Victorian Government Response to the Local Government Rating System Review Final Report

The Victorian Government committed to a review of the local government rating system to ensure local government rates are fair and equitable for all the community. This commitment followed the implementation of the Fair Go Rates System in 2016, putting a stop to unsustainable rate rises by local governments in the previous decade.

A Ministerial Panel was appointed in 2019 to lead the rating system review in consultation with the community, ratepayers and councils.

The Government received the Ministerial Panel’s final report on 31 March 2020.

Extensive consultation by the Panel included many submissions and public forums to ensure the Victorian community could have a say, along with input from councils and many other stakeholders.

The Government is pleased the Panel’s work has reaffirmed the importance of the local government rating system to fund essential infrastructure and public services. Importantly, the Government notes that the Panel’s report is clear that the rating system is not broken and that it accords with many of the common principles of good taxation.

The Report’s 56 recommendations cover a broad range of reforms, from major legislative change to small administrative improvements, with both short- and long-term implications.

The Report includes recommendations for substantial reforms to general rates and rate exemptions under the *Local Government Act 1989* (still in force alongside the *Local Government Act 2020*) and alternative rating arrangements in the *Electricity Industry Act 2000* and the *Cultural and Recreational Lands Act 1963*.

The coronavirus (COVID-19) pandemic has reshaped the Government’s approach to reform of the local government rating system, refocusing efforts on support for Victoria’s post-pandemic recovery. In this context, the Government will prioritise reforms that support ratepayers in financial hardship, improve the tools available to councils to enhance transparency and consistency of decision making and lay the foundations for greater equity and fairness in the rating system.

The Victorian Parliament also passed the *Local Government Act 2020* during the review, introducing new requirements for transparency and community engagement by councils. The Government notes these themes are prevalent throughout the Panel’s report. The *Local Government Act 2020* also reaffirmed the importance of local government autonomy with a preference for a principles-based legislative framework supported by detailed guidance materials and best practice templates.

The factors above have informed the Government’s response to the Report. Due to the potential for increased uncertainty and risk, significant reforms to arrangements for general rates will not be progressed and are not supported. The recommended reforms to exemptions and alternative rating arrangements for power generators and cultural and recreational land also have the potential for significant impact on the economy and community. As Victoria begins its recovery from the coronavirus (COVID-19) pandemic, the Government will not support recommendations for changes to general rates, exemptions and alternative rating arrangements that increase risks to business and investment certainty and could negatively impact on the broader community.

While further work is required on many of the proposed reform areas, the Government is committed to a local government rating system that:

* provides local governments with the autonomy to raise sufficient tax revenue to meet the needs and capacity of their community.
* is based on a proportion of the value of the property, i.e. higher valued properties usually contribute more in rates than lower valued properties in the same municipality.
* is simple to understand and allows for meaningful community engagement to make informed and transparent decisions about rate distribution and rating levels.
* provides transparent and flexible ways for councils to treat ratepayers facing financial hardship fairly.
* is set out in primary legislation and is in line with the principles-based approach of the *Local Government Act 2020*.

The Victorian Government also believes local governments must take responsibility for their own rating decisions and levels, reflecting their obligations as a distinct and essential tier of government.

Despite the rate capping mechanism for general rates the system still affords great flexibility and autonomy for councils to raise revenue from their communities. In line with the findings of the Ministerial Panel, local governments must continue to work with their communities to explain and justify rating decisions.

The Government thanks the Ministerial Panel for their report.

