

Rating Strategy Workshop 1 Summary

Meeting: City of Palmerston Council Rating Strategy Workshop 1

Held on: 20/09/2018

Location: City of Palmerston Council

Introduction

The City of Palmerston Council has committed to prepare a 10 Year Rating Strategy in consultation with the community and Deloitte has been engaged to facilitate a series of workshops to help Council prepare the Strategy.

A Community Reference Group (the Group) has been established to provide ideas, concepts and feedback that will be used in preparing the Rating Strategy. The Group represents a mix of residents, block owners and business/commercial rate payers. Over the course of four workshops, Council will gain feedback from the Group. The outcomes of these workshops will help Council to:

- Determine a fair method of raising revenues from rates
- Ensure that the money raised through rating property owners, in conjunction with other income sources, will guarantee the long term financial sustainability of the Council
- Ensure that Council has sufficient measures in place to support community groups, pensioners and those suffering from hardship

The first workshop, The Basics of Rating, was held on Thursday 20 September 2018 at the Council Chambers. There were nineteen community members in attendance.

Summary of Discussions

Introductions were made and included:

- Introducing the Deloitte team (Terri Hart, Brendan Dowd and Sarah Crisci)
- Community Reference Group members introducing themselves and their interest in attending the workshops
- Introducing the Mayor, Alderman and Council staff in attendance and explaining their role as Observers and technical advisors.

The Group then discussed reasons for participating and what they hoped to get out of the workshops. Key themes of discussion included:

- A better understanding of the reason for rates and what exactly the money raised through rates is being used for
- View that services are not provided equitably across the suburbs
- View that rates are not collected equitably
- Value for money
- Desire to make Palmerston a more attractive place to live and conduct business

- Wanting a fairer system that allows people to pay rates according to their financial situation
- A better understanding of the current system and why rates seem to increase each year, even when property values (the UCV) go down.

This workshop introduced the basics of rating and included an explanation on the different systems of rating and how rates are determined. The presentation covered the following:

- Introduction of the project and the process
- Clarification of the role of the Community Reference Group, Council Staff and the Deloitte team
- Established ground rules for working together in the workshops
- An overview of rates and the rating process, including the main legislative requirements
- An example of how rates are calculated
- A snapshot of Palmerston rates across residential, commercial and business.

Key Outcomes

To conclude the workshop, the Community Reference Group was asked what information they would like for the next workshop. The following questions were asked:

Rating Strategy questions:

- How does Council decide how much revenue they will collect from rates?
- How many rate payers are eligible for concessions in each residential area?
- How can we change the methodology of rating?
- Why is the Rate in the Dollar (used to calculate rates) different by zone? Is it necessary? Is it equitable?
- What is the difference between commercial and industrial land?
- If the Unimproved Capital Value of a property goes down, how can rates still increase for that property?

Non-rating strategy questions:

- Why don't Councils seek more money from other sources?
- Why do Councils spread themselves so thin with all the services they provide (even though the services are good)?
- Why not offer fewer services? Can services be cut?
- Why are different services provided to commercial and industrial land?
- Which services are profitable, breakeven and running at a loss?
- Would it make sense to cut costs in ways such as collecting waste once a week instead of twice?
- How does Council decide which services it will provide?
- Are there essential vs. non-essential services?
- What is a 'Smart City'?
- What is a 'Sister City'? Does it provide value? What is its cost?

The following information was requested:

- Financial modelling to see the impact rate changes would have on Council and the services provided
- A snapshot of rates and Council income from the past three financial years
- Research into other jurisdictions to compare rating systems
- Information about choices of previous Council and the effect they have had

- An example of rates during a revaluation year and how changing Unimproved Capital Value of land can affect rate

Community Reference Group members also agreed to share information gained through the workshops with their neighbours, friends and business connections and bring back any comments or suggestions to the next workshops.

Next Steps

The second workshop will:

- Summarise key points from Workshop 1
- As a group discuss the additional information requested at Workshop 1
- Start a conversation about:
 - Reaffirming the principles upon which the rating system is founded
 - What is the fairest method of raising revenues from rates
 - E.g. flat charge, valuation-based charged, or a combination?
 - What measures are needed to support community groups, pensioners and those suffering hardship

This Summary Report is a draft. It will be confirmed at Workshop 2 held on Thursday 27 September 2018.

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