

4 July 2023

Ms Carmel Donnelly PSM
Chair
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240

Review of Rate Peg Methodology – Draft Report June 2023

Dear Chair,

Thank you for the opportunity to make a submission in response to the Independent Pricing and Regulatory Tribunal's (IPART) *Review of the Rate Peg Methodology Draft Report June 2023* (the Draft Report).

The Shopping Centre Council of Australia (SCCA) represents Australia's major owners, managers, and developers of shopping centres.

We welcome the acknowledgement in the Draft Report of the SCCA's submission that the rate peg does not prevent a discriminatory and disproportionate rate burden being applied to a small number of ratepayers.¹

We also welcome IPART's finding that there "*could be merit in considering whether to introduce additional constraints to provider further confidence to ratepayers*".²

We respectfully but strongly encourage IPART to make a recommendation to the NSW Government that the *Local Government Act 1993* (NSW) (LG Act) be amended to permit side-constraints (i.e. conditions) on the application of the rate peg so that individual ratepayers are provided with more confidence in the rating system and the likelihood of ratepayers experiencing significant changes in their rates is reduced.

Such an amendment to the LG Act would expand IPART's key functions beyond setting the rate peg and approving requests for special variations. This would empower IPART to ensure that when the rate peg is set, certain conditions could be imposed by IPART so that individual ratepayers are not targeted.

The primary purpose of rate pegging is to protect ratepayers from excessive increases. While the rate peg may protect ratepayers collectively, it does not protect individual ratepayers from unreasonable and unfair increases which weakens individual ratepayers' confidence in the system (noting a primary objective of IPART is to ensure ratepayers confidence in the system).

We submitted evidence in our original submission that highlighted how our sector was a particular target of local councils applying rate increases unfairly and targeting individual ratepayers to raise council funds. We showed 8 LGAs that apply a shopping centre-specific differential rating category, where the average premium in rates charged is 134 percent, or 2.3 times the base business ad valorem rate. Some of the individual premiums were as high as 901 percent, or 10 times the base business ad valorem rate.

IPART should impose a condition on councils that they cannot selectively target individual ratepayers for a significant proportion of the rate peg, including through the creation of single property ratings categories. Such a condition would protect not just ratepayers as a whole, but also help protect individual rate payers and prevent the discriminatory and disproportionate application of rate increases which will foster greater confidence in the system.

¹ IPART, [Draft Report](#), June 2023, p.121

² IPART, [Draft Report](#), June 2023, p.122

We would be happy to provide additional information or meet face-to-face with you to enable you to make a recommendation to the NSW Government on the need to amend the LG Act to permit side-constraints and to empower IPART to allow it to foster greater confidence in the rating system.

Finally, we respectfully request that the reference to our organisation on page 121 of the Draft Report be corrected to "the Shopping Centre Council of Australia."

Please do not hesitate to contact me on [REDACTED] or at [REDACTED] [@scca.org.au](mailto:[REDACTED]@scca.org.au).

Kind regards,

[REDACTED]