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Soldiers Point
NSW 2317

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No.	32
Date Received:	22/7/02
Secretary:	Burdell

The Secretary
House of Representatives Economics, Finance and Public Administration Committee
Parliament House
CANBERRA ACT 2601

Dear Sir / Madam,

Re Inquiry into local Government and Cost Shifting

I wish to place a submission before the Inquiry with particular relation to the method used by Local Government to assess residential rates.

The present method adopted ,which is in accordance with the Local Government Act 1993 NSW whereby a Base Rate is struck by Council and then topped up with an Ad Valorem component based on property value ,would appear to have outlived its original purpose. The idea of shifting the rate burden from the less well off section of the community towards those better able to pay no longer holds good when based on property values alone.

It has been apparent for some years that a growing percentage of residents in the so called affluent areas of Sydney are in fact pensioners or other low income earners living in the family home and being overtaken by rising property values. It is all very well to tell them to sell and move but the facts are that when people are in the elderly age bracket they can easily become very distressed at the thought of changes of this magnitude. They are not at fault for the rising values that effect their rate burden and nor should they be made to feel so. In fact it is downright immoral that, in a democratic society such as ours, they should be forced to even consider moving from their homes.

When one is active in the workplace ,these issues are of relatively little concern and only evoke the occasional protest at "rate time " but are then forgotten. However in retirement and particularly if on a pension , the situation is much more acute and it has now overtaken our little community of Port Stephens and perhaps many others as well

In 1988 my wife and I purchased a small block of land with pleasant water views for . \$42,000. By 1992 we had built a home and decided to retire. We sold our Sydney property , acquired a boat , and settled down as self - funded retirees. However, declining interest rates and increased cost of living saw our dreams start to collapse. The boat has gone, my wife passed away earlier this year, and I am now on a full Aged Pension of \$427.60 per fortnight. I was still able to manage until the recent round of valuations saw my property rise in value from \$121,000 to \$343,000. In 14 years the valuation has increased by approximately 700% and I was not in a position to dispute this figure as an adjoining vacant block realized a similar figure at auction.

My rate burden will increase from \$995 last year (on a valuation of \$121,000) to \$1600 this year (on a valuation of \$343,000) whilst the average rate for Port Stephens Shire will be approximately \$700. The Minister for Local Government has only allowed the CPI increase of 3.3% but that applies to the overall Council Rate Income and not to individual rate assessments. There are several elderly people in Soldiers Point who are long time residents and this year will receive rate notices in excess of \$4000. Our Council does have a hardship policy whereby we receive \$250 pensioner rebate (already allowed for in the figures above) as well as the concession that rates can be deferred against one's estate but at a charge of 11% interest. I recently spoke at a Council Public Access meeting where I suggested that this was akin to holding a gun in one hand whilst the other hand was in our wallets.

Section 601 of the Local Government Act 1993 has a provision giving Councils the discretion to waive, reduce or defer excessive rates caused by valuation increases. I approached Council about this provision and was requested not to make this public for fear of an avalanche of "hardship cases " suddenly coming to the fore.

In this day of "User Pays" it may well be time that we had a fairer rating system and I have suggested various alternatives to Council to no avail . In Port Stephens, the East Ward councillors who represent the Tomaree Peninsular which has the majority of the highly rated land, are outnumbered.

I have made the following suggestions to Council without success at present because they fall outside the guidelines of the Act and I submit them for your consideration.

1. If the present system of Base Rate plus Ad Valorem component is maintained then a fairer Hardship Policy should be adopted as follows
 - a. To waive all of the excess rates caused by valuation increases as outlined in Section 601 of the Act.
 - b. To substantially increase the pensioner rebate (unchanged since 1993)
 - c. To allow pensioners who can still demonstrate hardship after taking account of a/b above to defer all or part of their rates at NO INTEREST as a charge in due course against their estate or on disposal of the property.
2. To change the whole system so that all property owners pay the same flat figure for Council services in line with other service providers (telephone , water , electricity etc.)
3. An alternative to 2 above is to have a rate that is fixed (subject to CPI increases) for the life of the occupancy and on a change of ownership to strike a new rate based on the current valuation (subject to CPI increases) for the life of the new occupancy and make it mandatory for the rate to be shown on all sale documents This procedure would insulate all residents from the problems that we are experiencing at present.

I trust that this submission will receive your favourable consideration

Yours faithfully

E.S.Cossart

