

28th August 2015

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| V&AG.P.S.INC. Secretary P.O.Box 132 Inverleigh 3321 |
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Dr. Ron Ben-David,
Chairperson,
Local Government Rates Capping and Variation Framework Review,
Essential Services Commission Level 37,
2 Lonsdale Street,
Melbourne VIC 3000.

Response Local Government Rates Capping and Variation Framework Review

Dear Dr. Ron Ben-David,

We would like to thank you for the meeting with us and other concerned ratepayer's for discussion of the Draft Report at your office.

Our responses clearly showed that most attending had a lot of concerns regarding the draft and in particular, it's implementation and monitoring.

We feel that the Draft has missed a major point and that is the ability for ratepayers to forever pay rates above CPI, as your proposed formulae will create this situation.

Adopting the DFT (Dept. Treasury & Finance) figure is one that we would dispute as it is highly likely to reflect wage growth in the public sector and not that in the private sector, which has over recent years has been trending down below CPI.

In the case of our Council (Golden Plains Shire) the wage growth is compounded by the presence of an extremely generous EBA that is in itself always above CPI. This trend must be halted and use of the DFT figure will not encourage our local government to curtail this wage spiral. The MAV is not to be trusted as it is a self-interest organisation and self justifies the highest costs rather than encouraging new ways to keep costs down and other efficiencies.

The Efficiency factor is far too low and again would do nothing to change the existing behaviour in our Council. Please keep in mind that Local government is extremely conservative and seems to find adopting new practices difficult. Many of its employees have little or no experience in the private sector. If you do use the efficiency factor please make it significant.

The item that is of the most concern is the Variation's process and it's monitoring. At the Melbourne meeting we were all unanimous in our scepticism of this. Our Council says it is informative but the truth is far from that. They have a gazette that we have asked to have all information in regard to projects and costs to be printed in. They simply refuse; we are forced to dig out any information we can access and then often Council denies it. We are unpaid volunteers who struggle to get data that will allow us to support or oppose an issue. You say that you will evaluate the variation asked for and we are certain that unless you have far reaching powers the Councils will take you

to the cleaners. We are very concerned on the length of variations that the Draft will allow and we could very well have multiple overlapping of such variations causing even higher rates.

If you adopt the variation provision you must include ratepayer groups such as us in the evaluation process to alert us to the issues and provide input from the other side.

We feel that as most ratepayers are in the private sector, self-employed or retired they are often treated unfairly by public departments. This review needs to understand how brutal excessive rate rises are and understand this is why ratepayer's had no choice but to form groups like ours.

Yours sincerely,

David Evans.

President - V&AG.P.S.INC.