

Dear Sir/Madam,

This email is made in response to your call for submissions circular of 27 April 2004 into the review of national competition policy arrangements. There are many references in the *Rates and Taxes: A Fair Share for Responsible Local Government* (Commonwealth of Australia, 2003, House of Representatives Standing Committee on Economics, Finance and Public Administration) which are applicable to the inquiry. The Productivity Commission should review the recommendations in the report particularly those on pages 45-50. Some references to the report are made below.

1. Impact of NCP and related reforms to date

While dividend payments to governments from publicly-owned businesses have increased and are based to a large extent on local government rates equivalents, very little of these payments have found their way to Local Governments. Local Government is continually finding that it must compete with State and Territory governments for property taxation revenue. This situation is not sustainable.

Local Government should be able to at least rate land that has been leased to a private company from a Government Business Enterprise. There appears to be a 'mixed bag' of arrangements throughout Australia about Local Government obtaining a share of the above dividend payments with Queensland Local Government being the most successful. *'It appears there is no consistency in the way this is applied States and the Northern Territory'* (Commonwealth of Australia, p. 47).

In the Northern Territory there are clearly anomalies with legislation. For example, S.19 of the *Power and Water Corporation Act* states, amongst other things, that land vested in the Corporation is exempted from local government rates, charges and taxes. S.58 of the *Local Government Act* states, amongst other things, that a Council shall rate all land in its municipality and that:

Crown land occupied by the Territory (not been land occupied for the purpose of industrial for commercial undertakings conducted for and on behalf of the Territory)....shall not be rated.

2. The public interest test

Local Governments are required to comply with a myriad of financial reporting requirements from State/Territory and Commonwealth governments. See references in the above report on pages 132-134.

3. Opportunities for further reform

The issue of land use agreements in the Northern Territory would do much to alleviate the ad hoc approach to land use on Aboriginal land. Standard development assessment is almost non-existent, few leases are in place for Councils operating on Aboriginal land and processes for establishing or determining land uses are haphazard. The Territory Government and Land Councils are working on the matter. Land use reform would do much to remove impediments to economic development.

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Chief Executive Officer