

22.8.2015

**Essential Services Commission
Local Government Rates Capping & Variation Framework**

Submission to Draft report on the framework volume 1.

Dear Sir

I am very interested in capping the rates, particularly in the Murrindindi Shire Council where I live. The rates are every year up and up. For the year 2015/2016 I do not know how much the rates will be. In the budget that has been adopted it is written 6% but graphical presentation shows 6% and 7.8%. In The Sun newspaper it is reported that the rates in the Murrindindi Shire are 8.19% for 2015/2016. We have not received the rate notice up to date.

I am really looking forward to a capping to be applied from 2016/2017 onwards. I see that indicative capped rates for 2016/2017 are 3.05% and 2.85% for the next 2 years.

However, I would like to suggest some more positive control on the Councils in their ability to borrow the money from the bank, which, of course, will have to be repaid by the ratepayers. In paragraph 3.2 page 24 I note that: ***Conversely, ratepayer groups emphasized that councils should be required to justify fully any variation and they should not be permitted to circumvent the rate cap by unnecessarily increasing their borrowings.*** I strongly believe that just wording "***and they should not be permitted***" will not stop them borrowing larger amounts. Murrindindi Council makes borrowing every year between \$500,000-1mil. It is not readily known how much Murrindindi Council owes to the bank.

Murrindindi Council has a history to have the rates increased every year by 6% or more. They are certainly going to apply for Variation above the rate cap. At present time the Council is highlighting in the budget how much work and services will be achieved for that fiscal year. Once they cannot have revenue income as they are planning they will simply prune the planned works and services down. I can see that happening. They certainly will not prune down the pays to executive staff, who are overpaid. For 2015/2016 the cost of employees and cars to some of the employees is more than 75% of rates and charges.

I note that the commission is not laying down rules how to conduct community consultations. For example, how well will it be advertised, what is the minimum percentage of residents/ratepayers needed to attend such consultations and means of approval of variation request.

Steve Bahlen