

2018/2019 Rating Strategy



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1 Introduction

Under the *Local Government Act 1989* (the Act), a primary objective of all Victorian Local Governments is to ensure the equitable imposition of rates and charges. The purpose of this Rating Strategy is therefore to consider what rating options are available to Council under the Act and how Council chooses in applying these options contributes towards meeting an equitable rating strategy.

It is important to note at the outset that the focus of this strategy is very different to that which is discussed in the Long Term Financial Strategy/ Annual Budget. These documents focus on the **quantum** of rates to be raised for Council to deliver the services and capital expenditure required. In this Strategy, the focus instead is on how this quantum will be **equitably distributed** amongst Council's ratepayers.

The Rating Strategy will canvass the limited range of rating options available to Council under the Act including the following:

- a) The choice of which valuation base to be utilised;
- b) The consideration of uniform rating versus the application of differential rates for various classes of property;
- c) The most equitable level of differential rating across the property classes;
- d) Consideration of the application of fixed service charges for the areas of waste collection and municipal administration;
- e) The application of special rates and charges; and
- f) A review of the rate payment dates and options available to Council

2 Executive Summary

Four key principles form the basis of the current approach to rating at Moonee Valley City Council. They are:

- a) Rating on an ad-valorem basis (i.e. based on the valuation of the property).
- b) Operation of a differential rating system to ensure all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Council.
- c) Application of a Municipal Charge to cover some of the administrative costs to Council.
- d) Application of a service charge to fully recover the cost of the collection and disposal of waste.

Section	Strategy Position
The valuation base to be used	That Moonee Valley City Council will apply Capital Improved Valuation as the valuation methodology to levy Council rates.
The Rating System - Differential	Council will apply differential rating as its rating system
What differential rates will be applied	<p>Council will apply differential rates for :</p> <ul style="list-style-type: none"> • Residential land , including flats & units, and vacant residential land in the Residential rate • Cultural and recreational land in the Cultural and Recreational Land rate • Commercial and Industrial land at 1.23 times the residential rate in the Non-Residential Land rate
Cultural and Recreational Lands Act (CRLA)	That Council will apply a 95% discount on all Category 1 Cultural and Recreational Land properties. Category 2 Cultural and Recreational Land Properties that are licensed gaming venues will receive a 0% discount.
Special Rates & Charges	Council will use special rates and charges in instances that fit circumstances such as funding of narrowly defined projects (e.g. streetscape works, marketing and promotions) where special benefit can be shown to exist to a grouping of property owners.
Municipal Charge	That Council will apply a Municipal Charge as part of its rating strategy.
Service Rates and Charges	That Council will apply a Garbage Service charge as part of its rating strategy based on full cost recovery of the waste function.
Rate Payment Date Options	Council will apply the legislated quarterly instalment payment option with 4 instalments as outlined in the Act.

Section	Strategy Position
Eligible Pensioner Rebate	That Council will provide a Council Eligible Pensioner Rebate of \$20.00 for all eligible pension card holders, in addition to the State Government Rebate.

3. What is a Rating Strategy and why have one?

The purpose of this strategy is for Council to consider how the rate burden can be most equitably distributed.

3.1 What is a rating strategy?

A rating strategy is the method by which Council systematically considers factors of importance that informs its decisions about the rating system. The rating system determines how Council will raise funds from properties within the municipality. It does not influence the total amount of funds to be raised, only the share of revenue contributed by each property. The rating system comprises the valuation base for each property and the actual rating instruments allowed under the Act to calculate property owners' liability for rates.

3.2 The importance of a rating strategy

Moonee Valley City Council currently receives over 70% of its total revenue by way of property-based rates and charges, excluding the administered Fire Services Property Levy. The development of strategies in respect of the rating base is therefore of critical importance to both Council and its community.

Moonee Valley City Council's Rating Strategy documents its objectives and approach to the raising of rate revenue in line with its goal of providing transparency and accountability in its decision-making.

4. Rating – the Legislative Framework

The purpose of this section is to outline the legislative framework in which Council has to operate in constructing its rating system and the various matters that Council must consider in making decisions on rating objectives.

