



Submission to Local Government  
Rating System Review  
October 2019

1. Revenue Certainty
2. Fairness & Equity
3. Stability & Public Confidence

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Appendix A Council Rating Questionnaire

## Summary of Proposals

### Introduce 'Valuation Averaging'

The Maribyrnong City Council proposes that **valuation averaging** be introduced for all councils in Victoria. Under this system, all councils would strike rates based on a moving average valuation calculated for each property over the past 5 years. The actual valuations returned each year by the Valuer General would remain the same but the valuation basis for the rate strike [Ref: LGA s157(1)] would be changed.

### Re-Introduce Option for Minimum Rates

The Maribyrnong City Council proposes that the Local Government Act be amended to re-introduce the option for councils to apply **minimum rates** (by property class).

It is proposed that the Local Government Act define a maximum total amount that a council can raise from minimum rate at 30% of total rates and charges.

[Ref: LGA s 157(1)]

### Introduce Option to Use 'Valuation' Banding For Rates

The Maribyrnong City Council proposes that the Local Government Act be amended to give councils the option to apply rates (differential or uniform by adopted property class) at different amounts in the dollar for different valuation levels (or 'bands').

It is proposed that the Local Government Act define a maximum of 5 valuation bands (within any single uniform or differential rate) to apply. It is proposed that this structure be introduced to enable councils to make their rating structure either more progressive or regressive according to their policy objectives.

It is proposed that the rate in the dollar levied on properties within each rate 'band' be able to vary by no more than 10% (higher or lower) from the next valuation band (in ascending order).

It is further proposed that, in combination, rates in the dollar for each valuation band be either continuously increasing (progressive) or decreasing (regressive) but not a combination of both. In the case of this measure being introduced with valuation averaging (per 2.1 above), it is proposed that the band placement of a property be defined based on the most recent valuation only.

### Exclude Rebates from 'Fair Go' Rate Cap Calculation

The Maribyrnong City Council proposes that the definition of a council's 'Base Average Rate' (LGA s185B) for the purposes of the rate cap calculation exclude rate rebates applied as part of a council's overall rates and charges policy mix.

### State-Sponsored Financial Advisory Service

The Maribyrnong City Council proposes that the State Government introduce an independent financial advisory service for residents who are experiencing land tax and rates shock due to valuation shifts.

### Review the Application of Non-Rateability Provisions

The Maribyrnong City Council proposes that the Local Government provisions regarding non-rateability of land [LGA s154] be reviewed to broaden the application of rateability. We propose that all property owned/occupied by tertiary educational institutions, properties used to conduct business undertaking (whether for profit or not-for profit entity) and any properties used for residential use (where any level of rent is being paid by the tenant) be made rateable.

# 1. Introduction

## 1.1 Review Context

The State Government has initiated this review into the Local Government Rating System to find ways to improve the State's rating system. The Review follows the Parliament's Inquiry into the Sustainability and Operational Challenges of Victoria's Rural and Regional Councils.

This submission by the Maribyrnong City Council sets out Council's views as to what the future Local Government Rating System should look like and the changes we think should be made. It has been prepared by Council following its 2019 decision to change from using the NAV valuation method to the CIV valuation method for rating. As part of this change, Council conducted extensive engagement with the Maribyrnong City Council community with a view to finding out what the community thinks a fair rating system should be.

This submission addresses each area of relevance in the Terms of Reference.

## 1.2 A Better Rating System

The goal of the Rating System Review is to **identify changes that will improve fairness and equity**.

The biggest problem with the current rating system is not with the use of property-based rating itself but with the way it applies to the valuation and the volatility in year-on-year changes to rates. There are three parts to this, being:

- Many councils throughout the State, the Maribyrnong City Council included, regularly experience **very large and often unexpected shifts in rate burden distribution** across property/ratepayer classes and specific geographic areas;
- This shift in rate burden distribution bears **no relationship to the service levels enjoyed** by the ratepayers groups impacted; and
- These sudden and large changes in rate bills cause considerable community angst and dissatisfaction and this undermines community confidence in the Council.

Most problems arise from the large and sudden shifts that often occur in individual rate bills and the relative shares of council costs borne by different ratepayer categories. These can be brought on by broader economic and property market conditions but also by very localised land use factors and zoning changes.

Whilst the valuation (conducted under the Valuation of Land Act) takes account of the potential future use of a property, ratepayer perceptions of 'value-for-money' from their rates bear no relationship to this.

The current differential rating structure provides some useful policy tools for councils to respond to this issue but does not address more localised (and often extreme) shifts brought on by factors such as property zoning changes. The only measures available to councils seeking to 'cushion' or transition the impact of such changes are rebates which have been applied by the Maribyrnong City Council. However, rebates result in 'lost' revenue under the rate cap total revenue calculation.

The Maribyrnong City Council submits that the property-based taxation system should be retained as local government's primary revenue source. The differential rating structure should also be retained. However, there a number of changes to the system that are required to achieve the following key outcomes.

The outcomes that should be targeted are:

- **Revenue certainty** of councils - councils need to continue to have access to their own separate, self-determined and secure taxation (property rating) system;
- **Fairness and equity** – the system needs to deliver fairness and equity to ratepayers and be seen through the eyes of the community to do this; and
- **Stability and public confidence** – the system needs to offer greater stability in the relative rating levels of different ratepayer/property classes from year-to-year. Measures need to be introduced to reduce the extreme volatility and shifts in rate burden share and rate bills that have no relationship to service levels and often characterise the current rating system.

