The City of Knox Submission to The Local Government Rating System Review 2019

This review is an opportunity for some of the inconsistencies and areas of legislation that have lost relevance over time to be addressed and brought up to date. It is also hoped that the investigation and inclusion of some of the ideas presented will make Council rating clearer to the ratepayer, more equitable and more efficient to levy

1. Property Valuations

Declaring rates and charges based on property values is still the most appropriate method for raising revenue for Councils. Whilst property valuations do not necessarily represent 'capacity to pay' there is currently no viable alternative method available.

The key area to be assessed for improvement is the timing of the valuations, making the values available earlier would help with Council budgeting and the effective date could be moved earlier to accommodate this.

2. Rate Exemptions

Clearer definition/criteria that can be used to assess eligibility would provide consistency and reduce time spent interpreting and assessing applications for rate exemptions from a growing number of not for profits' and Public Benevolent Institutions providing services to the health and disability sectors.

Instances where charities lease property from private individuals and claim the rate exemption under this provision are treated inconsistently from Council to Council. Arguably, the property owner is 'using' the property for a commercial purpose, which conflicts with the use by the charity. Arguably, the property owner is 'using' the property for a commercial purpose by charging a commercial market rent, which conflicts with the use by the charity. The eligibility could be linked to ownership rather than use.

3. Caravan Parks

Under S156(3A) of the current Act, Caravan Parks are required to be regarded as a single rateable property. Some developers are currently constructing villages with 'removable dwellings' and therefore avoiding individual property rates because they meet the criteria for a 'caravan park'. Such retirement villages are openly advertised to potential residents as 'rate free'. This is exploitation of the current legislation and needs to be addressed in the interest of fairness and equity.

4. Mining Purposes

Currently, land used exclusively for mining purposes is regarded as not rateable (S154(2)(e)). The reasons behind the inclusion of this provision in the current legislation are unclear.

Many rural and regional Councils have active mining operations within their municipalities, either as underground or open cut. These operations do impact on Council infrastructure and it seems unfair that such large organisations are not rateable. In the interest of fairness and equity, land used exclusively for mining purposes should be considered rateable.

5. RSL Clubs

Currently RSL Clubs are specifically not rateable, (S154(2)(f)). Whilst RSL Clubs play an important role in supporting ex-servicemen and servicewomen, over recent decades, many RSL Clubs have expanded into major commercial venues providing food, entertainment and often gaming and gambling in direct competition with other similar privately owned rateable establishments. The membership of these Clubs are now predominantly made up of the general public, not just returned servicemen and servicewomen. The gaming and commercial operations should be rateable in the interest of fairness and equity. If necessary, rate exemption could be retained for any property, or part thereof, that is exclusively used for and occupied by returned servicemen and servicewoman.

6. Cultural & Recreational Land

The Cultural & Recreational Lands Act 1963 specifies how Councils should levy rates (or amounts in lieu of rates) on outdoor recreation and cultural lands. The methodology for calculating amounts is unspecified, other than stating that it should be 'reasonable having regard to the services provided by the municipal Council in relation to such lands and having regard to the benefit to the community derived from such recreational lands.'

Councils experience difficulties in applying this legislation and struggle to achieve consistent and fair outcomes. The legislation specifically applies to land used for ***'out-door sporting recreational or cultural purposes or similar out-door activities'***, therefore alienating any indoor sporting or cultural facilities.

The C&RL Act is considered outdated and difficult to apply. The Local Government Act differential rating provisions provide Councils with enough flexibility to levy rates and charges on all sporting, recreational and cultural land.

7. Recovery of costs

Currently Councils are only legally entitled to recover costs associated with legal action, as awarded by the Court. Most Councils now incur various other legitimate costs (e.g.; field calls, skip traces, mortgagee letters, etc), throughout the collection process that are not currently recoverable. The Act should include provision for Councils to recover any reasonable expenses associated with tracing a person liable to pay overdue rates and charges. This would encourage Councils to use other 'less costly to the ratepayer' options to collect overdue rates and charges.

8. Payment of Rates & Charges

Options that Council may offer for payment of rates and charges should be increased to include additional instalment options to allow greater flexibility for the ratepayers. The in full payment option should be retained as an option.

9. Notification of Change of Ownership

The process for notification of change of ownership of property to Council should be improved. Currently notices of acquisition are to be forwarded to Council by conveyancers. A significant amount of Council time is spent chasing these up. This process could be linked to the change of title, as is done in NSW. This would give Councils the information in a timely manner and ensure ratepayers receive notifications from Council to the correct person.

10. Issue of Rate Notices

Further clarification of what constitutes the issue of rate notices, originally post was deemed issue. Councils are now issuing notices electronically and clear acknowledgement of this would validate this form of notice issue.