4.1 Legislative Framework

Section 3C of the *Local Government Act 1989* stipulates the primary objective of Council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of its decisions. In seeking to achieve its primary objective, Council must have regard to the following objectives-

- a) Promote the social, economic and environmental viability and sustainability of the municipal district;
- b) Ensure resources are used efficiently and effectively;
- c) Improve the overall quality of life of the people in the local community;
- d) Promote appropriate business and employment opportunities;
- e) Ensure services and facilities provided are accessible and equitable
- f) Ensure the equitable imposition of rates and charges;
- g) Ensure transparency and accountability in Council decision making.

The issue of equity must therefore be addressed in the rating strategy, and this strategy has paid careful attention to this aspect.

4.2 Equity

Having determined that Council must review its rating strategy in terms of the equitable imposition of rates and charges, it is a much more vexed question in terms of how to define and determine what is in fact equitable in the view of Council. Some concepts that Council has taken into account include:

Horizontal equity refers to justice or fairness in the treatment of **like** properties, in other words, that similar rates are paid by similar properties. On the proviso that Council valuations fairly reflect the true valuation of like properties, horizontal equity will be achieved.

Vertical equity refers to the justice or fairness in the treatment of properties in different circumstances. (e.g. different property types – Residential/ Commercial/ Industrial / Farming/ Vacant / Developed)

In the case of property rates, it may be considered equitable for one type of property to have to bear more or less of the rates burden than another type of property. In achieving vertical equity in its rating strategy, Council must consider the valuation base it chooses to adopt to apply property rates and the application of the various rating tools available to it under the Act. (e.g. differential rates)

Linkage of property wealth to capacity to pay – the valuation of property is an imperfect system in which to assess a resident’s capacity to pay annual rates but one which Council is restricted to under the *Local Government Act 1989*. A frequently raised example is in relation to pensioners who may live in their family home which carries a high value, but live on a pension. The equity question for consideration however, is should Council support residents in this situation with lower rates that will eventually be to the financial benefit of estate beneficiaries? Or alternatively should the ability to defer rates (in all or in a part) represent a more equitable outcome for all ratepayers?

The Benefit principle - One of the more misunderstood elements of the rating system is that residents seek to equate the level of rates paid with the amount of benefit they individually achieve. The reality is however property rates are a system of taxation not dissimilar to P.A.Y.G tax.

In paying a tax on salaries, it is rarely questioned what benefit is received with it being acknowledged that tax payments are required to pay for critical services such as health, education and social support. Local Government is not dissimilar, with rates being required to subsidise the delivery of services and capital works that would otherwise be unaffordable if charged on a case by case basis.

It is a choice of Council to what degree it wishes to pursue a ‘user pays’ philosophy in relation to charging for individual services on a fee-for-service basis.

The approach in this Rating Strategy in terms of equity are discussed further under each section.

4.3 What Rates and Charges may a Council declare?

Section 155 of the *Local Government Act 1989* provides that a Council may declare the following rates and charges on rateable land

- General rates under Section 158;
- Municipal Charges under Section 159;
- Service Rates and Charges under Section 162;
- Special rates and charges under Section 163.

4.4 Valuation Methodology available to Council

In raising Council rates, Council is required to primarily use the valuation of the rateable property to levy rates.

Section 157 (1) of the Act provides Council with three methods of valuation base to utilise, being Site Valuation; Capital Improved Valuation and Net Annual Value. The advantages and disadvantages of the respective valuation basis are discussed in Section 5 of this Strategy.

4.5 Declaring Rates and Charges

Section 158 of the Act provides that Council must at least once in respect of each financial year declare by 30 June the following for that year: -

- a) The amount which Council intends to raise by way of general rates, municipal charges, service rates and service charges;
- b) Whether the general rates will be raised by application of –
 - i. A uniform rate; or
 - ii. Differential rates (if Council is permitted to do so under Section 161 (1))
 - iii. Urban farm rates, farm rates or residential use rates (if Council is permitted to do so under Section 161A)
 - iv. Cultural And Recreational Lands Act 1963

Council's approach to the application of differential rates is discussed in Section 6 of this Rating Strategy.

