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Ministerial Panel,
Victorian Local Government Rating System Review
rating.review@delwp.vic.gov.au

Dear Ms. Alexander, Mr. Tanner and Mr. Ben-David,

On behalf of its members, this Association expresses its appreciation to the Minister for this Review and for your consideration of the following – essentially a Case Study.

Background

The Mornington Peninsula Beach Box Association Inc. ("MPBBA") was founded in 2001 as a representative body for the licensees (or their nominee) of the one thousand three hundred non-commercial boatsheds and bathing boxes ("beach boxes") in the geographical area of the Mornington Peninsula Shire ("MPS"). These licensees are the ratepayers for their respective beach boxes. Currently more than eight hundred of them are financial members of the Association. We understand (from DELWP) that in the whole of Victoria there are two thousand beachboxes, including those in MPS.

Current Rating Practise by MPS.

From Council documents we know that the number of rate assessments on beach boxes is 1.27% of all MPS rate assessments. By reference to the "Ministerial Guidelines for Differential Rating" (April 2013) this number of assessments is not "very few" and would therefore make beach boxes eligible to be considered for Differential Rating.

The MPS does not publish its "Rating Strategy". Ratepayers access the Strategy "by reading the Budget". Beach boxes are all rated by reference to their CIV, and therefore valuations can be objected to in the usual way. This is simple and transparent and welcome.

MPS applies the Residential rate/\$ to beach boxes. This is nowhere explained.

As beach boxes are:

- by definition (and practice) non-habitable and
- tenure is by a non-exclusive licence-to-use of up to ten years, and
- are mostly unserviced for water and power, and
- entirely unserviced for footpaths, roads and rubbish,

there is a case for only a percentage of the Residential rate/\$ to be levied against them.

This would accord with the objective in the Local Government Act of the "equitable imposition of rates and charges", or passing the pub test!

Municipal Charge

The MPS removed its Municipal Charge in anticipation of the introduction of its Waste Service Charge. We opposed the Municipal Charge because it lacked transparency, being for "administration". Could there be anything more opaque than "administration"?

Current Service Charge Practise by MPS.

Since the cessation of the Municipal Charge the MPS has charged "all rateable properties" (except steel works and Cultural & Recreational Lands Act entities) a Waste Service Charge. This includes all beach boxes, even those on foreshores NOT managed by the MPS (i.e. managed by the Dromana Foreshore Committee of Management, Capel Sound Foreshore Committee of Management or WhiteCliffs to Cameron's Bight Foreshores Committee of Management.) There is no waste service for any beach box anywhere being, for the most part, inaccessible. Beach boxes do not generate any waste in kind or quantity different from any other beach user and in every case licensees are expected to remove theirs and any other nearby rubbish. The MPBBA, on behalf of its members, has challenged the application of this Charge to boatsheds. Page 16 of the Discussion Paper supports the view that "services are funded by their users".

Licence Fees and MPS - a case of misuse of market power.

Though possibly outside the scope of this Review, Licence Fees for beach boxes are the third item on the Rate Notices received by Licensees. The licence fee is the fee for the right to use a measured area (footprint) of the foreshore for a beach box for one year. The Shire levies these fees only on the 800 or so beach boxes for which it is the Licensor. The Committees of Management mentioned above, being the Licensors for the beach boxes on the foreshores under their management, levy the licence fees on their respective foreshores.

For the last several years the MPS has routinely increased its licence fee by 5%. Though much higher than CPI these rises were accepted. In 2018/19 the fee was a flat one of \$445. Other Licensors charged roughly similar licence fees.

However for 2019/2020 MPS introduced a scaled licence fee thus:

\$700 for a beach box <5 sq.m, \$990 for 5-17.99 sq.m. and \$1,200 for >18 sq.m. This scale imposed increases of 57% at the small end, 122% in the middle and 170% at the largest. More than 60% of beach boxes are in the largest category. MPS justified these increases by saying they had been "benchmarked" but gave no details. Our research shows that the Shires comparisons were not "like with like". The Shire refuses to review them for 2019/2020 but under sustained objections from our members has agreed to a review for the next financial year.

Through questions at Council Meetings it has been established that the MPS does not keep account of the costs of its beach box licensing operations and asserts it has no capacity to do so.

We draw this to your attention to illustrate the reality of the potential for municipalities to use their monopoly market power in unconscionable, even predatory or retaliatory ways.

Section 223 Hearings.

Our experience of these hearings is "a waste of effort and time, especially effort". Well prepared and capably presented submissions, whether simple or complex are terminated by a gong after two minutes! As submitters we have come to expect routine letters of unsuccess. We also have the impression that Officers may be reluctant to change the Draft Budget other than within limits and with offsets.

Conclusion.

In our experience the Rate Cap has been an effective and essential brake on council revenue raising. However we suggest that it has led to non-capped opportunities for some Councils to gouge their clients, as the easiest, quickest and cheapest way for them to augment revenue.

Yours faithfully,

Chris Maine.
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