

Mayor Sophie Price  
Deputy Mayor Bernard Gaffney  
Councillor Peter Croucher  
Councillor Roberta Horne  
Councillor Diane Shephard  
Councillor Emmerick Teissl  
Councillor Sue Gold

By email to: [councillors@indigoshire.vic.gov.au](mailto:councillors@indigoshire.vic.gov.au)

23 June 2024

Dear Councillors

I am writing in regard to:

1. COUNCIL MEETING AGENDA - 25 JUNE 2024  
11.2 CONSIDERATION OF 2024/25 BUDGET SUBMISSIONS  
Requests relating to the 2024/25 budget.
  - Request for Council to adopt an alternate rates model that has been proposed by the Indigo Community Voice group.
2. The inequitable and unfair effect of the *2024/25 Budget* on *Residential Vacant* property owners.

### **Disingenuous Assertions about a *Fairer Rate Levying Method***

On behalf of the Indigo Community Rating Reference Group (ICRRG), I feel obligated to strongly and unequivocally express our collective condemnation of the views expressed by the *Director of Planning and Corporate Services* regarding our proposed strategy for a more equitable method of rate collection.

The Director's ***unfounded assertions below*** indicate a lack of comprehension of our proposal. Furthermore, our offer to provide a detailed briefing to councillors and staff was declined by the *Chief Executive Officer*, suggesting a shared perspective with the Director and an inclination to preempt your decision on this matter.

- *This model is aimed at reducing variability in rates from year to year. This is a goal that the State Government recently attempted though a simpler and more effective proposal of valuation averaging. This valuation averaging model was abandoned because it was found to be too complex, and did not allow for rates to be reduced for ratepayers in need (two problems that are shared by the proposal from Indigo Community Voice).*

**That is not true.** Where is the Director's proof?

- *The model proposed by the Indigo Community Voice group has been assessed as part of Council's review of the Revenue and Rating Strategy. The following feedback has been previously given in regard to this model.*

The proposal was submitted by the ICRRG, a group of concerned Indigo Shire ratepayers. Most of the members are not affiliated with *Indigo Community Voice Inc.*

The details of the proposal were to be provide in a briefing to councillors and staff, but the Chief Executive Officer advised that “*no separate presentation to councillors will be necessary.*” It follows that ICRRG’s proposal has not been properly assessed.

- *The proposed model is not suitable for use because it contains flaws that would result in bad outcomes for ratepayers. That is a disingenuous and misleading statement.* Where is the Director’s proof?

*The flaws in the model include:*

- i. *People with declining wealth being charged more while people with increasing wealth being charged less.*

**That is not true.** Where is the Director’s proof?

- ii. *Rate variability still being present.*

Yes, but unlike in Council’s current *Rating Strategy*, it is confined within the bounds of the *Victorian Government Rate Cap*.

- iii. *No – or limited – rate reduction in circumstances where someone’s property loses value (a real issue for people experiencing declining relative wealth and cost of living pressures).*

**That is not true.** Where is the Director’s proof?

- iv. *Setting of relative levels at a point in time that would unfairly disadvantage some property owners in perpetuity.*

**That is not true.** Where is the Director’s proof?

- v. *High complexity.*

How would the Director know when he hasn’t considered this proposal?

- vi. *The proposed model may breach s.161 of the Local Government Act (1989).*

This proposal was submitted to the Local Government Minister on 24 March 2024 who, in turn, passed it to the *Department of Government Services*.

**Dr Leighton Vivian**, *Senior Manager – Sector Finance and Performance | Local Government Victoria | Local Government and Suburban Development, Department of Government Services* found nothing illegal in the proposal, but stated:

*“With respect to your proposal, I encourage you to continue to engage with the Indigo Shire Council as they are the decision makers for the levying or rates and charges in the Shire.”*

- *This is not a model that should be adopted.*

**That recommendation is completely baseless.**

- *Council will be presented with the proposed Revenue and rating Strategy in the coming months with any changes resulting from the community consultation.*
- *No change recommended to the 2024/25 budget.*

### **Inequitable and Unfair Treatment of Residential Vacant Property Owners**

As was the case in the *2023/24 Budget*, the glaring flaw in Indigo Shire Council's *Rating Strategy* has again been exposed now that the actual property valuations have been incorporated in the *2024/25 Budget*.

