



AGENDA  
of the  
SPECIAL MEETING OF COUNCIL  
To be held on  
WEDNESDAY 11 MARCH 2015  
in the  
ALEXANDRA CHAMBERS  
commencing at  
6.00 pm

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**1. PRAYER, OATH & RECONCILIATION STATEMENT****2. APOLOGIES AND REQUESTS FOR LEAVE OF ABSENCE**

REF: SF/306

**3. DISCLOSURES OF INTEREST OR CONFLICT OF INTEREST**

REF: SF/783

**4. PUBLIC PARTICIPATION TIME****4.1 QUESTIONS OF COUNCIL**

As this is a special meeting to hear submissions to the Draft Rating Strategy, there will be no questions of Council.

**4.2 HEARING OF SUBMISSIONS****5. OFFICER REPORT****5.1 RATING STRATEGY 2015-2019 – CONSIDERATION OF SUBMISSIONS**

REF: Summary of Submission – Rating Strategy (15/1488)

***Purpose:***

This report presents the written submissions received during the Rating Strategy 2015 exhibition period. It is proposed that the Council receive the written Draft Rating Strategy 2015 submissions and hear any person wishing to speak in support of their written submission.

***Recommendation:*****That the Council:**

- 1. Receive and note the submissions in response to the public advertisement of the Draft Rating Strategy 2015; and**
- 2. Consider the Draft Rating Strategy 2015 and the subsequent public submissions received.**

***Background:***

As detailed at the January 2015 Ordinary Meeting of Council, a number of reports prepared by the Victorian Auditor General's Office have in recent years highlighted the need for greater clarity on rating practices undertaken by Councils across the State.

In 2012 Council commenced a review of the structure of Council's existing 2009 Rating Strategy in order to investigate options that could be adopted to better address Council's revenue requirements, whilst ensuring an equitable distribution of the rate burden.

In considering these options Council has investigated the possible introduction of a differential rate for vacant developable land within residential, commercial and industrial planning zones within the Shire, as an incentive to encourage development. Council has also considered the introduction of a differential rate for developed commercial/industrial land to provide for a more equitable distribution of the rate burden across the rate base.

Council officers have undertaken extensive analysis of these options over the last 12 months in the development of this recommended strategy, to ensure that the new structure addresses Council's overall strategic objectives and to ensure compliance with the *Act* and Ministerial Guidelines.

As highlighted in Council's recent budgets, annual reports and the Council Plan 2013-2017, Murrindindi Shire continues to be challenged in its recovery from the tragic events of the 2009 Bushfires. The population and number of rateable properties in Murrindindi Shire have not recovered to levels prior to those of February 2009. Furthermore, the additional maintenance, operational, depreciation and insurances costs of the new and enhanced assets gifted to the Council through the Victorian Bushfire Reconstruction & Recovery Authority continues to have a significant impact on the long term financial sustainability of Council.

In taking a responsible approach to its forward financial planning, Council has been indicating to all ratepayers and residents over the last 12 months via a variety of communications methods, that it would be necessary to evaluate a range of potential measures that might be applied to ensure Council's future financial sustainability. The Rating Strategy is one such measure that aims to address part of the challenging task that faces Council at present.

***Council Plan/Strategies:***

This report is consistent with the Council Plan 2013-2017 theme of Financial Sustainability. A key strategy for this theme is to continue to promote an equitable rating strategy for all ratepayers.

The key strategic goal, Our Council, includes an objective to deliver financial sustainability to

- Grow our rate base through diligent planning.
- Provide value for money through the delivery of long term financial plans.
- Promote an equitable rating strategy for all ratepayers.

2014-2015 Actions within the Council Plan include:

- Develop and coordinate a master plan for growing the rates base.
- Complete and implement the Council's Rating Strategy.
- Complete the alignment of the Council's Planning Zones with the rating system

***Legal/Policy Issues:***

The statutory requirements with respect to the administration of Council's Rating practices are outlined in *Sections 3(C)* and *Sections 154-185* of the *Local Government Act (1989)*.

The development and adoption of a Rating Strategy will assist in the development of the

2015/16 Budget and Strategic Resource Plan which are statutory requirements of the *Local Government Act (1989)*.

The new Local Government Performance Reporting Framework also requires Council to have a current Rating Strategy in order to satisfy Indicator 6 on the Governance and Management Checklist.

