

# FURTHER SUBMISSION TO PARLIAMENTARY COMMITTEE INTO RATE CAPPING

FROM: CHRIS HEALY

After appearing before your Committee last year I was hoping that I would not have to devote any more of my time to this matter.

I was alerted to [REDACTED] and [REDACTED] response to [REDACTED] and my submission to your committee by an article in "The Local Paper", a community paper in our Shire. This was in reference to Appendix 6 of the third report.

Their responses provided no evidence to support their assertions that the process regarding Murrindindi's application was properly handled.

They ignored the fact that [REDACTED] and myself provided compelling proof to the ESC that the rise in the "GENERAL RATE" for 2015/16 was 9.9% and not the 6.0% in the Strategic Resource Plan. They were told that this was to outsmart the upcoming Rate Cap,

Council advised the ESC that the 9.9% was because the General Rate had risen by 6.0% and was pushed to 9.9% by extra revenue collected because of differential rates and the extra 1.0% generated by supplementary rates.

The Local Government Act clearly says that General Rates includes Differential rates. The 6.0% quoted by Council was the Residential Rate, which is a component of the General Rate, but not the General Rate. The 9.9% clearly did not include the 1.0% supplementary rate.

The ESC's response to ourselves mirrored Council's advice to the ESC. In an email from ESC to [REDACTED] it says: The additional revenue received by Murrindindi CAN be the result of : additional supplementary rates and differential rates. The use of the word CAN is non committal and indicates an intention to avoid a definitive statement regarding Council's response.

Council clearly misled the ESC by claiming that the 9.9% included supplementary rates. The ESC appears not to be interested in the fact that it has been misled.

Prior to the ESC making it's decision we requested that the ESC refer Council's response back to us for comment. This never occurred. If it had occurred , then the ESC decision might have been different and we could have demonstrated that the General Rate is not the Residential Rate. The ESC's failure to refer the response back to us could be construed as their having a predetermined outcome.

I have difficulty believing that the ESC was taken in by Council's assertions. Especially when they were receiving EXPERT advice.

This Committee needs full disclosure from the ESC regarding the whole process relating to Murrindindi.

Another worrying matter is that the ESC did NOT require Council to consult on the Variation to the Cap despite issuing on it's website a 5 page guide on how this consultation was to take place.

[REDACTED] says that the ESC did not publish unsolicited submissions. These submissions were

initially published, but were deleted from the website within a very short time after [REDACTED] and myself put in our submission.

Any right minded person would have trouble accepting that Murrindindi did not receive preferential treatment from the ESC.

I am attaching supporting documents and am available to discuss these matters with your Committee

Thank You  
Chris healy



Local Government Act 1989  
No. 11 of 1989  
Part 8—Rates and Charges on Rateable Land

s. 158

S. 157(2)  
amended by  
No. 78/1991  
s. 13(d).

(2) A Council must publish public notice of its decision to change its system of valuation.

S. 157(3)  
repealed by  
No. 76/1997  
s. 13(a).

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S. 157(4)  
repealed by  
No. 34/1996  
s. 19(2).

\* \* \* \* \*

S. 157(6)  
substituted by  
No. 34/1996  
s. 17.

(5) A person has a right to make a submission under section 223 on a Council's decision to change its system of valuation.

**158 Declaring rates and charges**

S. 158(1)  
amended by  
No. 99/1994  
s. 3(2)(c).

(1) A Council must at least once in respect of each financial year declare by 31 August the following for that year—

(a) the amount which the Council intends to raise by general rates, municipal charges, service rates and service charges;

(b) whether the general rates will be raised by the application of—

(i) a uniform rate; or

S. 158(1)(b)(ii)  
substituted by  
No. 34/1996  
s. 18(1).

(ii) differential rates (if the Council is permitted to raise such rates under section 161(1)); or

S. 158(1)(b)(iii)  
inserted by  
No. 34/1996  
s. 18(1).

(iii) urban farm rates, farm rates or residential use rates (if the Council is permitted to raise such rates under section 161A).

(2) The Council must declare the general rate in respect of a period of time between 3 months and a year.

copy of this resolution is attached at Appendix C.1 and C.2 and can be viewed on Council's website at the following link –

The same submission from these two ratepayers (Councillors) makes reference to the collection of rate revenue and confuses this with a rate increase. This has been explained to these ratepayers on a number of occasions and also was the subject of a Letter to the Editor from another Councillor on 13 April 2016 (copy attached at Annexure C.3). The Strategic Resource Plan provides on page 7 of 64 a very clear description of the three components which comprise any increase in rate revenue, which in 2015-2016 was 9.9%.

