

4 November 2019

WHAT

This fact sheet provides information for councils and ratepayers about applications to increase minimum rates (MRs). It also describes some modifications to our assessment approach for 2020-21.

The Office of Local Government (OLG) issues guidelines for councils seeking to increase the minimum amount of ordinary and special rates. These guidelines set out the criteria IPART uses to assess applications.

The criteria relate to:

- ▼ Rationale for the proposed increase
- ▼ Impact on ratepayers affected by the increase
- ▼ Consultation to obtain the community's views
- ▼ Any other matters IPART considers relevant.

WHY

This fact sheet is released annually to ensure councils are aware of key changes to OLG's Guidelines and IPART's assessment approach. For 2020-21 it outlines:

- ▼ Changes to the OLG Special Variation (SV) and MR Guidelines for 2020-21
- ▼ When councils should submit an MR increase application as well as an SV application
- ▼ Our approach to assessing MR applications
- ▼ Next steps for councils and ratepayers.

WHO

This fact sheet is relevant for:

- ▼ Councils planning to apply for an MR increase in 2020-21
- ▼ Councils considering applying for an MR increase in future years
- ▼ Ratepayers in these councils, particularly those currently paying the MR.

New councils created by merger in 2016 may apply for an MR increase for 2020-21 (see OLG Circular 19-27).

WHEN TO APPLY

Councils are required to apply for an increase to MRs where they are planning to increase MRs above the 'statutory limit' for the first time or, if they are already above the 'statutory limit', where they are planning to increase MRs by more than the rate peg or a percentage previously approved under an SV.

The statutory limits for MRs are currently:

- ▼ \$540 for the minimum amount of an ordinary rate. However, consistent with past practice, it is expected that this will increase to \$554 for the 2020-21 rating year.
- ▼ \$2 for the minimum amount of a special rate.

OLG's MR guidelines for 2020-21 contain a significant change for councils proposing an MR increase **in conjunction with an SV**. In this case, the council must submit *both* an SV application *and* an MR increase application. Previously, a council could

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include an application to increase MRs as part of its SV application.

There is no change to the requirement for a council seeking to increase the minimum amount of a special rate. OLG's MR Guidelines provide that in all cases, the council must submit an application to set a minimum special rate above \$2, even if it just seeks to increase the special rate by the rate peg.

Councils must submit their applications for an increase to MRs by 10 February 2020, whether or not it is in conjunction with an SV. It is expected that a council will hold an extraordinary general meeting if necessary to meet this requirement.

A timetable for the MR increase application process is available on IPART's website.



HOW

The criteria used to assess MR applications are set out in Guidelines released in October 2019 by OLG.

The council's application should provide well-targeted data and research to support its rationale for the MR increase. It should also show the impact on affected ratepayers is reasonable and that it has consulted with the community on the proposal. Where applicable, a council should reference its Integrated Planning and Reporting (IP&R) documents.

The level of community consultation should be commensurate with the size of the proposed rate increases and associated impact on ratepayers. Consultation may include exhibiting the proposal and seeking feedback from affected ratepayers in workshops, online forums, or surveys.

It is a matter for councils to develop a rating structure that is accepted by the community as fair and equitable.



WHAT NEXT

Councils intending to apply to increase their MR in 2020-21 should:

- ▼ Contact IPART as soon as possible to discuss their MR increase proposal.
- ▼ Refer to the new MR Application Form and Guide, and updated fact sheet *Community engagement and awareness for SVs* to be published on IPART's website in November.
- ▼ Notify IPART that they intend to apply for an MR increase (and SV, if applicable) by 29 November 2019.
- ▼ Submit an application for an MR increase by 10 February 2020.

Ratepayers, particularly those currently paying the MR, of councils proposing to increase their MR in 2020-21 should:

- ▼ Expect their councils to be consulting with them and seeking their feedback on the proposed MR increases
- ▼ Note IPART will conduct a submission process after councils submit their applications in February 2020. Our website will provide more detail once we receive notifications in November.