

The Hon. Emily Suvaal MLC
Chair
Inquiry into the ability of local governments to fund infrastructure and services
NSW Parliament
Macquarie Street
SYDNEY NSW 2000

Via email: state.development@parliament.nsw.gov.au

Response to inquiry – question taken on notice from Tuesday 30 July 2024 and supplementary question

Dear Chair

Please find enclosed my response to the question taken on notice at the recent hearing of the inquiry into the ability of local governments to fund infrastructure and services, held on 30 July 2024 and my response to the supplementary question.

Should you need to discuss this further, I can be contacted via email

Yours sincerely,

Brett Whitworth
Deputy Secretary
Office of Local Government

Office of Local Government - answer to question taken on notice and supplementary question

Inquiry into the ability of local governments to fund infrastructure and services

Ref: A911014

Question:

Does the Office of Local Government have a framework or guideline for what is best practice budgeting?

Answer:

The *Local Government Act 1993* requires NSW councils to operate under an Integrated Planning and Reporting (IP&R) framework. The IP&R framework includes the development of a Resourcing Strategy that documents how a council has budgeted to resource its strategic priorities in a Long Term Financial Plan, Workforce Management Plan, and an Asset Management Plan.

The Office of Local Government's IP&R Handbook (<https://www.olg.nsw.gov.au/wp-content/uploads/2021/11/Integrated-Planning-Reporting-Handbook-for-Local-Councils-in-NSW.pdf>) includes 'good', 'better' and 'best' standards to support councils in the development of their IP&R documentation, including their Resourcing Strategy.

The Local Government (General) Regulation 2021 requires councils to report each quarter on their overall financial performance, including reporting on progress against the budget and making decisions about any necessary budgetary adjustments. The Office of Local Government has issued Quarterly Budget Review Statement Guidelines (<https://www.olg.nsw.gov.au/wp-content/uploads/Quarterly-Budget-Review-Statement-for-NSW-Local-Government.pdf>) to assist councils to adequately disclose their financial position and provide sufficient information to enable the governing body to make informed budgetary decisions.

Question:

Could the Office of Local Government please provide the full list of rate exemptions.

Answer:

Rate exemptions are determined under section 555 and section 556 of the *Local Government Act 1993*. Section 555 lists land that is exempt from all rates, and section 556 lists land that is exempt from all rates with the exception of water supply special rates and sewerage special rates as follows:

555 What land is exempt from all rates?

(1) The following land is exempt from all rates —

- (a) land owned by the Crown, not being land held under a lease for private purposes,
- (b) land within a national park, historic site, nature reserve, state game reserve or karst conservation reserve (within the meaning of the *National Parks and Wildlife Act 1974*), whether or not the land is affected by a lease, licence, occupancy or use,
- (b1) subject to subsection (3), land that is the subject of a conservation agreement (within the meaning of the *National Parks and Wildlife Act 1974*),
- (b2) land that is vested in, owned by, held on trust by or leased by the Nature Conservation Trust of New South Wales constituted by the *Nature Conservation Trust Act 2001*,
- (c) land that is within a special area or controlled area (within the meaning of the *Water Board (Corporatisation) Act 1994*) for Sydney Water Corporation referred to in that Act and is Crown land or land vested in the Corporation,
- (c1) land that is within a special area (within the meaning of the *Hunter Water Board (Corporatisation) Act 1991*) for the Hunter Water Corporation and is Crown land or land vested in that company,
- (c2) land that is vested in or owned by Water NSW and in, on or over which water supply works (within the meaning of the *Water Management Act 2000*) are installed,
- (d) land that is within a special area (as declared by an order under section 302 of the *Water Management Act 2000*) for a water supply authority and is Crown land or land vested in the authority,
- (e) land that belongs to a religious body and is occupied and used in connection with —
 - (i) a church or other building used or occupied for public worship, or

- (ii) a building used or occupied solely as the residence of a minister of religion in connection with any such church or building, or
 - (iii) a building used or occupied for the purpose of religious teaching or training, or
 - (iv) a building used or occupied solely as the residence of the official head or the assistant official head (or both) of any religious body in the State or in any diocese within the State,
 - (f) land that belongs to and is occupied and used in connection with a school (being a government school or non-government school within the meaning of the *Education Act 1990* or a school in respect of which a certificate of exemption under section 78 of that Act is in force), including —
 - (i) a playground that belongs to and is used in connection with the school, and
 - (ii) a building occupied as a residence by a teacher, employee or caretaker of the school that belongs to and is used in connection with the school,
 - (g) land that is vested in the New South Wales Aboriginal Land Council or a Local Aboriginal Land Council and is declared under Division 5 of Part 2 of the *Aboriginal Land Rights Act 1983* to be exempt from payment of rates,
 - (g1) land that is vested in or owned by Residual Transport Corporation of New South Wales or a public transport agency (within the meaning of the *Transport Administration Act 1988*) and in, on or over which rail infrastructure facilities (within the meaning of that Act) are installed,
 - (g2) land that is vested in or owned by Transport Asset Holding Entity of New South Wales and in, on or over which rail infrastructure facilities (within the meaning of the *Transport Administration Act 1988*) are installed,
 - (g3) land that is vested in or owned by Sydney Metro and in, on or over which rail infrastructure facilities (within the meaning of the *Transport Administration Act 1988*) are installed,
 - (h) land that is below high water mark and is used for any aquaculture (within the meaning of the *Fisheries Management Act 1994*) relating to the cultivation of oysters.
- (2) Land is not rateable under subsection (1)(a) only because the land is leased by the Crown to a caretaker at a nominal rent.