4.6 Exemptions from Rating

Section 154 of the Act declares that all land is rateable with a number of exceptions including land occupied for municipal purposes, land used exclusively for charitable, education or religious purposes, and certain clubs or memorials under the Patriotic Funds Act, Returned Services League and related associations as defined.

5. Understanding the rating framework at Moonee Valley City Council

Moonee Valley City Council will apply the Capital Improved Valuation methodology in order to levy its rates. The table below outlines the current (Adopted Budget 2017/2018) rating framework. The property profile is the municipality identifies that some 94% of rateable properties are residential.

Differential Rating Category	Number	Percentage
Residential	52,497	93.69%
Non-Residential	3,500	6.25%
Cultural and Recreational rate	35	0.06%
Total Rateable Properties	56,032	

Council applies differential rating (versus uniform rating) whereby a different rate in the dollar is applied to different classes of property and are permitted if the Council uses a Capital Improved Value as the rating valuation base.

Council also applies a Municipal Charge to cover some of the administrative costs of the Council. This is a flat-rate charge applied to all properties.

Council utilises a service charge to fully recover the cost of the Waste collection service.

6. Determining which valuation base to use

As outlined, Council has three options regarding the valuation base it elects to use.

They are:

- **Capital Improved Valuation (CIV)** – Value of land and improvements upon the land
- **Site Valuation (SV)** – Value of land only
- **Net Annual Value (NAV)** – Rental valuation based on CIV. For residential and farm properties, NAV is calculated at 5 per cent of the Capital Improved Value. For commercial and industrial properties NAV is calculated as the greater of the estimated annual rental value or 5 per cent of the CIV.

6.1 Capital Improved Value

Capital Improved Valuation (CIV) is the most commonly used valuation base by Victorian Local Government with most Councils applying this methodology. CIV is based on the value of both land and all improvements on the land. It is easily understood by ratepayers as it is reflective of the general market value of the property as at the date of valuation.

Under the CIV method Councils also have the ability to apply differential rates.

Section 161 of the *Local Government Act 1989* provides that a Council may raise any general rates by the application of a differential rate if –

- a) It uses the capital improved value system of valuing land; and
- b) It considers that a differential rate will contribute to the equitable and efficient carrying out of its functions.

Where a Council does not utilise CIV, it may only apply limited differential rates in relation to farm land, urban farm land or residential use land.

Advantages of using Capital Improved Valuation (CIV)

- CIV includes all improvements, and hence is often supported on the basis that it more closely reflects “capacity to pay”. The CIV rating method takes into account the full development value of the property, and hence better meets the equity criteria than Site Value and NAV.

- The concept of the market value of property is far more easily understood with CIV rather than NAV or SV.
- The frequency of biennial general property valuations provides for a more reliable gauge of the general market values, resulting in a reduced level of objections.
- Most Councils in Victoria have now adopted CIV which makes it easier to compare relative movements in rates and valuations across councils.
- The use of CIV allows Council to apply differential rates which greatly adds to Council's ability to equitably distribute the rating burden based on ability to afford Council rates. CIV allows Council to apply higher rating differentials to the commercial and industrial sector that offset residential rates.
- The Fire Services Property Levy is calculated on the CIV and continued use of this reinforces the principle of calculating rates based on CIV.

Disadvantages of using CIV

- CIV may not necessarily reflect the income level of the property owner.

6.2 Site Value

Site Value, whilst an option, is no longer utilised by a Victorian Council. The implementation of Site Value in a Moonee Valley City Council context would cause a massive shift in rate burden properties with relatively small land components such as units and apartments to those on larger parcels of land such as houses.

Disadvantages in using Site Value

- There would be further movements of the rating burden away from modern townhouse style developments on relatively small land parcels to older established homes on the more typical quarter acre residential block.
- SV is a major burden on property owners that have large areas of land. Some of these owners may have much smaller/older dwellings compared to those who have smaller land areas but well developed dwellings - but will pay more in rates. A typical example is flat, units, townhouses which will all pay low rates compared to traditional housing styles.

