



Nillumbik Ratepayers Association

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Local Government Rates Capping and Variation Framework Review
Essential Services Commission
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14 May 2015

Local Government Rates Capping and Variation Framework Review

We fully support the capping of Council rates at CPI, as suggested by Premier Andrews in his successful election campaign.

Nillumbik Shire Council is, and has been, the highest rated Shire in Victoria for many years.

Nillumbik Shire Council (NSC)

- Is a designated Metropolitan Shire, with rates more than doubling every 10 years since amalgamation.
- Is a low growth shire, where rate collection struggles to pay staff salaries and wages, yet NSC employs extra staff each year (budget papers tell us it is a minimum of 1.5 full time staff annually).
- have repeatedly claimed, most, if not every year as major reasons for higher rate increases that the Nillumbik has a
 1. A low rate base
 2. Limited amount of industrial land
 3. No opportunity to expand rate base because of the UGB
 4. Reduction of Government Grants

Nillumbik Shire has never in any way sought to address the above issues and is in our opinion not financially sustainable

Budget papers for each of the past 10 plus years has acknowledged that this 'green wedge' costs ratepayers over \$1M each year, also the net annual subsidy for 'Edendale' (farm) is \$573,000 or around 1% of rates. (Council response to budget submission 27 2014-15)

Within the region Nillumbik's major activity centres of Eltham and Diamond Creek can only be considered as local, with the regional centres of Greensborough, Doncaster and now South Morang drawing heavily from Nillumbik. An example being Eltham Leisure Centre which in 2014-15 Council states will have a \$500,000 reduction in expected revenue, due to the new Watermarc facility in Greensborough, which attracts over 900,000 visits a year and only a 5 minute drive from Eltham.

The following from 2014-15 submissions to the draft budget sums up NSC and in our opinion a further reason why rates should be capped

“A review of the Capital Works program, (and references to studies for future projects) seems to confirm that council is addicted to constantly adding new assets to the existing list of facilities, which in many cases service only a small minority of the community. It’s possible that this is in part seen to be justified by the notion that Nillumbik Shire residents have a high socio economic profile, and that property values reflect capacity to pay. This may be true in small pockets throughout the shire, but there are significant numbers of young families who struggle to manage family budgets. There are also a significant number of ratepayers who are asset rich but cash poor and on fixed incomes. They have lived here all their lives having built modest homes 50-60 years ago, which now have high valuations that have been driven by factors outside their control.” (Draft budget 2014-15 submitter no 26 Phillip Alexander)

Property valuations do not reflect capacity to pay. A review of public submissions of the draft budget 2014-15 gives greater insight into why capping rates in Nillumbik is justified.

The Eltham Town Square project is yet again being redeveloped at a budgeted cost of \$2.45M (2014-15). This is at least its 3rd upgrade as Councillors never seem satisfied with the millions the previous council have spent on it.

The Defined Benefit Superannuation Liability requires further rate increases or borrowings or special rates every few years to fund the shortfall.

There is growing outrage from residents at the rate increases and council tend to act irresponsibly by funding new infrastructure whilst claiming they find it difficult to maintain existing assets.

We believe the financial sustainability of this shire into the future is at best questionable and amalgamation may be the only option.

Brian Murray
President