

RATING REVIEW SUBMISSION

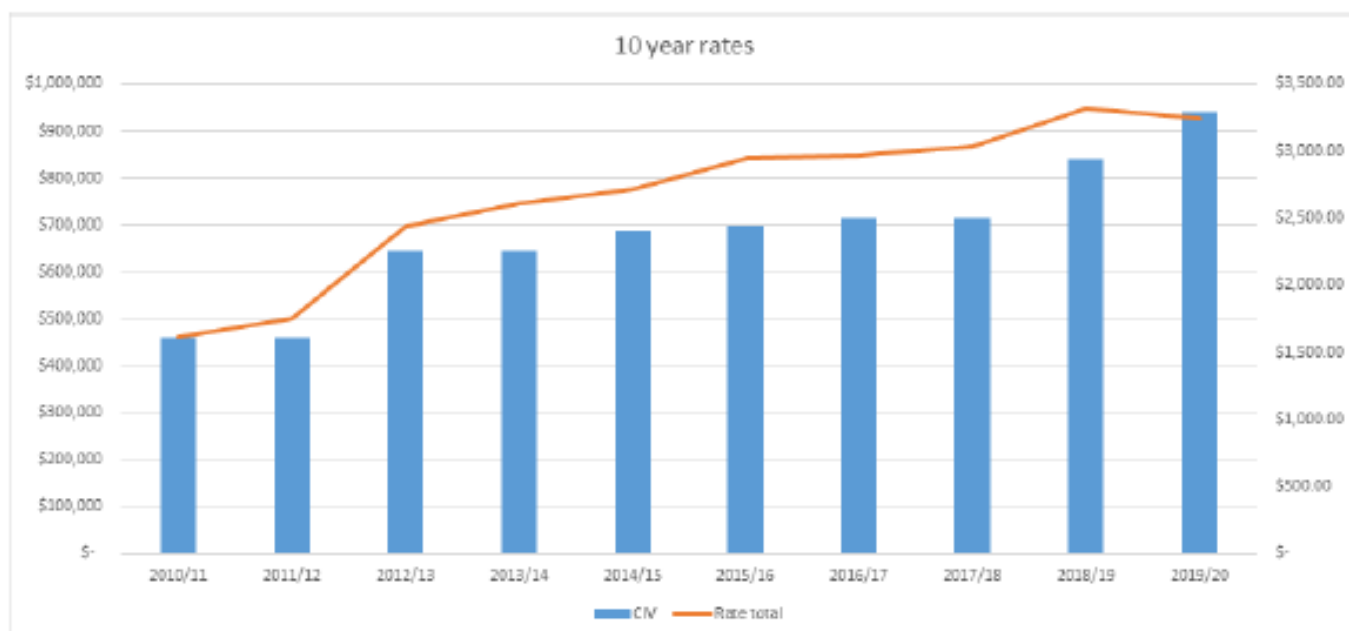
In one single year my personal rates rose 40% from \$1,755.26 (2012) to \$2,440.97 (2013). No other bill in life has the ability to rise by so much, \$685 taken out of a family's budget in one single notice. Many ratepayers sit while they open their rates notice with no idea what burden will be imposed; regardless of their life's circumstances. The very fact that one's property prices rose that particular year holds no reflexion to the household's ability to pay at that given point of time.

This rates notice proved to be my catalyst for my personal angst towards our local council. I along with several other residents formed a rate paying group and went on to question every council decision. Questioning why our rates were so much higher than our neighbouring councils. Surely, our council must be corrupt and why was our township paying so much more than other townships in the shire? Our burden was growing faster than any other region.

Fast forward 6 years and now [REDACTED] can honestly retract a lot of my former beliefs and I have a greater understanding of the difficulties that rural/ peri urban councils like ours have, I know now that the system imposed upon us is fundamentally flawed.

I am encouraged by this rating review and truly hope that ratepayers concerns are heard and a fairer system can be implemented.

Below is my personal rate bill and CIV over a 10 year period. Our household income does not reflex this growth.



