

**LOCAL GOVERNMENT (RATES AND CHARGES)
AMENDMENT BILL 1988**

NEW SOUTH WALES



EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

The objects of this Bill are to amend the Local Government Act 1919 and to enact other provisions so as—

- (a) to facilitate the return to the practice of making and levying general purpose rates (that is, general rates, special rates, local rates and loan rates) under the Local Government Act 1919 on valuations furnished to councils under the Valuation of Land Act 1916;
- (b) to control the maximum amount of income a council may derive for a year from the making and levying of general purpose rates;
- (c) to increase the minimum amount of a general rate to \$220;
- (d) to increase the maximum rate rebate for eligible pensioners to \$250;
- (e) to enable the provision of relief to ratepayers who suffer substantial hardship by the making of rates on new valuations;
- (f) to control annual increases in the amount of charges under the Local Government Act 1919 for the removal of garbage;
- (g) to clarify the circumstances in which land is eligible to be rated as farm land; and
- (h) to make further provision for the imposition of charges and fees by councils for water supply, sewerage and drainage schemes as an alternative to, or in combination with, rates.

The practice of rate-pegging which applied for the rating years 1984, 1985, 1986, 1987 and 1988 will not apply for the rating year 1989 in the absence of special legislation that would be required to continue the practice.

Clause 1 specifies the short title of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on the date of assent.

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Clause 3 defines the expressions “general purpose rate” and “Principal Act”.

Clause 4 provides for the proposed Act to be construed with, and as if it formed part of, the Principal Act.

Clause 5 is a formal provision that gives effect to the Schedules of amendments.

Clause 6 is a formal provision that gives effect to a Schedule containing provisions relating to the making of rates and charges for 1989 and other associated matters.

SCHEDULE 1—AMENDMENTS RELATING TO GENERAL PURPOSE RATES

Maximum annual revenue from general purpose rates

Schedule 1 (2) amends section 131A to limit the revenue a council can derive from its general purpose rates for any year. The amendment provides that the revenue for a rating year (subject to the rating catch-up provisions) must not exceed the notional rate income of the council for the previous year as increased by a percentage specified by the Minister for the rating year in accordance with the existing provisions of section 131 of the Principal Act. The notional rate income of a council for a previous year is the income the council would have derived if its rating determinations for that previous year had been applied to the value of the ratable land as known at the end of that year rather than as it was at the beginning of that year. That is, the value of new ratable parcels created during the course of the previous year is to be taken into account.

In order to facilitate the determination for the purposes of section 131A of the increase in the value of ratable land over a year, Schedule 1 (3) inserts a new section 131AA which enables a council to obtain estimates from the Valuer-General of this increase in so far as the information has not been furnished in the form of supplementary valuations under the Valuation of Land Act 1916. An estimate of increase in value is required to be made with respect to the same base date as the valuations used for rating purposes in the relevant year and may relate to all parcels of ratable land of the kind for which a class of general rate was made for that year by the council.

The amendments also provide for the operation of rating catch-up provisions. If, in a year, a council has not rated to the maximum extent permitted under section 131A, it may catch up the shortfall over a maximum of 2 years after the shortfall occurred.

Schedule 1 (4) applies the amendments to rating by county councils.

Minimum amount of general rate

Schedule 1 (1) (a) increases the minimum amount of a general rate to \$220.

Schedule 1 (1) (b) enables the Minister to specify a greater minimum amount in respect of a council by instrument in writing rather than by Gazette notice as at present.

Time at which rates may be made

Schedule 1 (5) enables a council to make a rate in the year preceding the year for which the rate is made instead of in the year for which it is made.

Reduction of rates payable by certain classes of pensioners

Schedule 1 (6) increases the maximum rate rebate under section 160AA for eligible pensioners to \$250.

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Ratepayers suffering hardship

Schedule 1 (7) inserts a new section 160DB which enables a council to provide relief to a ratepayer who suffers substantial hardship as a consequence of the making and levying of a rate on a new valuation. The relief may take the form of waiver, reduction or deferral of payment of the increase in the rate in whole or part.

