

8th April 2019

Secretary Kensington Gardens Resident's Committee

The Hon. Adem Somyurek, Minister for Local Government, Victoria.

adem.somyurek@parliament.vic.gov.au

[ph. 03 83922202](tel:0383922202)

Electorate Office: Unit 2,24 Langhome Street, Dandenong. Vic 3175

Re: Local Council Rates for Retirement Villages in Victoria.

Dear Mr Somyurek

I am writing to you on behalf of the Kensington Gardens Residents' Committee, Shepparton in order to bring to your notice a number of issues pertaining to rate charges in retirement villages which we believe are unfair and do not fit with the key principle of equity set out in the Local Government Act Vic. 1989.

We note that the Local Government Act. Vic 1989 is currently under review and thus it is timely to bring these matters forward so that changes can be made in order to achieve a more equitable way of applying rates for retirement villages.

Background:

Kensington Gardens Shepparton is a plus 50s retirement village which, when finished will accommodate 300, 3&4-bedroom brick homes, owned by the residents on leased land. This site is an independent private property on one title. Currently there are 133 homes occupied by 223 residents.

The residents of the village feel that the way rates are calculated for our village and indeed many other similar villages in Victoria are unfair and that a differential rate should apply in such cases.

Kensington Gardens has disputed the rate charges in 2015, 2016, 2017 and 2018, when the Residents' Committee made a submission to the CEO, Councillors and the Rates / Finance Department. Following this submission, representatives of the Committee were offered an opportunity to meet with the full council to speak to the matter face to face. This offer was accepted and carried out.

The council responded in writing stating that there would be no rate changes for residents of Kensington Gardens.

Following on from this we made contact with the Ombudsman: Local Government for a review of our submission to council on the matter. The investigating officer could not establish any clear breach by council in applying the rates to the Kensington Gardens' property. However, he did advise us to write to you as the State Minister for Local Government to outline the inequity in the system and to make the point that retirement villages should be given consideration for differential rates.

The main points made in our submission to council when questioning the rate charges set for 2018 are summarised as follows:

Points 1 and 2 are our main priority.

1. Council rates should be capable of being questioned and challenged in order to achieve a fair and equitable outcome.
 2. A full municipal charge for each residence on a single property does not seem equitable.
 3. Shepparton is a desirable location for retirement living.
 4. Retirement living and accommodation could be a growth industry for the region.
 5. A number of our residents receive a pension.
 6. Our residents worry about having sufficient funds to provide for their future.
 7. Kensington Gardens has contributed millions to the local economy.
 8. Our residents shop locally and use business services within the area thus adding to the local economy.
 9. Our residents pay for maintenance within the village in addition to council rates this is a cost which is not paid by the Shepparton city rate payer.
 10. Council does not contribute to the maintenance of our village infrastructure, a cost that council would bear elsewhere. We think that this is paying double and is unfair.
 11. Our residents contribute to the local community by volunteering and donating to charitable groups.
 12. Currently over forty homes are occupied by a single resident, the majority of which are older females.
 13. Kensington Gardens is a community minded business which contributes to the community through employing locally and generously allowing non for profit groups use the facility.
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When looking at the Review of the Local Gov. Act Vic 1989, commenced in 2016 we are encouraged by the following discussion points (points: a, b, and c) and considerations which support our belief that retirement villages in Victoria are currently treated unfairly and are indeed due to receive consideration for differential rate charges.

Discussion point a)

“9 For rates and sustainable and efficient councils.

PROPOSED DIRECTION 123. Retain the capacity for councils to grant rebates and concessions and apportion rates based on separate occupancies or activities.

Discussion point b)

“9.4 Municipal charge to be fixed at a maximum of 10%.

A council may declare a municipal charge on all rateable land, to be levied against all ratepayers, as a general contribution to the administration cost of the municipality. The Act prescribes that total revenue from municipal charges cannot exceed 20% of the total of revenue from municipal charges and general rates. There are equity issues applying the municipal charge, given it is a flat tax. There is also a lack of transparency inherent in its application as administration costs—the justification for the charge—are not defined. A viable approach to balancing the dependence of

some councils on municipal charges may be to retain a council's right to declare a municipal charge but reduce its maximum allowable percentage contribution to revenue.”

