

1 The Office of Local Government's Minimum Rates Guidelines – 2021-22 and other recent changes

A council is required to apply for an increase to minimum rates (MR) where:

- ▼ it is planning to increase MRs above the 'statutory limit' for the first time, or
- ▼ it is already above the 'statutory limit', and the council is planning to increase MRs by more than the rate peg or a percentage previously approved under a special variation (SV).

The statutory limits for MR for the 2021-22 rating year are:

- ▼ \$565 for the minimum amount of an ordinary rate.
- ▼ \$2 for the minimum amount of a special rate.

OLG has also released *Special guidelines for new councils applying to harmonise minimum rates on 1 July 2021* that apply to newly merged councils in specific circumstances.

OLG's MR Guidelines recently introduced 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 include an application to increase MRs as part of its SV application. OLG's MR Guidelines also include a section on merged councils.

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 to IPART by 8 February 2021, 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 presented on the third page of this Information Paper, and is available on IPART's website.

2 Our approach to assessment – what to note for 2021-22 applications

The criteria used to assess MR applications are set out in guidelines released 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 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.

Impact of COVID-19 on Minimum Rate applications for 2021-22

IPART recognises that challenges posed by the ongoing coronavirus (COVID-19) pandemic may impact on councils' abilities to fully meet some of the criteria set out in the OLG's MR Guidelines.

We recommend that councils intending to apply for MR increases for 2021-22 submit an application addressing the criteria to the fullest extent possible.

The OLG's MR Guidelines give IPART flexibility to take into account matters it considers relevant, and to consider particular circumstances of individual councils. Councils should provide information on relevant impacts of COVID-19 in MR increase applications for 2021-22, including consideration of impacts on ratepayer affordability and measures taken to effectively consult with ratepayers under social distancing requirements.

3 Process for MR applications for 2021-22

This section provides information about the application process for councils seeking an increase to minimum rates under section 548(3) of the *Local Government Act 1993* for 2021-22.

All councils considering whether to apply for an MR increase for 2021-22 **should contact IPART as early as possible** to discuss their proposal, and what they need to do to be able to demonstrate they have satisfied the criteria in the MR Guidelines.

Councils intending to submit an application under section 548(3) are urged to notify us of their intention to apply, by Friday 27 November 2020. In the interests of transparency and good governance, it is preferable that the council has resolved to notify IPART that it intends to apply for an MR increase, but this is not a formal requirement.

Councils should use the [Council Portal](#) on IPART's website to notify IPART that they intend to apply for an MR increase, and to submit their application.

If your council is preparing to submit an application for an MR increase for 2021-22 but did not notify IPART of the intention to apply in November 2020, you should contact IPART as soon as possible.

Please phone Sheridan Rapmund, Director, on (02) 9290 8430, or Albert Jean, Principal Analyst, on (02) 9290 8413.

Councils must submit their application by 8 February 2021

IPART encourages councils to submit their applications as early as possible.

IPART will generally not accept late applications unless the council has applied for an extension for circumstances that are beyond the council's control, and IPART has granted it.

Councils must resolve to submit an application before applying

OLG’s MR Guidelines require the council to have resolved to apply for an MR increase. A copy of the council’s resolution must be submitted with the Application Form. IPART will not commence an assessment of the application unless a copy of the resolution is provided.

It is expected that a council will hold an extraordinary general meeting if necessary to meet this requirement.

Timetable for MRs for 2021-22

The timetable applying to applications for SV and MR increases for 2021-22 is:

