



Glenelg Shire Council Submission to the Victorian Local Government Rating System Review 1 November 2019

The 2019 Victorian Local Government Rating System Review is an inquiry to identify changes “that will improve fairness and equity” following the previous inquiry conducted around the sustainability and operational challenges faced by rural and regional councils in Victoria.

Community expectations for services and infrastructure provided by the 79 councils in Victoria including the Glenelg Shire Council (GSC) has significantly increased over the past decades. The old adage of Councils standing for Rates, Roads and Rubbish is no more.

The Glenelg Shire has approximately 13,800 property assessments in its rating regime. There are approximately 20,000 residents distributed over 6,200 square kms. How is the expected level of service to the community and the required infrastructure best funded so that equality and fairness is provided to all stakeholders being rate payers and community members? How is the council to provide for future generational needs?

Currently GSC is funded 37% by Rate income, a further 10% from 3 Rate Agreements and the balance is essentially user fees and Federal and State Government Grants. The grants provided are essentially funded by Income Tax revenue.

The high level of road and bridge infrastructure responsibilities of such a regional shire as GSC (~3000km of roads and 183 bridges and major culverts) places unequal fiscal demands on the finances. State Government Land Tax revenue has outpaced Local Government Rates Revenue and this imbalance should be shared back to councils to cater for such rural infrastructure costs. The Federal and Victorian Government need to reassess and increase the various funding to cater for this rural cost issue.

GSC utilise Capital Improved Value (CIV) as the basis of their Rating Strategy and combine this with a form of differential rating to arrive at a ‘considered fair and equitable’ rate burden throughout the shire. The rate in the dollar applied to the CIV is uniform but with a 30% rebate available for eligible Primary Producers and a 50% rebate available to eligible recreational land owners.

The consultation questions and answers in Attachment 1 highlight some areas that should be reviewed and possibly changed.

A current exempt commercial activity which impacts GSC is the Pacific Hydro Rate Agreement created from the Sec 94 (6A) Electricity Act 2000. The Rate Agreement expires in 2032, covers 4 assessments, \$257million Capital Improved Value (CIV) and an annual income of \$359,000 per annum.



If this activity was rated using the CIV and the Declared Rate in the Dollar, the value to council income would be over \$900,000 higher at \$1.3 Million. A future potential project currently in feasibility stage at Nelson (Capital Value ~ CIV of \$1 Billion) would provide ~\$4-5million in rates under the rating system but current legislation will result in significantly lower income despite it being essentially a commercial business.

GSC provides a rebate of 30% to Primary Producers but is this enough? The Victorian Farmers Federation constantly lobby State and Local Government about the inequality of rates on Primary Producers so should standardizing rebates for the State of Victoria be considered? Some councils provide smaller rebates and some councils much higher rebates.

The Local Government Act (1989) under Section 159, provides an option for a fixed charge (referred to as a Municipal Charge) to cover some or all of the administrative costs of Council. Since the creation of the GSC in 1994 this charge has not been levied. Should this be a compulsory component of Rating Strategies for all 79 Victorian Councils?

The legislative timelines involved in declaring the annual budget highlights an administrative rating issue. Currently the timing of the Staged (1-4) Valuation Return Dates conclude at 30 April each year for valuations assessed at 1 January. An improvement suggestion would be to move the Valuation Return Date no later than 1 January with the valuations to be assessed earlier as at 1 July.

Should you wish to clarify any aspects of this submission, please contact Ms Joan Lewis, Director Corporate Services on 0355222530 or email jlewis@glenelg.vic.gov.au



Appendix 1

Consultation questions – local councils

Answers supplied for Glenelg Shire Council

- **How regularly does your council assess occupancies for each of the non-rateable exemptions under s154 of the *Local Government Act 1989* (the Act)?** *Assess yearly.*
 - **By property category, in your municipality, how much in rates do you estimate would be raised if these non-rateable occupancies were rateable?**
CIV \$92m x ~0.005 = \$460k.
1. **What rates and charges does your council declare?**
General, Commercial/Industrial, Primary Production (30% rebate applied), Recreational (50% rebate applied), Cultural and Recreational.
 - **Do you have a revenue and rating strategy to help determine rates and charges under s155 of the Act?** *Yes.*
 - **How do you engage your community in determining rates and charges?**
Advise in Annual Budget document of Rating Strategy, community engagement events and special meetings eg. VFF instigated event.
 2. **How often have you issued rates notices to the occupier, or mortgagee in possession of, the land under s156 of the Act?** *Yearly.*
 3. **Do you issue separate notices for Special Rates and Charges, or do you combine them on a single notice?** *All charges are on the one notice, includes Fire Service Property Levy (FSPL), Garbage and Rates.*
 - **What are the challenges of providing prescribed information on rate notices?** *Challenge is to provide enough information for residents to understand why and how the rates are charged considering the various level of understanding within the community. Notices are kept as simple and clear as possible, use one A3 sheet folded and double sided. Notices are now distributed electronically or hard copy.*
 4. **How does your council determine general rates (uniform or differential)?**
The rate in the \$ is uniform then a rebate is applied which is essentially a differential Rating System.