A response to each of the report’s recommendations follows.

| Recommendation | Government Response |
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| **Foundations of the Rating System** | **The Government agrees that local government rates constitute a tax for local government purposes and that the future rate arrangements and the application of rates should accord with principles of good taxation.**  |
| **Recommendation 1:** That the *Local Government Act 1989* describe rates as a tax for local government purposes. | Support in full Designating local government rates as a tax in legislation will elevate their status and legitimacy. It will clarify that rates do not constitute a fee for service and that paying more in rates does not entitle a ratepayer to greater service levels. It will not alter the way rates are levied.The examples of the South Australian and Tasmanian local government acts – which describe rates as a tax – will inform implementation. |
| **Recommendation 2:** That the *Local Government Act 1989* establish a head of power for the Minister to make regulations that incorporate (i) the principles of an effective rating system outlined in Chapter 7, section 7.2.6 of this report and (ii) the other recommendations referencing regulations in this report. | Do not support The *Local Government Act 2020* – passed during the review – is a principles-based Act focussed on improving transparency, community engagement and council autonomy in decision making. The Government believes the foundations of the rating system should be contained in primary legislation.  |
| **Recommendation 3:** That Capital Improved Value and Net Annual Value be retained as the only options for valuation bases for the purposes of local government rates and that the *Local Government Act 1989* be amended to state that councils who move from using NAV to use CIV as their rate base, must continue to use CIV. | Do not support As SV, NAV and CIV will continue to be calculated as per the *Valuation of Land Act 1960* the Government believes it is important that councils retain autonomy to selected either of these valuation bases for rates. |
| **Recommendation 4:** That the Valuer-General improve communication about the mass valuation system, including how it deals with unusual sales, and consider publishing valuation methods online. | Support in principleThe Valuer-General Victoria continues to provide information on the valuation system and its application. The *Valuation Best Practice Specifications Guidelines* are updated and published annually. |
| **Recommendation 5:** That the Valuer-General review and improve the accessibility of dispute process for those who have a grievance. | Support in full The Valuer-General Victoria launched the Rating Valuations Objection Portal in September 2020. This enables ratepayers to lodge an objection directly with the Valuer-General Victoria rather than going through the council. Ongoing improvement to the objections process is central to maintaining integrity and public trust. |
| **Recommendation 6:** That the Victorian Government undertake further analysis, and consultation on the merits of shifting from levying rates on occupancy to levying rates on the basis of land titles (through Certificate of Title). | Support in principle This reform has the potential to significantly reduce costs, simplify administration and align with how the State Land Tax is levied (which is based on title).Further work will be undertaken to fully understand the costs and benefits of change. |
| **Recommendation 7:** That the Victorian Government examine the merits of a valuation averaging mechanism to reduce the impact of large changes in valuations on rates. | Support in full This reform has the potential to address the uncertainty caused by rate volatility arising from large movements in valuation year on year. |
| **Recommendation 8:** Retain the existing provisions under the *Local Government Act 1989* for councils using Capital Improved Value as their rating base to apply differential rates and for councils using Net Annual Value as their rate base, to apply limited differential rates only. | Support in full  |
| **Recommendation 9:** Retain the current limitation in the *Local Government Act 1989* that the highest differential rate be no more than four times the lowest differential rate in a municipal district.  | Support in full   |
| **Recommendation 10:** Replace the existing Ministerial guidelines on differential rating with a legislated requirement for councils to comply with regulations as proposed in Recommendation 2 of this report. | Do not support The Government does not intend to make any substantial changes to the arrangements for general rates. |
| **Recommendation 11**: That the regulations proposed in Recommendation 2 should outline the steps to be taken when determining differential rates. These steps should include: * Stating the objectives of the differential rates.
* Assessing the appropriateness of a differential rate against the range of other tools available to councils to meet the stated objectives.
* Collection and analysis of data and evidence in relation to the impacts on all land types of setting the differential rates.
* Assessment of the proposed rates against the principles underpinning effective rates systems which are outlined in Chapter 7 of this report.