New Ministerial regulations concerning differential rating were published in April 2013 that provided greater clarity regarding the objectives and suitability of differential rating for Council's to consider when developing their respective rating strategies.

### ***Financial/Resources/Risk***

There is a provision of \$20,000 within the 2014/15 Annual Budget to allow for the alignment of rating and planning categories within Council's databases which will be required to successfully facilitate the introduction of further differential rating options.

The outcomes of the Rating Strategy, once adopted by Council, will form a key component in the preparation of Council's Annual Budget for 2015-16, and the Strategic Resource Plan which enables the outcomes of the Council Plan 2013-17 to be achieved.

### ***Discussion:***

#### **Submissions Received**

Following the release of the draft Rating Strategy for public consultation at the 28 January 2015 Ordinary Meeting of Council, a total of 46 formal submissions were received to be considered by Council from 42 individual submitters. Two submissions were from anonymous parties.

Due to the inclusion of personal information and commercially sensitive information within the majority of submissions, the full details of written submissions will not be made publicly available. However, Councillors have been provided with copies of all written submissions received.

The majority of submissions received raised queries concerned with the introduction of two new classes of differential rating, being the proposed 125% differential rate for Commercial / Industrial properties, and the proposed 150% differential rate for Vacant Land.

A full summary of submissions is attached to this report, with the key points summarised in turn below:

#### **Commercial / Industrial differential rate:**

The majority of submissions received by Council are from business owners within the Shire and raise a number of objections to the proposed introduction of a differential rate for commercial / industrial properties.

The following key points and issues raised in written submissions directly relevant to the introduction of a differential rate for commercial / industrial properties include:

- That the proposed introduction of the commercial differential rate is above CPI levels;
- That the current economic climate is difficult for businesses across the Shire, particularly those that are in retail;
- That economic activity has decreased since the 2009 bushfires and, like the Shire's ability to generate revenue, is yet to recover to pre-bushfire levels;
- That Council valuations of the capital improved value of businesses in the Shire is

“spurious” or “above-market”

- That the proposed increase is counter-productive by discouraging new investment in the commercial sector;
- Council should encourage business in towns and shire by incentives rather than penalties;
- That Council should increase services to generate competition and attractive businesses, including shops and facilities to encourage visitors to the Shire, many of whom may wish to become permanent residents if they are suitably impressed;
- That a differential rate for commercial businesses is not equitable and that there should be no differential between any property classes;
- Those businesses within the Shire provide employment for local people and good shopping experiences which attracts and maintains tourism. Rates should be spread over all rate payers that use the services, residential clients more so;
- That rate rises will cause businesses to seriously reconsider their longer term business goals as with other increasing costs (electricity, licence fees and other services charges) will need to have to assess the viability of continuing our current business form;
- That the differential approach to rating will not be equitable where a business is run from private residential properties and/or Rural 2 properties;
- Such large increases are seen as a serious impediment to the recovery of business and are a disincentive to further invest in the area and to create jobs;
- That Council has not provided the necessary justification for setting the differential rate at a higher level for commercial and industrial properties;
- That Commercial property valuations usually attract a higher rate per square metre than other forms of properties, sometimes given their capital improvements, and a perceived ability to pay, and therefore, already pay a premium over residential and other types of rateable properties;
- That the introduction of differential rating does not align with Council’s strategies for economic development and growth;
- That the proposed rate structure change should be more broadly based and not targeted on the commercial sector alone;
- That the current proposal does not fully address Council’s funding shortfall and therefore is not appropriate;
- That the rating strategy, if adopted in its current form, may lead to businesses reducing the hours of employment of staff, the reduction in employment altogether, the reduction in support for community programs and sponsorship and higher prices of goods and services;
- That by proposing this strategy, Council is sending a clear signal to local businesses that it does not understand or does not care about the difficulties local businesses are going through;
- That it is inappropriate for Council to compare the proposed rate for commercial / industrial properties to other councils, as conditions are different elsewhere;

In addition to the objections received by business owners, a number of submissions in support of the introduction of this differential rate were received, highlighting that the principle behind the introduction of this rating structure is sound. It was also suggested that the differential rate for commercial and industrial property owners could be higher, and whilst anticipated that many commercial properties will object to the 125%, these properties must appreciate the rate inequities that currently exist and unless viable equitable solutions are forthcoming, they must accept change. The longer these inequities occur, the harder they will be to correct.

**Vacant Land differential rate:**

A number of submissions received by Council related exclusively to the proposed introduction of a differential rate for vacant land.

