

Submission to <http://www.parliament.vic.gov.au/enrrdc/article/2591>

Contact Details: Frank Deutsch,


Dear Sir/Madam,

Having been involved as a Councillor in a small Rural City, I am quite aware of the problems that face Councils as well as rate payers.

I would refer you to the "Whelan Report" of some 10 plus years ago, which clearly stated then, that the present system is not sustainable unless small Rural Councils, such as Ararat receive far more Grants to fulfil their "obligation" to the rate payers. I fully concur with the Whelan report.

Of course, it is not just Councils that suffer a lack of finances, it is also the poor down-trodden rate payers in a rural area that suffer, as Councils can increase the rates-burden without any real consequences to themselves.

Rates, according to a determination of the High Court of Australia in 1904 are a tax. This determines that a Tax must be paid without any real regard for the actual services delivered to the rate payers. Furthermore, it is a Tax that is levied against the "Value" of their property. (Capital Improved Value or CIV).

Tax Laws are complicated, but the main driver is that all taxes are fair and equitable. For instance, a plumber working in Darwin earning lets say 100,000 p.a. is taxed the same amount as a plumber in Victoria, earning the same amount. As a matter of fact, the tax for anyone earning, let's say 100K anywhere in Australia ought to be the same.

It follows then that a property owner in let's say Stonington City Council who owns a property to the value of 500,000 dollars, pays the same "Tax-Rates" as does a property owner in Ararat Rural City Municipality that owns a property valued 500,000 dollars.

Here are the facts. (DB compiled from all 79 Victorian Councils in 2013-14)

Stonington: CIV in the Dollar: 0.001203

Ararat: CIV in the Dollar: 0.006861

At a Value of 500,000 each property, this equates to

Stonington property pays: \$ 601.50

Ararat property pays: \$ 3430.50

Or 5.7 times as much. THIS IS NOT SUSTAINABLE! Rate payers in Country Victoria are being penalised for living in the Country.

There are answers to reduce the rate burden to Country-Victorians. It will take political will and sacrifice, but it must be realised by all, that Councils have become a "beast of burden" to the average rate payers.

Irrespective of what Council CEO's/Officers/Councillors thinks or wish for, the rates in Country Victoria are far too high. Amalgamation of the smaller Rural Councils is a must. There are 17 small Rural Councils, each with it's own CEO and a number of Officers, i.e. in other words, a fully functional upper echelon organisation, over-staffed and under-utilised.

Political Will by Parliament of either Party.

1. Combine those smaller Councils into a Super Council; this will save literally Millions of Dollars.

2. Concentrate on the three R's: Rates, Rubbish, Roads. Lets stop the political bribes of Governments to promise things that nobody needs nor wants. (Other then maybe the Mayor/CEO) Such as Arts Centers. For instance, Ararat has it's Arts Precinct re-furbished at a cost of about 6 million Dollars (going up). Most of the money is from State Government as a Grant, but it still leaves over one million dollars to be paid by rate payers.
3. Country Victoria suffers from a loss of rates payers moving to the City, yet Melbourne is bursting at its seams. Would it not be wise to induce Melbournians to move to Country Victoria by ensuring that rates are somewhat equitable?

Rate capping MUST stay to ensure a somewhat fair system. But it also must be matched by increased Grants and some restrictions of what Councils can offer. Many of the "Arts" services can quite easily be provided by volunteers and don't need to be financed by Councils, in particular Rural Councils.

A reduction of Red Tape: Although the Red Tape Commisioner is doing a great job, much more needs to be done in this respect. Many of the "Overlays" are just a great way to stop development in Country Victoria. Much more needs to be done to reduce this burden.

4. What is needed in Country Victoria?

- a. Lower Rates-burden,
- b. Water Security,
- c. Secure electricity and gas/fuel supply
- d. safer roads,
- e. Less Councils, more efficiency.
- f. Councillor meetings ought to be done by "Skype" to save travel costs and time.

I am very happy to send/supply my full data base to your office. I promise it makes very good reading.