THE SYSTEM NEEDS SIMPLIFYING

I recently sat with a local federal member and their remarks shocked me, comments were made along the lines of house prices across our region had seen large increases, therefore, we would be surely appreciative of the extra income that will be coming into council's coffers. Now, if this is the thoughts of a federal member what impact would this have upon us receiving funding during election commitments and funding vehicles? A recent inspectorate report clearly highlighted that rural councils like ours are receiving little to no funding (RDV) while metro councils received the vast majority of funding. Does the complex nature of our rating system disadvantage us?

I have watched federal members, state members, councillors and CEO's struggle to understand and explain the system. What hope does the layperson have in trying to understand this yearly bill? At a rating review session held in Geelong I learnt that councils right across the state employ more staff to ensure there are enough people to answer phone calls at the moment rates notices hit letter boxes. Most calls are residents trying to get

an understanding of their rates notice. One council on the night expressed that up to 80-90% of their ratepayers will make a call to them in confusion. The cost of this to 79 councils would be staggering.

BASE RATE (municipal charge)

The Municipal charge is a very misunderstood rating tool and one that can help alleviate rate shock in councils that experience large changes in property values across their council. The current proposal is to reduce the municipal charge to 10% from 20%, there is strong reason for this within metro councils, many of which are currently well under this and many without any municipal charge at all.

One suggestion would be to completely remove the charge and introduce a base rate amount to every household. Every household uses council's services. Regardless of the type of car you drive you must pay a car rego price set by VicRoads. Why should paying for council services be any different to a certain degree? This figure should be set across the state and even a tool that could be used for metro councils to subsidise struggling councils.

This year our council increased the municipal charge by \$75 to represent an overall 15% of received rate income (\$225 - \$300) this proved to help maintain a little more certainty amongst ratepayers. This increased many ratepayers rates that most likely hadn't seen an increase in many years.

RATE SHOCK

Everyone understands that bills increase but ratepayers that see their rates rise above the rate cap will always experience this rate shock. Ratepayers are educated that councils cannot increase rates more than the rate cap. When personal rates are increasing well above the rate cap this can only mean two things 1. House price / CIV has increase 2. Other ratepayer's rates must be decreasing to maintain the average.

A mechanism should be introduced to insure that rate shock is not experienced above a certain amount / percentage. Say 10% or \$200 by the same token reverse rate shock should also be capped so that one's rates don't decrease.

