

## **IMPROVING EQUITY & FLEXIBILITY OF LOCAL GOVERNMENT RATING SYSTEM**

22 August 2016

The Independent Pricing and Regulatory Tribunal (IPART) is seeking feedback on potential changes to the local government rating system which aim to provide councils with more options to levy rates, whilst ensuring NSW ratepayers would be protected against excessive rate increases.

IPART Chairman, Dr Peter Boxall, said the draft recommendations are designed to improve the equity and efficiency in the way rates are raised from different groups of ratepayers, rather than increasing the dollar amount councils raise.

“The draft report recognises that councils need more options when setting rates to respond to the changing needs of their communities, but that household rates on average should not rise in real terms without a comparable increase in services or infrastructure,” Dr Boxall said.

“As such, the draft recommended changes to the rating system are designed to ensure rates better reflect community preferences and the local services provided, increase transparency and accountability, better target rate exemptions, and provide more consistent support for ratepayers in need.”

The draft recommendations on which IPART is seeking comment include:

- ▼ Enabling councils to choose between charging rates based on the current system of ‘unimproved land value’ or ‘capital improved value’. This would allow rates to be collected more equitably and efficiently across different types of property without increasing the total amount of rates collected.
- ▼ Allowing a council’s rates income to increase as the communities they service grow. This would ensure rates per household do not rise in real terms whilst allowing councils to sustainably provide a consistent level of service to their communities.
- ▼ Giving councils more options to set different residential rates within their local communities, introducing new rating categories for environmental and vacant land, and new rating subcategories for business and farmland. This would enable rates to better reflect the cost of providing council services and differences in access to these services.
- ▼ Enabling newly merged councils the choice to keep existing rate structures, equalise rates across their pre-merger areas, or move to a different rate structure once the 4-year rate freeze period ends on 30 June 2020.
- ▼ Modifying rate exemptions so eligibility is based on land use rather than land ownership. This means that regardless of ownership, land used for commercial or residential purposes would be rateable, reducing the subsidy paid by other ratepayers.
- ▼ Better targeting pensioner assistance, with the current pensioner concession replaced with a rate deferral scheme to be operated and funded by the NSW Government.

Submissions on the draft recommendations are being sought until 14 October 2016. Public hearings are scheduled for Sydney on 19 September and Dubbo on 10 October 2016. Final recommendations will be provided to the NSW Government in December 2016.

The Draft Report is available on IPART's website <<http://www.ipart.nsw.gov.au>>.

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