



PARLIAMENT OF VICTORIA
Legislative Council
Environment and Planning Committee

**First report into
rate capping policy**

Parliament of Victoria
Environment and Planning Committee

Ordered to be published

VICTORIAN GOVERNMENT PRINTER
December 2015

PP No 117, **Session** 2014-15
ISBN 978 0 9872925 9 9 (print version)
978 0 9873728 8 8 (PDF version)

Committee membership



Hon David Davis MLC
Chair
Southern Metropolitan



Ms Harriet Shing MLC
Deputy Chair
Eastern Victoria



Ms Melina Bath MLC
Eastern Victoria



Hon Richard Dalla-Riva MLC
Eastern Metropolitan



Ms Samantha Dunn MLC
Eastern Metropolitan



Mr Shaun Leane MLC
Eastern Metropolitan



Hon Adem Somyurek MLC
South-Eastern Metropolitan



Mr Daniel Young MLC
Northern Victoria

Participating Members



Mr Jeff Bourman MLC
Eastern Victoria



Ms Colleen Hartland MLC
Western Metropolitan



Mr James Purcell MLC
Western Victoria



Mr Simon Ramsay MLC
Western Victoria

Committee staff

Secretariat

Mr Keir Delaney, Secretary

Mr Anthony Walsh, Research and Legislation Officer

Council Committees office

Ms Annemarie Burt, Research Assistant

Ms Kim Martinow de Navarrete, Research Assistant

Ms Esma Poskovic, Research Assistant

Committee contact details

Address Environment and Planning Committee
Parliament of Victoria, Spring Street
EAST MELBOURNE, VIC 3002

Phone 61 3 8682 2869

Email EPC@parliament.vic.gov.au

Web www.parliament.vic.gov.au/epc

This report is also available online at the Committee's website.

Contents

Committee membership	ii
Committee staff	iii
Chair’s foreword	vi
1 Overview	1
2 Terms of reference and Inquiry process	3
3 Overview of rate capping in Victoria	5
3.1 Background to council rates and charges	5
3.2 Arguments for and against rate capping	6
3.3 History of rate capping in Victoria	7
3.4 Background to current rate capping proposal	8
4 Local government in Victoria	11
4.1 Ability to raise revenue	11
4.2 Size of municipalities	14
4.2.1 Different infrastructure requirements and needs	14
4.2.2 Different ability to provide services	16
5 Key issues in the evidence received to date	19
5.1 Views of local government and ratepayers groups on the proposed introduction of rate capping	19
5.2 A Victoria-wide cap versus several caps based on type of council	21
5.3 Equalised rates	22
5.4 Rates and the cost of living	23
5.5 Capping rates at CPI	24
5.6 Applying for a variation to the cap	27
5.7 Employment costs	29
5.8 What is subject to the proposed cap	29
5.9 Who pays for the proposed rate capping system	31
5.10 Statutory fees and local government services	31
5.10.1 Statutory fees	31
5.10.2 Services	32
5.10.3 Non-core services	34
5.11 Anticipated impact of cap on capital works and asset maintenance	36
5.12 Community expectations about council services	37
6 Way forward	41

Appendix 1	Submissions	43
Appendix 2	Public Hearings	45
Appendix 3	Victorian local government rates, municipal charges and waste management charges	49
Appendix 4	Fire services levy calculations	57
	Extracts of proceedings	59
	Minority reports	61
	Coalition Members	63
	Labor Members	74

Chair's foreword

It is with pleasure that I present the first of a series of reports into the impact and outcome of the Andrews Government's pre-election policy of capping municipal council rate increases at the Consumer Price Index (CPI).

Rates are a significant impact on the budget of households and businesses and there is every reason to constrain unnecessary and wasteful growth in the rates levied by local councils.

I note at the outset that the Government's policy of rate capping has not been implemented this year and rate rises across the state are on average 3.8 per cent, far beyond the level of CPI of 1.1 per cent as calculated by the Australian Bureau of Statistics (ABS) to the end of June in the last financial year (2014/15).

CPI is released formally by the ABS, with the Melbourne CPI being the figure that most accurately represents the cost changes in the Victorian economy and importantly, the cost pressures on Victorian household and business budgets.

Councils provide a very wide range of services and infrastructure for their communities, which are greatly valued. Generally local government performs this role well. However, councils have legitimate complaints about the requirements placed upon them by State Government, and the lack of recognition that local government must recoup the cost of delivering these services and infrastructure.

Councils are also right to point to the fact that their costs are not in lock step with the CPI, as they comprise a very different 'basket' of goods and services. Nevertheless, if the Andrews Government implements its election promise to cap rates at CPI, councils will be required to implement a policy of strictly adhering to the rate cap, save for exceptions agreed through a formal process.

Importantly councils pointed to cuts in State Government support for local government services that are subject to statutory requirements or are delivered by virtue of agreements with the State Government. The change in government has also resulted in the discontinuation of expected programs, such as the important Country Roads and Bridges Program that provided \$1 million per year to country councils.

There are real risks to the critical services and infrastructure provided by councils around the state as rate capping is implemented. There are also risks that council debt along with other charges, fees and levies, will be increased to compensate for rates being capped at the rate of inflation.

There are also risks that wage increases for council employees at levels far beyond the CPI will see pressure to cut services and infrastructure maintenance to close the gap between revenue and expenditure.

These matters will all be monitored closely by the Committee in forthcoming reports.

I want to thank the many submitters to the Committee either in written form or through appearance at Hearings.

I also wish to record my thanks, and the thanks of the whole committee, to the Committee secretariat led ably by Keir Delaney.

I also want to place on record my deepest thanks to the peak bodies in the local government sector. There has been great cooperation with the Committee and this has ensured a better outcome to this Report. In particular the Municipal Association of Victoria (MAV) provided significant background material and historical material that have assisted the Committee.

Further public hearings and analysis of the impact of the rate capping at the CPI policy will follow each half year.

A handwritten signature in black ink, appearing to read 'D. Davis', with a horizontal line underneath it.

Hon David Davis MLC
Chair

Findings and Recommendations

3 Overview of rate capping in Victoria

RECOMMENDATION 1: That the Victorian Government re-establish the country roads and bridges program which provided \$1 million per year to each of the 40 rural councils that qualified. 10

5 Key issues in the evidence received to date

FINDING 1: That a rate capping system based on the Consumer Price Index must necessarily involve Australian Bureau of Statistics data, which is historical data. 25

RECOMMENDATION 2: That detailed data on local government rates by municipality be published annually. 26

RECOMMENDATION 3: That as part of its monitoring role under the proposed rate capping regime, the Essential Services Commission also monitor and report annually on levels of debt held by local government. 28

RECOMMENDATION 4: That when the rate capping policy begins, councils provide information to ratepayers explaining what is subject to the cap, what is not subject to the cap and explaining each component on the rates notice including components collected by local government on behalf of the State Government. Some administrative support to implement this recommendation should be provided by the State Government. 39

This is the first of six reports from the Environment and Planning Committee on the Inquiry into Rate Capping Policy. The Committee intends to continue to gather evidence and will report again in six months.

Rates charges levied by local government is a topic on which many Victorians have an opinion. The Committee received a total of 46 submissions from a range of stakeholders (see Appendix 1), and conducted hearings with 27 stakeholder groups (see Appendix 2). The majority of these hearings were undertaken in regional Victoria.

For the purposes of this Report, local government in Victoria can be divided into three broad groups: metropolitan, interface, and rural/regional. This last group is sometimes further broken down into a fourth group, known as peri urban.¹

Each broad grouping of local government in Victoria provides similar services, however the average cost to provide these services can vary both between and within each grouping. One reason for the price difference between groupings relates to population densities – having populations dispersed over geographically large areas means it costs more to provide the same service compared to having a similar population in a small area. The main differences between metropolitan, interface and rural/regional councils include:

- ability to raise revenue
- size of municipalities
- different infrastructure needs
- ability to provide services.

These issues will be explored further throughout this Report.

As at November 2015, the policy to cap rates had not been implemented, with legislation to implement it before the Parliament.² The Committee commenced this Inquiry as the Essential Services Commission (ESC) was finalising its inquiry into the proposed framework for this policy. Much of the evidence received by the Committee expressed concerns about elements of the rate capping policy which were not settled at the time. The Government's response to the ESC report goes part way to addressing some, but not all of these concerns. This Report provides a summary of the evidence received by the Committee to date. Future Reports will examine the impacts of this policy on local government, the services they provide and the infrastructure they maintain.

1 The 'peri urban group of rural councils' are Bass Coast, Baw Baw, Golden Plains, Macedon Ranges, Moorabool, Murrindindi and Surf Coast Shires. Like metropolitan growth areas and regional cities, this group accommodates Victoria's population growth.

2 This Report was adopted on 26 November 2015, and the Local Government Amendment (Fair Go Rates) Bill 2015 was passed later that day.

This Report is broken down into four sections:

- Chapter Two provides an overview of the activities undertaken by the Committee since receiving the reference
- Chapter Three provides an overview of rate capping. It defines what is meant by 'council rates' and identifies the components that are to be capped – not all elements on the rates notice will be subject to the proposed cap. It identifies the main arguments for and against rate capping and provides an overview of the last time rate capping was introduced in Victoria. Finally this section examines the current proposal to cap rates.
- By identifying some of the differences between metropolitan, interface and rural/regional areas, Chapter Four highlights that local government is not an homogenous sector.
- Chapter Five provides a summary of the evidence received, specifically issues relating to capping rates at the Consumer Price Index (CPI), applying for a variation to the cap, issues relating to statutory fees and services, non-core services and community expectations about what should be provided and supported by local government.

Further discussion of these issues will be continued in subsequent Reports.

2

Terms of reference and Inquiry process

On 27 May 2015 the Legislative Council agreed to the following motion, as moved by the Hon Mary Wooldridge:

That pursuant to Sessional Order 6 this House requires: the Environment and Planning Committee as part of its oversight of Local Government Victoria, to inquire into and report every six months on the outcome of the State Government policy of local government rate capping on councils' viability, service impacts on local communities and impacts on the provision of local infrastructure.

The Committee placed newspaper advertisements inviting submissions in the *Herald-Sun* and *The Age* on 12 June 2015, and *The Weekly Times* on 17 June 2015. The Committee also wrote to 95 stakeholders advising them of the Inquiry and inviting written submissions. In response, the Committee received a total of 46 submissions (see Appendix 1).

The Committee conducted hearings with 27 stakeholder groups during this reporting period (see Appendix 2). The majority of these hearings were undertaken in regional Victoria. As this is an ongoing Inquiry, requiring a report to be Tabled every six months, further hearings will be undertaken as this Inquiry progresses.

The Committee notes the Terms of Reference require it to look at the outcome of the policy to cap rates on the viability of local government and its ability to provide services and deliver and/or maintain infrastructure. Rate capping will not be implemented in 2015-16, and as such this is not examined in this Report. This aspect of the Terms of Reference will be examined in future Reports from the Committee.

3

Overview of rate capping in Victoria

3.1 Background to council rates and charges

Rates are an annual property based tax, based on property valuations as provided by the *Local Government Act 1989* ('the Act'). The Act permits the following charges to be levied by local government:

- **general rates** (s. 158 of the Act)
This is a charge based on the percentage of each property's value. Every two years councils are required by s. 11 of the *Valuation of Land Act 1960* to value all rateable land in their municipality (the Victorian Government covers 50 percent of the cost of undertaking revaluations). Councils can use one of three methods to calculate land value according to s. 157 of the Act, either:
 - site value - value of land only
 - net annual value - annual rental value of the property net of fixed costs
 - capital improved value - value of the land and all fixed improvements.

According to the Municipal Association of Victoria (MAV), most councils use the capital improved value.³ Councils determine their annual costs and use the total value of property in the municipality to calculate the rates payable for each property.

In 2013-14 the total amount of general rates collected in Victoria was \$3.9 billion, an increase of \$0.2 billion on the previous year (see Appendix 3 for a breakdown of general rates by council).

- **municipal charge** (s. 159 of the Act)
Legislation requires that the municipal charge be no more than 20 percent of the total revenue raised from the combination of municipal rates and the general charge.

This is used to cover a Council's administrative costs ('administrative costs' are not defined in the Act).

In 2013-14 the total amount of municipal charge collected in Victoria was \$0.15 billion, an increase of \$0.012 billion on the previous year⁴ (see Appendix 3 for a breakdown of municipal charge by council).

3 www.mav.asn.au/about-local-government/local-government-finance/Pages/council-rates-property-valuations.aspx

4 Note the MAV advised that a number of councils fund waste collections via general rates. These councils may only record revenue from waste charges where additional bins/services are provided at the wish of the property owner.

- **service charges/rates** (s. 162 of the Act)
These are fees that may be charged separately for any of the following services:
 - provision of water supply
 - collection and disposal of refuse
 - provision of sewage services
 - any other prescribed service

They can be levied as a rate based on a property's valuation, or as a charge based on a unit basis (i.e. a refuse charge based on the size of the bin).

In 2013-14 the total amount of garbage charge collected in Victoria was \$0.44 billion, an increase of \$0.024 billion on the previous year (see Appendix 3 for a breakdown of garbage charges by council).

- **special charges/rates** (s. 163 of the Act)
These are charged to ratepayers for specific services or purposes (i.e. investing in footpaths).

Victorian councils levy rates annually, however most allow these to be paid in instalments. Rates are the main source of income for many councils. The Victorian Auditor-General's Office (VAGO) estimated that in 2011-12 rates and charges accounted for 49 percent of local government revenue, government grants 22 percent, user fees and charges 13 percent, developer contributions 11 percent and other sources 5 percent.⁵ However, according to the MAV, council rates represent approximately 3.4 percent of the total taxation collected in Australia.⁶

3.2 Arguments for and against rate capping

Views on rate capping fall into two broad schools – those in favour (usually but not exclusively residents or ratepayers groups) and those against (usually local government). The main arguments for and against this policy are outlined below.

Arguments presented in favour of rate capping include:

- protecting ratepayers against excessive rate rises⁷
- preventing councils misusing their power as the sole supplier of basic community services⁸
- restricting the provision of 'non-core' services and infrastructure⁹

5 Victorian Auditor-General's Office, *Rating Practices in Local Government*, February 2013, 1.

6 www.mav.asn.au/about-local-government/local-government-finance/Pages/council-rates-property-valuations.aspx

7 Submission 1, Dr Carol Glover.

8 www.vlga.org.au/Resources/Library/Rate_capping_-_arguments_for_and_against.aspx

9 Colin Carter, Whitehorse Ratepayers and Residents Association Inc, *Transcripts of Evidence*, 30.

- imposing financial discipline on councils¹⁰
- improving accountability as applications for an exemption to the cap are publically scrutinised¹¹
- acting as a ‘watch dog’ against local government excess.¹²

Arguments presented against rate capping include:

- limiting councils ability to provide local services¹³
- creating infrastructure backlogs¹⁴
- leading to higher user pays charges and fines¹⁵
- restricting council’s budgetary authority and undermining local democracy.¹⁶

3.3 History of rate capping in Victoria

Rate capping in Victoria has a short history. The policy formed part of a suite of local government reforms introduced by the Victorian Government in the 1990s. This involved the restructuring and reducing of the number of councils in Victoria from 210 to 78 (since 2002 there have been 79). Between 1994 and 1996, these new entities were headed by appointed commissioners, with new councils elected in 1996. These new councils were required to be more transparent and fiscally accountable. A number of measures, such as competitive tendering and rate capping, were implemented around this time. The rationale underlying the capping of rates was to improve fiscal responsibility at the local government level and ensure the benefits arising from the local government reforms flowed on to ratepayers.¹⁷

Legislation permitting the Victorian Government to cap council rates was introduced in 1995. This amendment became s. 185 of the Act. As discussed previously, these provisions permitted the Minister for Local Government to cap rates or order rate reductions. This policy did not require consultation with local government, ratepayers, or other stakeholders; the decision to cap rates resided with the Minister.

Following from this legislation receiving Royal Assent, the first cap was introduced in the 1996-97 financial year. At this time the Minister for Local Government, Hon Robert Maclellan, prevented any increase in rates, ‘freezing’ them at the amount for the previous financial year. In 1997-98 the cap was set at no more than the rate of inflation minus one percent. In June 1997 the

¹⁰ Sid Pope, 3228 Residents Association, *Transcripts of Evidence*, 57.

¹¹ Essential Services Commission, *A Blueprint for Change: Local Government Rates Capping and Variation Framework Review*, Draft Report, Vol 1, 6.

¹² www.vlga.org.au/Resources/Library/Rate_capping_-_arguments_for_and_against.aspx

¹³ www.vlga.org.au/Resources/Library/Rate_capping_-_arguments_for_and_against.aspx

¹⁴ www.esc.vic.gov.au/getattachment/b3a4def7-3c21-4491-8f1e-eb0b5769aaeb/Australian-Professionals.pdf

¹⁵ www.vlga.org.au/Resources/Library/Rate_capping_-_arguments_for_and_against.aspx

¹⁶ www.esc.vic.gov.au/getattachment/79662430-5da7-4352-9ac2-d6a315e3504b/Australian-Services-Union.pdf

¹⁷ ‘Views from Spring Street’, *Australian Municipal Journal*, June 1996, 33.

cap was raised to a maximum rise of three percent to assist councils with a superannuation shortfall. However, in September 1997 the Victorian Government announced that the cap on rates would be removed from the 1998-99 financial year and replaced by an ad hoc system where councils could apply to the Minister for a rate rise. In 1999, the Government removed the restrictions on council rates.

