

Dear DELWP,

I object to key changes in the Local Government Act Review that undermine the revenue sovereignty of local Councils which is crucial to council's political sovereignty.

I strongly oppose the removal of Site Value Rating (SRV) from the legislative framework on the grounds of efficiency, equity and common sense.

Capital Improved Value (CIV) confers higher rates when renovations are undertaken or solar panels are installed. Meanwhile, land speculators can reduce their rates by knocking down old, marginal housing (the bedrock of affordable housing), and **holding land vacant**.

Our view is that SVR should be maintained as a rating alternative, particularly as it has been adjudged time and again as the most efficient (and progressive) tax base available. Lower rents result from an effective rating system.

The following reviews into council rating reiterate these beliefs:

- Queensland Committee of Inquiry into Valuation and Rating 1989, chaired by Sir Gordon Chalk
- The Wellington City Committee, 1989
- The Internal Affairs Department Coordinating Committee New Zealand, 1989
- Commission of Inquiry into Land Tenures, 1973-76
- NSW Royal Commission of Inquiry chaired by R Else—Mitchell 1967
- Inquiry chaired by Justice Hardy Queensland, 1966
- Inquiry chaired by N L Buchan Queensland, 1964
- Queensland Committee of Inquiry chaired by Sir A Bridges QC 1960
- The Royal Commission on Local Government Finance 1958
- Australian Country Party Inquiry 1933

As governments grapple with the rising inequalities driven by land price inflation, the last thing we should do in the 'education state' is to turn our backs on the fairest and most efficient tax.

Rate capping is already putting additional pressure on council resources struggling with cost-shifting. Councils will be forced to tow the line for state and federal grants (which are funded via more regressive taxes).

Enforcing greater reliance on state and federal grants will see the economy penalised by some 30% in terms of Marginal Excess Burdens.

At a time when the pressures of governance are mounting, a rating system that magnifies bad behaviour will undermine our civic connections. We need a rating base that can raise revenue and encourage good behaviour. Anything less is a rejection of wise governance.

Please consider the following important points:

- Budgetary pressures at all levels require greater efficiency and effectiveness, not less. Site Value Rating is our most efficient tax base. Why turn our back on it?
- The need to preserve the option for Councils to use SVR, based on the principle that individual Local Government Authorities should be free to revise, refine or experiment with rating systems. There is no benefit to reducing our options.
- There is no good reason to only allow differential rating flexibility with CIV but not SVR. Both should be placed on an equal footing.
- Mandating the use of CIV in order to force remaining NAV councils (except Melbourne City Council) onto CIV, does not justify the removal or preclusion of SVR as a rating option for Local Government Authorities.

Yours sincerely,

Maria Hill