

AGENDA

FOR THE
GREATER SHEPPARTON CITY COUNCIL

SPECIAL COUNCIL MEETING

TO BE HELD ON
TUESDAY 23 APRIL, 2013
AT 5.30PM

IN THE COUNCIL BOARD ROOM

COUNCILLORS:

Cr Jenny Houlihan (Mayor)
Cr Les Oroszvary (Deputy Mayor)
Cr Milvan Muto
Cr Dennis Patterson
Cr Michael Polan
Cr Kevin Ryan
Cr Fern Summer

VISION

GREATER SHEPPARTON
AS THE FOOD BOWL OF AUSTRALIA,
A SUSTAINABLE, INNOVATIVE
AND DIVERSE COMMUNITY
GREATER FUTURE

**A G E N D A
FOR THE
SPECIAL COUNCIL MEETING
TO BE HELD ON
TUESDAY 23 APRIL, 2013 AT 5.30PM**

**CHAIR
CR GEOFF DOBSON**

INDEX

| | |
|--|----------|
| 1. ACKNOWLEDGEMENT | 1 |
| 2. APOLOGIES | 1 |
| 3. MANAGEMENT REPORTS FROM THE BUSINESS DIRECTORATE | 2 |
| 3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions..... | 2 |
| 3.2 Designation of Confidentiality of Information - Report Attachments..... | 13 |

RISK LEVEL MATRIX LEGEND

Note: A number of reports in this agenda include a section on “risk management implications”. The following table shows the legend to the codes used in the reports.

| Likelihood | Consequences | | | | |
|---|-------------------|---------------|-----------------|--------------|---------------------|
| | Negligible (5) | Minor (4) | Moderate (3) | Major (2) | Catastrophic (1) |
| Almost Certain (A) Event expected to occur several times per year (i.e. Weekly) | Low | Moderate | High | Extreme | Extreme |
| Likely (B) Will probably occur at some stage based on evidence of previous incidents (i.e. Monthly) | Low | Moderate | Moderate | High | Extreme |
| Possible (C) Not generally expected to occur but may under specific circumstances (i.e. Yearly) | Low | Low | Moderate | High | High |
| Unlikely (D) Conceivable but not likely to occur under normal operations (i.e. 5-10 year period) | Insignificant | Low | Moderate | Moderate | High |
| Rare (E) Only ever occurs under exceptional circumstances (i.e. +10 years) | Insignificant | Insignificant | Low | Moderate | High |

Extreme CEO's attention immediately required. Possibly avoid undertaking the activity OR implement new controls

High Director's attention required. Consider suspending or ending activity OR implement additional controls

Moderate Manager's attention required. Ensure that controls are in place and operating and management responsibility is agreed

Low Operational, manage through usual procedures and accountabilities

Insignificant Operational, add treatments where appropriate

PRESENT:

1. ACKNOWLEDGEMENT

“We the Greater Shepparton City Council, begin today’s meeting by acknowledging the traditional owners of the land which now comprises Greater Shepparton. We pay respect to their tribal elders, we celebrate their continuing culture, and we acknowledge the memory of their ancestors.”

2. APOLOGIES

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions

Disclosures of conflicts of interest in relation to advice provided in this report

Under section 80C of the *Local Government Act 1989* officers and persons engaged under a contract providing advice to Council must disclose any conflicts of interests, including the type and nature of interest..

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Council Officers involved in producing this report

Author: Revenue and Rates Manager

Proof reader(s): Manager Finance and Rates

Approved by: Director Business

Purpose

The report presents the written submissions received during the Rating Strategy 2013-2017 Discussion Paper exhibition period. The Discussion Paper details recommendations of the Rating Strategy Reference Group which are not necessarily representative of the views and opinions of Council.

It is proposed that the Council receive the written Rating Strategy 2013-2017 Discussion Paper submissions and hear any person wishing to speak in support of their written submission.

RECOMMENDATION

That standing orders be suspended to allow submitters to be heard.

Council to hear presentations from two submitters.

RECOMMENDATION

That standing orders be resumed.

RECOMMENDATION

That the Council:

1. receive and note the submissions in response to the public advertisement of the Rating Strategy 2013-2017 Discussion Paper; and
2. consider the Rating Strategy 2013-2017 Discussion Paper and the subsequent public submissions received during the development its Draft Rating Strategy 2013-2017.