When first introduced in Victoria, rate capping was not a new concept; it had been implemented in other Australian jurisdictions. New South Wales, for example, introduced this policy in the 1970s and 'ratepegging' (as it is known there) continues to this day. In New South Wales, this policy has been blamed for the poor state of local government finance,¹⁸ and the subsequent infrastructure backlog.¹⁹ Although this infrastructure backlog cannot be solely attributed to rate capping, the inability of councils to increase rates contributed to this problem.²⁰ Further, in 2015, 101 out of 152 councils in New South Wales reported a deficit, an increase of 13 councils compared to the previous year.²¹ In order for the sector to achieve sustainability it has been suggested that significant rate rises are required.²²

Although rates were only capped in Victoria for three years, it has been suggested this policy impacted on local government spending, especially on infrastructure maintenance and renewal.²³ The Committee notes ratepayers would have benefitted from the cap through a reduction in household expenses, however they would also have been impacted through cuts to services and maintenance of infrastructure.

3.4 Background to current rate capping proposal

In May 2014, prior to the State election, the Australian Labor Party announced its intention to cap council rates at CPI.²⁴ It proposed that the ESC would determine whether increases above this figure were fair and reasonable. This policy foreshadowed that the Act would require amendments to implement the new system.

In January 2015, the Victorian Government announced it had instructed the ESC to inquire into and provide advice on a framework to cap local government rates. Around this same time, the Minister for Local Government, Hon Natalie Hutchins, wrote to mayors and Chief Executive Officers of local councils advising them that the rate capping system would commence at the start of the 2016-17 financial year.²⁵

¹⁸ www.vlga.org.au/Resources/Library/Rate_capping_-_arguments_for_and_against.aspx

¹⁹ www.esc.vic.gov.au/getattachment/b3a4def7-3c21-4491-8f1e-eb0b5769aaeb/Australian-Professionals.pdf

²⁰ www.esc.vic.gov.au/getattachment/b3a4def7-3c21-4491-8f1e-eb0b5769aaeb/Australian-Professionals.pdf

²¹ www.abc.net.au/news/2015-06-12/local-government-report-for-nsw-shows-more-councils-in-the-red/6541940

²² www.vlga.org.au/Resources/Library/Rate_capping_-_arguments_for_and_against.aspx

²³ www.vlga.org.au/Projects___Campaigns/Rate_Capping.aspx

²⁴ www.viclabor.com.au/media-releases/andrews-announces-fair-go-for-ratepayers/

²⁵ www.heraldsun.com.au/news/victoria/councils-warned-on-rates-rises/news-story/7ea66b524051c7bcdff1cc1397272fb2

As part of its inquiry on this topic, the ESC was required to consult with councils, government agencies and peak bodies. In April 2015, the ESC released a consultation paper. In response, the ESC received 266 submissions from individuals, local government and other organisations. The ESC's final report was published in October 2015.

In its report the ESC proposed that the cap be based on the forecast rate of increase in CPI, an allowance for the wage price index (WPI), along with an efficiency factor. The cap, however, would not apply to the total rates figure. As discussed in the previous section, council rates are composed of a number of components. The proposed cap will only apply to 'general rates' and 'municipal charges'. It is conceivable that the exclusion of 'special rates and charges' from the rate cap may encourage some councils to look to special rates and charges as a means of funding new initiatives.²⁶

The Government has stated that amendments to the *Local Government Act 1989* are required in order to establish the legislative framework for this system.²⁷ This new system will commence operation on 1 July 2016, with councils to be advised of the cap in December 2015 to allow sufficient time for their budgets to be prepared. The Government has responded to the 18 recommendations in the ESC report on how the framework should operate. In *Fair Go Rates System: Victorian Government Response to Essential Services Commission Final Report*, the Government:

- does not accept that there should be one cap applied equally to all councils. It is proposed that the Minister will have the authority to set different caps for classes of councils or individual councils in any financial year
- accepts that the cap should only apply to general rates and municipal charges. Special rates and charges, services rates and charges and the fire service levy should be exempt from the cap
- accepts that councils will have discretion to apply for a variation to the cap, that the ESC will be the decision-maker for a variation, and that applications should address:
 - the reason the variation is required
 - ratepayer and community views
 - how it is an efficient use of resources
 - alternate budgetary and funding options considered
 - how the application is consistent with the council's long-term strategic plan
- accepts that the ESC publish an annual report about compliance with the cap and detailing approved variations

²⁶ www.maddocks.com.au/reading-room/rate-capping-framework-review-key-issues/.

²⁷ The Committee notes the power to cap rates is already vested in the Minister - s. 185B of the *Local Government Act 1989* empowers the Minister to either freeze rates or cap them against the previous year's rates.

- accepts in principle that councils notify the ESC of their intention to seek a variation, with the application to be lodged by 31 March the year prior to the capped year
- accepts that councils should place their budgets on public notice for a minimum of 28 days
- accepts that in the first year councils will only be able to apply for a variation for one year; following this councils can seek multiyear variations of up to four years in length
- accepts that there should be a review of the rate capping system every four years, with the first review proposed for 2021, and then every four years
- accepts that the *Local Government Act 1989* be amended to require service rates and charges reflect the efficient cost of providing the underlying service
- accepts there should be a periodic review of the statutory fees to ensure they reflect the efficient cost of providing these services.

Many of these points address concerns raised in evidence to the Committee prior to this announcement.

The Committee notes that this policy is being implemented at a time when the Commonwealth Government has frozen grants to local government for a period of three years from 2014-15 to 2016-17. It has been estimated that this is equivalent to a reduction in funding for local government of \$64 million over this period.²⁸

The Committee also notes that the Victorian Government has discontinued the Country Roads and Bridges program, which provided \$160 million between 2011-2015 to assist rural councils to repair or upgrade local roads and bridges. However, other programs have been announced, including \$35.8 million to strengthen bridges in regional Victoria, \$50 million for the Safer Crossings Program and \$135.6 million to repair unsafe and deteriorating roads across Victoria. Further road funding is also provided under the Commonwealth Bridges Renewal Program. Victoria received \$6.4 million in 2015 under round one, which provided 50 percent of project funding to improve the quality of bridges in Victoria.²⁹ Round two closed on 31 August 2015, and round three will be announced in 2016. Thus Victoria can anticipate receiving further funding in future rounds of this program.

RECOMMENDATION 1: That the Victorian Government re-establish the country roads and bridges program which provided \$1 million per year to each of the 40 rural councils that qualified.

²⁸ Essential Services Commission, *Local Government Rates Capping and Variation Framework Review Draft Report Vol 2 (Supporting Material and Analysis)*, 9.

²⁹ Essential Services Commission, *Local Government Rates Capping and Variation Framework Review Draft Report Vol 2 (Supporting Material and Analysis)*, 11.

4 Local government in Victoria

The Committee notes that local government is not a homogenous sector. There are differences both between and within the main classifications of local government (metropolitan, interface, and rural/regional – which can be further differentiated into a group of peri urban councils). This section will examine and highlight some of these differences. Any system that caps rates needs to take such differences into account, to ensure that individuals and communities are not disadvantaged by this proposed policy.

4

4.1 Ability to raise revenue

Metropolitan councils, especially the City of Melbourne and those directly surrounding it, have a greater ability to raise revenue from sources other than rates compared to interface and rural/regional councils. This is due to having greater commercial activities and an ability to raise revenue from parking fees and fines. These additional revenue streams can reduce the amount of income these councils need to raise through rates. The Committee anticipates this will mean the proposed cap will have less of an impact on these Councils.

In terms of distinction between metropolitan and rural councils, it is evident some councils have greater ability to raise revenue from sources other than rates — parking meters, parking fines — which does not apply to many rural councils.³⁰

The requirement for flexibility in rural Victoria in terms of the way they rate, because their other sources of revenue are low — parking fines, zero; parking meters, zero. Any of those things that a City of Melbourne or Port Phillip or Yarra and so on have got — access to other fees and so on — are relatively limited, and it requires a sort of different mix in terms of their sources of revenue to achieve the outcomes.³¹

Metropolitan councils tend to be geographically smaller, but have a greater number of rateable properties. This has two main consequences. The total rates revenue can be averaged out over a greater number of properties, which means lower average rates. It also means that metropolitan, and to a lesser extent, interface councils can raise more revenue when compared to rural/regional councils. Metropolitan councils, however, provide services to a greater number of people. This is discussed further in section 4.2.2.

Out in the country areas we are paying two to three times the rates they would pay inside the metropolitan areas.³²

30 Arthur Skipitaris, Wellington Shire Council, *Transcripts of Evidence*, 3.

31 Dr Andrew Hollows, Victorian Local Governance Association, *Transcripts of Evidence*, 23.

32 Cr Don Hill, South Gippsland Shire Council, *Transcripts of Evidence*, 4.

At Port Phillip an \$800 000 residential property attracts about \$970 in rates ... and that then pulls in something in the order of \$98 million to that council. The Mornington Peninsula Shire has about a \$1700 rate bill for an \$800 000 property, and that was pulling in I think it was about \$156 million. ... In South Gippsland, an \$800 000 residential property will have a \$4700 rate bill, and we pull in about \$38 million.³³

The Committee heard that rates are a very important source of revenue for rural/regional councils, with this accounting for as much as 70 percent of some council income. The peri urban councils noted they have low populations and incomes, yet cover large areas.³⁴ Accordingly, the Committee anticipates that the impact of the proposed rate capping policy will become apparent in these areas first, and may negatively impact on their sustainability unless councils make concomitant savings in other areas. The Committee heard that 21 Victorian councils reported an underlying operating deficit in 2013-14. This is an increase as in 2012-13 only eight Victorian councils reported underlying operating deficits.³⁵ As such, even reducing rates by as little as one percent would have a significant impact for these councils.

[Rates] is a very important source of rate revenue for us. In terms of rate revenue dependency, we are somewhat unique in that our percentage of total revenue that comes from rates is high, at over 70 per cent. That is well above what you would typically expect to see in a council.³⁶

We also have a high reliance on rates and charges. ... in 2014-15 [it] was about 54 percent, which is also higher than the average of councils. Any impact on rates has a significant impact across the board: 1 per cent of our rates equates to about \$250 000. That is quite significant for a smaller council.³⁷

It is well documented that smaller councils ...are already suffering in terms of sustainability. It is important that those sorts of pressures are not furthered by rate capping.³⁸

Peri Urban Councils ... total budgets are one quarter the size of the Regional Cities of Geelong, Ballarat and Bendigo. In fact Geelong's garbage charge is equivalent to our average rate base ...³⁹

... 21 of Victoria's 79 councils reported underlying operating deficits in 2013-14, as reported by the Auditor-General in his report titled *Local Government — Results of the 2013-14 Audits ...*⁴⁰

The Committee heard that in addition to general rates and municipal charges, local government also receives revenue from both the Victorian and Commonwealth Governments. The primary funding from the Commonwealth

³³ Tim Tamlin, South Gippsland Shire Council, *Transcripts of Evidence*, 3.

³⁴ Submission 46, Peri urban group of rural councils.

³⁵ VAGO, *Local Government: Results of the 2013-14 Audits*, 16.

³⁶ Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 38.

³⁷ Colin Hayman, Colac Otway Shire Council, *Transcripts of Evidence*, 41.

³⁸ Colin Hayman, Colac Otway Shire Council, *Transcripts of Evidence*, 41.

³⁹ Submission 46, Peri urban group of rural councils.

⁴⁰ Geoff Cockram, City of Stonnington, *Transcripts of Evidence*, 112.

Government is in the form of Financial Assistance Grants (FAGs) provided under the *Local Government (Financial Assistance) Act 1995* (Cth) and distributed by the Victoria Grants Commission. These grants have two components, a general purpose grant distributed according to population and a local roads grant distributed based on fixed historical shares. The primary purposes of these grants is to enable local government to provide an equitable level of services, improve the financial capacity of local government, provide certainty of funding and improve the efficiency and effectiveness of local government.

... the way the federal model works in Australia is that financial assistance grants are meant to be the top-up to allow a rural council to provide a standardised level of service. That financial assistance grants model does not work effectively really, and the freeze that has occurred in the last couple of years has had a significant impact in rural Victoria.⁴¹

Data provided to the Committee by the MAV indicates that overall grant funding to councils has declined in real terms. This decline, together with rate increases, mean that on average grant funding as a percentage of municipal charge and general rates declined in 2013-14 to 55 percent. However, some rural councils are heavily reliant on this funding, for example, in 2011-12 it accounted for 531 percent of the municipal charge and general rates for the Pyrenees Shire Council (see Appendix 3).⁴²

	2008-09	2009-10	2011-12	2011-12	2012-13	2013-14
Total grant funding	\$1,345,003,798	\$1,366,353,282	\$1,506,372,443	\$1,751,094,376	\$1,689,580,938	\$1,307,639,037
Percentage change on previous year		2%	10%	16%	-4%	-23%
Grant funding as percentage of municipal charge and general rates	47%	44%	45%	52%	44%	32%
FAGs	\$444,257,082	\$452,063,055	489,682,034	\$370,445,541	\$376,919,866	\$535,180,560
Percentage change on previous year		2%	8%	4%	2%	42%
FAGs funding as percentage of municipal charge and general rates	16%	15%	15%	14%	13%	13%

Source: Data provided to Committee by MAV (see Appendix 3).

⁴¹ Dr Andrew Hollows, Victorian Local Governance Association, *Transcripts of Evidence*, 23.

⁴² In 2010-11, Pyrenees Shire Municipal charge and general rates was \$5,560,000 and total grants were \$18,983,419.

4.2 Size of municipalities

Metropolitan and interface councils have large residential or commercial rateable areas. In contrast rural/regional councils (including peri urban councils) have large areas where they are unable to charge rates.

East Gippsland Shire is 21 000 square kilometres, of which only 25 per cent is rateable, and many of the shires in Gippsland share that same problem — a lot of unrateable land. We service over 42 communities spread out in that 21 000 square kilometre radius.⁴³

Consider that Maroondah is about 70 square kilometres, and about 90 per cent of it is rateable. We have to send out garbage trucks, so our services are stretched over greater distances. Therefore rate capping will be detrimental if it is not looked at as a country CPI index, not a city-based CPI index.⁴⁴

Although this will be discussed further in the next two sections, it should be noted that the typically smaller geographic size of metropolitan and some interface councils compared to rural/regional councils means it is comparatively easier to provide services and maintain infrastructure as this is occurring over a smaller area.

4.2.1 Different infrastructure requirements and needs

Road infrastructure was a significant issue raised in hearings conducted by the Committee. A number of roads in the metropolitan area have State significance, so they are maintained by VicRoads, which reduces the burden on these councils. Interface and rural/regional councils have fewer of these roads. The Committee heard that developers are only required to build two-lane roads in new suburbs. When these roads become too congested local government has to upgrade them before VicRoads will assume responsibility for the road.

... VicRoads at the moment will only require a developer to build, say, two stand up lanes to an intersection in a growth area ...⁴⁵

Wyndham currently has 19 arterial roads under the jurisdiction of VicRoads ... One they will not take, because they want us to fix it first — then they will take it — and one will eventually be there.⁴⁶

Interface councils outlined some of the issues resulting from the rapid suburban growth they have experienced, and the gifting of assets from developers that they are then required to maintain. These assets can include extra roads, parks and gardens. These place an additional burden on a local government's resources, and the Committee heard developer contributions are often not enough to offset this additional expenditure.

43 Gary Gaffney, East Gippsland Shire Council, *Transcripts of Evidence*, 6.

44 Gary Gaffney, East Gippsland Shire Council, *Transcripts of Evidence*, 7.

45 David Turnbull, City of Whittlesea, *Transcripts of Evidence*, 103.

46 Cr Peter Maynard, Wyndham City Council, *Transcripts of Evidence*, 104.

Over the last six years with this accelerated growth rate: 830 kilometres of extra kerb and channel to maintain; 103 MCGs of sealed road pavement; 33 MCGs of footpath pavement ... 500 kilometres of drainage pipes; 20 000 drainage pits ... 77 kilometres of fences; 1060 significant trees ... and three and a half botanic gardens of garden beds handed over for maintenance.⁴⁷

Wyndham City Council, on average, receives \$200 million of gifted assets every year. So on top of what we already have, every year on average we receive from developers [requiring additional maintenance]⁴⁸

In the 30 years that it is estimated that the development is projected to occur, it will be costing council \$2 billion to provide the infrastructure that it has to provide. Income from [developer contributions] and other streams will total \$1.25 billion, leaving a shortfall of \$800 million.⁴⁹

Rural/regional councils (including peri urban councils) are based over larger geographic areas, which may mean they have more roads and bridges to maintain. The impact of the proposed rate capping system on road and bridge maintenance and renewal was specifically highlighted as an issue by this group of councils. The Committee heard that some rural/regional councils have over 100 bridges, including wooden bridges in need of urgent upgrades. Currently some bridges cannot take the weight of all vehicles, requiring long and costly detours, impacting on local industry and local economies. Local government advised that the cost to replace a bridge is around \$500,000 to \$1 million. The Committee anticipates that the ability of local government to fund these programs will be constrained by the proposed system, unless councils look to either increase borrowings, apply for a higher cap, or introduce a special levy.

Rural communities and smaller councils have a higher proportion of asset management responsibilities.⁵⁰

At the moment we have got bridges that people are taking 22-k detours or 18-kilometre detours to avoid, because we cannot maintain all of the bridges to the standard ...⁵¹

We have 1632 kilometres of road; we have 134 bridges and culverts. Councils in Melbourne may be lucky to have one bridge.⁵²

We have got 120 wooden bridges. ...The average bridge to replace is about \$1 million for a high-quality bridge down to about half a million for a good single-lane concrete bridge.⁵³

47 David Turnbull, City of Whittlesea, *Transcripts of Evidence*, 97.

48 Cr Peter Maynard, Wyndham City Council, *Transcripts of Evidence*, 102.

49 Cr Peter Maynard, Wyndham City Council, *Transcripts of Evidence*, 95.

50 Lenny Jenner, Borough of Queenscliffe, *Transcripts of Evidence*, 44.

51 Helen Anstis, Baw Baw Shire Council, *Transcripts of Evidence*, 7.

52 Colin Hayman, Colac Otway Shire Council, *Transcripts of Evidence*, 41.

53 Gary Gaffney, East Gippsland Shire Council, *Transcripts of Evidence*, 8.

I have probably got one of the unique services of any local government. It is called a ferry. It costs \$1 million a year to operate, and the rates on Raymond Island do not even cover the cost of that operation.⁵⁴

Our road networks are enormous – our sealed and rural roads stretch 22,000 km, which is sufficient to circumnavigate mainland Australia.⁵⁵

The Committee heard that rural/regional councils in particular were concerned that the ending of the roads and bridges program and freezing of the Commonwealth financial assistance grants, together with the rate cap, will mean it will become increasingly difficult to find funds to undertake the required road infrastructure renewal and replacement.

