



21 August 2015

Local Government Rates Capping and Variation Framework Review  
Essential Services Commission  
Level 37, 2 Lonsdale Street  
Melbourne Vic 3000



Dear Sir/Madam

**SUBMISSION TO THE LOCAL GOVERNMENT RATES CAPPING AND VARIATION FRAMEWORK REVIEW**

Horsham Rural City Council makes the following written submission with respect to the above review:

1. The inclusion of an efficiency factor (**Recommendation 4**) does not recognise the complex nature of service delivery within the Local Government environment. Decisions such as this should be the domain of Council in considering the levels of service they wish to provide within their communities.
2. The efficiency factor should also be reconsidered given the impact of the indexation freeze from the Federal Government Financial Assistance Grants.
3. The inability of the ESC to make variations to a requested cap variation (**Recommendation 9**), will be very restrictive in terms of managing Council's budget process. The late withdrawal from the budget of what could be a significant budget item, may lead to a significant rework of the entire budget.
4. The proposed timelines (**Report Table 5.1**) are very tight:
  - a. Council does not traditionally meet in January yet this is when they are meant to be approving variations.
  - b. Council needs time after ESC variation notification, to put the final budget to Council, give notice to the public, have the 28 day public consultation process and then allow adequate time to hear submissions arising from that process. Any significant changes to the budget in this consultation would definitely not be subject to further community consultation if Council is to meet the 30 June deadline for adopting its budget.

5. The costs of making a variation could be significant for some councils. How will council costs associated with the making of a variation, be met? Will there be some compensation particularly for smaller councils?
6. Publishing a forecast Wage Index may impact on EBA negotiations.
7. Historical practices when it comes to providing rate increases, ie previous increases that were tagged to specific capital works to address the gap in infrastructure renewal, should be taken into account when the ESC considers variations.

Yours faithfully

A handwritten signature in cursive script, appearing to read "Peter Brown".

PETER BROWN  
**Chief Executive**