

Media Release



31 December 2020 / Media contact: Liddy Clark 0403 542 411

Local Government Rate Review Welcomed

The VLGA welcomes the release of the Local Government Rating System Review. There are a number of elements mentioned in the review report that were subject of the submission by the VLGA.

The VLGA applauds the recommendation that rates be defined in the *Local Government Act 2020* as a form of tax. We believe the sector has been hamstrung by lingering perceptions in some quarters that rates represent 'fees for service'.

In its submission the VLGA highlighted the need for a different rating system for rural councils and this report goes to lengths to address issues for rural councils. A number of inequities in the current rating system include the impact of property market volatility on rates in addition to the access to services between rural and metropolitan areas. It is recognised that there is a disproportionate infrastructure burden carried by rural councils with small rate bases.

The report does not contain recommendations that will overcome all the imbalances. The VLGA considers that the adequacy and equity of rates, charges and other income sources available to rural councils in particular, requires further structural review. We hope that in coming years the application of the Integrated Strategic Planning and Reporting Framework under the new Act will provide further evidence of this need.

The VLGA supports initiatives to raise the transparency of rating strategies. The VLGA submission pointed to strategic risks and the role of audit and risk committees. The publication of revenue and rating strategies and the mechanisms associated with differential rates, will assist in raising community understanding that rates are a 'zero sum game' and highlight the rate in the dollar for any category of ratepayers needs to be considered in relation to the consequences for other categories.

We support Recommendations 38-41 in relation to power generators and lands rated under the *Cultural and Recreational Lands Act 1963*. However, we believe that further opportunities exist to expand categories of rateable property and request that government remain open to further action on this front.

The VLGA strongly supports further engagement with Traditional Owners on rating as noted in Recommendation 26. We see opportunities to incorporate impacts of property rates and charges into discussions around achievement of initiatives under the *Victorian Aboriginal and Local Government Action Plan* in a way that delivers positive outcomes for Traditional Owners and the wider community.

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We were pleased to note that the report responded to calls by the VLGA for clarity around financial hardship.

In its submission the VLGA also sought support from the state government in the development of explanatory materials. This would be assisted by Recommendation 45 for a standardised, more explanatory, format for rate notices. The conclusion of the report called for a more collaborative approach between state and local government sectors. This would be supported by collaborative work between the parties on the development and publication of the materials.

ENDS:

Please attribute to VLGA Chief Executive Officer Kathryn Arndt

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<https://engage.vic.gov.au/rating-review>.