* Assessing the proposed rates against the council’s strategic plan and strategic priorities of the council.
* Providing information to communities on the outcomes of steps 1-5 above in a public rating strategy document and in the budget papers.
* Meaningfully engaging communities in rates decisions.
* Regularly reviewing and auditing differential rates against the proposed regulations and reporting on these.
 | Support in principleThe Government does not intend to make any substantial changes to the arrangements for general rates, including new subordinate legislation.The Government is committed to ensuring that the use of differential rates meets the good practices described by the recommendation. The Government will work with the local government sector to improve their practices as part of the implementation of the *Local Government Act 2020* and the new requirement to prepare and adopt a Revenue and Rating Plan. |
| **Recommendation 12:** That the Victorian Government investigate community views in relation to a requirement that annual rate notices must display the range of differential rates applied by councils along with the rate applied to the assessment on the rate notice. This should be undertaken as part of the action required to implement Recommendation 45.*For reference –* *Recommendation 45: That the Victorian Government facilitate the development of a template for rates notices to be used across councils, which is consistent with best practice written communication principles.*  | Support in full Greater disclosure of differential rates used by councils will foster greater rate transparency and community engagement.In line with the increased transparency requirements of the *Local Government Act 2020* the Government supports greater transparency for differential rates, including publication in full on the rate notice.  |
| **Recommendation 13:** Appoint a suitably qualified and experienced authority to monitor and report publicly to the Minister on the compliance of councils’ rating strategies with the regulations. | Do not support The *Local Government Act 2020* is a principles-based Act that enshrines the autonomy of local governments, including setting rates and charges. The Government believe the current Victorian integrity bodies and their roles overseeing local government are sufficient. This includes the role of the Essential Services Commission in monitoring compliance with the rate cap. |
| **Recommendation 14:** Ensure that local councils continuously improve appropriate application of differential rates and receive training to support them in meeting this goal. | Support in principle Better practice in application practices for differential rates will improve rating outcomes and community engagement with local government.In line with the *Local Government Act 2020* and the principle of local government autonomy, local government administrations must support council decision-making around rates, including during the councillor induction process. The Government has made councillor induction training mandatory as part of the *Local Government Act 2020.* |
| **Recommendation 15:** That the municipal charge be replaced by an optional ‘fixed charge’ without a legislative reference to a council’s administrative costs. | Do not supportThe Government does not intend to make any substantial changes to the arrangements for general rates. |
| **Recommendation 16:** That the maximum amount that may be raised in general rates by way of a fixed charge remain at 20 per cent. | Support in fullThe current arrangement for maximum use of the municipal charge is appropriate, while emphasising the importance of council transparency in its use and setting. |
| **Recommendation 17:** That the Single Farming Enterprise Exemption from the municipal charge be reconsidered against the principle of horizontal equity across all enterprises. | Do not supportThe Government does not intend to make any substantial changes to arrangements for general rates that would negatively impact on a particular cohort of ratepayers. The Single Farming Enterprise Exemption ensures farmers with multiple rateable properties are not required to pay more than one municipal charge when the properties are operated as a single enterprise.  |
| **Recommendation 18**: Retain the current rate exemptions for Crown or council land that is unoccupied or used for public or municipal purposes.  | Support in full |
| **Recommendation 19**: Repeal ownership-based and lessee-based criteria for the purposes of rating exemptions, including those for mining, rail operators, and residences or places of education for ministers. | Do not supportThe Government does not support reform that would remove current rate exemption arrangements. Such significant changes could increase business and investment uncertainty and risk during the coronavirus (COVID-19) pandemic and post-pandemic recovery. |
| **Recommendation 20:** Repeal the exemption for land used exclusively for charitable purposes.  | Do not supportThe Government does not support reform that would remove current rate exemption arrangements. Such changes could create significant uncertainty for not-for-profits, charities and educational institutions. |