- The use of SV can place pressure on Council to give concessions to categories of landowners on whom the rating burden is seen to fall. Large landowners are disadvantaged by the use of site value.
- SV will reduce Council's rating flexibility and options to deal with any rating inequities due to the removal of the ability to levy differential rates;
- The rate-paying community has greater difficulty in understanding the SV valuation on their rate notices and may cause confusion with State Revenue Office who levy land tax on site value
- The Fire Services Property Levy is calculated on the CIV and use of different valuations could also cause confusion as this levy is shown on the Rates Notice.

6.3 Net Annual Value

Net annual value, in concept, represents the annual rental value of a property. However, in practice, NAV is pegged to capital improved value for residential and farm properties. NAV is calculated directly as 5-10 per cent of CIV.

In contrast to the treatment of residential and farm land, Net Annual Value for commercial and industrial properties is assessed with regard to actual market rental. This differing treatment of commercial versus residential and farms has led to some suggestions that all properties should be valued on a rental basis.

Overall, the use of NAV is not supported. For residential ratepayers, actual rental values pose some problems. The artificial rental estimate used may not represent actual market value, and means the base is the same as CIV but is harder to understand.

In choosing a valuation base, councils must decide on whether they wish to adopt a differential rating system (different rates in the dollar for different property categories) or a uniform rating system (same rate in the dollar). If a council was to choose the former, under the Act it must adopt either of the CIV or NAV methods of rating

6.4 Summary

Moonee Valley City Council will apply Capital Improved Valuation as the valuation base for the following reasons:

- CIV is considered to be the closest approximation to an equitable basis for distribution of the rating burden.
- CIV provides Council with the option to levy a full range of differential rates if required. Limited differential rating is available under the other rating bases.
- It should be noted that most of the 79 Victorian Councils apply CIV as their rating base and as such, it has a wider community acceptance and understanding than the other rating bases.

Strategy Adoption

That Moonee Valley City Council will use the Capital Improved Value as the valuation methodology to levy Council rates.

7. Determining the Rating System-Uniform or Differential?

As highlighted in Section 4, Council may apply a uniform rate or differential rates to address the needs of the Council. They are quite different in application and have different administrative and appeal mechanisms that need to be taken into account.

7.1 Uniform rate

Section 160 of the Act stipulates that if a Council declares that general rates will be raised by the application of a uniform rate, the Council must specify a percentage as the uniform rate. Rates will be determined by multiplying that percentage by the value of the land.

A uniform rate will apply to the value of every rateable property within the municipality.

Council is not adopting uniform rates it has instead chosen to adopt a differential rating system.

7.2 Differential Rates

Moonee Valley adopts differential rating as it considers that differential rating contributes to the equitable distribution of the rating burden. Differential rating allows particular classes of properties to be assessed rates at different levels from the general rate set for the municipality. Differential rating allows Council to shift part of the rate burden from some groups of ratepayers to others, through different “rates in the dollar” for each class of property

Under the *Local Government Act 1989*, Council is entitled to apply differential rates **provided it uses Capital Improved Valuations** as its base for rating.

Section 161 outlines the regulations relating to differential rates. This section is outlined below.

- (1) A Council may raise any general rates by the application of a differential rate, if Council considers that the differential rate will contribute to the equitable and efficient carrying out of its functions.
- (2) If a Council declares a differential rate for any land, the Council must-

- a) Specify the objectives of the differential rate, which must be consistent with the equitable and efficient carrying out of the Councils functions and must include the following:
 - i. A definition of the types of classes of land which are subject to the rate and a statement of the reasons for the use and level of that rate.
 - ii. An identification of the type or classes of land which are subject to the rate in respect of the uses, geographic location (other than location on the basis of whether or not the land is within a specific ward in Councils district)
- b) Specify the characteristics of the land, which are the criteria for declaring the differential rate

The maximum differential allowed is no more than 4 times the lowest differential. This is important in the context for Councils who do apply differential rates and its restrictions between the lowest and highest differential rate.

Council in declaring the rate through the Annual Budget process, may also declare a differential rate for set classes of properties at higher or lower amounts than the general rate.