The Maribyrnong City Council's submission to this Review proposes a number of measures that will achieve the above outcomes. They will retain maximum local rating policy flexibility and autonomy for councils and increase the level of stability and certainty in the system.

### 1.3 City of Maribyrnong Context

#### Population and growth

The City of Maribyrnong is fast-growing inner-city local government area. It has a population of 93,129 (2019 estimated), an area of 31.2 square kilometres and a population density of 29.84 persons per hectare.

Current growth forecasts and development patterns point to a population of about 157,000 by 2041. This is a predicted total increase of 68.58% (or 2.52% compounding annually) over the next 22 years. Most of this new population growth will be in the form of new in-fill apartment developments.

#### Rating Strategy

Council has adopted a Rating Strategy as a key part of its overall suite of strategic and financial planning processes.

The following illustration shows the Rating Strategy in the context of Council's other key strategic and financial planning processes and instruments:



#### Rates and Charges – FY 2019/20

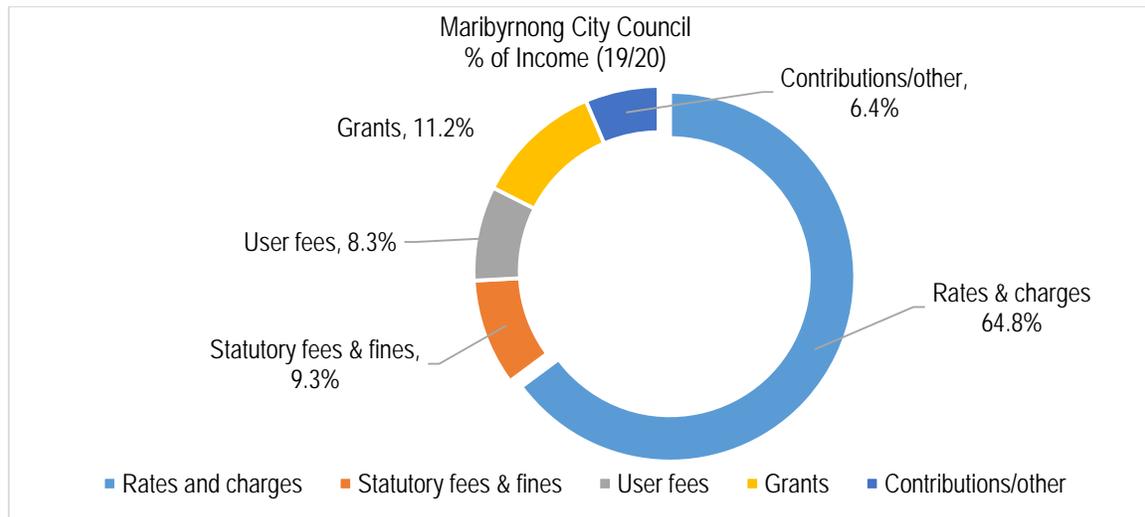
Commencing in FY 2019/20, the Maribyrnong City Council levies rates on the CIV of rateable property. Prior to this, Maribyrnong City was one of 6 councils in Victoria that applied the Net Annual Value system (with no waste charge or municipal charge).

The Maribyrnong City Council has levied the following rates and charges in FY 2019/20:

Property Type:	Class:	Number:	2019/20 Revenue (\$)	%
Municipal charge		40,992	\$820,000	
Waste & recycling charge		36,124	\$5,695,000	
<b>DIFFERENTIAL RATES:</b>				
Differential rate	Residential	36,789	\$69,478,000	
Differential rate	Commercial	2,440	\$14,932,000	
Differential rate	Industrial	1,165	\$7,501,000	
Differential rate	Vacant land	598	\$3,768,000	
<b>TOTAL</b>		<b>40,992</b>	<b>\$102,194,000</b>	