| **Recommendation 21:** That further rate exemptions in legislation be determined by the use of the land, not its occupancy or ownership.  | Do not supportThe Government does not support reform that would remove current rate exemption arrangements. Such significant changes could increase business and investment uncertainty and risk during the coronavirus (COVID-19) pandemic and post-pandemic recovery. |
| **Recommendation 22:** In accordance with Recommendation 21 of this Report, include the following criteria for a public benefit test in the legislation:* exempt land must be used for the public benefit; and
* not for the purposes of either:
	+ distribution of profit to members or shareholders by the entity using the land, either during operation or wind-up; or
	+ market rental return; and
* for the direct provision of a service or good that is available to the public or an appreciable portion of the public free of charge or with a nominal charge.
 | Do not supportThe Government does not support reform that would remove current rate exemption arrangements. Such significant changes could increase business and investment uncertainty and risk during the coronavirus (COVID-19) pandemic and post-pandemic recovery. |
| **Recommendation 23:** That the regulations (see Recommendation 2) include:a process for applying for, assessing and deciding on exemptions on the basis of the criteria in Recommendation 22; anda requirement for information to be made available to the community through budget papers and annual reports on the application process, the assessment process, the decision-making process, the number of assessments provided with an exemption, the reasons for the decisions on exemptions, an estimate of the revenue reallocated to the rateable base due to exemptions, and the review date of exemptions. | Do not supportThe Government does not support reform that would remove current rate exemption arrangements. Such significant changes could increase business and investment uncertainty and risk during the coronavirus (COVID-19) pandemic and post-pandemic recovery. |
| **Recommendation 24:** That the regulations (see Recommendation 2) require exemptions to be reviewed at least 2 years after the election of a council and that an audit of the compliance of an exempt entity with the criteria for exemption is undertaken every two years.  | Do not supportThe Government does not support reform that would remove current rate exemption arrangements. Such significant changes could increase business and investment uncertainty and risk during the coronavirus (COVID-19) pandemic and post-pandemic recovery. |
| **Recommendation 25:** That the approach to exemptions recommended above is designed and implemented in consultation with councils and stakeholders to ensure that adjustments can be made to the operation of the entities affected to maximise their opportunities for exemptions.  | Do not supportThe Government does not support reform that would remove current rate exemption arrangements. Such significant changes could increase business and investment uncertainty and risk during the coronavirus (COVID-19) pandemic and post-pandemic recovery. |
| **Recommendation 26:** That further work be undertaken to consider the rating treatment of land use by traditional land owners.  | Support in full, noting need for significant further work in this area. Ensuring the rating system accommodates the contemporary and evolving circumstances of traditional landowners will benefit all Victorians. |
| **Recommendation 27:** That the Victorian Government reconsider providing for local government rate exemptions in other legislation (such as the *Major Transport Projects Facilitation Act 2009*) and only provide rate exemptions by applying the public benefit criteria recommended above. | Do not supportThe Government does not support reform that would remove current rate exemption arrangements. The levying of rates on road, rail and freehold land used by the Transport Portfolio would have a significant impact for the State. |
| **Recommendation 28:** That the criteria for a rebate or concession under the Act be expanded to include properties providing a public benefit. Such benefits could be defined by the public benefit test for exemptions in Recommendation 22 of this report.  | Support in full The Government will look to expand the criteria for a rebate or concession in line with the Report’s concept of public benefit use. Providing councils with the enhanced ability to provide rate concessions and rebates provide flexibility and autonomy to local governments to offer their own rate relief.  |
| **Recommendation 29:** That a rebate or concession for a public benefit must align with the Council’s current Council Plan and that councils be required to report, audit, review and evaluate their decisions in relation to rebates and concessions.  | Support in partAs noted in Recommendation 28, increased autonomy for local governments must be supported by appropriate transparency and accountability. The Government notes existing transparency and reporting requirements for rebates and concessions and the reporting requirements in the *Local Government Act 2020.* |