The following key points and issues raised in written submissions directly relevant to the

introduction of a differential rate for vacant land include:

- Encouraging property owners to develop vacant land identified by Council as suitable for development could well accelerate some landowners into inappropriate and ill-considered projects and/or designs;
- That landowners may not simply acquire or hold land for the purpose of future investment without developing. Deceased estates, inadequate funds, familial issues are just some non-investment issues;
- The process of the sale of land within the Shire can be a slow process, with sales sometimes taking many months;
- Council should give consideration for vacant land that was effected by the 2009 bushfires and exclude it from any differential rate calculations;
- Increasing rate payments on vacant land may not be an incentive to build; it could be an incentive to sell or only to buy developed property if affordable;
- That vacant land doesn't require any Council services and therefore should not pay a premium rate;
- That some vacant land has flood management, or bushfire management overlays that could inhibit development

**Other comments & suggestions:**

Many submissions acknowledged the financial situation faced by Council, and the impact that the circumstances of the 2009 bushfires played in requiring Council to comprehensively review its financial planning for the future, and that Council was facing an unenviable and difficult task in developing outcomes to address this problem.

In addition to the suggestions that are summarised above that relate to the introduction of differential rates for commercial / industrial properties and vacant land, other comments and suggestions raised by members of the community include:

- That Council's rating strategy should be aligned with its economic development strategy to encourage growth and development of the commercial sector;
- That Council's rating strategy should be aligned with its environment strategy to acknowledge the importance of biodiversity and native vegetation;
- That Council should have written to all ratepayers about the rate strategy review;
- That all assessments are charged a combined waste levy, without a separate charge for recycling;
- That instead of introducing further differential rating categories, Council could elect to increase the rate rise across all assessments (by between 0.2% and 1.0%);
- That Council create a separate charge on rating notices entitled "2009 Bushfire Infrastructure Costs" to enable to community to understand the specific contribution from rates that is required to meet these costs that Council now face;
- That any proposed introduction of differential rating is staggered over a 3 to 5 year period;
- That Rural 1 properties should not be receiving a discount (or such a large discount) if the Shire is currently facing financial difficulties;
- That Rural 1 properties should receive an increase in the discount that it receives;
- That a further category of rural rating should be considered to provide additional rating discounts to large farm owners;
- That a differential rate be introduced for residential properties above the general rate;
- That rates are too high in general;
- That Council should consider other measures before attempting any changes to rates;
- That Council could achieve its required financial outcomes by "reducing staff levels" or "reducing consultants" or "selling infrastructure".

**Consultation:**

Initial extensive community consultation was undertaken by Council during the development and finalisation of the independent consultant's report into Council's rating options in 2012.

In accordance with S223 of the *Local Government Act*, the proposed Rating Strategy was made available for inspection at its offices and on its website for a period of at least 28 days, and submissions invited from members of the public. The Rating Strategy was formally advertised in the following publications from 2 February 2015, with written submissions called for by 5.00pm on Thursday 5 March 2015.

<b>Newspaper / Other</b>	<b>Publishing Date(s)</b>
<b>Newspaper:</b>	
<b>Alexandra Standard</b>	4 February 2015
<b>Yea Chronicle</b>	4 February 2015
<b>Marysville Triangle</b>	5 February 2015
<b>North Central Review</b>	3 February 2015
<b>Website:</b>	2 February 2015
<b>Copies at Council offices: Alexandra, Kinglake, Yea and also Eildon Resource Centre and Marysville Visitor Information Centre</b>	

Council was also requested to attend a number of public meetings with various representatives of business and community groups that were held in Alexandra and Yea. These sessions were attended by around 120 people, including ratepayers and a number of Councillors and Council officers.

**Conclusion:**

The adoption of a new Council strategy with regard to rates will provide clearer understanding to the community about Council's objectives for raising revenue through rates, as well as better define the parameters that Council will use to collect and manage its rates revenue.

It is proposed that public submissions be heard by the Council to assist its deliberations regarding what is considered an equitable distribution of the rate burden.

The community's contribution in submissions relating to the Draft Rating Strategy and attendance at public information sessions is acknowledged and appreciated.

**6. CONFIDENTIAL ITEMS**

Should any confidential items be considered, the meeting is to be closed to members of the public as the discussion of this item is confidential pursuant to (Section 89(2)(h) of the *Local Government Act 1989*) - any other matter which the Council or special committee considers would prejudice the Council or any person.