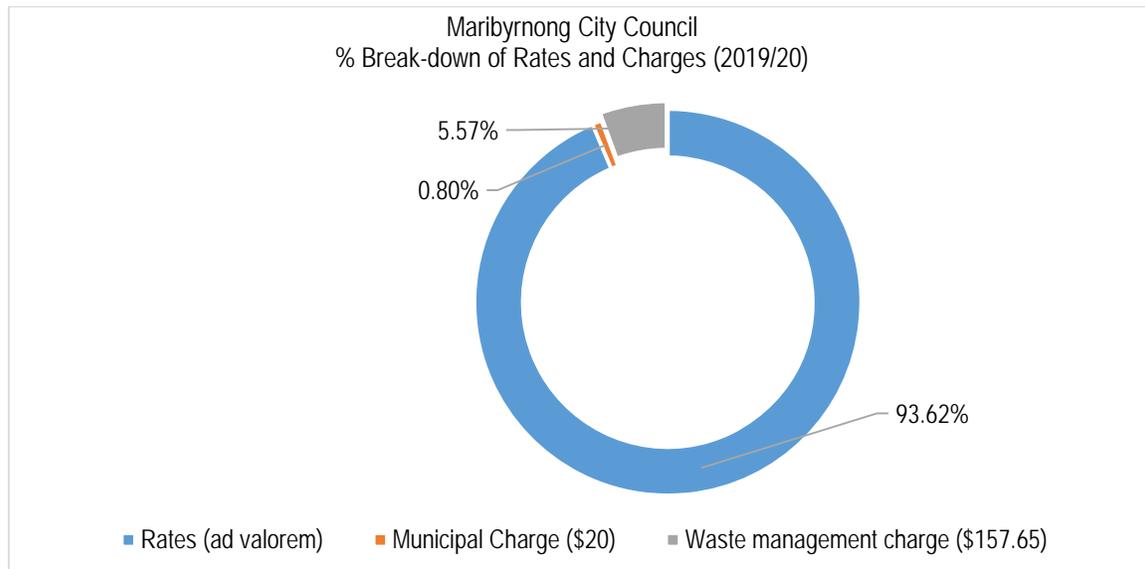
**Total Revenue**

The following chart provides a breakdown Council's key revenue sources in 2019/20.



The chart shows that 64.8% of FY 2019/20 revenue is budgeted to be raised through rates & charges.

The following chart shows a further break-down of the rates and charges component of Council's total revenue (in % of total revenue terms):



The rating mix adopted by Council for the 2019/20 financial year included a municipal charge of \$20. This is the first time a flat charge has been applied as part of the City of Maribyrnong's rate structure. It was set by Council at this minimum level (\$20) with the aim of covering the governance-related costs associated with Council. The waste management charge was set at a level to fully recoup the cost of roadside waste collection, recycling/disposal and a hard waste collection.

#### 1.4 Community Engagement-2018 Change to CIV

Throughout 2018 and early 2019, Council undertook extensive community engagement in relation to its rating strategy development process. This was initiated after widespread concern about the Council's rating structure under NAV and its appropriateness for the City's future.

A key concern expressed by residents through this engagement process was the substantial shifts in rate burden distribution that had occurred following the 2018 revaluation.

Key messages received through the engagement process were:

- Maribyrnong should move from the NAV system to the more widely used and accepted CIV system.
- A mix of rates and flat charges should be determined to ensure the rate burden is distributed fairly and equitably on all sectors.
- Differential rates in the dollar should be applied to ensure fairness and equity in rate burden distribution.
- There is a need to minimise the financial impact of rates on pensioners.
- A user-pays waste and recycling charge should be considered.
- Residents don't want to see substantial rate bill increases (brought on by revaluation shifts) as this bears no relationship to service levels and benefit received erodes public confidence in the rating system.
- There should be a rebate mechanism applied to 'cushion' the effects of substantial revaluation shifts causing significantly higher than average rate bill increases (and decreases).

The engagement process was a key input for Council in considering and determining the key rating principles that are contained in its adopted Rating Strategy and structure. Following this engagement process, Council adopted the CIV rating system.

## 2. Proposed Changes to Rating System

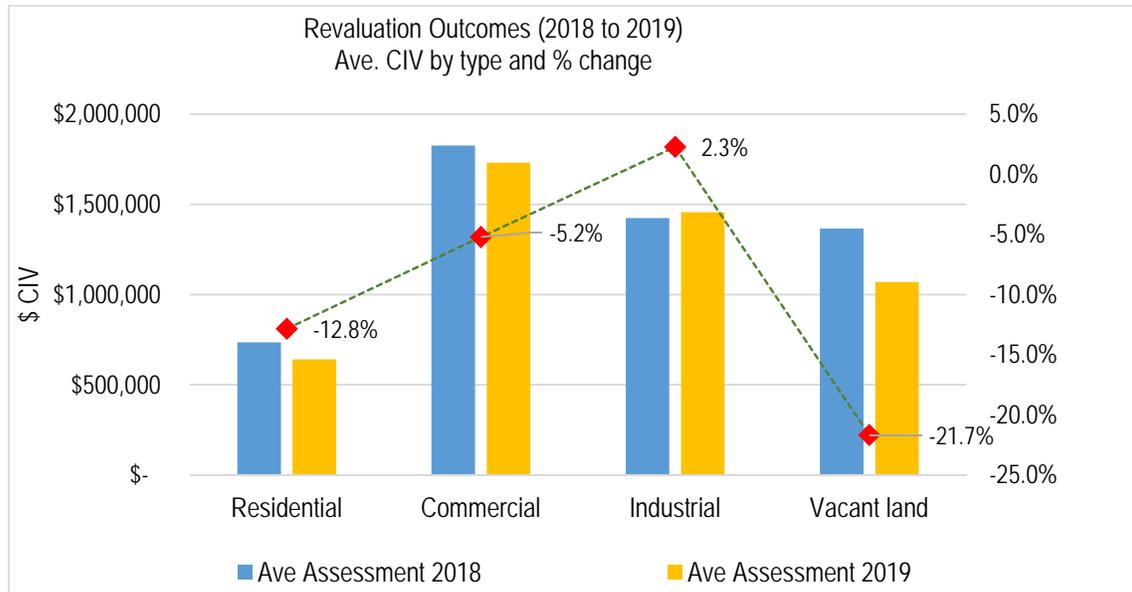
### 2.1 Introduce 'Valuation Averaging'

#### Proposal

The Maribyrnong City Council proposes that valuation averaging be introduced for all councils in Victoria. Under this system, all councils would strike rates based on a moving average valuation calculated for each property over the past 5 years. The actual valuations returned each year by the Valuer General would remain the same but the valuation basis for the rate strike [Ref: LGA s157(1)] would be changed.