Firstly, increases in the rate to 6% for the general rate.

Secondly, the incorporation of two new differential rate categories where it is noted that that this will result in higher rate increases for these property class owners in 2015-16; and

Thirdly, an additional 1% growth of the rate base.

The budgeted income statement includes a line entitled "Rates and charges" and whilst this does not break down the three components as listed above, they are included within the figures contained in this line.

The third issue raised by the two ratepayers (Councillors) is the preparation and adoption of a Rating Strategy.

This Strategy was adopted by Council at its meeting on 25 March 2015, following extensive discussion by council and two rounds of community consultation. In March 2011 Councillors receive a briefing from an economic advisor on the steps required to review its Rating Strategy 2009 and as a result included an amount of \$40,000 in its 2011-2012 budget to undertake this review.

In February 2012 a discussion was held with Councillor to confirm the project brief for the review of the Rating Strategy and MacroPlan Dimasi was appointed to undertake this work. Briefings in March 2012 discussed the draft Issues Paper prepared for Council and then in April 2012 and June 2012 Councillors considered the report from MacroPlan Dimasi on its Rating Strategy Review prior to it being placed on public exhibition. The Review was placed on public exhibition and three public consultation

COUNCIL'S RESPONSE TO QUERY FROM  
ESC.

[REDACTED]

Subject:

Re: ESC Decision question

Dear Cr. Healy and [REDACTED]

Thank you for your email dated 6 June 2016. As previously noted, you made a submission to us in regards to Murrindindi's application for a higher cap in April. As part of our analysis of Murrindindi's application we considered the issues raised in your submission and also gave Council an opportunity to respond. Their response to your submission (refer to pp. 4-7) is available on our website at:

<http://www.esc.vic.gov.au/document/local-government/32601-murrindindi-shire-council-responses-request-information/>

As part of assessing Murrindindi's higher cap application and in reference to your submission we took a close look at Council's financials. Our analysis found that although it is shown that the total general rates revenue in the 2015-16 Adopted Budget will increase by 9.9%, the increase in the rate in the dollar for residential general rates was only 6.0% (please refer to the attachment below - Murrindindi Shire Council Budget 2015-16, Appendix B Rates and charges, page 57). The additional revenue received by Murrindindi can be a result of:

1. additional supplementary rates revenue received throughout the year when new properties come online
2. differential rating structures (note that the general rates for commercial industrial properties and vacant land properties increased by 32.50% and 58.97% respectively)

In our view, although there is confusion around how the rate increase message is communicated to residents and the general understanding of how councils recover rate revenue, we were satisfied that the 6% and 9.9% figures quoted in the budget are consistent. We raised the issue of how rate increases are communicated with Council during the review process. We also note that changes in property valuation do not have an impact on the total revenue received by Murrindindi, it only impacts the amount residents pay relative to whether their property represents a higher or lower proportion of the total rate base after the revaluation.

For Council's 2016-17 application for a higher cap, taking into account all relevant information we decided to only approve the infrastructure renewal component (1.8%) and not approve the service provision component (1.1%) of Murrindindi's application. Please refer to our final decision paper on details for our reasoning: <http://www.esc.vic.gov.au/document/local-government/33588-murrindindi-shire-council-final-decision/>. In reaching our decision we considered what is in the long-term interests of ratepayers and the community and balanced that against the financial capacity of council to deliver services and infrastructure.

Please let me know if you have any further questions regarding our decision.

Kind regards,

[REDACTED]

Essential Services Commission

[REDACTED]

[Redacted]

Date: Friday, 15/04/2016 5:55 PM

[Redacted]

I have no objection to you referring our submission to Murrindindi Shire Council. I would appreciate the chance to comment on their reply and to possibly address the ESC.

Thank you

Chris Healy

On Friday 15/04/2016 at 4:48 pm,

[Redacted]

Dear Councillors Healy and

[Redacted]

Thank you for your email. We note the concerns you have raised. Given the importance of the issues that you have raised, and by way of due process, we need to obtain a response from Council about your concerns prior to assessing the overall application by Murrindindi Shire Council for a higher rate cap.

We would like to confirm with you whether you have any objection to us referring your letter to Council for comment? We would appreciate if you could let us know as soon as possible.

Kind regards,

[Redacted]

Essential Services Commission

[Redacted]

[Redacted]

Date: 12/04/2016 04:59 PM  
Subject: [Redacted] Fair Go Rates Submission (Murrindindi Shire Council)

Dear Sir/Madam,

Please acknowledge receipt of this email.