In the context of rate capping and the freezing of financial assistance grants that makes it tough when you are competing against your neighbours for a pot of money, so conceptually it is about having a pot that you know will come, which in the case of country roads and bridges was \$1 million. That was great, because you could plan forward works. Now obviously we are going through a competitive process both federally and state wise, and that makes it tougher.⁵⁶

4.2.2 Different ability to provide services

Metropolitan or interface councils may be able to provide the same service more cheaply than rural/regional and peri urban councils as higher population densities mean it can be provided over a smaller area and shorter period of time, however a higher population may mean these councils have to provide this service to a greater number of people.

In the metropolitan area they will have one carer doing a street of maybe 10 people, within a very small couple of streets. For us that same carer might have to travel 150 kilometres to deliver care to the same 10 people. That is the difference. You have to factor in that we have additional costs to provide these services. They are the sorts of things that impact on a rural council.⁵⁷

... if you look at swimming pools as an example, for us to deliver a swim at Warragul is somewhere in the order of \$9 a swim. At Thorpdale, a remote community of 500 people, it is \$90 to \$113 a swim.

A number of years ago we actually mapped out to the government of the time, 'This is what happens in an income stream. This is the revenue we pick up'. Many look at it and go, 'Well, you get extra rates. You're flush! You've got all this money'. Then you try to work it out — then you have to provide all these extra things. Just as a base example, we might pick up \$1.5 million in supplementary rates for the year with growth, and then we have to maintain the areas. I will use last year as an example.

54 Gary Gaffney, East Gippsland Shire Council, *Transcripts of Evidence*, 10.

55 Submission 46, Peri urban group of rural councils.

56 David Morcom, Wellington Shire Council, *Transcripts of Evidence*, 8.

57 Helen Anstis, Baw Baw Shire Council, *Transcripts of Evidence*, 10.

We have to maintain more parks and ovals. ... There were 30 kilometres of additional roads and additional staff for all of those things. When you do your sums, ... the net difference is staggering.⁵⁸

The greater distance in rural/regional areas means longer travel times and greater fuel costs, adding to the overall cost. As will be discussed in the next section, in evidence received, rural/regional councils were very concerned about the impact of the cap on their ability to continue delivering comparable services to metropolitan and interface councils. For example, the Committee heard that retirees moving from metropolitan to regional areas expect a certain level of service, especially when they are paying higher rates, however local government advised it is finding this difficult with the available resources.

We get a lot of tree change and sea change people coming up, and when they move they get this rate bill, and some of them do not get their garbage collected and they live on a dirt road which gets graded infrequently. They are not very happy. You can sort of understand the level of service difference, but in accord with our asset management plans and our long term financial strategies we manage as best we can to try to keep the rates down to as low as possible and to meet that demand.⁵⁹

Rural councils have significant costs related to infrastructure maintenance and renewal that many metropolitan councils do not have, so consideration needs to be given to how this will be factored into a rate capping framework and, as I said before, whether there need to be multi-caps across different types of councils.⁶⁰

58 Dominic Isola, Hume City Council, *Transcripts of Evidence*, 103.

59 Tim Tamlin, South Gippsland Shire Council, *Transcripts of Evidence*, 3.

60 Arthur Skipitaris, Wellington Shire Council, *Transcripts of Evidence*, 3.

Metropolitan, Interface, Peri Urban and Rural/Regional Councils: Case Study

	Southern Grampians (Rural)	Surf Coast (Peri Urban)	Hume (Interface)	Whitehorse (Metropolitan)
About	Agriculture and sheep grazing are the dominant industries in the shire.	Surf Coast Shire is between 75 and 125 kilometres south west of Melbourne, and between 12 and 60 kilometres south west of Geelong. The Shire has grown rapidly around Torquay and Jan Juc.	Hume City is a growing urban fringe municipality about 20 kms from Melbourne's CBD. The southern parts of the city are well-established urban areas, while the north remains rural in character.	Whitehorse is a major commercial and residential municipality in Melbourne's east, approximately 15 km from the CBD.
Area	6,652 sq km	1,552 sq km	504 sq km	64 sq km
Population (2014)	15,919	28,481	188,832	163,697
Population change (2013-2014)	-1.4 %	0.7 %	3.1 %	1.3 %
Population Density (2014)	2.4	18.3	374.8	2,546.7
Predicted Population (2031)	16,386	40,565	291,278	188,490
Average Personal Income (2011)	\$38,149.70	\$48,640.30	\$46,298.60	\$53,901.80
Recurrent Expenditure (2012-13)	\$35.999 m	\$53.629 m	\$181.516 m	\$136.334 m
Recurrent Revenue (2012-13)	\$40.091 m	\$58.653 m	\$195.450 m	\$149.195 m
Rates and Charges (2012-13)	\$15.309 m	\$37.761 m	\$118.190 m	\$85.216 m
VGC Grants (2012-13)	\$6.808 m	\$3.423 m	\$12.523 m	\$3.962 m
VGC Grants (2012-13) per population	\$427.67	\$120.19	\$66.32	\$24.20

Note: Newer data could not be incorporated into this Report but will be considered in future Reports by the Committee.

Source: <www.dtpli.vic.gov.au/local-government/find-your-local-council> and ABS data sets.

5

Key issues in the evidence received to date

5.1 Views of local government and ratepayers groups on the proposed introduction of rate capping

The Committee received evidence about the introduction of rate capping from a number of metropolitan, interface, rural/regional and peri urban councils. Most councils were against the introduction of a cap, suggesting that this policy is State Government interference in the affairs and autonomy of local government.

Applying the cap is, as I said, an intrusion into the autonomy of local government to manage the business of local government. I agree with all the thoughts that have been said about that at this point in time.⁶¹

Whilst the die appears to be cast in terms of rate capping, and council will cooperate with the wishes of the state government if they are legislated, I think it is deeply regrettable that we are, in effect, saying that we do not trust local democratic processes to produce appropriate outcomes in terms of responsible and sustainable financial management by councils.⁶²

Other councils advised that residents generally want to have lower rates, but don't want to see services cut or reduced.

Interestingly enough for the committee, in our recent budget process, in 2015–16, we had 78 submissions. Many of them asked for more money; not one was concerned about the level of rates. I think that is a reflection of our community.⁶³

... as part of each year's annual budget process when we put the budget out for exhibition for 28 days, people might lodge a submission that is called a budget submission, but really when you look into their issue usually it is service related, not actually about rates per property.⁶⁴

... in community satisfaction surveys that we did, there is actually a pretty even split in the responses in terms of 'Would you prefer a reduction in rates or would you prefer an increase in services'. ... the evidence again is that where we have tried to reduce services in different spaces there have been the petitions that you heard about from the earlier witnesses.⁶⁵

61 Michael Kelly, Greater Geelong City Council, *Transcripts of Evidence*, 43.

62 Cr Peter Maynard, Wyndham City Council, *Transcripts of Evidence*, 94.

63 Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 38.

64 Kevin Ayre, Manningham City Council, *Transcripts of Evidence*, 120.

65 Peter Utri, Banyule City Council, *Transcripts of Evidence*, 120.

... council sat there and said, 'Right; let's get rid of some of these services'. But ... the backlash you get from the community does not lend itself to a majority vote to make any changes.⁶⁶

Generally, evidence received by the Committee from ratepayers groups and local government and representative bodies suggests that local government accepts a rate cap is unavoidable and would prefer that the policy be implemented as soon as possible.

I would say that the sector does not like the notion of a cap at all; right? That is the starting point, but there is an acceptance generally, I think, that there is going to be a cap.⁶⁷

I think rather than extend the introduction period we would prefer to take the ESC approach which is, 'Let's dive in. We won't get it right the first time, but we will get something that is very close'. But please let the ESC have the ability to spit and polish, to fine-tune. I think the longer we leave it, the more wormholes we leave for the likes of Whitehorse council to⁶⁸

One ratepayer group expressed concern that this policy would result in infrastructure maintenance being delayed due to lack of funds, or an increase in the use of special rates or levies, which are not proposed to be included in the cap.

Our position is that in principle we support the idea of rate capping, ... but our anxiety is that when rates are capped, we are worried about how the council is going to be able to afford to make provision for basic services, and we are concerned that there will be a greater dependence on special charge schemes for developments around the community, particularly when it comes down to basic services.⁶⁹

... we have an anxiety with rates being capped that there is a danger of increased use of special charge schemes to pay for large infrastructure experiences across the council.⁷⁰

We have had one particularly contentious special charge scheme around the footpaths ... A lot of the opinions at the time were that this was a basic service that should have been provided by the council and we should not have been charged for that experience.⁷¹

66 Tim Tamlin, South Gippsland Shire Council, *Transcripts of Evidence*, 9.

67 Rob Spence, Municipal Association of Victoria, *Transcripts of Evidence*, 21.

68 Colin Carter, Whitehorse Ratepayers and Residents Association Inc, *Transcripts of Evidence*, 30.

69 Sid Pope, 3228 Residents Association, *Transcripts of Evidence*, 57.

70 Sid Pope, 3228 Residents Association, *Transcripts of Evidence*, 54.

71 Sid Pope, 3228 Residents Association, *Transcripts of Evidence*, 57.

5.2 A Victoria-wide cap versus several caps based on type of council

Much of the discussion about the proposed cap assumed that there would be one cap applied uniformly across the State. As discussed previously, the Victorian Government has announced that it does not accept that there should be one cap applied equally to all councils. It has flagged it will be possible for the Minister to set different caps either for classes of councils or individual councils.⁷²

Rural/regional councils in particular were against the introduction of a uniform State-wide cap, arguing their ability to raise revenue from other sources was more constrained than metropolitan councils, plus they have the burden of maintaining infrastructure over a wider space with smaller population centres (see case study in section 4.2.2 for comparison).

I agree that the government came in on a mandate for rate capping, but I think there has to be a realistic rate cap for country municipalities across the state. We are different. I do not get the parking revenue that the City of Port Phillip gets. I would be lucky to get a couple of thousand dollars in parking fine revenue.⁷³

This one-size-fits-all approach prevents each council from responding to the specific and unique needs and pressures of the communities they serve.⁷⁴

In our view it probably should be a multi-cap model that takes into account differences between councils — inner city; middle suburbs; interface areas, such as green, and also growth; peri-urban areas, regional centres; and rural. We would hope there would be a more sophisticated multi-cap model.⁷⁵

As discussed previously the local government sector is not homogenous, with councils having different needs based on a variety of factors, such as population growth rates, population age, infrastructure maintenance and services provided. As such local government generally argues for a cap which recognises the different economic position of rural/regional and peri urban councils compared to metropolitan ones.

I think there has to be a regional factor, and I think the further you are out the more your cost is impacted.⁷⁶

Generally the industry, and I think our council as well, do not believe that a single cap adequately covers the different circumstances across different councils. For us a growth, but for other councils across the state — for example, those with reducing populations and rural road networks and the like — there are a lot of different circumstances.⁷⁷

⁷² www.delwp.vic.gov.au/__data/assets/word_doc/0006/315960/Government-Response-to-ESC-Local-Government-Rates-Capping-and-Variation-Framework-Review-Report-21-Oct-15A.docx

⁷³ Gary Gaffney, East Gippsland Shire Council, *Transcripts of Evidence*, 6.

⁷⁴ Lenny Jenner, Borough of Queenscliffe, *Transcripts of Evidence*, 45.

⁷⁵ Arthur Skipitaris, Wellington Shire Council, *Transcripts of Evidence*, 2.

⁷⁶ Gary Gaffney, East Gippsland Shire Council, *Transcripts of Evidence*, 12.

⁷⁷ Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 39.

There has been a view articulated by some to our sector that we were going to end up with a tiered model where rural councils would be dealt with in a different way to interface councils, regional cities and so on, because it is not a homogeneous sector, as you know.⁷⁸

5.3 Equalised rates

Although outside the scope of both this Inquiry and the one undertaken by the ESC, the Committee received evidence about equalised rates. Under this scenario local government would submit a budget to a central State Government agency. This agency would determine the total amount required and the total number of ratepayers across the State. This amount would be collected by local government from each ratepayer and would be paid to the State Government. This agency would then distribute the funds to each council based on budgetary needs and proposals. This would mean that all ratepayers across the State would pay the same rates. It may benefit rural/regional councils with limited rate bases, while disadvantage metropolitan ratepayers who may be required to subsidise activities in interface and rural/regional councils.

The real problem in my view is not the percentage increase of the rate rise that we talk about, it is the actual rate burden on the community, and that is too high. Cost shifting has meant that the share of our income that has come from the government has decreased over time significantly, and that has been imposed on the communities. The real problem is that the government needs to equal out the playing field and allow the rural shires greater revenue from the government so that we can charge the same rates for the same services to the same person. Then everyone will see it is all fair. From that point, in our shire, they will not mind a 3 per cent or 4 per cent rate rise because they are going to be paying a third of what they are paying now if it is all equalised.⁷⁹

In council rating, if you take a step back and you have a clean slate and say, ‘How can we better collect tax from across Victoria’ — because rates are a tax. Instead of having all the councils raise their own rates, get rid of the whole rating system, put in another — I did a rough calculation, and I think it is about 1.5 per cent — raise the GST up to 11.5, that 1.5 will give the same income that the rating base brings in, then distribute it back to the councils so everybody gets their piece of the pie. But it is outside the terms of reference.⁸⁰

I think that there should be equality in regard to the way that the funding is arranged across the state.⁸¹

78 Rob Spence, Municipal Association of Victoria, *Transcripts of Evidence*, 20.

79 Cr Don Hill, South Gippsland Shire Council, *Transcripts of Evidence*, 4.

80 Tim Tamlin, South Gippsland Shire Council, *Transcripts of Evidence*, 13.

81 Sid Pope, 3228 Residents Association, *Transcripts of Evidence*, 54.

5.4 Rates and the cost of living

The Committee received evidence on rates and the cost of living.

In terms of the fundamental tenet, which is the cost of living, council rates comprise probably 1.4 per cent or less in terms of the cost of living to Victorians. We believe there are more substantial levers that state and federal governments can manoeuvre to contain the cost of living. In terms of transparency, in my view local government is probably one of the most transparent levels of government in terms of budgets and making them available to the community and also getting their feedback prior to adoption.⁸²

Rates have been described to the Committee as one of the most efficient and accountable forms of taxation in Australia. It was also highlighted that other taxes have increased at a higher rate, yet these remain uncapped.

I will put it out there — rates, as indicated in the recent federal government’s taxation review, are the most efficient and effective form of property taxation, as opposed to land tax and stamp duty, which has probably been increasing, I would imagine, at least twice the rate of municipal rates over the same period.⁸³

Although the Committee heard that council rates have been rising, a study by the MAV suggests that in real terms rates have not changed between 1993 and 2015.

... the rates in real dollar terms in 1993, per head of population, were at \$532 per head of population, and in real terms the average over the last 20 years, from that date to now, excluding the defined benefits calls of \$1 billion, is at \$531.⁸⁴

The Victorian Local Governance Association (VLGA) questioned the need for the rate capping system. The VLGA calculated that were the proposed cap introduced in the 2008-14 period it would have only saved ratepayers a nominal amount.

The data provided by the Essential Services Commission today states very clearly that over an eight-year period, based on the increase in rates from 2008 to 2014, if the proposed rate cut by the Essential Services Commission was put in place, it would have saved the ratepayer over eight years just over \$1200, or 43 cents a day.⁸⁵

Ratepayer and residents groups did not share these views, suggesting that rate rises were excessive and impacted on ratepayers.

Whitehorse rates have risen in excess of 6 per cent for the last 10 years. This year was 5.6 per cent, but wait there is more: an extra 2 per cent jumped out of the woodwork and was added to the 5.6, taking it up to 7.6. If I look in the background and see what has happened with the carbon tax rebate, it has disappeared into general revenue. If I add that on, we are well over 8 per cent.⁸⁶

⁸² Arthur Skipitaris, Wellington Shire Council, *Transcripts of Evidence*, 2.

⁸³ Dr Andrew Hollows, Victorian Local Governance Association, *Transcripts of Evidence*, 23.

⁸⁴ Rob Spence, Municipal Association of Victoria, *Transcripts of Evidence*, 16.

⁸⁵ Dr Andrew Hollows, Victorian Local Governance Association, *Transcripts of Evidence*, 22.

⁸⁶ Colin Carter, Whitehorse Ratepayers and Residents Association Inc., *Transcripts of Evidence*, 28.

5.5 Capping rates at CPI

As discussed previously, in May 2014 the Australian Labor Party announced its intention to cap council rates at CPI. In evidence put to this Committee, local government was generally against capping rates at CPI, as it did not relate to changes in their expenses.

There appears to have been a consistent message from across local government and more broadly that the CPI is not a good measure of cost increases faced by local government.⁸⁷

... CPI is basically, as you would have already heard, a shopping basket of groceries. Local government does not buy its services from the grocery store, so that has an impact on us.⁸⁸

... CPI does not represent the basket of goods commonly used by local government and that the use of CPI as an annual indexation method will substantially impact on the financial viability of councils and their ability to continue to provide the current array of services and facilities over time.⁸⁹

In terms of CPI being used as the baseline for rate capping, we do not believe it is the acceptable basis for setting out the cap for rate increases. In fact for us the ideal baseline would be more of an independently verified and validated local government cost index, which LGPro has recommended in one of their submissions ...⁹⁰

The use of CPI as the cap was further questioned by witnesses given other fees and levies, such as private health insurance premiums and the fire services levy (see Appendix 4 for how this levy is calculated) are not capped at CPI.

