



# **Ordinary Meeting of Council**

**27 January 2021**

**UNDER SEPARATE COVER  
ATTACHMENTS**

**ITEMS 9.2 TO 9.12**

**QUEANBEYAN-PALERANG REGIONAL COUNCIL  
ORDINARY MEETING OF COUNCIL**

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# **QUEANBEYAN-PALERANG REGIONAL COUNCIL**

## **Council Meeting Attachment**

**27 JANUARY 2021**

ITEM 9.2 POOLING OF DEVELOPER CONTRIBUTIONS

ATTACHMENT 1 RELEVANT PREVIOUS RESOLUTIONS OF COUNCIL

### **Attachment 1 Previous Resolutions of Council relevant to Pooling of Contributions**

PLA066/18 (Item 5.1 of the Planning and Strategy Committee of 13 June 2018) which in part states:

*That Council:*

- 2 *Agree in principle to the pooling of road and associated works developer contributions into a 'local infrastructure contributions plan' subject to initial community consultation being undertaken and the results being reported back to Council.*

PLA066/18 (Item 6.6 of the Planning and Strategy Committee of 14 August 2019) which states:

*That Council agree to:*

1. *The preparation of a local infrastructure contribution plan for non-urban roads pursuant to Section 7.11 of the Environmental Planning and Assessment Act 1979 and Clause 26(2) of the Environmental Planning and Assessment Regulations 2000.*
2. *Inclusion of the following for consideration in preparing the local infrastructure contribution plan for non-urban roads:*
  - a. *A contribution for development resulting in new dwellings or new lots.*
  - b. *The authorisation of the pooling of non-urban road contributions collected under previous plans.*
  - c. *A Works Schedule based on projects within catchments and which also has regard to the local road works identified in:*
    - i. *Queanbeyan City Section 94 Contribution Plan NonUrban Roads 2012.*
    - ii. *Mulwaree Section 94 Development Contributions Plan 2003-2008.*
    - iii. *Tallaganda Section 94 Contributions Plan No.3 – Roadworks.*
    - iv. *Yarrowlumla Council Section 94 Contributions Plan (No.2) for Provision of Access Road.*
    - v. *Cooma–Monaro Section 94 Contributions*
  - d. *Incorporation of a planning administration contribution.*
  - e. *A clause which repeals those Section 94 contribution plans listed above in Recommendation 2c. i-vi where these are found to be redundant.*
3. *Undertaking community consultation for a minimum period of 28 days on the local infrastructure contribution plan.*
4. *Reporting back to Council at the end of the community consultation process.*



# **QUEANBEYAN-PALERANG REGIONAL COUNCIL**

## **Council Meeting Attachment**

**27 JANUARY 2021**

ITEM 9.2                      POOLING OF DEVELOPER CONTRIBUTIONS

ATTACHMENT 2      RECOMMENDED PROJECTS TO BE FUNDED FROM POOLED  
CONTRIBUTIONS

Recommended Projects to be Funded from Pooled Contributions

	Delivery Program Capital Works	Cost	Contribution Type	Restricted Asset Ledger	Available Balance	Comment
1	100966 QPRC - Aquatic Centre Plant Replacement	62,000.00	S94 City Indoor Pool	8802	9,468.45	Requires amendment of Queanbeyan Section 7.12 Fixed Levy Plan to include the project in it.
2	100749 QPRC-Library Purchases Books and Non Books	205,000.00	Library material	8554	6,447.77	Requires amendment of Queanbeyan Section 7.12 Fixed Levy Plan to include the project in it.
3	100184 QPRC - Regional Sports Complex	36,050,000.00			Nil at this time	Project already in South Jerrabomberra Local Infrastructure Contributions Plan. No funds have been collected for this project as no subdivision has been finalised at this time.
4	100984 BGD - Sports Hub Stage 2	950,000.00	Bungendore Recreation Facilities	1245	1,278,397.24	Palerang Plan No.7 would need to be updated to include project. Project already in YSC Plan No. 1. Project would need to be deleted from YSC Plan No.1
			Embellish Open Space	1185	64,279.87	These works have been substantially completed.
<b>Total</b>					<b>1,342,677.11</b>	

Recommended Projects to be Funded from Pooled Contributions

	Delivery Program Capital Works	Cost	Contribution Type	Restricted Asset Ledger	Available Balance	Comment
5	100985 BWD - Recreation Area Stage 2	250,000.00			446,250.00*	*Payment through Big Island Mine Planning Agreement - Due March 2021.
6	100285 QBN Showground Pavillon and Storage and 100891 QBN- Showground Buildings Refurb	670,000.00	Open Space Work	8550	289,285.10	Requires amendment of Queanbeyan Section 7.12 Fixed Levy Plan to include the project in it.
7	102076 BGN- Roundabout on Malbon Street	2,500,000.00	Turallo Creek Bridge	3532	519.19	Supplement \$2.5M grant funds should additional works associated with roundabout be required.
			Bungendore Roundabouts	3515	3,150.52	
			Roundabouts Bungendore and Traffic Facilities	3530	439.54	
			Bungendore Roundabouts and Traffic Facilities	3509	56,162.99	
<b>Total</b>					<b>60,272.24</b>	

Recommended Projects to be Funded from Pooled Contributions

	Delivery Program Capital Works	Cost	Contribution Type	Restricted Asset Ledger	Available Balance	Comment
8	102073 BWD-MR-RRP 4.6-6.6Km Araluen Rd	402,000.00	Araluen Road	3115	12,985.75	
			Araluen Village	3121	53,490.84	
			Mine Contribution	3552	92,820.00	Ongoing annual payment through Big Island Mine Planning Agreement. Annual payment made which is indexed. This is the Majors Creek Road maintenance money.
<b>Total</b>					<b>159,296.59</b>	
9	100894 QBN-Lowe Street Pedestrian Corridor	1,030,000.00	Cycleway and Footpath	8799	63,911.73	
			Footpath	8801	33,906.00	
<b>Total</b>					<b>97,817.73</b>	
10	101296 QBN- Crawford / Erin / Campbell Streets intersection	800,000.00			Nil	No contribution funds available.

Recommended Projects to be Funded from Pooled Contributions

	Delivery Program Capital Works	Cost	Contribution Type	Restricted Asset Ledger	Available Balance	Comment
11	102006 CFL MR270 - Captain Flat Road and 102072 CFL Captains Flat Road	401,000.00	Captain Flats Road	3114	60,356.55	
			Catchment 3 The Ridgeway	8794	9,880.51	
			Carwoola - Non-Urban Road - Captains Flat Road	8561	211.81	
			Wanna Wanna Rd - Case a,b,c,e,f	8796	1,131.09	
			S94 Carwoola	8784	2,724.20	
<b>Total</b>					<b>74,304.16</b>	
12	100884 QBN-Bicentennial Hall Upgrade	1,545,000.00	S94 Library Facilities	8803	102,599.81	Included as a work in Queanbeyan Section 7.12 Fixed Levy Development Contribution Plan.
13	100959 QBN-Bicentennial Hall Refurbishment	185,000.00	Community Facility work	8551	57,289.22	
			Queanbeyan Cultural Facility	8798	235,999.11	
			New residents' kits	8553	801.52	
<b>Total</b>					<b>396,689.66</b>	
14	100875 BGD-Bridges-Halfway Creek	1,500,000.00	Kings Highway - EAST	3050	292,695.37	This is a bridge replacement in Bungendore.
			Kings Highway - WEST	3051	87,339.82	
<b>Total</b>					<b>380,035.19</b>	

Recommended Projects to be Funded from Pooled Contributions

	Delivery Program Capital Works	Cost	Contribution Type	Restricted Asset Ledger	Available Balance	Comment
15	100265 QBN-Head Office and Smart Hub - Redevelopment	72,924,000.00			Nil	No contribution funds available. Project would need to be added to the works schedule of the Queanbeyan Section 7.12 Fixed Levy Development Contribution Plan.
16	100892 QBN-Morriset Carpark	7,000,000.00	S94 Parking	8750	2,713.57	Included as a work in Queanbeyan Section 7.12 Fixed Levy Development Contribution Plan.
17	Construct and seal Nerriga Road	29,430,000.00	Nerriga Road	3092	631,076.93	
			Nerriga Village	3123	70,814.41	
<b>Total</b>					<b>701,891.34</b>	

Recommended Projects to be Funded from Pooled Contributions

	Other Capital Works	Cost	Contribution Type	Restricted Asset Ledger	Available Balance	Comment
18	Bungendore Playground Mick Sherd Oval	700,000.00	Community Hall/Sports Centre	1160	526,505.56	Palerang Plan No.7 would need to be updated to include project.
19	Relocation of Bungendore Pool to Bungendore Sports Hub	10,000,000.00	Pool Expansion Bungendore	1175	1,028,552.26	Palerang Plan No.7 would need to be updated to include project. Project already in YSC Plan No. 1. Project would need to be deleted from YSC Plan No.1
20	Old Cooma Road upgrade past Burra Road intersection	Not yet costed	Royalla/Fernleigh-Non- Urban Roads 3&4	8559	24,794.18	
			Royalla/Fernleigh-Non- Urban Roads 5	8559	471,280.11	
			Paving Upgrading Burra	3505	36,021.17	
			Royalla	3537	24,651.26	
			S94 Royalla	8786	-1,325.32	
			Catchment 2 Location 1	8787	4,513.70	
			Catchment 2 Location 1	8788	163,430.70	
			New 1(d) zone-Royalla	8791	-22,047.53	
<b>Total</b>					<b>701,318.27</b>	
21	New Googong Urban Landscapes Depot Building	400,000.00	Googong Open Space (Land and Embellishment)	8567	22,661.38	

Recommended Projects to be Funded from Pooled Contributions

	Other Capital Works	Cost	Contribution Type	Restricted Asset Ledger	Available Balance	Comment
22	Relocation of Council Office Building (Part of Bungendore HS resolution Minute No. 211/20 - 28/10/2020)	Not yet costed	Pre School Centre land	1170	96,783.09	Project would need to go into a new local infrastructure contribution plan or an amended Palerang Section 94A Contribution Plan.
			Library Relocation	1180	191,963.81	
<b>Total</b>					<b>288,746.90</b>	
23	Cooma Road Rehabilitation Project - PJ 102073.	Not yet costed	Reg Road 7625	3116	54,115.90	
24	Braidwood footpath program		Braidwood Village	3119	441,647.26	As per Schedule of Works in Braidwood Bicycle and Pedestrian Facilities Plan.
25	Extension of Malbon Street to Service Bungendore Sports Hub	Not yet costed	Street upgrading Bungendore	3543	806,945.13	
26	Williamsdale Road - Extend Seal	109,176.00	Williamsdale Quarry	2060	183.20	
			Williamsdale Rd 1.2 - 1.7 Km	3502	10,354.87	
			Williamsdale Road 2	3503	360.81	
<b>Total</b>					<b>10,898.88</b>	
27	Little Bombay Road - Extend Seal	266,703.00	Bombay Road	3020	206,655.63	



Recommended Projects to be Funded from Pooled Contributions

	Other Capital Works	Cost	Contribution Type	Restricted Asset Ledger	Available Balance	Comment
28	Boro Road - Extend Seal	131,874.00	Boro Road	35746 (Old Restricted Asset Ledger)	147,556.63	
29	Manar Road - Extend Seal	114,796.00	Manar Road - Mulloon Road	3025	138,483.89	
30	Wallaces Gap Road - Gravel resheet	76,124.00	Wallaces Gap Road	3014	42,939.65	
31	Tudor Valley Road - Gravel resheet	66,658.00	Tudor Valley Road	3007	11,697.23	
32	Euradux Road - Gravel resheet	48,648.00		3029	16,140.04	
33	Charleys Forest Road - Gravel resheet	19,207.00	Charley's Forest	3005	23,879.11	

Recommended Projects to be Funded from Pooled Contributions

	Other Capital Works	Cost	Contribution Type	Restricted Asset Ledger	Available Balance	Comment
34	Balance of Queanbeyan Traffic Upgrade Works - Lanyon Dr/Canberra Ave, Lanyon Dr/Gilmore Rd, Canberra Ave/Cameron Rd and Yass Road/Thurrallilly	Not yet costed	Urban Roads	8766	990,239.00	Not a Delivery Program project but works previously in the Queanbeyan Section 94 Contribution Plan. Project would need to be added to the schedule of works in the Queanbeyan Section 7.12 Fixed Levy Development Contribution Plan.
			Googong offsite Roads	8567	8,722,747.68	
			Googong Roads & Traffic Mgt (Offsite)	8567	37,727.89	
<b>Total</b>					<b>9,750,714.57</b>	
	35Offset Upgrade works to established Ecological Area	Not yet costed	Comm Fac - Googong Ecological Offset		179,703.00	
36	Rehabilitation of Braidwood Landfill		Waste - Braidwood	1500	167,747.63	Proposal is to pool all accounts and use to rehabilitate Braidwood Landfill.
			Waste - Araluen	1505	21,186.70	
			Waste - Nerriga	1510	17,132.10	
			Waste - Majors Creek	1515	15,040.02	
			Waste - Krawarree	1520	20,906.04	
			Waste - Mongarlowe	1525	6,556.70	
			Waste - Mount Fairy	1530	39,418.79	
			Waste - Goulburn	1535	14,810.23	
<b>Total</b>					<b>302,798.21</b>	

ECM - 1062188

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**9.4 Additional Alcohol Free Zone - Uriarra Road to Henderson Road, Queanbeyan**

**Attachment 1 - Your Voice Submissions Received - Proposed Alcohol Free Zone - Crawford Street Between Uriarra Road and Henderson Road (Continued)**

SurveyTool:		AFZ - Crawford St - Uriarra to Henderson Roads		
Tool Status	Archived	Date of contribution	Contributor Details	Survey Response
Visitors	4		Login (Screen name)	Contributor Summary (Signup form Qs - Detailed breakup on the right > )
Contributors	3	Nov 14 20 09:49:48 pm		Provide our comments here about the proposed alcohol free zone on Crawford Street
Registered	3	Nov 13 20 05:13:32 pm		Yes, this look good!
Unverified	0	Nov 12 20 09:23:13 pm		It seems unnecessary to have such a large area marked, surely it could be more confined to the area around the pub. It also doesn't seem to over the South-East approach to the pub.
				It would help a lot if you detailed the reason for the alcohol free zone a bit better - but overall I'm generally supportive of this

# **QUEANBEYAN-PALERANG REGIONAL COUNCIL**

## **Council Meeting Attachment**

**27 JANUARY 2021**

ITEM 9.10            SUDDEN CARDIAC ARREST - COMMUNITY RESILIENCE  
                             PROJECT

ATTACHMENT 1    QUEANBEYAN PROJECT HEART OF THE NATION



# HEART OF THE NATION

SUDDEN CARDIAC ARREST  
COMMUNITY RESILIENCE  
PROJECT

# Sudden Cardiac Arrest

- Sudden Cardiac Arrest (SCA) happens suddenly and without warning.
- SCA is when someone's heart stops beating normally and will die within minutes – different to a heart attack.
- Around 25,000 SCA's occur in Australia each year.
- 75% of these will happen in the home.
- SCA has a survival rate to hospital discharge of around 10%.
- The Chain of Survival can increase survival rates from SCA.

# WHO IS HEART OF THE NATION

- An initiative of registered Australian charity, Our National Heart Pty Limited.
- Board and committee members consist of:
  - 2 x SCA survivors (personal experience and passion to make a difference)
  - Medical professional (cardiology and intervention expertise)
  - Paramedicine expert and research and study specialist (front line experience as well as research and writing of resuscitation guidelines experience)
  - Marketing and Comms specialist (experience with people and connecting with them)
  - Partnerships specialist (working with other organisations)
  - Accountant (provide governance guidance)







# THE HEART OF THE NATION MISSION

- To improve survival rates from sudden cardiac arrest.
- We will do this by:
  - Promoting the Chain of Survival to more Australians,
  - Helping to provide access to the Chain of Survival for more Australians:
  - Promoting and creating awareness of the three steps in the Chain of Survival to be put into place when someone is not responding and not breathing normally or at all:
    1. Call Triple Zero
    2. Start CPR
    3. Use an AED
- We believe that with more people having access to all 3 links in the Chain of Survival, more than 7,000 lives can be saved every year in Australia. That's around 20 per day!

