

From: John Glazebrook  
To: [localgovernment@esc.vic.gov.au](mailto:localgovernment@esc.vic.gov.au)  
Date: 03/08/2015  
Subject: Local government rate capping and variation.

To the Victorian Essential Services Committee  
Attention: Dr Ron Ben-David, Chair.

I write in reference to the Rate Capping and Variation Framework Review now being considered by the ESC for all Victorian municipalities.

Abstract: The task of the Essential Services Commission and Dr Ron Ben-David goes beyond simply considering approval for council rates variations. The commission needs to clarify financial responsibilities between State and Federal Governments, Local Councils and ratepayers for funding urban development and population growth. Without this clarification ratepayers are at risk of being subject to further cost shifting and rates increases. Growth models underfunded by Federal and State Governments are now creating community deficits.

I submit the following comments in relation to the commission's review of rates variations. I also ask the questions (1) should ratepayers be responsible for funding high-population growth models and facilities for new sub-divisions? High growth models inevitably impose various complex economic and environmental costs on communities through overcrowding, congestion, pollution, and crime. (2) Why should ratepayers have to finance "unsustainable" growth models and (3) where does the financial responsibility of State and Federal Governments begin and end with urban growth and development? In my opinion, the eight "rates variation" principles outlined in the ESC's draft document are really inadequate for dealing with the models and cost pressures impacting on councils and ratepayers today. The ESC should consider the inclusion of further guiding principles for the ESC's Variation Framework. This will give more clarification to the concepts of transparency in local government and define responsibility for better funding urban development and growth.

Principle 9. Transparency. This could state that any council intending to apply for a rates review above the rate of inflation for the next financial year should inform local ratepayers of any such decision. This can be done on the council's website, through the local press, or by email and sms technology. The reasons for any increase in council rates above the C.P.I. must be stated on its website and local ratepayers could be permitted to attend any hearings in relation council submissions requesting rates variations. Furthermore, the ESC's draft policy document makes no attempt to define the financial jurisdiction of council or ratepayer financial responsibilities in relation to community services and population growth models. High growth models advocated by Federal and State Governments should be fully financed by Government. Ratepayers, on the other hand, provide finance for existing basic services from councils; such as waste management and garbage collections. Outer suburban growth municipalities such as Wyndham and Casey, however, can have different resourcing needs from shires with much lower growth trends. Because population

size is a key driver behind local government's costs. But why should existing ratepayers in high-growth municipalities be forced to cross-subsidize the infrastructure for new subdivisions that have not been adequately financed by both Federal and State Governments? This can eventually impose further environmental and economic costs on local communities.

Principle 10. Responsibility for financing development. This could state that submissions by councils for rates variations should be based only on changes to the costs of delivering "existing" services to ratepayers. That existing ratepayers should not be expected to cross-subsidize new facilities and services for projects or future subdivisions which are the financial responsibility of either State or Federal Governments. At present, many ratepayers in Casey, for example, are forced to pay for the development of projects from they will receive little benefit, but which will impose "hidden" costs on every ratepayer in the shire as a consequence of the high growth rates advocated by both State and Federal governments. In other words, the ESC can make a clear statement of financial responsibility. This is done by the Essential Services Commission defining financial responsibilities between councils, ratepayers, and State and Federal Governments in relation to existing services and community deficits created high growth rates. New infrastructure for new sub-divisions and population growth beyond the capacity of existing resources must be the responsibility of Federal and State Governments, not ratepayers. In my view, the ESC is not only responsible for providing approval for council rates variations, the ESC is responsible for defining financial responsibilities and clarifying the meaning of transparency in local government.

Unless the ESC provides leadership on this issue, and includes principles 9 and 10, as suggested above, ratepayers will face increases in rates due to government cost-shifting pressures as a result of unsustainable population growth models, austerity policies, and regressive taxation measures.

Sincerely,

John Glazebrook