(3) If part of a single parcel of land is the subject of a conservation agreement within the meaning of the *National Parks and Wildlife Act 1974* (as referred to in subsection (1)(b1)), any rate levied on that whole parcel (for any period on or after 1 July 2008) is to be reduced by the following percentage —

$$\frac{A_{ca}}{A_{whole}} \times \frac{100}{1}$$

where —

A_{ca} is the area of that part of the parcel that is the subject of the conservation agreement, and

A_{whole} is the area of the whole parcel.

Note —

For example, if a parcel of land would normally be subject to a rate of \$1,000, but 40% of the area of the land is subject to a conservation agreement, that rate is to be reduced by 40% to \$600.

(4) Land that is a lot in a strata plan registered under the *Strata Schemes Development Act 2015* for a leasehold strata scheme is taken, for the purposes of subsection (1)(e), (f), (g) and (g1), to belong to or be vested in the owner (within the meaning of that Act) of the lot and not the lessor (within the meaning of that Act), unless the lessor is the owner for the purposes of that Act.

(5) A parcel of rateable land belonging to a religious body that is partly occupied and used in a manner described in subsection (1)(e), and partly in a manner that would result in part of the parcel not being exempt from rates under this section, is to be valued in accordance with section 28A of the *Valuation of Land Act 1916* to enable those rates to be levied on the part that is not exempt.

(6) Any such valuation is to be made at the request of the council that proposes to levy rates on the parcel concerned.

(7) For the avoidance of doubt, sections 7B and 28A of the *Valuation of Land Act 1916* extend to a stratum for the purpose of carrying out a valuation in accordance with subsection (5) and so extend whether or not the stratum is a lot in a strata plan that is registered under the *Strata Schemes Development Act 2015*.

556 What land is exempt from all rates, other than water supply special rates and sewerage special rates?

(1) The following land is exempt from all rates, other than water supply special rates and sewerage special rates —

- (a) land that is a public place,
- (b) land used for a public reserve and vested in the Crown, a public body or trustees,
- (c) land used for a common and vested in the Crown, a public body or trustees,
- (d) land used for a public cemetery and vested in the Crown, a public body or trustees,
- (e) land used solely for a free public library and vested in the Crown, a public body or trustees,
- (f) land acquired under an environmental planning instrument for the public purpose specified in the instrument and not leased for private purposes,
- (g) land that is held under a lease from the Crown for private purposes and is the subject of a mineral claim granted under Division 4 of Part 9 of the Mining Act 1992 and that the council has declared is not rateable,
- (h) land that belongs to a public benevolent institution or public charity and is used or occupied by the institution or charity for the purposes of the institution or charity,
- (i) land that belongs to a public hospital,
- (j) land that is vested in the Minister for Health, the Health Administration Corporation or the New South Wales Health Foundation,
- (k) land that is vested in a local health district constituted under the Health Services Act 1997,
- (l) land that is vested in a university, or a university college, and is used or occupied by the university or college solely for its purposes,
- (m) land that is vested in the Crown or Venues NSW and is described in Schedule 4A, Parts 1, 2 or 3 of the Sporting Venues Authorities Act 2008 and is used or occupied for the purposes of or in accordance with that Act,
- (n) land that is vested in the Crown or the Zoological Parks Board and is used or occupied by the Board for its purposes,
- (o) land that —
 - (i) is vested in the mines rescue company, within the meaning of the Coal Industry Act 2001, and
 - (ii) is used for the purposes of a mine rescue station controlled by that company,

- (p) land that is managed by the Teacher Housing Authority and on which a house is erected,
 - (q) land that is leased to the Crown for the purpose of cattle dipping,
 - (r) land that is specified or described in the regulations as being exempt from all rates, other than water supply special rates and sewerage special rates,
 - (s) land that is vested in an Aboriginal Land Council and that is reserved under Part 4A of the National Parks and Wildlife Act 1974.
- (2) Land that is a lot in a strata plan registered under the Strata Schemes Development Act 2015 for a leasehold strata scheme is taken, for the purposes of subsection (1)(h)–(o), to belong to or be vested in the owner (within the meaning of that Act) of the lot and not the lessor (within the meaning of that Act), unless the lessor is the owner for the purposes of that Act.
- (3) A parcel of rateable land belonging to a public benevolent institution or public charity that is partly used or occupied by the institution or charity for its own purposes, and partly for a purpose that would result in part of the parcel not being exempt from rates under this section, is to be valued in accordance with section 28A of the Valuation of Land Act 1916 to enable those rates to be levied on the part that is not exempt.
- (4) Any such valuation is to be made at the request of the council that proposes to levy rates on the parcel concerned.
- (5) For the avoidance of doubt, sections 7B and 28A of the Valuation of Land Act 1916 extend to a stratum for the purpose of carrying out a valuation in accordance with subsection (3) and so extend whether or not the stratum is a lot in a strata plan that is registered under the Strata Schemes Development Act 2015.