



Municipal Offices
90 Bell Street
Coburg, Victoria 3058
ABN: 46 202 010 737

Postal address
Locked Bag 10
Moreland, Victoria 3058

Telephone: 03 9240 1111
Facsimile: 03 9420 1212

C/o Department of Environment,
Land, Water and Planning
Level 35, 2 Lonsdale St
VIC 3000 Australia

To Whom It May Concern,

Thank you for inviting Moreland City Council to prepare a submission into the Rating System Review. You will find below our response to the administrative questions that Council was invited to respond to, along with key additional items that Council believes crucial to the Rating System Review in make the rating system fairer and equitable for all ratepayers.

Consultation Questions

- 1. How regularly does your council assess occupancies for each of the non-rateable exemptions under s154 of the *Local Government Act 1989* (the Act)?**
 - **What policy criteria do you apply?**
 - **By property category, in your municipality, how much in rates do you estimate would be raised if these non-rateable occupancies were rateable?**

Council reviews occupancies for non-rateable exemptions on an annual basis. Council applies an internal policy criterion contained within our rating strategy in line with s154 of the *Local Government Act 1989*. Council relies on s154 to guide us on our application of non-rateability and does not apply any interpretations outside of this guidance.

The total value of non-rateable properties within Moreland for rating purposes in 2019/20 is \$1,275,498,000. Based on the rate in the dollar, if these properties were rateable it would result in an additional \$3,143,465 in rates.

- 2. What rates and charges does your council declare?**
 - **Do you have a revenue and rating strategy to help determine rates and charges under s155 of the Act?**
 - **How do you engage your community in determining rates and charges?**



Moreland City Council

Municipal Offices
90 Bell Street
Coburg, Victoria 3058
ABN: 46 202 010 737

Postal address
Locked Bag 10
Moreland, Victoria 3058

Telephone: 03 9240 1111
Facsimile: 03 9420 1212

- **If you use a municipal charge, how do you calculate its level?**
- **What exemptions do you apply for municipal charges? How many, and what is the total value?**

Moreland City Council declares a general rate and cultural and recreational charge across the municipality. Council also has a special charge scheme which is for commercial properties within the Sydney Road precinct across Coburg and Brunswick.

Council has a rating strategy which outlines why rates are levied, how Council levies them and provides greater detail around the cultural and recreational rates and the special charge scheme.

The draft annual budget and rating strategy are published for the community to review and provide submissions on an annual basis. This is published online, and hardcopies are also available to ratepayers. Notice of the submission period is published in local newspapers and on social media, directing residents to the Council website or offices.

Moreland City Council does not have a municipal charge.

3. How often have you issued rate notices to the occupier, or mortgagee in possession of, the land under s156 of the Act?

- **What are the problems that you have experienced issuing notices under s156(3)?**

This is not an option Council has considered and no notices have been issued under s156(3).

4. Do you issue separate notices for Special Rates and Charges, or do you combine them on a single notice?

- **What are the challenges of providing prescribed information on rate notices?**

The special charge information is issued on the annual notice. The issue we experience is new tenants not understanding the special charge and querying it with Council.

5. How does your council determine general rates (uniform or differential)?

- **What criteria does your council use in their application?**
- **What evidence does your council consider when determining the rates in the dollar for your differential rating categories?**
- **Does your council consider what services should be paid for with other income (e.g. municipal/service/special charges)?**



Municipal Offices
90 Bell Street
Coburg, Victoria 3058
ABN: 46 202 010 737

Postal address
Locked Bag 10
Moreland, Victoria 3058

Telephone: 03 9240 1111
Facsimile: 03 9420 1212

Moreland City Council only has a general rate. The general rates are set after budget requirements are outlined to the Revenue Services Unit and general rates are raised in line with the rating strategy, annual budget and rate capping requirements.

6. What administration issues have you experienced when creating and administering special rates and charges?

The main issue we have experienced is setting special charge tiers based on valuations. This causes confusion around revaluations as ratepayers don't understand that the tier is set from the first year of the scheme.

