

Response:

I submit that there is a significant injustice in the way that almost all Victorian Councils charge rates to units in Retirement Villages.

In explanation, I offer the following information:

- Council Rates are set to cover the cost of the provision of municipal services including the maintenance of street lighting, construction and maintenance of footpaths, roads, drainage, street lighting, landscaping, car parking spaces and street cleaning. In addition, councils provide services to remove rubbish, green waste and hard rubbish collection. *(The above-named services are not provided by the Mornington Peninsula Shire Council to the Peninsula Grange Retirement Village in Mornington, yet the individual villa residents are required to pay the full amount of rates. As a Villa "owner" I am clearly being charged by Council for services that are not provided. The same occurs in almost all other retirement villages in Victoria, with the exception of a few Councils which have recognised this injustice and granted a discount to compensate for this unfair situation.)*
- Residents of retirement villages are required to pay a monthly levy to the village owners to pay for the above services which are provided directly by the village management. The amount of rates the owners of each villa pay to councils is unfair, relative to the benefits they receive from council services (that is, the equity-benefits principle).
- The density of retirement village units results in Councils collecting 2-3 times the usual rate revenue than they would from normal residential development, giving a significantly enhanced revenue base for Councils.
- Retirement villages provide many other *financial* and *social* benefits to Councils and local communities.
- Council rates are based on Capital Improved Value. Unlike owners of normal residential properties, Villa "owners" can never achieve the CIV on the sale of their villas due to the application of a Deferred Management Fee, only receiving a share of any Capital Gain, Refurbishment Fees and payment of a Monthly Levy for up to 6 months.
- The ***Ministerial Guidelines for Differential Rates April 2013*** provide guidance to Local Government to consider a reduction of this unfair rate burden through the use of a reduced differential rate for Retirement Village land (and other specific classes of land), yet the vast majority of councils have rejected previous submissions from local Retirement Villages and continue to

charge for services not provided. Retirement Villages are seen as easy money for Councils.

RECOMMENDATION:

In order to achieve both justice and consistency in the application of Differential Rates for Victorian retirement villages, it is recommended that all Councils be required to give a 25% reduction of the General Rate for every Victorian retirement village unit.