SCHEDULE 2—AMENDMENTS RELATING TO RATING OF FARM LAND

Schedule 2 (1) (a) and (c) replace the definition of “rural land” in section 118 with a definition of “farm land” for the purpose of clarifying the application of the rural rating concession. “Farm land” is defined to mean a parcel of ratable land which is valued as one assessment and which is being used mainly or wholly for farming for the purpose of making a living or deriving an income or profit. “Farming” is defined to mean the business or industry of grazing, dairying, pig-farming, poultry farming, viticulture, orcharding, bee-keeping, horticulture, vegetable growing, the growing of crops of any kind, forestry, or oyster or fish farming within the meaning of the Fisheries and Oyster Farms Act 1935, or any combination of those businesses or industries.

Schedule 2 (1) (b) and (d) make consequential amendments.

Schedule 2 (1) (e) extends, from 30 days to 60 days, the period, commencing on the service of a rate notice, within which a ratepayer may appeal against the classification of his or her land.

Schedule 2 (2) inserts a new section 118AC. The section provides for the procedure to be followed in seeking a declaration that land is farm land, the making of such a declaration, the effect of such a declaration, the review of declarations, the circumstances in which a declaration ceases and associated matters.

SCHEDULE 3—AMENDMENTS RELATING TO GARBAGE REMOVAL SERVICES

Schedule 3 inserts a new Division 2A into Part 7 to limit the annual increases that may be made by councils to the charges for garbage removal services. The new Division adopts the controls for garbage removal services contained in rate-pegging legislation between 1984 and 1987. It contains the following provisions:

Section 165A specifies the means for determining the applicable base amount of a charge for a garbage removal service.

Section 165B provides that, generally, the base amount for a garbage removal service is the amount charged for the service in the previous year.

Section 165C specifies the means for determining the base amount to be charged to the owner or occupier of a parcel of land if no amount in respect of a garbage removal service was charged for the whole of the previous year.

Section 165D provides that, except where the Minister consents, and except in the case of a building under company title, a council shall not make a charge for a service supplied by it in the year commencing on 1 January 1989 or any subsequent year for the removal of garbage.

Section 165E enables the extension to a year of a garbage removal charge made in the previous year or extended to the previous year under the Local Government (Rates and Charges) Act 1987 or the Principal Act. A council may determine that a charge as so extended shall be increased or decreased by a specified percentage, being, in respect of an increase, a percentage not exceeding such percentage as may be determined for that year by the Minister in respect of the council. The section also provides that the charge for a garbage removal service in a year is not to exceed the charge payable in the previous year by more than the percentage determined in accordance with the section.

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Section 165F invalidates garbage removal charges made in contravention of the new Division.

SCHEDULE 4—AMENDMENTS RELATING TO CHARGES AND FEES FOR WATER SUPPLY AND SEWERAGE AND DRAINAGE

Schedule 4 substitutes section 378A. The section as substituted simplifies the basis on which a council may levy charges and fees for water supply and sewerage and drainage services as an alternative to or in combination with rates. The section also enables pensioners to obtain rebates in respect of those charges and fees in the same way as they are able to in respect of rates.

SCHEDULE 5—MAKING OF RATES AND CHARGES FOR 1989 ETC.

Clause 1 provides the basis for determining the notional rate income of a council for 1988 for the purposes of section 131A (1) of the Principal Act, as amended by the proposed Act. The notional rate income of a council for 1988 is the income the council would have derived in that year if its rating determinations for that year under the Local Government (Rates and Charges) Act 1987 had been made and levied on the valuations last used by the council before the application of rate-pegging for the making and levying of a general purpose rate.

Clause 2 provides that a council may resolve to use the valuations referred to in clause 1 for the making and levying of general purpose rates for 1989. If a council does not so resolve, it is to use the current valuations except where a water or sewerage rate for 1989 is required to be made and levied on rating base factors, in which case it is to use those rating base factors.

Clause 3 enables a council to determine a minimum amount of a general rate in excess of \$220 in certain circumstances.

Clause 4 prescribes the percentage by which councils' revenue from general purpose rates for 1989 may be increased to be 6.5 per cent.

Clause 5 prescribes the percentage by which a charge for a garbage removal service for 1989 may be increased to be 6.5 per cent.

Clause 6 enables a council to choose to apply the amendments made by the proposed Act relating to the rating of farm land to general purpose rates for 1989 and modifies the provisions of proposed section 118AC for 1989 if that choice is made.

Clause 7 validates acts done in anticipation of the commencement of the proposed Act.

Clause 8 is a transitional provision to enable the determination of the notional rate income of a council for 1989 when making general purpose rates for 1990.
