

## LOCAL GOVERNMENT RATE CAPPING FRAMEWORK REVIEW 2015

### Meeting with Ratepayer Associations Report of discussions

---

**Tuesday, 12 May 2015  
4.00pm – 5.30pm**

---

#### **1. Introduction**

The Essential Services Commission (ESC) invited Victorian ratepayers associations to attend a meeting to discuss the ESC's role in the development of a rate capping and variation framework. Attendees were from the following organisations:

- Ratepayers Victoria
- Monash Ratepayers Association
- Mornington Peninsula Council Watch
- Knox Ratepayers Association
- Sunbury Residents Association
- Mornington Peninsula Ratepayers Association

A representative of Local Government Victoria was also in attendance.

Andrew Chow from the ESC provided an overview of the kind of data and information that they are collecting and how this data and information is being used to identify the best way to deliver the framework. He then opened the meeting to a broad discussion to collect additional data and information from a ratepayer perspective. The following points were raised during this discussion. They do not specifically represent an agreed view by the group, but rather the broad scope of the discussion. The meeting was facilitated by Kathy Jones from KJA.

It was agreed that a report of the meeting would be posted on the ESC's website and that there would be additional opportunity for consultation after the release of the Draft Report in July.

#### **2. Summary of points raised by the group during the facilitated discussion:**

- Accountability and Transparency
  - Participants were concerned about a lack of accountability by Councils to their ratepayers. They are seeking transparency around decision-making so that rationale for the decisions Councils make are better understood.
- Budgeting
  - As well as accountability and transparency around budgeting, some participants felt that there was a need to standardise budgeting across the sector. Participants felt that this would help clarify the complexity of budgeting information currently publicly available, which was also a concern.

- Subsidies for activities or organisations are not generally representative and often create inequities in the budget. The practices of cost shifting and expense grabbing similarly add to inequities in the budgeting process. Further to this, there were concerns about intergenerational charges.
- Mismanagement
  - Councils need to focus on their core functions.
  - It was felt that staffing costs were generally too high and should be capped.
  - There was some concern that current municipal charges are not consistent with the Local Government Act.
- Clarity of information
  - Rate notices should show different charges. For example, accounts should be prepared separately and service and asset management structures should be aligned with accounts.
  - The data which informs annual reports is often not readily available. Without this data, it is difficult to see how annual reports add up.
- Inclusiveness and responsiveness
  - Consultation needs to be two way and have appropriate time allocated as per the IAP2 spectrum.
  - Timing of budgets is not currently conducive to an appropriate level of consultation. Participants questioned Councils' commitment to understanding and acting on the aspirations of their communities.
- An effective cap is necessary
  - There are issues around the affordability of rates for many ratepayers. The increase in rates as a dollar value may be too high for some ratepayers. Questions were raised as to whether there is merit to limiting the overall increase of rates based on net annual value.
  - The revaluation process leads to increases in rates that may be unaffordable to some ratepayers.

### **3. Other Issues identified (not covered by the current ESC review)**

- Municipal charges are not applied as intended by the Local Government Act
- Definition of "independent" advice to Councils
- Need for oversight of Councils - Councils must be made to be accountable to the legislation
- Councils hiding behind FOI
- The role of MAV (including its legislation)
- Funding for ratepayer organisations
- Defined benefits shortfall
- Role of special rates