

PREAMBLE

The Individual Housing Providers' Association Inc (IHP) is an association formed to be an active participant in housing, as the views of the providers of housings were frankly absent from the discussion to date. Some tenants are represented by the Tenants Union, agents are well represented by the REIV, and yet the providers of the housing have no organised voice in Victoria. There are existing property associations, yet housings providers like myself and those who are member's, felt a more specific body, was needed to complement their work. We do not support the use of the label - "landlord" as we are individual housing providers - or in contractual terms the lessor. We are not collective housing providers or corporate housing providers.

Similar to any industry body, as an active participant in the development of public policy, our goals are to:

- Advocate on behalf of individual housing providers;
- Research into housing matters relevant to our members;
- Educate individual housing providers into legislation, economics and best practices; and
- Support individual housing providers.

We are more focussed on developing along the lines of the NZ Property Owners Association, the two comparable UK organisations, along with the well-established interstate bodies in Queensland since 1916 and also in South Australia.

Being an IHP should not a matter of life or death, and in 2014 where a landlord was murdered during a dispute with a tenant in Noble Park, Victoria it was major catalyst to the creation of this organisation by its founders.

Hence we incorporated in 2015, and are already facing four significant reviews:

- Residential Tenancies Act amendments : www.fairersaferhousing.vic.gov.au/
- Local Government rates capping see : www.esc.vic.gov.au/
- Regulatory reforms to limit organised crime in lawful occupations
www.lawreform.vic.gov.au/
- Local Government Act Review : www.yourcouncilyourcommunity.vic.gov.au

As individuals providing housing we are proud to support the dramatic growth in the population, support labour mobility when employer provided housing is absent, and contribute in the goal of what makes a city great or liveable and how communities work well.

Our Mission

Similar to any industry body, we see our mission to be an active participant in the development of public policy concerning housing.

Our continuing goals are to:

- Research To produce and publish quality research in to IHP and related matters. To be the thought leader about what makes great cities, and how IHP are a participant in this.
- Educate To be the first place that IHP hear of new legislation and any other issues that they should be aware

- To engage with IHP around changing what you know as owner occupier, into the managing property, through a Certificate 3 or 4 TAFE course.
- Support To be the trusted partner of IHP to respond to their questions, concerns and inquiries. To be the first point of call for advice and information concerning any issue an IHP may have state-wide. Organisations we support

Future updates on our activities for members and community are available from www.twitter.com/IHPvicInc

About IHP.

Each year in Victoria, more than 637 585 individual housing providers:

- Paid \$487.5 million in council rates;
- Paid \$171.7 million in land tax (total government charges was over \$659 million);
- Paid \$249.3 million in water charges;
- Paid \$278 million in Owners Corporation fees;
- Paid \$531 million employing cleaning, gardening and repairs/maintenance work as they managed \$423 billion of Victorian housing assets.

The residential housing sector has one of the highest levels of compliance with compulsory lodgement of Bonds, the majority of tenancies are Agent managed with all rent being paid to bank accounts, and all tenancies agreements dating back to 1985 are provided to the ATO along with property purchase / sale records. Housing providers are a key part of their successful culture of end to end compliance.

INDUSTRY DEVELOPMENT

The real opportunity is for the level of education of IHP to rise through an effective industry association. The greater the education of IHP, the greater the capacity of rental properties to be:

- more water efficient;
- more resistant to adverse weather and community emergencies
- more resilient to longer term climate change;
- fewer vacant homes, and great housing utilisation in the community; and
- creating a more vibrant community and contributing to what make cities great.

Landlords are vitally interested in taxation. Australia has too great reliance on property based taxes than our peers. We are almost triple the level of taxation seen in UK and NZ

The UK and NZ have a significant LOWER dependency on property taxes by having a broader tax base. Victoria has only announced a gold tax well in arrears of the other states who introduced it long ago, indicating the narrow dependence on property taxes and failure to develop other user pay taxation. In addition there is an emerging greater challenge in taxing the digital economy that may well be border-less. It remains the job of the govt to tax all sectors broadly like NZ and the UK have done.

The OECD reporting is a continuing tool to measure the performance of Govt. here.



Source OECD tax statistics

Appendix - Rating Submission

A - Consultation Questions:

What types of properties should receive rating exemptions? Why would this be fair?

- As few as possible.
- But properties with exemptions should be specifically widely reported via an online register or annual report.:
 - The property
 - The reasons
 - The conditions that apply to the exemption – eg perpetual or time-sunsetted

Does your council report on rate exemptions granted, and/or their estimated value?

- None detailed

Should councils be required to report on rates exemptions? Why?

- Yes
- Reporting should be on the same basis to provide comparability maybe via practice note published by ESC.vic.gov.au

B- Consultation Questions:

How does your council allocate differential rates? Why?

- Nil comment

What types of properties should pay more through differential rates? Why?

- Nil comment

What types of properties should receive rates waivers? Why?

- As few as possible
- However if an exempt property undertakes scope creep and new activities then it should be rateable
- Eg a RSL that operates pokies is a gaming operator and should pay rates like a bookmaker would if they rented an office

If councils provide rate discounts what criteria should apply?

- Disclose, disclose, disclose

Should cultural and recreational land and electricity generators have alternative rating arrangements? Why?

- Nil comment

Consultation Questions:

Should property values determine rates? If not, then what should?

- There is a need for a “basic household rate to be developed.
 - Household rate for a dwelling / house
 - Household rate for a unit (80% of house)
 - Common rate for all of Victoria.
 - Commercial rates for farms industrial etc to remain.

