

To: localgovernment@esc.vic.gov.au
From: Jenny Frieden
Date: 27/08/2015 08:32:53 PM
Subject: Rate capping review

Hi,

I would like to express my disappointment regarding the current proposal to introduce rate capping in Victoria.

As a rate payer in the City of Greater Dandenong, I appreciate the role my council plays in supporting local environmental programs, local community groups, local welfare agencies, neighbourhood houses, youth services, aged care services, community arts and more.

I believe that capping rates to CPI is foolish, because CPI is based on the cost of a typical selection of household goods, which does not reflect the costs that local governments incur. In fact, I understand that the costs incurred by local governments (predominantly wages and construction costs) tend to increase at a rate higher than CPI, so capping rate rises to CPI is effectively reducing the available revenue for local governments. Rate-capping would result in local governments having to reduce services and reduce spending on maintaining/developing important community infrastructure, which I believe is an undesirable outcome.

I am particularly concerned that the paper that came out at the beginning of this month seems to be fixated on so-called "core services" and ignores the need for funding other areas like community development, local non-profits, community groups, social inclusion, arts and the environment. I believe that many of these other areas are actually core services. Indeed, at a recent talk I went to by Anthony Carbines (the parliamentary secretary for the environment), he referred to sustainability as a core service of local government, and I completely agree with this view point.

I support local government increasing rates to cover the costs of providing the above-mentioned services, as well as funding improved community facilities. I think that if rates must be capped it would be more sensible to use the Local Government Cost Index rather than CPI, as this better reflects the costs councils actually incur.

Thank you

Jennifer Frieden