As part of our community engagement process during the change over from NAV rating to CIV rating in 2018, Council encountered significant community concern about the rating system and structure as it applied at that time. Whilst there was concern expressed about the actual level of rates and charges collected, as well as the rates-charges 'mix' and structure, the key concern expressed through this process was the large and sudden shifts in the individual rates bills that had occurred.

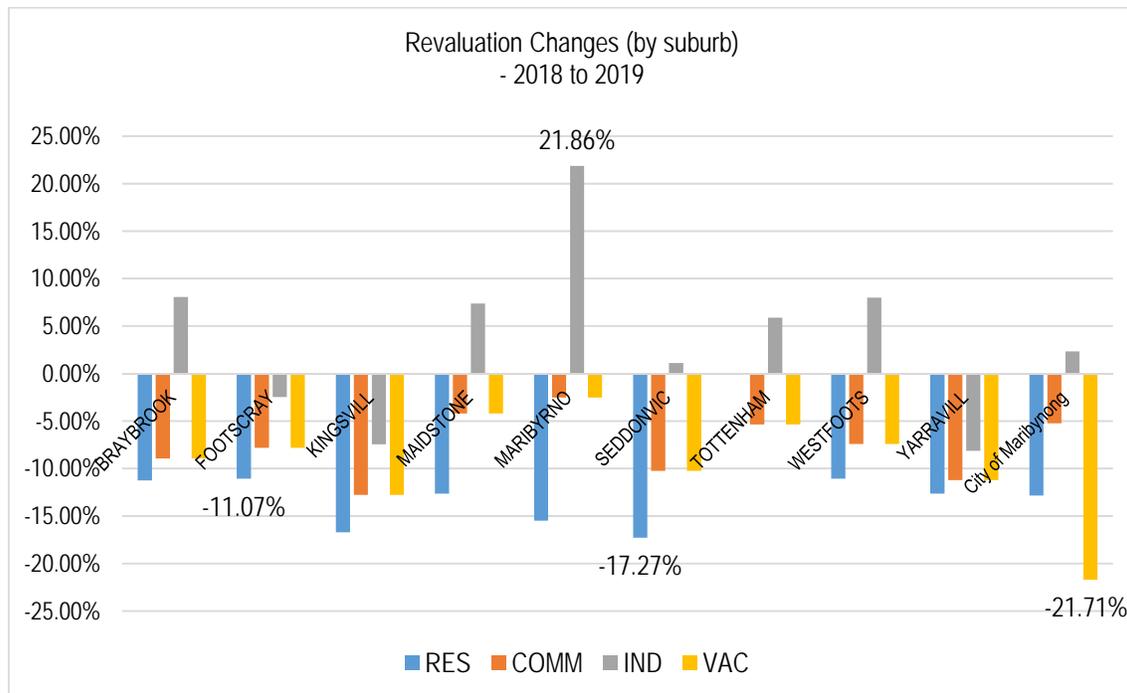
The following chart shows the shifts that occurred in the Maribyrnong City Council valuations from 2018 to 2019. It shows the change in the average CIV per assessment (by class) and the % change:



This shows that the industrial sector is the only property type that increased in value over the previous 12 month period (2.3% increase). The average residential assessment decreased in value by 12.8%, with the average commercial assessment decreasing by 5.2%. Vacant land (across all types) decreased by 21.7%.

The average shifts between property classes and average assessments only tell half the story. In fact, the extent of valuation shifts (increases and decreases) are more extreme when viewed on a suburb by suburb and property type basis.

The following chart shows the geographic dispersal of valuation shifts (by class and suburb) that occurred in the City of Maribyrnong from 2018 to 2019:



This chart shows that, whilst the Council's total 'rate take' remained within the State-mandated 2.5% rate cap, the increases and decreases in valuations were substantially different to this. Valuations changes ranged from +21% to -21% across the City of Maribyrnong. Within the residential property class (where the average valuation reduced by 12.8%, valuation reductions varied from -17.27% (Seddon) to -11.07% in Footscray. There are smaller localised pockets and areas where the valuation shifts were even greater than this.

These shifts can translate into extremely large rate bill increases for certain ratepayers. With the much-publicised rate cap in place, public expectations are that their rate bill will only change by a maximum of 2.5%. For some people, presented with 50% plus rate bill increases, this is confusing and causes significant anger and dissatisfaction. Furthermore, at any reasonable level, where there is no substantive change to the service level, use or value the person gets, such a rate increase is clearly unreasonable.

In Maribyrnong, these CIV shifts haven't translated entirely into rate bill shifts because of the change over from NAV to CIV that has occurred. Further, the introduction by Council of various other charges and rebate measures has sought to address this issue and soften the impacts on residents.

However, these shifts illustrate that if the individual contributions of property owners to Councils revenue was allowed to be driven by property valuations alone, this would have led to extreme volatility in rates bills (including rates and charges). Residents do not generally appreciate the argument that such large rate bill change reflects the underlying value (reflected in future potential use) of their property when the service level they receive from council is unchanged and all they want to do (quite reasonably) is to continue living where they live as they have before.

