

Fact Sheet – Review of Local Government Rating System



13 April 2016



WHAT

The NSW Premier has requested IPART to review the rating system for local government in NSW.

IPART has released an Issues Paper as part of the review process.

We seek feedback from councils, ratepayers and the community, NSW government agencies, and other stakeholders on a number of questions raised in the Issues Paper, and any other issues stakeholders think are relevant. This feedback is critical as it will enable IPART to identify future options that could improve the performance of the rating system and the welfare of the people of NSW.

The Issues Paper analyses potential options to:

- ▼ enhance the ability of councils to implement sustainable and equitable fiscal policy, and
- ▼ provide the legislative and regulatory approach to achieve the Government's policy of freezing existing rate paths for four years for newly merged councils.

The Issues Paper, along with further information on IPART's review, is available on [IPART's website](#).



WHY

This review follows the Independent Local Government Review Panel's report¹ which made a number of recommendations to reform the local government sector, including a recommendation that IPART undertake a review of the rating system.

¹ Independent Local Government Review Panel *Revitalising Local Government*, October 2013, available at: <http://www.localgovernmentreview.nsw.gov.au/>

In response to the Panel's report, the NSW Government has now requested IPART to undertake this review, and to also consider rating issues arising from merging councils. The review is a key component of the Government's Fit for the Future reforms.

Local governments use rates to help fund a range of services provided to communities, such as local roads, parks and libraries.

A rating system that is efficient, equitable and sustainable is critical to the good performance of local government and the NSW economy more generally.



WHO

This review will affect all councils in NSW, as well as ratepayers, businesses, and a range of government agencies and private institutions affected by ratings exemptions or concessions.



WHEN

We will provide an Interim Report on options for achieving the rate path freeze for merging councils to the Minister for Local Government by **17 June 2016**. We will publicly release a Draft Report on all the issues in **August 2016**.

A Final Report will be provided to the Minister for Local Government in **December 2016**.



KEY ISSUES

To inform recommendations that improve the performance of the rating system, IPART will analyse the components of the rating system using recognised principles of taxation.

The Issues Paper raises a number of questions on which we seek comment. Some of the more important issues include:

- 1 Should councils have greater flexibility with the valuation method used to levy rates? The NSW Government mandates using a property's unimproved value (excluding capital), whilst other state governments provide more choice.
- 2 Are the current rating categories (residential, business, mining and farmland) appropriate?
- 3 What changes to the rating system could be made to improve councils' long term financial sustainability and encourage urban renewal?
- 4 Should there be changes to the current categories of land use that receive exemptions or concessions from paying council rates? Exempt land uses include charities, education institutions and some government enterprises.
- 5 What is the best way to implement the Government's rate path freeze policy for merging councils?
- 6 What changes to the rating system could be made to allow merged councils to establish and transition to a new equitable rating system in a timely manner?



WHAT NEXT

You can have your say on the questions raised in the Issues Paper, or any other issues you consider relevant to this review, until **13 May 2016**. We prefer to receive comments [online](#), or alternatively via [email](#) or post to:

Review of Local Government Rating System,
IPART
PO BOX K35
Haymarket Post Shop NSW 1240

We will hold a Public Forum on 26 April 2016 at the SMC Conference Centre, 66 Goulburn St, Sydney. The Public Forum is an opportunity to present your views in person. [Click here](#) to Register.