7.3 Advantages of a differential rating system

The perceived advantages of utilising a differential rating system are:

- There is greater flexibility to distribute the rate burden between all classes of property, and therefore link rates with the ability to pay and reflecting the tax deductibility of rates for commercial and industrial premises;
- Differential rating allows Council to better reflect the investment required by Council to establish infrastructure to meet the needs of the commercial and industrial sector;
- Allows Council to reflect the unique circumstances of some rating categories where the application of a uniform rate may create an inequitable outcome

- Allows Council discretion in the imposition of rates to facilitate and encourage appropriate development of its municipal district in the best interest of the community.

7.4 Disadvantages of Differential Rating

The perceived disadvantages in applying differential rating are:

- The justification of the differential rate can at times be difficult for the various rating groups to accept. Some rating categories may feel they are unfavourably treated because they are paying a higher level of rates than other ratepayer groups. This gives rise to queries, objections and complaints where the differentials may seem to be excessive;

Strategy Adoption
Council will continue to operate a differential rating system.

8. What differential rates will be applied?

8.1 Moonee Valley City Council's differential rates

Council's current (Adopted Budget 2017/18) differential rate categories.

Rate Category	Differential
Residential (general)	1.00
Cultural and Recreational Land	1.00 times the Residential Rate
Non - Residential	1.23 times the Residential Rate

8.2 Objective of the rate and characteristics

It is considered that each differential rate reflects relative contribution to the equitable and efficient carrying out of Council's functions. The following are the objectives of differential rates currently adopted for the different property types. Council's Residential Rate is the General Rate.

Residential Land Rate – Also referred to as the General Rate, this differential captures some 94% of all rateable properties within the municipality. This differential applies to residential property and vacant residential land including houses, flats, units and apartments.

Cultural and Recreational Land Rate – The provision of rate relief to recreational land is provided by the *Cultural and Recreational Lands Act 1963*. This Act effectively provides for properties used for outdoor activities to be differentially rated unless it involves land that is being leased from a private landowner. The discretion of whether to provide a cultural and recreational lands rate rests with Council.

In 2015/16 Council increased the rebate for Category 1 Cultural and Recreational Lands from 60% to 95%. This was greatly received by the community and sporting groups. Category 2 Cultural and Recreational Lands receive no rebate as these properties are licensed gaming venues and derive significant income from these activities. Refer **Appendix A** for list of C&RL properties.

Non-Residential Rate – The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of

carrying out the functions of Council, include the construction and maintenance of infrastructure assets the development and provision of health and community services and the provision of general support services.

Given the tax deductibility of rates for businesses, the extent of use of the council's infrastructure by business, especially the road network and the benefit businesses derive from footpath and streetscape improvements, it is desirable to retain this non-residential rate.

Strategy Adoption
<ul style="list-style-type: none">• Council will apply differential rates for Residential Land, Cultural and Recreational Land, and Non-Residential Land• Council will continue to provide a 95% discount on the Cultural and Recreational Land Rate for all Category 1 Cultural and Recreational Land Properties

9. Understanding the impacts of Council Revaluations

Under the requirements of the Act Council is required to conduct revaluations of all properties every two years. For 2019 revaluation and beyond, valuations will be conducted annually.

There is a common misconception that if a property's valuation rises then Council receives a "windfall gain" with additional income. Unlike State Land Tax, this is not so as the revaluation process results in a redistribution of the rate burden across all properties in the municipality. Any increase to total valuations of the municipality is offset by a reduction to the rate in dollar (ad valorem rate) used to calculate the rate for each property.

Strategy Adoption
That Council acknowledge the impact future statutory annual general property revaluations may have on individual ratepayers.

10. Special Rates & Charges

Special rates and charges are covered under Section 163 of the Act which enables Council to declare a special rate or charge or a combination of both for the purposes of

- Defraying any expenses; or
- Repaying with interest any advance made or debt incurred or loan raised by Council.

In relation to the performance of a function or the exercise of a power of the Council, if the Council considers that the performance of the function or the exercise of the power is or will be of special benefit to the persons required to pay the special rate or special charge.

There are detailed procedural requirements that Council needs to follow to introduce a special rate or charge, including how Council can apply funds derived from this source.