Council considers that such volatility as this undermines community confidence in Council's key taxation source, being rates and charges. Valuations change continuously by prevailing market and economic conditions -these have no relationship to capacity to pay, fairness and levels of Council service provided. Under the existing system, changes to zoning in particular areas can lead to huge valuation changes which represent the potential use of a property (rather than the existing use which is often quite different). These changes are then are fully reflected in the changed valuations and flow through to the level of rates paid.

We argue that it is unreasonable for Council to vary the amount it taxes property owners/occupiers by percentages in the order of which valuations can change from year to year. Similarly, to rely solely (arguments regarding flat charges, differentials and rebates aside) on the yearly valuation as the sole driver of the ratepayer contribution to Council's tax base is unreasonable.

However, as pointed out in the Rating Review Discussion Paper issued, rates remain the most efficient and viable taxation option for local government and should therefore be retained.

The Maribyrnong City Council submits that property CIVs should continue to be applied but with the 'smoothing' effect of a 5 year valuation averaging system put in place.

There is precedent for this measure with valuations averaging (as an option) already in place in Queensland.

This measure will substantially reduce the year-on-year volatility that characterises the current rating system and thereby increase community confidence in it. Changes in the relative valuations of properties (individually, in a class and in a particular area) will still flow through under an averaging system though less suddenly and with less 'rates shock'.

## 2.2 Re-introduce option for minimum rates

### Proposal

The Maribyrnong City Council proposes that the Local Government Act be amended to re-introduce the option for councils to apply **minimum rates** (by property class).

It is proposed that the Local Government Act define a maximum total amount that a council can raise from minimum rate at 30% of total rates and charges.

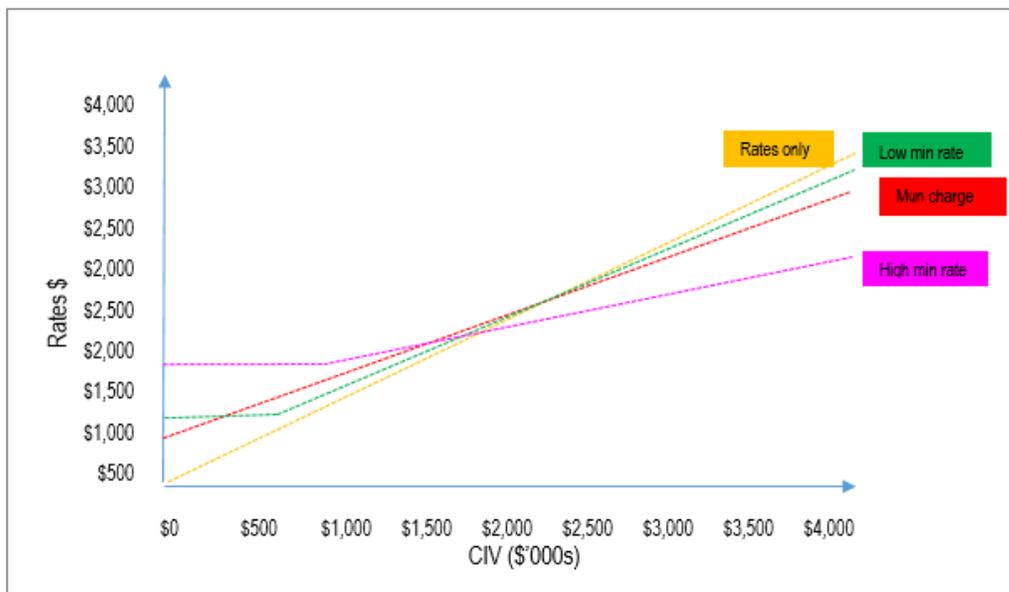
[Ref: LGA s 157(1)]

Minimum rates were abolished and replaced with the option for a municipal charge (for CIV rating councils only) as part of the 1989 review of the Local Government Act. This was at a time when the Act review was seeking to move councils across to CIV rating, which was perceived as fairer and more readily understood by the public, but stopped short of mandating this.

However, under the old 1958 Local Government Act, under which minimum rates did apply, there was no cap on the total amount that could be raised from minimum rates. By 1989, the application of the minimum rates provisions by some councils had become a 'rate profile flattening mechanism'. There were numerous councils (mostly rural) throughout Victoria that had increased their minimum rates to a level whereby over 50% of total rates was being raised from the minimum rate. This had a levelling effect on the rating profile and led to a much more regressive taxation system. It benefited higher value properties and disadvantaged lower value properties.

Typically, this approach was justified using the 'benefit' principle; that is, that the benefit of council services is generally flat across the valuation spectrum (i.e.; ratepayers generally don't get more benefit from council expenditure and services as their property value goes up). But this approach was also widely perceived as unfair and not within the spirit or intent of the local government rating system and hence it was abolished.

The following graph provides a conceptual illustration of 4 different rating profiles:



Whilst the above is only a conceptual illustration, it shows (depending on the distribution of assessments across the valuation spectrum) the relationship between generic profiles of different rating structures. It shows how a higher base charge (minimum rate or municipal charge) has the potential to substantially flatten a council's rating profile.

However, despite its relatively recent abolition, the Maribyrnong City Council submits that a minimum rate is more easily-understood and transparent to the community than a municipal charge: it should be reintroduced as a policy option for councils.