# WHAT DOES HEART OF THE NATION CURRENTLY DO?

- Newly formed – still in infancy. But with plans to achieve a lot...
- Already, we:
  - Have produced the World's Largest Online CPR Class with over 24,000 people getting more familiar with CPR.
  - Are working alongside Cricket Australia to launch fundraising platform to get AED's into more cricket clubs and teams across Australia.
  - Have 16 members and over 450 locations of AED's as part of the Heart of the Nation network.



# WHAT DOES SCA COST THE COMMUNITY EACH YEAR?

- A study whose primary objective was to estimate the long-term productivity impacts of all-cause premature mortality in Australia\* has valued the income lost from heart disease at around \$140,000 per death.
- In relation to the 7,000 lives that we believe could be saved, that is a cost to society each year of around \$980,000,000.
- That only takes into account productivity lost, not income for Government in relation to;
  - Lost income taxes;
  - Roads and licenses
  - GST
- Nor does it take into account the emotional and financial cost to families whose loved ones are taken suddenly from their lives – what is the cost of this? Potentially, this is immeasurable.

\*The long-term productivity impacts of all cause premature mortality in Australia - Carter - 2017 - Australian and New Zealand Journal of Public Health - Wiley Online Library





## THE SCA COMMUNITY RESILIENCE PROJECT GOALS

- To conduct research into current AED signage and its effectiveness
- To test new signage as an alternative to the current standard and endorsed signage.
- To gift Queanbeyan-Palerang Council and Community with 10 x AED's to:
  - Increase the number of publicly available AED's to bolster community response to SCA
  - Promote an increased awareness amongst community of what an AED is
  - Encourage business owners within the community to purchase AED's and make them available to the community when needed.
- Educate the community on the Chain of Survival and locations of new and existing AED's via community information/training sessions.
- Promote the Chain of Survival and locations of new and existing AED's amongst the community via marketing and awareness campaigns in local media.

NB. This is a similar model with similar objectives to the Heart Safe Community model which is being implemented in regional areas of Victoria via Heart Foundation and Ambulance Victoria.

# EXISTING SIGNAGE AND PREMISE FOR RESEARCH/STUDY

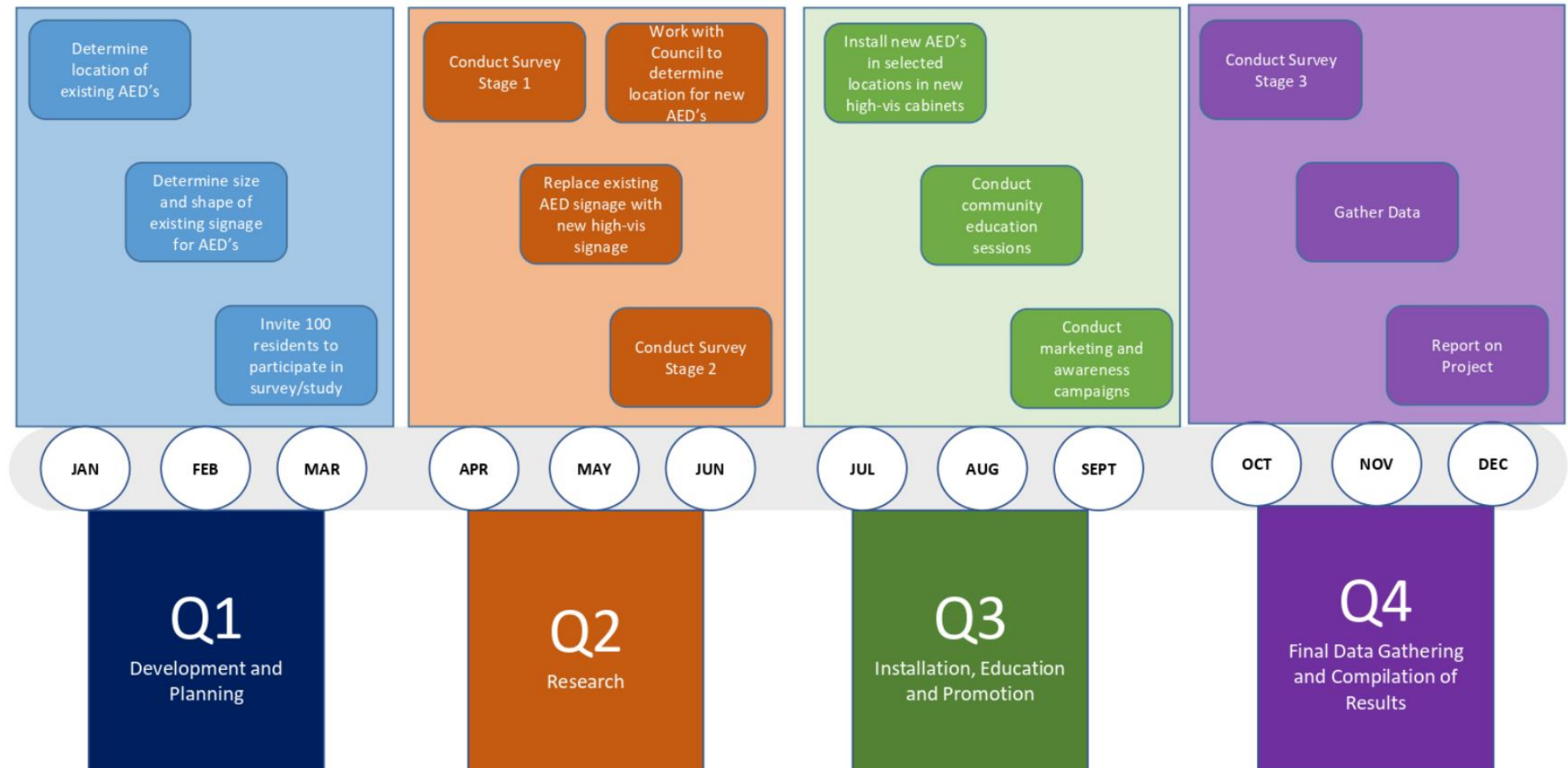
- Existing signage can be easily lost in a sea of green and white signs that the community see every day and become numb to.
- Our proposed signage and cabinets are unique.







# PROJECT TIMELINE





## ROLES AND RESPONSIBILTIES - HOTN

- Provide AED's as a gift to Council
- Conduct surveys within the community
- Liaise with business owners re replacing signage for testing of stage 1
- Provide replacement signage at locations pre-survey Stage 1
- Replace existing signage
- Work with Council to determine best location of new PA AED's.
- Conduct community training sessions – perhaps 3-4 of these.
- Provide marketing and collateral support (including Greg's image and time) to promote the project.

# ROLES AND RESPONSIBILTIES - QPC

- Assist in liaising with business owners of existing AED's – provide letter of support for project.
- Work with HotN to determine locations for new PA AED's.
- Assist in engaging with potential participants for survey/study via local media/social media/comms channels.
- Purchase new high-vis AED cabinets for the new AED's – the cost of which could be between \$350-\$1,000 each depending on the features desired.
- Cover costs of installation of cabinets.
- Maintain the AED's – replacement pads and batteries every 4 years - approx. \$250 per pad and battery set – ie. approx. \$2500 every 4 years for 10 units.
- Assist in promoting the launch of the campaign and community education via local media/social media/comms channels.







# OUTCOMES

- Greater awareness of the Chain of Survival
- Greater access to lifesaving AED's when needed in the community
- Increased survival rates
- Savings to the community in terms of mental health and wellbeing due to greater survival.
- Less disruption to productivity
- Continuation of sources of income to Government departments/agencies.
- POTENTIAL SAVINGS - @2 lives per year in QPC area - >\$280,000 p.a.



# **QUEANBEYAN-PALERANG REGIONAL COUNCIL**

## **Council Meeting Attachment**

**27 JANUARY 2021**

ITEM 9.11            INVESTMENT REPORT - DECEMBER 2020

ATTACHMENT 1    INVESTMENT REPORT PACK - DECEMBER 2020



# Investment Report Pack

**Queanbeyan-Palerang Regional Council**

As At 31 December 2020



## Contents

1. Budget vs Actual Interest Income 1 July 2020 to 30 June 2021
2. Portfolio Valuation As At 31 December 2020
3. Portfolio Compliance As At 31 December 2020
4. Portfolio Statistics For Period Ending 31 December 2020



## 1. Budget vs Actual Interest Income 1 July 2020 to 30 June 2021

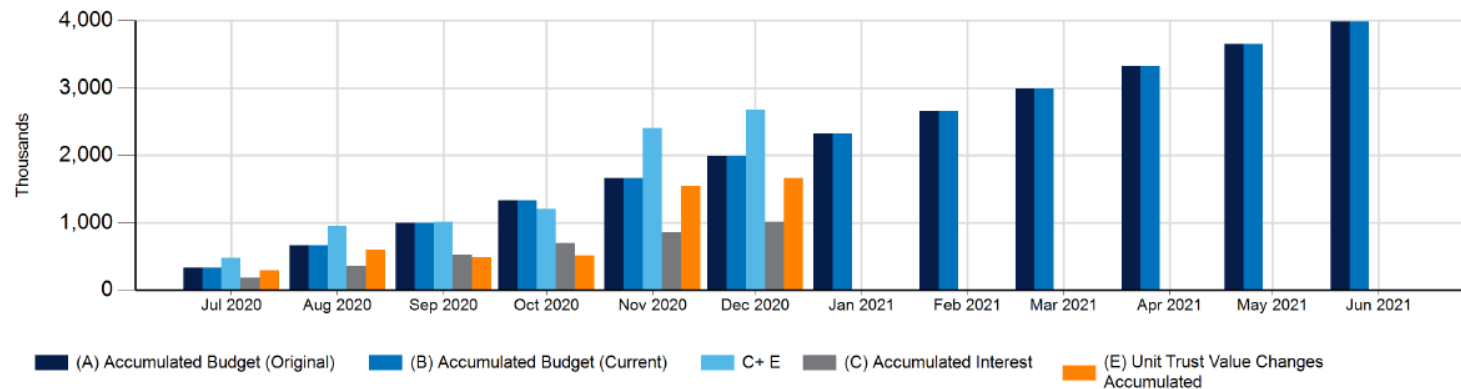
Month / Year	(A) Income Interest Budget (Original) Running Total	Interest Income Budget (Current) For Month	(B) Interest Income Budget (Current) Running Total	(T) Interest Income Received/Accrued For Month	(C) Interest Income Received/Accrued Running Total	Accrued Interest Acquired For Month	Accrued Interest Acquired Running Total	(U) Unit Trust Market Value Changes	(E) Unit Trust Market Value Changes Running Total	'Return' For Month (T+U)
Jul 2020	332,474.00	332,474.00	332,474.00	185,736.49	185,736.49	0.00	0.00	297,157.56	297,157.56	482,894.05
Aug 2020	664,948.00	332,474.00	664,948.00	171,543.53	357,280.02	0.00	0.00	299,643.51	596,801.07	471,187.04
Sep 2020	997,422.00	332,474.00	997,422.00	169,692.34	526,972.36	0.00	0.00	(109,692.02)	487,109.05	60,000.32
Oct 2020	1,329,896.00	332,474.00	1,329,896.00	170,605.44	697,577.80	0.00	0.00	24,205.91	511,314.96	194,811.35
Nov 2020	1,662,370.00	332,474.00	1,662,370.00	159,745.13	857,322.93	0.00	0.00	1,037,604.90	1,548,919.86	1,197,350.03
Dec 2020	1,994,844.00	332,474.00	1,994,844.00	156,134.70	1,013,457.63	0.00	0.00	113,666.65	1,662,586.51	269,801.35
Jan 2021	2,327,318.00	332,474.00	2,327,318.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Feb 2021	2,659,792.00	332,474.00	2,659,792.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mar 2021	2,992,266.00	332,474.00	2,992,266.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Apr 2021	3,324,740.00	332,474.00	3,324,740.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
May 2021	3,657,214.00	332,474.00	3,657,214.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jun 2021	3,989,688.00	332,474.00	3,989,688.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		3,989,688.00		1,013,457.63		0.00		1,662,586.51		2,676,044.14

Notes on Table Above

1A. The numbers shown in Column T are the accrual interest amounts for that month combined with the At Call Deposit, Unit Trust and Unassigned interest and distribution income received during that month.

1B. The accruals shown in this section have been calculated using each security's coupon schedule.

### Accumulated Budget vs Actual (Accruals Based Upon Coupon Payment Schedules)





## 2. Portfolio Valuation As At 31 December 2020

Fixed Interest Security	Security Rating	ISIN	Face Value Original	Bond Factor	Face Value Current	Capital Price	Accrued Interest Price	Unit Price Notional	Unit Count	Market Value	% Total Value	Running Yield	Weighted Running Yield
<b>At Call Deposit</b>													
AMP QPRC At Call	S&P ST A2		864,627.21	1.00000000	864,627.21	100.000	0.000			864,627.21	0.46%	0.55%	
BENAU At Call	Moodys A3		17,136.25	1.00000000	17,136.25	100.000	0.000			17,136.25	0.01%	0.05%	
BENAU transaction At Call	Moodys A3		20,285.85	1.00000000	20,285.85	100.000	0.000			20,285.85	0.01%	0.00%	
NAB At Call	S&P AA-		15,738,289.64	1.00000000	15,738,289.64	100.000	0.000			15,738,289.64	8.32%	0.40%	
NAB General At Call	S&P AA-		1,201,080.50	1.00000000	1,201,080.50	100.000	0.000			1,201,080.50	0.64%	0.10%	
NAB Links At Call	S&P AA-		126,040.69	1.00000000	126,040.69	100.000	0.000			126,040.69	0.07%	0.10%	
			17,967,460.14		17,967,460.14					17,967,460.14	9.50%		0.38%
<b>Fixed Rate Bond</b>													
NTTC 1.1 15 Dec 2024 - Issued 16 Sep 2020 Fixed	Moodys Aa3		3,000,000.00	1.00000000	3,000,000.00	100.000	0.048			3,001,440.00	1.59%	1.10%	
			3,000,000.00		3,000,000.00					3,001,440.00	1.59%		1.10%
<b>Flexi Deposit (Fix/Float)</b>													
Westpac 2.96 25 Oct 2022 1826DAY FD	S&P AA-		2,000,000.00	1.00000000	2,000,000.00	100.000	0.535			2,010,704.66	1.06%	1.01%	
Westpac 2.89 07 Dec 2022 1827DAY FD	S&P AA-		3,000,000.00	1.00000000	3,000,000.00	100.000	0.190			3,005,700.81	1.59%	0.97%	
			5,000,000.00		5,000,000.00					5,016,405.47	2.65%		0.99%
<b>Floating Rate Deposit</b>													
Westpac 1.01 17 Apr 2024 1827DAY FRD	S&P AA-		3,000,000.00	1.00000000	3,000,000.00	100.000	0.039			3,001,180.02	1.59%	1.03%	
Westpac 1.29 Apr 2024 1827DAY FRD	S&P AA-		4,000,000.00	1.00000000	4,000,000.00	100.000	0.006			4,000,222.48	2.12%	1.02%	
Westpac 0.98 03 Jul 2024 1827DAY FRD	S&P AA-		5,000,000.00	1.00000000	5,000,000.00	100.000	0.077			5,003,835.60	2.65%	1.00%	
			12,000,000.00		12,000,000.00					12,005,238.10	6.35%		1.01%
<b>Floating Rate Note</b>													
AMP 1.08 10 Sep 2021 FRN	S&P BBB	AU3FN0044657	3,000,000.00	1.00000000	3,000,000.00	100.181	0.063			3,007,320.00	1.59%	1.10%	
AMP 1.05 30 Mar 2022 FRN	S&P BBB	AU3FN0035283	2,000,000.00	1.00000000	2,000,000.00	100.000	0.003			2,000,060.00	1.06%	1.06%	
Auswide 1.05 17 Mar 2023 FRN	Moodys Baa2	AU3FN0053567	2,500,000.00	1.00000000	2,500,000.00	100.459	0.041			2,512,500.00	1.33%	1.06%	
BOQ 1.48 18 May 2021 FRN	Fitch A-	AU3FN0031290	2,000,000.00	1.00000000	2,000,000.00	100.520	0.177			2,013,940.00	1.07%	1.50%	
BENAU 1.46 20 Apr 2021 FRN	Fitch A-	AU3FN0030938	1,000,000.00	1.00000000	1,000,000.00	100.414	0.304			1,007,180.00	0.53%	1.54%	
BENAU 1.05 25 Jan 2023 FRN	Moodys A3	AU3FN0040523	1,500,000.00	1.00000000	1,500,000.00	101.568	0.201			1,526,535.00	0.81%	1.11%	
CBA 1.15 18 Jan 2021 FRN	S&P AA-	AU3FN0029906	2,000,000.00	1.00000000	2,000,000.00	100.057	0.246			2,006,060.00	1.06%	1.23%	
CBA 1.11 17 Jan 2022 FRN	S&P AA-	AU3FN0034005	2,000,000.00	1.00000000	2,000,000.00	101.051	0.238			2,025,780.00	1.07%	1.19%	
CBA 0.88 25 Jul 2022 FRN	Moodys Aa3	AU3FN0037198	2,000,000.00	1.00000000	2,000,000.00	101.193	0.170			2,027,260.00	1.07%	0.94%	
CBA 0.93 16 Aug 2023 FRN	S&P AA-	AU3FN0044046	1,500,000.00	1.00000000	1,500,000.00	101.991	0.117			1,531,620.00	0.81%	0.95%	
CBA 1.13 11 Jan 2024 FRN	S&P AA-	AU3FN0046561	5,000,000.00	1.00000000	5,000,000.00	102.773	0.265			5,151,900.00	2.73%	1.21%	
CredSuis 1.95 09 Mar 2021 FRN	S&P A	AU3FN0030458	1,000,000.00	1.00000000	1,000,000.00	100.348	0.119			1,004,670.00	0.53%	1.97%	