*Appendix 1* shows that the increases in *Average General Rates* are totally disproportionate to the increases in *Average Property Values*. This year, resulting in **inequitable and unfair** outcomes for *Residential Vacant* property owners by causing their *Average General Rates* to increase **more than 8 times the Victorian Government Rate Cap**.

As shown in *Appendix 1*, the ICRRC proposal for a *Fairer Rate Levying Method* eliminates those inequitable and unfair outcomes. As would have been the case for *Rural 1* property owners if this rate levying method had been adopted when it was first proposed in 2023.

Councillors, as indicated by the Local Government Minister's senior advisor, the decision to provide equitable and fair outcomes for Indigo Shire ratepayers, or not, rests entirely with you.

If you choose the former and adopt the ICRRC proposal in the *2024/25 Budget*, then all you need to do is to alter the 2024/25 cents/\$CIV values in the table under paragraph 4.1.1(b) as follows:

Type or class of land	From	To
General	0.0019813	<b>0.0019992</b>
Residential Vacant	0.0039627	<b>0.0032555</b>
Rural 1	0.0014860	<b>0.0014788</b>
Rural 2	0.0017832	<b>0.0018087</b>
Commercial/Industrial	0.0026748	<b>0.0026780</b>

When it is time for you to consider the *Revenue and Rating Strategy*, you must make a similar decision regarding the adoption of a *Fairer Rate Levying Method*.

Yours sincerely,

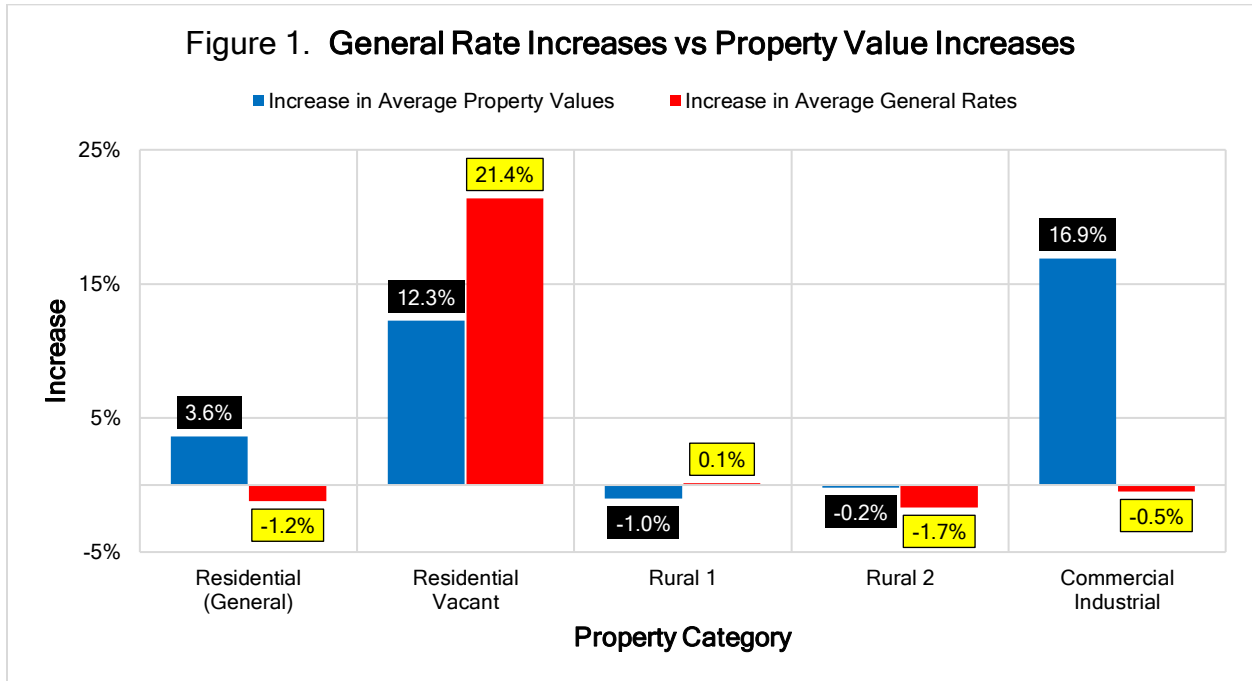


**(H. F. Ellerbock)**

Member, Indigo Community Rating Reference Group  
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**Appendix 1 – The Inequitable and Unfair Effect of Indigo Shire Council's *Rating Strategy***

Figure 1 shows that due to Indigo Shire Council’s Rating Strategy, the increase in Average General Rates is totally disproportionate to the increase in Average Property Values. Which has an inequitable and unfair effect for Residential Vacant property owners, causing their Average General Rates to increase more than 8 times the Victorian Government Rate Cap.



