

# Fair Rates for Everyone

A Policy Initiative released by The Greens for Melbourne City Council

8 September 2020

## The City of Melbourne is in economic crisis

For the first time more than one million Australians are unemployed ([The Age](#)). Australian Bureau of Statistics payroll [data](#) show Inner Melbourne to be the region of Australia with the biggest job falls, with 10.4% fewer payroll jobs on 8 August 2020 compared with 14 March 2020.

The education, hospitality and arts and entertainment sectors have suffered the most, and job losses are more difficult to measure in hospitality and the arts due to the nature of work. The City of Melbourne's Gross Local Product prior to the COVID-19 pandemic was [\\$104 billion](#), and this has now fallen significantly as a result of the pandemic-induced recession.

## The Council must assist

All levels of Government must focus on economic recovery for central Melbourne, and all financial levers available to Melbourne City Council should be explored.

The Greens supported the financial grants available to businesses, organisations and artists to assist during the recession. We will continue to do so, partnering with the State and Commonwealth to leverage grants funding where possible.

The Council has not yet, however, properly explored its rating opportunities to drive equity across all ratepayers and ensure that the 'capacity to pay' principle is enshrined in the budget.

University land is unrateable, and Greens on Council will fight to overturn the Commonwealth's withholding of JobKeeper payments from the Higher Education sector.

Other land is subject to rates, however, and all non-residential rateable properties pay the same rate in the dollar: 4.4159 cents on the Net Annual Value (NAV) system, regardless of the capacity to pay.

## KEY POINTS

A Greens Melbourne City Council will:

1. Change the Council's ratings system to CIV to allow for much more significant differential rates, and apply these to different land types based on the capacity to pay and our commitment to save cultural venues and public places during a recession.
2. Effectively halve rates on bars, restaurants, clubs, theatres, venues and other places of assembly for five years.
3. Effectively double rates on gambling premises for five years.
4. Increase the pensioner rebate Council subsidy to \$198.20, the equal-highest in the State.
5. Advocate for liquor licence fee waivers for all venues through to the end of 2022.

These measures will allow for an effective rate freeze for residential properties in year 1 while allowing an overall rate increase in line with CPI, to ensure that municipal jobs are kept and a strong construction pipeline of new infrastructure is fully resourced.

Some businesses are booming. Some businesses are surviving. Some businesses are on the verge of collapse. Some businesses have already closed.

We will fight to keep every live music venue, every restaurant, every place where people come together to meet and enjoy life and each other, OPEN.

## A new rates system

A Greens Melbourne City Council will:

1. Initiate a change to the rating system under S28A of the *City of Melbourne Act 2001* from Net Annual Value (NAV) to Capital Improved Value (CIV). NAV limits the City of Melbourne in applying differential rates: the highest differential rate must be no more than 2 times the lowest differential rate ([S28 CoM Act 2001](#)), and can only distinguish differentials between residential and non-residential land ([S161A LG Act 1989](#)). Under CIV, the Council is freer to apply differential rates on a range of land use types.
2. Apportion the residential and non-residential sections of the rate base at the same level as is currently the case, in order to ensure that the new rate in the dollar for CIV reflects the same base rates bill as was produced under NAV.
3. Apply differential rates to different land uses to drive fairness into the rating system. At the heart of these differentials will be a highest rate differential for **gambling premises**, set at 4 times the rate of the lowest rate differential for **places of assembly and bars and restaurants**. The scheme will be in place for five years, through to June 2026.
4. Indicatively, and subject to a full assessment of all land use categories following the change of rating systems under S28A, the relative differential rates away from the standard non-residential rate in the dollar in year 1 will be approximately:
  - a. Places of Assembly                      50%  
  
(This includes cinemas, theatres, galleries, exhibition centres, museums, function centres, conference centres, nightclubs)
  - b. Bars and Restaurants                      50%  
  
(Includes live music venues not already captured)
  - c. Gambling premises                      200%
5. This differential rates regime is based on the 'capacity to pay' principle and is designed to help Melbourne survive and recover from a recession. While it is only one financial mechanism by one level of Government, it will contribute to keeping Melbourne's cultural institutions open, and places where people congregate – where they have been locked out for so many months – financially viable. It places the cost burden on those land uses with the capacity to pay, rather than as a means of limiting harmful externalities, and is therefore consistent with the [Ministerial Guidelines for Differential Rating](#).

6. The income from the differential rate on Gambling premises will allow for an effective 0% rate rise on all residential and non-residential properties in year 1 other than those subject to the outlier differential rates, even with the overall rates base increasing with the Consumer Price Index to ensure that the revenue necessary to continue a strong construction pipeline of projects for a growing City continues (see our *Jobs For Everyone policy initiative*).
7. To be clear, this is effectively a 'wealth tax' on gambling venues for 5 years to offset significant rate reductions to hundreds of cultural and hospitality venues in the city, to get Melbourne through the recession with as few venue and business closures as possible.

To further drive equity measures into the rating system, Greens on Council will pursue additional fairness measures:

8. Increase the rates concession Council-subsidy for pensioners from \$120.50 to \$198.20, the equal-most generous in the State with the City of Maribyrnong.
9. Take a generous rates deferral stance and ensure that the Council's *Rates Financial Hardship Policy* is reviewed annually to ensure that it is as accessible and fair as practicable.
10. Advocate to the State Government to continue a 100% fee reduction on liquor licences for all venues in the City of Melbourne through to the end of 2022.
11. Provide a full rate rebates to bars and restaurants for the period that the government mandated lockdown has forced closure, from 1 July 2020 until reopening. Support the roll out of outdoor street-based expansion of cafes, restaurants and venues during COVID-19, with on street permit fees waived.

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