Fixed Interest Security	Security Rating	ISIN	Face Value Original	Bond Factor	Face Value Current	Capital Price	Accrued Interest Price	Unit Price Notional	Unit Count	Market Value	% Total Value	Running Yield	Weighted Running Yield
CUA 1.23 04 Mar 2022 FRN	Moodys Baa1	AU3FN0046793	1,000,000.00	1.00000000	1,000,000.00	101.101	0.092			1,011,930.00	0.54%	1.25%	
CUA 0.9 21 Feb 2023 FRN	S&P BBB	AU3FN0052924	1,100,000.00	1.00000000	1,100,000.00	101.003	0.096			1,112,089.00	0.59%	0.92%	
HBS 1.23 29 Mar 2021 FRN	Moodys Baa1	AU3FN0041646	2,000,000.00	1.00000000	2,000,000.00	100.246	0.007			2,005,060.00	1.06%	1.25%	
HSBCSyd 0.83 27 Sep 2024 FRN	S&P AA-	AU3FN0050498	4,000,000.00	1.00000000	4,000,000.00	100.923	0.005			4,037,120.00	2.14%	0.85%	
MACQ 0.84 12 Feb 2025 FRN	Moodys A2	AU3FN0052908	3,000,000.00	1.00000000	3,000,000.00	101.665	0.115			3,053,400.00	1.62%	0.86%	
RACB 1.05 23 May 2022 FRN	Moodys Baa1	AU3FN0048328	800,000.00	1.00000000	800,000.00	100.935	0.111			808,368.00	0.43%	1.07%	
RACB 0.93 24 Feb 2023 FRN	S&P BBB+	AU3FN0053146	1,850,000.00	1.00000000	1,850,000.00	100.663	0.096			1,864,041.50	0.99%	0.95%	
ME Bank 0.98 18 Jul 2022 FRN	S&P BBB	AU3FN0048948	2,500,000.00	1.00000000	2,500,000.00	100.882	0.212			2,527,350.00	1.34%	1.06%	
NAB 1.17 12 May 2021 FRN	S&P AA-	AU3FN0031274	5,000,000.00	1.00000000	5,000,000.00	100.409	0.160			5,028,450.00	2.66%	1.19%	
NAB 0.9 05 Jul 2022 FRN	S&P AA-	AU3FN0036950	5,000,000.00	1.00000000	5,000,000.00	101.165	0.233			5,069,900.00	2.68%	0.99%	
NAB 0.93 26 Sep 2023 FRN	S&P AA-	AU3FN0044996	3,000,000.00	1.00000000	3,000,000.00	102.071	0.005			3,062,280.00	1.62%	0.95%	
NAB 1.04 26 Feb 2024 FRN	S&P AA-	AU3FN0046777	2,000,000.00	1.00000000	2,000,000.00	102.573	0.102			2,053,500.00	1.09%	1.06%	
NAB 0.92 19 Jun 2024 FRN	S&P AA-	AU3FN0048724	3,200,000.00	1.00000000	3,200,000.00	102.338	0.026			3,275,648.00	1.73%	0.93%	
NPBS 1.1 26 Feb 2021 FRN	S&P BBB	AU3FN0046769	500,000.00	1.00000000	500,000.00	100.138	0.107			501,225.00	0.27%	1.12%	
NPBS 1.4 06 Feb 2023 FRN	S&P BBB	AU3FN0040606	1,250,000.00	1.00000000	1,250,000.00	101.758	0.214			1,274,650.00	0.67%	1.42%	
RABOBK 1.5 04 Mar 2021 FRN	S&P A+	AU3FN0030409	1,000,000.00	1.00000000	1,000,000.00	100.248	0.112			1,003,600.00	0.53%	1.52%	
RABOBK 1.08 03 Mar 2022 FRN	S&P A+	AU3FN0034690	1,000,000.00	1.00000000	1,000,000.00	101.042	0.084			1,011,260.00	0.53%	1.10%	
Westpac 1.17 03 Jun 2021 FRN	S&P AA-	AU3FN0031530	2,000,000.00	1.00000000	2,000,000.00	100.464	0.091			2,011,100.00	1.06%	1.19%	
			65,700,000.00		65,700,000.00					66,525,796.50	35.19%		1.11%
Floating Rate TCD													
BOC 0.78 27 Oct 2023 FloatTCD	S&P A	AU3FN0057162	1,500,000.00	1.00000000	1,500,000.00	100.310	0.149			1,506,885.00	0.80%	0.84%	
			1,500,000.00		1,500,000.00					1,506,885.00	0.80%		0.84%
Term Deposit													
AMP 1.8 10 Mar 2021 553DAY TD	S&P ST A2		5,000,000.00	1.00000000	5,000,000.00	100.000	0.582			5,029,095.90	2.66%	1.80%	
Auswide 1.75 09 Mar 2022 728DAY TD	Moodys Baa2		5,000,000.00	1.00000000	5,000,000.00	100.000	1.414			5,070,719.20	2.68%	1.75%	
BOQ 3.6 03 Feb 2021 1462DAY TD	Moodys ST P-2		3,000,000.00	1.00000000	3,000,000.00	100.000	3.275			3,098,235.63	1.64%	3.60%	
BOQ 3.6 03 Mar 2021 1456DAY TD	Moodys ST P-2		4,000,000.00	1.00000000	4,000,000.00	100.000	2.988			4,119,539.72	2.18%	3.60%	
BOQ 0.55 25 Aug 2021 268DAY TD	Moodys ST P-2		6,000,000.00	1.00000000	6,000,000.00	100.000	0.047			6,002,802.72	3.18%	0.55%	
CBA 0.65 28 Apr 2021 209DAY TD	S&P ST A1+		5,000,000.00	1.00000000	5,000,000.00	100.000	0.162			5,008,102.75	2.65%	0.65%	
DFB 3 24 Feb 2021 728DAY TD	S&P ST A2		2,000,000.00	1.00000000	2,000,000.00	100.000	2.540			2,050,794.52	1.08%	3.00%	
NAB 0.7 07 Jan 2021 125DAY TD	S&P ST A1+		5,000,000.00	1.00000000	5,000,000.00	100.000	0.226			5,011,315.05	2.65%	0.70%	
NAB 0.5 06 Oct 2021 300DAY TD	S&P ST A1+		6,000,000.00	1.00000000	6,000,000.00	100.000	0.029			6,001,726.02	3.17%	0.50%	
NPBS 3.7 03 Mar 2021 1822DAY TD	S&P ST A2		1,000,000.00	1.00000000	1,000,000.00	100.000	0.243			1,002,432.88	0.53%	3.70%	
Westpac 0.62 10 Nov 2021 364DAY TD	S&P ST A1+		7,000,000.00	1.00000000	7,000,000.00	100.000	0.085			7,005,945.24	3.71%	0.62%	
			49,000,000.00		49,000,000.00					49,400,709.63	26.13%		1.43%
Unit Trust													





Fixed Interest Security	Security Rating	ISIN	Face Value Original	Bond Factor	Face Value Current	Capital Price	Accrued Interest Price	Unit Price Notional	Unit Count	Market Value	% Total Value	Running Yield	Weighted Running Yield
NSWTC IM Cash Fund UT	S&P AA+		7,189,707.90		7,189,707.90			0.9345	7,693,723.7402	7,189,707.90	3.80%		
NSWTC Long Term Growth Fund UT	S&P AA+		15,355,184.63		15,355,184.63			1.0660	14,404,758.6500	15,355,184.63	8.12%		
NSWTC Medium Term Growth Fund UT	S&P AA+		11,090,231.40		11,090,231.40			1.0214	10,857,660.3200	11,090,231.40	5.87%		
			33,635,123.93		33,635,123.93					33,635,123.93	17.79%		
Portfolio Total			187,802,584.07		187,802,584.07					189,059,058.77	100.00%		1.11%

Note: For holdings in unit funds and similar securities, the face value (original and current) columns will display market values.



### 3. Portfolio Compliance As At 31 December 2020

Short Term Issuer/Security Rating Group	Market Value	% Total Value
A2	22,167,528.58	11.73%
A1+	23,027,089.06	12.18%
Portfolio Total	45,194,617.64	23.91%

Market Value by Security Rating Group (Short Term)



Long Term Issuer/Security Rating Group	Market Value	% Total Value
BBB+ to BBB-	23,695,312.70	12.53%
A+ to A-	12,164,892.10	6.43%
AA+ to AA-	108,004,236.33	57.13%
Portfolio Total	143,864,441.13	76.09%

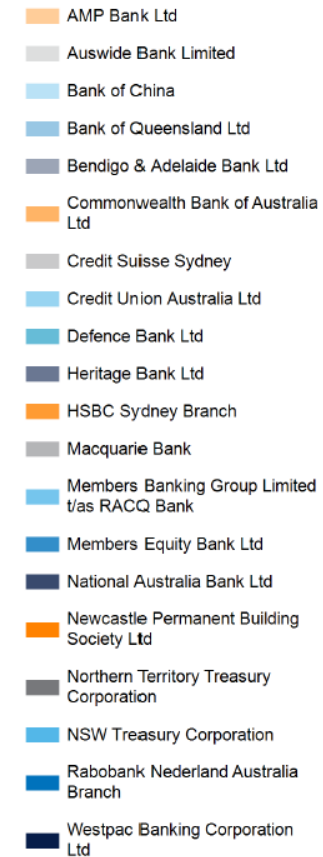
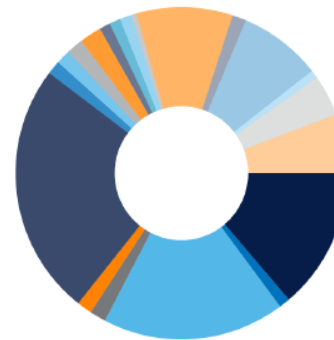
Market Value by Security Rating Group (Long Term)





Issuer	Market Value	% Total Value
AMP Bank Ltd	10,901,103.11	5.77%
Auswide Bank Limited	7,583,219.20	4.01%
Bank of China	1,506,885.00	0.80%
Bank of Queensland Ltd	15,234,518.07	8.06%
Bendigo & Adelaide Bank Ltd	2,571,137.10	1.36%
Commonwealth Bank of Australia Ltd	17,750,722.75	9.39%
Credit Suisse Sydney	1,004,670.00	0.53%
Credit Union Australia Ltd	2,124,019.00	1.12%
Defence Bank Ltd	2,050,794.52	1.08%
Heritage Bank Ltd	2,005,060.00	1.06%
HSBC Sydney Branch	4,037,120.00	2.14%
Macquarie Bank	3,053,400.00	1.62%
Members Banking Group Limited t/as RACQ Bank	2,672,409.50	1.41%
Members Equity Bank Ltd	2,527,350.00	1.34%
National Australia Bank Ltd	46,568,229.90	24.63%
Newcastle Permanent Building Society Ltd	2,778,307.88	1.47%
Northern Territory Treasury Corporation	3,001,440.00	1.59%
NSW Treasury Corporation	33,635,123.93	17.79%
Rabobank Nederland Australia Branch	2,014,860.00	1.07%
Westpac Banking Corporation Ltd	26,038,688.81	13.77%
Portfolio Total	189,059,058.77	100.00%

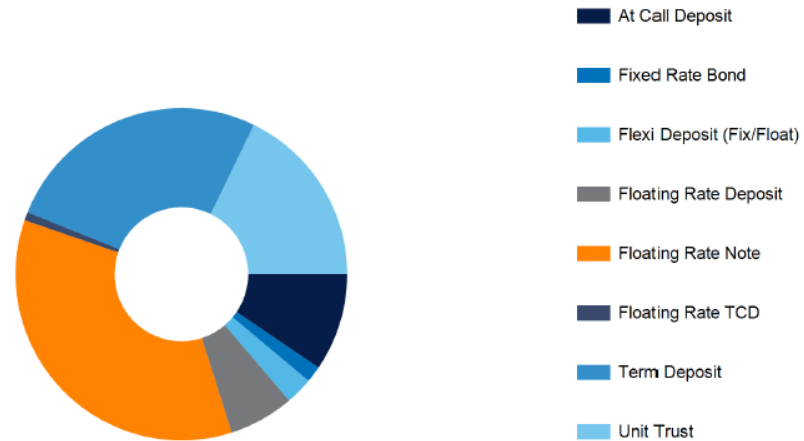
Market Value by Issuer





Security Type	Market Value	% Total Value
At Call Deposit	17,967,460.14	9.50%
Fixed Rate Bond	3,001,440.00	1.59%
Flexi Deposit (Fix/Float)	5,016,405.47	2.65%
Floating Rate Deposit	12,005,238.10	6.35%
Floating Rate Note	66,525,796.50	35.19%
Floating Rate TCD	1,506,885.00	0.80%
Term Deposit	49,400,709.63	26.13%
Unit Trust	33,635,123.93	17.79%
Portfolio Total	189,059,058.77	100.00%

Market Value by Security Type





Term Remaining	Market Value	% Total Value
0 to < 1 Year	115,521,179.50	61.10%
1 to < 3 Years	40,959,633.17	21.66%
3 to < 5 Years	32,578,246.10	17.23%
Portfolio Total	189,059,058.77	100.00%

Note: Term Remaining is calculated using a weighted average life date (WAL) where appropriate and available otherwise the interim (initial) maturity date is used.