Minimum charges are widely used in a range of services and the notion of a minimum rates bill is consistent with the community idea that all properties need to make a contribution towards a council's cost structure. By comparison, having recently introduced a municipal charge for the first time, the community tends to see a municipal charge as 'additional' to rates and a new charge. As the Review Panel will appreciate, the fact that the income derived from a municipal charge comes off the total to be raised from rates (and so leading to a lower ad valorem rates component) is and will remain a complex idea for the community to understand.

Hence, we argue that councils should be able to choose the method that best suits their needs (municipal charge or minimum rate) but with a cap of 30% applying to the total rates generated from minimum rates. In addition, the Review may consider increasing the total revenue that a council may raise from a municipal charge from 20% to 30% of total rates and charges. We propose that councils have a choice under the Local Government Act of applying either a minimum rate of a municipal charge (but not both).

### 2.3 Introduce option to use 'valuation banding' for rating

#### Proposal

The Maribyrnong City Council proposes that the Local Government Act be amended to give councils the option to apply rates (differential or uniform by adopted property class) at different amounts in the dollar for different valuation levels (or 'bands').

It is proposed that the Local Government Act define a maximum of 5 valuation bands (within any single uniform or differential rate) to apply. It is proposed that this structure be introduced to enable councils to make their rating structure either more progressive or regressive according to their policy objectives.

It is proposed that the rate in the dollar levied on properties within each rate 'band' be able to vary by no more than 10% (higher or lower) from the next valuation band (in ascending order).

It is further proposed that, in combination, rates in the dollar for each valuation band be either continuously increasing (progressive) or decreasing (regressive) but not a combination of both. In the case of this measure being introduced with valuation averaging (per 2.1 above), it is proposed that the band placement of a property be defined based on the most recent valuation only.

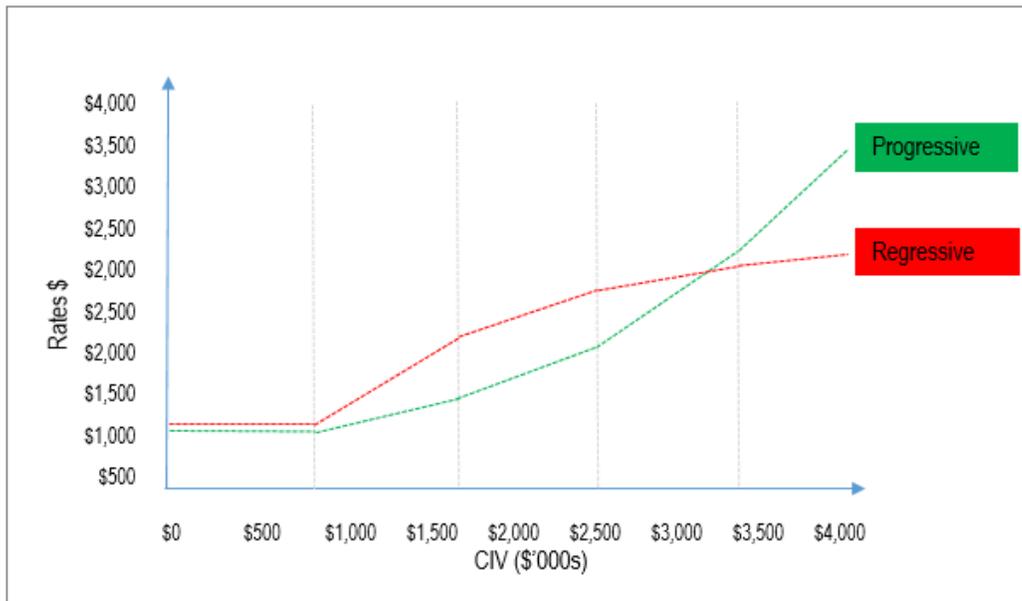
A key tenet of Victoria's local government system is for the democratically elected councils to be able to plan, deliver services and raise necessary revenues autonomously. Ultimate accountability of councils is through the ballot box at 4 yearly elections. Further accountability in the system is provided through the requirement in the Local Government Act for councils to prepare a rating strategy and for this to be subjected to public scrutiny.

The notion of taxation rates varying in different 'bands' is well-established and widely understood in Australia's Federal income taxation system. In this case, banding is used to make the taxation system more progressive – the amount of personal income tax levied in the dollar increases through 5 taxation thresholds (including the tax-free threshold) and reducing to 4 thresholds in 2024.

The Maribyrnong City Council submits that this notion of thresholds and bands is already widely understood and accepted by the Victorian community. It combines well with the proposal (see 2.2 above) for a minimum rate with each threshold being defined as a total amount of rates (derived by the total rates payable at the top-end of the previous band plus an addition rate in the dollar).

Our proposal is that where a council strikes differential rates on different property classes, then it may choose to apply different valuations bands to each differential rate class.

The following graph provides a conceptual illustration of a 'regressive' banded rating profile and a 'progressive' banded rating profile (in each case it is applied with a minimum rate):



We submit that this option returns more autonomy and flexibility local governments to make and deliver revenue policy locally. It addresses the current systemic limitation whereby councils, in engaging with their local communities regarding revenue and rating policy, can readily default to the 'our hands are tied' argument under the State legislated Local Government Act.