The consumer price index is not a good measure of costs of providing services. This is clearly understood by both the Commonwealth and the Victorian State governments as evidenced by decisions of the Commonwealth government to agree to an increase in private health insurance premiums of 6.2 per cent and by the Victorian state government in increasing the fire services levy by 7.1 per cent.⁹¹

The Committee notes that CPI is the change in the price of a 'basket' of goods and services covering the following:

- food and non-alcoholic beverages
- alcohol and tobacco
- clothing and footwear
- housing
- furnishings, household equipment and services
- health

87 Cr Peter Maynard, Wyndham City Council, *Transcripts of Evidence*, 94.

88 Helen Anstis, Baw Baw Shire Council, *Transcripts of Evidence*, 4.

89 Matthew Rogers, Latrobe City Council, *Transcripts of Evidence*, 5.

90 Arthur Skipitaris, Wellington Shire Council, *Transcripts of Evidence*, 3.

91 Geoff Cockram, City of Stonnington, *Transcripts of Evidence*, 112.

- transport
- communication
- recreation and culture
- education
- insurance and financial services.

This historical data is used by a number of organisations including the Department of Treasury and Finance (DTF) as well as the Reserve Bank of Australia (RBA).

DTF CPI forecasts are based on a combination of econometric modelling, an extension of historical trends and a judgement based on partial information. These forecasts are based on Australian Bureau of Statistics (ABS) historical data. DTF's CPI forecast is calculated on 75 percent of the ABS's historical Melbourne data (with volatile items⁹² excluded as they are more heavily reliant on non-market factors) and 25 percent attributed to other items.⁹³

After the Committee completed a significant number of hearings on this issue, the ESC presented its final report on the proposed rate capping scheme and recommended the cap be calculated as follows:

		0.6 x rate of increase in CPI (based on DTF's forecast published in December each year)
	plus	0.4 x rate of increase in WPI (based on DTF's forecast published in December each year)
Annual Rate Cap =	minus	efficiency factor (The efficiency factor will initially be set at zero in 2016-17 and increase by 0.05 percent a year. The ESC is to undertake an analysis to assess the appropriate long-term rate)

Source: www.delwp.vic.gov.au/__data/assets/word_doc/0006/315960/Government-Response-to-ESC-Local-Government-Rates-Capping-and-Variation-Framework-Review-Report-21-Oct-15A.docx

The ESC proposed this formula based on research suggesting that wage costs accounted for approximately 40 percent of local government expenditure.

The Victorian Government has indicated that it accepts this method of calculating the cap in principle. The Committee notes that this formula goes some way to addressing the concern raised by local government that the cap should take in factors other than CPI.

FINDING 1: That a rate capping system based on the Consumer Price Index must necessarily involve Australian Bureau of Statistics data, which is historical data.

The Committee has applied this formula to determine what the cap may have been for the previous and current financial years and what it might be for the next two. Note that these are the Committee's calculations and are indicative

⁹² Examples of volatile items include automotive fuel and property prices.

⁹³ www.dtf.vic.gov.au/files/66bc2e13-153f-4a31-bc69-a48f00c6cd33/Forecasting-methodology-for-macroeconomic-indicators-2015-16-Budget.docx

of the possible future caps. If DTF revises the CPI and WPI estimates, or the efficiency factor were to change, this will result in a different set of figures. Further, given the system is due to begin in 2016-17, the efficiency factor has been set to zero for the two prior years to allow a comparison.

	2014-15	2015-16	2016-17	2017-18
Forecast CPI	2.75	2.75	2.50	2.50
Forecast WPI	2.75	3.25	3.50	3.50
Efficiency factor	0	0	0	0.05
Estimated Cap	2.75	2.95	2.9	2.85

Source: CPI and WPI data: www.dtf.vic.gov.au/files/21b5c7d7-9743-4be8-b9e0-a48f00c6be68/2015-16-Budget-MacroeconomicIndicators.xlsx

The MAV provided the Committee data breaking down the total rates into its various components and showing the various increases (see Appendix 3). The Committee has used this data to calculate an indicative increase in both general rates and municipal charges and garbage charge. Note the figures used are the total of each charge for residential, commercial, industrial, rural and other rating categories, and have been averaged out over the total number of rates assessments. Selecting one category only and repeating this process may result in different percentage increases. These figures indicate that both average general rates and municipal charges and average garbage charges, which are not subject to the cap, have increased well above the cap proposed by the ESC.

RECOMMENDATION 2: That detailed data on local government rates by municipality be published annually.

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Municipal charge	\$11,846,406	\$129,607,363	\$132,398,262	\$204,883,299	\$144,151,581	\$156,240,397
General rates	\$2,746,046,311	\$2,949,613,326	\$3,188,118,635	\$3,371,809,937	\$3,677,393,533	\$3,935,016,395
Total	\$2,864,892,717	\$3,079,220,689	\$3,320,516,897	\$3,576,693,235	\$3,821,545,114	\$4,091,256,793
Total assessments	2,545,765	2,587,362	2,637,294	2,683,223	2,729,457	2,774,562
Average general rates and municipal charge per assessment	\$1,125.36	\$1,190.10	\$1,259.06	\$1,332.98	\$1,400.11	\$1,474.56
Percentage change on previous year		6%	6%	6%	5%	5%

Source: Data provided to Committee by MAV (see Appendix 3).

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Garbage charge ^(a)	\$285,096,766	\$307,953,354	\$340,909,779	\$372,445,944	\$420,097,085	\$444,638,881
Total assessments	2,545,765	2,587,362	2,637,294	2,683,223	2,729,457	2,774,562
Average garbage charge per assessment	\$111.99	\$119.02	\$129.26	\$138.81	\$153.91	\$160.26
Percentage change on previous year		6%	9%	7%	11%	4%

(a) Note the MAV advised that a number of councils fund waste collections via general rates. These councils may only record revenue from waste charges where additional bins/services are provided at the wish of the property owner.

Source: Data provided to Committee by MAV (see Appendix 3).

5.6 Applying for a variation to the cap

Under the proposed rate capping system, local government can apply for a higher cap. The Government has accepted the ESC's recommendation that 'qualifying events' will not be specified in order to apply for a variation. This means variations will not be tied to specific events or situations, such as natural disasters, and is intended to give local government discretion about when to apply. However, the Government also accepts that applications for a variation should state:

- the reason the variation is required
- ratepayer and community views
- how it is an efficient use of resources
- alternate budgetary and funding options considered
- how the application is consistent with the council's long-term strategic plan.

Further the ESC and not the Minister for Local Government will determine whether to approve applications for a higher cap.

Prior to these announcements, local government indicated to the Committee that the variations process should not be so arduous as to deter legitimate applications. The Committee heard that when rate capping was introduced into New South Wales, applications for a variation to the cap required an extensive submission. The Committee understands that this process has since changed.

In terms of rate variations, the process for applying rate variations and the associated information that will be required should be clear and set out and defined so it is not arduous to actively deter legitimate applications for rate variations, which has been some of the experience in New South Wales.⁹⁴

94 Arthur Skipitaris, Wellington Shire Council, *Transcripts of Evidence*, 2.

What is being proposed by the Essential Services Commission is a very extensive submission-based process. Certainly from speaking to colleagues — and I was in New South Wales, where I lived and breathed the New South Wales experience, and they are astounded by the fact that the proposal around a very full-on submission-based process is being proposed. New South Wales has been there. They have gone past that in terms of a model of achieving those outcomes.⁹⁵

The Committee heard that the process to apply for a variation needs to be transparent, but ensure legitimate applications are not deterred by potential negative publicity. It heard anecdotally that in New South Wales local government had not applied for variations when they may have been warranted, which contributed to the infrastructure maintenance and renewal backlog. It was suggested that the system should be designed to support Victorian local governments when they seek a variation.

The history in New South Wales is that councils have not applied for variations when they should have. Why have they not? It is because the regulator comes out with a number once a year. Councils then have to decide whether they want to front their community and ask for more. What happens is the Herald Sun puts out a league table and says, 'Here are all the councils that have been unable to manage their affairs within the cap set'. Councils are shy of issuing a variation when in fact they should do.⁹⁶

What I am saying is that if there is an appropriate model to deal with the starting point of the cap, where the starting point is then for the variations, then it will be less onerous on those more at-risk councils than we see out of our quick look at the ESC model that is proposed. That is a point I was trying to make. And there are services at risk out of this, because some of these rural councils in particular are struggling to deal with what they have got now, on the current funding model.⁹⁷

Concerns were also expressed to the Committee that the proposed rate capping system may shift the rate burden onto future generations through increased borrowing. It was suggested that the ESC report infers local government should seek a line of credit before applying for a variation. The Committee agrees that the government should ensure that loans cannot be misused by local government to avoid applying for a variation.

On the responsible use of available funds, section 6.3 infers that councils should raise debt to offset the impact of rate capping and before applying for a variation. We believe that would shift the rate burden onto future generations. That might be relevant for some projects — some major capital works that have benefits for future generations — but it cannot be applied across the board.⁹⁸

RECOMMENDATION 3: That as part of its monitoring role under the proposed rate capping regime, the Essential Services Commission also monitor and report annually on levels of debt held by local government.

The cost of administering the rate capping system is discussed in section 5.9.

⁹⁵ Dr Andrew Hollows, Victorian Local Governance Association, *Transcripts of Evidence*, 20.

⁹⁶ Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 40.

⁹⁷ Rob Spence, Municipal Association of Victoria, *Transcripts of Evidence*, 20.

⁹⁸ Lenny Jenner, Borough of Queenscliffe, *Transcripts of Evidence*, 45.

5.7 Employment costs

The Committee anticipates that local government will be satisfied that the proposed cap includes an allowance based on the forecast WPI. In evidence to the Committee local government noted that the average enterprise agreement for councils provided for wage increases around four percent, which is significantly higher than forecast CPI. The Committee was told that basing the cap solely on CPI would mean that over time an increasing portion of local government funding would be required to fund its own employment costs, reducing funds available for asset renewal and services. Alternatively local government would need to reduce staffing, which would be a concern for regional communities where local government is a major employer.

... the MAV has said the average annual salary increase in local government is around 4.5 to 4.6 per cent. If you overlay that onto a CPI of say 1.7 or even a local government CPI of 2.5, it clearly is not sustainable. Already all councils have had lots of letters from unions — the ASU — indicating they have some concerns about it.⁹⁹

If we assume that the councils are going to be at the average, you load that into a model where councils are major employers. In rural Victoria it could be 60 per cent of the budget. If the EBA is at 3.7 per cent, then the consequences of a 3 per cent cap is a disaster.¹⁰⁰

The Committee will examine staffing costs further in future reports.

5.8 What is subject to the proposed cap

The Victorian Government has accepted the ESC recommendation that the cap should only apply to general rates and municipal charges. Special rates and charges, services rates and charges and the fire service levy are to be exempt from the cap. This position has been supported in the evidence received by the Committee. Local government generally supported a cap that was applied to general rates and municipal charges.

Most Victorian councils list charges such as rubbish collection separately on their rates notice. These are contracted on a fee-for-service basis, and capping them may not reflect the actual cost of providing the service and may hamper negotiations on new contracts.

We believe rate capping should also only apply to general rates, not to other charges, such as waste, which are operated on a fee-for-service or on a contracting basis, or things like the fire services levy, and it should also exclude supplementary rates.¹⁰¹

⁹⁹ David Morcom, Wellington Shire Council, *Transcripts of Evidence*, 12.

¹⁰⁰ Rob Spence, Municipal Association of Victoria, *Transcripts of Evidence*, 25.

¹⁰¹ Arthur Skipitaris, Wellington Shire Council, *Transcripts of Evidence*, 3.

It was anticipated that the cap will likely mean councils who do not currently list these charges separately may do so in order to ‘free up’ revenue from general and municipal charges for other purposes. Although this assists these councils, it is an extra cost for ratepayers.

There are about seven councils I think that still have their waste charges wrapped up in their rates, not as a separate charge. You are likely to see that moved out as a separate charge. It takes the pressure off the rate side.¹⁰²

We believe that rate capping will place pressure on council to introduce a garbage charge. We would be foolish not to separate now the garbage charge out of the general rate charge. This will disadvantage lower value properties, which represent a comparatively high percentage of older residents in the borough who are retired and are likely to be on fixed incomes.¹⁰³

The exclusion of service charges from the rate cap was seen as a positive on many levels. One council noted that a significant portion of the garbage charge is a State Government levy, which has increased by more than CPI in recent years. As such, were this to be subject to the cap councils would be unable to recover the cost of providing these services.

So 11.1 per cent of our garbage charge is actually state government revenue and that rate, as I said, has been going up by greater than CPI. It is not capped.¹⁰⁴

The fire services levy is a State Government tax collected by local government (see Appendix 4 for how this levy is calculated). This was introduced in 2013 in response to a recommendation from the Bushfires Royal Commission as a replacement for a tax on home insurance premiums. This levy is not subject to the rates cap. Local government advised the Committee that although they do not receive these funds themselves, the community tend to view this as part of their rates. This results in the incorrect perception that councils are collecting more revenue than they actually are.

The fire services levy was introduced two years ago, as you know, and is now an embedded charge on the council rate notices. However, the community sees that as council rates.¹⁰⁵

The fire services levy is a State Government charge collected by local government on its behalf. The Committee suggests that when the rate capping policy begins, councils may need to provide information to ratepayers explaining what is subject to the cap, what is not subject to the cap and why this is so.

102 Rob Spence, Municipal Association of Victoria, *Transcripts of Evidence*, 24.

103 Lenny Jenner, Borough of Queenscliffe, *Transcripts of Evidence*, 44.

104 Michael Kelly, Greater Geelong City Council, *Transcripts of Evidence*, 43.

105 Michael Kelly, Greater Geelong City Council, *Transcripts of Evidence*, 43.

5.9 Who pays for the proposed rate capping system

The Committee received evidence on the issue of who would pay for the operation of the new rate capping system. Local government was concerned that it would have to fund the additional operations of the ESC, further reducing the resources they have available. The Committee understands that the cost of operating this system in New South Wales is borne by the State Government.

... there is yet to be a decision as to who is going to cover the administration costs of this system. It is understood that one of the options is that all of the ESC costs would be levied back on local government for the cost of running the system. We feel that is not appropriate and government should absorb the cost of running rate capping.¹⁰⁶

The Government's response to the ESC final report states that the Government will fund 'the cost of the ESC's assessment processes for the 2016-17 year' only. Beyond that, the Government will:

explore the possibility of councils making a contribution to funding the costs of administering the Fair Go Rates System and will propose legislation to allow for the making of regulations to charge fees for this purpose.¹⁰⁷

In order to give the sector some certainty, the Committee encourages the Government to announce its intentions in this regard as soon as possible.

5.10 Statutory fees and local government services

As discussed previously, a number of services provided by councils are statutory requirements. That is, councils are required under legislation to provide them and are restricted in what fees they can charge. The Committee heard that although local governments receive some funding to provide these services, the level of funding has not kept pace with the actual cost. This means that there is now a net cost to local government and there are few grounds for it to reduce expenditure in line with the proposed cap on rates.

5.10.1 Statutory fees

The Committee heard that whenever legislative change is enacted which affects a statutory fee or service, there is generally no costing of the impact on local government until after the change has been implemented. This requires local government to absorb any costs in the first 12 months until it can factor these changes into its budget.

I think it is quite interesting that every time there is a legislative change that is forced down on local government there is never a costing done. We have to operate for about a year to work out how much it has actually cost us.¹⁰⁸

¹⁰⁶ Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 40.

¹⁰⁷ Fair Go Rates System, Victorian Government Response to Essential Services Commission Final Report, p.14.

¹⁰⁸ Gary Gaffney, East Gippsland Shire Council, *Transcripts of Evidence*, 11.

This funding disparity continued in relation to statutory fees, such as planning fees, which are set by the State Government. The Committee heard that these fees have not increased in over six years and do not accurately reflect the cost to the council of providing the service.

The other thing that I would also like to highlight is that the fees and charges that are set by statutory providers, such as planning fees, have not been increased for well over six years — it is more like eight or beyond. It is costing local government somewhere in the order of \$20 million a year in lost revenue because those rates have not been keeping pace. ... an application that we are receiving on average around \$500 for actually costs \$2000.¹⁰⁹

The ESC recommended that statutory fees collected by local government be reviewed.

On statutory fees, the [ESC] draft report recommends to government that government reviews the fact that statutory fees, such as the fees that we can charge for planning applications, be reviewed, because they have not been adequately indexed for some time — 10 years or more — and the real cost impact on local government has been dramatic. The ESC recommends that in a stronger way, as the ESC is able to.¹¹⁰

The Committee suggests that the level of charges, fees, levies and fines be monitored and reported on annually.

5.10.2 Services

The Committee notes that local government in Victoria provides a range of services including:

- home and community care
- waste and recycling
- health and family
- leisure facilities
- maintenance of sports fields, parks and gardens
- infrastructure (town halls and other local government assets)
- engineering (planning of roads, drains and streetlights)
- maintenance of footpaths
- drains and roads
- arts and culture
- planning and building
- traffic and community laws
- libraries

109 Helen Anstis, Baw Baw Shire Council, *Transcripts of Evidence*, 5.

110 Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 40.

- business and economic development.¹¹¹

Local government is required to provide a number of services under legislation, by way of example:

- emergency management services under the *Emergency Management Act 1986*
- food safety under the *Food Act 1984*
- public health planning under the *Public Health and Wellbeing Act 2008*.

The Committee heard that increasingly local governments are required to raise their level of funding in order to maintain services. The Committee specifically heard issues in relation to funding for libraries, school crossings, maternal and child health, and home and community care, but understands this applies to a wider range of services.