| **Recommendation 30:** That the Victorian Government publish guidelines and a community communication strategy on deferral schemes aimed at supporting councils to promote deferrals to address capacity to pay issues.  | Support in full Increased use of rate deferrals offers another tool of support to ratepayers while retaining equity for the whole community.The Government will support the promotion of rate deferrals via the implementation of the Local *Government Act 2020.* |
| Unpaid Rates and Payment Difficulty | **The Government will ensure ratepayers facing financial hardship are given consistent support and treated with fairness.**  |
| **Recommendation 31:** Ensure that the regulations (See Recommendation 2) require that all Victorian ratepayers have access to consistent billing, debt recovery and payment difficulty assistance and that the use of council’s coercive powers (e.g. legal action and debt collection) are only ever measures of last resort.  | Support in full The Government will ensure consistent support is available to ratepayers experiencing financial hardship. Better outcomes for ratepayers facing financial hardship will improve their circumstances and the broader standing of local government in the community.The government considers this a priority in the context of the coronavirus (COVID-19) pandemic. This work will be informed by the outcomes of the Victorian Ombudsman’s ‘Investigation into council responses to ratepayers in financial hardship’, expected to be completed in 2021. |
| **Recommendation 32:** Establish a collaborative change management program to support the implementation of the regulations relating to payment difficulty. The program should address the requirement for councils to develop new processes and skills to deal effectively with all aspects of payment difficulty. Responsibility for the change program should be assigned to an agency with experience in guiding, designing, implementing and monitoring reforms of this nature. The performance of councils should be reviewed two years after implementation of the change program to determine its success in changing practice in the sector and whether further recommendations for improvement are warranted. | Support in principle The Government recognises the importance of supporting ratepayers experiencing financial hardship and ensuring councils have the resources and capacity to do so. Further work will be undertaken to determine the scope of any reform program.This work will be informed by the outcomes of the Victorian Ombudsman’s ‘Investigation into council responses to ratepayers in financial hardship’, expected to be completed in 2021. |
| Other Rating Matters | **The Government will look to make improvements to the legislation to ensure greater transparency and accountability in how service rates and charges and special rates and charges are applied.** |
| **Recommendation 33**: That the section of legislation referring to “collection and disposal of refuse” be amended to ensure that all applicable waste management activities and efficient costs that are directly related to the service provided, may be considered when setting the service rate (or charge).  | Support in full The proposed reform will improve transparency and clarity in the make-up of waste charges. |
| **Recommendation 34**: That “the provision of a water supply” be removed from the provisions for a service rate (or charge).  | Support in full |
| **Recommendation 35:** That the *Local Government Act 1989* be amended to require that the declaration of special rates and charges schemes include a project timeframe and plan, that councils report on progress against the plan in their annual reports and that councils review and report to stakeholders on the schemes on a regular basis to promote their timely completion and ongoing relevance. | Support in part The Government supports a requirement for special rate and charge schemes to include a project timeframe and plan where appropriate. The reform will provide greater certainty and clarity for ratepayers subject to special rates and charges. As such schemes are subject to specific accountability requirements in legislation, including mandatory consultation with affected ratepayers, the Government will not require the progress of such schemes to be disclosed in a council’s annual report which would add to reporting burden.  |
| **Recommendation 36**: That where a special rates or charges scheme relates to infrastructure, the Act clearly specify a limited timeframe between the declaration of a scheme and the initiation of the project. | Support in full The reform will ensure special rate or charge schemes cannot remain a potential charge on a property, creating uncertainty for ratepayers both current and future. |
| **Recommendation 37**: That the legislative and administrative arrangements for Environmental Upgrade Agreements be reviewed to determine how they might be simplified and how best to communicate the risks and benefits to ratepayers. | Support in principle The Government notes the need to furtherconsider how best to undertake a review and its scope.A review must consider the need to balance the accessibility of Environmental Upgrade Agreements with the importance of protections for ratepayers owing to the charge that is placed on a property as security for financing. |
