

To: localgovernment@esc.vic.gov.au

Date: 14/05/2015

Subject: No to CPI capping

*I would like to raise my concerns regarding the proposal to introduce rate capping in Victoria, as discussed in the April 2015 consultation paper on this topic.*

*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.*

*Moreover, I support local government increasing rates to cover the costs of providing the above-mentioned services, as well as funding improved community facilities. As Councillors are democratically elected, there is already a mechanism for rate payers to have input into the issue of rate rises. Therefore, there is no need for the state government to impose rates capping.*

*Thank you.*

*Karen Buckley*