As a percentage of total cost of running particular services, the value of grants has eroded in relation to the following: libraries are down from 35 per cent to 16 per cent over 8 years; maternal and child health, down from 58 per cent to 47 per cent; aged and disability services, down from 71 per cent to 58 per cent; and school crossing supervisors, down from 28 per cent to 19 per cent.¹¹²

The library used to be funded 80 per cent by the government and 20 per cent by shires; it is probably the other way around now.¹¹³

In terms of impact on council functions, we rely very heavily on grants; and grants are not keeping pace with what our communities require. Certainly some of the things we know of such as library funding is one funding source that has reduced considerably over the last 10 years as a percentage of what we require to run the library services. For example, back in 2000–01 we were receiving about 40 per cent; in 2015–16 that will be 26 per cent. So obviously local government picks up the extra tab.¹¹⁴

We provide school crossing supervision on behalf of VicRoads. It costs us \$360 000 per annum to provide that service; we get \$90 000 from VicRoads.¹¹⁵

We have 95 crossings. Initially the funding from VicRoads was about 70 per cent when that was transferred. Today for Whitehorse it is about 30 per cent. We operate 95 crossings, but there are clearly a number of those that get zero funding from VicRoads, and the reason is based on the numbers. The numbers say there are not enough kids and not enough cars, so we get zero for those.¹¹⁶

111 www.whitehorse.vic.gov.au/Services.html

112 Cr Peter Maynard, Wyndham City Council, *Transcripts of Evidence*, 94.

113 Cr Don Hill, South Gippsland Shire Council, *Transcripts of Evidence*, 11.

114 Colin Hayman, Colac Otway Shire Council, *Transcripts of Evidence*, 41.

115 Helen Anstis, Baw Baw Shire Council, *Transcripts of Evidence*, 5.

116 Peter Smith, City of Whitehorse, *Transcripts of Evidence*, 115.

There are also other services in which we are in partnership with the state government — that is, maternal and child health, home and community care, and a whole range of services which rely on funding. If we have not got funding to carry out our proportion, the quality of services is most likely to decrease and have a flow-on effect.¹¹⁷

The Committee heard that discretionary spending often related to programs valued by the community or supporting the most vulnerable, and therefore it was difficult to reduce or cut these services.

So to the question that was asked — ‘What services can you cut?’ — there are actually not many when you document them like this, because a lot of them are hooked in with legislation and you cannot.¹¹⁸

The range of services provided ... is determined by three different, and sometimes related, processes: firstly, services that we are obliged to deliver under various state and federal legislation; secondly, services that we deliver under formal agreements or contracts with other levels of government; and finally and a very small part of our budget, services we decide to deliver with the remaining budget that council has access to in response to identified high-priority community needs.¹¹⁹

I think it would be difficult to implement the proposed framework without having an impact on either the legislative obligations or those areas where we have a formal, legal funding agreement.¹²⁰

5.10.3 Non-core services

Services that local governments provide without a statutory, regulatory or legal requirement are referred to as ‘non-core’. The Committee heard that non-core services are most likely to be reduced if the rate cap results in a decline in revenue for local government. Some councils indicated to the Committee that they were finding it difficult to fund existing services and anticipated this would increase following the introduction of the cap.

I think what you will see is that in those areas where councils have gone in on a discretionary basis over time, they will pick the targets to trim and move out of them, because if the administrative side of any rate cap is complex¹²¹

Rate capping will mean a smaller council like Colac Otway will need to review the services we deliver, placing further burdens on our communities.¹²²

The Councils of our region are already under enormous pressure to deliver the more than 100 services the community expects.¹²³

117 Colin Hayman, Colac Otway Shire Council, *Transcripts of Evidence*, 41.

118 Tim Tamlin, South Gippsland Shire Council, *Transcripts of Evidence*, 9.

119 Lenny Jenner, Borough of Queenscliffe, *Transcripts of Evidence*, 44.

120 Lenny Jenner, Borough of Queenscliffe, *Transcripts of Evidence*, 48.

121 Rob Spence, Municipal Association of Victoria, *Transcripts of Evidence*, 18.

122 Colin Hayman, Colac Otway Shire Council, *Transcripts of Evidence*, 41.

123 Submission 46, Peri urban group of rural councils.

Ratepayers groups suggested that this would restrict council operations to core functions and would improve efficiencies. They further suggested that local government should not be competing against private operators, citing examples of council operated leisure centres and golf courses competing with private ones.

Why the heck are councils permitted to be in commercially competitive environments?¹²⁴

I support rate capping. My council ... is way out of control with rate rises. They are increasing them every year, and use cynical advertising techniques to con the public into thinking its alright for rates to keep rising. A rates cap will teach them to use their resources more conservatively and stop wasting excessive amounts of money ... from my very low retirement income.¹²⁵

One area which local government acknowledged it would likely withdraw funding under a rate capping scenario was for the State Emergency Service (SES). The SES traces its origins back to the civil defence services that were funded by local government during World War II. This historical legacy has seen funding continue through to today. One council advised that it had increased its funding to the SES by \$200,000 in one year. However, while local government may have identified the SES as a non-core function it could withdraw from, the Committee heard there was resistance from communities against this, due to uncertainty over whether other levels of government would fund the SES should local government withdraw.

I think the issues that are discussed at the moment are around the SES and funding of the SES. The state has basically taken control of the SES. The funding model is based on the historical position that came out of the Second World War, where councils basically took over and were providing the funding for the SES which came out of civil defence. Councils are still major funders, provide the facilities and so on. We have already got councils in rural Victoria saying, 'We are intending to move out of this space', and that is a debate we are having with the SES and the relevant departments at the moment.¹²⁶

... in the last four years because of responses to royal commissions et cetera we have increased our expenditure in emergency management by \$200 000 a year — that is around fire breaks and a whole range of things. So we wanted to have a discussion in the context of rate capping around the SES as we funded six of them. We immediately received some significant push back in relation to that issue, but it is a discussion that needs to be had, as do discussions about school crossing supervisors and things like developer contributions.¹²⁷

The second category of services that are at risk is where we have non core responsibilities that councils pick up, and they may be non core because they might be potentially government responsibilities, such as the SES or whatever. It

124 Colin Carter, Whitehorse Ratepayers and Residents Association Inc, *Transcripts of Evidence*, 30.

125 Submission 1, Dr Carol Glover.

126 Rob Spence, Municipal Association of Victoria, *Transcripts of Evidence*, 18.

127 David Morcom, Wellington Shire Council, *Transcripts of Evidence*, 7.

is discretionary. They are not core or typical to local government, but council has chosen to support them. I think funding for that support and for either services or facilities to community organisations or agencies will be under severe threat.¹²⁸

5.11 Anticipated impact of cap on capital works and asset maintenance

The Committee heard that local government was concerned the cap would impact on its ability to undertake capital works and asset maintenance. This was based on what happened in Victoria last time rates were capped and based on New South Wales, where rates have been capped since the 1970s. After ‘ratepegging’ was introduced in New South Wales, infrastructure spending was just over half the national average.

I am concerned that there is a risk that that amount of work will be forgone as councils respond to rate capping.¹²⁹

History will say that the first thing you cut when your revenue stream is constrained is infrastructure maintenance and renewal. That is what occurred in 1994, 1995, 1996. That is why the Kennett government did the report in 1997–98 to identify what had happened and what the gap was.¹³⁰

The New South Wales experience has been to run down those assets in favour of delivering services to the community. But the assets are vitally important, and we have to maintain assets at a standard that meets productivity gains right across a road network or a service industry, such as a sports complex, aged facilities, kindergartens and the like. It is vitally important that we are able to keep and maintain those at the standards the community expect.¹³¹

The average spend on infrastructure by New South Wales councils during that period was 55 per cent of the national average. That is where they found their savings to meet rate capping, and there is argument that it actually impacted on the New South Wales economy.¹³²

One council advised the Committee that their current asset renewal funding was budgeted to increase at more than twice the proposed cap. As such, the cap would make it difficult to undertake the scheduled capital works and asset maintenance. Peri urban councils advised that rate capping would impact their ability to fund infrastructure and deliver services.¹³³ Further, the Committee heard that the Victorian Auditor-General had already identified a shortfall in funding for infrastructure renewal and replacement. The Committee received evidence from Colac Otway Shire and Surf Coast Shire on this issue.

128 Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 38.

129 Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 39.

130 Rob Spence, Municipal Association of Victoria, *Transcripts of Evidence*, 24.

131 Helen Anstis, Baw Baw Shire Council, *Transcripts of Evidence*, 4.

132 Bill Forrest, Wyndham City Council, *Transcripts of Evidence*, 108.

133 Submission 46, Peri urban group of rural councils.

That increase from year to year is 6.48 per cent in asset renewal funding required, whereas rate capping will only be at 3.05 per cent. So immediately council will be faced with a decision about whether to not progress new initiatives, new services, new infrastructure and the like because they want to sustain asset renewal. Our council is yet to discuss that, but when faced with that challenge in New South Wales, councils went for new things and did not do asset renewal.¹³⁴

With rate capping, we will need to review our current arrangements, obviously reduce the level of services and possibly even hand services back to the state government. Asset renewal was mentioned by Surf Coast as an issue that all councils have. Local governments manage about \$73 billion of infrastructure assets. I will just read what the Auditor-General said in February 2014 about councils: "... spending on renewing or replacing existing assets is not keeping pace with their rate of deterioration ... resulting in cumulative renewal gaps that grow each year."¹³⁵

The Committee received evidence that reducing spending on infrastructure was short sighted as it could increase costs elsewhere, such as insurance premiums. Local government recommended to the Committee that any rate capping framework should contain provisions that ensure asset renewal is appropriately planned for and undertaken.

It is essential that any rate capping framework has a core principle that potential impacts on local government do not include deterioration in existing levels of service delivery to the detriment of any communities that they serve. So a proper asset renewal should continue to be required in the framework.¹³⁶

5.12 Community expectations about council services

As discussed previously, the Committee received evidence that some local governments are faced with a difficult situation as residents oppose rate increases, but also oppose a reduction in services. The Committee heard that local government has a statutory role in providing some services, while others are provided in response to community expectation. Any reduction in revenue as a result of the cap may impact on the provision of these non-core services.

... we have non core responsibilities that councils pick up, and they may be non core because they might be potentially government responsibilities, such as the SES or whatever. It is discretionary. They are not core or typical to local government, but council has chosen to support them. I think funding for that support and for either services or facilities to community organisations or agencies will be under severe threat.¹³⁷

¹³⁴ Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 39.

¹³⁵ Colin Hayman, Colac Otway Shire Council, *Transcripts of Evidence*, 42.

¹³⁶ Arthur Skipitaris, Wellington Shire Council, *Transcripts of Evidence*, 3.

¹³⁷ Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 39.

We have mapped our service activities at 318 at the moment. We are looking at those very closely in terms of whether we have to be in them all or not, but as you would know, withdrawing any sort of service is quite problematic when it comes to the political interface.¹³⁸

Some of these non-core services are provided to vulnerable members of the community, which makes it difficult for local government to reduce these services. As such, councils recommended to the Committee that the sector should have the ability to raise appropriate revenue to fund these services given they are not funded or provided by any other level of government.

They will have to make choices about letting things go that vulnerable people need, and if they try to make that case to government, then they might be characterised as doing the wrong thing by those vulnerable people, but because of the situation they have been put in.¹³⁹

We have a retirement demographic that will be demanding other services, not just roads, rates and rubbish. They are going to be demanding more social services from a local government, and we will have to provide those services because we are generally the last call.¹⁴⁰

The council has to have the capacity to raise revenue to provide that if the state and the commonwealth are not tipping the money in to do it, and at the moment they are not. To build the infrastructure so we have got strong communities, councils need the capacity to be able to raise revenue to provide the services when there is growth or their revenue streams from other sources are not strong enough to help them.¹⁴¹

An alternative to cutting services is to end subsidies and charge the full cost recovery for the service. This can meet with local opposition as it may still impact on the most vulnerable, who may have limited discretionary funds to accommodate this change.

In relation to council services that are not fully funded, so they run at a net cost that council needs to support through rates, the problem with those ones is the council may well be unable to continue with those services or at those fee levels or with those waiting lists associated with those services.¹⁴²

The Committee heard that issues relating to what services local government would provide are best dealt with through consultation with ratepayers. Section 129 of the *Local Government Act 1989* requires councils to advertise their budget as soon as practicable after it has been prepared, and allow its inspection for a period of 14 days. Section 223 permits a person to make a submission in response. Although a council is required to respond to any submissions, it is not compelled to make any changes to the budget or actively consult with

138 David Turnbull, City of Whittlesea, *Transcripts of Evidence*, 97.

139 Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 48.

140 Gary Gaffney, East Gippsland Shire Council, *Transcripts of Evidence*, 6.

141 Rob Spence, Municipal Association of Victoria, *Transcripts of Evidence*, 21.

142 Keith Baillie, Surf Coast Shire Council, *Transcripts of Evidence*, 39.

ratepayers before formally adopting the budget. The Victorian Auditor-General's Office (VAGO) advised the Committee that the level of consultation varied between councils.

there was also considerable variation in the depth and quality of community engagement. Councils primarily rely on the annual budget development process to engage ratepayers about rating proposals. While audited councils did respond to rate related submissions from ratepayers, they generally did not explain the basis for their rating decisions on the matters that were queried. We think engagement and communication could be improved by providing better information on how and why rating decisions are made, reporting on the outcomes affecting ratepayers, and by better considering and acquitting ratepayer concerns and objections.¹⁴³

The Committee heard from residents' groups who recommended that when councils seek to make decisions to fund non-core services or infrastructure there should be consultation to determine the best use of these funds. However, they noted that as there had not been substantive consultation in the past there may be community mistrust initially, but as the consultation process evolves and communities can see how their input is received and acted on, the level of confidence will improve.

... there is no doubt that a rate cap, be it 1.1 or 3 per cent or whatever the government's final decision will be, will certainly over time put most councils in a position where they would be making those hard decisions around what you keep, what you do not keep and who else should be doing it. We would argue strongly that the ability to do that obviously needs to be done in consultation with the communities.¹⁴⁴

When there is discretionary decisions that are outside of the basic services that should be delivered by the council, we are of the opinion that community should be significantly involved in that decision-making.¹⁴⁵

I think that because there has not been a history of consultation, the community is suspicious of consultation and does not trust it. ... I think that over time it will get easier, that over time the community will learn to trust the council's process and see that it actually does bear fruit and it is transparent and the council is accountable to community feedback, and that the councillors and the council officers will get more used to having to listen to their community and understand what the community has to say.¹⁴⁶

RECOMMENDATION 4: That when the rate capping policy begins, councils provide information to ratepayers explaining what is subject to the cap, what is not subject to the cap and explaining each component on the rates notice including components collected by local government on behalf of the State Government. Some administrative support to implement this recommendation should be provided by the State Government.

143 Andrew Evans, Victorian Auditor-General's Office, *Transcripts of Evidence*, 35.

144 Dr Andrew Hollows, Victorian Local Governance Association, *Transcripts of Evidence*, 18.

145 Sid Pope, 3228 Residents Association, *Transcripts of Evidence*, 55.

146 Sid Pope, 3228 Residents Association, *Transcripts of Evidence*, 57.

6 Way forward

The Committee notes that the Government response to the ESC report published in October 2015 goes some way to addressing the concerns raised in this Report. The Committee anticipates further announcements as the policy is finalised. The Committee is next due to report on this issue in May 2016. Assuming the bill currently before the Parliament passes,¹⁴⁷ the policy to cap rates will have been finalised but not introduced at that time. As such the Committee anticipates its next Report will examine the system and the concerns and preparedness of local government for the introduction of this policy.

Future Reports are due each November and May until 2018. These Reports will examine the implementation of this policy and its impact on local government, particularly the services it provides and the infrastructure it is responsible for maintaining.

Committee Room, 26 November 2015, 1:35pm.

¹⁴⁷ This Report was adopted on 26 November 2015, and the Local Government Amendment (Fair Go Rates) Bill 2015 was passed later that day.