“PROPOSED DIRECTION 125. Fix the municipal charge at a maximum of 10% of the total revenue from municipal rates and general rates in the financial year, divided equally among all rateable properties.”

In the Kensington Gardens’ submission to The city of Greater Shepparton City Council the following point was argued:

Municipal charge.

The purpose of the municipal charge is defined by Local Government Act Victoria to “*cover some of the administrative costs of the council, including property valuations, rates administration and cashiering, councillor support and office of the chief executive. Where multiple properties form part of a single farming enterprise, exemptions may be granted to eligible properties upon application.*”

At Kensington Gardens;133 homes are charged \$195 each in municipal charges which equals \$25,935 annually. In considering how this charge is notified and collected and how, when information to rate payers is mailed out, we discover that one and one only, not 133 rate notifications are sent, one receipt not 133 receipts, one payment not 133 payments to register and add to the revenue sheet, and one, not 133 information notices to mail out and no bad debts to follow up and in the case of a bad debt, no meeting with the rate payer to negotiate a payment plan. Yet 133 households are charged the same as any Shepparton rate payer who receives individual attention in the application of the municipal charge. Is this fair and equitable?

Discussion point c)

“9.5 Increased transparency in the levying of differential rates issues.

A council may raise any general rates by the application of a differential rate if it uses the CIV system of valuing land. If a council declares a differential rate for any land, it must specify the objectives of the differential rate, define the types or classes of land to which it applies, explain the reasons for the use and level of the rate, and specify the characteristics of the land which meet the criteria for declaring the differential rate.

The highest differential rate must be no more than four times the lowest differential rate. A council must also consider any relevant ministerial guidelines before declaring a differential rate.

Some submissions argued that the Act should mandate reduced differential rates for particular types of property (such as farm land and retirement villages).”

“Some submissions also argued that farms have a perceived lower level of access to council services. However, mandating a rate subsidy for a property type means providing a discount, the cost of which would be borne by other ratepayers who would in effect be paying more. Historically, councils have made decisions about fairness and equity, taking account of their municipality's particular requirements and accepting the costs and benefits of doing so via the rating system. A provision for a compulsory differential rate for one property type would be likely to greatly increase the complexity of the rating system, with consequences for fairness and equity for the whole community. In the case of retirement villages, the valuation of the property (and so the rate) already takes account of any diminution of access or proximity to municipal

services. A mandated differential rate for this class of property may have the effect of distortion, which could reduce fairness and equity. The alternatives to address these issues are either to mandate reduced differentials for farm land and retirement villages or retain the current provisions, recognising that the types and characteristics of land are different within each individual municipality. Differential rating is best determined by councils to reflect local circumstances.”

PROPOSED DIRECTIONS 126. Retain differential rates in their current form. Continue through ministerial guidelines to advise that farm land and retirement villages are appropriate for the purposes of levying differential rates at the discretion of councils.”

In the Kensington Gardens’ submission to The city of greater Shepparton City Council the following point was argued:

Rate Charges.

Each Kensington Gardens’ Residence is currently contributing in excess of \$246.46 annually for maintenance of infrastructure on the Kensington Gardens property which would normally be met by council, such infrastructure includes but is not limited to roads & paths, line marking, weed control, street lighting, storm water drainage, mowing and sweeping of footpaths and common areas. Yet this additional cost over and above rate charges for Shepparton City rate payers is currently considered by council to be equitable; we question this assumption as it seems to us that we are paying twice for these items. In reply to an earlier submission for a rate review by Kensington Gardens (2016) council stated that our Residents drive out of their front gate and use the council owned roads etc. and therefore should pay the same rates as other city rate payers. What is not taken into account in this statement is that for residents of Kensington Gardens their front gate is on the roundabout to the main road running past the property. Everything on the Kensington Gardens’ property is a maintenance cost to village residents not the council and we see this as unfair.