Section 185 of the Act provides appeal rights to VCAT in relation to the imposition of a special rate or charge. The Tribunal has wide powers, which could affect the viability of the special rate or charge. It can set the rate or charge completely aside if it is satisfied that certain criteria are not met. Council should be particularly mindful of the issue of proving that special benefit exists to those that are being levied the rate or charge.

Differential rates are much simpler to introduce and less subject to challenge. There may be instances however where a special charge is desirable if raising the levy by use of CIV is not equitable.

Special rates for retail associations have been in place for several years and assist in delivering the business development and employment strategies within the particular business district. The special rate schemes are reviewed and approved by Council periodically.

Special rates are currently in place for:

- Moonee Ponds Business District
- Flemington Business District
- Union Road Business District
- Niddrie Business District

The special rates collected from the businesses operating in these shopping centres/ business districts are utilised for projects endorsed by business district retail associations and provided to Council.

Special rates schemes are reviewed at their expiry and not during the budget process. Special charges are subject to consultation and resolution of Council for a charge to declare.

Strategy Adoption

That Council use special rates and charges in instances that fit the following circumstances:

- Funding of narrowly defined capital projects (e.g. streetscape works) where special benefit can be shown to exist to a grouping of property owners
- Raising funds for a dedicated purpose where the use of CIV is not the most equitable method of calculating property owner contributions.
- Covering the cost of an expense relating to a specific group of ratepayers (e.g. Business precincts)

11. Municipal Charge

Under Section 159 of Act, Council may declare a municipal charge to cover some of the administrative costs of the council. The legislation is not definitive on what comprises administrative costs and does not require Council to specify what is covered by the charge.

A Council's total revenue from a municipal charge in a financial year must not exceed 20 per cent of the combined sum total of the Council's total revenue from the municipal charge and general rates.

The application of a municipal charge represents a choice to raise a portion of the rates by a flat fee for all properties, rather than sole use of the CIV valuation method.

The arguments in favour of a municipal charge are similar to waste charges. They apply equally to all properties and are based upon the recovery of a fixed cost of providing administrative services irrespective of valuation. The same contribution amount per assessment to cover a portion of Council's administrative costs can be seen as an equitable method of recovering these costs.

The argument against a municipal charge is that this charge is regressive in nature and would result in lower valued properties paying higher overall rates and charges than they would if it was removed. The equity objective in levying rates against property values is reduced by using a municipal charge as it is levied uniformly across all assessments.

Strategy Adoption
That Council maintain a Municipal Charge as part of its rating strategy and review the level of the Municipal Charge annually.

12. Service Rates and Charges

Section 162 of *the Local Government Act 1989* provides Council with the opportunity to raise service rates and charges for any of the following services:

- a) The provision of a water supply;
- b) The collection and disposal of refuse;
- c) The provision of sewerage services;
- d) Any other prescribed service.

Moonee Valley City Council currently applies a Service Charge for the collection and disposal of refuse on properties that fall within the collection area. Council retains the objective of setting the Service charge for waste at a level that fully recovers the cost of the waste function.

The advantages of the garbage charge is that it is readily understood and accepted by residents as a fee for a direct service. It further provides equity in the rating system in that all residents who receive exactly the same service level all pay an equivalent amount. No charge is levied against those properties not receiving this service.

Each property receiving a Council collection service is currently charged depending on the service utilised:

- A 120L or 240L General waste bin and or A 120L or 240L recycling bin
- A 240L General waste bin for Non-Residential industrial /Commercial properties
- A 240L Green Waste service for non-pensioners and a discounted service for pensioners

The service charge also funds hard waste collection (where available), street and beach cleaning, litter bins, kerbside recycling, the State Government landfill contribution levy and waste education programs.

Strategy Adoption
That Council continues to apply a Waste Service charge as part of its rating strategy based on full cost recovery of the waste function, levied on properties receiving a Council waste collection service.

13. Rebates

A rebate is a mechanism through which a targeted group receives a discount or concession to achieve certain objectives. Essentially rebates are funded through the general rate pool. More specifically, the amount required to fund the rebate is calculated and is incorporated into the total rates and charges requirement. For transparency, the amount of any rebate or concession funded by ratepayers should be declared on an annual basis.

