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| <b>Circular Details</b>     | 22-10 / 12 April 2022 / A812712  |
| <b>Previous Circular</b>    | 21-07  |
| <b>Who should read this</b> | Councillors / General Managers / Finance and Rating Staff / Corporate Governance and Legal staff |
| <b>Contact</b>              | Policy Team / 02 4428 4100 / <a href="mailto:olg@olg.nsw.gov.au">olg@olg.nsw.gov.au</a>          |
| <b>Action required</b>      | Council to Implement   |

## **Local Government Amendment Act 2021 – Guidance on local government rating reforms**

### **What's new or changing**

- Guidance on local government rating reforms (Guidance) has been prepared to assist NSW councils with reforms to the rating system that were made through the *Local Government Amendment Act 2021* (Amendment Act) in 2021.
- The Guidance covers four rating reforms that came into effect immediately on 24 May 2021. These are:
  1. allowing each council created by merger in 2016 to bring together (harmonise) its rating structures gradually, over up to eight years, in consultation with its community
  2. enabling a different rate peg to be set for each council, or for different cohorts of councils, and allowing it to be set as a methodology rather than a percentage, including by specifying a base percentage to which an additional figure may be added in specified circumstances
  3. allowing all councils to set separate rates for different residential areas within a contiguous urban area, in certain circumstances, whether or not they have different 'centres of population', and
  4. allowing all councils to set farmland rates based on geographic location.

### **What this will mean for your council**

- Guidance has been prepared to assist councils in the implementation of the rating reforms that came into effect on commencement of the Amendment Act.
- The Guidance does not cover other non-rating related reforms that formed part of the Amendment Act, or those further rating reforms which are yet to come into effect.
- The Guidance has been prepared in consultation with NSW council finance and rating professionals and Local Government NSW.

### **Key points**

- Six further rating reforms formed part of the Amendment Act but did not come into effect on assent. These will be commenced by the Minister for Local Government by proclamation once, where required, supporting regulations and guidelines are in place.

- The Office of Local Government will continue consulting with NSW council finance and rating professionals and key stakeholders to develop the required regulations and supporting guidance to implement the remaining rating reforms.

#### **Where to go for further information**

- A copy of the *Local Government Amendment Act 2021 – Guidance on local government rating reforms* document is available on the OLG website at <https://www.olg.nsw.gov.au/councils/council-finances/financial-guidance-for-councils/rating-and-special-variations/>
- The Local Government Amendment Act 2021 is available at <https://www.legislation.nsw.gov.au>.
- The Office of Local Government issued circular for commencement of the Local Government Amendment Act 2021 is available at <https://www.olg.nsw.gov.au/wp-content/uploads/2021/05/21-07.pdf>.



**Melanie Hawyes**  
**Deputy Secretary, Crown Lands and Local Government**