7 July 2015

Standing Committee on Environment and Planning
Inquiry into Rate Capping Policy
Parliament House
Spring Street
EAST MELBOURNE 3002

By email: epc@parliament.vic.gov.au

Dear Sir/Madam

SUBMISSION TO THE STANDING COMMITTEE ON ENVIRONMENT AND PLANNING – INQUIRY INTO RATE CAPping POLICY

Horsham Rural City Council makes the following written submission with respect to the above inquiry:

1. CPI may not be the most appropriate index to use for any rate capping restriction – other more relevant indices may be better measures for Local Government.

2. Councils are subject to financial drivers that are outside of their control which may include such factors as, implications of State or Federal Government policy changes, recovery from emergency or other disaster, legacy asset management concerns, shifts in global money markets affecting superannuation calls or other linked investments, declining populations and economics. These issues will need to be factors that are considered within the policy.

3. A large cost pressure for Council is cost shifting from other tiers of government with cuts to funding and also charges from other tiers of government increasing above CPI. Government grants should increase by CPI at least and state government charges should not exceed CPI.

4. Funding for Infrastructure Renewal is a problem for all levels of Government but additional rate increases have been utilised by our Council over many years as a way to be pro-active in addressing this issue and this opportunity needs to continue to be available.
5. The variation process should provide for a simple application by Council outlining the reasons for the proposed rate increase and demonstrating the purpose to which it will be put in the long term. This should be supported by the four year strategic resource plan which outlines the future year rate increases proposed. A template submission document should be developed for use by the sector in order to reduce duplication of effort and bureaucracy.

6. If a variation is allowed, consideration should be given to an exemption that is based on a 4 year Strategic Resource Plan not just an annual budget process.

7. Council must adopt its budget by 30 June so any variations will need to be approved well before that date to allow for Local Government Act S.223 public consultation processes to take place. It will be critical to allow enough time and to have a quick turn around in the process or the 30 June budget date will need to be move which is a retrograde step.

8. The Essential Services Commission should be determinative so as to remove any potential for political interference.

9. The Victorian State Government should bear all the costs of administering the ongoing management of the capping process.

Yours faithfully

[Signature]

PETER BROWN
Chief Executive