



LEGISLATIVE COUNCIL

STANDING COMMITTEE ON STATE DEVELOPMENT

## MEDIA RELEASE

# UPPER HOUSE COMMITTEE RECOMMENDS CHANGES TO LOCAL GOVERNMENT RATING SYSTEM

**FOR IMMEDIATE RELEASE**  
**29 NOVEMBER 2024**

The Standing Committee on State Development today has tabled its report into the ability of local governments to fund infrastructure and services. The inquiry examined whether the level of income local councils receive adequately meets the needs of their communities and highlighted the financial challenges councils are experiencing.

A key recommendation of the committee's report is that the NSW Government redesign the local government rating system, including reassessing council base rates, and seek to implement measures to provide local governments greater flexibility to set their own rates, whilst emphasising the importance of keeping rates affordable and maintaining safeguards to ensure rates meet community needs.

The Hon Emily Suvaal MLC, Chair of the Standing Committee on State Development, said: 'It is clear to the committee that councils are experiencing significant challenges which are threatening the financial sustainability of the sector. As the level of government closest to the people of New South Wales, it is important to ensure that local governments can deliver the services communities expect and need in an efficient and financially sustainable way.'

The Chair continued: 'This inquiry has been an important step in examining the long-term financial sustainability of the local government sector, and the committee has made a number of key recommendations, which will go some way in addressing some of the cost pressures local governments face in delivering community services and assets and infrastructure.'

Some of the other recommendations in the report call for the government to:

- advocate to the Australian Government to increase the federal taxation revenue distributed via Federal Financial Assistance Grants from 0.5 per cent to 1 per cent
- consider state grant models that provide a more secure and sustainable source of funding to local councils and take into account the preference of local councils for predictable grants that are determined in a timely manner
- continue to improve the timeliness of disaster recovery assistance funding to local councils by utilising funding agreements such as tripartite arrangements
- identify opportunities to reduce cost shifting to local government, and undertake greater consultation with local government prior to making decisions that may result in cost shifting.

The committee's report and other inquiry documents can be found on the committee's [webpage](#).

-ENDS-

*For further information please contact Committee Chair, the Hon Emily Suvaal MLC, on (02) 9230 2731.*