Appendix 1

Submissions

1. Carol Glover
2. Bill Bayliss
3. City of Greater Dandenong
4. East Gippsland Shire
5. Name withheld
6. Banyule City Council
7. City of Glen Eira
8. Maribyrnong City Council
9. Baw Baw Shire Council
10. Rural City of Wangaratta
11. City of Whittlesea
12. Hobsons Bay City Council
13. City of Moonee Valley
14. Australian Services Union
15. Mansfield Shire Council
16. Moreland City Council
17. John Glazebrook
18. James Tutt
19. Wellington Shire Council
20. Horsham Rural City Council
21. Interface Councils
22. Professionals Australia
23. Victorian Auditor-General
24. Murrindindi Shire Council
25. Golden Plains Shire Council
26. Murray Beattie
27. LGPro
28. Mitchell Shire Council
29. Rural Councils Victoria
30. Youth Affairs Council of Victoria
31. Ian MacBean
32. City of Casey
33. Buloke Shire Council
34. David Hucker
35. Catherine McNaughton
36. Victorian Farmers Federation
37. Property Council of Australia (Victoria)
38. Victorian Local Governance Association
39. Name withheld
40. Whitehorse Ratepayers and Residents Association
41. Mount Alexander Shire Council
42. Municipal Association of Victoria
43. Wyndham City Council
44. J Russell
45. Australian Services Union National Branch
46. Peri Urban Group of Rural Councils

Appendix 2

Public Hearings

30 June 2015, Gippsland Regional Sports Complex, Sale, Victoria

East Gippsland Shire Council

Gary Gaffney, Chief Executive Officer
Maryanne Bennett, Director Corporate

Wellington Shire Council

David Morcom, Chief Executive Officer
Arthur Skipitaris, General Manager Corporate Services

South Gippsland Shire Council

Tim Tamlin, Chief Executive Officer
Cr Don Hill

Latrobe City Council

Matthew Rogers, Manager Finance

Baw Baw Shire Council

Helen Anstis, Chief Executive Officer,
Phil Cantillon, Director Community Assets
Cr Joe Gauci, Deputy Mayor

4 August 2015, Legislative Council Committee Room, Parliament House, Melbourne

Municipal Association of Victoria

Rob Spence, Chief Executive Officer
Owen Harvey-Beavis, Manager Research and Strategy

Victorian Local Governance Association

Dr Andrew Hollows, Chief Executive Officer

Whitehorse Ratepayers and Residents Association Inc

Peter Olney, President
Colin Carter, Secretary

Victorian Auditor-General's Office

Steve Vlahos, Assistant Auditor-General, Infrastructure, Investments and Environment

Tim Loughnan, Financial Audit Sector Director, Local Government

Andrew Evans, Performance Audit Sector Director, Local Government

12 August 2015, Surf Coast Shire Council Offices, Torquay

Surf Coast Shire Council

Keith Baillie, Chief Executive Officer

Cr Margot Smith

John Brockway, Manager Finance

Greater Geelong City Council

Michael Kelly, Chief Financial Officer

Carole Kirby, Co-ordinator, Revenue, Property and Valuations

Colac Otway Shire Council

Colin Hayman, Corporate Services General Manager

Borough of Queenscliffe

Lenny Jenner, Chief Executive Officer

Cr Helene Cameron, Mayor

13 August 2015, Surf Coast Shire Council Offices, Torquay

3228 Residents Association

Sid Pope, President

23 September 2015, Hamilton Performing Arts Centre, Hamilton

Glenelg Shire Council

Greg Burgoyne, Chief Executive Officer

Karena Prevett, Group Manager Corporate Services

Edith Farrell, Group Manager Community and Culture

Moyne Shire Council

David Madden, Chief Executive Officer

Corangamite Shire Council

David Rae, Acting Chief Executive Officer

Southern Grampians Shire Council

Cr Peter Dark, Mayor
Cr Paul Battista
Cr Dennis Dawson
Cr Katrina Rainsford
Bronwyn Herbert, Director Shire Services

**20 October 2015, Legislative Council Committee
Room, Parliament House, Melbourne****Essential Services Commission**

Dr Ron Ben-David, Chairperson
Angelina Garces, Senior Regulatory Officer

Property Council of Australia

Asher Judah, Deputy Executive Director
Sandra Qian, Policy Advisor
Hamish McKnight, Director, URBIS

**30 October 2015, Legislative Council Committee
Room, Parliament House, Melbourne****Hume City Council**

Domenic Isola, Chief Executive Officer

City of Whittlesea

David Turnbull, Chief Executive Officer

Wyndham City Council

Bill Forrest, Director Advocacy
Cr Peter Maynard

City of Whitehorse

Peter Smith, General Manager Corporate Services

Banyule City Council

Peter Utri, Acting Director Corporate Services

Manningham City Council

Kevin Ayre, Group Manager Finance

City of Stonnington

Geoff Cockram, General Manager Corporate Services

Appendix 3

Victorian local government rates, municipal charges and waste management charges

Index of tables

Table	Page
2008-09	50
2009-10	51
2010-11	52
2011-12	53
2012-13	54
2013-14	55

Appendix 3 Victorian local government rates, municipal charges and waste management charges

2008-09	Municipal charge	General rates	Municipal charge and general rates	Garbage charges	Rateable assessments	Average residential rates	Average farm rates	Average garbage charge revenue per residential	Total grant funding	FAGs	Grant funding as % MC and general rates	FAGs funding as % MC and general rates
MUNICIPALITY												
Alpine (S)	0	8,114,000	8,114,000	1,463,000	8,086	908	1,302	230	9,697,769	3,060,770	120%	38%
Ararat (RC)	0	8,615,000	8,615,000	890,000	6,870	803	2,357	187	7,154,558	4,429,557	83%	51%
Ballarat (C)	0	51,323,266	51,323,266	5,210,796	43,464	869	1,434	133	27,127,411	9,519,411	53%	19%
Banyule (C)	1,096,000	51,696,000	52,792,000	850,000	50,382	1,000		18	17,521,606	4,012,606	33%	8%
Bass Coast (S)	0	23,028,000	23,028,000	5,371,000	27,136	808	1,831	201	9,685,192	4,549,192	42%	20%
Baw Baw (S)	0	23,634,000	23,634,000	2,911,000	20,875	892	2,156	152	16,468,158	6,779,159	70%	29%
Bayside (C)	4,219,000	44,389,000	48,608,000	4,800,000	40,578	1,203		119	9,938,553	2,151,553	20%	4%
Benalla (RC)	1,354,000	8,140,000	9,494,000	1,458,000	7,627	1,023	1,690	208	7,188,983	3,141,983	76%	33%
Boroondara (C)	0	90,587,000	90,587,000	12,961,000	69,818	1,294		202	15,440,522	3,780,976	17%	4%
Brimbank (C)	12,721,000	59,350,000	72,071,000	11,355,000	71,107	851	4,222	182	23,697,458	11,819,458	33%	16%
Buloke (S)	230,000	6,950,000	7,180,000	759,000	6,244	623	1,690	195	7,168,320	4,294,320	100%	60%
Campaspe (S)	0	19,296,000	19,296,000	3,924,000	19,925	853	981	224	18,306,380	8,910,381	95%	46%
Cardinia (S)	0	31,751,000	31,751,000	5,211,000	28,055	1,024	2,192	210	16,147,001	7,197,516	51%	23%
Casey (C)	0	87,906,000	87,906,000	13,134,000	89,839	884	3,248	151	49,999,960	14,522,960	57%	17%
Central Goldfields (S)	1,180,000	5,157,000	6,337,000	1,420,000	7,951	733	5,290	189	9,645,477	2,886,477	152%	46%
Colac Otway (S)	2,012,000	13,472,000	15,484,000	2,146,000	14,312	853	1,594	181	11,799,873	4,989,873	76%	32%
Corangamite (S)	1,091,000	11,639,000	12,730,000	882,000	9,441	638	2,551	132	12,578,000	5,721,999	99%	45%
Darebin (C)	0	72,197,835	72,197,835	0	62,081	998		0	20,491,662	4,727,651	28%	7%
East Gippsland (S)	5,103,000	23,509,000	28,612,000	3,074,000	28,751	899	1,129	131	23,706,290	11,943,289	83%	42%
Frankston (C)	4,432,000	47,436,000	51,868,000	8,532,000	55,782	836	2,392	169	30,615,678	8,143,678	59%	16%
Gannawarra (S)	307,000	6,116,000	6,423,000	1,203,000	6,697	784	1,354	239	8,640,034	3,931,034	135%	61%
Glen Eira (C)	0	54,420,000	54,420,000	8,608,000	58,608	914		148	21,234,950	2,935,950	39%	5%
Glenelg (S)	0	12,315,000	12,315,000	1,130,000	13,760	592	1,254	132	13,334,379	5,963,380	108%	48%
Golden Plains (S)	1,325,000	7,420,000	8,745,000	1,133,000	9,158	656	1,651	147	11,888,108	4,179,108	128%	48%
Greater Bendigo (C)	5,805,000	44,818,000	50,623,000	7,965,000	50,180	821	1,375	155	29,588,117	12,777,117	58%	25%
Greater Dandenong (C)	0	61,149,000	61,149,000	8,335,000	56,852	627	8,794	172	30,776,562	9,944,562	50%	16%
Greater Geelong (C)	7,659,000	101,700,000	109,359,000	16,751,000	102,496	850	2,964	175	49,323,550	17,512,270	45%	16%
Greater Shepparton (C)	2,632,000	33,989,000	36,621,000	5,356,000	27,883	840	1,609	202	23,836,171	8,908,171	65%	24%
Hepburn (S)	211,000	9,279,000	9,490,000	1,422,000	10,135	845	1,177	147	8,610,957	3,381,957	91%	36%
Hindmarsh (S)	535,000	3,796,000	4,331,000	464,000	4,995	504	1,395	154	6,731,937	3,458,937	155%	80%
Hobsons Bay (C)	0	56,214,000	56,214,000	5,879,000	37,838	984		167	17,651,709	2,696,709	31%	5%
Horsham (RC)	1,921,000	10,188,000	12,109,000	1,636,000	11,454	898	1,470	176	11,794,662	4,541,662	97%	38%
Hume (C)	0	77,166,000	77,166,000	51,000	63,497	991	7,890	1	34,711,055	9,866,054	45%	13%
Indigo (S)	1,479,000	6,177,000	7,656,000	1,323,000	8,006	872	1,088	180	9,146,720	3,667,051	119%	48%
Kingston (C)	6,580,000	64,490,000	71,070,000	7,735,000	67,130	1,020	2,731	131	29,064,700	3,605,700	41%	5%
Knox (C)	0	63,733,000	63,733,000	3,959,000	61,108	885		64	27,174,540	7,357,540	43%	12%
Latrobe (C)	3,188,000	30,699,000	33,887,000	5,944,000	36,029	836	1,530	173	34,505,468	10,153,468	102%	30%
Loddon (S)	730,000	5,120,000	5,850,000	660,000	7,510	493	1,061	131	11,426,008	6,005,008	195%	103%
Macedon Ranges (S)	2,437,000	19,821,000	22,258,000	3,533,000	19,564	1,202	545	196	18,228,002	5,414,924	82%	24%
Manningham (C)	0	49,209,000	49,209,000	10,270,000	44,170	1,091	2,364	236	16,918,108	2,855,108	34%	6%
Mansfield (S)	1,257,000	5,104,000	6,361,000	1,615,000	6,905	728	1,090	252	8,815,662	2,398,661	139%	38%
Maribyrnong (C)	0	52,144,000	52,144,000	0	32,768	1,288		0	16,017,145	2,673,145	31%	5%
Maroondah (C)	888,000	40,540,000	41,428,000	8,033,000	45,201	829		186	15,447,159	4,183,159	37%	10%
Melbourne (C)	0	167,001,000	167,001,000	0	73,594	920		0	20,219,289	2,186,289	12%	1%
Melton (C)	3,513,000	40,027,000	43,540,000	5,013,000	39,164	972	3,215	135	19,584,186	8,460,186	45%	19%
Mildura (RC)	0	35,270,970	35,270,970	5,443,060	27,121	1,008	1,649	201	25,686,000	10,451,592	73%	30%
Mitchell (S)	3,052,000	12,626,000	15,678,000	2,872,000	15,507	856	1,528	216	15,224,954	5,383,954	97%	34%
Moira (S)	3,175,000	12,700,000	15,875,000	3,517,000	16,344	837	1,085	256	14,033,935	7,379,763	88%	46%
Monash (C)	0	67,168,000	67,168,000	0	71,262	908	0	0	24,886,911	4,136,910	37%	6%
Moonee Valley (C)	4,558,000	50,893,000	55,451,000	6,899,000	48,052	1,087		143	16,235,423	2,565,443	29%	5%
Moorabool (S)	0	16,205,000	16,205,000	2,295,000	13,605	1,047	1,746	166	11,447,170	4,685,170	71%	29%
Moreland (C)	0	75,305,000	75,305,000	4,293,000	65,740	1,095		59	18,431,231	5,064,231	24%	7%
Mornington Peninsula (S)	11,951,000	76,691,000	88,642,000	0	92,956	928	1,369	0	22,270,915	5,393,915	25%	6%
Mount Alexander (S)	1,899,060	7,918,297	9,817,357	1,844,720	10,510	857	1,534	188	9,449,250	3,488,275	96%	36%
Moyne (S)	1,634,000	9,216,000	10,850,000	1,141,000	11,252	677	1,157	240	13,819,222	6,176,222	127%	57%
Murrindindi (S)	1,852,000	7,885,000	9,737,000	1,709,000	9,340	812	1,477	229	21,117,754	3,560,587	217%	37%
Nillumbik (S)	1,745,000	28,928,000	30,673,000	5,835,000	22,188	1,380	79	274	12,152,839	2,741,839	40%	9%
Northern Grampians (S)	776,000	7,893,000	8,669,000	1,255,000	9,158	846	1,086	163	9,379,669	5,218,669	108%	60%
Port Phillip (C)	0	73,678,000	73,678,000	191,000	62,409	979		2	11,391,368	2,049,367	15%	3%
Pyrenees (S)	0	4,876,000	4,876,000	625,000	5,688	568	1,485	129	12,181,582	4,032,582	250%	83%
Queenscliffe (B)	0	4,504,943	4,504,943	7,290	2,962	1,480		3	1,260,990	199,849	28%	4%
South Gippsland (S)	4,441,000	17,760,000	22,201,000	1,463,000	18,406	960	2,012	106	12,385,285	6,740,285	56%	30%
Southern Grampians (S)	956,000	9,650,000	10,606,000	819,000	10,498	647	1,673	122	10,992,849	5,746,849	104%	54%
Stonnington (C)	0	52,437,000	52,437,000	10,644,000	53,007	950		199	10,555,667	2,133,269	20%	4%
Strathbogie (S)	1,215,000	7,203,000	8,418,000	1,216,000	6,798	956	1,615	245	8,344,106	3,810,105	99%	45%
Surf Coast (S)	1,912,000	21,815,000	23,727,000	4,106,000	18,707	1,179	1,672	221	8,207,689	2,747,689	35%	12%
Swan Hill (RC)	0	15,390,000	15,390,000	1,927,000	11,484	905	2,144	213	15,851,682	5,144,249	103%	33%
Towong (S)	442,000	3,558,000	4,000,000	485,000	4,257	630	1,223	172	6,224,086	3,142,086	156%	79%
Wangaratta (RC)	0	15,080,000	15,080,000	2,061,000	14,121	891	1,259	112	17,518,249	5,360,249	116%	36%
Warrnambool (C)	2,395,346	14,995,000	17,390,346	3,190,900	15,213	927	1,942	209	13,546,306	3,214,306	78%	18%
Wellington (S)	0	28,560,000	28,560,000	3,732,000	33,665	619	1,671	122	22,922,998	9,992,854	80%	35%
West Wimmera (S)	261,000	3,568,000	3,829,000	216,000	4,576	287	1,107	164	7,457,347	4,255,347	195%	111%
Whitehorse (C)	0	63,326,000	63,326,000	0	65,507	918		0	19,032,387	3,806,386	30%	6%
Whittlesea (C)	0	67,576,000	67,576,000	0	56,878	940	5,492	0	25,681,305	8,618,886	38%	13%
Wodonga (C)	0	20,162,000	20,162,000	4,335,000	16,172	977	2,049	269	10,146,180	3,979,180	50%	20%
Wyndham (

Appendix 3 Victorian local government rates, municipal charges and waste management charges

