

To: localgovernment@esc.vic.gov.au
From: Derek Balogh
Date: 31/08/2015 01:45:21 AM
Subject: Attn: Ms. Angelina Garces - Local Government Draft Report Submissions from Derek Balogh

Hello Angelina,

My apologies my submission was not sent to your office by the 28th August. Due to my own personal commitments, I was unable to meet your deadline, of last Friday. My apologies. I do hope this submission reaches your office and may still be considered for your Draft Report into Local Government and Council Rate Capping.

My name is Derek Balogh, and I represent the Mt. Waverley Residents and Ratepayers Network. We are a community group, which has concerns for the homeowners of Mt. Waverley. This submission is my story, although it is also representative of many people in our area.

Firstly, my parents built their home, in the early 1960's. It is an average home, on a typical sized block of land, approx. 700 square metres, within Mt. Waverley. Today, my father occupies his home, and is a Pensioner. He has real concerns of being in the position to remain in his home, on his pension, with his Monash Council Rates increasing 27.74% in the last two years alone!

He has made improvements to his home over the years, and is still an average sized home of about 24 squares. Since the change of the rate system to CIV, or Capital Improved Value, he has seen his council rates, and those around him, increase well above the rate of increase to his pension. He is now seriously concerned if he will be in the position to afford similar increases of around 27% every other year, going forward?

Now, Monash City Council has voted to increase council rates by 6%, in the 2012 - 2013 and again, the 2013 - 2014 years, and has repeated the same increase, in this financial year. So, not using a compounding rate calculator, we will use the basic, but incorrect figure, of 12% increases over these two years, when my father's owner occupied home council rates increased by more than 27%. So, by my calculation, this leaves a substantial concern that the State Government Valuer General's Office is accountable for approximately slightly less than the balance of 15% of the rise in his home council rates increase!

So, when the Premier of Victoria promises in the State elections, that his government will cap council rates to CPI, this DOES NOT take into the account the flawed and skewed Capital Improved Value rate system, which accounts for more than the exorbitant rise from the local council? It seems like the Site Improved Value worked better for home owners, and was scrapped and replaced by the Capital Improved System, as it did not grow and collect as much in revenues, from home owners? From our perspective, the CIV rate system heavily favors Property Developers, Property Investors, and local councils, but NOT home owners? This is the heart of the problem, which I did not read in your draft document from the ESC?

It is a complete furphy and unrealistic to think and believe that simply capping rates at the 'Cost of Living' rate of approx. 2.3% will 'Fix the Underlying Problem', and will make any difference to those suburbs, experincing higher than average growth in property values, as

developers and investors are driving prices faster and higher now, than in the recent past decade.

If people like my father are feeling worried and concerned if they can stay in their own homes, it is because of BOTH the State Government of Victoria and local councils! Both the State Government of Victoria and Councils, share the blame of this growing problem. Both are contributing to the steep rises in rates. The simple 'capping of rates' still places upward pressure on home owners - both pensioners and families, courtesy of the State Government's Valuer General's Office. Our councils are not showing ANY restraint in spending, resorting to rate increases year on year, to meet their growing expenditures, in a lacklustre, and softening, broader economy. The skewed CIV system, which works AGAINST home owners, is the problem and only places more home owners into financial hardship, as the increases continue to rise, due to pressure from State Government and Councils.

I am asking my submission to be considered, as a representative point of view of our neighbors in Mt.Waverley. I firmly believe that the story above, is little different across the Eastern Suburbs of Melbourne, with foreigners and investors looking to develop properties with larger blocks, to demolish and redevelop sites with multiple dwellings, for some years to come. One Economic forecaster firmly nominates the Eastern Suburbs to experience property values to increase over the next four years, to 2019. At this rate, people like my father will see more rate increases of potentially another 27% by 2017, and a further 27% by 2019.

This is a situation which is untenable and cannot be allowed to continue, as the financial stress to pensioners and families will only worsen the already strained household budgets, when the media is forecasting the real possibility of Recession in the coming six months!

Thank you for your consideration of my submission to your investigation into Local Government.

(Incidentally, the term 'Local Government' is completely 'Invalid', as it is NOT supported by the successful recognition of a National Referendum vote, as per the Constitution Act, 1901. Neither is the fact that a 'Corporation', of which Monash City Council is currently 'Incorporated' has any Authority to charge and increase taxes, without a mandate from the ratepayers? Perhaps this rather important legal issue should be considered in your further investigations and report to the Local Government Minister for submission to the Victorian Parliament as being 'Unconstitutional'???)

Derek Balogh