

## 3.2 REVIEW OF COUNCIL RATING STRATEGY

(FIN 76:MK: DW)

Responsible Officer: Chief Executive Officer

### ***RECOMMENDATION***

*It is recommended that Council:*

- *Conducts a review of Council's Rating Strategy to enable any agreed changes to the Rating System to occur in the 2010/11 financial year*
- *Notes the engagement of MacroPlan Australia Pty Ltd to assist in the conduct of the review;*
- *Determines the appropriate consultation processes to be undertaken that ensures robust community debate and input following consideration of the findings of the initial stages of the review.*

### ***INTRODUCTION***

A Notice of Motion was presented at the 16 December 2008 Council meeting recommending a review of the Monash rating system and directing the CEO to prepare a report for consideration at the Council meeting on 27 January 2009 to:

- a) recommend the scope and method for the review;
- b) provide options on the timing of the review and for the implementation of any changes;
- c) provide recommendations on the community consultation process to be undertaken by the Council as part of the review;
- d) provide options on any external resources that could be engaged to assist with the review; and
- e) provide estimates of the costs of the review.

### ***BACKGROUND***

The last review of the rating system was undertaken in 2003/4 by Council, based on information provided by MacroPlan Australia Pty Ltd (MacroPlan) who undertook a detailed analysis of the basis for rating in Monash and the impact of any change from Site Value (SV) to an alternative rating basis within the confines of the Local Government Act 1989 (The Act). At that time, Council did not proceed further with any change to the current system.

As part of the planned three yearly review of Council's current Rating Strategy, MacroPlan were engaged in November 2008 to prepare a new Rating Strategy Paper for Council consideration. This action was taken to provide early information to Council on rating issues to provide Council with the opportunity to

change the rating system for the 2009/10 year should it decide to do so. This work is currently underway and addresses, in a preliminary sense, the issues raised in the Council resolution of 16 December 2008.

MacroPlan has extensive experience in advising Councils on rating issues and due to their local government expertise and good working knowledge of Monash, are well placed to provide a comprehensive review.

### ***TIMING/CONSULTATION/IMPLEMENTATION***

#### **Analysis/Modelling**

Council will need sufficient time to comprehensively consider all the issues associated with various options available to it in order to determine whether and in what form, changes to the rating system should be made, including guidance as to any proposed legislative change that Council could consider for recommendation to the State Government. It is expected that considerable interaction will be required among Councillors, officers and the consultant in order that the issues are properly canvassed and modelling of the impact of proposed changes is undertaken.

It is expected that preliminary information could be available from MacroPlan in February 2009 to enable the review process to commence. The range of options Council wishes to consider will largely determine the timeframe needed for this process.

#### **Consultation**

Should Council agree to further consider a change to the rating system, it will need to conduct a robust consultation process and to ensure appropriate time is provided for debate and input by the community. As a minimum, community consultation will include the requirement of the Local Government Act 1989 S157 ensuring public notice of the decision to change and consideration of submissions lodged by the public. However, depending on the breadth of options for change Council is prepared to consider, wider communication and consultation may be appropriate, e.g. public information sessions, seeking initial submissions, development of a draft proposal, direct communication with all individual ratepayers and utilisation of the web-site.

#### **Timing of Implementation of Changes**

There are two options for Council to consider for the timing of the implementation of any change, viz

- non-revaluation year (2009/10 or 2011/12)
- revaluation year (2010/11)

with any decision being formalised in June of the year preceding implementation.

In a non-revaluation year, the impact of the changed rating system on rates bills is clear and not skewed by any change in relative property valuations. Communication with individual ratepayers would be able to accurately forecast the comparative impact of the change on each specific rates bill from one year to the next. However, this perceived advantage would be eroded if Council determined to alter the system after the direct communication with ratepayers.

In a revaluation year, it is not possible to accurately advise ratepayers in advance of the quantum of the change in rates for individual properties from one year to the next as a direct result of the changed rating system. However, it would appear that the community has difficulty in understanding the effects of the biennial property revaluations and it may be preferable to consolidate the impacts of changes to the rating system and property revaluation to one year. In this scenario, communication of the impacts of the changed system would rely on "typical" and "representative" property data, rather than specific individual property rates information. Delaying the consultation process until after the property revaluations are confirmed is not an option as finalisation of the revaluation data would be too late (June) to implement the change in that year.

Consideration of each of the options described above indicates that there are both advantages and disadvantages to each of the proposed timeframes, however importantly it is appropriate that there be adequate time given to consultation with the community on any proposed change to allow for community input and debate. It is therefore appropriate that should council propose a change in the rating system that this occurs in the 2010/11 financial year.

### ***FINANCIAL IMPLICATIONS***

It is expected that the current engagement of MacroPlan for the conduct of research and analysis, development of a report and presentation to Council of the findings and options available will cost approximately \$50,000. This amount has been provided for in the 2008/09 budget for a review of the Rating Strategy.

Further costs will be incurred depending on the level and timing of consultation proposed to be undertaken, e.g. costs of a direct mail-out to all ratepayers, public information sessions. However, some economies could be achieved if, for example, communication regarding changes is co-incident with the issuing of rate notices.

### ***CONCLUSION***

It is appropriate for Council to progress the review of Council's Rating Strategy utilising MacroPlan for the provision of expert analysis and advice on all relevant rating issues.

The preferred timeframe for implementation of any proposed changes to the rating system is 2010/11 to enable appropriate time for robust community debate and input. This strategic decision would then enable a project plan to be prepared including consultation and communication processes, staged project milestones and budget.