Derek Balogh
‘National Federation of Independent Business’

M: 
E: 

31st July, 2016

Essential Services Commission,
C/o Anthony – Bh: 
E: epc@parliament.vic.gov.au

**Re: Rate Capping Six Monthly Review – August, 2016**

Good morning,

My name is Derek Balogh, and I was only alerted about the State Government’s Six Monthly Review. Last Thursday afternoon, regarding the Government’s Rate Capping Legislation. I called the above number, and I was directed by friends to communicate with ‘Anthony’, and request an extension until Monday 1st August. I am dealing with principally small business people, and I am referred to individuals, suffering in the current economy. I have my own submission to make and offer your Committee, for your consideration.

Firstly, while the Rate Capping Legislation was a very worthwhile and positive initiative, the side effects and wider ramifications are causing hardship and pain, not seen across Victoria, before. I had met with Minister Hutchins, on the day of the Second Reading of her legislation, in November, 2015. I applauded her Bill, and thanked her personally, in Parliament House. The Bill passed into Legislation, very soon after my visit.

Since then, I have met and heard of people, struggling to keep up with the payments of the ‘spiralling’ Council Rate increases. I refer to Small Business people, who are ‘exempt and outside’ of the Rate Capping Legislation. This is where the real pain is being felt, across Victoria, and I believe, and have advice, this falls under ‘Unconscionable Conduct’, under Australian Consumer Law, the ‘Competition and Consumer Act, 2010 (cth).

The reason, your Committee must understand, is that Local Councils are ‘avoiding and subverting’ the reason and purpose of the ‘Rate Capping’ Legislation, by exploiting the ‘Differential Rating’ for ‘Commercial’ customers. In my own Council of Monash City, I have a copy of the draft 2016 – 2017 Council Budget, and the Council ‘has not publically announced’, that All Commercial customers will be seeing a 15% Rate increase in the next financial year! Then, our Council has decided to exploit
the disenfranchisement of all businesses, that currently, cannot vote, to increase the tax on chairs outside a business, such as food businesses, to more than $400 per chair, per year! A restaurant with twenty outside chairs could pay more than $10,000 with basic fees and special levies attached the each chair! Monash City Council is NOT alone, in circumventing the ‘Rate Capping’ Legislation.

Then, Monash, with three other Councils I am aware, has contracted Tenix Corporation, who is the same Corporation administering the State’s Traffic Fines, to issue invalid Parking Tickets. It was reported that my Council, of Monash City, is charging shoppers who overstay a one hour space, $76 a fine! Monash City reportedly earned more than $4.5Million in less than Five months, of issuing parking fines! This is taking a tremendous toll on the viability of small businesses, already bracing for higher chair taxes and a 15% hike in Council Rates.

Then, I have met and spoken to Community Advocates, fighting for Pensioners and Retirees, to keep their homes. I am dealing with one story, where a Pensioner is struggling to make payments of $120 per fortnight, from his pension, as ‘demanded’ by City of Greater Geelong Council. His debt, due to inconsistencies and faulty software, is NOT being credited with his pensioner rebate, before the Council imposes a near 10% penalty Interest Rate on this man and his wife, in their 70’s. We have proof of people that have accrued a debt with this Council they could not repay, and were taken by the Council into VCAT, and they lost their homes, for a Council Debt, and they were NOT fully informed of the Rights under the Local Government Act, 1989 regarding Section 171 ‘Fee Waivers’.

Then, I am dealing with ‘Commercial Property Owners’ in Melton Shire Council. This is an excerpt from a spokesperson for one of these property owners –

“Hi Derek,

This is for no purpose other than to indicate positions people are in.

Unable to keep properties in their families since settlement in the area nearly 2 centuries ago; people paying 20% of their income to council rates!

Some people are actually paying over 100% of their income on rates. One family has no income...so cannot even pay rates....they are just accumulating.....they borrow money from family, friends etc....

These are a few represented in those submission. I believe there were approximately 230 on same topic and council IGNORED all 230 of them! We were at council up to 2am presenting submissions....
TO HEAR SUBMISSIONS IN RELATION TO THE 2012/13 BUDGET

Mr Joe T

His rates increased from $1,800 to $6,500 last year. This represents around 20% of his wages.

Ms Lynette P

Bought in the Toolern area 19 years ago as a lifestyle decision.

Rates this year are approximately 20% of her total taxable income.

Mrs Wendy B

Believes that rural ratepayers are discriminated against.

Expressed how many restrictions her property has imposed from Federal, State and Local Government authorities directly or indirectly through entities acting on their behalf.

Expressed concerns about her ability to meet her commitments.

(This land has been in her family for over 150 years)

I have the same stories from property owners in Wellington Shire Council. Due to the lateness of my submission, I was not able to gather the facts from these property owners how they are ‘targeted’ with Rate increase that do not match the increase in the Cost of Living, or, CPI figures of 2.5%?

I could add substantially more factual information, but time is against me to make this submission for this August Six Monthly Review. Local Councils have decided upon a program of ‘ProActive Revenue Raising’, irrespective of any CPI limitations and devoid of any Social Conscience and Responsibility. The weakest members of our Society are being dragged into VCAT, without any knowledge that they have access to Local Government Act, 1989 legislation under Section 171, for Fee Waivers, under periods of hardship. Pensioners are losing their homes for debts as little as $4,000 to $5,000 total?

In my experience, The Rate Capping Legislation, did NOT go far enough! Councils ARE operating like a Corporation, with CEO salaries higher than that of the Prime Minister of Australia? Monash City Council will have an annual salary cost above $70Million, which is simply unsustainable and the Local Government Minister must intervene and establish an enquiry into the structural inefficiencies of our Local Councils operating as simple ‘Corporations’ (Section 5 of the Local Government Act, 1989)
The Council

(2) A Council—

(a) is a body corporate with perpetual succession; and

(b) must have a common seal; and

(c) may sue or be sued in its corporate name; and

(d) is capable of acquiring, holding, dealing with or disposing of property for the purpose of performing its functions and exercising its powers; and

(e) is capable of doing and suffering all acts and things which bodies corporate may by law do and suffer and which are necessary or expedient for performing its functions and exercising its powers.

Victorians are at a stage where Local Councils are NOT working for the Ratepayers they are supposed to represent. This is causing great pain and hardship on those that wish to live in their homes, but cannot keep up with the punishing ‘CIV’ Rating system which only serves Property Investors and Developers and Local Councils / Corporations.

“In Victoria, ex Maroondah City Council mayor Alex Makin says residential and commercial land valuations are conducted by municipal councils, in accordance with the Valuation of Land Act 1960 (VLA), to work out annual council rates bills.

These valuations are based on research, such as comparing recent sale prices.

They take place on 1 January of every even-numbered calendar year, where local councils use a Capital Investment Value (CIV) or Net Annual Value (NAV) to calculate each property’s general rates bills.”

This CIV figure has only escalated and risen over a longer period than the last decade. This is causing great hardship on families and Retirees, across Victoria. Rate Capping was one part of solving this problem, but, sadly, it did not reach far enough into the structure of Local Councils and their ‘Social Responsibility’ to their Ratepayers.

There is so much more discussion, which I could not include in this submission.

Thank you for the opportunity to submit my opinion to this Committee.

Derek Balogh