

To: localgovernment@esc.vic.gov.au

Date: 15/05/2015

Subject: Local government rates capping framework

Dear Essential Services Commission

We support the proposal for local government rates and charges to be capped to the rate of inflation. The rise in rates over the last ten years is excessive having increased by 100 % which is more than the increase in the cost of nearly all other costs or services incurred by Victorians.

The Herald Sun (18 March 2014) reported "Councils have stung Victorians with rate rises totalling more than 2 billion dollars above the rate of inflation over ten years.

This exorbitant increase is placing a financial burden on families, individuals and businesses.

Excessive rates increases have continually occurred over the last fifteen years since Council amalgamation and simply cannot be justified or sustained into the future.

Rates in Victoria have reportedly increased more than other States and this makes business uncompetitive.

On top of these rate rises, Mornington Shire has pushed up Municipal Charge to \$180 per household, which is effectively at flat tax subsidiary rate and a grossly unfair burden on lower income ratepayers.

Rate capping does not totally prevent an increase in Councils revenues. In addition to still receiving increased revenue each year to match the cost of inflation Councils also receive the benefit of additional income as new subdivisions and or new houses and developments are completed.

If councils have special circumstances and wish to increase rates more than inflation then they should have to rigorously justify the increase. It should not be open slather like it is now. Any such increase should have a sunset clause. That is, the increase should not continue ad/infinite but should be specific for the term of the special circumstance.

Annual Rates Notices should itemise these special circumstances charges so that the cost is clearly indicated to rate payers who would be able to determine when a special charge should cease.

The Essential Services Commission should also ensure that Councils cannot subvert rate capping measures by increasing charges for services or borrowings in lieu of increasing rates more than the cost of living.

Yours faithfully

Concerned ratepayer

Kevin Dillon Lois Dillon

Geelong Council