

Local Government Rates Capping and Variation Review Submission

INTRODUCTION:

From the outset, I want it known that I am in favor of rates capping for local government in Victoria. This is the right approach to ensure that price pressures upon ratepayers is considered, and it seems correct to use the Essential Services Commission as the vehicle to monitor and report on the process.

This does not mean that I am entirely happy with the process, as provided in the publication, '*A Blueprint for Change*'. My comments will expand on the issues that I believe need attention and I trust they will be taken into account in the implementation process.

It will also become clear that the Local Government Act (1989) is due for a major review with changes that reflect the needs of the current period of time. I understand that such a review is planned and I welcome such a move.

RATES LEVIED BY COUNCILS (BOX 2.1 IN REPORT)

- General Rates – Agree with the summation of the report.
- Municipal Charges – This remains confusing, particularly as no coherent definition of such charges is included. Agree that this be included as 'rates' for the purpose of applying a cap, but suggest that consideration should be given to expand the levy of charges to 'other' categories of ratepayers (eg rate free, not-for-profit, religious groups, etc). A review of this category is warranted, particularly as most councils levy a lot less than the 20 percent provided in the Act.
- Service Rates & Charges – Agree with that written.
- Special Rates & Charges – Agree.
- Revenue in Lieu of Rates – For some councils this revenue stream is significant (for Latrobe City Council the amount is over \$9 million in 2015/16) and some consideration should be given to include comment in the report and the instruction to councils where payments in lieu of rates exceed 20% of the rate income (for capping purposes).

General Comment:

The comments made as above, give a clear indication that some review of the question of just what is (or should be) included in the revenue for capping purposes.

The report comment, *The cap need not apply to revenue in lieu of rates because there are adequate checks and balances already in place in the current legislation...*, needs again to be revisited. No adequate answers are provided for the significant revenue amounts involved.



It is therefore also important that Section 154 of the Local Government Act 1989 be revisited, particularly as it can have a bearing on other funding from the State and through the Grants Commission ,as well as other legislation relating to payments in lieu of rates.

As a further example of the issues of rate free properties, the following questions to my local council (Latrobe City) remain unanswered: -

1. Number and classification of all rate free properties?
2. The number and classification of the properties granted rate free by council?
3. Description of properties owned by council but leased to others where no rates and charges are made?
4. Description of properties leased by council but where no rates are charged to the lessee?
5. What number of properties that are charged a municipal charge but not actual rate charges?
6. A clear description of the classification of rate free properties, eg Government, charitable groups, religious institutions, etc?

DRAFT RECOMMENDATIONS:

Draft recommendation 1: Agree

Draft recommendation 2: Question the second dot point.

Draft recommendation 3: No comment

Draft recommendation 4: No comment

Draft recommendation 5: Agree

Draft recommendation 6: Question this recommendation

Draft recommendation 7: No comment

Draft recommendation 8: Agree

Draft recommendation 9: Questionable

Draft recommendation 10: Agree

Draft recommendation 11: Agree

CONCLUSION:

This submission made in good faith, errors and omissions excepted.

Traralgon 24 August 2015.

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