

**BENDIGO DOMAIN VILLAGE**

336 Mclvor Highway  
JUNORTOUN Vic 3551

25<sup>th</sup> August 2016

The Executive Officer,  
Environment, Natural Resources and  
Regional Development Committee,  
Parliament House, Spring Street,  
EAST MELBOURNE VIC 3002

Dear Executive Officer

**PUBLIC INQUIRY BY VICTORIAN PARLIAMENT'S  
ENVIRONMENT, NATURAL RESOURCES AND REGIONAL DEVELOPMENT COMMITTEE**

**TERMS OF REFERENCE: FAIRNESS, EQUITY AND ADEQUACY OF RATING SYSTEMS**

Attached for your consideration is a submission from Bendigo Domain Village Residents' Committee on the above Terms of Reference: Fairness, Equity and Adequacy of Rating Systems.

Thank you for your time in reading this submission. We hope that your Committee can take diligent steps, together with other State government agencies, to have this continuing inequitable situation rectified.

Yours sincerely,



Raelene Schmidt,  
President, Residents' Committee



Sue Lafferty,  
Member of RRVV Working Party  
For Rates Justice



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**INTRODUCTION AND SUMMARY**

Bendigo Domain Village, a leasehold village currently uncompleted with ongoing building of units, is registered as operating under the Retirement Villages Act, 1986. The residents of this village feel strongly that they are not being treated fairly or equitably under the current City of Greater Bendigo Council rating system.

The subject of rates justice for Victorian retirement village residents has been the topic of numerous submissions by our village to our local council, other villages in other municipalities to their local councils and by the RRVV (Residents of Retirement Villages Victoria) to various State politicians and local councils for nearly 10 years now. This also included a Rates Justice petition with over 10,000 signatures tabled by the Hon. Edward O'Donohue at the Legislative Council in October 2014.

This topic has also been included in the **Terms of Reference** under the

- **Local Government Act Review – Chapter 6: Council Rates and charges, (page 72)**  
“Key issues .... equity and fairness”, and the
- **Parliamentary Inquiry into Retirement Housing – Impact of Local Government Rating on Retirement Housing.**

Submissions have been sent to both the above by the RRVV and other retirement villages.

On their behalf, Bendigo Domain Village Residents' Committee respectfully request this Inquiry to investigate the mandatory legislation of a differential rate for all Victorian retirement villages.

This will enable the State government to create a Differential Rate in the Dollar less than the General Rate for ratepayers in retirement villages in Victoria thus ending the prolonged inequitable rates situation of **double taxation** to which those residents are now subjected.

**GENERAL INFORMATION:**

We wish to point out the areas of dispute initiating the request for differential rates to be applied and include quotes from the **Ministerial Guidelines for Differential Rating April 2013** which were produced to assist councils when deciding on the validity of a request for a Differential Rate.

## MINISTERIAL GUIDELINES

The Ministerial Guidelines for Differential Rating April 2013 have been prepared to guide councils in the application of differential rates under **S.161** of the Local Government Act 1989. Councils must have regard to these guidelines before declaring a differential rate for any land (page 3).

These Guidelines are to provide guidance to enhance **consistency** and transparency of decision making by councils (page 4).

“Circumstances whereby common types and classes of land use consistently demonstrate significant relative rate disparities, **including access to services** arising from the use of a uniform rate, may be addressed by use of the **differential rate powers**. Common types and classes of land use where such circumstances can arise and where a Council must give consideration to reducing the rate burden through use of a reduced differential rate include (but are not limited to):

- Farm land (as defined by the Valuation of Land Act 1960); and
- **Retirement village land (as defined by the Retirement Villages Act 1986”** (page 8).

The Guidelines mention (page 10) that **Retirement village land** is considered to be **appropriate for Differential Rates**.

The material in the Guidelines clearly relate to retirement villages, although the precise reference in them is to classes of land and to retirement village land as defined in the Retirement Villages Act.