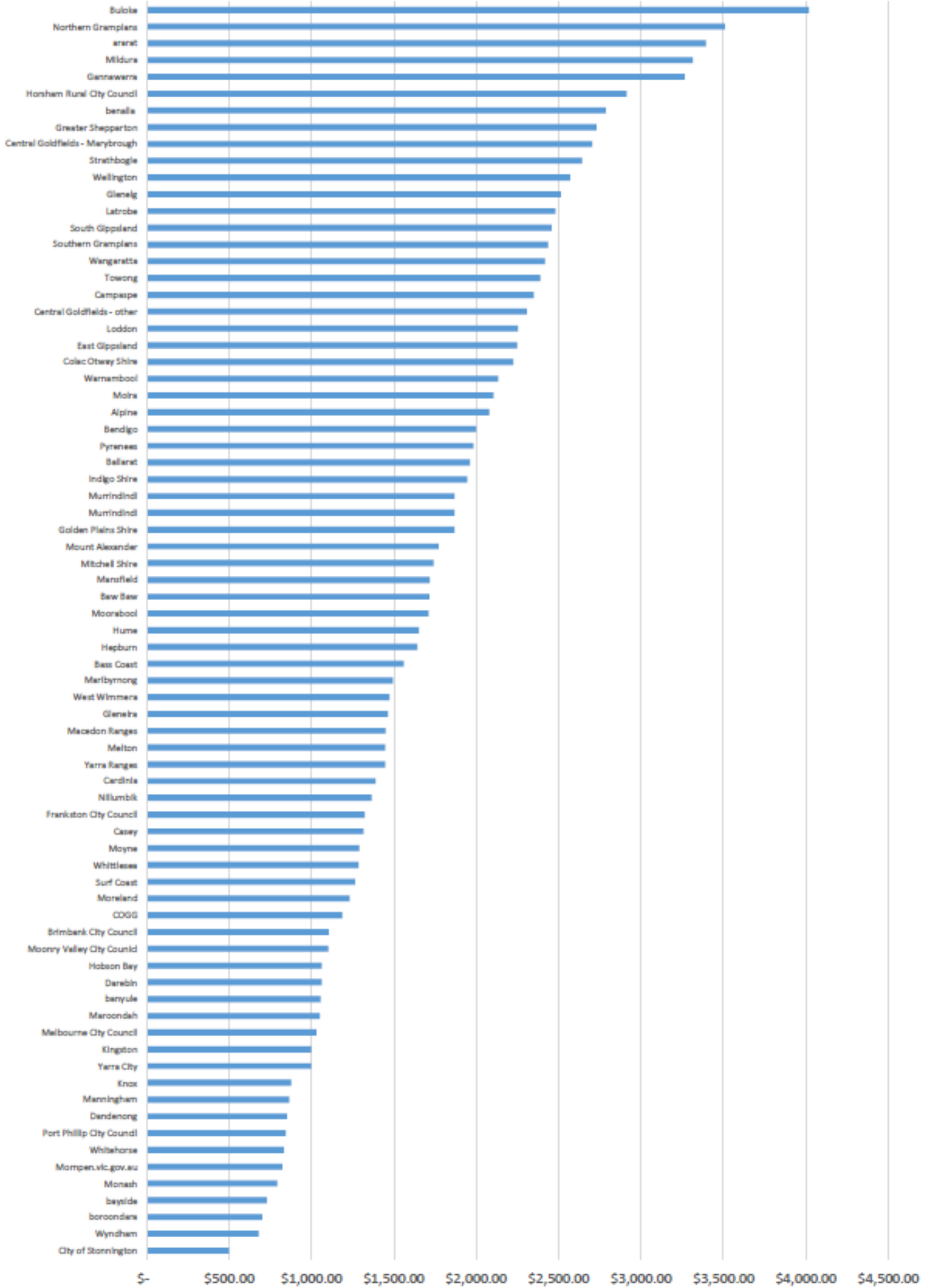
RATING DISPARITY

The hardest part of the rating system to understand as a ratepayer is the disparity between councils. My neighbouring council is located two streets away and if I was located in this council my rates would be \$1,100 cheaper. The rates conversation with other councils is repeated year after year, how much are you paying? How big is your block of land? How many bedrooms do you have? Why am I paying more than you and my home is valued lower than yours?