Council may grant rebates or concessions in accordance with the section 169 of the Act to assist the proper development of the municipality, to preserve, maintain and restore historical, environmental, architectural or scientific buildings or places of interest important within and to the municipality, or to generally assist the proper development of all or part of the municipality. Generally conditions or undertakings are required and if not met require the rebate or concession to be repaid in part or full as the case may be.

In 2009 the Local Government Act was amended to allow councils to provide rebates to support the provision of affordable housing by a registered agency.

Pensioner Concessions

Holders of a Centrelink or Veteran Affairs Pensioner Concession card, or a Veteran Affairs Gold Card which stipulates War Widow or TPI (excluding Centrelink and DVA Health Care and other DVA cards) may claim a concession on their sole or principle place of residence.

This government funded concession is provided under the Municipal Rates Concession Scheme. The level of concession for 2015/2016 is \$213.00, or 50% of total rates and charges, whichever is less. Upon initial application, ongoing eligibility is maintained unless rejected by Centrelink or the Department of Veterans Affairs during Council's regular verification process. Upon acceptance, the concession is deducted from the rate account before payment by the ratepayer. The State Department of Health and Human Services sets the regulations by which retrospective applications are assessed and granted.

In addition to the State Government Pensioner Rebate, Council introduced a council funded rebate on rates For 2015/2016, this rebate was \$20.00.

In addition to a rates concession, a concession for eligible pensioners is also provided for the Fire Services Property Levy (FSPL). Council is responsible for the collection and remittance of this levy to the State Revenue Office in

accordance with the *Fires Services Property Levy Act 2012*. For 2015/2016, the FSPL concession was \$50.00.

Strategy Adoption
That Council continue to provide a rebate of \$20.00 for each eligible state government pensioner.

14. Rate Payment Options

Statutory payment Options

There are two options available under the Act for Council to set payment dates. The first is mandatory and provides four instalments at the end of September, November, February and May each year. Under this approach, residents can elect to advance pay instalments at any point in order to opt out of the instalment dates. The second is an option of a lump sum payment (which by law is set on the 15 February of each year).

Under both payment options, if the due date for payment is missed, legislation allows Council to backdate the interest charge on each of the overdue instalment amounts from their original due dates.

In 2013/14 Council elected to remove the payment in full option opting to provide quarterly instalments only.

Offering of an early payment incentive

The Act provides that incentives for prompt payment may be offered. Discount for early payment should be based on cash flow benefit to council.

Council does not offer incentives for prompt payment primarily as

- It would only benefit cash rich ratepayers;
- Council already provides a number of payment options and methods making it easy for ratepayers to pay their rates; and
- It would be administratively cumbersome and costly.

Strategy Adoption
That Council does not introduce an incentive for prompt payments.

15. Collections

15.1 Liability to Pay Rates

The owner of the land is liable to pay the rates and charges on that land. In certain cases, the occupier, mortgagee or licensee holder is liable to pay rates. In accordance with the Act, rates and charges, unpaid interest and/or costs are a first charge upon the land and are due and payable on the sale or transfer of the property.

15.2 Electronic Notices

Council encourages the electronic distribution of rate notices and promotes online payments.

Ratepayers can elect to receive their rate notice electronically via email.

15.3 Debt Recovery – Collection of overdue Rates

Council makes every effort to contact ratepayers at their correct address but it is the ratepayers' responsibility to properly advise Council of their contact details. Amendments to the *Local Government Act 1989* require the buyer of property, or their agents (e.g. Solicitors) to notify Council by way of notice of acquisition.

In the event that an account becomes overdue, Council has established Debt Collection procedures for the issue of an overdue final notice which may include interest.

If an amount payable by way of rates in respect to land has been in arrears for three years or more, Council may sell the land in accordance with section 181 of the Act.

15.4 Financial Hardship

Council has a Hardship Policy in place to provide assistance to ratepayers experiencing difficulty in paying their rates and charges. Council does not waive rates and charges levied on a property. Council assesses each case on its merits when considering assistance.