## RETIREMENT VILLAGES AND DIFFERENTIAL RATES

### ISSUES:

- Duplication of rate fees for retirement village residents who pay the full residential rate in the dollar to council **and** contribute to the maintenance and replacement of all their infrastructure services via monthly fees (minimum \$3,000 p.a.) and payment to a long term maintenance fund for the retirement village land.
- Residents **cannot access** the important infrastructure services from council and yet pay a rate in the dollar which suggests they should receive the full set of services from the council.
- **Requirement to fully fund** the maintenance and replacement of roads, footpaths, drainage, street lighting, fire fighting services and other infrastructure services by the village residents.
- Retirement village residents pay rates as though Council services are provided to the boundary of their **rateable** block. These services can be up to a kilometre from the resident’s unit.

### **FINANCIAL IMPLICATIONS:**

According to a past submission to the Ballarat City Council the saving for their residents, if retirement villages have their own differential rate, could be nearly \$200. The rate revenue reduction for Ballarat City Council will be less than 0.2%. This means that the Ballarat City Council will still get more than 99.8% of their revenue. There would be a minimal effect on other Ballarat residential ratepayers to make up the 0.2% shortfall in rate revenue. Their residents paying \$1200 in rates would have their rates go up by less than \$2. This would have been the case in the 2013.

- The housing density of a retirement village unit (houses on small blocks) provides a council with up to **3 times the revenue per hectare** than they receive from other residential areas of the municipality. If a retirement village differential rate of 25% less than the General Rate (as in Knox and Frankston) is legislated by State government this would fall to just over twice the revenue per hectare of other residential areas.
- Differential rates for all Victorian retirement villages should be mandatory – not the present fragmentary system of some retirement villages granted a differential rate whilst **other councils deem the same situation to be the opposite**.
- The Ministerial Guidelines were formulated to provide “clarity, **greater consistency and transparency**” (page 2). This has not been achieved – see comment above.

### **BENEFITS**

- Greater equity in rate application.
- Fairer approach to the funding of infrastructure services.
- Further encouragement of the movement of the elderly into village environments with all the welfare and security aspects this brings. This is the incentive principle described in the Draft Ministerial Guidelines for Differential Rates.

### **REQUEST**

The **Discussion paper** attached to the Draft Ministerial Guidelines for Differential Rates, January 2013, Section 3.2.1 Differential rates and the **benefits principle** stated that:

“Councils may consider using **differential rates to reflect the fact** that some property classes may consistently receive, or have ready access to, a significantly higher or **lower level of local government services when compared with the average for that municipality**. In such instances, the objective that a council is trying to achieve is the benefit principle of varying the rate according to **access to the benefits of local government services**, as defined by property class”.

A differential rate for retirement villages would assist in providing equity with the rate burden within the community and help offset the double payment for the infrastructure services by the village residents.

## EQUITY PRINCIPLE

### Council does not provide retirement villages with the maintenance, upgrade or replacement of such infrastructure items as:

- Street lighting (Bendigo Domain's Statement of Income & Expenditure, July 2015-June 2016 \$29,847.44)
- Road, footpath and curb construction of several kilometres
- Drainage
- Parking and landscaped areas
- Street cleaning

These services are provided by the retirement village management and residents pay a maintenance levy (minimum \$3,000 p.a.) to the retirement village management for the maintenance and replacement of these services.

Retirement village residents pay the same rate in the dollar as other residential properties.

This clearly demonstrates that retirement village residents are, in effect, **paying twice** for these services, i.e. as part of their council rates and again to the retirement village management.

**Due to the density of housing a retirement village provides a council with a huge financial windfall for minimal services provided while the owners and management provide many community facilities for a fee levied on village residents.**

With many units on small plots of land the rate yield per hectare from a retirement village exceeds that which can be expected from a similar area outside the village. This can be **upwards of 3 times the revenue per hectare** and is **gained without the cost to council** of the infrastructure maintenance and replacement that other residents of the municipality can receive.

**Retirement village residents feel that our council are continuing to treat residents as less deserving of fair and equitable treatment when paying rates.**

## DIFFERENTIAL RATES FOR RETIREMENT VILLAGES

**Some councils have approved a differential rate specifically for retirement villages.**

**Knox and Frankston City Councils** have recognised that using Capital Improved Value (CIV) as the system of rating places retirement villages at a disadvantage and have introduced a differential rate which is 25% less than the General Rate. Four other councils can be added to the list making a total of six (6) in Victoria that now apply differential rates.