| Reforming Alternative Rating Arrangements | **The Government accepts that alternative rating arrangements for specific land uses pose problems for equity when compared to the rating arrangements for most ratepayers. It also recognises the longstanding nature of many of these arrangements and the importance of fully understanding the implications of change.** |
| **Recommendation 38**: That in the absence of a clear policy rationale, section 94 of the *Electricity Industry Act 2000* be repealed to bring the rating of all power generation companies under the *Local Government Act 1989*.  | Do not supportThe Government does not support reform to the current arrangements. Changes to the rating of power generators would increase business uncertainty and risk for the energy sector during the coronavirus (COVID-19) pandemic and post-pandemic recovery.  |
| **Recommendation 39**: If section 94 of the *Electricity Industry Act 2000* (EIA) is repealed, that a transition arrangement and timeframe for electricity generators to be rated under the *Local Government Act 1989* (LGA) should be implemented. (For example, the difference in rates payable under the EIA and the LGA could be phased in evenly over three years). | Do not supportIn line with the response to recommendation 38, the Government does not support reform to the current arrangements. Changes to the rating of power generators would increase business uncertainty and risk for the energy sector during the coronavirus (COVID-19) pandemic and post-pandemic recovery.  |
| **Recommendation 40:** That section 4 of the *Cultural and Recreational Lands Act 1963* be repealed, removing the requirement for councils to consider services provided and community benefits relating to cultural and recreational lands when setting rates for such lands. | Do not supportThe Government does not support reform to current arrangements. Such significant change would increase uncertainty and risk for cultural and recreational land during the coronavirus (COVID-19) pandemic and post-pandemic recovery. |
| **Recommendation 41:** That the rating of cultural and recreational land by councils be brought under the *Local Government Act 1989*, with any rate reductions to be determined under the proposed public benefit test for exemptions and to comply with the regulations to be established (as proposed in Recommendation 2). | Do not supportThe Government does not support reform to the current arrangements. Such significant change would increase uncertainty and risk for cultural and recreational land during the coronavirus (COVID-19) pandemic and post-pandemic recovery. |
| **Recommendation 42:** That the Victorian Government and the City of Melbourne explore the impact of repealing s.28 of the *City of Melbourne Act 2001* to bring the City of Melbourne’s rating provisions in line with the Local Government Act 1989.  | Support in fullThe Government notes the benefits of simplicity and placing rating arrangements in a single Act.  |
| Making Rate Payments Fairer | **The Government fully supports rate payment arrangements that are convenient for ratepayers and efficient for local governments.** |
| **Recommendation 43:** That the Victorian Government work with the local government sector to develop and implement a best practice rates payment arrangement (including any legislative changes and systems required) to support flexibility and convenience for both councils and ratepayers.  | Support in full A best-practice rate payment arrangement would benefit over 3 million ratepayers with greater billing convenience and flexibility. |
| **Recommendation 44:** That legislation formalise a hierarchy for the allocation of payments received. The hierarchy should be determined in consultation with stakeholders. | Support in fullThe proposal will ensure greater certainty and clarity for councils, ratepayers and the Victorian Government. The Government will identify the most suitable arrangements for implementation |
| **Recommendation 45:** That the Victorian Government facilitate the development of a template for rates notices to be used across councils, which is consistent with best practice written communication principles.  |  Support in fullThe Government supports this recommendation in full subject to prescribed information being retained.The proposal will improve transparency and clarity for ratepayers. |
| **Recommendation 46:** That the owner and occupier are listed separately on the rate notice (if the rate notice is paid by the occupier).  | Support in full The Government notes the need to clearly identify the liable ratepayer on the rate notice, along with implications for the liability of land tax, Fire Services Property Levy.The proposal would improve transparency and clarity for ratepayers and occupants of properties. |
| Rate Administration and Governance for the 21st Century | **The Government supports recommended reforms to rate administration and governance. It notes that the *Local Government Act 2020* highlights the importance of greater public transparency and accountability in council planning and decision making.** |
| **Recommendation 47:** That legislative reforms require councils to prepare a four-year rating strategy which aligns with their four-year resource plans and that annual budgets align with their four-year resource plans and their four-year rating strategies. | Support in fullThe proposal highlights the importance of transparency and accountability of councils in rate setting process and its relationship with planning and budgeting strategies. The *Local Government Act 2020* requires councils to have a four-year Revenue and Rating Strategy published on their website. The Government considers this recommendation acquitted. |
