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As an interested party who submitted to the Valuation and Local Government Rating Review - Consultation on the Final Draft Report, in November 2012, I am disappointed not to have received advice of the current review being undertaken on Local Government Legislation. I have missed an opportunity to prepare an adequate submission to your review.

I don't subscribe to local newspapers and only heard about the review on a local radio news report, late last week, saying that the opportunity for submissions closes today.

I have completed the online surveys but would like to provide a view on a couple of issues.

My submission to the 2012 Valuation and Local Government Rating Review - Consultation on the Final Draft Report evidently had no impact on the outcome, but I do feel that the issues that I raised in that submission are still relevant to today.

The following text is an extract from my 2012 submission, so please excuse the references to the "Final Draft Report" as that is referring to the 2012 Final Draft Report.

EXTRACT FROM MY 2012 SUBMISSION

The reasoning for moving towards Capital Value "CV" as the preferred base for levying local government rates, over Land Value "LV", is not sound or justified. The continual assertion in the Final Draft Report, that CV is better

understood by ratepayers than any other base is not supported by sound evidence.
The Report fails to recognise and deal with a huge problem faced by ratepayers and Councils. That problem is the serious lack of understanding of the complex local government rating issues by those responsible for setting the communities' rating policies. At least it is a major problem for the Clarence municipality where aldermen just accept rating policy tendered by the administration, without understanding the associated impacts to the ratepayers of their community.

The Final Draft Report;

- fails to recognise or deal with the fact that, in real life, the Capital Value of a ratepayer's home does NOT genuinely reflect a ratepayer's capacity to pay.

- does not explain how a ratepayer's capacity to pay will be managed when using Capital Value as the rates base. The Local Government Act 86A (1) (b) stipulates that "the value of rateable land is an indicator of the capacity of the ratepayer in respect of that land to pay rates" not Capital Value.

- fails to adequately recognise or research solutions to unwieldy and disparate valuations made where similar properties (house and land), within close proximity of each other, have extreme variations to AAV's and Capital Values that are brought about by mal-administration of the valuation process. A valuation process that is unethical in the extreme.

- fails to adequately address the 4% rule, where the 4% rule could be abolished from use for residential property where a rental value can be adequately assessed.

Most disturbingly the Final Draft Report suggests that the status quo will remain without any attempt to remedy the gross inequities that currently exist and caused by disparate property valuations and the 4% rule. There is a strong suggestion in the body of the report that the rating base will change to Capital Value and that the rating tools will be used to artificially maintain each properties' "rates charge" outcome on changeover to CV. <u>This is not rating reform</u>. Equitable reform would ensure that a legitimate attempt was made to remedy the inequities of the past. This could be done by ensuring that all ratepayers made a fair contribution to the rates revenue with the initiation of either a fixed component of 50% for the General Rate or setting a minimum gross residential rate at 75% of the average gross residential rate for the municipality.

In respect to the Clarence municipality, 25% of residential ratepayers properties are subject to the 4% rule. Currently that means that 75% of residential ratepayers are charged rates on AAV base values that are greater than 4% of their property's Capital Value.

If the base is changed to Capital Value, then an additional inequitable rating burden will shift onto the 25% of ratepayers currently subject to the 4% rule, due to the fact that proportionately the rate base value of those 75% of ratepayers not subject to the 4% rule will diminish when compared to the rate base value of those currently subject to the 4% rule. A very poor and unsatisfactory outcome for those 25% of Clarence ratepayers, especially those who do not have the capacity to pay.

Using Land Value (unimproved value) as the new rating base along with the appropriate use of available rating tools;

- seems to be the best fit to meet the objectives stated in the review purpose of identifying a valuation and local government rating model

- would not be as prone to the disparate and violent value changes as Capital Value or AAV.

and as the unimproved LV is due to the efforts of the community and community improvements such as water, sewerage, roads, kerbing and footpaths, schools, etc. it best fits the purpose for which it would be used and easily understood by ratepayers

END OF EXTRACT FROM MY 2012 SUBMISSION

Following the 2012 Valuation and Local Government Rating Review the Clarence City Council “CCC” move its rating base from AAV to Capital Value “CV” with the use of a small fixed charge component for the General Rate. This change was clearly structured to maintain the status quo in respect to which ratepayers carried the rating burden in Clarence.

Prior to that review I had had significant dialogue, over a significant time period, with all CCC Councillors and came to realise that very few Councillors had the knowledge or the want to fully understand the many complexities that influence the levying of rates or to fully understand the impacts of their rating decisions. It was evident that some Councillors just did not have the capacity to understand.
From that experience I am a strong advocate of compulsory training for Councillors, especially in the methods of calculating Rates and in the effects that those methods have on the community.

I note with some trepidation from your Reform Paper relies on
"Rating Policies
27. Ensure council rating policies consider taxation principles and align with their budget and financial planning documents

Councils have flexibility in determining how to distribute the rating burden among ratepayers. Rates are a form of general taxation and, therefore, taxation principles are relevant to how councils make their rating decisions.
The taxation principles are: efficiency, simplicity, equity, capacity-to-pay, benefit principle, sustainability, cross-border competitiveness and competitive neutrality"

As any thinking individual would know, none of the Rating bases offered by the current legislation or that proposed by your review can sit comfortably with the Taxation principles of **equity** or **capacity to pay**.

It is so unfair, unethical, immoral to base the capacity to pay of any of the current rating bases of AAV, Capital Value or Land Value. Real Estate booms, influenced by interstate sea changers, interstate investors, Air BnB operators, unfairly influence the amount of Rates that are levied. It just an enormous impost on people who have their home in a now so called affluent suburb and are now asset rich but income poor.

All councils should be compelled to charge a minimum fixed General Rate of at least 75% of the average General Rate on each rateable residence and use the current Pensioner discounts scheme, provided by government, to deal with capacity to pay issues.

Freeloaders in the community.
The second item that needs serious review is the inability of councils to charge rates on owners of homes in retirement villages. Councils either must be given the legislative right to charge those home owners with council rates. These retirement villages are a growing strain on council budgets with the retiree population wanting more council services "for the aging" without contributing to the finances.

Apologies for garbled and disjointed submission, but as previously explained "prepared at short notice"

Sincerely

G. Miller

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