2009-10	Municipal charge	General rates	Municipal charge and general rates	Garbage charges	Rateable assessments	Average residential rates	Average farm rates	Average garbage charge revenue per residential	Total grant funding	FAGs	Grant funding as % MC and general rates	FAGs funding as % MC and general rates
MUNICIPALITY												
Alpine (S)	0	8,616,000	8,616,000	1,613,000	8,154	967	1,403	252	6,741,906	3,148,906	78%	37%
Ararat (RC)	0	9,237,000	9,237,000	946,000	6,890	861	2,537	198	7,494,437	4,580,437	81%	50%
Ballarat (C)	0	55,310,000	55,310,000	5,611,000	44,360	917	1,454	139	29,100,062	9,724,062	53%	18%
Banyule (C)	1,127,000	55,427,000	56,554,000	902,000	50,645	1,066		19	19,740,610	3,918,610	35%	7%
Bass Coast (S)	0	25,323,000	25,323,000	5,905,000	27,716	870	1,997	216	9,476,858	4,571,858	37%	18%
Baw Baw (S)	0	25,638,000	25,638,000	3,261,000	21,313	960	2,236	166	18,763,727	7,097,728	73%	28%
Bayside (C)	4,464,000	47,638,000	52,102,000	5,171,000	40,737	1,289		128	10,200,461	2,183,460	20%	4%
Benalla (RC)	1,359,000	8,586,000	9,945,000	1,523,000	7,694	1,305	960	266	9,461,197	3,215,307	95%	32%
Boroondara (C)	0	96,172,000	96,172,000	13,971,000	70,177	1,367		217	16,513,959	3,797,959	17%	4%
Brimbank (C)	14,050,000	65,102,000	79,152,000	12,421,000	72,369	911	2,185	196	23,785,837	11,858,837	30%	15%
Buloke (S)	230,000	7,395,000	7,625,000	762,000	6,212	668	1,802	195	8,048,529	4,462,529	106%	58%
Campaspe (S)	0	20,921,000	20,921,000	4,057,000	19,936	869	1,305	214	18,601,791	9,130,899	89%	44%
Cardinia (S)	0	34,925,000	34,925,000	5,922,000	29,539	1,023	2,502	227	17,299,464	7,637,464	50%	22%
Casey (C)	0	94,655,000	94,655,000	15,529,000	92,031	934	3,297	175	51,588,307	14,746,307	55%	16%
Central Goldfields (S)	1,255,000	5,527,000	6,782,000	1,540,000	8,287	810	954	209	7,613,201	2,962,201	112%	44%
Colac Otway (S)	1,984,000	14,420,000	16,404,000	2,212,000	14,398	890	1,723	164	12,175,592	5,135,592	74%	31%
Corangamite (S)	1,148,000	12,246,000	13,394,000	973,000	9,441	674	2,673	145	12,454,743	5,872,742	93%	44%
Darebin (C)	0	76,947,587	76,947,587	0	62,081	1,061			19,932,674	4,462,272	26%	6%
East Gippsland (S)	5,406,000	25,008,000	30,414,000	3,286,000	29,125	917	1,535	134	22,886,087	12,051,087	75%	40%
Frankston (C)	5,996,879	51,919,102	57,915,981	8,317,500	56,711	914	2,587	162	21,422,998	8,212,999	37%	14%
Gannawarra (S)	403,000	6,293,000	6,696,000	1,283,000	6,716	811	1,417	254	7,781,566	4,051,566	116%	60%
Glen Eira (C)	0	57,989,000	57,989,000	9,123,000	59,414	959		154	27,683,007	2,978,007	48%	5%
Glenelg (S)	0	13,016,000	13,016,000	1,208,000	13,825	626	1,314	140	15,352,710	6,124,710	118%	47%
Golden Plains (S)	1,346,000	8,227,000	9,573,000	1,207,000	9,318	730	1,779	154	11,216,290	4,340,290	117%	25%
Greater Bendigo (C)	6,214,000	48,150,000	54,364,000	8,947,000	50,897	870	1,451	170	32,539,166	13,005,166	60%	24%
Greater Dandenong (C)	0	65,482,000	65,482,000	9,107,000	57,454	658	9,164	186	30,948,890	9,879,890	47%	15%
Greater Geelong (C)	8,117,000	109,077,000	117,194,000	17,670,000	104,609	869	4,595	181	47,203,779	17,794,170	40%	15%
Greater Shepparton (C)	2,878,000	36,769,000	39,647,000	5,797,000	28,331	902	1,712	215	25,271,158	9,078,158	64%	23%
Hepburn (S)	214,000	10,394,000	10,608,000	1,594,000	10,314	895	1,256	166	7,542,899	3,499,899	71%	33%
Hindmarsh (S)	575,000	4,113,000	4,688,000	491,000	5,008	543	1,515	165	6,233,804	3,509,154	133%	75%
Hobsons Bay (C)	0	60,167,000	60,167,000	5,944,000	38,512	1,072		152	14,579,432	2,451,432	24%	4%
Horsham (RC)	2,073,000	11,086,000	13,159,000	1,770,000	11,524	969	1,565	189	10,228,491	4,659,491	78%	35%
Hume (C)	0	83,395,000	83,395,000	58,000	64,658	1,016	8,629	1	34,405,728	9,920,669	41%	12%
Indigo (S)	1,565,600	6,802,970	8,368,570	1,452,100	8,078	949	1,169	207	11,777,905	3,769,715	141%	45%
Kingston (C)	7,099,000	70,347,000	77,446,000	8,404,000	67,842	1,100	4,000	141	29,261,227	3,757,036	38%	5%
Knox (C)	0	68,130,000	68,130,000	4,275,000	61,480	936		68	32,830,627	7,248,627	48%	11%
Latrobe (C)	3,401,000	32,959,000	36,360,000	6,414,000	36,264	892	1,599	185	36,190,504	10,351,504	100%	28%
Loddon (S)	777,000	5,416,000	6,193,000	698,000	7,535	532	1,119	144	11,237,858	6,141,132	181%	99%
Macedon Ranges (S)	2,608,000	21,681,000	24,289,000	3,753,000	19,866	1,293	569	206	16,754,584	5,534,051	69%	23%
Manningham (C)	0	53,332,000	53,332,000	10,870,000	44,893	1,139	3,125	247	15,361,469	2,865,426	29%	5%
Mansfield (S)	1,334,000	5,366,000	6,700,000	1,746,000	6,997	839	1,518	249	9,635,985	2,426,985	144%	36%
Maribyrnong (C)	0	56,633,000	56,633,000	0	33,742	1,315		0	16,802,063	2,680,064	30%	5%
Maroondah (C)	908,000	43,853,000	44,761,000	8,145,000	45,421	893		187	14,372,293	4,161,293	32%	9%
Melbourne (C)	0	177,426,000	177,426,000	0	73,552	953		0	26,596,656	2,196,656	15%	1%
Melton (C)	3,956,000	44,413,000	48,369,000	5,662,000	40,861	1,042	3,348	146	20,590,709	8,841,710	43%	18%
Mildura (RC)	0	37,266,000	37,266,000	5,695,000	27,287	1,059	1,656	235	21,612,042	10,477,042	58%	28%
Mitchell (S)	3,212,615	13,107,000	16,319,615	3,032,000	16,048	885	1,460	219	14,065,396	5,462,395	86%	33%
Moira (S)	3,451,000	13,673,000	17,124,000	3,791,000	16,463	899	1,156	270	13,874,355	7,576,355	81%	44%
Monash (C)	0	71,222,000	71,222,000	0	71,657	959	5,571	0	31,057,849	4,150,995	44%	6%
Moonee Valley (C)	4,805,000	53,764,000	58,569,000	7,603,000	48,957	1,196		155	17,525,352	2,585,326	30%	4%
Moorabool (S)	0	16,758,000	16,758,000	2,564,000	14,257	1,073	1,312	185	12,003,643	4,901,643	72%	29%
Moreland (C)	0	77,488,000	77,488,000	4,934,000	66,874	1,133		70	19,271,917	5,117,917	25%	7%
Mornington Peninsula (S)	12,084,000	83,267,000	95,351,000	0	93,850	992	1,448	0	25,377,589	5,030,590	27%	5%
Mount Alexander (S)	2,065,677	8,562,828	10,628,505	1,993,896	10,580	923	1,576	204	8,450,811	3,647,755	80%	34%
Moyne (S)	1,697,000	9,732,000	11,429,000	1,703,000	11,372	683	1,210	256	14,130,823	6,397,823	124%	56%
Murrindindi (S)	1,959,000	7,849,000	9,808,000	1,558,000	9,385	797	1,529	204	7,992,664	3,842,664	81%	39%
Nillumbik (S)	2,270,000	31,083,000	33,353,000	6,002,000	22,188	1,474	2,743	282	17,255,083	2,796,083	52%	8%
Northern Grampians (S)	805,000	8,495,000	9,300,000	1,376,000	9,132	906	1,188	180	9,119,269	5,328,269	98%	57%
Port Phillip (C)	0	77,691,000	77,691,000	203,000	62,867	1,067		2	14,081,668	2,073,765	18%	3%
Pyrenees (S)	0	5,181,000	5,181,000	694,000	5,703	605	1,576	142	8,264,306	4,179,306	160%	81%
Queenscliffe (B)	0	4,754,000	4,754,000	9,000	3,001	1,542		3	918,927	204,927	19%	4%
South Gippsland (S)	4,776,000	19,069,000	23,845,000	1,562,000	18,576	1,050	1,972	114	15,231,477	6,969,476	64%	29%
Southern Grampians (S)	1,016,000	10,258,000	11,274,000	792,000	10,585	685	1,756	117	11,378,772	5,898,772	101%	52%
Stonnington (C)	0	55,286,000	55,286,000	11,402,000	53,874	988		210	8,204,469	2,156,499	15%	4%
Strathbogie (S)	1,297,000	7,704,000	9,001,000	1,356,000	6,888	1,035	1,705	251	8,408,130	3,946,130	93%	44%
Surf Coast (S)	2,425,000	23,266,000	25,691,000	4,444,000	19,124	1,250	1,797	234	7,251,652	2,743,652	28%	11%
Swan Hill (RC)	0	16,542,000	16,542,000	2,025,000	11,431	1,202	1,640	259	15,176,601	5,343,600	92%	32%
Towong (S)	481,000	3,740,000	4,221,000	492,000	4,287	662	1,277	172	6,647,948	3,235,948	157%	77%
Wangaratta (RC)	0	15,966,000	15,966,000	2,214,000	14,350	935	1,307	118	17,079,248	5,608,248	107%	35%
Warrnambool (C)	2,807,592	15,741,839	18,549,431	3,398,858	15,466	980	1,880	220	12,830,969	3,253,969	69%	18%
Wellington (S)	0	31,032,000	31,032,000	3,559,000	34,324	666	1,760	115	20,186,065	10,245,887	65%	33%
West Wimmera (S)	270,000	3,667,000	3,937,000	222,000	4,597	295	1,131	167	7,574,903	4,432,903	192%	113%
Whitehorse (C)	0	67,495,000	67,495,000	0	65,970	970		0	17,998,949	3,562,950	27%	5%
Whittlesea (C)	0	74,443,000	74,443,000	0	60,940	999	1,274	0	26,295,984	9,000,928	35%	12%
Wodonga (C)	0	21,484,000	21,484,000	4,623,000	16,316	1,034	2,141	284	12,194,117	3,981,117	57%	19%
Wyndham (C)	2,090,000	76,409,000	78,499,000	7,928,000	64,864	902	5,633	131	28,183,672	9,812,672	36%	13%
Yarra (C)	0	67,356,000	67,356,000	9,000	43,277	1,235		0	9,462,413	1,760,413	14%	3%
Yarra Ranges (S)	1,452,000	71,930,000	73,382,000	12,562,000	61,213	1,089	2,025	210	42,836,599	12,389,599	58%	17%
Yarriambiack (S)	155,000	6,802,000	6,957,000	666,000	6,732	479	1,714	158	8,708,389	3,970,389	125%	57%
TOTAL / AVERAGE	129,607,363	2,949,613,326	3,079,220,689	307,953,354	2,587,362	946	2,152	160	1,366,353,282	452,063,055	44%	15%

A3

Appendix 3 Victorian local government rates, municipal charges and waste management charges

2010-11	Municipal charge	General rates	Municipal charge and general rates	Garbage charges	Rateable assessments	Average residential rates	Average farm rates	Average garbage charge revenue per residential	Total grant funding	FAGs	Grant funding as % MC and general rates	FAGs funding as % MC and general rates
MUNICIPALITY												
Alpine (S)	0	9,040,000	9,040,000	1,861,000	8,216	1,008	1,503	289	9,665,514	3,359,189	107%	37%
Ararat (RC)	504,000	9,251,000	9,755,000	986,000	6,930	959	2,532	205	10,828,750	5,006,344	111%	51%
Ballarat (C)	0	58,924,000	58,924,000	6,470,000	48,479	890	1,502	146	31,232,822	10,386,559	53%	18%
Banyule (C)	1,818,000	59,100,000	60,918,000	942,000	50,915	1,140		20	15,947,931	4,249,692	26%	7%
Bass Coast (S)	0	27,836,000	27,836,000	6,055,000	28,100	939	2,196	218	12,890,588	5,163,704	46%	19%
Baw Baw (S)	0	27,662,000	27,662,000	3,656,000	21,933	986	2,423	181	16,757,026	7,631,452	61%	28%
Bayside (C)	4,688,000	50,910,000	55,598,000	5,729,000	40,928	1,370		140	10,247,048	2,352,338	18%	4%
Benalla (RC)	1,378,000	9,186,000	10,564,000	1,625,000	7,726	1,329	1,095	281	11,006,861	3,421,304	104%	32%
Boroondara (C)	0	102,090,000	102,090,000	16,079,000	70,538	1,451		249	14,826,537	4,071,214	15%	4%
Brimbank (C)	8,115,000	75,631,000	83,746,000	14,344,000	73,434	923	2,370	221	24,813,193	12,779,498	30%	15%
Buloke (S)	230,000	7,864,000	8,094,000	766,000	6,236	712	1,915	194	8,959,981	4,853,637	111%	60%
Campaspe (S)	0	22,660,000	22,660,000	4,775,000	19,868	938	1,423	260	21,394,231	9,830,833	94%	43%
Cardinia (S)	0	39,225,000	39,225,000	6,585,000	31,564	1,093	2,557	229	14,474,868	8,387,978	37%	21%
Casey (C)	0	103,220,000	103,220,000	19,841,000	94,336	1,009	4,576	219	45,589,881	15,637,081	44%	15%
Central Goldfields (S)	1,358,000	6,053,000	7,411,000	1,670,000	7,893	847	1,084	198	16,190,484	3,217,766	218%	43%
Colac Otway (S)	2,003,000	16,372,000	18,375,000	2,251,000	14,699	973	1,635	153	14,321,535	5,648,234	78%	31%
Corangamite (S)	1,210,000	12,933,000	14,143,000	1,052,000	9,495	696	2,770	156	13,855,884	6,511,148	98%	46%
Darebin (C)	0	82,398,517	82,398,517	0	62,694	1,136		0	19,912,678	4,686,643	24%	6%
East Gippsland (S)	5,684,000	26,915,000	32,599,000	3,527,000	29,406	992	1,396	143	21,064,616	12,980,160	65%	40%
Frankston (C)	6,523,000	56,053,000	62,576,000	8,980,000	57,977	991	2,450	172	27,148,163	8,593,769	43%	14%
Gannawarra (S)	494,000	7,040,000	7,534,000	1,365,000	6,639	904	1,713	268	8,858,280	4,625,427	118%	61%
Glen Eira (C)	0	61,722,000	61,722,000	10,329,000	59,825	1,016		170	20,323,106	3,210,457	33%	5%
Glenelg (S)	0	15,760,000	15,760,000	1,350,000	13,872	672	1,711	185	15,824,822	6,744,247	100%	43%
Golden Plains (S)	1,794,000	9,189,000	10,983,000	1,402,000	9,492	811	2,108	176	12,426,574	4,727,256	113%	43%
Greater Bendigo (C)	6,547,000	51,839,000	58,386,000	9,574,000	51,442	911	1,514	181	31,530,037	13,980,790	54%	24%
Greater Dandenong (C)	0	70,081,000	70,081,000	10,548,000	58,320	689	8,721	212	32,001,583	10,448,373	46%	15%
Greater Geelong (C)	8,618,000	115,986,000	124,604,000	18,763,000	105,740	914	5,569	190	60,768,817	18,659,743	49%	15%
Greater Shepparton (C)	3,102,000	39,787,000	42,889,000	6,451,000	28,909	951	1,795	233	26,201,679	9,910,094	61%	23%
Hepburn (S)	325,000	11,193,000	11,518,000	1,824,000	10,451	1,066	1,410	246	9,246,503	3,818,795	80%	33%
Hindmarsh (S)	621,000	4,443,000	5,064,000	546,000	5,028	585	1,630	187	7,374,127	3,828,532	146%	76%
Hobsons Bay (C)	0	64,004,000	64,004,000	6,305,000	38,726	1,132		176	15,948,764	2,349,483	25%	4%
Horsham (RC)	2,280,000	12,187,000	14,467,000	1,792,000	11,624	1,045	1,740	166	22,017,230	5,144,139	152%	36%
Hume (C)	0	90,576,000	90,576,000	72,976	66,173	1,098	1,726	1	42,622,465	11,267,568	47%	12%
Indigo (S)	1,670,000	7,191,000	8,861,000	1,571,000	8,149	985	1,256	223	9,790,589	4,077,118	110%	46%
Kingston (C)	6,776,000	78,257,000	85,033,000	8,982,000	67,864	1,207	4,406	150	28,483,432	4,054,403	33%	5%
Knox (C)	0	72,790,000	72,790,000	5,510,000	61,898	999		89	30,441,538	7,654,683	42%	11%
Latrobe (C)	3,800,000	34,928,000	38,728,000	6,958,000	36,667	934	1,920	195	36,942,651	11,123,262	95%	29%
Loddon (S)	819,280	5,713,234	6,532,514	741,268	7,555	558	1,163	149	22,958,055	6,700,740	351%	103%
Macedon Ranges (S)	2,805,930	23,342,322	26,148,252	3,331,656	21,628	1,273	627	174	15,279,255	6,007,765	58%	23%
Manningham (C)	0	58,895,000	58,895,000	9,479,000	45,188	1,259	2,625	215	13,458,831	3,076,988	23%	5%
Mansfield (S)	1,424,000	5,684,000	7,108,000	1,951,000	7,059	885	1,593	274	14,507,012	2,582,883	204%	36%
Maribyrnong (C)	0	60,850,000	60,850,000	0	33,742	1,454		0	12,611,051	2,777,254	21%	5%
Maroondah (C)	903,000	48,724,000	49,627,000	8,678,000	45,954	986		197	12,885,556	4,770,549	26%	10%
Melbourne (C)	0	187,596,000	187,596,000	0	77,805	950		0	25,468,972	2,428,909	14%	1%
Melton (C)	4,367,000	48,674,000	53,041,000	6,744,000	43,434	1,074	3,576	163	21,410,148	9,918,786	40%	19%
Mildura (RC)	0	39,360,000	39,360,000	6,104,000	27,635	1,132	1,634	248	28,480,104	11,464,112	72%	29%
Mitchell (S)	3,662,000	14,755,000	18,417,000	3,235,000	16,911	948	1,583	220	14,594,657	5,826,694	79%	32%
Moira (S)	3,808,000	15,115,000	18,923,000	4,190,000	16,740	980	1,250	307	13,861,955	8,336,626	73%	44%
Monash (C)	0	75,552,190	75,552,190	0	72,562	974	2,765	0	26,674,262	4,482,740	35%	6%
Moonee Valley (C)	5,125,000	57,371,372	62,496,372	8,791,000	49,867	1,176		165	16,482,107	2,783,348	26%	4%
Moorabool (S)	0	17,782,000	17,782,000	1,981,000	14,381	1,080	1,831	138	18,376,953	5,328,739	103%	30%
Moreland (C)	0	85,537,000	85,537,000	5,707,000	68,361	1,218		90	19,738,462	5,509,842	23%	6%
Mornington Peninsula (S)	13,135,000	89,672,000	102,807,000	0	94,639	1,066	1,432	0	23,875,536	5,570,833	23%	5%
Mount Alexander (S)	1,565,000	10,303,000	11,868,000	2,287,000	10,722	1,008	1,789	227	11,198,854	3,875,150	94%	33%
Moyne (S)	1,806,000	10,288,000	12,094,000	1,977,000	11,453	694	1,314	282	15,049,923	7,030,253	124%	58%
Murrindindi (S)	2,088,000	8,508,000	10,596,000	1,832,000	9,457	877	1,601	239	38,017,758	4,193,451	359%	40%
Nillumbik (S)	1,916,000	33,995,000	35,911,000	6,343,000	22,324	1,576	2,705	296	20,154,705	2,966,819	56%	8%
Northern Grampians (S)	872,000	9,277,000	10,149,000	1,600,000	9,170	968	1,335	205	20,558,760	5,833,158	203%	57%
Port Phillip (C)	0	81,799,000	81,799,000	215,000	63,809	1,077		2	12,375,543	2,246,805	15%	3%
Pyrenees (S)	0	5,560,000	5,560,000	748,000	5,724	644	1,698	153	18,983,419	4,592,861	341%	83%
Queenscliffe (B)	0	5,059,000	5,059,000	11,000	3,011	1,627		4	1,417,310	243,074	28%	5%
South Gippsland (S)	5,095,000	20,460,000	25,555,000	2,174,000	18,755	1,095	2,262	149	14,958,617	7,689,614	59%	30%
Southern Grampians (S)	1,248,000	11,122,000	12,370,000	881,000	10,729	747	1,902	127	12,272,374	6,454,386	99%	52%
Stonnington (C)	0	57,937,000	57,937,000	12,720,000	54,281	1,029		233	8,252,281	2,315,836	14%	4%
Strathbogie (S)	1,506,000	8,880,000	10,386,000	1,560,000	6,919	1,200	2,005	263	11,676,382	4,278,939	112%	41%
Surf Coast (S)	2,863,000	25,287,000	28,150,000	4,792,000	19,543	1,343	1,925	247	12,982,352	3,124,328	46%	11%
Swan Hill (RC)	0	17,275,000	17,275,000	2,382,000	11,640	999	2,506	247	16,036,428	5,812,941	93%	34%
Towong (S)	673,000	3,985,000	4,658,000	528,000	4,327	701	1,417	175	7,200,993	3,491,633	155%	75%
Wangaratta (RC)	0	17,070,000	17,070,000	2,327,000	14,508	985	1,381	123	16,286,761	6,069,589	95%	36%
Warrnambool (C)	2,923,052	17,414,000	20,337,052	3,552,879	15,693	1,043	3,027	225	17,334,020	3,437,489	85%	17%
Wellington (S)	0	33,626,000	33,626,000	2,947,000	34,152	731	1,939	96	23,594,035	11,138,739	70%	33%
West Wimmera (S)	289,000	3,956,000	4,245,000	243,000	4,623	330	1,207	182	7,785,059	4,738,780	183%	112%
Whitehorse (C)	0	72,781,000	72,781,000	0	66,456	1,053		0	17,179,040	3,831,375	24%	5%
Whittlesea (C)	0	81,566,000	81,566,000	0	65,297	1,049	1,190	0	24,767,318	9,787,719	30%	12%
Wodonga (C)	0	23,305,000	23,305,000	5,097,000	16,692	1,101	2,182	306	15,248,599	4,318,179	65%	19%
Wyndham (C)	2,347,000	87,071,000	89,418,000	11,041,000	70,062	986	4,482	169	28,260,033	10,693,021	32%	12%
Yarra (C)	0	70,725,000	70,725,000	20,000	43,751	1,306		1	16,624,656	1,901,618	24%	3%
Yarra Ranges (S)	1,465,000	78,740,000	80,205,000	13,439,000	61,784	1,189	2,236	222	35,018,444	13,300,635	44%	17%
Yarriambiack (S)	155,000	7,210,000	7,365,000	723,000	6,765	507	1,791	171	10,544,673	4,301,921	143%	58%
TOTAL / AVERAGE	132,398,262	3,188,118,635	3,320,516,897	340,909,779	2,637,294	1,002	2,139	170	1,506,372,443	489,628,034	45%	15%