Market Value by Term Remaining



Investment Policy Compliance

Legislative Requirements	Fully compliant
Issuer	Fully compliant (31 limits)
Security Rating Group	Fully compliant (7 limits)
Term Group	Fully compliant (4 limits)



#### 4. Portfolio Statistics For Period Ending 31 December 2020

Trading Book	1 Month	3 Month	12 Month	Since Inception
Queanbeyan-Palerang Regional Council				
Portfolio Return (1)	0.09%	0.87%	1.93%	2.67%
Performance Index (2)	0.00%	0.02%	0.37%	1.14%
Excess Performance (3)	0.09%	0.85%	1.56%	1.53%

##### Notes

- 1 Portfolio performance is the rate of return of the portfolio over the specified period
- 2 The Performance Index is the Bloomberg AusBond Bank Bill Index (Bloomberg Page BAUBIL)
- 3 Excess performance is the rate of return of the portfolio in excess of the Performance Index

Trading Book	Weighted Average Running Yield
Queanbeyan-Palerang Regional Council	1.11



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Report Code: TEPACK080EXT-00.09  
Report Description: Investment Report Pack 080  
Parameters:  
Trading Entity: Queanbeyan-Palerang Regional Council  
Trading Book: Queanbeyan-Palerang Regional Council  
Settlement Date Base  
Period End Date: 31 Dec 2020  
Financial Year Start Date: 1 Jul 2020  
Financial Year End Date: 30 Jun 2021  
History Start Date: 1 Jan 2000  
Exclude Cash  
Exclude Unallocated Cash  
Exclude Negative Unit Holdings  
Trading Limit Parameters:  
Use Face Value  
Use Security Rating Group  
Eliminate Issuer Parent Child Effect? No  
Trading Entity Limits Only? No





# **QUEANBEYAN-PALERANG REGIONAL COUNCIL**

## **Council Meeting Attachment**

**27 JANUARY 2021**

ITEM 9.12 IPART - REVIEW OF LOCAL GOVERNMENT RATING

ATTACHMENT 1 RATING REFORMS CONSULTATION GUIDE

# Towards a fairer rating system

December  
2020

A consultation guide  
to local government  
rating reform



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## MESSAGE FROM THE MINISTER FOR LOCAL GOVERNMENT

As foreshadowed at the Local Government NSW Annual Conference, I am delighted to release an Exposure Draft of the *Local Government Amendment (Rating) Bill 2020* to implement the NSW Government's response to IPART's review of the local government rating system.

The release of this Bill for consultation represents a milestone in the Government's reform agenda to ensure a fairer and more flexible rating system for councils and ratepayers across NSW.

This consultation guide, *Towards a Fairer Rating System*, has been released to explain the proposed changes and assist councils and others to provide feedback by the February 5 deadline.

The Government is committed to providing greater flexibility in the current rating system to improve distribution of the rating burden in local communities. This will make rates fairer and help councils cater for population growth and infrastructure costs.

Whilst some will want us to go further, these sensible adjustments to the rating system are the first step to help ensure councils have a stable and reliable revenue base to deliver services for their communities and that ratepayers pay a fairer contribution.

I am now seeking feedback on this Bill from councils, communities and other interested individuals and organisations to help us understand whether we have struck the right balance. Your responses will be carefully reviewed as the final Bill is prepared for introduction to Parliament early next year.

I encourage you to have your say by reading this Consultation Guide, together with the Exposure Draft Bill, and answering the targeted questions, as well as providing any further, general feedback.

Your responses will be carefully reviewed as a final Bill is prepared for introduction. It is important that we hear from councils, communities and as many other interested individuals and organisations as possible.

I look forward to hearing your views.

The Hon. Shelley Hancock MP  
**Minister for Local Government**

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## Introduction

At the request of the former NSW Premier, the Independent Pricing and Regulatory Tribunal (IPART) undertook a significant review of the local government rating system in NSW. The purpose of this review was to identify how to improve the equity and efficiency of the rating system, in order to enhance councils' ability to implement sustainable fiscal policies over the long term.

On 18 June 2020, the Government released its [Final Response](#) to IPART's [Final Report](#). This response acknowledged that local government and the communities they serve need to have a more flexible rating system, whilst ensuring rates are applied fairly and more equitably to local communities. It also committed to reforming the rating system to address issues identified during the review.

To deliver on the Government's commitments, a Bill has been prepared to seek to amend the *Local Government Act 1993* (the Act). Through this Bill, the Government proposes to implement the key reforms from its response in a way that is fair and reasonable for both councils and ratepayers.

To make sure we get the details right, an Exposure Draft of the Bill, together with this consultation guide, *Towards a Fairer Rating System*, have been released for public consultation. This provides a further opportunity to obtain essential feedback from councils, communities and other interested individuals and organisations until **COB 5 February 2021**.

The Government will introduce the Bill into Parliament in early 2021. In part, this will enable councils formed in 2016 to take up options provided by greater rating flexibility as they prepare for 1 July 2021.

## How to read this paper

The consultation guide has been divided into three sections, beginning with a short section explaining the local government rating system. The following two sections provide an explanation of how the Government is implementing its response to the IPART report through the Exposure Draft Bill and other key rating reforms. The three sections are:

- **Section One** – Understanding local government rating
- **Section Two** – the Exposure Draft Bill, and
- **Section Three** – other key rating reforms.

Sections two and three set out each of the Government's commitments, including background information, and a summary of how it is proposed to implement that commitment.

## How to have your say

First, read the [Privacy Notice](#) online or at [Appendix A](#), which explains the personal information being collected through this consultation. To provide feedback, you will need to provide some information about yourself and whether you are responding as an individual or on behalf of an organisation.

Importantly, specific consultation questions are also posed to obtain your feedback on key issues, and you are able to provide general comments if you have other feedback to provide. Feedback can be provided via an online submission form, located on Office of Local Government (OLG) website, [www.olg.nsw.gov.au](http://www.olg.nsw.gov.au). You do not need to answer every question and can skip to sections of interest.

Alternatively, an identical feedback form is provided at **Appendix A** to this Consultation Guide. This form allows you to respond to the targeted consultation questions and make any further general comments. You are able to post or email the completed form **by COB 5 February 2021** to:

Office of Local Government, NSW Department  
of Planning, Industry and the Environment  
*Towards a Fairer Rating System*  
Locked Bag 3015  
Nowra NSW 2541

[olg@olg.nsw.gov.au](mailto:olg@olg.nsw.gov.au)



## Executive Summary

The NSW Government is committed to implementing a package of reforms to ensure the rating system is equitable and responsive to changing community needs. This package comprises those recommendations made by IPART in the [Final Report](#) on its local government rating system review of that were accepted by the Government in its [Final Response](#).

Most of these reforms require amendments to the *Local Government Act 1993*, which sets out how councils may levy rates from property owners. Other reforms will be implemented by change to regulations and by issuing new guidance.

### Local Government Amendment (Rating) Bill 2020

A Bill to make these amendments has been prepared – the *Local Government Amendment (Rating) Bill 2020* (the Bill). If passed by the NSW Parliament, this Bill would:

- allow seventeen councils created in 2016 to gradually harmonise rates over four years, to protect ratepayers from excessive and sudden rate rises
- allow councils to levy special rates above the rate peg for infrastructure jointly funded with other levels of government without IPART approval
- create a new rating category for environmental land for properties that cannot be developed

- allow councils to create more flexible residential, business and farmland rating subcategories to enable them to set fairer rates
- allow councils to create separate rating subcategories for vacant residential, business and mining land to provide additional flexibility for councils to tailor rates for local communities
- remove the rating exemption for land subject to new conservation agreements and allow it to be rated under the new environmental land category
- allow councils to choose whether to exempt certain land from special rates for water and sewerage
- require councils to publicly report the value of any rating exemptions they choose to grant
- limit postponement of rates on rezoned land and let councils decide whether to write off any debts, and
- allow councils to sell properties for unpaid rates after three years rather than five years.

Through the Bill, the Government proposes to implement the key reforms in a way that is fair and reasonable for both councils and ratepayers. An Exposure Draft of this Bill has been released, together with this consultation guide to explain the proposed changes and to seek public feedback.



## Other key rating reforms

The rates reform package also includes measures that do not rely on legislative amendments. As part of the Final Response to the IPART rating review, the Government committed to aligning rating income growth with population growth within the rate pegging system. This will help councils provide for growing communities while still protecting residents from sudden, excessive rate rises.

To kick-start this reform, the Minister for Local Government, with the approval of the Premier, has asked IPART to recommend a new rate peg methodology that allows the general income of councils to be varied annually in a way that accounts for population growth. This is consistent with the Productivity Commission's recommendations on its review of the infrastructure contributions system. The Government will not consider any further changes to the rate peg or allowable income at this time.

In addition, the Government supported IPART's recommendation that any difference between mining and business rates should primarily reflect differences in the councils' costs of providing services. This will be implemented through future guidance to the local government sector rather than legislation.

Finally, it is proposed to not progress any change to the residual rating category arrangements, and to limit the requirement for councils to report the value of exemptions to only those they choose to grant each year.

## Next steps

The Office of Local Government will receive feedback from councils, local communities and other interested individuals and organisations until **COB 5 February 2021**.

After making any changes in response to this feedback, the Government will introduce the Bill into the Parliament in early 2021. In part, this will enable councils formed in 2016 to take up opportunities provided by greater rating flexibility as they prepare to harmonise rating structures from 1 July 2021.

# Proposed Rating Reforms

## Section One – Understanding local government rating

### Ordinary and special rates help to fund council services

Local councils provide important services and facilities to communities across NSW. These are as varied as community services, local road construction and maintenance, sporting and recreational facilities, planning, environmental protection and waste recovery and disposal.

The *Local Government Act 1993* (the Act) and Local Government (General) Regulation 2005 set out how councils levy rates from property owners (ratepayers).

To pay for services, councils must levy property owners in their area for ordinary rates and may also apply additional special rates in certain circumstances. Some types of properties are wholly or partly exempt from paying rates under the Act. Councils also raise revenue by charging user fees, receiving grants, borrowing or other revenue e.g. from fines, developer contributions and interest.

### The rate pegging system restricts councils from increasing their income from rates

Under the Act, the total income that a council can raise from rates each year cannot increase by more than a specific percentage – this is called the ‘rate peg’. The rate peg does not apply to charges for services like waste management, water, sewerage and stormwater.

The Independent Pricing and Regulatory Tribunal (IPART) determines the rate peg that applies to councils’ general income each year. For the 2020/21 financial year IPART set the rate peg at 2.0%.

Councils can apply to IPART for a ‘special variation’ to increase their general income above the rate peg, e.g. to provide further services, replace ageing assets or improve financial sustainability.

### Councils can determine which rates apply to different property types in consultation with local communities

The Act enables councils to determine different ordinary rates for residential, business, mining and farmland properties (the four rating categories). Councils can choose how they calculate and distribute rates among the properties in these categories.

Council decides which category each property should be in based on its characteristics and dominant use. Councils can also choose to create certain subcategories within each of these four categories, and to apply different rates to properties in each subcategory.

### Councils must undertake rate setting as part of their Integrated Planning and Reporting (IP&R)

Councils must set a Revenue Policy each year as part of their Operational Plan. This sets out the combination of rates, charges, fees and pricing policies that will be applied to fund the services it provides to the community. It also contains a rating structure that determines rates and charges each type of ratepayer will pay, and how they will be calculated. Councils must consult on this structure as part of setting their annual Operational Plan and budget before it is finalised.

### Councils can choose to apply rates to unimproved land values in different ways

Rates are calculated on the value of the land only, and do not factor in any improvements, such as buildings. For each rating category or sub-category, rates can be calculated based on:

- the (unimproved) land value of the property times the **ad valorem** (a rate in the dollar)
- a combination of the land value and a fixed rate per property (**base amounts**), or
- on the land value, but with each property paying at least a set amount (**minimum rates**).

The Act applies some restrictions however, for example – councils must calculate residential rates for all properties with a single ‘centre of population’ in the same way.

Land values are determined by the Land and Property Information Division of the Department of Finance and Services on behalf of the NSW Valuer General.

## Section Two – the Local Government Amendment (Rating) Bill 2020

### 1 ALLOWING GRADUAL RATES HARMONISATION

IPART recommendation	Key sections of the Act	To come into effect
Recommendation 13	s.506, s.508	On assent

#### The Government's commitment

In 2017, the *Local Government Act 1993* (the Act) was amended to 'freeze' the rates path of new councils created in 2016 for a period of four years. This was to ensure that their ratepayers would pay the same rates as they would have if the council had not merged for this initial period only.

In 2019, the Act was amended so that the Minister could allow councils formed in 2016 a further year to harmonise their rates, until 1 July 2021, to allow an additional year for this process. Ultimately, seventeen of the twenty relevant councils took up this option, so that the rates path freeze will now end for their communities on 30 June 2021.

At the end of the rates path 'freeze', each council will need to harmonise to a single rating structure – in practice, this means that all residential ratepayers will pay the same rate in the dollar on their properties unless councils choose to charge different rates for different 'centres of population'. At present, the Act only permits councils to harmonise rates across their area in a single financial year, being 2021/22

As part of its response to IPART's review, the Government agreed to IPART's recommendation to allow new councils to gradually harmonise rates across their former council areas over time. IPART suggested that rates increases be limited to 10% a year.

#### The proposal in the Bill

It is proposed that each council formed in 2016 have the option to gradually harmonise new rates for residential and farmland rates from 2021-2022 over four years. Those councils and communities that do not wish to gradually harmonise over the four-year period would still be able to harmonise their rates all at once in 2021-22.

Councils that take up the gradual harmonisation option will need to apply no more than 50% of the total increase in rates at the rating category level over the period, in any one of the four financial years. Importantly, councils that choose to harmonise gradually will be required to set out their intended approach over the full four years in their IP&R documents.

The proposed four-year period is designed to allow for gradual change, while setting a reasonable period to limit how long some ratepayers are subsidising others. It also takes into account both an unusual three-year council term, with elections in 2021 and 2024, as well as the fact that all land is to be revalued before rates are levied for 2023-24.

Rather than setting a maximum percentage increase each year, it is proposed to allow affected councils to set rates each year according to community needs and prevailing economic conditions. This allows councils with different legacy rating structures to harmonise in consultation with their communities according to local circumstances and conditions, under the IP&R framework.

The proposed '50% in any one year' cap will ensure that councils that choose this option take a gradual approach that protects ratepayers against sudden and excessive rate rises in any specific year. This will not,

however, preclude rates from increasing due to changes in land valuation, special rates or any special variation.

#### Consultation question/s

**1. Are you from a local government area newly formed in 2016 that has not yet harmonised rates?**

☐ Yes

☐ No

**2. Do you agree with the proposal to enable relevant councils to gradually harmonise rates across their former council areas over four years?**

☐ Yes

☐ No

☐ Neutral

**Comment:**

## 2 ALLOWING COUNCILS TO LEVY SPECIAL RATES FOR JOINTLY FUNDED INFRASTRUCTURE

IPART recommendation	Key sections of the Act	To come into effect
Recommendation 8	s.495	By proclamation

### The Government's commitment

Under the Act, councils can levy special rates, in addition to ordinary rates, on any subset of rateable land in its area to meet the costs of delivering additional works, services, facilities or activities to ratepayers. This is limited, however, to funding local government functions.

Councils are increasingly entering into arrangements to jointly fund infrastructure projects with the NSW Government and the Australian Government. To generate additional revenue to contribute to these projects, which may be a condition of the project going ahead, councils are applying to IPART for a special variation. This imposes a high regulatory burden that extends timeframes and can deter councils from helping to deliver projects that benefit their local communities.

The Government is committed to establishing an equitable and effective funding framework for infrastructure associated with development, and, ensuring that growing communities have adequate and effective infrastructure needed to support that growth.

The Government therefore supported IPART's recommendation that councils be able to levy a new type of special rate for new infrastructure, where it is of clear benefit to the community, jointly funded with other levels of government.

### The proposal in the Bill

It is proposed to clarify that special rates may be levied to pay for goods, services and infrastructure that are not covered by chapters 5-6 of the Act if the specific purpose of the special rate is to co-fund or contribute to infrastructure or services being jointly provided with another level of government.

Income from this special rate will not form part of a council's general income under the rate peg and councils will not need to seek IPART's approval before levying the special rate.

Importantly, councils will be prevented from levying a special rate for costs that are being met by a developer under the infrastructure contributions framework or by another funding arrangement. Special rates must only be used for the purpose for which they are levied.

Before applying this special rate, a council will need to consult its community through IP&R about anticipated benefits of the project and special rate, anticipated total project costs, council's contribution to those costs, the contributions to be made by others, the total special rate that would be levied, and how, and for what time period, the rates are to be levied.

Councils will also need to provide information in their annual reports on project outcomes, actual costs to council of this project, costs reported by other parties (where available) and the total revenue generated by the special rate. Where this differs from a council's initial estimates, an explanation is to be provided. The intention is to create a monitoring and reporting framework that maximises transparency, public accountability and community benefit from these special rates.