7. Please describe the payment options your council makes available to ratepayers?

- **Do you provide other payment options (in addition to offering a choice between paying in four instalments or in a lump sum)?**
- **Do you provide any incentives for payment of rates such as early payment? What are they?**

Payment options are cash, cheque, Eftpos, direct debit, Bpay and Australia Post. Council also offers 10-monthly direct debit but does not offer any incentives for early payment.

8. Do you provide any rating rebates and concessions (in addition to State government concessions)?

- **What are the criteria in your council for providing these rebates and concessions?**
- **What is the total annual value of these rebates and concessions?**
- **How do you monitor and report on the community benefits?**

Council does not offer any additional rebates.

9. Do you have a policy for deferment of rates and charges?

- **What is the current total of rates and charges that are currently deferred?**

Deferment of rates is managed in Councils Financial Hardship and Debtor Management policies. Currently, no ratepayers are on deferment, as Council refers financial hardship cases to a financial counsellor and assists those in financial hardship by waiving future interest and legal fees on rates not paid on time.

10. Do you have policies regarding waiving rates and charges?

- **What types of waivers do you provide to ratepayers and what is their estimated annual value?**



Municipal Offices
90 Bell Street
Coburg, Victoria 3058
ABN: 46 202 010 737

Postal address
Locked Bag 10
Moreland, Victoria 3058

Telephone: 03 9240 1111
Facsimile: 03 9420 1212

In the Financial Hardship Policy interest waivers are outlined. No rates are waived. Legal fees will be waived if the ratepayer is experiencing financial hardship. The annual estimated amount of interest waived is \$25,000.

11. Do you raise the amount declared under the *Penalty Interest Rates Act 1983* of 10 per cent for unpaid rates and charges?

- **If not, what rates do you apply?**

Yes.

12. What issues do you face when rating by occupancy?

Ratepayers not understanding that even though their properties may only be on one title, Council rates by occupancy. This does cause confusion from time to time.

13. What issues have you determined when applying rates to land that is becoming, or ceasing, to be rateable?

- **Annually, over the past 5 years, how many supplementary rates and charges notices have been issued?**
- **For each of these years, what was the total income for these occupancies?**

No operational issues have been experienced when applying rates to land that is becoming, or ceasing, to be rateable.

Over the past 5 years there has been approximately 10,000 supplementary valuations for a total income of approximately \$7,500,000.

14. Do you have a policy regarding treatment of unpaid rates and charges?

- **If you do not, how do you treat ratepayers that live in their properties?**
- **Do you treat non-residential properties differently?**
- **Annually, over the past 5 years, how many ratepayers have you issued complaints on for unpaid rates and charges and to what total value?**
- **What amount of interest do you charge on unpaid rates and charges? Do you raise the amount declared under the *Penalty Interest Rates Act 1983* of 10 per cent?**
- **Do you have any additional administration fees and charges for managing ratepayers with unpaid rates and charges?**
- **What type of collection activities do you use to recover unpaid rates and charges?**

Council has an internal debt management framework model, in line with the Debt Management and Financial Hardship policies.



Municipal Offices
90 Bell Street
Coburg, Victoria 3058
ABN: 46 202 010 737

Postal address
Locked Bag 10
Moreland, Victoria 3058

Telephone: 03 9240 1111
Facsimile: 03 9420 1212

Council does not treat non-residential properties differently.

In the past 5 years approximately 300 complaints have been issued.

Council raises interest to the amount specified under the *Penalty Interest Rates Act 1983*.

There are no additional administration fees for debt collection accounts, until the complaint is issued, no costs are incurred by the ratepayer.

Council has implemented an internal reminder system to recover unpaid rates and charges. If this is not successful, our external collection agency is engaged to assist.