| **Recommendation 48**: That the regulations (see Recommendation 2) include a requirement for councils to report on:The objectives of their rating strategy within the context of the council’s four-year resource plan;The evidence on which they have based their rating strategy to meet those objectives;The method by which they have engaged their communities in the consultation and discussion of the rating strategy; andThe method by which they will review and evaluate the rating strategy. | Support in principleThe Government notes the range of mechanisms to achieve the policy aims of this recommendation and the need to explore each. |
| **Recommendation 49**: That the regulations (see Recommendation 2) require the Council to approve the rating strategy publicly and to publish it. | Support in fullThe *Local Government Act 2020* require councils to prepare and adopt a Revenue and Rating Plan. The Government considers this recommendation acquitted.  |
| **Recommendation 50**: That a sector wide culture development program be established to assist councils to develop the governance, leadership, skills and knowledge required to engage communities in a manner consistent with the policies and practices set out by the Local Government Bill 2019.  | Support in fullImproved governance, leadership and community engagement in rating will benefit all local governments and their communities. The *Local Government Act 2020* requires deliberative community engagement to be undertaken by councils. |
| **Recommendation 51**: That further work is undertaken to assess the merits of replacing the Notice of Acquisition with a file from Land Use Victoria (Titles Office), to understand the benefits and associated costs of consolidating the administration of rating systems across the sector and to identify the potential for improved interfaces between rates administration and relevant Victorian Government functions. | Support in fullThere are clear benefits with this reform, in particular increased data accuracy and reduced costs for rate administration.The Government notes the need to fully understand any cost implications for councils.  |
| **Recommendation 52**: That the Valuer-General’s Office and councils collaborate to redesign the valuation objections process to provide a single point of contact within the Valuer-General’s Office for ratepayers who have issues with their valuations, to improve responsiveness to ratepayers who seek information or review and to improve process efficiency. | Support in fullThere are clear benefits in this reform for rate administration and ratepayer convenience, with additional benefits for system integrity and transparency.The Government notes the September 2020 launch of the Valuer-General Victoria’s Rating Valuations Objection Portal for centralised objections for participating councils. |
| Other Opportunities to Improve Confidence in the Rating System |  |
| **Recommendation 53:** That the Valuer-General’s methodology and data be reviewed at least every two years by a suitably qualified and independent agency as part of a program dedicated to the continuous improvement of the rating system. | The Government notes that the Panel’s Terms of Reference specifically excluded consideration of the *Valuation of Land Act 1960*. |
| **Recommendation 54:** That work be undertaken to explore whether the valuation model can be improved by reducing its dependence on observed market prices and increase its reliance on property characteristics which are more stable than market prices (such as: size of land, floor space, distance from service centres, etc.)  | The Government notes that the Panel’s Terms of Reference specifically excluded consideration by the Panel of the principal functions of the *Valuation of Land Act 1960*. |
| **Recommendation 55:** That the Victorian Government work with relevant peak bodies and councils to design a performance development program which ensures improved alignment between councils’ longer-term strategic plans for their communities, their ten-year financial and asset plans, their four-year priorities and associated resource plans and four-year revenue and rating plans. These, in turn, should inform their annual budgets. | Support in fullThe Government is working with the local government sector to implement the long-term planning, asset and financial management requirements in the *Local Government Act 2020.*  |
| **Recommendation 56:** That the improvement program outlined in the 2017 Report of the Rural and Regional Councils Sustainability Reform Program report is reviewed to inform future projects and programs to address improved equity across all councils in Victoria. | Support in fullThe Government supports the long-term sustainability of rural and regional councils through dedicated programs of support. The Victorian Government will continue to advocate to the Commonwealth Government for the need to increase funding to compensate for the freeze in indexation of the Financial Assistance Grants pool between 2013-14 and 2016-17. |