Submission into Local Governance Rates capping

It is my submission that rates capping should not only occur but should be stringent and driven by the concept that rate payers deserve some relief from the endless rate rises experienced over the years.

Due to time restraints this submission shall be short – this is not indicative of my beliefs or feelings about rates capping per se but is simply due to other stresses and demands in my life.

Of necessity some areas concerning local government shall be touched upon due to their implications for rates (and what is done with the money raised). Some points that concern me are:-

1. Rates are compulsory and over the years have risen faster than many wages (or the cost of living). Hence they often form a crushing ‘blow’ to ratepayers’ finances and family budgets.

Furthermore the people setting the rates are
often on relatively high incomes with little understanding of what it means to be struggling on the bottom half of Australian income levels (the disparity of wealth in Australia is now so great that mean household income is about $175000 per annum whilst median household income is about $50000).

2. Many people do not really understand that rates are more directly ‘set’ by the council budget than by the actual value of their house (which merely determines how much of the budget their household contribution is). The housing boom has therefore led to many people to believe ever higher rates are simply a result of the housing boom (with consequently less complaint as people tend to regard the higher rates as an inevitable result of the boom). Councils have taken advantage of this ignorance and have simply kept increasing rates.

3. There is a lack of transparency about what the money is spent on, as the council budgets placed on line simply give the broad categories of spending. Such general categories do not allow
the sort of detailed analysis that enables ratepayers to see if their money is being squandered – more detailed accounts are not available (I know – I have asked and have simply been referred to the general budget as given on the website). This does not give adequate financial detail about where the money actually goes. Rates should not be allowed to continually increase without more accountability.

4. It has always been my belief that councils are about providing essential services. However these are not formally defined over the whole State and councils vary widely on what is ‘essential’. Indeed local councilors are often associated with a political party and wish to build up a good ‘CV’ as they see local governance as a stepping-stone to a lucrative parliamentary career. Between such ambitions, and tight party control of decisions made at the local level, ideological constraints and ambitions are often placed before the real interests of ratepayers overall. Indeed the maintenance of facilities and roads etc is often not very good. Whilst councils can keep increasing rates at their
leisure, little effort will be made to spend ratepayers’ money in a responsible and necessary manner. Rate capping should lead to greater responsibility as to what money is spent on and more thought as to what is important.

5. Indeed essential services can include, for the city of Darebin, workshops on composting or worm-farms, cooking classes, free physical exercise classes for a month, or introductory bicycle lessons. All these activities are worthwhile but much of the relevant information is easily obtainable from the internet. Indeed classes on composting seem to me to be middle-class welfare subsidised by apartment dwellers without gardens (or often the time to indulge in such pleasures as they work long hours for little pay)! Rate capping should lead to a better allocation of monies spent by council.

6. Nor does the large amount received by councils necessarily mean efficient services or communications. Again, using Darebin as an example, official reports have stated great problems with both efficiency and communication
within council and between council and ratepayers. Nor is Darebin the only council to be plagued by such problems as numerous reports and investigations have shown. Upper management salaries often seem excessive (the CEO of Darebin receives almost as much as Australia’s prime minister) and ratepayers have no input into the salary process (often remaining ignorant of the amounts involved as such information is not always readily available). Rate capping should act as a brake on such wasteful practices – practices that are paid for by all ratepayers.

7. Differential rates display a contempt for the principles of governance and are against what I see as natural justice. They are simply financial bullying. I pay over **$6000 a year in rates** to Darebin council for a single vacant house block with numerous building restrictions on it – yet cannot even get a rubbish tin! As a retiree this unexpected expense (I expected to pay normal residential rates when I planned my retirement budget) means I go without heating in winter, do not eat out with friends, and have other difficult
choices to make. If rate capping does not occur how much more shall I have to pay?

I have no more time so shall send in these few thoughts about why rate capping is vital. Please read attachments as well to see why I am disenchanted with greedy, bullying Darebin Council.
I am finally responding to your letter concerning vacant land rates. This response is well overdue simply because of the high levels of stress and near panic attacks that the whole matter induces in me. Indeed I have thought about writing this response at least five times a day ever since receiving your letter and yet have not been able to write a response until now because of the anxiety immediately experienced as a result of thinking about the matter. This is not surprising when you consider I am retired and approximately a quarter of my pension is going on rates: I never factored in the idea that a vacant block of land, receiving no services, would be rated at three times the normal residential rate.

Nor can I believe that you are really concerned about my opinion as a holder of a vacant block for, if that were the case, I would have been contacted before council even put the rates for vacant blocks up to one and a half times the normal residential rates in the first place. Indeed, when I complained about the lack of communication concerning this first rate rise (beyond normal residential rates) for vacant blocks, the only real response I got was when council raised the rate to three times the normal level the following year, again without any prior communication to me concerning the matter. In fact this previous lack of concern by council and councilors as to any impacts upon vacant land holders from such an unheralded and astronomical rate rise was so overt and extensive that I am left to assume that the matter has only been raised in advance this year because of the relevant reporting found in both major newspapers. If so, this makes council not only uninterested in matters of social justice or governance but also hypocritical and concerned more about publicity than fairness.

