

Mr Andrew Chow.

Would you please include me with all current and future details including papers related to the possible rates capping inquiry.

For your record I live in the Cardinia Shire and have done so for over 45 years.

The Cardinia Shire is an outer Metropolitan Shire having a growth corridor between Beaconsfield in the West, through Officer and onward to Pakenham.

New subdivisions are ongoing generating population growth that requires essential infrastructure. This growth also generates Rates Income Revenue.

Looking at my past and current rate notices, rates have every year increased well in excess of published yearly CPI's.

I have expressed concern about rate increases exceeding the CPI by double and in some years far greater to my elected Councillor's and Council.

Over multiple years the Cardinia Shires Annual report reports all financial outcomes.

As a non financially educated rate payer it is extremely difficult to fully understand the report.

When I pay my determined rates to council as per the mailed rate notice there is two factors determining the charge payable. The Capital Improved Value (CIV) which I am informed is set by the State Government Valua-General and the Base Rate in the dollar set by the Cardinia Shire Council. The Base Rate is determined via a calculation that achieves a financial result for over all income needed by council to achieve its predetermined overall needs covering Administration revenue and Capital Infrastructure revenue.

The Annual report Income Statement shows revenue Income for Rates & Charges. The Charges component is for other items other than Rates only Income.

To fully understand true rate rises I draw your attention to the Cash Flow Statement within that Statement it is reported as a singular line listing RATES. This revenue income is the total rates only revenue income received by council over the whole year.

The Essential Services Commission must obtain from all Councils in Victoria the Rates only revenue income for the total year covering the last ten (10) years.

My records show Rates only Income (reported in the Annual Report) each year has been very much greater than what the figure published to rate payer when a yearly budget is approved in May of a given year.

Rates Only Income in the Cash Flow Statement from year 2009-10 to 2010-11 there was a 12.26% increase. Budget Published @ 6.9%  
2011-12 a 11.27%. Budget Published @ 6.25%  
2012-13 a 9.54%. Budget Published @ 6.4%  
2013-14 a 9.28%. Budget Published @ 6.8%

The CPI's for the above years is unknown within my records.

In four (4) years a 49.53% rates only income increase.

Other factors by year to consider in the inquiry are:-

Developer Contribution Income. Actual Income.

Developer Non-Contribution Income. Actually an Asset and included in the Income Statement

Land Under Road Asset Income. This is a real puzzle to me as the road above is not owned or a responsibility of Council. It could be a Federal or State controlled road.

The other disturbing factor related to the rate rise set each year is the Council's published intentions to carry out Capital Works as per a listing for a given year where by Income Revenue from rate payers is collected by Council and Tens of Millions of Revenue Income is not expensed by years end or is not started.

This non disclosed non expensed Capital Works Revenue is listed as a single line as CARRY-OVERS. The Carry-Overs component is part of the rate rise factor.

The Cardinia Shire Council's borrowings is around \$67million & Servicing yearly costs around \$4million.

There is no system covering Capital Works as being prioritised.

1. Must be done, essential.
2. Should be done for the increasing population.
3. Needs to be done now or within the term of the current elected Councillor's.
4. Not essential.

The Council Plan covering four (4) years fails to prioritise Capital Works.

The Borrowings plus the Service to the Borrowings and the Rates Only Income must be disclosed every year in a single separate line Statement below the Income Statement results.

The financial scene for the Cardinia Shire Council now and into the future is poor. Over expenditure now for Capital Works that could have been delayed by one or two years is the norm. Rate payer like myself cannot afford this council. Future rate payers cannot afford this council, the young cannot afford this council. The over borrowings have to be paid for sooner or later. In the mean time rates keep on increasing each year well above the CPI.

Please pass this information onto the Essential Services Commission.

Your Faithfully  
Graham Jolly

Note. I have asked the Local Government Minister to provide me with a timing for the next review of the Local Government Act 1989.