

## **Local Government Amendment (Rates—Merged Council Areas) Bill 2017**

### **Second Reading**

The Hon. SCOTT FARLOW ( 15:35 ): On behalf of the Hon. Don Harwin: I move:

That this bill be now read a second time.

The New South Wales Government is pleased to introduce the Local Government Amendment (Rates—Merged Council Areas) Bill 2017. In December 2015, the New South Wales Government committed that residents of any new council would pay no more for their rates than they would have under their old council for four years. This important commitment reassured residents that following any mergers they would be protected from sudden rates changes. The bill will ensure that that commitment is delivered.

As members will be aware, the New South Wales Government created 20 new councils in 2016. The decision to create these new councils followed four years of extensive research and consultation that showed the local government sector was in dire need of reform. Councils were collectively losing as much as \$1 million per day in the years leading up to these reforms, and 60 per cent were found to be unfit by the Independent Pricing and Regulatory Tribunal [IPART]. The 20 new councils were formed with greater capacity to deliver services and infrastructure to their communities, and they are already delivering significant benefits as a result. The Government is proud to report that new councils have already identified \$27 million in savings. This is more than \$100,000 per day since they commenced.

Throughout the process of creating new councils, services have continued uninterrupted to New South Wales ratepayers. This is what residents want from their councils: the services they rely on every day, delivered with protections in place to ratepayers. The Government has also been determined to support new councils as they came together and got up and running, and \$375 million in State Government funding has been provided to the merged councils to implement the merger, fund local projects and kickstart new services and infrastructure. This level of investment in local government is unprecedented and has seen local councils invest in more than 480 new community projects and services.

The funding is also supporting much-needed major local infrastructure initiatives currently being planned. What does this mean? It means new councils are fixing roads, footpaths, playgrounds and sporting ovals. Where former councils neglected, mismanaged and failed to deliver the things communities need, our new, stronger councils are listening and delivering. The bill will allow the new councils to continue providing these significant benefits to residents while delivering the Government's rate path protection commitment for the full four years. In 2015, the former Premier asked IPART to undertake a review of the local government rating system and provide recommendations on how to implement the rate path protection commitment for four years. IPART provided the Government with its report on implementing the rate path protection commitment, which was released in August last year.

IPART's recommendations are the product of thorough consultation with the local government sector and, of course, other stakeholders. IPART has recommended implementing the rate path protection commitment by amending the Local Government Act to provide the Minister for Local Government with an instrument-making power. This is exactly what the bill does. The proclamations that created the 20 new councils protected rate paths for the first financial year. The bill amends the

Local Government Act to implement the rate path protection commitment for the remaining three years and delivers on the Government commitment.

The bill provides the Minister with a power to require a new council to maintain the rate path that applied to its former council area for three years following the first year of the new council once created by proclamation. This will ensure that the more than two million residents of newly merged councils continue to enjoy rate protections for the full four years. Importantly, the power only applies to councils that were created on or after 12 May 2016, the date when the first 19 new councils were created. This means that new councils that are created this year, which the Government has committed to implement in the Sydney metropolitan area, will also enjoy the benefits of the rate path protection commitment. The bill has no impact on councils that are not merged or were not the subject of merger proposals. Ratepayers in unmerged councils will not be subject to the rate path protection commitment. This includes those regional councils subject to merger proposals that were waiting outcomes of legal action and the Government has decided not to merge.

It is important to note that without this bill the Local Government Act requires councils to harmonise their rates across former council areas. If merged councils are forced to harmonise their rates across former council areas. At this time this would likely lead to rate increases for some ratepayers. For example, there is a difference of \$382 per year in the average rates of the former city of Botany Bay Council and former Rockdale Council, which now makes up the new Bayside Council. If the new council is forced to harmonise its rates across the two former council areas at this time the residents of former Botany Bay in particular may experience increases in their rates. The Government has created new councils so that all residents can receive better services and better value for money. Merging them was step one. Supporting them to deliver the new services communities need was step two. Delivering this rate path protection is step three.

Regional councils that have been merged in particular could be subject to rate volatility without this bill. For example, there is a \$555 per year difference between the rates of former Armidale Dumaresq—and unfortunately Mr Scot MacDonald is not in the Chamber—and Guyra Shire Councils, which now make up Armidale Regional Council. The ratepayers in these areas deserve access to the same services. There is a \$488 per year difference between rates of the former Deniliquin and Conargo Shire Councils within the new Edward River Council. If such councils are forced to harmonise rates for the next financial year ratepayers will be exposed to unacceptable changes in rates that can be prevented by this bill.

As I mentioned earlier, IPART has also conducted a review of the broader local government rating system. IPART's recommendations include options for modernising the local government rating system for all councils as well as recommendations for setting rates in newly merged councils once the four year rate path protection concludes. IPART's recommendations aim to minimise rate shock and keep downward pressure on rates for all councils across the State, including those merged councils subject to the rate path protection. The Minister for Local Government is considering IPART's recommendations and will provide further information on this later in the year. The New South Wales Government is determined to reform the system so it is more equitable and efficient. Over two million residents of newly merged councils expect that their rate paths will be protected as a result of the Government's commitment. Residents in metropolitan councils subject to a merger proposal share this expectation that they will enjoy these same protections to their rates if the merger of their councils goes ahead. This bill will ensure that this is the case. I commend the bill to the House.