The Indigo Community Rating Reference Group’s (ICRRG) proposal for a Fairer Rate Levying Method eliminates this effect entirely simply by adjusting the Differential Rates as shown in Figure 2.

	200%	75%	90%	135%
Initial	200%	75%	90%	135%
Adjusted	<b>162.8384223%</b>	<b>73.9701553%</b>	<b>90.4686120%</b>	<b>133.9540580%</b>
Difference	-37.1615777%	-1.0298447%	0.4686120%	-1.0459420%

The adjusted Differential Rates are rounded to 7 decimal places

The adjustment of the Differential Rates changes the Differential Ratio under the 400% Rule of the Local Government Act 1989 from 276% to 220%.

The effect of the Differential Rate adjustment alters the General Rates (cents per dollar of Capital Improved Value) as shown in Figure 3.

	0.0019813	0.0039627	0.0014860	0.0017832	0.0026748
Initial	0.0019813	0.0039627	0.0014860	0.0017832	0.0026748
Adjusted	<b>0.0019992</b>	<b>0.0032555</b>	<b>0.0014788</b>	<b>0.0018087</b>	<b>0.0026780</b>

Figure 4 shows the effect of adjusting the *Differential Rates* using the ICRRG’s proposed *Fairer Rate Levying Method*.

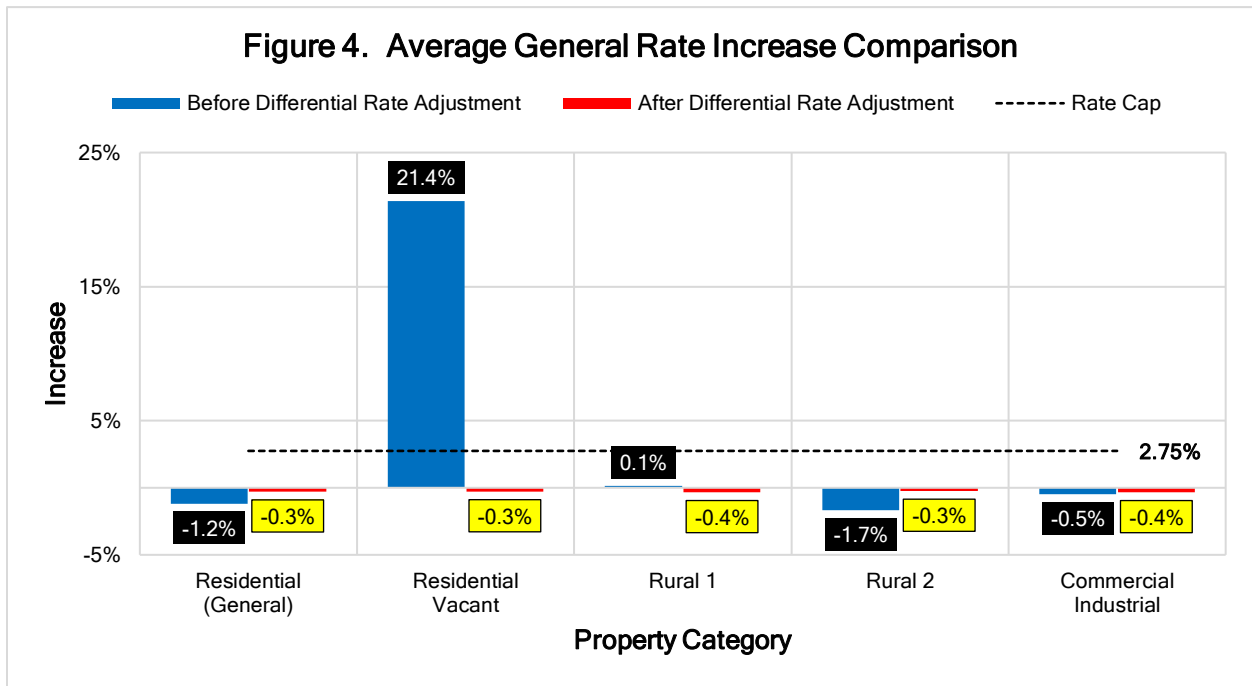


Figure 5 shows the effect of adjusting the *Differential Rates* on Average General Rate charges.

