

FACT SHEET

Local Government Amendment Bill 2011

The Local Government Amendment Bill 2011 (the Bill) provides additional rating tools and clarifications to assist councils in managing rating price shocks for ratepayers arising from shifts in the property market.

Fixed charges

The Bill enables councils to increase the fixed charge component of general rates revenue from 20 per cent up to a maximum of 50 per cent.

The Bill also simplifies the application of the fixed charge provision by removing the requirement that the amount of the fixed charge be calculated with reference to 'recurrent administrative expenditure' in the current financial year.

Any council that chooses to adopt a fixed charge will reduce the proportion of the rate subject to property value changes therefore reducing the volatility of rates. While only two councils currently use fixed charges it is expected that more councils will use this tool once the amendments are made.

Capping of Rate Increases

The Bill provides councils with a new, optional tool to cap rate increases for 'any or all' ratepayers across all or part of rates and charges payable. Councils will, by absolute majority, determine if or how they will apply any rate cap.

Rate caps limit the maximum proportional increase in rates any single ratepayer, or class of ratepayers, may experience in a given year (for example, a council may declare that no rates notice can increase by more than 10 per cent on the previous year for a class of ratepayers such as pensioners).

Councils may vary the rate cap according to factors, including: the use or predominant use of the land, the non-use of the land, the locality of the land, any planning zone or any other prescribed factor. Councils may also set conditions that are to apply in order for a ratepayer or class of ratepayers to qualify (or not qualify) for a maximum percentage increase.

The Bill enables the State Government to make regulations in relation to the setting and the application of a rate increase cap.

Varying Service Charges

The Bill provides additional flexibility and clarity to enable councils to vary a service charge by charging according to the level of service provided to ratepayers. For example, a waste management charge may be varied according to the bin size provided to ratepayers, or the frequency of waste collection.

Differential rating

The Bill clarifies the potential application of ‘use’ and ‘non-use’ factors for differential rating purposes as including ‘any or all or a combination of factors’. This clarifies that councils may, for example, apply a differential rate to vacant commercial properties.