Indeed, before discussing the proposals council has put forward in its letter, I must also state that I consider council’s agenda of pursuing through economic means what it cannot directly legislate for (since its legislative powers do not encompass such an ability) a direct betrayal of the principles of governance. It is not an adequate excuse to state simply that council is using its ability to charge differential rates to achieve policy outcomes and it is particularly disappointing to see a greens councilor, as Darebin possesses, involved in such shameful conduct.

Furthermore the eighteen-month rule as proposed in your letter is totally hypocritical. It pretends to be introducing an alleviating component for vacant land owners – they need only pay three times the normal residential rates after the land has been vacant for eighteen months. Yet nearly all vacant land would have been vacant for more than eighteen months – few blocks become vacant through house fire or demolition without immediate rebuilding plans. Again council simply wishes to put a better sounding ‘spin’ on what they are doing, rather than changing what is unfair and unjust. Rates are paid for services – a vacant block receives none.
Indeed my block is vacant because I have been waiting to see what happens to my current house whilst VCAT hearings have been held over the period of time in which I have held the block (as I have explained before). It is a single house block – not a large area of land suitable for massive redevelopment. In fact I find it particularly disgusting that council apparently also applies differential rates to gambling establishments but at a lower rate than I pay. Exploiting peoples’ weaknesses for money is reprehensible but I did not realize owning a block of land is apparently even worse.

Furthermore I understand that council does not apply the differential rates to all vacant blocks as at least one block owner is allowed to simply grow vegetables on his vacant property and, to the best of my knowledge, does not pay the differential rate. The Minister for Local Government and Aboriginal Affairs informs me that differential rates may be applied to type or classes of land if it considers this will contribute to the equitable and efficient carrying out of functions but that Council must specify the objectives of the differential rate. I now wish to be informed as to how council classifies vacant land (if I grow vegetables does this mean I shan’t have to pay 3 times the normal rates?) – the type and class of land – and how council considers my paying 3 times the normal rate contributes to the equitable and efficient carrying out of functions.

Indeed one of sadder aspects of this matter is that I am considering sending this letter onto Patrick Carlyon and Andrew Bolt, in the hope they can at least publicise the lack of respect Darebin has for both the principles of governance and for individuals.
M.L. Baxter
Local Government Victoria

Dear Minister

I am writing to you following advice received from the Auditor-General of Victoria.

As the matter is so stressful for me to even consider, I have decided to simply forward onto you the letter I sent to the Auditor-General. This letter concerns the rates I have to pay for a vacant block of land in Darebin, and is enclosed herein. I should also note that this vacant land is a single house block, which possesses many conditions that must be met before even the single home that is allowed can be built on it.

When Darebin first charged differential rates for this land, they did not issue any warning but simply charged 1.5 times the normal residential rate. The next year it went to 3x the normal residential rate, with notice again being inadequate. I wrote to the Minister about this matter but simply received a reply that I could go to VCAT or the County Court – both expensive options that would NOT alleviate the financial expense of the differential rates being applied but merely add to my living costs and I am retired. Indeed you should have my correspondence on this matter in your files (I am not enclosing it here as it simply forms part of a more extensive correspondence, including that involving Darebin Council – too much to give you at this point in time).

The Auditor-General also suggested I continue to engage with the Council. I sent each of the Councilors of my ward a request to inform me as to whether or not the differential rate was being applied again this rate year. This was in June and so far none have had the courtesy to reply. I therefore conclude engaging with the Council is not going to be successful.

The Auditor-General also said I should contact LGV again, so I am writing this. I consider the rates crippling for anyone who is still working, let alone for a retired person. Moreover I still don’t know what is happening opposite where I currently live and I have no trust in VCAT, like a large number of ordinary Victorians – it seems to have been set up to benefit the rich, at least as far as land and development goes!

Furthermore the vacant land has been up for sale for nearly a year – valued by the real estate agent in accordance with its Council valuation. There has been virtually no interest in it at all. From market results of very similar property nearby, it appears to be over-valued by over 25% - hardly an insignificant amount,
particularly since property in the area has risen in price and demand since the last Council valuation).

Some time ago I watched a 7.30 report on Ballarat residents having to pay an extra $200 a year in rates. I PAY OVER $6000 FOR A BLOCK OF LAND RECEIVING NO SERVICES AND WHICH HAS BEEN HIGHLY OVER-VALUED. I also pay land tax on it.

The Auditor-General stated I should write to you for advice on this matter. I have therefore written again. However I would appreciate a quick response to this letter as I consider the time has come to go public on this matter and therefore I wish to contact various journalists for their help in publicizing what Councils are doing with the powers they already have. I have spoken to many about this matter and the normal response is total disbelief that I have to pay over $6000 in rates for a single block of land receiving no services. I myself find it disgusting I pay more than gambling establishments that destroy people's lives. It is not as if the land is anything more than a vacant block on which a single house can be built (there are conditions on building on it).

Yours Sincerely

Lou Baxter