21 March 2016

Standing Committee on Environment and Planning
Inquiry into Rate Capping Policy

Via Email: epc@parliament.vic.gov.au

To the Committee Secretariat,

Further Submission to the Parliamentary Inquiry into Rate Capping - City of Casey
2016/17 Rate Variation Application

At its meeting on 15 March 2016 the City of Casey resolved to apply for a Rate Cap Variation for 2016/17 of 0.97% above the declared Rate Cap of 2.5%.

It was also resolved at this meeting to provide a copy of the City of Casey 2016/17 Rate Variation Application to the Parliamentary Inquiry into Rate Capping. A copy of the City of Casey’s 2016/17 Rate Variation Application is now attached for consideration. The Variation Application was also lodged with the Essential Services Commission today.

Casey is driving down its operating costs, which will deliver a saving of 0.63% or $1 million in 2016/17. Casey already has the second lowest operating costs per capita of any Victorian Council (including depreciation), and 3rd lowest rates per capita. We try to deliver as much as possible of rate revenue to our capital program.

As a growth Council, Casey invests heavily in infrastructure. With a project pipeline stretching forward for many years, including for example $446 million on sport and recreation facilities required over the next 20 years, Casey needs to responsibly plan for the delivery of this infrastructure.

Council’s Strategic Resource Plan has made provision for a large capital works program. While our Efficiency and Effectiveness program is driving savings in the operating budget which can be directed to other activities eg running the new Bunjil Place community facilities (800 seat theatre, art gallery, function centre, and larger library), the effect of unvaried rate capping means that over just 10 years $168 million less rate revenue would be available for the essential community infrastructure needed for Casey’s rapidly growing community.

It is widely recognised that there is a massive infrastructure gap in growth Councils. The Government has responded with the Interface Growth Fund ($50 million across 10 Councils in 2015/16). Casey has received $5.02 million in 2015/16. It assists, but in reality is only chipping away at the gap and will not meet the compounding effect of rate capping. Even if the Government provided $5 million a year to Casey, it would not meet the compounding effect of an annual cap each year which over the first 4 years will be $21 million.

That’s why Casey has applied for a rate cap variation of 0.97% for next year, or $14 per household – to stave off the impending infrastructure black hole which rate capping would otherwise create.

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It might be suggested that a one off variation of 0.97% is not really significant – that a Council like Casey could absorb such an amount. This ignores the reality of the compounding effect, which in a growth Council scenario impacts even more. The 0.97% represents about $1.6 million in 2016/17. However the impact of this one year reduction in the rate base grows to $9 million over 4 years and continues.

I look forward to discussing the impact of Rate Capping on the City of Casey, including this Variation Application, with the Committee at its hearing in April 2016. If you have any queries prior to this please contact Andrew Davis, Council’s Chief Financial Officer, or Kathryn Seirlis, Council’s Rate Capping Strategy Coordinator, on 9705 5200.

Yours faithfully,

Mike Tyler
Chief Executive Officer