Hon David Davis MLC
Chair
Environment and Planning Committee

Dear Hon David Davis and members of the Environment and Planning Committee,

I write in response to the Victorian government's request for submissions into rates capping policy. Summary: my argument is that any Rates Capping Policy is only a sham unless it is fully transparent and is not offset by charges in other jurisdictions, such as the Fire Services Property Levy.

I note that the state government has announced 6 monthly reviews of this policy and that local governments can get approval for rates increases above the CPI from the Essential Services Committee (ESC).

(1) Transparency.

In the likely event that a local municipality lodges a request with the ESC for a rates rise above the CPI, I feel all interested parties and local ratepayers should be advised of any council submission. This can be done by advertising prominently in the local press, through any local magazine or bulletin circulated by council, on the council website, or via sms or email. Any such hearing at the ESC should be open to the public and interested ratepayers to attend. Further, any ratepayer present with an objection to the council submission should be allowed to comment and provide reasons to the ESC members for their concerns. Any submission by council to the ESC for a rates increase approval should also be made available to ratepayers on the municipality website in advance. These processes should be confirmed by the ESC; before any hearing on an application is heard.

(2) The Fire Services Property Levy (FSPL).

Rates capping policy requires public confidence to be effective. But the FSPL which is collected by councils with our Rates Valuation Notice has not been limited to CPI adjustments for the 2015/2016 financial year. The FSPL has 2 components. They are the flat rate and a variable rate based on the capital improved value of a property. The CIV component is set out on the State Revenue Office website on a sliding scale. Taking into account both the flat and the CIV components for my property,
my total FSPL increase exceeds 9%. This is in addition to my council rates which are going to increase by 3.87% this financial year. The ABS rate of inflation is only 1.3%. Rates Capping Policy can be seen as a subtle exercise in cost shifting as ratepayers are now given more financial responsibility for fully restoring cuts made by the former state government to the CFA and MFA budgets. Under this system, ratepayers are really no better off financially. The Victorian government is simply robbing Peter to pay Paul. The state government in fact has other revenue options but has decided run a $billion dollar surplus and increase the CIV rate on property through the SRO scale to compensate the CFA and MFA for former "austerity" measures. This really strikes a blow at the integrity of rates capping policy. (3) Rates Capping Policy and the FSPL charges should both be aligned with the CPI in future. Why should the FSPL be exempt from the CPI standard? Why allow the ESC to only review municipal rates rises above the CPI for local governments, if the Victorian government (through the SRO) can increase the FSPL above the CPI without any such ESC review? The CIV charge rate is flawed because it assumes that the value of all residential properties rises equally notwithstanding their location and condition throughout Victoria. (4) Criteria. To help ratepayers better understand council finances, the Rates Capping Committee must require all councils (requesting a rates capping review) to clearly highlight how much of their budget is going into maintaining existing service levels and standards and how much is needed for future infrastructure and development projects. In other words, councils seeking a CPI review from the ESC should have to demonstrate how any rates increase over the CPI rate will benefit all ratepayers in the community. (5) I would be prepared to attend any public hearings in relation to this submission if the Rates Capping Policy Committee thinks it may be helpful. I would also like to be informed of any outcomes and updates on rates capping policy and any recommendations made by the Inquiry Into Rates Capping Policy Committee in future on rates capping and the FSPL. I do not want my contact details to be made available to anyone other than the members of the Rates Capping Policy Committee.

Sincerely,

John Glazebrook.