

To: localgovernment@esc.vic.gov.au

Date: 20/05/2015

Subject: Local Government Rates Capping and Variation Framework Review. Attention: Mr David Heeps

Local Government Rates Capping and Variation Framework Review
Essential Services Commission
Level 37, 2 Lonsdale Street Melbourne VIC 3000

Mr David Heeps
Essential Services Commission

Dear Sir,

Re: Local Government Rates Capping Framework

We support the proposal for local government rates and charges to be capped to the rate of inflation. Ratepayers, the consumers of local government services have little, if any, capacity to avoid rising costs imposed by councils. They have little control over how rates are spent and, in Boroondara, most ratepayers would suggest there is considerable expenditure on projects that do not have widespread community benefit.

The rise in rates over the past decade have been excessive when compared to inflation and the cost of most other services provided to Victorians. Little justification for this excessive increase has been provided. Presumably, the costs of addressing planning and development issues through VCAT and appearance at Planning Panels Victoria hearings is consuming more of the budget now than in years gone by.

Excessive rates increases have continually occurred over the last 15 years since Council amalgamation. The rises cannot be justified and, especially for low income families, this places a disproportionate financial burden compared to the value of services provided. Rates in Victoria have reportedly increased more than other states without any comparative benefit.

Rate capping should encourage councils to address efficiency and waste. It is unsustainable to continually expect the community to wear these annual increases. Councils' revenues would continue to increase in line with the cost of inflation and also increase as the State pushes for ever increasing densification of suburbs.

Councils experiencing exceptional circumstances, requiring additional funds beyond the cost of inflation, need to plan and rigorously justify any increase in rates including the timeframe for such temporary situations. Annual Rates Notices should itemise these special circumstances charges.

Councils should also be required to provide comparisons of annual budget spending over the previous 5 years, by category, to enable consumers/ratepayers to better understand where money is being spent and changing trends. Councils should be required to include a budget forecast for the same categories, over the coming 4 years to demonstrate their capacity to plan.

The Essential Services Commission should also ensure that Councils cannot subvert rate capping measures by increasing charges for services or borrowings in lieu of increasing rates more than the cost of living.

Yours faithfully
Judy & Steve Spence
Concerned ratepayers