

Media Release

The Hon Shaun Leane MLC
Minister for Local Government
Minister for Suburban Development
Minister for Veterans



Monday, 21 December 2020

IMPROVING HARDSHIP SUPPORT IN RESPONSE TO RATES REVIEW

The Andrews Labor Government will introduce reforms to improve the local government rates system in response to a major review.

The *Local Government Rating System Review*, released today, provides an in-depth analysis of Victoria's rates system. A 2018 election commitment, the review assessed the fairness and equity of the current system and recommends improvements.

Local Government Minister Shaun Leane has backed the comprehensive examination delivered by the three-member panel, which concluded the rating system aligns with many of the principles that underpin sound revenue management and highlights more can be done to help people who are struggling.

The Labor Government response will support ratepayers in financial hardship, improve transparency and consistent decision-making across councils, and build a fairer system. The Government will adopt 36 of the review's 56 recommendations in full, in part or in principle.

Among the most significant measures, the Government will improve how the system can better support ratepayers who are struggling to pay their rates and will examine the merits of a valuation averaging mechanism to lessen the impact of sudden property value movements that particularly affect farmers.

The Government will also pursue reforms to system administration and give councils improved tools for waste charges, special rate and charge schemes and more flexible rate concessions.

Enhanced transparency and community engagement requirements in the *Local Government Act 2020* will support the implementation of the reforms.

As Victoria's focus shifts to economic recovery from the pandemic, the Government will not support substantial change to how general rates, exemptions and alternative rating arrangements work, which would risk creating financial uncertainty during the recovery period.

Consistent with previous years, Minister Leane has also announced the *Fair Go Rates Cap* for 2021-22 will be set at 1.5 per cent – the forecast Consumer Price Index for the period. The rate cap places a limit on the increase in the total amount of revenue raised by councils through rates each year. This is the lowest the rate cap has been set since it was introduced in 2016.

The rate cap mechanism was excluded from the rating system review and will be separately reviewed by the end of 2021, after its first five years of operation.

The report and Government response can be read at engage.vic.gov.au/rating-review.

Quotes attributable to Minister for Local Government Shaun Leane

"This review has produced the first in-depth look for many years at how rates work in Victoria. I thank the Panel Members for their work and their recommendations for a stronger rating system."

"Our response prioritises reforms that support ratepayers in financial hardship, enhance transparency and consistent decision-making and lay the foundations for greater equity and fairness in the rating system."

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