

Environment and Planning Committee

Inquiry into Rate Capping

Hearing on 9 March 2016

Department of Environment, Land, Water and Planning



Department of
Environment, Land,
Water & Planning



Fair Go Rates System – Policy Objectives

- Put downward pressure on the cost of living arising from council rate increases.
- More transparent and accountable councils.
- Ensuring greater value for money in service and infrastructure delivery.
- Give ratepayers greater surety about their rates into the future.
- Encouraging councils to listen and engage when deciding how to address community needs and aspirations.

Fair Go Rates System – Design Features

- 3 key features of the Fair Go Rates System Design
 - Rate Cap,
 - Variation Process, and
 - Monitoring & Reporting.

Fair Go Rates System – Establishment Process

- Commitment to amend the *Local Government Act 1989* to enable the government to cap rates.
- Announcement that Fair Go Rates System will begin from Financial Year 2016-17.
- ESC Inquiry to recommend an implementation framework.
- The ESC's Final Report was tabled in Parliament in October 2015.

Fair Go Rates System – Establishment Process

- The Local Government Amendment (Fair Go Rates) Bill was adopted by Parliament on 26 November 2015.
- Rate cap for 2016-17 set at 2.5 per cent.

Fair Go Rates System - Higher Cap Process

- Applications for a higher cap due by 31 March 2016.
- 21 councils have formally informed the ESC of their intention to apply.

Fair Go Rates System – Higher Cap Process

- Applications will be assessed on:
 - the reason(s) a variation from the cap is required;
 - how the application takes account of ratepayers' and communities' views;
 - how the variation reflects the efficient use of the council resources;
 - what consideration has been given to alternative budgetary priorities and funding options; and
 - that the assumptions and proposals in the application are consistent with the council's long-term strategic planning and financial management instruments.

Fair Go Rates System – Monitoring & Reporting

- Annual report on councils' compliance with the rate cap (following 2016-17 budgets).
- Biennial report on outcomes (following 2017-18 budgets).
 - Knowledge of impacts and significance.
 - Collective and individual support.
- 4 yearly review of the Fair Go Rates legislative framework (starting in 2021).