

ESSENTIAL SERVICES COMMISSION, VICTORIA:

**VIEWS ON THE DRAFT RECOMMENDATIONS,
RATE CAPPING REVIEW**

By:

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SUBMISSION

Background:

This paper will be brief. The Commission released its draft recommendations, 14 August 2015, seeking comments before the final recommendations are made to the Minister.

In broad terms, this paper agrees with most of the recommendations made. A minor exception is to Draft recommendation 9, of which further comment will be made below. If changes are made as suggested in this paper, some other changes will be required to draft recommendations 10 and 11 that would reflect accepting the proposed change.

Proposed Change to Draft Recommendation 9:

Draft recommendation 9 asks;

"The Commission recommends that it should be the decision-maker under the framework, but only be empowered to accept or reject (and may not vary) an application to variation."

This is too rigid a position. Some flexibility must be made to accept or rejecting a Council's variation. If a Council's rate is set above the recommended amount under the commission's proposals, a further review should be made by an independent body. The Commission cannot be the originator of the policy and its judge. A previous paper by this author suggested a panel be appointed by the Minister to adjudicate on municipalities varying above the rate cap. This position still stands. If a Council decides to set its rates at or below, the cap, there is no point to pursue. If a Council sets its rate above the cap, there has to be a reason, the answer is a more detailed review by an independent panel.

If this suggestion is accepted by the Commission, and forms part of its recommendations to the Minister, it means some subsequent variations will be required to recommendations 10 and 11.