**Consultation question/s**

**3. Do you agree with the proposal to allow councils to levy special rates for jointly funded infrastructure?**

☐ Yes

☐ No

☐ Neutral

**Comment:**

### 3 INCREASING FLEXIBILITY THROUGH NEW RATING CATEGORIES AND SUBCATEGORIES

#### 3.1 Allowing councils to set different residential rates in contiguous urban areas

IPART recommendation	Key sections of the Act	To come into effect
Recommendations 10-12	ss.529-530	On assent

##### The Government's commitment

Currently, the Act prevents councils from applying different residential rates on properties within a single 'centre of population.' This is difficult to apply in practice and has effectively prevented councils in urban areas, like Greater Sydney, from setting different rates in different locations across their local government area, as occurs in regional and rural NSW.

Given this, IPART recommended councils be able to set different residential rates in contiguous urban areas, but only where there is on average, different access to, demand for, or cost of, providing services and infrastructure. It proposed that councils use geographic markers to define these areas, including postcodes, suburbs, geographic features (e.g. waterways, bushland) and/or major infrastructure (e.g. arterial roads, railway lines).

Importantly, IPART also recommended that a limit apply so the highest rate structure is no more than 1.5 times the average rate structure across all residential subcategories (i.e. so the maximum difference between the highest and average rates, including *ad valorem* rates and base amounts, is 50%) except any new vacant land subcategory (see 3.4 below). To exceed this limit, councils would need to seek IPART approval.

The Government believes that councils should be able to explore different options to distribute the rating burden more equitably, in consultation with their communities, and supports enabling greater use of differential rating in urban areas. It supported these recommendations 'in principle'.



### The proposal in the Bill

It is proposed to allow councils to create different rating subcategories for residential land in contiguous urban areas, while also continuing existing provisions that allow different residential rates to be set by 'centre of population', as used by regional and rural councils.

Under the proposal, a council may only set different residential rates in a contiguous urban area if there is on average, different access to, demand for, or cost of, providing services and infrastructure.

For this purpose, 'contiguous urban area' will capture a portion of an area that is urban in nature and comprises residential land where the properties within that area, taken together, are not entirely separated by land that falls within other rating categories.

Further, in these cases, councils will be required to use geographic names published by the Geographical Names Board to objectively define different residential areas to which to apply different residential rates, rather than being enabled to simply draw 'lines on a map'.

A limit will also apply so the highest rate structure is no more than 1.5 times the average rate structure across all residential subcategories, with the capacity to change this ratio in future by regulation. "Average rate structure" includes *ad valorem* amounts, minimum rates and/or base amounts, as relevant. To exceed this limit, councils would need to seek the Minister's approval.

Councils will be required to undertake community consultation under IP&R, in determining residential rating subcategories, setting rates for each subcategory and making any future amendments to these arrangements. Councils will also be required to publish the different rates and their rationale for charging different rates in their Revenue Policy.

The Minister will be able to issue guidelines that must be followed by councils in setting these rates, including how the provisions may be used appropriately by councils.

#### Consultation question/s

**4. Do you agree with the proposal to allow for different residential rates in contiguous urban areas?**

- ☐ Yes  
☐ No  
☐ Neutral

**Comment:**

**5. Do you agree with the proposal to limit the highest rate structure across all residential subcategories to no more than 1.5 times the average rate structure?**

- ☐ Yes  
☐ No  
☐ Neutral

**Comment:**

### 3.2 Creating a new rating category for environmental land

IPART recommendation	Key sections of the Act	To come into effect
Recommendation 29	s.493, s.514, s.518, s.529	By proclamation

#### The Government's commitment

Under the Act, before making an ordinary rate, a council must have declared each parcel of rateable land in its area to be within one of four rating categories – farmland, residential, mining or business. If a parcel of land does not fall within the residential, farmland or mining rating categories, it is treated as business land (the residual category).

There are concerns that these four rating categories are not sufficient to ensure that specific types of land are being rated at an appropriate level. In particular, IPART heard that this has resulted in land that cannot be developed, and therefore not falling with the residential, farmland or mining land categories, being rated as business land. As a result, a higher rate is often levied.

IPART recommended that a new, fifth rating category be created for environmental land to provide for appropriate rating of land that cannot be developed due to geographic or regulatory restrictions. The Government accepted this recommendation 'in principle', noting that it closely relates to IPART's further recommendation (No. 18) in relation to conservation agreements (see further below at 4.1).

#### The proposal in the Bill

It is proposed to create a new rating category for environmental land, and to define *environmental land* as that:

- for which current and future use of the land is constrained as it:
  - has limited economic value relative to its size and location, or
  - cannot be developed, or
  - has low development potential for a business, residential or farming activity, and
- is subject to *geographic restrictions* or *regulatory restrictions*.

It is proposed that, in determining whether land cannot be developed or has low development potential, councils must have regard to factors including the zoning of the land under the EP&A Act and regulations and relevant instruments, and any other matter prescribed by regulation.

It is also proposed that *geographic restrictions* include, but not be limited to, the presence of significant water areas, mud flats, swamps, marshlands, steep slopes and other terrain on which residential or commercial development is virtually impossible due to physical limitations.

Further, it is proposed that *regulatory restrictions* be defined as laws or other permanent constraints imposed or agreed to in relation to the land that prevent development. This would include, but not be limited to, restrictions due to the land being subject to an *environmental agreement or instrument* prescribed by regulation, and being not otherwise exempt from rates.

Where a parcel of land is determined to be mixed use land, like rating of business land, councils will be able to apportion rates based on the portion of the land that falls within each rating category, as currently set out under the *Valuation of Land Act 1916*. This is currently not provided for under that law. Comment is sought on the manner of determining the apportionment of rates where a parcel of land could properly be categorised as environmental and the remainder could be categorised under one or more other rating category.

It is also proposed that, as for land in other rating categories, councils may create subcategories for environmental land to allow different environmental land rates to be set.

For this purpose, it is proposed that councils be enabled to create different rating subcategories based on whether or not there is a conservation agreement or similar instrument in place, and/or, based on geographic location.

Where a council chooses to rely on geographic location to create subcategories, it will need to define the different residential areas by reference to geographic names published by the Geographical Names Board, rather than by drawing 'lines on a map'.

#### Consultation question/s

**6. Do you agree with the proposal about how to create a new rating category for environmental land, including how environmental land is proposed to be defined?**

- ☐ Yes  
☐ No  
☐ Neutral

**Comment:**

**7. Do you agree that a portion of land that is subject to a conservation agreement or other similar instrument should be categorised by councils according to the proposed definition of environmental land?**

- ☐ Yes  
☐ No  
☐ Neutral

**Comment:**

### 3.3 Enabling different business rates to be set for industrial land and commercial land

IPART recommendation	Key sections of the Act	To come into effect
Recommendation 30	s.529	By proclamation

#### The Government's commitment

Currently, the Act only allows councils to create different categories of business rates according to whether business land falls within a 'centre of activity'. This is essentially, therefore, limited to location, rather than the activities taking place on each property. It also means that, where businesses are not clustered together, they are most often only charged a general business rate.

IPART recommended, and the Government supported, changing this so that different rating subcategories can also be created for land where industrial and commercial activities are occurring.

This recognises that land where these activities take place typically have different access to, demand for or cost associated with providing council services and infrastructure. It also recognises that these parcels of land may, or may not, be clustered together within a local government area.

#### The proposal in the Bill

It is proposed that councils be given the option of setting different rates for business land based on whether it is industrial or commercial land. This would apply in addition to maintaining the current option of setting different rates based on whether there is a 'centre of activity'.

It is proposed that councils that choose to take up this option determine whether business land is industrial or commercial, as necessary, based on whether industrial activities are predominantly taking place. This approach means that property zoning is relevant but not determinative for rating purposes, as intended by IPART, and creates a clear approach for councils and ratepayers that can be updated as necessary over time.

It is further proposed that, if the 'dominant' activity conducted on a parcel of land does not fall within a list of *industrial activities* prescribed in regulations, they may be categorised as commercial. Activities which may be prescribed as industrial include, for example, manufacturing, warehousing, abattoirs and works depots.

#### Consultation question/s

**8. Do you agree with the proposal about how to enable different business rates for industrial and commercial land?**

- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

### 3.4 Enabling different rates for residential, business or mining land that is vacant

IPART recommendation	Key sections of the Act	To come into effect
Recommendation 31	s.519, s.529	By proclamation

#### The Government's commitment

Under the Act, before making an ordinary rate, a council must have declared each parcel of rateable land in its area to be within one of four rating categories – farmland, residential, mining or business. As above, it is now proposed to create a fifth rating category for environmental land (see 3.2).

At present, councils must rate a parcel of land as residential, farming or mining land if it determines the land falls within one of those categories whether or not it is vacant. If the land does not clearly fall into one of these categories, council must rate it according to its designated use under an environmental planning instrument or, in the absence of such an instrument, based on the predominant surrounding land.

In either case, councils are not permitted to rate land differently because it is vacant. For example, an empty block of land in a residential estate is charged the same rate as the houses in the estate.

IPART recommended that, after completing the current rating categorisation process for vacant land, councils be able to set a different rate for vacant land to that set for other land in the same rating category for residential, business and mining land.

The Government has accepted this recommendation, which would provide additional flexibility for councils to tailor their rates to the needs of local communities.

#### The proposal in the Bill

It is proposed to give effect to this reform by allowing councils to create rating subcategories for vacant land within the residential, business or mining land categories. This type of rating subcategory will not be able to be created for environmental or farming land.

In determining whether a parcel of land is vacant, a council will need to have regard to factors including whether the land has a *substantial and permanent* structure. For this purpose, a building or other structure may be considered substantial and permanent if it is:

- significant in size or value
- not incidental to the purpose of another structure or proposed structure
- not related to, reliant on, or existing to support use or function of a structure, and
- fixed and enduring, rather than built for a temporary purpose.

These proposed factors build on relevant aspects of the approach taken by the Australian Tax Office definition of vacant land for income tax purposes.

It is also proposed to provide guidance to councils about:

- how councils may determine whether a specific parcel of land is to be treated as vacant land and, where relevant, to which rating category it belongs
- factors councils should take into account in setting the rate to be paid for vacant land, and
- how high or low the rate for vacant land should be relative to the principal rating category.

**Consultation question/s**

**9. Do you agree with the proposal to allow subcategories for vacant land to be created for residential, business and/or mining land, including the proposed factors set out above?**

☐ Yes

☐ No

☐ Neutral

**Comment:**

3.5 Allowing different farmland rates to also be set based on geographic location

IPART recommendation	Key sections of the Act	To come into effect
Recommendation 32	s.529	By proclamation

The Government's commitment

Currently, councils can only sub-categorise farmland according to intensity of land use, 'irrigability' of the land or economic factors affecting the land.

Concern has been raised that, while some regional and rural councils are able to rely on these factors, it is inflexible, subjective and difficult to apply in many local government areas in an equitable way. IPART found that the majority of councils with farmland properties do not create subcategories and are applying a single rate even if there are substantial differences in the intensity of farming.

IPART therefore recommended that councils should be able to set different farmland rates based on geographic location. This reflects the view that location-based rating for farmland, like residential and business land, can better reflect access to council infrastructure and services as well as the productivity of land. It suggested that areas may be defined by locality or geographical markers (such as a riverbank or escarpment) or major infrastructure (such as a highway).

The Government supported this recommendation. This will allow councils flexibility to more fairly distribute the rating burden by creating rating subcategories that better reflect productivity, are easier to assess and may be more likely to reflect access to council services by landholders.

The proposal in the Bill

It is proposed that councils be given the option of setting different rates for farmland based on geographic location. If this option is chosen, councils will need to:

- create subcategories by reference to the geographic names published by the Geographical Names Board rather than drawing 'lines on a map', and
- have regard to certain matters prescribed by regulation in creating subcategories for farmland and determining rates to be levied for each geographic location.

This new option would apply in addition to maintaining the current option of setting different rates based on intensity of land use, 'irrigability' or economic factors affecting the land. This approach is intended to minimise disruption for councils in regional and rural NSW with rating structures that rely on the current provisions.

Relevantly, the new approach to creating rating subcategories for farmland may also be utilised by relevant councils to assist with harmonisation, or, to maintain current farmland rating structures across their former council areas, should they choose to do so, in consultation with their communities.

#### Consultation question/s

**10. Do you agree with the proposal to enable councils to also set farmland rates based on geographic location?**

- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**



## 4 CHANGING SPECIFIC EXEMPTIONS FROM ORDINARY AND SPECIAL RATES

### 4.1 Removing mandatory rates exemptions for land with new conservation agreements

IPART recommendation	Key sections of the Act	To come into effect
Recommendation 18	s.529, s.555, s.558	By proclamation

#### The Government's commitment

Under the Act, land subject to certain conservation agreements is exempt from all rates. This exemption was introduced to provide a financial incentive for land holders to enter into agreements for future conservation which impose costs and reduce the development potential of their land.

Over a period of time, different types of conservation agreements and similar instruments have been created and used to manage potential impacts of proposed developments on native species, cultural heritage or to address other environmental, community or development-based concerns. Some of these arrangements are exempt from rates while others are not.

IPART recommended removing rating exemptions for private land with conservation agreements and that councils rate the land under the new environmental land rating category (see above at 3.2). This reflected the finding that these parcels of land should not always be exempt from rates as owners have exclusive possession, derive private benefits, use services and impose other costs on the council and broader community.

The Government accepted IPART's recommendation in part, subject to further consultation on issues with respect to the range of agreements in force and the preservation of environmental, historical and Aboriginal cultural heritage outcomes.

#### The proposal in the Bill

It is proposed that there no longer be a mandatory rating exemption for private land for which a new conservation agreement is entered into after this reform comes into effect.

Instead, these properties will be categorised for rating purposes by the relevant council and may be rated under the new environmental land rating category. Further, as set out above at 3.2, councils will be permitted to create rating subcategories, and therefore to set different rates for environmental land based on whether or not there is conservation agreement or other instrument prescribed by regulation.

Importantly, to ensure fairness for parties to existing conservation agreements, it is proposed that those lands that currently benefit from this exemption continue to do so. This maintains a significant financial incentive that was taken into account by land holders when deciding whether to enter into an agreement which, in the vast majority of cases, is now binding on themselves and future owners.

**Consultation question/s**

**11. Do you agree with the proposal to remove the requirement for councils to apply a rating exemption for land subject to new conservation agreements?**

☐ Yes

☐ No

☐ Neutral

**Comment:**

#### 4.2 Removing certain mandatory exemptions from special rates for water and sewerage

IPART recommendation	Key sections of the Act	To come into effect
Recommendation 24	ss.555-558	By proclamation

##### The Government's commitment

Some councils are responsible for providing water and sewerage services, particularly in regional and rural NSW. To fund these services, in addition to regular service charges, councils may levy special rates as a fee for service, in addition to ordinary rates. These special rates appear on rates notices.

Under the Act, councils are prevented from levying special rates for water and sewerage on the whole, or part, of a range of specific types of property, including:

- Crown land not leased for a private purpose
- land within a National Park, historic site, nature reserve, state game reserve or karst conservation reserve, whether or not the land is affected by a lease, licence, occupancy or use,
- land that is subject to a conservation agreement
- land that is vested in, owned by, held on trust by or leased by the (now) Biodiversity Conservation Trust
- land that is within a special area or controlled area for Sydney Water that is either Crown land or land vested in Sydney Water
- land that is within a special area for Hunter Water that is Crown land or vested in Hunter Water
- land that is vested in or owned by Water NSW that is in, on or over which water supply works are installed
- land that is within a special area for a water supply authority that is Crown land or vested in that authority

- land that belongs to a religious body and is occupied and used in connection with:
  - a church or other building used or occupied for public worship, or
  - a building used or occupied solely as the residence of a minister of religion in connection with any such church or building, or
  - a building used or occupied for the purpose of religious teaching or training, or
  - a building used or occupied solely as the residence of the official head and/or the assistant official head of any religious body in NSW or any diocese in NSW,
- land that belongs to and is occupied and used in connection with a government school, non-government school or certain schools with exemptions under s.78 of the *Education Act 1990*
- a playground that belongs to and is used in connection with the school, and
- a building occupied as a residence by a teacher, employee or caretaker of the school that belongs to and is used in connection with the school,
- land that is vested in the NSW Aboriginal Land Council (ALC) or a local ALC if it is declared under the *Aboriginal Land Rights Act 1983* to be exempt from rates,
- land vested in or owned by Residual Transport Corporation NSW or a public transport agency and in, on or over which rail infrastructure facilities are installed,

- land vested in or owned by Transport Asset Holding Entity of New South Wales and in, on or over which rail infrastructure facilities are installed,
- land that is vested in or owned by Sydney Metro and in, on or over which rail infrastructure facilities are installed, and
- land below the high-water mark used for aquaculture relating to the cultivation of oysters.

