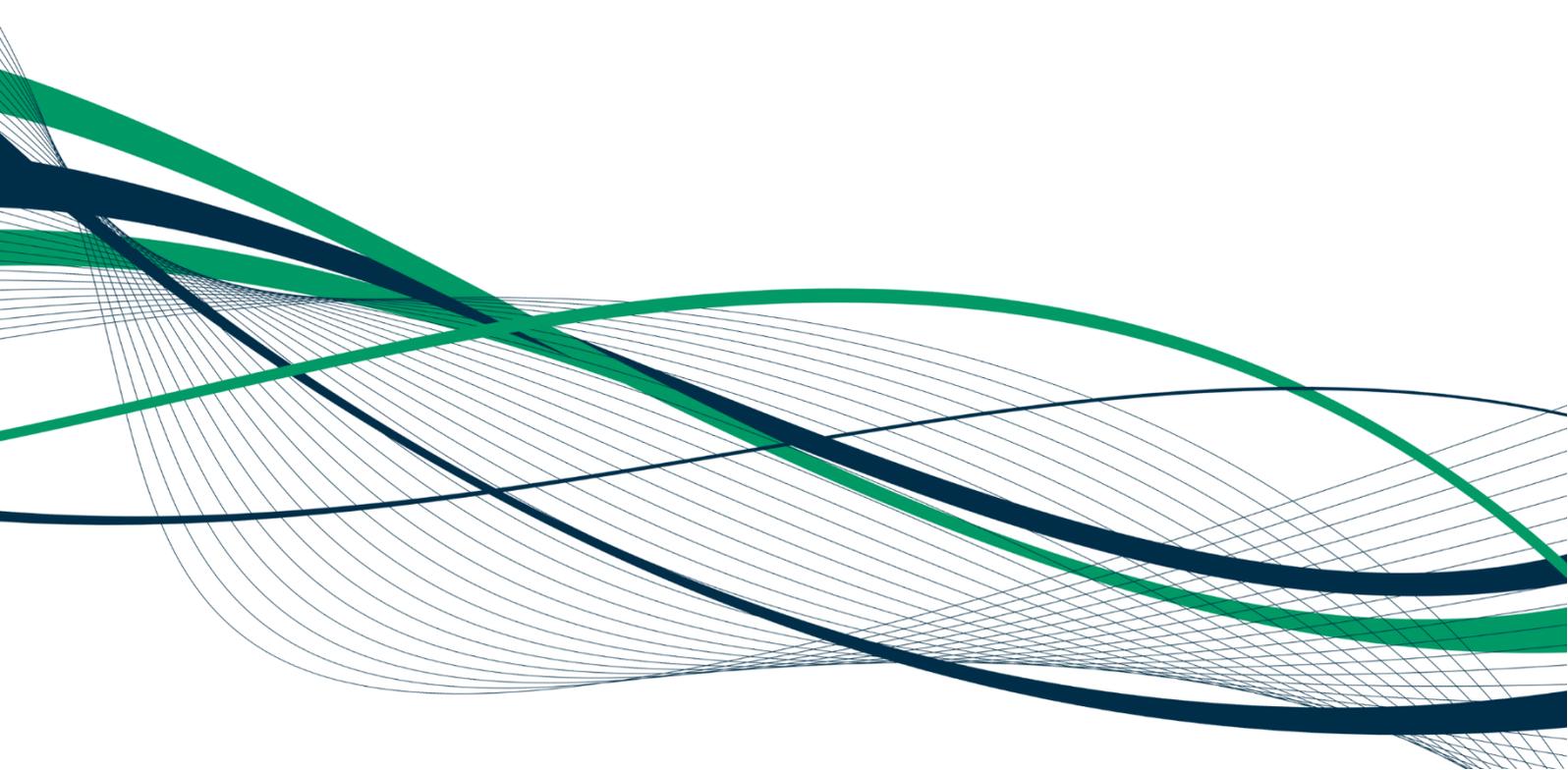




Local Government Rating System Review

Submission from Moyne Shire Council

October 2019



Council is pleased to have the opportunity to lodge a submission in response to the Victorian Governments Local Government Rating System Review.

Moyne Shire is a rural municipality located in the south west of the state with a population of approximately 16,700 spanning an area of 5,500 square kilometres with 12,500 ratepayers.

Rural councils face increasing challenges around service and infrastructure provision to many communities who are experiencing population decline and financial hardship.

Whilst being outside the scope of this review, Council would support a broader review of the state and federal government taxation sharing arrangements with local government to assist in a more equitable distribution of these revenues to councils to assist with the above mentioned challenges.

The following responses are provided to the Issues identified in the Discussion Paper :

Should all property owners pay rates?

The current Local Government Act provides some exemptions including for properties used for charitable purposes. Properties owned by charitable institutions but used for commercial gain are rated under the current system and as such the current arrangements are generally considered to be adequate.

As a general principle any commercial activity should attract rates.

Any outdated exemptions, including for mining land, should be removed from the legislation.

Council does not see the need to report rating exemptions as these are decisions for individual councils taking account of local circumstances.

Should some ratepayers pay lower rates than others?

Council adopted its current Rating Strategy in 2016 which, amongst other things, applies a Uniform Rate. The Strategy considered 13 different options in working through a process to arrive at the final outcome.

The current rating provisions cater for differential rates which allows for variability in rating levels when a council deems this appropriate. The continuation of these provisions is supported.

A number of electricity generators are operating or in the planning stages throughout the Shire. Council supports applying the valuation based (capital improved value) principle to these operators rather than the current practice of a formula based calculation on energy generation capacity. This would ensure that these commercial operators are paying rates on a consistent basis with all other commercial ratepayers and would result in easing the rate burden on all other ratepayers.

Should rates be determined by property values?

Whilst it may be possible to use an alternative basis for the levying of rates, such as personal income or a poll tax, it is suggested that the current property valuation, whilst not perfect, is a sound basis for determining rates.

The allocation of federal taxation revenue back to local government is more of an issue and requires broader consideration to assist in easing the burden on ratepayers through a more equitable distribution of taxation revenue.

Should some municipal services be funded by specific service rates and charges ?

Council levies separate service charges for waste collection and disposal and for waste facilities. These are definitive services where the users are easily identified.

Many services are funded via a combination of user fees, government grants and council subsidy and this is considered to be a reasonable approach.

Council supports the retention of the ability to apply specific service rates or charges.

How much oversight of council rates should the state have?

Developing a Rating Strategy requires a council to examine options for how rates are levied and consult with its community in the process. This process allows a council to look at its communities needs and how services and infrastructure are best funded through the rating mechanism.

It is suggested that the development of Rating Strategies be mandated for all councils to ensure transparency of rating practices.

It is suggested that the current arrangement for limited oversight of council rates by state government is appropriate.

Is the rating system clear and transparent for ratepayers?

The rating system and its valuation base is not easy to understand. Council provides information on its website and via an insert to the rate notice to assist ratepayers to better understand the process and outcomes.

Rate notices are issued four times a year base around the instalment dates of 30 September, 30 November, 28 February and 31 May and these dates work quite well.

Council provides a number of payment methods and offers flexibility to those experiencing financial difficulty. It is suggested that current flexibility is important in managing rate collection.