Background

Following the release of the draft 2012-2013 Budget for public consultation, a total of 21 formal budget submissions were received and considered by Council prior to final adoption. The main areas of concern raised by submitters were in relation to the current

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions (continued)

level of rates being unsustainable, rate relief for commercial and industrial sectors and support for a review of the Rating Strategy.

In addition to the formal submissions, community feedback was received specifically in relation to the level of commercial and industrial rates and business sustainability across Greater Shepparton. Council's responses to those who provided formal submissions and feedback included an opportunity to become a member of the Council's Rating Strategy Reference Group.

At the Council Meeting held on 17 July 2012, Council approved a process to implement a review of the Council's Rating Strategy through the establishment of an advisory committee representing a cross section of rate-paying stakeholders and two Councillors.

As specified in the Rating Strategy Reference Group Terms of Reference the objectives of the Rating Strategy Reference Group are to act as an advisory group for the development of a new Rating Strategy, and in particular to:

- Identify and recommend to the Council the principles that the Council should consider when striking general rates, particularly with regard to the creation and maintenance of any differential rates.
- Make recommendations to the Council regarding the equitable sharing of the rates burden between various categories of ratepayers – e.g. Residential, Rural, Commercial and Industrial.
- Recommend to the Council any changes to the structure of current charges and their relationship to general rates, e.g. Waste service charges and Municipal Charges.
- Identify any other special rates, charges or levies it believes the Council should consider.

Issues the Rating Strategy Reference Group were not to consider or comment upon included:

- The amount of total rates and charges revenue to be collected;
- Strategies and policies of the Council in general, except to the extent they relate directly to rating strategies;
- Cost effectiveness and efficiency of providing Council services;
- The merit or otherwise of the range of services and facilities provided by the Council; and
- The Council's Capital Works Program.

At its meeting held on 20 November 2012, the Council adopted amendments to the Rating Strategy Reference Group Terms of Reference so that between five and seven community members, representing a cross section of ratepayer categories could be appointed to the Group and remain in office until 31 March 2013. The Council also resolved to appoint applicants to fill six of the seven available positions for community representatives and the two Councillor representatives to the Rating Strategy Reference Group.

Subsequently at its meeting held on 18 December 2012, the Council appointed three additional community representatives to the Rating Strategy Reference Group and amended the Terms of Reference to allow for the appointment of additional members.

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions (continued)

The recommendations of the Rating Strategy Reference Group were incorporated into a Rating Strategy 2013-2017 Discussion Paper which was presented to the Council at its meeting on 19 March 2013. At this meeting the Council resolved to:

1. *receive the Rating Strategy 2013-2017 Discussion Paper;*
2. *invite public comment regarding the Rating Strategy 2013-2017 Discussion Paper;*
3. *consider any public submissions regarding the Rating Strategy 2013-2017 Discussion Paper received by 5pm Thursday 18 April 2013;*
4. *hear any person wishing to be speak in support of their submission regarding the Rating Strategy 2013-2017 Discussion Paper at a Special Council Meeting to be held on Tuesday 23 April 2013 at 5.30pm;*
5. *consider the Rating Strategy 2013-2017 Discussion Paper and any subsequent public submissions during the development its Strategic Resource Plan 2013-2017 and 2013-2014 Budget; and*
6. *amend the Rating Strategy Reference Group Terms of Reference to extend the term of appointment to 30 June 2013.*

Outcomes of Rating Strategy Reference Group

To assist the Council in preparing a new Rating Strategy the Rating Strategy Reference Group have made a number of recommendations to the Council, as detailed in the Rating Strategy 2013-2017 Discussion Paper.

The Discussion Paper provides details of the existing legislative rating framework, the rating principles the Council should consider when striking differential rates, the history of the Council's current rating system and concludes with 19 recommendations of the Rating Strategy Reference Group.

The Rating Strategy Reference Group have recommended that the Council's practices and decisions regarding rating should be underpinned by the following rating principles as detailed in section 3.3 of the Discussion Paper:

- Equity Principle, considering:
 - Property wealth tax (including both horizontal and vertical equity)
 - User benefit
 - Capacity to pay
- Incentive principle
- Comparative rates principle
- Simplicity principle
- Efficiency principle
- Legislative compliance principle

The Rating Strategy Reference Group did not consider in detail or make recommendations to the Council regarding waste service charges or special rates, due to the attention given to differential rates and the municipal charge within the time available. Waste service charges and special rates will be the subject of future strategy reviews.