A key implication of this proposal is that it is policy-neutral in terms of progressive/regressive taxation. Councils in different areas may choose to move to a more progressive or a more regressive taxation system. Whilst there are many arguments about the fairness and merit of these approaches, the fact that these Council's will account for these actions at the ballot box is the bottom line. If some communities consider a regressive taxation policy to be preferable (or vice versa), then they ought to have the legislative option to pursue this.

#### 2.4 Exclude rebates from 'Fair Go' rate cap calculation

##### Proposal

The Maribyrnong City Council proposes that the definition of a council's 'Base Average Rate' (LGA s185B) for the purposes of the rate cap calculation exclude rate rebates applied as part of a council's overall rates and charges policy mix.

In 2018, the Maribyrnong City Council changed for NAV rating to CIV rating. Added to revaluation-driven rate shifts, this accentuated a number of changes in the relative rate burden share borne by some groups. As part of the adopted rates and charges package, Council agreed to cap residential rate bill increases (including rates and the municipal charge) at 30%.

To achieve this, the adopted mechanism under the Local Government Act was a rebate scheme whereby residential ratepayers would be rebated the full amount of any increase on levied rates whereby the total rates and charges bill (excluding the Fire Services Levee) was more than 30% higher than their total rate bill in the previous year.

This rebate was introduced in addition to another Maribyrnong City Council-funded pensioner rates rebate (to supplement the State-funded pensioner rates rebate scheme). However, the full cost of this scheme had to be funded by Council through its budget and this led to other programs and budget items needing being sacrificed.

We submit that both of these rebate schemes involve deductions from the rates bills of our residents and, as such, should not be included in the calculation of the 'Base Average Rate' for rate cap under section 185B of the Local Government Act. Rebates already provide a useful 'smoothing and transition mechanism for councils but by including these (as 'liveable rates') in the rate cap calculation is a barrier to councils applying it. In fact, we argue that more incentive should be given to councils, through this proposed change, to use the existing rebate provisions in the Local Government Act to 'knock off the blunt edges' from the property-based rating system.

## 2.5 State-sponsored financial advisory service

### Proposal

The Maribyrnong City Council proposes that the State Government introduce an independent financial advisory service for residents who are experiencing land tax and rates shock due to valuation shifts.

The Maribyrnong City Council submits that a financial advisory service should be provided to residents who are under financial duress or feel they cannot pay their rates. Many such people are the 'asset rich, cash poor' cohort. It is argued that with some financial advice, they may be in a better position to make decisions to assist in the payment of rates and other financial obligations.

## 2.6 Review the application of non-rateability provisions

### Proposal

The Maribyrnong City Council proposes that the Local Government provisions regarding non-rateability of land [LGA s154] be reviewed to broaden the application of rateability. We propose that all property owned/occupied by tertiary educational institutions, properties used to conduct business undertakings (whether by for profit or not-for profit entities) and properties used for residential use (where any level of rent is being paid by the tenant) be made rateable.

The Maribyrnong City Council submits that the current extent of the non-rateability provisions extends too far. The extent of non-rateable land has steadily expanded over many years leading to an erosion of the revenue base of councils.

The annual cost to the Maribyrnong City Council of non-rateability for property in rates forgone) is estimated at \$3.7 million per annum. This is approximately 3.7% of the total potential rates base.

Rate exemptions should not apply to property used for tertiary education, for business undertakings (whether by for profit or not-for profit entities) or for residential use (where any rental is being paid by the tenant). Councils provide services to all property occupants and governments, religious bodies and not-for-profit community organisations should be included in this.

### 3. Conclusion

Each year the Maribyrnong City Council encounters numerous residents, including pensioners and lower income families, who have lived and worked for many years in inner-City working class areas and are very dissatisfied with the equity of Council's rating system. Typically, such residents have received a rates bills that has increased suddenly by an unreasonably high percentage or is disproportionately high compared to the service level they receive from Council. This may be due to extreme valuation increases brought on by the high demand for inner-city infill unit developments or long-term changes to the area in which they live.

A typical scenario is an elderly person living in an old inner-city residence the value of which has increased significantly due to zoning changes and/or surrounding development patterns.

Such people make up the very fabric and back-bone of our community. They have generally lived in their homes and contributed to the local community for many years and raised families here. Whilst the market view of their property (and its potential) may have changed, their personal and practical use of it as a home has remained constant.

The current rating system focuses on potential use and the prevailing market, rather than on how a person actually lives. These people are the so-called 'asset rich, cash poor' members of the community. The current rating system often conspires to force such people out due to an inability meet the year-to-year cash impost of rates. Whilst it is appreciated that these people often have significant asset wealth reflected in their property values, this fact does not change the current cash flow need for the payment of rates. Rates deferral can be applied to address this but this is a relatively blunt instrument.

We submit that for long-term and loyal residents of a City, there needs to be easily applied mechanisms, as proposed in this submission that will allow people to continue to live in their homes at their pleasure. Further, we argue that mechanisms should be put in place that will continue to use the valuation-driven property values (CIV) for rating but with softening mechanisms applied to reduce the year to year volatility of these.

## APPENDICES

### Council Questionnaire

The completed questionnaire is appended.