**Indigo Shire Council** acknowledged that **retirement villages provide a proportion of the services normally provided by local government.** To correct this inconsistency, this council

charges only 1 Municipal Charge and 1 Environmental Contribution per retirement village – a saving of over \$300 to those residents.

**A differential rate for retirement village will have minimal effect on a council's budget and would have little impact on other ratepayers.**

**The case for Victorian retirement villages is strong and stands by itself.**

Current legislation sets out the procedure for councils to set a Differential Rate. One of the requirements is to accurately define the land to receive this differential rate. Retirement villages are controlled by the **Retirement Village Act 1986**. This provides a definition of our land which is exclusive to retirement villages.

**This unique definition means that such a differential rate could be struck without setting a precedent for other bodies to “buy in” to our request.**

### **INCENTIVE PRINCIPLE**

**Retirement villages are an asset to the community and the council. They provide a safe and secure environment for an ageing population and can reduce costs to council.**

- Research has shown that older people choose to downsize to a retirement village unit due to their decreasing physical ability resulting from chronic health issues to maintain their larger family home.
- Other research has shown that older people see retirement villages as a positive choice. They are particularly attracted by the combination of independence and security, as well as for social interaction and an active life.
- Retirement villages play an important role in promoting health and well-being among older people. They reduce the problem of loneliness which can emerge in old age as people become isolated due to ill health and/or death of spouse. Residents are able to build networks of people of similar age.
- Retirement villages can help address a shortage of houses suitable for later life by developing housing that is **purposely designed for ageing people** to meet the current and future housing needs of older people, as well as releasing significant numbers of **under-occupied** properties for use by the wider community.

### **BENEFITS OF RETIREMENT VILLAGES**

- Residents contribute to the economy of the municipality (millions of dollars per year) by ways of volunteering, using local trades people and shopping. Many residents have retired from other places to these retirement villages which helps the area financially. Retirement villages are a great source of employment opportunities for the wider community.
- Victorian councils have developed their “**Strategy for the Ageing**” policies in response to the escalating numbers of ageing population. A retirement village, as indicated above, caters for many of the criteria which are listed in these policies.

**Retirement villages provide the infrastructure and service for the ageing at no cost to a council or the State Government.**

- The State Government has recognised that retirement villages are **an asset** to any community as they play an important role in the well-being of the aged and **should be given encouragement to be established within the municipality**. (One of the three equity principles described by the Department of Planning and Community Development in their document "Guide to Local Government" in the section "Differential Rates".

**Retirement villages are a means of "outsourcing" council and the State Government responsibility for social and physical infrastructure of the aged. This provides significant savings to both the council and the State Government.**

**In conclusion** Bendigo Domain Village Residents' Committee reiterate our request on behalf of our residents and all Victorian retirement village residents that this Inquiry consider our submission in a favourable manner and provide **rate equity** by giving retirement villages a **State government legislated mandatory differential rate** in the dollar to offset the infrastructure services provided by council that the retirement villages cannot access.

At present this is not an **equitable or fair** situation in consideration of the facts and the circumstances of retirement village unit rates **compared** to normal residential rates.

Elderly vulnerable retirement village residents (average age of 79 years) on fixed or low incomes, who are being proactive in their aged care management living in an age-friendly community, **will continue to be disadvantaged** unless the State government legislates a mandatory differential rate for all Victorian retirement villages.

Local councils which refuse to approve a differential rate for retirement villages continually fail to acknowledge that **none of their budget** is spent on retirement village infrastructure mentioned previously while receiving a considerable financial windfall **without the cost to council** of the infrastructure maintenance and replacement that other residents of the municipality can receive.

*"Inconsistency is the most frequent manifestations of unfairness that a person is likely to meet."<sup>1</sup>*

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<sup>1</sup> Steyn, Karen. Source: Judicial Review, Volume 2, Number 1, March 1997, pp.22-26(5)