Additional Points to emphasise considerations for retirement villages by Government at all levels would be beneficial to society in general.

We refer to The Property Council of Australia report (quoted below), which makes some salient points for governments to take into account:

(The 5 A’s of Retirement Living - towards proactive planning policy, report 2013).

Download this report and other research about retirement living
at www.retirementliving.org.au/research

“The rapid increase in the number of older Australians needs to be matched by an increased determination by politicians and town planners to support the development of more seniors housing

Purpose-built homes in retirement communities that are well located and designed to enable older Australians to be happy, independent and socially engaged is an important goal – but not one that our planning systems are well placed to achieve.

Not every older Australian wants to live in a retirement community, but they are a vital part of the housing mix, and deliver choice.

Almost 200 000 people – over 5% of senior Australians – live in retirement villages now. By 2025, the demand for retirement living accommodation is forecast to double. But at the current rate of development, there simply won't be enough retirement communities to meet consumer demand.

This represents a huge missed opportunity for all governments, local, state and federal, because in addition to the increased wellbeing of individuals who choose to live in seniors' communities, there is a very large saving for all levels of government that flows from this choice. Retirement villages generate \$2.16 billion of savings annually by delaying the entry of residents to aged care facilities, ensuring fewer and shorter hospital stays, fewer GP visits and savings through improved social wellbeing.

Land use policy is the single most important lever that governments have to provide rapid support for the development of more retirement villages. From small to large, low density townhouses to multi storey apartments, all of the different built forms are in demand in inner and middle ring suburbs of our capital cities, as well as in outer metropolitan areas and regional cities.

Australia's current population of 3.2 million over 65s is projected to be 8.1 million by 2050. In the medium term, by 2030, the Australian Bureau of Statistics forecasts that over 19% of the entire Australian population will be older than 65. This large population needs choice, so that every individual can make the decision that is right for them about where and in what type of home they live, the services they need, and the community setting that enables them to stay active, happy and as autonomous as possible.

Villages are designed to support frail ageing bodies, and specifically to reduce falls. Their design features (no or few stairs; wider corridors and emergency alert systems) eliminate trip hazards, improve mobility, and allow residents to be assisted quickly. In addition to village staff, there is also a community of peers who support those who are hospitalised from time to time to return home quickly.

In addition to the reduced demand on aged care services and hospitals, villages also take a load off local infrastructure, as this report shows. Small household sizes mean less need for sewerage and water provisioning; fewer cars means less traffic and carpark demands; and the onsite amenities at retirement villages often also means less need for ratepayer-funded libraries, community centres and sports facilities (bowling greens, swimming pools, golf courses etc.).

Despite these manifold social and economic benefits to local communities, what retirement villages are, who lives in them, and the role they play in the general community is very poorly understood by many in government.”

The Residents' Committee at Kensington Gardens make these points as we strongly believe that the rate charges currently applied to villages such as ours are unfair. Thus we make these comments for your consideration in making changes to the Local Government Act. Our aim is not to disadvantage our fellow residents in the local council area but to achieve a fairer system for those of us, in retirement villages, who have and continue to contribute to society.

Should you feel appropriate we are happy to discuss these points further with you or your Electorate Office staff which meeting could be arranged by emailing the contact address above

Yours faithfully,

[REDACTED]

[REDACTED] (Resident Committee, secretary).

This letter has been copied to:

- 1) Jaclyn Symes: State Member for Northern Victoria**
Email: Jaclyn.Symes@parliament.vic.gov.au
Electorate Office: 49A High Street Wallan 3756
- 2) Wendy Lovell: Member for Northern Victoria Region**
Email: wendy.lovell@parliament.vic.gov.au
Electorate Office: 138 Welsford St, Shepparton
- 3) Suzanna Sheed: Independent MP for the District of Shepparton.**
Email: suzanna.sheed@parliament.vic.gov.au
Electorate Office: 5 Vaughan St, Shepparton, VIC 3630
- 3) Residents of Retirement Village Victoria (RRVV).**