As well as being available at Council's Welsford Street offices, the discussion paper was available for download from Council's website. The website also featured a 'ready reckoner' so that ratepayers could see the potential impact of the recommendations of the Reference Group on their own particular property. A summary containing the

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions (continued)

recommended changes, including an optional feedback form, was also available from Council's website.

Council will consider the recommendations of the Rating Strategy Reference Group which are incorporated in the Rating Strategy 2013-2017 Discussion Paper and the subsequent public submissions received during the development its Draft Rating Strategy 2013-2017.

Submissions Received

At the closing date for submissions of Thursday 18 April 2013, 17 written submissions were received. The following key issues raised in written submissions directly relevant to the Rating Strategy 2013-2017 Discussion Paper include:

- Removal of the municipal charge;
- Higher rating for unimproved properties;
- Level and number of differential rates for commercial and industrial improved properties; and
- Rating properties defined as gaming venues, late licence premises and late trading premises.

Due to the inclusion of personal information within submissions, written submissions are not publicly available. Councillors have been provided with copies of the written submissions received.

It is proposed that the Council receive the written Rating Strategy 2013-2017 Discussion Paper submissions and hear any person wishing to speak in support of their written submission.

Council Plan/Key Strategic Activity

The proposal is consistent with the *Council Plan 2009-2013*. The key strategic objective, Council Organisation and Management, includes an objective to "Review the Council's financial model for long term sustainability." There is a direct link to this objective as it incorporates the review of the Council's Rating Strategy.

Risk Management

| Risks | Likelihood | Consequence | Rating | Mitigation Action |
|---|------------|-------------|----------|--|
| Unmet expectations. | C | 3 | Moderate | Adequate representation throughout the process. Clear communications regarding the objectives of the review. |
| Adverse public reaction particularly from those negatively affected by recommendations. | B | 3 | Moderate | Develop a robust communication and consultation process. |

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions (continued)

| Risks | Likelihood | Consequence | Rating | Mitigation Action |
|--|------------|-------------|----------|--|
| Discussion paper inadequately deals with anomalies, confusion created. | C | 3 | Moderate | Seek further public submissions on the Draft Rating Strategy 2013-2017 during the development of Council's Strategic Resource Plan and 2013-2014 Draft Budget. |

Policy Considerations

There are no conflicts with Council policy. The Rating Strategy is included in Council's Budget which enable outcomes of the Council Plan to be achieved.

Financial Implications

The Rating Strategy Reference Group has recommended to Council how rates revenue should be shared between categories of ratepayers and on what basis.

Legal/Statutory Implications

The options outlined in this report are consistent with the *Local Government Act 1989*.

Ministerial Guidelines for Differential Rating were released on 10 April 2013. The intent of the guidelines is to reduce complexity and the inconsistent application of differential rates across local governments in Victoria. The guidelines have been designed to provide clarity, consistency and transparency for Councils in their decision making for or with respect to:

- The Minister's expectations for how differential rates can be applied;
- the determination requirements in considering differential rate objectives;
- the consideration of how and when differential rates are likely to be a useful tool to achieve those objectives.

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions (continued)

The guidelines establish three categories of differential rates as described below:

| | | |
|---|--|--|
| <p>Types and classes of land categories and their combination that are considered appropriate for differential rates include the following:</p> <ul style="list-style-type: none"> • general land; • residential land; • farm land; • commercial land; • industrial land; • retirement village land; • vacant land; • derelict; and • cultural and recreational. | <p>Types and classes of land categories and their combination that must be carefully considered as to whether they are appropriate for the application of differential rates include (but are not limited to) the following:</p> <ul style="list-style-type: none"> • holiday rental; • extractive; • landfill; • dry land farming; • irrigation farm land; • automobile manufacture land; • petroleum production land; and • aluminium production land. | <p>It would not be appropriate to declare a differential rate that is defined narrowly and applied specifically or exclusively to the following types and classes of land:</p> <ul style="list-style-type: none"> • electronic gaming machine venues or casinos; • liquor licensed venues or liquor outlet premises; • business premises defined whole or in part by hours of trade; • fast food premises; • tree plantations in the farming and rural activity zones; and • land within the Urban Growth Zone without an approved Precinct Structure Plan in place. |
|---|--|--|

Where differential rates are found to be inconsistent with the guidelines, the Minister can seek an Order in Council to prohibit councils from applying such non-compliant differential rates.