Under the Act, councils are also able, but not required, to choose to exempt other types of land from these types of special rates – this includes, for example, public reserves, hospitals and charities.

IPART found that it may not be appropriate for some parcels of land that fall within the above list to be exempt from paying special rates for water and sewerage as they would receive these services for free with significant private benefit. Instead, IPART recommended that the Government allow councils discretion to choose whether to exempt these properties from special rates. The Government accepted this recommendation.

It is understood, however, that in practice very few councils in regional and rural NSW levy special rates for water and sewerage, as compared to annual or service charges.

### The proposal in the Bill

It is proposed that councils be able to choose whether to exempt those properties listed above from special rates, noting that these special rates are unlikely to be applied.

Importantly, it is intended that the Government provide guidance to any councils levying special rates about how best to exercise their discretion in relation to whether to continue to exempt specific types of land that were previously required to be exempt from these special rates. This guidance may specify relevant factors to consider, for example, the type of land, the land's permitted use, the land's actual use/s and access to relevant council infrastructure and services.

#### Consultation question/s

**12. Do you agree with the proposal to remove certain mandatory exemptions from special rates for water and sewerage?**

- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

## 5 IMPROVING PUBLIC CONFIDENCE IN THE RATING SYSTEM

### 5.1 Narrow scope to postpone rates and let councils choose whether to write them off

IPART recommendation	Key sections of the Act	To come into effect
Recommendation 40	s.585, s.595	By proclamation

#### The Government's commitment

Under the Act, a ratepayer is able to postpone paying higher rates if their land is rezoned, the rates payable increase after rezoning and the ratepayer does not intend to redevelop the land according to the new land uses that are permitted under the new zoning. Further, councils are required to write-off any rates and accrued interest postponed under this process after five years.

This postponement option allows people to retain properties with higher permitted uses without paying higher council rates. It is available to land consisting of a single dwelling house or rural land zoned to allow subdivision and applies to both ordinary and special rates.

IPART found that the cost to councils of administering postponement arrangements is high and is inconsistent with the taxation principles of simplicity, efficiency and equity. In particular, the postponement option:

- does not acknowledge the wealth gained in land value from rezoning
- does not recognise that the increased rates are a small proportion of the increased value of the land asset, and
- acts as a disincentive to develop land and does not promote growth and urban renewal.

IPART therefore recommended that the option to postpone rates in these circumstances should be removed, and that councils no longer be required to write-off postponed rates after five years. This would not affect the continuing ability for ratepayers to apply for rates relief on hardship grounds. The Government accepted this recommendation.

#### The proposal in the Bill

It is proposed to provide appropriate limits on the postponement of rates. These include:

- limiting who can postpone rates to those ratepayers that would face substantial hardship as a result of paying the higher rates attributable to rezoning
- restricting the amount of rates that can be postponed under the postponement of rates provisions to the difference between the rate applied under the former zoning, and the amount that will apply under the new zoning, and
- removing the requirement for councils to write off postponed rates after five years, while still giving them flexibility to do so in appropriate circumstances.

The Government understands that, if the provisions in relation to the postponement of rates were simply removed, ratepayers may face significant rate increases and, if unable to pay, may need to sell their properties.

These proposals are designed to limit the potential significant financial impact for some owners of properties when they face a zoning change in relation to their land. The proposals also acknowledge potential hardship for some of these ratepayers, particularly owner occupiers of residential or rural residential land already facing financial stress.

Importantly, to ensure fairness, it is proposed that those ratepayers that currently benefit from such an arrangement, or have applied to do so, continue to do so under the current provision after the reform comes into effect.

The Government believes that these proposals will create a fairer rates postponement framework that enables ratepayers needing to postpone rates for legitimate reasons to do so,

while enabling councils to collect much needed rates to meet the cost of services provided to that land, and to lessen the burden on other ratepayers.

**Consultation question/s**

**13. Do you agree with the proposal to restrict who can seek postponement of rates?**

- ☐ Yes  
☐ No  
☐ Neutral

**Comment:**

**14. Do you agree with the proposal to remove the requirement to write off rates debts?**

- ☐ Yes  
☐ No  
☐ Neutral

**Comment:**

## 5.2 Allow councils to sell properties for unpaid rates after three years

IPART recommendation	Key sections of the Act	To come into effect
Recommendation 36	s.713	On assent

### The Government's commitment

Under the Act, a council may seek to sell a property that is not vacant to recover the cost of rates and charges, including interest, that remain unpaid after five years in certain circumstances. Specific provisions set out when properties may be sold and the process that must be followed by councils.

IPART recommended that the period of time after which these properties may be sold should be reduced from five years to three years. The Government accepted this recommendation, which is designed to improve the simplicity of the rating system, bring NSW in line with other States, and is likely to reduce costs and delays currently experienced by councils in recovering outstanding rates.

### The proposal in the Bill

It is proposed that councils be permitted to seek to sell properties that are not vacant for unpaid rates and charges after 3 years rather than 5 years.

This would apply from the date of commencement of the provision and would not apply in respect of properties for which a ratepayer already owes unpaid rates and/or charges to council at that time.

Importantly, the *COVID-19 Legislative Amendment (Emergency Measures-Miscellaneous) Act No.2 2020* currently operates to prevent councils from commencing legal action to recover rates and charges for six months unless certain specific matters have been considered.

This temporary measure was put in place to help households that are under significant pressure to remain sustainable during the COVID19 pandemic and as steps towards economic recovery begin. It is therefore not intended to commence these new provisions while this temporary measure remains in place.

### Consultation question/s

**15. Do you agree with the proposal to enable councils to sell properties for unpaid rates after 3 years?**

- ☐ Yes  
☐ No  
☐ Neutral

**Comment:**



## Section Three – Other rating reforms

### 1 ALLOWING COUNCILS' GENERAL INCOME TO RISE IN LINE WITH POPULATION GROWTH

#### The Government's commitment

The Minister, under the Act, may specify the percentage by which councils' general income may be varied for a specific year – the 'rate peg'. IPART performs this function under delegation.

IPART has traditionally calculated the Rate Peg by reference to the Local Government Cost Index (LGCI) and improvements in productivity (a productivity factor). The LGCI measures price changes for operational inputs—including labour—used by an average council over the previous year. This overall approach to calculating the rate peg has been in place since 2010.

IPART does not take into account, directly or indirectly, the differing impacts of population growth between councils in setting the rate peg. Instead, the current methodology implicitly assumes that the cost of serving each ratepayer will be, on average, the same, or that a special rate may be levied in areas where serving groups of ratepayers involve higher and special costs. Alternatively, councils may apply to IPART for a Special Rate Variation to levy rates above the rate peg.

While this rate peg model means that council areas with higher populations can levy a greater number of ratepayers and, therefore, will have higher revenue, it is not able to take into account that certain types of residents associated with population growth (such as young families) increase demand for services more than the same number of residents in an established area, and that councils often face these costs before the future ratepayers can begin to pay for them.

The Government has committed to allowing councils to align their income with population growth. This will be achieved by adjusting how the rate peg is calculated. This will help to

ensure that adequate local infrastructure and services are provided in local government areas with growing populations.

#### How this reform will be delivered

The Minister for Local Government, with the approval of the Premier, has asked IPART to deliver a report recommending a rate peg methodology that allows the general income of councils to be varied annually in a way that accounts for population growth. Terms of Reference have already been provided to IPART for this review, which is expected to be completed within nine months.

The Terms of Reference for IPART's review clarify that the methodology proposed by IPART should not negatively impact the income growth that councils with stable or declining populations would have achieved under a rate peg calculated using the LGCI and productivity factor. They also state that the Government will not consider further change to the rate peg or maximum allowable income at this time.

In undertaking the review, IPART has been asked to have regard to matters including:

- the Government's commitment to protecting ratepayers from sudden or excessive rate rises, while improving the financial sustainability of local government
- ensuring the rate peg model can be understood by councils and the communities they serve
- the differing needs and circumstances of councils and communities in metropolitan, regional, and rural areas of the State, and
- any other matter it considers relevant.

To ensure that this reform may be given effect as simply and clearly as possible, the Bill puts beyond doubt that more than one rate peg can be applied to the local government sector, if required.



## 2 ENCOURAGING COUNCILS TO LEVY RATES ON MINING LAND TO REFLECT ADDITIONAL COSTS

### The Government's commitment

Under the Act, before levying an ordinary rate, a council must have declared each parcel of rateable land in its area to be within one of four rating categories – farmland, residential, mining or business. The council then determines what rate to levy for land that falls in each of these categories.

IPART analysed the rates applied by councils to mining land and found that they varied widely. Further, IPART found that the different rates that applied to land within this category was unlikely to reflect differences in costs of providing council services to these types of properties. Rather, it appeared that some councils may be setting rates based primarily on 'capacity to pay' principles.

In principle, IPART recommended that mining rates should be set, relative to rates for business land, primarily to reflect differences in the cost of providing council infrastructure and services to these properties. The Government accepted this recommendation.

### How this reform will be delivered

This reform will be implemented through guidance rather than seeking to amend the Act through the Bill. This will provide maximum flexibility to make adjustments in future and to cater to the different circumstances of local councils and communities across NSW.

Guidance will be issued to specify that councils should set mining rates, relative to rates for business land, primarily to reflect differences in the cost of providing council infrastructure and services. Further, if a council does apply a higher rate to mining land than business land in a specific financial year, that council should explain, as part of its Revenue Policy:

- how the rate has been set and why, and
- any additional costs in providing services to mining properties.

### Consultation question/s

**16. Do you agree with the proposal to implement this reform through guidance?**

- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

### 3 RETAINING THE RATING CATEGORY FOR BUSINESS AS THE 'RESIDUAL' RATING CATEGORY

#### The Government's commitment

Under the Act, before making an ordinary rate, a council must have declared each parcel of rateable land in its area to be within one of four rating categories – farmland, residential, mining or business. If a parcel of land does not fall within the residential, farmland or mining rating categories, it is treated as business land (the residual category).

IPART noted that using the rating category for business as the residual category may, in some areas, lead to certain properties being more highly rated than is equitable. It therefore recommended that councils should have flexibility to choose a different 'residual' category based on the profile of local properties. The Government supported this recommendation.

#### How this reform will be delivered

Following further consultation and consideration of how each reform of rating categories and subcategories may be implemented by councils, this reform will not be progressed at this time. There is a real risk that allowing alternative residual categories could result in perverse outcomes, inconsistency and uncertainty for councils and ratepayers, particularly given the complexities of categorising and subcategorising land for rating purposes.

#### Consultation question/s

**17. Do you agree with the proposal to retain the business land rating category as the residual category?**

- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

## 4 REQUIRING COUNCILS TO REPORT THE VALUE OF EXEMPTIONS THEY GRANT EACH YEAR

### The Government's commitment

IPART has identified that councils, generally, do not have a strong indication of the 'cost' of exemptions because they do not affect council's total general income, which is limited by the rate peg. As such, the cost of the exemption is effectively made up for by other ratepayers.

As rates are a tax, this should be as transparent a process as possible so that all parties involved can understand the costs and benefits of providing for exemptions.

With that in mind, IPART recommended that councils publish the estimated value of rating exemptions within their local government area in their annual reports or other information made available to the public. The Government accepted this recommendation, which is designed to improve consistency between councils as well as improving transparency of the rating system for ratepayers.

### How this reform will be delivered

It is understood that most councils do not have ready access to information on the value of all exemptions and that obtaining this information would impose a significant additional burden, particularly where that would require additional land valuations at council expense.

Given this, it is proposed that councils include in their annual report an estimate of the value of those exemptions granted as a result of a decision of that council. This estimate need only be made by applying a simple, prescribed methodology based on information on each parcel of land that is available to council at the time of its decision to grant the rating exemption.

As those matters that must be included in a council's annual report may be prescribed by regulation, this reform does not feature in a provision of the Bill.

### Consultation question/s

**Do you agree with the proposal that councils report on the value of exemptions they choose to grant through their annual reports?**

☐ Yes

☐ No

☐ Neutral

**Comment:**

### Glossary & Abbreviations

<b>The Act</b>	<i>Local Government Act 1993</i>
<b>OLG</b>	Office of Local Government
<b>Regulation</b>	Local Government (General) Regulation 2005
<b>DPIE</b>	NSW Department of Planning, Industry and Environment
<b>IPART</b>	Independent Pricing and Regulatory Tribunal

# Appendix A

## Template feedback form – *Towards a Fairer Rating System* consultation

### Privacy Notice

When you give us your feedback, the Office of Local Government (OLG) in the NSW Department of Planning, Industry and Environment (DPIE) will collect some personal information about you, including:

- your name
- your email address
- the name of your organisation (if provided), and
- any personal information you decide to put in additional 'general comments' fields.

All feedback received through this consultation process may be made **publicly available**. Please do not include any personal information in your feedback that you do not want published.

This information is being collected by OLG as part of the [Towards a Fairer Rating System consultation](#) to help the Government develop a final Bill to amend the *Local Government Act 1993* and supporting regulations, as necessary. As part of that process, we may need to share your information with people

outside OLG, including other public authorities and government agencies. We may also use your email address to notify you about further feedback opportunities or the outcome of consultation.

You should also be aware there may be circumstances when OLG is required by law to release information (for example, in accordance with the requirements of the *Government Information (Public Access) Act 2009*). There is also a Privacy Policy located on OLG's website that explains how some data is automatically collected (such as your internet protocol (IP) address) whenever you visit OLG's website. The link to that policy is <https://www.olg.nsw.gov.au/about-us/privacy-policy/>

### Submitting this completed feedback form

Please print your completed form and mail or email by **COB 5 February 2021** to:

Office of Local Government, NSW Department of Planning, Industry and the Environment  
*Towards a Fairer Rating System*  
Locked Bag 3015  
Nowra NSW 2541

[olg@olg.nsw.gov.au](mailto:olg@olg.nsw.gov.au)

### About you

TYPE	PLEASE SELECT ALL APPLICABLE
Council – Metropolitan	
Council – Metropolitan Fringe	
Council – Regional	
Council – Rural	
Council – Large Rural	
Private sector organisation	
Ratepayer	
NSW State agency	
Other	

### FEEDBACK FORM – Towards a Fairer Rating System

Section Two – Local Government Amendment (Rating) Bill 2020	
<b>1. Allowing gradual rates harmonisation</b>	
<b>Q.1.</b>	Are you from a local government area newly formed in 2016 that has not yet harmonised rates?
<b>A.1.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Q.2.</b>	Do you agree with the proposal to enable new councils to gradually harmonise rates across former council areas over four years?
<b>A.2.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Neutral <b>Comment:</b>

## 2. Allowing councils to levy special rates for jointly funded infrastructure

**Q.3.** Do you agree with the proposal in relation to levying special rates for jointly funded infrastructure?

- A.3.**
- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

## 3. Increasing flexibility through new rating categories and subcategories

### 3.1 Allowing councils to set different residential rates in contiguous urban areas

**Q.4.** Do you agree with the proposal to allow for different residential rates in contiguous urban areas?

- A.4.**
- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

**Q.5.** Do you agree with the proposal to limit the highest rate structure across all residential subcategories to no more than 1.5 times the average rate structure?

- A.5.**
- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

### 3.2 Creating a new rating category for environmental land

**Q.6.** Do you agree with the proposal about how to create a new rating category for environmental land, including how environmental land is proposed to be defined?

