George Reynolds

4th May 2016

The Secretary,
Environment and Planning Committee,
Parliament of Victoria,
Parliament House,
Spring Street,
East Melbourne,
Victoria, 2002.

Attention Mr Keir Delaney.

Dear Sir,

Rate Capping: Submission No 69 to the Environment and Planning Committee.

My submission on this matter, dated 1st April 2016, was prepared from draft documents which anticipated the outcome of the budget and plan which was being prepared at the time, by Bayside City Council. The final budget document was released on Tuesday 26th April 2016. This document is on the Council website in the Agenda for the meeting at items 10.9 and 10.10. I addressed Council on the matter, to reaffirm my earlier view that the documents were defective and showed a continuation of the false accounting. Their method of pro forma accounting has enabled Council to conceal the fact that:

- There is an accumulation of surplus revenue, collected from the General Rates and the Municipal Charge, which will continue. It must be treated as a prepayments to be used in the following years, and
- The improper cost shifting of expenditure from Service Charges, to the General Rate and Municipal Charge, will continue, and
- The cost shifting of staff and consultant expenditure from Capital Works (which are dominantly service charges) to the operating account supported by the General Rate, will also continue.

The consequence of Council’s budget and plan is that the lawful collection of revenue from rates and charges will continue to be substantially inflated. In this, the base year for setting the rate capping regime, I estimate that the General Rate and Municipal Charge could well be twice that of its legal entitlement. However, I am not able to calculate a true estimate of the magnitude of cost shifting. The Source and Application account has been corrupted by false and missing entries. This account is on pp 244 – 247 of the agenda document.

In addition to anything the cost shifting might show, Council had “unrestricted cash” of $30.069M shown in its June 2015 balance sheet (Note 33). I believe this represents the accumulation of rate revenue surplus, from previous years, not able to be recognised as income.
There is provision in the Local Government Act, at s141(c) and s165, for surplus revenue to be returned to the ratepayer. It would be appropriate for the 2016/17 budget to receive the amount of surplus retained. This would reduce the General Rate revenue required to be raised in this and subsequent budgets. To continue to retain the surplus, defrauds the ratepayers.

I trust that this additional explanation, based on the newly published budget, can be added to submission No 69.

Yours faithfully,

George Reynolds.
Acting-President, Bayside Ratepayers Association.