

Rating Strategy Workshop 3 Summary

Meeting: City of Palmerston Council Rating Strategy Workshop 3

Held on: 17/10/2018

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.

The second workshop was discussion-based and held on Thursday 27 September 2018 at the Council Chambers. There were sixteen community members in attendance.

The third workshop was discussion-based and held on Wednesday 17 October 2018 at the Council Chambers. There were thirteen community members in attendance.

Summary of Discussions:

The Deloitte team summarised Workshops 1 and 2 and handed out the draft Workshop 2 Summary Report for the Group to confirm. There were no objections to the Summary Report and it was confirmed.

The Deloitte team provided a recap of the questions the Group had answered at Workshop 2, including:

- The objective of Council's 10 Year Rating Strategy should be to...

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

The entity named herein is a legally separate and independent entity. In providing this document, the author only acts in the named capacity and does not act in any other capacity. Nothing in this document, nor any related attachments or communications or services, have any capacity to bind any other entity under the 'Deloitte' network of member firms (including those operating in Australia).

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

PUBLIC

This is a draft document. As it is a work in progress it may be incomplete, contain preliminary conclusions and may change. You must not rely on, disclose or refer to it in any document. We accept no duty of care or liability to you or any third party for any loss suffered in connection with the use of this document.

- Which principles should Council base rating on?
- Is there a better (or fairer) way to raise revenue from rates? If the answer is yes, then what should it be? What are the advantages and disadvantages relative to the existing system?
- How should rates be split between different types of ratepayers? (residential, industrial, commercial) (if differential rating is supported)

Deloitte reiterated to the Group that the purpose of these workshops was not to discuss or advise on how Council should make budget decisions or determine how it was going to spend rates. These workshops are to provide Council with advice to help Council prepare its rating strategy for the future. Deloitte reminded the Group that this workshop was the last opportunity to provide input before Council develops a rating strategy for review in December.

Two Group members provided input from community members who are not attending the workshops. Input provided from those not in attendance included:

- Many community members do not understand valuation-based charges using Unimproved Capital Value or did not know that it was used to calculate rates.
- Since services provided by Council are generally available to most residents, does it make sense to use a flat rate rather than a valuation-based charge?
- Many community members do not understand how the current rate system can be changed, and Council might be able to help that by consulting more widely in the community.
- Council rates are rising faster than many of the 40 consumer expenditure items monitored by the Australian Bureau of Statistics. When budgeting for projects and services, Council should consider providing services jointly with other councils.
- Some community members believe Palmerston is over-governed and City of Palmerston Council should merge with other local councils to provide one strong governing body that oversees all smaller council wards, similar to how Brisbane City Council works. Some suggested that like Canberra, the NT does not need city councils at all.
- Many community members are unhappy with the rate increases and have provided ideas to help. These included:
 - Lower rates across the board by 50% for a designated period of time
 - Units should pay lower rates than houses
 - Waste collection frequency should be decreased, thus decreasing the waste charge
 - Rate reductions should be offered to properties that remain vacant for more than six months
 - Council should lobby more aggressively for money from outside sources; grants should be increased from 15% of the budget to 40%
 - Rates can be alleviated by increasing GST on other items, such as a 10% GST on nominated goods and services

The remainder of the Workshop was a facilitated discussion, where the Group was asked a series of questions and then discussed their ideas. The Group was given City of Palmerston's FIN17 Rate Concession Policy and FIN21 Debt Collection Policy to read and understand. Below is the list of questions asked, along with feedback received from the Group:

- **What concessions should council offer and what should the criteria be?**
 - Council should continue with their current policy and ensure that waiver applications are thoroughly investigated.

- Council should offer concessions for those with disabilities, aged, and pensioners.
- Council should add a vacant land or tenancy concession for ratepayers who own a property that is vacant for a certain period of time.
- Council should review and possibly change the concession for certain types of land, such as churches.
- Concessions must be individually applied for and assessed by an independent administrative committee.
- For commercial rates, Council should offer a discount/concession for new businesses to encourage new businesses to come to Palmerston; for example, new businesses do not have to pay rates for 5 years.
- **What support should Council provide those suffering financial hardship?**
 - More flexible payment plans should be offered, such as monthly or fortnightly, and should include a direct debit system.
 - Deferment of rates should be offered to those who are suffering temporary hardships such as temporary unemployment.
 - Financial counselling should be available and mandatory for anyone who applies for financial hardship.
 - The current policy is adequate but also should offer support to those trying to come out of debt; for example, rather than waiving or decreasing interest, concessions should be made.
 - 18% interest is too high; it should be lowered to a more manageable rate.
 - Sale of land should only occur after ten years of missed payments rather than two years.
- **What is the most effective way to recover outstanding rates?**
 - Financial counselling could help ratepayers who owe money to come up with a budget and figure out ways to pay Council.
 - "Prevention is better than a cure", meaning if more support is offered up front to those who believe they will be unable to pay, Council would have less outstanding rates to collect.
 - Council should waive interest for those who are making continuous payments, alleviating the ratepayers' costs.
- **What are your preferred methods of payment and channels?**
 - Direct debit should be an option with fortnightly/monthly payment options.
 - Council should offer a discount for those who make the full payment at the beginning of the year.
 - Four payments throughout the year that are equally spaced out would be easier on ratepayers than the current four payment system, which includes four equal payments in September, November, January and March.
 - Afterpay or Zippay could offer options for Council to get the full payment up front while offering ratepayers interest-free payments.
- **What else should the rating strategy cover?**
 - The Local Government Act should be strengthened to ensure appropriate governance of Councils to ensure that Councils are smart with their money and choices, and that financial crises won't happen in the future. Council should be held accountable to ensure ratepayers aren't unpleasantly surprised in the future with huge rate hikes.
 - Reports put out by Council (such as the Annual and Municipal plans/reports) should be shortened and simplified so the average resident can read and understand them and become better informed.
 - Council should ensure that any changes are appropriately communicated and explained to ensure understanding by the community.

- Council should appropriately budget and spend money in a way that reflects the current economy. Services should be categorized into essential and non-essential so that non-essential services can be drawn back in tough times.
- Council should include public consultation for all future public works projects.
- **Should it be called a '10 Year Rating Strategy'? Is there a better name?**
 - '10 Year Rates Strategy' sounds more accurate.
 - Other ideas include '10 Year Rates Review', 'Rate Income Strategy', 'Council Rating Review', 'Rates...Palmerston's Future', and 'Possible Rates'.
- **Is there anything else you would like to discuss?**
 - Council should consider sending rate notices electronically rather than via mail. This may make it easier for ratepayers who are away from their properties for extended periods of time, ensuring that they are able to pay on time.

Next steps

These workshop summaries, as well as an Outcomes Report, will be provided to Council for their review. A draft 10 Year Rating Strategy will be developed and presented to the Community Reference Group for review at the next workshop on 6 December, 2018. The Group will then provide feedback and input for Council to take into consideration before developing a final 10 Year Rating Strategy.

This is a draft and will be confirmed at the next workshop on 6/12/18