- **What criteria does your council use in their application?** *Development of the GSC rate policy over time has resulted in a council belief that a considered fair and equitable spread of rates is levied within the community for the current requirements. The last adjustment made to the split of rates was a removal of a 20% premium for Commercial Properties in 2015/16 so that these properties came in line with the Residential Rate. No municipal charge has been levied on the community to present day but may be required in the future for extenuating circumstances.*
 - **What evidence does your council consider when determining the rates in the dollar for your differential rating categories?** *Community Sentiment and Engagement.*
 - **Does your council consider what services should be paid for with other income (e.g. municipal/services/special charges)?** *Yes, for Waste, currently don't have a municipal charge.*
5. **What administration issues have you experienced when creating and administering special rates and charges?**
The initial implementation of the FSPL was difficult but is now working well. New systems do take time to bed down.
6. **Please describe the payment options your council makes available to ratepayers?** *Ratepayers have the option of paying for their rates in full (17 February) or paying in 4 instalments (30 September, 2 December, 2 March and 1 June). Payment plans are available for Hardship cases when requested and assessed.*
- **Do you provide other payment options (in addition to offering a choice between paying in four instalments or in a lump sum)?**
As above.
 - **Do you provide any incentives for payment of rates such as early payment? What are they?** *No incentive for early payment.*
7. **Do you provide any rating rebates and concessions (in addition to State government concessions)?** *Provide a Primary Production Rebate of 30% and a Recreational Rebate of 50%.*
- **What are the criteria in your council for providing these rebates and concessions?** *Ratepayers need to prove that they are a Primary Producer and that the property is larger than 40 Hectares. Ratepayers need to apply for the 50% Recreational rebate identifying that the land is used for recreational purposes only.*



- **What is the total annual value of these rebates and concessions?**
\$3.24m for 2019/2020.
 - **How do you monitor and report on the community benefits?**
Level of complaints/Lobbying by groups/Councillor Engagement.
8. **Do you have a policy for deferment of rates and charges?** *Yes, Rates are never deferred but charges such as penalty interest may be deferred under the hardship provisions with a payment plan organised.*
- **What is the current total of rates and charges that are currently deferred?** *Council Policy states that interest is the only item that may be deferred, not the rates component.*
9. **Do you have policies regarding waiving rates and charges?** *Waiver of Interest is sometimes applied under the Hardship Policy area. Rates and charges are not waived.*
10. **Do you raise the amount declared under the Penalty Interest Rates Act 1983 of 10 per cent for unpaid rates and charges?** *Yes, except if waived for Hardship.*
- **If not, what rates do you apply?** *Variable from 0-10% depending on Hardship assessment.*
11. **What issues do you face when rating by occupancy?** *N/A.*
12. **What issues have you determined when applying rates to land that is becoming, or ceasing to be rateable?** *Legislative changes e.g. Plantation land, has resulted in some misunderstanding of what applies and hence some objections and Ministerial decisions occurring.*
- **Annually, over the past 5 years, how many supplementary rates and charges notices have been issued?** *900 notices in the last 5 years.*
 - **For each of these years, what was the total income for these occupancies?** *\$15k-\$20K annually.*
13. **Do you have a policy regarding treatment of unpaid rates and charges?**
Yes, Debt Collection Policy.



- **Annually, over the past 5 years, how many ratepayers have you issued complaints on for unpaid rates and charges and to what total value?**

<u>Rating Year</u>	<u>No of Ass</u>	<u>Total value of rates & charge(incl. legal)</u>
18/19	39	142,500
17/18	29	110,260
16/17	44	177,190
15/16	25	104,220
14/15	42	138,240

- **What amount of interest do you charge on unpaid rates and charges?** *10% as declared under the Penalty Interest Rates Act 1983. 2018/2019 raised ~\$60k.*
 - **Do you have any additional administration fees and charges for managing ratepayers with unpaid rates and charges?** *Yes, \$27.15 per assessment as sent to the Debt Collection Agency.*
 - **What type of collection activities do you use to recover unpaid rates and charges?** *Use a Debt Collection Agency.*
14. **What is your council's policy regarding selling land to recover unpaid rates and charges?** *Apply the Guidelines from Sec 181 LG Act Begin process to sell if unpaid after 3 years.*
- **Do you apply the same approach selling land where ratepayers live in their property?** *Yes, consideration is given if the property is occupied.*
 - **How many properties have you sold?** *Nil in the past 5 years.*
 - **How much is this cost, per instance?** *Currently have 4 properties undergoing the sale process in 2019/20. Due to nil sales recently, the cost is currently undetermined.*
 - **How many times have you claimed land instead of selling land?** *Never.*
 - **What issues have you encountered when selling or claiming land?** *Very slow process involving many regulations and legal costs.*



15. **What issues have you encountered in providing information for Land Information Certificates?** *No material issues.*
- **Do you provide any updates (verbal or otherwise) to applicants for these certificates?** *Confirm only, required to reapply after 3 months lapsed.*
 - **Have you experienced any privacy issues in providing updates?** *No.*
16. **Do you have a policy on how you apply the rates section of the *Cultural and Recreational Lands Act 1963*?** *Follow the guidelines of the Act, no separate policy.*
- **How many occupancies in your municipality are categorised as cultural and recreational lands?** *16.*
 - **Annually, over the past 5 years, how much have you received in lieu of rates in relation to cultural and recreation property?** *There is a rebate of 50% applied to this type of property. Nothing received in lieu of rates.*
 - **How much would you receive if you were to assess these properties under the *Local Government Act 1989*?** *Annual amount would increase from \$18k to \$36k annually.*
17. **How many occupancies make payment in lieu of rates under the *Electricity Industry Act 2000* in your council area?** *One rate agreement (Pacific Hydro) made up of 4 assessments.*
18. Other questions:
- **How many public inquiries on rates do you receive each year?** *~2,500.*
 - **Common themes?** *Pensioner rebate, Land Information Certificate update, valuation, repayment arrangement enquiries.*
 - **What software do you use to administer your rating system?** *Property.gov (Open Office/Community)*
 - **What is the estimated annual hardware/software cost to maintain rates using this system?** *Total package for Community/Open Office ~\$100k annually (This includes all other systems under Community/Open Office not just Property.gov).*
 - **How many staff do you employ to administer rates and charges?** *3 FTE.*