- A.6.**
- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

<b>Q.7.</b>	Do you agree that a portion of land that is subject to a conservation agreement or other similar instrument should be categorised by councils according to the proposed definition of <i>environmental land</i> ?
<b>A.7.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Neutral <b>Comment:</b>
<b>3.3 Enabling different business rates to be set for industrial land and commercial land</b>	
<b>Q.8.</b>	Do you agree with the proposal about how to enable different rates for industrial and commercial land?
<b>A.8.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Neutral <b>Comment:</b>
<b>3.4 Enabling different rates for residential, business or mining land that is vacant</b>	
<b>Q.9.</b>	Do you agree with the proposal to allow subcategories for vacant land to be created for residential, business and/or mining land, including the proposed factors set out above?
<b>A.9.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Neutral <b>Comment:</b>



### 3.5 Enabling different rates for residential, business or mining land that is vacant

**Q.10.** Do you agree with the proposal to enable councils to also set farmland rates based on geographical location?

- A.10.**
- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

## 4 Changing specific exemptions from ordinary and special rates

### 4.1 Removing mandatory rates exemptions for land with new conservation agreements

**Q.11.** Do you agree with the proposal to remove the requirement for councils to apply a rating exemption for land subject to new conservation agreements?

- A.11.**
- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

### 4.2 Removing certain mandatory exemptions from special rates for water and sewerage

**Q.12.** Do you agree with the proposal to remove certain mandatory exemptions from special rates for water and sewerage?

- A.12.**
- ☐ Yes
- ☐ No
- ☐ Neutral

**Comment:**

5 Improving public confidence in the rating system	
5.1 Narrow scope to postpone rates and let councils choose whether to write them off	
<b>Q.13.</b>	Do you agree with the proposal to restrict who can seek postponement of rates?
<b>A.13.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Neutral <b>Comment:</b>
<b>Q.14.</b>	Do you agree with the proposal to remove the requirement to write off rates debts?
<b>A.14.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Neutral <b>Comment:</b>
5.2 Allow councils to sell properties for unpaid rates after three years	
<b>Q.15.</b>	Do you agree with the proposal to enable councils to sell properties for unpaid rates after 3 years?
<b>A.15.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Neutral <b>Comment:</b>

Section Three – Other rating reforms	
2 Encouraging councils to levy rates on mining land to reflect additional costs	
<b>Q.16.</b>	Do you agree with the proposal to implement this reform through guidance?
<b>A.16.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Neutral <b>Comment:</b>
3 Retaining the rating category for business as the 'residual' rating category	
<b>Q.17.</b>	Do you agree with the proposal to retain the business land rating category as the residual category?
<b>A.17.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Neutral <b>Comment:</b>
4 Requiring councils to report the value of exemptions they grant each year	
<b>Q.18.</b>	Do you agree with the proposal that councils report on the value of exemptions they choose to grant through their annual reports?
<b>A.18.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Neutral <b>Comment:</b>
General Comments	







# **QUEANBEYAN-PALERANG REGIONAL COUNCIL**

## **Council Meeting Attachment**

**27 JANUARY 2021**

ITEM 9.12            IPART - REVIEW OF LOCAL GOVERNMENT RATING

ATTACHMENT 2    QPRC SUBMISSION - GOVERNMENT RESPONSE TO IPART  
REVIEW OF LOCAL GOVERNMENT RATING

# **IPART Review - Local Government Rating System**

QPRC Submission to Government  
Response - January 2021

Ref: Doc Set ID ???????



**Offices:** Council headquarters – 256 Crawford St  
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## Submission

### General

This submission draws on the recommendations of the 2016 IPART Review of the Local Government Rating System; the 2020 Productivity Commission (PC) Review of Infrastructure Contributions; and Regional Cities NSW (RCNSW) paper on emergency services funding.

Central to those reports and prompted by the findings of the 2013 Independent Local Government Review Panel (ILGRP), is the ambition to establish alternate means to improve the financial sustainability of councils in NSW.

Where the Government has indicated 'support' or 'support in principle' in its Response to the IPART Review, Council urges the implementation of those Recommendations as soon as possible.

Council acknowledges the Government has already rejected recommendations from the IPART Report to move away from the rate peg or enable transition to a Capital Improved Valuation system (Recommendations 1-7); refining exemptions to rating from ownership to use (Recommendations 14-17, 19-21); and an approach to offsetting costs of pension subsidies (Recommendations 26-28). It is noted NSW remains at variance to other states with regard to a progressive land tax system and full compensation for pension subsidies.

While the position of Government makes the alignment of progressive growth in revenues to growth in population and consequent demand for services and infrastructure difficult, it is noted the Government is open to consider new rating categories, new differential rating structures, and new funding frameworks for infrastructure associated with development.

This submission also proposes a progressive tax system, removing lags, comprising a mix of:

- special rates and infrastructure contributions to mirror rather than mitigate, the impacts of population growth; together with
- notional yield catchups to recover under-charging the rate peg or development contributions;
- supported by a redistribution of the rate burden through broader rate categories;
- a revision of rate exemptions based on land use (including crown corporations); and
- the introduction of special levies to support emergency services, with the removal of related contributions from councils, while the Local Government and Emergency Services Acts are under review

will support the ongoing financial sustainability of local government in NSW.

For example, the elimination of the emergency services contribution and associated assets depreciation on Council, together with the full reimbursement of the pension subsidy would yield \$1.6m (4.1% of general rate) to QPRC, without impact on ratepayers.

The potential introduction of infrastructure, environmental or energy rate levies by councils, to mitigate demands on infrastructure and services from population growth, or additional conservation to manage public lands; and leverage government grants and development activity, could direct new expenditures to areas of contemporary demand. While these would

be additional charges to ratepayers, the levies would be ring-fenced for planning, accounting and reporting to community, and supports the financial sustainability of the local government.

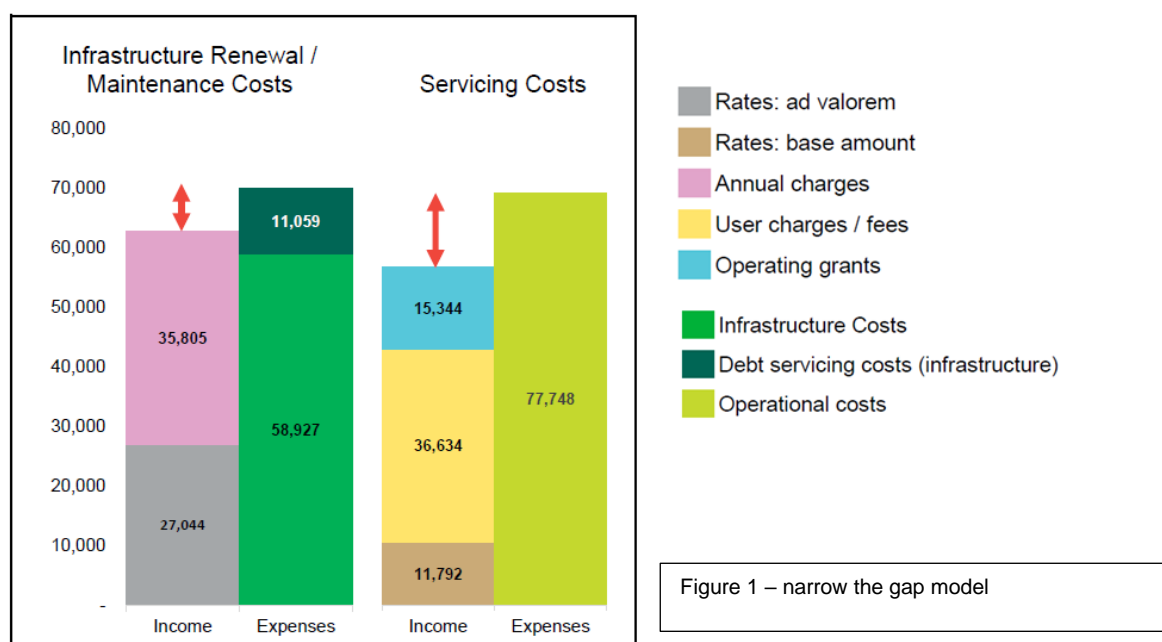
## Rates Harmonisation

As a merged entity, Council harmonised the general rating structures of the former Queanbeyan and Palerang Councils in 2019-20, presenting papers on harmonisation, rates benefit and service pricing, and developing five scenarios for councillor and community discussion based on the rating principles of equity, simplicity and efficiency. With the assistance of a community reference panel, a final harmonised rate structure was endorsed by Council and implemented from 2020-21. Recommendation 13 therefore is irrelevant now.

That body of work endeavoured to ascertain the level of alignment between access to service benefits and the rates paid, and provide information for Council to consider improving or changing the alignment of service benefits to rates paid. The service costing identified the full cost and income for each service so to determine the level of cost recovery for each service, then check alignment to Council's pricing policy and the actual cost of each service.

With that information to hand, the adopted rate structure was premised on the '*narrow the gap*' principle contained in Council's financial policies. That principle is based on rates and annual charges and relevant grants ultimately meeting the annualised cost of maintenance, renewal and servicing/operational costs of infrastructure and servicing of associated debt. Services to community, business and environment then are to be met through fees and charges, contributions, operational grants and untied financial assistance. The financial strategy is to narrow those respective gaps and better align the source and application of funds. Figure 1 illustrates the model.

The adopted rating structure went further, aligning the ad valorem general rate yield to the notional cost of maintenance and renewal of assets – differentiated between rate categories and localities by the unimproved land valuations (UV); while the base charge aimed to recover the nett cost of servicing – differentiated by rate category and locality.



## Growth

As one of the largest and fastest growing LGAs in regional NSW, a mechanism to redistribute and elevate general rating reviews based on growth (beyond supplementary valuations) would assist QPRC and should be supported by Government. While an average \$43m in new assets is constructed each year in QPRC through grants or gifted through development agreements, the subsequent average annual increase around \$1.3m in expected maintenance (measured by depreciation) is only just met by the associated growth in general rates revenues from average annual property growth (480 assessments). In turn, there is little contribution towards maintenance of existing infrastructure and services to the community from that growth. Council supports the assertion of IPART that 'current ratepayers are shouldering an unfair proportion of the rating burden compared to new residents'.

Growth in regional areas has accelerated now as a consequence of residents and business migrating from metro into regional LGAs post-COVID, to improve lifestyle and capitalise on changing work flexibility and remote office digital activity – necessitating a bias to growth revenues.

The Government ambitions expressed in its DPIE Regional Plans includes compact regional cities, increasing densities in town centres around services and amenities, and establishing movement and place frameworks, while state planning policies around seniors living require those facilities to be preferably within or near town or suburb-centric health, retail and recreation facilities. The densification through strata multi-unit and seniors residential developments then does not yield the rating revenues (based on low UV) to reflect the increased usage (and maintenance) of town assets and services. The rating harmonisation considered a mixed ad valorem/base charge for detached residential, and considered the use of the minimum rate as a solution to collect adequate revenue for multi-unit residential. However a high 'catch-all' minimum rate would severely impact financially vulnerable

residents and ratepayers. Council undertook an analysis of relative wealth and financial exposure of different community groups across the LGA, and considered the 'capacity to pay' principle in the development of equitable rates harmonisation options.

### **Infrastructure Funding**

Council supports the recommendation of IPART to introduce a special rate for joint delivery of infrastructure projects, with income generated being on top of the general rate yield capped by the rate peg. Council is also broadly in support of the key recommendations of the Productivity Commission (PC) Report on Infrastructure Contributions, by:

- removing the disincentive for councils to accept development and growth by allowing for the local government rate peg to reflect population growth
- ensuring charges can be properly factored into feasibility studies by requiring contributions plans be developed prior to rezoning
- introducing a direct land contribution obligation for landowners following rezoning to provide early and adequate funding for land
- managing costs and complexity of section 7.11 local contributions plans by using benchmark costs and focusing the role of IPART in reviewing plans
- providing a simpler option for councils by increasing the maximum rate of section 7.12 fixed development consent levies
- addressing insufficient and ad hoc section 7.24 special infrastructure contributions through implementation of modest and simple broad-based regional charges
- being more transparent in reporting on how much money is collected and where it is spent

Council notes the Government acknowledges the potential relationship between property tax (rates) and development (infrastructure) contributions, but suggests it is important to differentiate metro, from regional city, to regional and rural development contribution and rating benchmarks, indices and charging arrangements, rather than assume a 'one-size-fits-all'.

Council also suggests to Government, in line with the PC Report, pursuing a two-part approach incorporating an infrastructure (ringfenced) special rate levy and infrastructure contributions, noting indexation for those should differ to rate peg (LGCI). In that way, the structure of the rating and contributions systems can be progressive, transparent and incremental, and reported annually. In addition, contributions or special rates should be available as co-contributions by LGAs to leverage government grants or be a catalyst for rejuvenation of town centres and public spaces and facilities in conjunct with new development.

In particular, Council supports recommendation 3.1 of the PC Report, noting development-contingent capital costs should continue to be funded through infrastructure contributions, with the additional rate revenue used to fund the general costs from population growth. It is understood IPART is advising on a methodology to capture population growth into the rate peg. A review of infrastructure types that can be funded through section 7.11 contributions plans, consistent with the impactor pays principle, should be undertaken concurrently. That recommendation aligns with Theme 2 of the Government Response to the IPART Review.

Council suggests in this circumstance, capital costs should continue to be funded by contributions, while servicing costs should be met by rates.

Unfortunately, with reference to earlier comments on Growth and Infrastructure Contributions in this submission, many regional and rural councils waive or reduce development contributions to attract development and economic growth, in turn reducing their capacity to provide or meet the council share of new or upgraded infrastructure required of the relevant contributions plan. Some councils may have policies requiring greenfield development to fund 100% of new infrastructure and upgrades to connect to existing networks, while infill may be discounted to say 50% of the cost to encourage the redevelopment and gentrification the Government seeks (refer Growth above). It is suggested the Government also consider a mechanism to enable councils to recover waived, discounted or deferred contributions through an infrastructure special rate levy.

### **Emergency Services Funding**

The 2019-20 bushfire season and other recent natural disasters have made clear the urgent need for reform of the architecture, funding and operation of NSW emergency response services. Regional Cities NSW (RCNSW) has prepared a paper, supported by the Canberra Region Joint Organisation (CRJO), proposing an alternate funding model for emergency services (ES) in NSW. It aims to decouple increases in ES contributions from the rate peg as a minimum, but ideally to levy a property-based ES levy across all rateable properties, for disbursement to Government to fund emergency services operations and capital expenditure in NSW. The paper recognises a new approach is needed, and in light of the reviews and focus on what can be learned from the 2019-20 bushfires (along with consideration of broader state financial reform), now is the right time to undertake that transformation.

The current model of funding for emergency services draws on multiple sources, provides no certainty or transparency and places an inequitable and growing burden on local councils. At present, homeowners pay over 80% of costs through a levy on home insurance providers (which may then be passed on through premiums), the State Government contributes around 7% and local governments, in their role as land managers, contribute 11.7%, through their general rate.

The costs borne by councils generally exceed 4% of their general rate in regional and rural LGAs. Their expenses comprise:

- Local Government contribution
- Emergency Services asset maintenance repair and renewal
- Emergency Services asset depreciation
- Emergency Services within insurance premiums

RCNSW has lobbied Government, suggesting:

- Emergency services management is a state responsibility and that it should be managed and coordinated centrally
- Emergency services should be delivered by an integrated agency to:
  - capture significant efficiency gains and



- increase capacity for more on the ground professional emergency management in the LGAs
- Emergency services should be funded by the State to provide certainty, and transparency

Council supports the proposition of RCNSW and CRJO to transition away from the insurance-based ESL and centralisation of emergency services responsibility with State Government in conjunction with the review of the *Local Government Act* and *Emergency Services Act*, and contain the following components:

- The introduction of a Property-based Emergency Services Levy (PBESL) on rate notices for disbursement to state government;
- The discontinuation of the annual ES contribution by local government
- The transfer of the emergency services assets from local government to the NSW government, relieving net expenses for hazard reduction and depreciation expenses for councils

The phased introduction of PBESL on all rateable properties, delivered by a separate line of rating on council annual rate notices (potentially delivered and recovered through RevNSW in the future), to fully fund the cost of emergency services for government, could be considered as an element of 'budget repair' post-bushfires and COVID-19. The removal of annual contributions from councils to emergency service funding will also assist their financial sustainability – in many cases the annual contribution exceeds 4% of their general rate yield.