The following table identifies potential impacts of the Ministerial Guidelines to a number of the 19 recommendations made by the Rating Strategy Reference Group:

| Rating Strategy Reference Group Recommendation No. | Area | Current | Rating Strategy Reference Group Recommendation | Potential Impact of Ministerial Guidelines |
|--|-------------------------------|-----------------------------|--|--|
| 6 | Unimproved land – residential | Equal to improved land | Higher than improved land | Vacant Land included as appropriate |
| 6 | Unimproved land – commercial | 47% less than improved land | Higher than improved land | Vacant Land included as appropriate |

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions (continued)

| Rating Strategy Reference Group Recommendation No. | Area | Current | Rating Strategy Reference Group Recommendation | Potential Impact of Ministerial Guidelines |
|--|------------------------------|-----------------------------|--|---|
| 6 | Unimproved land – industrial | 63% less than improved land | Higher than improved land | Vacant Land included as appropriate |
| 7A | Farm land | Equal to residential rate | 85% to 95% or residential rate | Farm Land (as defined by the <i>Valuation of Land Act 1960</i>) included as appropriate. |
| 7B | Rural lifestyle properties | Equal to residential rate | Equal to residential rate | The guidelines indicate that this land use must be carefully considered as to whether it is appropriate for the application of a differential rate. |
| 8 | Commercial improved 1 | 301% of residential rate | 200% of residential rate | Commercial Land included as a broad category as appropriate. |
| 8 | Commercial improved 2 | 304% of residential rate | 200% of residential rate | Commercial Land included as a broad category as appropriate. |
| 8 | Commercial improved 3 | 237% of residential rate | 200% of residential rate | Commercial Land included as a broad category as appropriate. |
| 9 | Industrial improved 1 | 267% of residential rate | 200% of residential rate | Industrial Land included as a broad category as appropriate. |
| 9 | Industrial improved 2 | 332% of residential rate | 200% of residential rate | Industrial Land included as a broad category as appropriate. |
| 9 | Industrial improved 3 | 223% of residential rate | 200% of residential rate | Industrial Land included as a broad category as appropriate. |

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions (continued)

| Rating Strategy Reference Group Recommendation No. | Area | Current | Rating Strategy Reference Group Recommendation | Potential Impact of Ministerial Guidelines |
|--|--|--|--|---|
| 11 | Gaming Venues, Late Licence Premises and Late Trading Premises differential rate | None | To be introduced in the future | Guidelines make it clear that the use of differential rates against such specifically identified properties is inappropriate |
| 13 | Greater Shepparton promotional fund | Only urban Shepparton commercial and industrial improved properties contributing | Investigate alternative methods of funding | Guidelines encourage councils to consider other revenue instruments available under the Local Government Act 1989 and the merits or shortcomings of each compared to differential rates. |
| 18 | Increase community understanding of rating system | Development of a new Rating Strategy | Consider methods and opportunities | Guidelines designed to reduce complexity and inconsistent application of differential rates across local governments in Victoria. Also provide clarity and consistency for councils in their decision making about the setting of differential rates. |
| 19 | Ongoing Rating Strategy Advisory Committee | Fixed term Rating Strategy Reference Group | Establish | |

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions (continued)

Further consideration of the impacts of the *Ministerial Guidelines for Differential Rating* will be required as part of the development of Council's Rating Strategy 2013-2017 and Draft 2013/14 Budget.

Environmental/Sustainability Impacts

The Rating Strategy Reference Group considered a proposal to amend the rating system to encourage greater centralisation of the population through increased accommodation density to the centre of urban areas, however recommended that proposal requires further investigation, development, understanding and assessment.

Social Implications

The Rating Strategy Reference Group considered the principle of equity, including user benefits and capacity to pay, when making recommends to the Council regarding the share of the rates burden between different categories of ratepayers.

It is important to note that the impact of changes as detailed within the Discussion Paper will be dependent upon property type and valuation, particularly when changing the level of the municipal charge.

Public input will assist the Council in understanding possible social implications of the Rating Strategy Reference Group recommendations.

Economic Impacts

The Rating Strategy Reference Group recommendations to the Council include a reduction in the relative industrial and commercial differential rates and highlighted how the rating system could be used to encourage the development of unimproved land.

Consultation

Communication has occurred to enable the establishment of the Rating Strategy Reference Group, with 9 community members appointed representing each of the differential property classes.

The Group met from December 2012 through to February 2013 and have assisted in the preparation of a Rating Strategy 2013-2017 Discussion Paper for further consideration by the wider community.

