



GOVERNMENT RESPONSE RELEASE OF THE IPART REVIEWS INTO LOCAL GOVERNMENT

The NSW Government is pleased to have made progress on three reviews of the local government system completed by the Independent Pricing and Regulatory Tribunal (IPART).

At the Government's request, IPART undertook broad ranging reviews of the local government rating system, reporting and compliance burdens on local government and local government compliance and enforcement in recent years. The Government acknowledges IPART's expertise, as well as the valuable input of councils and many others in the community involved in undertaking these reviews.

IPART's final reports have now been released publicly and the Office of Local Government will commence a public consultation process on recommendations that are open for consultation. Submissions may be made through the Office of Local Government's website or the NSW Government *Have Your Say* website during these consultation periods.

Each of IPART's reviews were commissioned to identify how best to deliver the Government's commitment to ensure a fair and equitable rating system, cut red tape and reduce costs and delays for business and the community. These issues are critical to the future of local government and local communities across NSW.

IPART provided the Government with substantial final reports that recommend significant reforms and, therefore, require serious consideration. They address a number of complex issues, including the current structure of the rating system, arrangements for rating exemptions and pensioner concessions, and a broad range of local government regulation and compliance issues.

A significant number of IPART's recommendations could substantially change our system of local government and impact directly upon communities. Having considered IPART's findings and recommendations at length, the Government has ruled out implementing recommendations that would adversely impact vulnerable members of the community, such as pensioners or charities, or have a substantial financial impact upon taxpayers or the broader community. These include;

REPORTING & COMPLIANCE REVIEW REPORT

- The removal of restrictions on fees for statutory approvals and inspections (recommendation 3); and
- The capping of statutory fees below cost recovery (recommendation 6).

REVIEW OF THE LOCAL GOVERNMENT RATING SYSTEM REPORT

- Fundamental restructure of the current rates exemption framework, including the removal of a number of important rates exemptions. Instead the Government will address clear anomalies with existing rating exemptions (recommendations 14, 15, 17 and 19-21); and
- The creation of a rates deferral scheme for eligible pensioners to replace the existing pensioner concession framework (recommendation 26-28).



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Further, a number of recommendations concern matters which are now the subject of separate consultation and review processes by a range of NSW Government agencies. These recommendations will not be consulted on through this process and are identified as such in the relevant consultation guide.

The Government's *Local Government (Amendment) Bill 2019* passed Parliament on 19 June 2019 and will shortly commence.

Once assented to, the new provisions will provide, among other things, more time for recently established councils to have important conversations with their communities regarding rates harmonisation, whilst not precluding those councils who wish to harmonise, and subsequently wish to apply to IPART for a Special Rates Variation.

The new provisions will also extend the cut-off date for councils to make a decision on the administration of elections in 2020.

In addition, the new provisions will remove some of the current limits on local government procurement, and proposes further amendments to cut red tape and reduce the regulatory burden on councils and local communities. Specifically, the Bill:

- increases the tender threshold for councils from \$100,000 to \$250,000. However, the threshold for contracts involving services provided by council employees at the time the tendering process is undertaken will remain at \$150,000;
- provides sensible exemptions on disclosing fees to prevent councils from being commercially disadvantaged in procurement negotiations;
- provides options to utilise pre-qualified professional services, to directly procure services from disability employment organisations; and
- enables further steps towards supporting cost-sharing and service provision between neighbouring councils by allowing for agreed delegation of regulatory functions and mutual recognition of Section 68 approvals, where appropriate.

With this in mind, the NSW Government is now seeking additional feedback from councils, communities and other interested stakeholders on the remaining recommendations in IPART's final reports.

Public consultation on each of IPART's Final Reports closes on the following dates:

- *Local Government Rating System* - September 13
- *Reporting and Compliance Burdens on Local Government* - October 25, and
- *Local Government Compliance and Enforcement* - November 15.

To support the community in providing feedback, a consultation guide has been issued with each report indicating which of IPART's proposals are still under consideration. Copies of these guides are attached for your further information.

Following the completion of public consultation, the NSW Government will consider what further action should be taken on IPART's recommendations.