15. What is your council's policy regarding selling land to recover unpaid rates and charges?

- **If no policy exists, how do you apply the relevant legislation?**
- **Do you apply the same approach regarding selling land where ratepayers live in their property?**
- **Annually, over the past 5 years, how many times have you undertaken this process?**
- **How many properties have you sold?**
- **How much has this cost, per instance?**
- **How many times have you claimed land instead of selling land?**
- **How much did this cost, per piece of land?**
- **What issues have you encountered when selling or claiming land?**

Council does not have a policy regarding selling land to recover unpaid rates and charges. Whilst Council has not sold any properties, recently two properties were sent to Council via a report to endorse the sale of them. Council has engaged our collection agencies legal team to undertake this process in line with the *Local Government Act 1989*.

Council will not propose the sale of a ratepayer's principal place of residence.

16. What issues have you encountered in providing information for Land Information Certificates?

- **Do you provide any updates (verbal or otherwise) to ratepayers/would-be ratepayers for these certificates?**
- **Have you experienced any privacy issues in providing updates? If so, what were they?**

Council has not encountered any issues. Updates are provided verbally or via email and no privacy issues have been encountered.



Municipal Offices
90 Bell Street
Coburg, Victoria 3058
ABN: 46 202 010 737

Postal address
Locked Bag 10
Moreland, Victoria 3058

Telephone: 03 9240 1111
Facsimile: 03 9420 1212

17. Do you have a policy on how you apply the rates section of the *Cultural and Recreational Lands Act*?

- **How many occupancies in your municipality are categorised as cultural and recreational lands?**
- **Annually, over the past 5 years, how much have you received in lieu of rates in relation to cultural and recreational property?**
- **How much would you receive if you were to assess these properties under your normal rates?**

There is no policy. Cultural and Recreational Land is captured in Council's rating strategy.

Moreland has two occupancies. In lieu of rates, approximately \$100,000 has been collected over the last 5 years. Under normal calculations, Council would receive approximately \$165,000 annually.

18. How many occupancies make payment in lieu of rates under the *Electricity Industry Act 2000* in your council area?

- **How much revenue do you collect and approximately how much is forgone as result (compared to rating under the *Local Government Act 1989*)?**

None.

19. Other questions

- **How many public inquiries on rates do you receive each year? What are some common themes of those inquiries?**
- **What software do you use to administer your rating system?**
- **What is the estimated annual hardware/software cost to maintain rates using this system?**
- **How many staff do you employ to administer rates and charges?**
- **What is the total FTE and costs for the rating and revenue function in your council?**

Council receive approximately 15,000 inquiries about rates each year. Common themes are overdue amounts, address changes, payment arrangements and pension queries.

Council uses Pathway. The cost is approximately \$20,000 annually.

Moreland City Council employs 5 FTE staff to manage the rates function. The FTE cost of this function is approximately \$500,000.

Additional Items



Moreland City Council

Municipal Offices
90 Bell Street
Coburg, Victoria 3058
ABN: 46 202 010 737

Postal address
Locked Bag 10
Moreland, Victoria 3058

Telephone: 03 9240 1111
Facsimile: 03 9420 1212

Review non-rateability criteria

Council currently has 538 properties granted non-rateability status in line with the guidelines set out in the *Local Government Act 1989* and Councils Rating Strategy. These properties are occupied by religious bodies, RSL's, Department of Health and Human Services, aged care organisation's and educational institutions. As many of these ratepayers use Council services or assets such as libraries and public open space, Council believes that a review of the legislated non-rateability criteria needs to be undertaken, to tighten the criteria of the properties that are granted non-rateable status. Within the municipality, there are several non-rateable venues that have a gaming license. Due to the impact that these venues have on our communities, Council proposes that no gaming venue may have non-rateable status.

Gambling venue valuations

The *Valuation of Land Act 1960* outlines how properties are to be valued for rating purposes. Currently all gaming venues are valued in line with standard rating valuations practices. Due to the impact these venues have on the widespread Moreland and Victorian community, Moreland wishes to put forward that the value of a venues gaming license be included in its rateable valuation. This will lead to gaming venues being responsible for a greater share of the rates revenue base, which will ease the burden on other ratepayers.