## Consultation Questions – Local Councils

Councils are requested to respond to the following questions as part of their submission to the Rating Review. These questions are largely administrative in nature. Councils may also wish to consider the broader policy questions in Chapter 5 of the Rating Review Discussion Paper, available at [www.engage.vic.gov.au/rating-review](http://www.engage.vic.gov.au/rating-review).

The Panel also encourages councils to include any other matters they wish to raise in their submissions. Please keep submissions to a total of 5,000 words or less.

If you have any queries about these questions or about making a submission, please do not hesitate to contact the Rating Review Secretariat at [rating.review@delwp.vic.gov.au](mailto:rating.review@delwp.vic.gov.au)

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?

Maribyrnong City Council Response:

- All applications for rate exemptions under section 154 are on their merits on a case-by-case basis. The provisions and definitions in the Local Government Act are applied.
- The following are the estimated rates forgone for non-rateable property:

	Number	CIV	2019/20 Rates Forgone:
Residential	70	\$ 43,005,000	\$ 126,715
Commercial	228	\$878,719,500	\$3,107,020
Industrial	61	\$ 59,852,200	\$ 264,535
Vacant	50	\$ 37,395,000	\$ 220,371
TOTAL	409	\$1,018,971,700	\$3,718,643

Note; excludes Council owned non-rateable properties

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?
  - 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?

Maribyrnong City Council Response:

- Council has and adopted Rating Strategy.
- Community engagement is conducted through a combination of community focus groups/forums, on-line forum engagement and through the publication of draft plans and discussion papers.
- 2019/20 Differential Rates:
  - Residential – 100% (base)
  - Commercial – 120% (of base)
  - Industrial – 150% (of base)
  - Vacant land – 200% (of base)

- 2019/20 Municipal charge- \$20 was based on the total council governance costs (total revenue - \$820,000). Municipal charge applied to all rateable assessments. There are no exemptions applied.
- Waste management charge \$157.65 per assessment charged to all residential properties receiving waste collection/recycling service (total revenue: \$5.695 Mil.)

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)?

Maribyrnong City Council Response:

- Nil

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?

Maribyrnong City Council Response:

- Single rate notice issued- no special rates and charges are currently applied.

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)?

Maribyrnong City Council Response:

- Council applies the basic principles of fairness and equity with a view to achieving a fair overall rating structure. It also considers of capacity to pay and the benefit principle.
- Council undertakes significant modelling of the impacts of various rating/charge mic scenarios in considering the fairest model.
- Council has a waste management charge that is set a level to cover the cost of waste management services. Policy regarding other user fees and charges is considered separately to rates.

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

Maribyrnong City Council Response:

- NA

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?

Maribyrnong City Council Response:

- Payment in full or by 4 instalments. Various payment options such as direct debit, BPay, Australia Post etc.
- No incentive 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?

Maribyrnong City Council Response:

- Pensioner rates rebate - \$194.30 in addition to State-funded \$235.15.  
2019/20 cost: \$731,000 for 3,763 pensioners.
  - The property must be your principal place of residence. You must also hold a pensioner concession card, Gold Repatriation Health Card - Permanently Incapacitated (TPI), Gold Repatriation Health Card - War Widow (WW), or Department of Veteran Affairs POW and EDA cards.
  - Resident's rate increase transition rebate (applies in 2019/20 only) – rebate of 100% of rates and municipal charges levied over and above an increase of more than 30% over the total rates bill in the previous year (excluding FSL).  
2019/20 cost: \$200,000
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?
- Maribyrnong City Council Response:
- YES, Case-by-case assessment based on merit and personal circumstances.
  - Rates and charges that are currently deferred \$243,078
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?
- Maribyrnong City Council Response:
- No current cases apply.
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?
- Maribyrnong City Council Response:
- Yes. We apply 10%
12. What issues do you face when rating by occupancy?
- Maribyrnong City Council Response:
- Nil. There are issues relating to levying the waste management charge on body corporates.
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?
- Maribyrnong City Council Response:
- approximately 10K – 12K
  - N/A
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?

Maribyrnong City Council Response:

- Yes, council has adopted a policy.
- Applications considered on a case-by-case basis.
- Nil complaints issued for unpaid rates and charges in past 5 years.
- Interest charged at 10%.
- No additional fees charged.
- Reminder notice, final notice, solicitor letter and finally, Supreme Court action.

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?

Maribyrnong City Council Response:

- No Council policy – we prefer not to use this avenue.
- Case-by-case assessment based on merit/circumstances.
- Only one incident over past 20 years.

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?

Maribyrnong City Council Response:

- Nil privacy issues encountered.
- Yes, verbal updates are provided in the applicant call Council.
- Procedures are in place for staff to substantiate the identity of the person if contact by phone.

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?

Maribyrnong City Council Response:

- No policy – case-by-case assessment based on merit/circumstances.
- Only applies to 7 assessments – 2019/20 revenue: \$85,412
- Total payable if rateable: - 2019/20 revenue: \$170,823

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)?

Maribyrnong City Council Response:

- Nil

18. 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?

Maribyrnong City Council Response:

- 19,600 (approx.) public rate enquiries per year (2018)
- Some common themes; - Why are my rates so high? How do I object to my valuations? What if I can't pay? Am I entitled to a pension rebate?
- 7.24 EFT staff
- Rates managed as part of Authority (Civica) enterprise system
- Total annual costs – 2019/20: \$697,386