The proposed PBESL is a property tax and may be structured as a base charge and an ad valorem rate. For example, 50% of the emergency services funding may be recovered across all rateable properties by the base charge, differentiated by zones (ie metro, regional, regional city, rural); while the balance is effectively differentiated by the unimproved land values established by the NSW Valuer-General across the residential, business, farmland (and potentially environment) rate categories across LGAs in the State.

Both the NSW Government and all property owners would have clear visibility on the "real" cost of emergency services, rather than it being buried in a myriad of different payments and there would be a single, efficient revenue lever to adjust to meet growth in costs.

It would also separate emergency services costs from council budgets, giving councils greater control and certainty over their finances and enabling them to focus on their core functions.

ServiceNSW or RevenueNSW's potential future collection of the PBESL through the council rate mechanism will also provide efficiencies, by reducing administrative costs through the elimination of additional collection activities and accounting processes. This approach may form part of land tax and stamp duty reforms contemplated by the NSW Treasurer and also assist NSW Government budget repair.

## Environmental Funding

Much of the State has been ravaged by drought, fire and flood, with the onset of natural disaster or the spread of weed being indiscriminate to LGA boundaries. Catchments, habitat, bushland and coastal areas need urgent rehabilitation.

Council supports the recommendation of IPART to introduce a special rate for joint delivery of infrastructure projects, with income generated being on top of the general rate yield capped by the rate peg. Council also supports the extension to a fifth rating category 'environmental land' to replace existing conversation agreement exemptions – noting the category is limited to land that cannot be developed due to geographic or regulatory restrictions (presumably imposed by NSW or local council regulations, or through voluntary vegetation or biodiversity agreements).

However, it is suggested this concept of joint delivery be extended to enable adjoining councils within a joint organisation to set a regional rate (such as an environmental levy) to fully fund local and regional environmental studies and works, led by and costed through adopted local and regional plans (eg catchment, riparian, weed/biosecurity, coastal, biodiversity, heritage), and supported by volunteer groups (eg Landcare, Coastcare).

In this way a consistent base charge and ad valorem rate can be set by councils by agreement through the joint organisation, and be transparently planned and reported to community. The funds raised by the environmental levy would enable those local and regional studies and environmental works, and may be used to leverage government grants, support Aboriginal heritage grants or acquire environmental offsets at a regional or local scale. It may also provide a source of funds for councils to attend to the new demands introduced by the NSW biosecurity and biodiversity legislation, and the management of additional natural crown lands vested by Government to NSW councils.

## Rating Categories

The proposed subcategories of 'commercial' and 'industrial' (within business); 'vacant' (within residential, business and mining); subcategorising farmland by geography and dominant use; and a 'residual' category (rather than business category as the 'catch-all') are supported – noting they are at a council's discretion to take up. It is noted a 'vacant' subcategory means a property is undeveloped, not unoccupied.

Increasing flexibility through new rating subcategories is welcomed to cater for local circumstances and allows Councils to implement their own rating philosophies. However, the additional ministerial guidance relevant to the new rating subcategories should not create additional restrictions and administrative burdens on Councils.

The Government may consider mechanisms to incentivise the occupation of vacant retail premises held by landlords, or under-developed properties in accord with the relevant zoning or town centre masterplan; or to incentivise biodiversity, biosecurity or conservation management of private (farmland, environmental category) lands for example. The Government should prepare guidance to councils on discounting or waiving rates (such as the base charge), and recovery of that waiver through the notional general rate yield in the same year.

However as the nation moves to a renewable energy future, it is suggested energy installations be also linked to rating reforms – potentially introducing an ‘energy’ rate category similar to the mining rate category, with the proportionate value of the land occupied by the development (eg wind farm, solar array, CSG) subject to mixed use rating provisions, or an annual royalty. These installations are developments, usually on farmland (or future environmental category land) where the nature and intensity of the use is not captured appropriately, nor a contribution to the rate burden rated appropriately. Proposed to be disclosed as a separate rate on the landowners rate notice, the charge may be recovered from the tenant (energy installation) by the owner and subsequently redistributed by the tenant as an oncost in renewable energy charges.

Either a split rate category or mixed use/apportioned valuation would be applied to environmental and energy category lands.

The concept of environmental category should also be extended to Government and private enterprise such as Forestry and commercial leases in National Parks – in part as the land is managed for biodiversity and catchment management, but in recognition the lands form a ‘development’ upon which a return is generated, public infrastructure is utilised, and yet no form of tax or royalty is realised.

The current exemption for Forestry is inconsistent with the treatment of other State-Owned Corporations (SOCs) which are subject to rates on lands used for commercial operations. It also contradicts competitive neutrality principles as its competitors, privately owned commercial forestry operators are subject to rates.

It should be noted that forestry operations have a major impact on local roads, bridges and other infrastructure and it is unfair that FCNSW does not contribute to the costs of maintenance and repair.

Similarly, private and commercial leases in National Parks are exempt (such as leases for ski resorts and holiday accommodation), which is inconsistent with the treatment of private and commercial leases on Crown Lands that are subject to rates

Council does not support the suggestion in the consultation guide that a limit be applied so the highest rate structure is no more than 1.5 times the average rate structure across all residential subcategories. This recommendation would be problematic in regional LGAs where the services offered in urban areas, as compared with rural villages and townships, and residential rural properties have a greater disparity. Additionally, the extreme disparity in land values between remote residential properties and urban locations would make the formulation of a reasonable rating structure impossible.

### **Pension Subsidy**

The IPART report recommends a rates deferral system for pensions, but was not supported by Government. However reimbursing local councils the remaining 45% of annual (and growing) pension rebates brings NSW in line with other States – a position supported by Council.

### **Rate Recovery**

As a consequence of drought, bushfire and COVID, Council expanded its hardship and financial assistance policies to ease the burden on impacted residents, farmers and business by waiving interest and extending time arrangements.

While outstanding rates and charges normally sits around 5%, it has subsequently blown out to near 10%, now representing \$7.5m. The annualised cost to recover rates is around 1% of the rate yield. While returns from investments are low in the current economic climate, the cost of recovery and under recovery places pressure on working capital.

The reduction to 3 years to sell up property for unpaid rates is supported.

While councils are encouraged to utilise Revenue NSW or SDRO to recover rates, an examination of the relative benefits of levying and recovering rates for all councils by that agency should be considered – particularly in the context of the broader property tax reforms proposed by Government.

### **Postponement of Rates**

Council agrees with the proposal to remove the requirement to write-off postponed rates. The postponed rates provision should be replaced with legislation that uses the reduced land valuation for the purposes of rating. The valuation would be the responsibility of NSW Valuer General, that would apply the same guidance and limitations as described in the Government's proposal for postponed rates. This change would significantly simplify the implementation of the act and retain the ability to relieve ratepayers who face substantial hardship as a result of valuation changes that relate to the possible use of their land – but not their intended use of the land.

### **Implementation and Review**

Council urges the Government to prioritise the establishment of mechanisms together with respective amendments to legislation, to at least implement the 'supported' and 'supported in principle' changes to the Local Government Rating System. Those amendments may then play their part in securing the financial sustainability of many councils, particularly those in regional areas subject to impacts of drought, bushfire and Covid, and regional centres now subject to significant growth.

The Government may wish to pilot some initiatives amongst councils at a joint organisation scale, to then enable a review before broader implementation.

It is strongly urged a panel of general managers and rating practitioners be engaged to assist the implementation and reviews of these rating reforms.

## Comments on Recommendations

### Summary

IPART provided the Government with a substantial [final report](#) that recommends significant reforms addressing a number of complex issues, including the current structure of the rating system.

IPART's recommendations, if implemented in full, would substantially change our system of local government and impact directly upon communities. Having consulted extensively with the sector and the community, and carefully considered IPART's findings and recommendations at length, the Government has decided on the following way forward:

Position on recommendations	Total Number
Support	13
Support in principle	6
Support in part	1
Noted	21
For further consideration and analysis	1

The Government released an interim response concurrently with the release of the three IPART reports on 21 June 2019. In it, the Government has ruled out accepting recommendations that have adverse impacts on vulnerable members of the community, affect regional jobs and economies, and/or substantially increase costs for taxpayers and the broader community.

The Government has already ruled out implementing recommendations related to exemptions.

The NSW Government does not believe there is a clear case in support of implementation and further development of CIV at this time (Recommendations 1-7).

The NSW Government will not support the introduction of a state-wide rate deferral framework.

The Government will focus on providing greater flexibility in the current rating system through the creation of additional rating categories and sub-categories, and ensuring councils can align income growth with population growth, in order to improve the distribution of the rating burden at significantly less cost, and low impact to the community.

The Government believes that councils should be willing to explore different options to improve the equity of their rating distribution, in consultation with their communities.

The Government supports the potential to enable greater use of differential rating within urban residential rating.

The Government will implement recommendations to facilitate council income growth outside the rate peg, while preserving the policy objectives of the rate capping system. This will include better aligning council income growth with population growth and reforms to the infrastructure contributions framework to enhance councils' ability to implement sustainable fiscal policies over the long term.

The Government, in conjunction with the broader work around developer contributions, will examine options to establish an equitable and effective funding framework for infrastructure associated with development.

The Government will undertake further work on the existing conservation rating exemptions.

The Government is committed to local councils having best practice debt management and hardship policies and frameworks for the recovery of all debts, including rates.

### Specific Council Comments

	Recommendation	Government Response	QPRC Comment
7	The NSW Government fund the cost for a non-metropolitan council to set up a Capital Improved Value database for the purposes of implementing our recommended formula for calculating growth in rates revenue outside the rate peg, where the Unimproved Value method for setting rates is maintained	Given the lack of a clear case in support of introducing CIV, the significant implementation costs involved and the strong stakeholder views, the Government will not implement CIV as a basis for setting ad valorem rates at this time.	Option should be explored if the blended rate category and infrastructure contribution proposal to adequately fund population growth in regional growth areas does not materialise
8	The Local Government Act 1993 should be amended to allow councils to levy a new type of special rate for new infrastructure jointly funded with other levels of Government. This special rate should be permitted for services or infrastructure that benefit the community, and funds raised under this special rate should not: » form part of a council's general income permitted under the rate peg, nor » require councils to receive regulatory approval from IPART	The Government will examine how this recommendation can complement current reforms being made to the infrastructure contributions framework	Support, including recovery of waived, deferred or under recovered development contributions through infrastructure levy
9	The Local Government Act 1993 should be amended to reflect that, where a council does not apply the full percentage increase of the rate peg (or any applicable Special Variation) in a year, within the following 10-year period, the council can set rates in a subsequent year to return it to the original rating trajectory for that subsequent year.	Support	Support
10	The Local Government Act 1993 should allow councils to determine a residential subcategory, and set a residential rate, by: » separate town or village, or residential area	Support in principle	Support
11	The Local Government Act 1993 should outline that: » A 'residential area' is an area within a contiguous urban locality that has, on average, different access to, demand for, or costs of providing council services or infrastructure (relative to other areas in that locality)	Support in principle	Support
12	Where a council uses different	Support in principle	Support, forms

	residential rates within a contiguous urban locality, it should be required to: » ensure the highest rate structure is no more than 1.5 times the average rate structure across all residential subcategories (ie, so the maximum difference between the highest and average ad valorem rates and base amounts is 50%), or obtain approval from IPART to exceed this maximum difference, and » publish the different rates (along with the reasons for the different rates) on its website and in the rates notice received by ratepayers		part of Revenue Policy design and OP consultation
13	At the end of the 4-year rate path freeze, new councils determine whether any pre-merger areas are separate towns or villages, or different residential areas	For further analysis and consideration	QPRC completed general rates harmonisation in 2020. Water, Sewer and Waste harmonisation to be introduced 2021
14-16	The Local Government Act 1993 should be amended to: » exempt land on the basis of use rather than ownership, and to directly link the exemption to the use of the land, and » ensure land used for residential and commercial purposes is rateable unless explicitly exempted. » include land owned by a private hospital and used for that purpose.  The Aged Care Act 1997 (Cth) be proportionally rateable according to the share of places whose maximum Refundable Accommodation Deposit is above the level set by the Minister	ruled out implementing recommendations that would adversely impact vulnerable members of the community	All categorisations and exemptions should be based on land use, and potentially be varied on commerciality
18	The Local Government Act 1993 should be amended to remove the current rating exemption for land that is the subject of a conservation agreement and instead require it to be rated using the Environmental Land category.	Support in part.	Support, suggesting new split rate category or apportioned valuation
20-21	Where a portion of land is used for an exempt purpose and the remainder for a non-exempt activity, only the former portion should be exempt, and the remainder should be rateable	ruled out implementing recommendations that would adversely impact vulnerable members of the community	Per comments 18
23	A council may apply to IPART for a Special Variation to take account of the changes in exemptions using a streamlined process in the year that our recommended exemption changes come into force.	noted	Support SRV

24	The Local Government Act 1993 should be amended to remove the current exemptions from water and sewerage special charges in section 555 and instead allow councils discretion to exempt these properties from water and sewerage special rates	Support	Support
25	At the start of each rating period, councils calculate the estimated value of rating exemptions within the council area. This information should be published in the council's annual report or otherwise made available to the public.	Support	Support The Government may consider mechanisms to incentivise the occupation of vacant retail premises by landlords, or under-developed properties in accord with the relevant zoning or town centre masterplan, or environmental lands under conservation management
26-28	For new and existing eligible pensioners, introduce a rate deferral scheme operated by the NSW Government, with either: » eligible pensioners would be allowed to defer payment of ordinary council rates up to \$1,000 per annum and indexed to CPI, or » the current pensioner concession	Noted	Should the existing pension rebate not be subsidised 100% by Government, then the rate deferral scheme should be funded by the NSW Government. with interest at the Government's 10-year borrowing rate, and could become due when property ownership changes
29	The Local Government Act 1993 should be amended to add a new environmental land category	Support in principle.	Support
30	The Local Government Act 1993 should be amended to allow business land to be subcategorised as 'industrial' and or 'commercial' in addition to centre of activity.	Support	Support
31	The Local Government Act 1993 should be amended to add an optional vacant land subcategory for residential, business and mining land.	Support	Support
32	The Local Government Act 1993 should be replaced to allow farmland subcategories to be determined based on geographic location.	Support in principle.	Support, including subcategories based on intensity or dominant use



			(eg horticulture, forestry, aquaculture)
33	The Local Government Act 1993 should be amended to reflect that a council may determine by resolution which rating category will act as the residual category	Support	Support; preferable to using the business rate
34	Any difference in the rate charged by a council to a mining category compared to its average business rate should primarily reflect differences in the council's costs of providing services to the mining properties	Support	Support, particularly in relation to roads and environmental damage
35	Councils have the option to engage the Support. State Debt Recovery Office to recover outstanding council rates and charges	Support	Support, provided unit costs are comparable
36	Reducing the period of time before a property can be sold to recover rates from five years to three years.	Support	Support
37	All councils adopt an internal review policy, to assist those who are late in paying rates, before commencing legal proceedings to recover unpaid rates	Support.	Support
39	The Local Government Act 1993 should be amended to allow councils to offer a discount to ratepayers who elect to receive rates notices in electronic formats, eg, via email	Support	Support in principle – all notices should be phased to be issued electronically
40	The Local Government Act 1993 should be amended so that ratepayers are not permitted to postpone rates as a result of land rezoning, and councils are not required to write-off postponed rates after five years.	Support in principle	Support
41	The valuation base date for the Emergency Services Property Levy and council rates be aligned	Noted	Per RCNSW proposal: » a PBESL should be introduced to fund emergency services in NSW; » remove LGA contributions; » transfer ES assets from LGAs to Government, & » remove associated depreciation expense from LGA
42	After the NSW Valuer General has established the database to determine Capital Improved Values for rating purposes, councils be given the choice to directly buy valuation services from private valuers that have been certified by the NSW Valuer General.	Noted	Prefer consistent approach via engagement by V-G across the State