Preferred method for apportioning rates

Moreland believes that the fairest way to apportion rates is via capital improved value. With the large levels of development within inner-Melbourne, apportioning rates on site value would greatly disadvantage property owners, as the gap between site values and capital improved values is too great to reflect the ratepayer's asset base for apportioning rates. Council has reviewed ideas such as a poll tax and apportioning based on income, but these methods will be too resource intensive to implement to a point where it would be fairer and more equitable for ratepayers.

Change to the revaluation cycle

In 2019/20 Council relinquished the role of being the valuation authority to the Valuer-General Victoria. As part of this change, revaluations have changed from every two years to annually. This impacts our ratepayers, as valuation shifts impact the annual rates amount payable, due to shifts in rateable property valuations. With the introduction of rate capping, there is now less of an emphasis on the importance of rateable valuations for rating purposes, as the change to the annual model was primarily for land tax purposes. As part of Councils submission, in addition to capital improved value being the preferred rates apportioning method, it is proposed that revaluations of capital improved value are undertaken every four years. This will limit rate charge fluctuations to every four years, allowing ratepayers to budget long term and provide consistent annual notices that don't



Municipal Offices
90 Bell Street
Coburg, Victoria 3058
ABN: 46 202 010 737

Postal address
Locked Bag 10
Moreland, Victoria 3058

Telephone: 03 9240 1111
Facsimile: 03 9420 1212

change outside of the rate percentage increase in line with the rate cap for the periods between valuation adjustments.

As part of the proposed change to the revaluation cycle, ratepayers will only be able to object to their capital improved in the year of their revaluation, reducing the costs the Valuer-General Victoria incurs with contract valuers and freeing up Council resources by only having an objection period every 4 year.

The change to the revaluation cycle will result in millions of dollars in savings to the State Government.

Low interest/no interest loan solar scheme for pensioners

Council is proposing the funds saved from the revaluation cycle change be used to set up a low or no interest loan solar scheme for pensioners. This would give pensioners the ability to borrow funds from the scheme to install solar panel systems on their property, reducing the utility costs for those pensioners and providing a long-term sustainable solution to keeping their living costs reduced. It is proposed the loan could be paid back through their rates using the savings from their utility bills.

Additional pension rebate funding

The current pension rebate is \$285.15. Prior to rate capping, the pension rebate did not increase in line with Council rates increases. Alternatively, if a solar loan scheme is not viable, Council proposes that additional rebate funding be provided, and the rebate process is standardised across Victoria.

It is proposed this additional funding be partly funded by the savings experienced from the need to no longer revalue capital improved values annually.

Distribute pension funding based on a %

Whilst the federal government provides most pensioners with similar annual income amounts, their rates and charges can differ greatly. Applying a fixed pension rebate is no longer fair or equitable and the model should be changed to apply the pension rebate based on a fixed percentage of rates payable annually.

Standardise hardship framework

Under the *Local Government Act 1989* ratepayers can apply for a waiver of rates based on financial hardship. This part of the act is ambiguous and does not guide Councils clearly or consistently in applying a hardship model. A key theme of the rating review is equity and fairness. Moreland believes that clearer guidelines around identifying and assisting ratepayers experiencing financial hardship needs to be outlined in the *Local Government Act 1989*. This will ensure all Councils apply a consistent financial hardship model.



Moreland City Council

Municipal Offices
90 Bell Street
Coburg, Victoria 3058
ABN: 46 202 010 737

Postal address
Locked Bag 10
Moreland, Victoria 3058

Telephone: 03 9240 1111
Facsimile: 03 9420 1212

If you have any further queries or require anything to be further clarified, please contact our Coordinator Revenue Services, Glenn Johnston, on 03 9240 2482.

Yours sincerely,

Liz Rowland
Executive Manager Finance