Rates for a house to be set annually at about 75% of the state-wide average. This will provide a glide path for councils to reduce their cash reserves taken by over rating the community.. There is no business need for a council to retain greater than 20% of rates in annual reserves taken from their community. The presence of greater than 50% of annual rates like in Boroondara, Port Phillip and Manningham indicates they are simply rating too high a level.

In addition the community cost has seen council rate arrears has risen by greater than 20% in Boroondara YoY The community cannot afford “large councils”

In South Australia the Dr Butlin led review in progress has reported the difference between the best and the worst is often > 15% saving. Translated across a larger state in Victoria, the savings are significant if we can use Open data and comparable reporting to drive disclosure.

Property values can contain “liability discounts” seen where a building has flammable cladding or faulty glass facades. Both impact property values yet a 2 BR apartment in a building with a fault should pay the same rates as 2BR unit a building that is well built as they “consume” the same council services. This is where valuation based taxation is failing.

- The Fire service levy also needs to change. Two properties of the same size pay the same levy, yet one could be storing SKM type flammable recycling and the other could be storing school book supplies. Totally different fire risks, but the same first levy.

**These two business will
pay the same Fire Services Levy
if their rates were the same regardless of the
fire risk of what they contain**



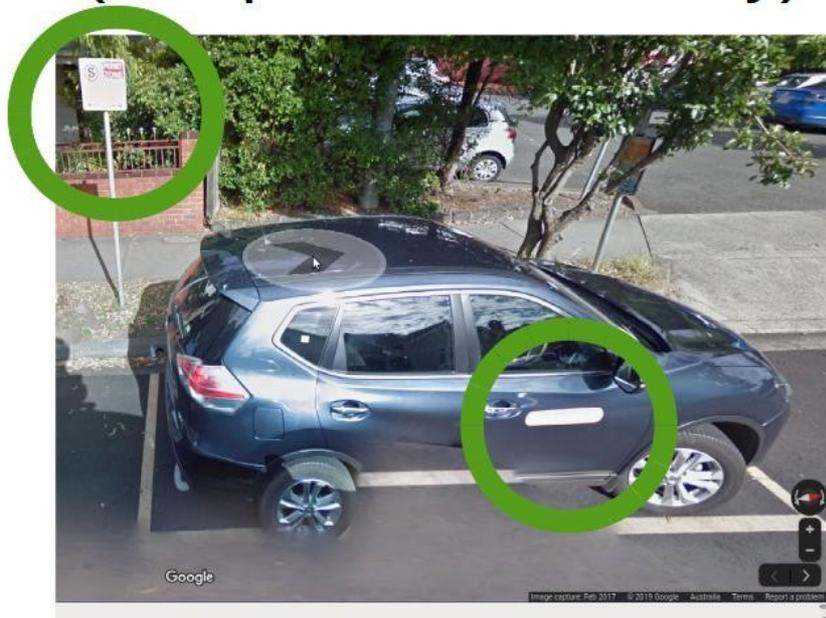
This is wrong

- The fire levy needs to include the fire risk premium eg if a property has an EPA permit for dangerous goods the fire levy needs to be 5 or 10 times higher than one without an EPA permit. A simple mechanism to implement, but provides real feedback to the occupier of their fire risk.

What services should be funded by their users (in line with the user pays principle) rather than through general rates?

- If an entity has turnover of over \$5 million entities should lose rate exemptions as they are effectively a substantial enterprise.
- Car rental schemes would lose exemptions provided under parking. Why should hertz via Goget.com.au car scheme be exempt from rates by occupying a car park via car share yet the shop based competitor pay rates and land tax.

All car rental schemes should pay rates (competitive neutrality)



Twitter.com/IHPvicInc – Victorian Council rates review

When should councils use special rates and charges? Why?

- As limited as possible
- Some special rates scheme levy rates on ATM's, why should an ATM be charged special rates ?

How does your council set charges for waste and other services?

- User pays, is well accepted. Creates a feedback loop with tenants. At present no really cares about the circular economy.

Consultation Questions:

Does your council have a clear rating strategy?

- Rates > spend, leading too constant surplus at expense of ratepayers

Should all councils apply consistent rating practices? Why/why not?

- Yes, consistent rates state-wide for a house and unit.

- If ratepayers are withheld a vote, their rates should reflect this as well.

If landlords lose their vote, their council rates should reflect this



- Two homes side by side, one with a vote and one without a vote. There is no reason they should be charged the same rates.
- A non-voting share has lower price to share with a voting entitlement. This is well established in the corporate sector and varies from nothing up to 80% of the value¹

Does the Local Government Act 1989 (and other requirements) provide clear rules and guidance to councils to set and levy rates? What could be improved?

- The limited geography of the Parks levy, is unfair to have it only on some properties and not others yet many Victorian use parks, shrine, zoo and Botanic garden that it funds.

Consultation Questions:

Does your rates notice have the information you want? If not, what would you like to see on your rates notice?

- This year last year comparison of the cost of rates
- Looked at via <https://behaviouraleconomics.pmc.gov.au/projects/electricity-information-fit-bill-redesigning-electricity-bills-support-consumer-engagement> for more insights

How convenient is it to receive your rates notice and make payments?

- Council should consistently adopt BPAY View to reduce costs and avoid bespoke specific council bill Presentation and payment tools (BP&P).
- Have rates payment incorporated into land tax payments – single invoice. Why are separate. Council Rates and SRO should be on a single bill.

Do you engage with your council in setting rates through the annual budget consultation? If so how easy/difficult is it to do? If not, why not?

- Little demonstration that any feedback is acted upon. Can a single council demonstrate they have diverted direction in light of any consultation over their budget?

¹Zingales, L., 1994. The value of the voting right: A study of the Milan stock exchange experience. *The Review of Financial Studies*, 7(1), pp.125-148.