

8.2 REVALUATION OF PROPERTIES IN THE CITY OF MONASH

Submitting Councillor: Cr Lake

NOTICE OF MOTION

That Council:

1. *notes the attached correspondence sent by the Mayor on behalf of Council and Monash ratepayers to the Minister for Local Government and the Premier in response to the Urgent Business item unanimously passed at the Council meeting held on 5 August 2008; and*
2. *notes that Council officers are preparing a discussion paper on Council's available options to offer rate relief for pensioners and other ratepayers who meet a 'hardship' criteria.*

BACKGROUND

At its ordinary meeting of the 5 August Council considered an item of Urgent Business introduced by myself that Council note with concern the significant financial impact on some ratepayers arising from the recent revaluations of properties in the municipality.

The Council resolved to direct the Mayor to write on behalf of Council and Monash ratepayers to the Minister for Local Government and the Premier:

- (a) expressing Council's concern that the current legislative council rating framework is inflexible, arbitrary, archaic, unfair and unjust because of the significant increases and decreases from one year to the next resulting for many ratepayers following a revaluation;
- (b) requesting that the State Government reviews the Council rating framework and the current mandated approach to revaluations;
- (c) requesting that the State Government gives consideration to capping the level of increase and decrease in individual rate assessments arising as a result of a revaluation; and
- (d) requesting that the Premier raises local government rating policy at COAG for key emphasis and inclusion in the Rudd Government's review of taxation led by Ken Henry.

A copy of the letters sent by the Mayor to the Premier and Minister for Local Government are attached to this report for information.

DISCUSSION

Council has received a number of calls and letters from concerned ratepayers, in particular pensioners on limited fixed incomes, expressing concerns about the recent fluctuations in their rates caused by the revaluation of properties. Although the recent revaluation has not altered the amount of rates collected by Council (i.e. there is no financial windfall for Council), it has

changed the apportionment of rates paid between ratepayers and this has resulted in some rate assessments increasing while others have decreased.

Council has written to the Premier and Minister for Local Government seeking the Victorian Government's support to review the revaluation legislative framework in order to address the effects on those ratepayers who have received a significant rate increase. We are now waiting for their response.

In the meantime, while Council is powerless to influence the outcome of the revaluation process under the *Valuation of Land Act 1960*, there may be limited opportunities for Council to consider options available under the *Local Government Act 1989* (the LGA) in order to provide some relief to pensioners and other ratepayers accepted as being under financial 'hardship'.

Council can waive the whole or part of interest referable to a rate or charge under section 171(1) of the LGA. By using this mechanism, Council can impose an interest rate which is less than the rate fixed under section 2 of the *Penalty Interest Rates Act 1983* (currently 12%) for rates paid after the statutory due date

Council can also give consideration to ratepayers who are under financial hardship and who make an application to defer the payment of their rates or charges under section 170(1) of the LGA. This provision is only available when a ratepayer makes an application and is considered by Council to be experiencing significant financial hardship.

It is appropriate that Council consider and investigate how these provisions may be able to be used to offer some rate relief to pensioners and other ratepayers in financial hardship. For example, there may be an opportunity for Council to offer a deferred rate payment scheme based on a low interest rate which is at, or slightly above, the prevailing inflation rate and which does not require payment until a property is sold.

It is both prudent and necessary for Council to analyse the wider implications for both ratepayers and Council of providing any alternative rate payment arrangements. It is intended that the discussion paper currently being prepared will assist these considerations and will guide future decisions by Council in this area.