. This region is growing increasingly concerned at the lacklustre efforts on consultation with communities in NSW and their Local Government representatives. The impacts of this consistent approach of disingenuous engagement with community should be measured as they challenge confidence in our governance framework and we believe lead to disengagement and fragmentation of social capital.

We have reviewed the terms of reference and provide the following advice:

Context

The rate review should be considered in the context of the growing red tape and administrative burden being applied Councils. Two salient current examples are the intention to have Councils administer emergency services levies on behalf of the State and the mooted Local Government Act reform having the Auditor General's department apply its process rich and resource intensive approach with no gain and potential losses for the communities on Central NSW.

We ask IPART to provide its advice to government in the context of the broader financial challenges Local Government faces in this region.

Removing the rate cap

It is Centroc Policy that Councils and their communities should be empowered to set rates as they see fit. With the embedment of Integrated Planning and Reporting communities should have the ability to increase rates to have the level of service they identify in their own plans. The current system disempowers communities, devalues their Councils and ensures that communities are less able to manage the increasing number of unfunded mandates, state imposed administrative burdens such as collecting monies on the government's behalf and compliance red tape.

The "financial fitness" or administrative capability of a Council should be monitored and managed through other mechanisms than access to rate variation. The need to apply for variation is a significant and resource intensive exercise that could be better spent on delivering services and infrastructure for our communities.

Mining Rates

There are two issues around Mining Rates. Firstly, the Mining category should be extended to allow for mines other than coal or metalliferous. Secondly, there are significant issues for communities associated with the application of mining rates as part of the rate capped suite of monies Councils raise. These include:

- the volatility of the mining industry and the need for communities to manage towards to the post-mining period;
- the significant rate income from larger mines meaning that there can be wild swings in the balance of rating in a rate capped environment and
- the risks associated with changes in valuation meaning Councils can incur debt, for example the case in Broken Hill.

Work is currently being undertaken by the Western NSW Mining Taskforce under the auspices of the Department of Premier and Cabinet and it is recommended that IPART avail itself of advice from this effort.

Unpaid rates

Action to initiate sale of land for unpaid rates should be available after the debt has been outstanding for 2 years rather than the current 5 years.

Rate exemptions should be reconsidered.

Any use of land that draws upon Council services should pay rates even if through a new category i.e. Non-profit organisation, Government etc. Particular bug bears in this region are weed and feral animal infested lands owned by the Crown and forestry.

Councils as “hidden” agents for the State

Members are also opposed to Local Government in general being required to collect taxes or levies on behalf of other agencies or levels of government. It considers this to be both unethical and administratively unwieldy and a deliberate attempt to deflect criticism from the NSW Government to local Councils who will then be accused of “increasing rates.”

We would welcome an opportunity to provide more detail, please contact Executive Officer Jennifer Bennett on 0428 690 935 if you wish to discuss further.

Yours sincerely



Cr Bill West
Chair
Central NSW Councils

Enc - 13 May 2016, Cowra Council, Submission to the Independent Pricing and Regulatory Tribunal on Review of the Local Government rating System

Submission to the Independent Pricing and Regulatory Tribunal on Review of the Local Government rating System - 13 May 2016

1. The review should be deferred for 12 months. Having a short time to respond to an important review is totally unsatisfactory.
2. Council favours a method of land valuation that provides an equitable basis for ratepayers, is an asset based tax and easily administered. While the Capital Improved Value proposal may appear attractive because it captures growth, it appears to be unwieldy and an administrative burden in that it would require regular updates following new developments on existing rating parcels. The CIV method can have significant effects on neighbours near a new development. While their asset may increase due to proximity, the neighbours' ability to pay, remains generally static. For that reason Council favours the continued use of unimproved capital value.
3. It has been suggested that Councils be given the choice of engaging private valuers. Council considers that the service provided by the Valuer General is satisfactory and is concerned with the potential for significant variations in valuations provided by private valuers.
4. For those Councils that are Fit for the Future and continue to maintain that status, Rate pegging should be eliminated without the need for individual Councils to apply to the NSW Government for a special rate variation.
5. The Mining category should be extended to allow for mines other than coal or metalliferous.
6. Action to initiate sale of land for unpaid rates should be available after the debt has been outstanding for 2 years rather than the current 5 years.
7. Rate exemptions should be reconsidered. Any use of land that draws upon Council services should pay rates even if through a new category i.e. Non-profit organisation, Government etc.
8. There should be no consideration of imposing additional taxes upon Council in response to Council's call for currently exempt bodies such as government institutions to make a rates contribution.
9. The Pensioner Concession Scheme should be fully funded by the State Government. Pensioners Concessions are a welfare payment and local government should have no role in providing welfare payments.
10. Council is also opposed to Local Government in general being required to collect taxes or levies on behalf of other agencies or levels of government. It considers this to be both unethical and administratively unwieldy and a deliberate attempt to deflect criticism from the NSW Government to local Councils who will then be accused of "increasing rates."