The Council sought public submissions regarding the Rating Strategy 2013-2017 Discussion Paper and during the public submission period two information sessions were held at Council's Welsford Street Office being Wednesday 10 April from 5.30pm and Thursday 11 April from 12.30pm. Each session was attended by 20 people, including ratepayers, four members of the Rating Strategy Reference Group, a number of Councillors and Council officers.

Public notices advertising the public information sessions were placed in the Shepparton News on Friday 5 April, Saturday 6 April and Tuesday 9 April 2013. Details of the sessions were also available on Council's website.

When making a submission regarding the Rating Strategy 2013-2017 Discussion Paper, community members were invited to comment on the following points:

- Do you support the recommendations of the Rating Strategy Reference Group?

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions (continued)

- Do you agree with the rating principles proposed? Are there any additional rating principles you would like the Council to consider?
- Should the Council maintain a municipal charge to offset some of the administrative costs of the Council?
- Are the proposed differential rates easy to understand?
- Do you think the proposed differential rate property types and classes are too broad or too narrow?
- Do the recommended differential rates reflect differing levels of Council services received by different property classes?
- Do you consider the proposed differential rates will be equitable with regard to capacity of different types and classes of property owner to pay?
- Which property types and classes should contribute to the promotion of:
 - Shepparton; or
 - Greater Shepparton?
- Should the Council waive rates for charitable or not-for-profit residential or retail premises?

Public comment was not limited to the questions listed above however; these questions were included on template submission form that members of the public had the option to use when making a submission.

Further public comment will be sought following the release of Council's Draft Rating Strategy 2013-2017.

| Level of public participation | Promises to the public/stakeholders | Examples of techniques to use |
|-------------------------------|---|--|
| Inform | Ensuring the community is aware of the Rating Strategy 2013-2017 Discussion Paper and the opportunity to make a submission to the Council | Media release Website Social Media |
| Consult | Inform, listen, acknowledge | Public submissions sought. Public information sessions. Further public comment will be sought following the release of Council's Draft 2013-2014 Budget. |
| Involve | Community members appointed to a rating strategy 'advisory committee' | Establishment of Rating Strategy Reference Group to assist Council in the development of a new Rating Strategy |

Officers believe that appropriate consultation has occurred and the matter is now ready for Council consideration.

3. BUSINESS DIRECTORATE

3.1 Rating Strategy 2013-2017 Discussion Paper – Hearing of Submissions (continued)

Strategic Links

a) Greater Shepparton 2030 Strategy

The Rating Strategy is included in Council's Budget which is linked to the *Greater Shepparton 2030 Strategy* via the Council Plan.

b) Council Plan

The Rating Strategy review is linked to the governance principle of Strategic Objective of the *Council Plan 2009-2013* "Council Organisation and Management" and is consistent with the objective to "Review the Council's financial model for long term sustainability".

c) Other strategic links

No other strategic links have been identified.

Options for Consideration

Option 1 – To not receive or hear public submissions before determining what the Council determines it's Rating Strategy. **Not recommended.**

Option 2 – Consider community input regarding the recommendations of the Rating Strategy Reference Group during the development of Council's Draft Rating Strategy 2013-2017. **Recommended.**

This option enables the Council to consider community input regarding the proposed rating strategy principles and what is an equitable sharing of the rate burden before the Council considers adoption of a new Rating Strategy. As detailed in the terms of reference of the Rating Strategy Reference Group, this option enables the Council to amend the recommendations of the Rating Strategy Reference Group after considering information obtained during subsequent consultation with the wider Greater Shepparton community.

Conclusion

The Rating Strategy Reference Group has made a number of recommendations regarding the development a new Rating Strategy. 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 the preparation of the Rating Strategy 2013-2017 Discussion Paper, attendance at public information sessions and submissions received is acknowledged and appreciated.

Attachments

Nil

15. CONFIDENTIAL MANAGEMENT REPORTS

3.2 Designation of Confidentiality of Information – Report Attachments

RECOMMENDATION

In accordance with section 77(2)(b) of the *Local Government Act 1989* (the Act) the Council designates as confidential the summary report and written submissions in relation to the Rating Strategy 2013-2017 Discussion Paper which have been designated by the Chief Executive Officer or his delegate in writing as confidential under section 77(2)(c) of the Act. These documents relate to matters which the Council considers would prejudice Council or any person, which is a relevant ground applying under section 89(2)(h) of the Act.