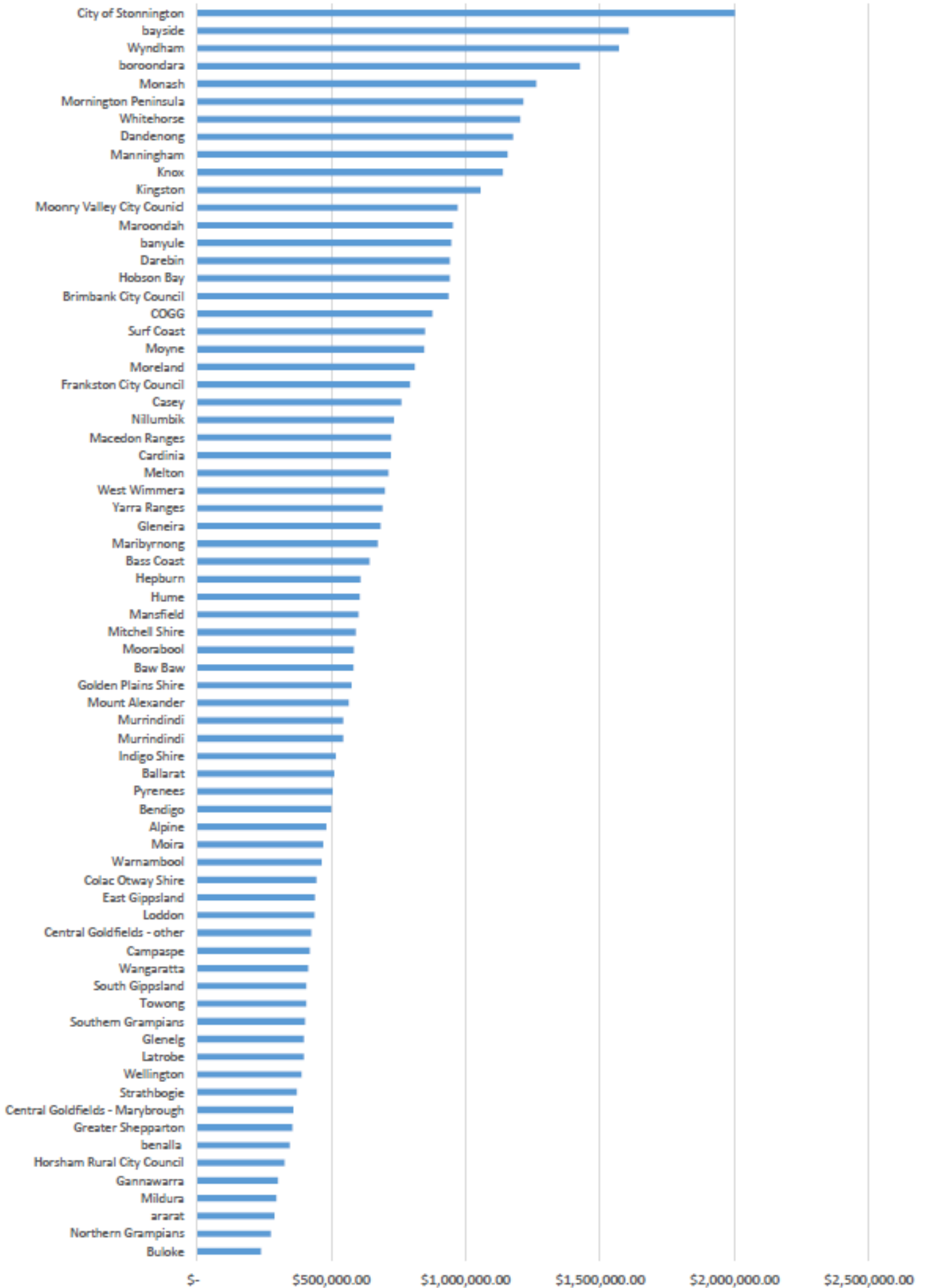
To prove point on this I have reviewed every Victorian council's latest budget and obtained the CIV rate in the dollar which varies considerably. The below graph (graph 1) shows how much your rates would be with a CIV value of \$500,000. If equity was what we are trying to achieve should everyone with a house value of \$500,000 be paying the same? Why should 2 ratepayers burden be different if their property value is the same? This graph clearly shows that rural and regional ratepayers are experiencing higher levels of rate burden than city counterparts. Peri Urban shires like Golden plains experience high levels of growth and disproportional increased values, with that, the rate burden moves unfairly and aggressively towards townships that are seeing an increase in value whilst other properties remain stagnant, it takes about 7 years to see this wave of values to stabilise.

If we reversed this and asked what a ratepayers property value is if they are paying \$2,000 in rates (graph 2) This graph shows that a Stonnington ratepayer with a \$2,000,000 property is paying the same as a ratepayer with a property value of \$444,580 in the Colac Otways council. This is far from equitable.

