



17th October 2019

Local Government Rating Systems Review

Thank you for the opportunity to make my submission.

The small populations of regional Towns are experiencing the unintended economic disadvantage as a result of a complex rating system.

These small Towns such as Ararat and Kerang are in the most disadvantaged portion of the 'Index of Relative Socio-Economic Disadvantage'. Ararat and Kerang are also examples of small rural Towns that have been subject to intense lobbying by the Victorian Farmers Federation in recent times.

Small towns also feature Councils adopting the strong use of differential rates that actually lift the amount of rates paid in the residential land category above what would be expected under a 'Uniform Rate'. It is the rate in the dollar being above that of a 'Uniform Rate' that is causing exaggerated disadvantage.

The greater population of Victoria pay Rates in the residential category that are below that of a 'Uniform Rate' as a result of differential rates. The small Towns may represent the only 100,000 people in Victoria's population who pay above the residential 'Uniform Rate'. At the same time those 100,000 people are amongst the most socio-economic disadvantaged. I think this clearly demonstrates a social-economic injustice that should not go unnoticed.

The observation is that exaggerated differential rating is being demanded by a powerful lobby group (Victorian Farmers Federation) without its consequence being acknowledged.

This raises the question of can we trust the powerful VFF to uphold the ideals of equity and fairness for the small regional Towns?

If history repeats when trust is depended upon, Regulation might be preferable to ensure transparency and accountability.

The type of Regulation could be in a similar vein to that that already exists, for example

.... the highest differential rate is restricted to being no more than 4 times the lowest differential rate...

New Regulation might attempt and should demonstrate the following:

- The application of differential rates shall not increase the amount of rates paid in the residential land category above what would be expected under a 'Uniform Rate'; or
- The application of differential rates may increase the amount of rates paid in the general land category above what would be expected under a 'Uniform Rate' if Council can demonstrate minimizing socio-economic disadvantage outcomes; and

- If the application of differential rates increases the amount of rates paid in the general land category above what would be expected under a 'Uniform Rate' then the Council must identify that amount in the Rating Details of its 'Valuation and Rate Notice'.

The requirement for equality, transparency and accountability is paramount for any Council and this should require the 'item' to be clearly shown on the 'Valuation and Rate Notice' such as:

- Compulsory Contribution towards collective Farm Enterprises
- Levy
- Charge
- Tax
- Adjustment

An example of a 'Valuation and Rate Notice' for Ararat might look like this:

- General Land Rate CIV 0.6597
- Municipal Charge
- Waste Management Charge
- Fire Services Levy (say \$120)
- Compulsory contribution towards collective Farm Enterprises (say \$600)

I suggest that the order of magnitude of the 'Compulsory contribution towards collective Farm Enterprises' is about 5 Fire Service Levies for an average Ratepayer in Ararat.

People in small Towns know they are paying high rates but don't generally know why. The expanded explanation in the 'Valuation and Rate Notice' is essential for transparency and accountability.

Without Regulation the 'Ararat Experience' will bring further socio-economic disadvantage to those vulnerable 100,000 people in our small Towns.

The Victorian Farmers Federation seem more than a match for representative Local Democracy on this issue of Rates. Regulation is required to moderate the excesses of the current situation that appears to be getting worse.

Rates are an imperfect wealth tax, but the imperfections should not be remedied by exaggerating the impacts upon the most socio-economic disadvantaged.

