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From: [REDACTED]
Sent: Monday, 24 September 2018 10:50 PM
To: DLGSC Act Review
Subject: LG Act Review - Rates, Fees and Charges Topic Forum

Categories: Acknowledgement email sent, Darrelle

Hello,

My submission is in relation to the GRV basis for rate calculation, which is inequitable as it charges owners different amounts for the same facilities and services, without considering their actual income or ability to pay.

In setting rates, Councils' first priority should be to charge actual users a cost-reflective fee rather than subsidising services through rates on lower or non-users.

Remaining costs should then be minimised and shared equally among all ratepayers. If equal rates are considered unfair, then owners who rent out their property should pay more as the property generates income and they can also claim rates as a tax deduction. Owner-occupiers are currently doubly disadvantaged by generating no income from their property, and having to pay rates on after-tax income.

If differential rates are necessary, then a fair system should charge more to owners who earn more, not on the basis of the property's value (or hypothetical rental income) which is unrelated to their actual income. If some element of a property is deemed to justify higher rates, it should be something objective such as land area or number of rooms, not irrelevant considerations like location and style of the property which have no bearing on use of Council services. A further advantage of removing the GRV basis would be the disbanding of the Valuer General's Office and their expensive and out-of-date valuation cycles.

If the unfair GRV basis is retained, then at least section 6.35(1) of the LGA which allows a minimum rate to be imposed, should be extended to also allow a maximum rate. This would permit Councils to limit overcharging for higher-GRV properties, whose owners often have to pay multiples of the minimum rate for the same facilities and services.

For example, the government's FES levy has both a minimum and maximum rate. From their Q&A Guide (https://www.dfes.wa.gov.au/emergencyserviceslevy/ESL%20Docs/ESL_QA_Document_2017-18.pdf):
3.7. Property Uses - Minimum and maximum charges

"Minimum and maximum charges have been set to make sure each property pays an equitable amount. That is, property owners at the lower end of the scale pay enough while those at the top don't pay too much."

I would be happy to expand on these points or discuss them in person. I work at 140 William St, if your department has any staff there or elsewhere in the CBD, or you can reach me by phone.

Regards,
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[REDACTED]