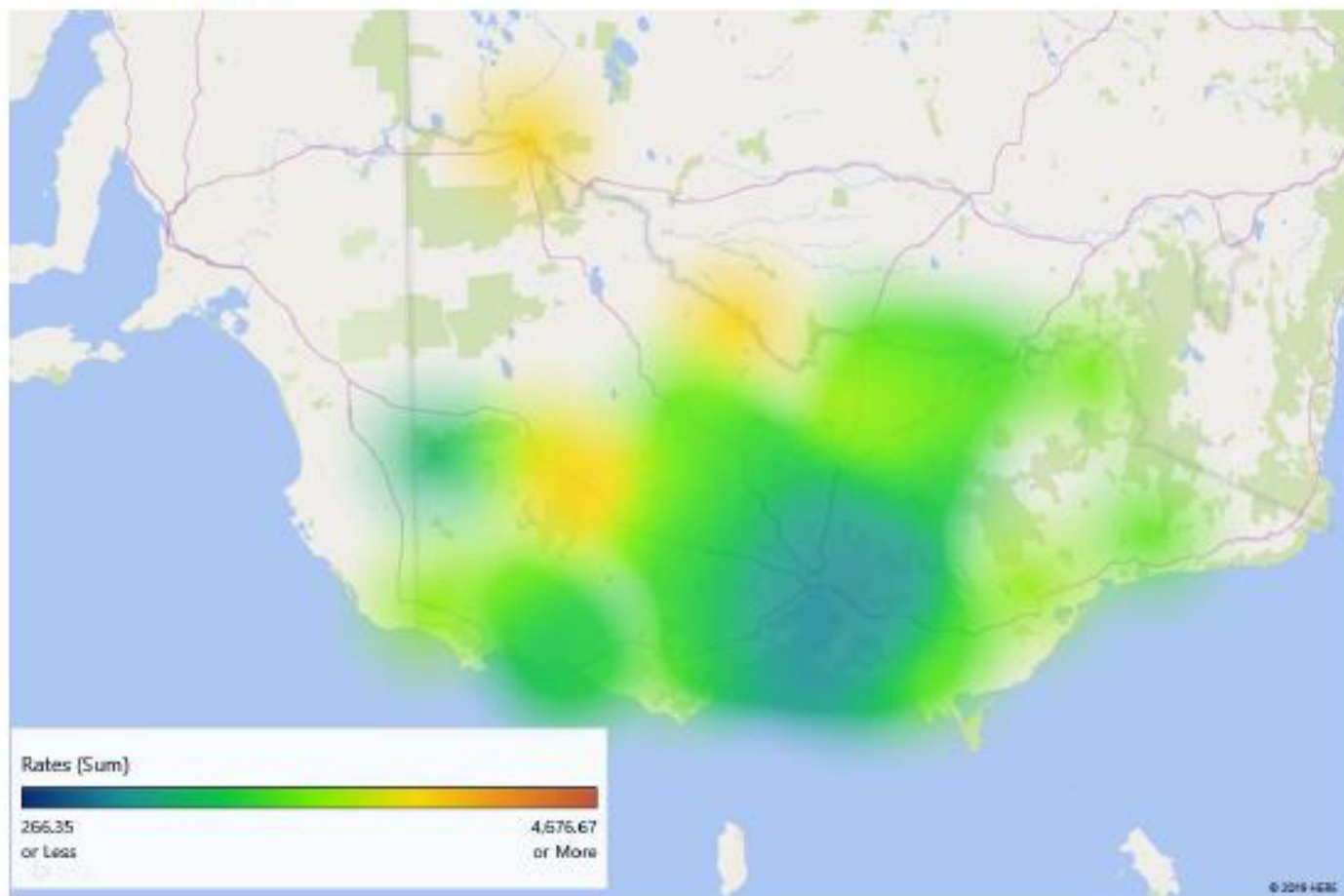
GRAPH 1 = Rates @ \$500,000 value (residential)



Graph 2 = \$2,000 rate bill / CIV value (residential)



The below heat map shows based on a CIV of \$500,000 who is paying the highest burden. This clearly shows that metro councils are paying lower CIV rates.



CONCLUSION

As I stated at the onset, I truly hope that changes are made for the better. Our current rating system is outdated, too hard to explain and very metro centric. There is a genuine concern that this review will not highlight the real issue that faces rural and regional councils. A considerable amount of time has gone into the above graphs and they clearly show that the system isn't equitable as it is intended. Nobody argues their personal income tax because we are all measured and taxed the same, why should council rates be any different?

In Hopefulness,

