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Who should read this	Councillors / General Managers / Finance & Rating Staff / Corporate Governance & Legal Staff
Contact	Policy Team / 02 4428 4100 / olg@olg.nsw.gov.au
Action required	Response to OLG

Release of Exposure Draft Bill on local government rating reform

What's new or changing

- An Exposure Draft Bill has now been released for public consultation as part of the Government's commitment to implement reforms to ensure a fairer and more flexible rating system for councils and ratepayers.
- The Bill proposes to implement key elements of the Government's response to the Independent Pricing and Regulatory Tribunal's (IPART's) review of the local government rating system, which was released in June 2020.

What this will mean for your council

- Councils, ratepayers and other interested individuals and organisations are invited to provide feedback to help shape the final Bill, which is intended to be introduced into the Parliament in early 2021.
- A consultation guide, *Towards a Fairer Rating System*, has also been released to explain the proposed changes to help guide submissions. **Submissions will be received until close of business 5 February 2021.**
- This timing is needed to allow a final bill to be passed, if approved, and provisions commence for those councils created in 2016 by 1 July 2021.

Key points

- The Government is committed to a package of reforms to ensure the local government rating system is equitable and responsive to community needs.
- These reforms will ensure councils have a stable and reliable revenue base, provide greater flexibility for councils and ratepayers, enabling a fairer distribution of the rating burden.
- As most of these reforms require changes to the *Local Government Act 1993*, a Bill – the Local Government Amendment (Rating) Bill 2021 – has been prepared. If passed by the NSW Parliament, this Bill would:
 - allow those new councils created in 2016 that have not already harmonised their rating structures to do so gradually over four years
 - allow councils to levy special rates for infrastructure jointly funded with other levels of government outside the rate peg without IPART approval,
 - create a new rating category for environmental land,
 - create more flexibility for councils to create rating subcategories for residential land, business land and farmland, including vacant land,
 - amend exemptions that apply to water and sewerage special rates and to land subject to conservation agreements,
 - require councils to report the value of exemptions they grant each year,

Office of Local Government

5 O'Keefe Avenue NOWRA NSW 2541

Locked Bag 3015 NOWRA NSW 2541

T 02 4428 4100 F 02 4428 4199 TTY 02 4428 4209

E olg@olg.nsw.gov.au W www.olg.nsw.gov.au ABN 20 770 707 468

- narrow scope to postpone rates and let councils choose whether to write them off, and
 - allow councils to sell properties for unpaid rates after 3 years rather than 5 years.
- After making any changes in response to the submissions received, the Government will introduce the Bill into the Parliament early next year. In part, this will enable new councils to take up opportunities provided by greater rating flexibility as they prepare to harmonise their rates on 1 July 2021.
 - Further rating reforms that do not rely on the Bill will be implemented by making changes to regulations and releasing new guidance next year.
 - In part, this includes aligning rating income growth with population growth to help councils provide for growing communities within the rate pegging system while still protecting residents from sudden, excessive rate rises.
 - To give effect to this commitment, the Minister has asked IPART to recommend a new rate peg methodology that allows the general income of councils to be varied each year in a way that accounts for population growth.
 - IPART has been asked to ensure that councils with lower population growth are not disadvantaged, to undertake public consultation and to provide a Final Report within nine months.

Where to go for further information

- The Exposure Draft Bill and *Towards a Fairer Rating System* Consultation Guide are available on the OLG's website at <https://www.olg.nsw.gov.au/councils/policy-and-legislation/fairer-rating-system-consultation>.
- The Government's response to IPART's review of the local government rating system is available at www.olg.nsw.gov.au/wp-content/uploads/2020/06/IPART-Rating-Review-Government-Response.pdf
- IPART's Final Report on the local government rating system is available at www.ipart.nsw.gov.au/Home/Industries/Local-Government/Reviews/Local-Government-Rating-System/Local-Government-Rating-System



Luke Walton
A/Deputy Secretary, Local Government and Planning Policy