Appendix 3 Victorian local government rates, municipal charges and waste management charges

2011-12	Municipal charge	General rates	Municipal charge and general rates	Garbage charges	Rateable assessments	Average residential rates	Average farm rates	Average garbage charge revenue per residential	Total grant funding	FAGs	Grant funding as % MC and general rates	FAGs funding as % MC and general rates
MUNICIPALITY												
Alpine (S)	0	9,673,152	9,673,152	2,193,000	8,250	1,086	1,623	245	10,501,290	2,377,882	109%	25%
Ararat (RC)	501,268	9,988,416	10,489,684	1,087,508	6,970	1,083	2,501	225	17,710,905	3,068,397	169%	29%
Ballarat (C)	0	62,391,214	62,391,214	7,821,276	46,530	993	1,538	184	37,151,565	8,761,866	60%	14%
Banyule (C)	2,224,831	62,934,529	65,159,360	1,085,780	51,278	1,211		22	17,116,596	3,426,197	26%	5%
Bass Coast (S)	0	30,456,616	30,456,616	6,267,475	28,540	1,012	2,385	222	14,201,357	4,207,028	47%	14%
Baw Baw (S)	0	30,786,352	30,786,352	4,222,703	22,753	1,070	2,516	215	28,074,994	5,473,226	91%	18%
Bayside (C)	4,911,360	54,557,621	59,468,981	5,950,411	41,398	1,450		144	11,016,358	1,949,465	19%	3%
Benalla (RC)	2,109,000	9,536,000	11,645,000	1,648,000	7,773	1,465	1,202	283	13,636,368	2,272,142	117%	20%
Boroondara (C)	0	108,332,259	108,332,259	17,062,421	71,614	1,518		261	15,398,156	3,396,770	14%	3%
Brimbank (C)	8,479,193	80,502,039	88,981,232	16,043,235	74,291	970	2,233	244	28,563,763	11,703,793	32%	13%
Buloke (S)	232,000	8,339,000	8,571,000	766,000	6,202	756	2,050	195	20,464,000	2,970,385	239%	35%
Campaspe (S)	0	24,656,824	24,656,824	4,953,041	20,029	1,010	1,528	268	30,886,193	6,675,708	125%	27%
Cardinia (S)	0	43,846,492	43,846,492	7,507,139	32,930	1,180	2,720	251	22,280,332	6,596,992	51%	15%
Casey (C)	0	111,959,000	111,959,000	23,378,000	97,256	1,066	7,065	250	50,211,678	14,213,936	45%	13%
Central Goldfields (S)	1,485,590	6,702,354	8,187,944	1,688,873	8,042	915	1,174	213	27,787,645	2,321,153	339%	28%
Colac Otway (S)	2,022,462	17,127,903	19,150,366	2,551,303	14,811	1,036	1,894	182	15,583,967	3,436,563	81%	18%
Corangamite (S)	1,271,430	13,572,837	14,844,267	1,126,606	9,505	733	2,923	167	15,271,920	3,618,300	103%	24%
Darebin (C)	0	88,417,846	88,417,846	0	63,410	1,212		-	19,858,018	3,910,666	22%	4%
East Gippsland (S)	6,084,000	28,958,000	35,042,000	3,889,000	29,822	1,057	1,425	155	25,401,000	9,150,007	72%	26%
Frankston (C)	7,009,644	60,850,400	67,860,044	12,991,829	58,640	1,054	2,608	243	21,572,821	7,569,268	32%	11%
Gannawarra (S)	521,011	7,544,849	8,065,860	1,452,640	6,714	977	1,721	325	12,078,042	2,953,718	150%	37%
Glen Eira (C)	0	65,307,015	65,307,015	11,322,172	60,227	1,068		185	20,854,369	2,759,627	32%	4%
Glenelg (S)	0	17,478,423	17,478,423	0	13,964	784	2,686	-	18,926,311	3,948,724	108%	23%
Golden Plains (S)	1,827,600	10,263,156	12,090,756	1,545,077	9,810	1,061	2,297	187	14,447,829	2,982,332	119%	25%
Greater Bendigo (C)	5,044,636	58,044,185	63,088,821	10,171,100	52,437	970	1,586	191	40,587,414	11,332,070	64%	18%
Greater Dandenong (C)	0	75,388,368	75,388,368	11,994,964	59,369	727	9,172	237	38,792,568	9,223,174	51%	12%
Greater Geelong (C)	8,814,291	123,342,000	132,156,291	20,423,000	108,137	959	5,115	202	56,890,429	16,285,953	43%	12%
Greater Shepparton (C)	4,648,744	41,990,248	46,638,992	6,927,317	29,187	1,061	8,316	248	33,650,129	7,551,287	67%	16%
Hepburn (S)	0	12,419,500	12,419,500	2,059,167	10,552	1,027	1,527	217	10,527,738	2,614,600	85%	21%
Hindmarsh (S)	670,736	4,840,657	5,511,393	599,573	5,069	633	1,757	197	21,587,871	2,410,392	392%	44%
Hobsons Bay (C)	0	69,164,535	69,164,535	0	39,121	1,199		-	15,993,947	1,764,504	23%	3%
Horsham (RC)	2,477,135	13,316,991	15,794,126	1,935,106	11,737	1,134	1,875	177	24,144,476	3,431,388	153%	22%
Hume (C)	0	98,397,576	98,397,576	84,582	67,725	1,171	4,162	1	37,494,148	10,431,728	38%	11%
Indigo (S)	1,790,288	7,687,280	9,477,568	1,877,447	8,206	1,050	1,327	289	13,749,211	2,616,805	145%	28%
Kingston (C)	6,813,482	83,400,466	90,213,948	10,001,070	68,987	1,259	4,383	165	33,650,625	2,982,421	37%	3%
Knox (C)	0	77,605,981	77,605,981	6,261,055	62,537	1,052		100	30,555,793	6,662,771	39%	9%
Latrobe (C)	4,013,634	37,763,642	41,777,276	7,725,647	36,943	1,003	2,071	220	35,386,047	9,015,785	85%	22%
Loddon (S)	868,640	6,051,866	6,920,506	795,142	7,592	596	1,229	159	24,626,077	3,805,130	356%	55%
Macedon Ranges (S)	3,381,629	25,066,090	28,447,719	4,332,917	20,538	1,343	1,984	214	19,450,209	4,279,152	68%	15%
Manningham (C)	0	62,447,348	62,447,348	10,232,341	45,606	1,321	2,642	230	15,068,161	2,388,462	24%	4%
Mansfield (S)	1,535,000	6,084,379	7,619,379	2,197,000	7,219	906	1,876	305	8,002,154	1,737,819	105%	23%
Maribyrnong (C)	65,123,000	0	65,123,000	0	34,340	1,535		-	11,043,821	2,422,430	17%	4%
Maroondah (C)	791,604	52,350,735	53,142,339	8,747,574	46,530	1,047		197	13,678,157	4,156,246	26%	8%
Melbourne (C)	0	197,432,000	197,432,000	0	84,820	924		-	25,304,713	1,934,817	13%	1%
Melton (C)	4,894,099	55,421,148	60,315,247	7,896,389	45,119	1,175	3,326	182	26,921,006	9,408,410	45%	16%
Mildura (RC)	0	42,059,708	42,059,708	6,554,940	27,826	1,205	1,750	265	32,459,677	8,553,628	77%	20%
Mitchell (S)	4,226,719	16,932,032	21,158,751	3,562,757	17,086	1,078	1,817	237	26,480,744	4,414,744	125%	21%
Moira (S)	4,140,615	16,570,389	20,711,004	4,732,437	16,851	1,084	1,326	326	13,746,497	5,283,678	66%	26%
Monash (C)	0	81,082,595	81,082,595	0	73,447	1,032	2,824	-	31,811,499	3,561,472	39%	4%
Moonee Valley (C)	5,453,028	61,139,511	66,592,539	9,367,285	50,389	1,247		187	15,499,053	2,260,492	23%	3%
Moorabool (C)	0	19,204,233	19,204,233	3,214,885	14,647	1,145	1,926	237	21,623,955	3,768,127	113%	20%
Moreland (C)	0	91,417,785	91,417,785	7,051,860	69,543	1,279		109	20,461,482	4,660,800	22%	5%
Mornington Peninsula (S)	14,191,800	99,117,568	113,309,368	0	95,468	1,169	1,595	-	26,266,911	3,813,875	23%	3%
Mount Alexander (S)	1,580,315	11,603,983	13,184,298	2,506,160	10,840	1,097	1,905	263	19,495,419	2,585,404	148%	20%
Moyne (S)	1,913,000	10,888,000	12,801,000	2,143,000	11,570	767	1,323	304	17,329,846	3,531,682	135%	28%
Murrindindi (S)	2,229,200	9,205,788	11,434,988	2,047,916	9,470	956	1,705	268	38,985,049	2,732,557	341%	24%
Nillumbik (S)	2,090,000	36,139,286	38,229,286	6,713,000	22,402	1,758	2,878	330	13,709,327	1,867,444	36%	5%
Northern Grampians (S)	931,693	9,929,696	10,861,389	1,857,691	9,206	1,038	1,408	239	24,013,016	3,532,883	221%	33%
Port Phillip (C)	0	87,445,904	87,445,904	225,002	64,605	1,192		2	15,323,120	1,952,391	18%	2%
Pyrenees (S)	0	5,887,000	5,887,000	794,000	5,816	673	1,787	158	31,264,996	2,735,877	531%	46%
Queenscliffe (B)	0	5,327,456	5,327,456	11,561	3,027	1,711		4	2,386,795	226,723	45%	4%
South Gippsland (S)	5,401,000	21,594,000	26,995,000	2,232,000	18,956	1,062	2,358	147	19,361,590	4,744,416	72%	18%
Southern Grampians (S)	1,347,000	11,886,000	13,233,000	966,000	10,780	806	2,002	140	16,799,754	3,754,433	127%	28%
Stonnington (C)	0	62,016,334	62,016,334	13,657,599	55,827	1,052		243	9,964,610	2,010,945	16%	3%
Strathbogie (S)	1,661,179	9,678,930	11,340,109	1,649,847	7,078	1,199	2,441	309	12,489,228	2,493,301	110%	22%
Surf Coast (S)	3,085,436	27,200,198	30,285,633	5,156,677	19,778	1,436	2,027	263	16,491,403	2,026,489	54%	7%
Swan Hill (RC)	0	18,279,189	18,279,189	2,434,015	11,708	1,101	2,489	252	21,610,651	4,013,364	118%	22%
Towong (S)	749,000	4,202,775	4,951,775	586,604	4,300	778	1,485	212	6,994,077	2,266,727	141%	46%
Wangaratta (RC)	0	18,187,114	18,187,114	2,616,758	14,637	1,043	1,456	137	20,562,384	4,086,988	113%	22%
Warrnambool (C)	3,192,700	19,194,041	22,386,741	3,850,697	16,006	1,127	3,245	239	18,903,678	2,880,311	84%	13%
Wellington (S)	0	36,661,175	36,661,175	3,189,000	34,237	805	2,021	103	27,669,121	6,970,228	75%	19%
West Wimmera (S)	323,389	4,354,977	4,678,366	272,795	4,643	376	1,315	215	10,681,814	2,637,755	228%	56%
Whitehorse (C)	0	79,540,517	79,540,517	0	66,881	1,144		-	21,159,846	3,142,073	27%	4%
Whittlesea (C)	0	90,899,250	90,899,250	0	68,973	1,123	1,165	-	28,782,957	9,157,761	32%	10%
Wodonga (C)	0	24,619,585	24,619,585	5,645,425	17,083	1,194	1,517	332	21,621,414	3,631,271	88%	15%
Wyndham (C)	2,612,418	97,649,008	100,261,426	13,799,836	73,697	1,063	4,732	201	34,982,233	10,484,290	35%	10%
Yarra (C)	0	74,549,194	74,549,194	19,527	44,851	1,344		1	11,906,319	1,593,911	16%	2%
Yarra Ranges (S)	0	87,305,924	87,305,924	13,993,300	62,285	1,282	2,457	229	42,418,018	10,160,867	49%	12%
Yarriambiack (S)	208,500	7,643,500	7,852,000	778,491	6,780	533	1,915	182	14,082,721	2,709,145	179%	35%
TOTAL / AVERAGE	204,883,299	3,371,809,937	3,576,693,235	372,445,944	2,683,223	1,073	2,440	181	1,751,094,376	370,445,541	49%	14%

A3

Appendix 3 Victorian local government rates, municipal charges and waste management charges

2012-13	Municipal charge	General rates	Municipal charge and general rates	Garbage charges	Rateable assessments	Average residential rates	Average farm rates	Average garbage charge revenue per residential	Total grant funding	FAGs	Grant funding as % MC and general rates	FAGs funding as % MC and general rates
MUNICIPALITY												
Alpine (S)	0	11,010,101	11,010,101	2,482,197	8,291	1,142	1,676	276	8,399,134	2,348,648	76%	21%
Ararat (RC)	506,538	10,833,557	11,340,095	1,295,888	7,041	1,252	2,408	266	13,691,032	3,110,455	121%	27%
Ballarat (C)	0	68,435,198	68,435,198	8,802,888	47,401	1,057	1,580	203	39,509,673	9,293,008	58%	14%
Banyule (C)	2,960,000	66,785,000	69,745,000	1,687,000	51,677	1,286		28	18,024,854	3,543,789	26%	5%
Bass Coast (S)	0	32,968,820	32,968,820	6,653,552	29,062	1,084	2,554	234	13,241,625	4,197,296	40%	13%
Baw Baw (S)	0	35,315,000	35,315,000	6,239,000	23,499	1,222	2,796	308	22,093,397	5,508,320	63%	16%
Bayside (C)	5,241,114	58,145,924	63,387,038	7,013,858	41,948	1,526		167	13,037,037	1,968,419	21%	3%
Benalla (RC)	1,462,000	10,150,000	11,612,000	1,823,000	7,801	1,435	1,204	309	9,856,445	2,203,345	85%	19%
Boroondara (C)	0	115,106,000	115,106,000	18,450,000	72,259	1,594		280	16,000,374	3,428,599	14%	3%
Brimbank (C)	4,289,562	90,207,805	94,497,368	19,091,219	74,928	994	2,490	287	25,201,361	11,634,042	27%	12%
Buloke (S)	463,300	8,611,365	9,074,665	800,943	6,229	829	2,128	205	15,381,620	3,003,848	170%	33%
Campaspe (S)	1,003,513	25,980,975	26,984,488	4,621,671	20,087	1,127	1,641	246	28,902,313	6,813,205	107%	25%
Cardinia (S)	0	48,697,620	48,697,620	8,464,000	34,882	1,306	2,483	260	23,823,157	6,854,274	49%	14%
Casey (C)	0	121,305,411	121,305,411	25,967,054	99,484	1,123	6,644	273	49,222,006	14,265,512	41%	12%
Central Goldfields (S)	1,571,110	7,146,568	8,717,678	1,819,285	8,173	957	1,246	224	21,997,480	2,315,942	252%	27%
Colac Otway (S)	2,065,547	18,511,919	20,577,466	2,610,098	14,793	1,120	2,071	217	15,202,500	3,388,950	74%	16%
Corangamite (S)	1,336,117	14,260,424	15,596,541	1,229,337	9,506	815	3,020	181	14,948,349	3,657,180	96%	23%
Darebin (C)	0	93,605,082	93,605,082	0	64,862	1,259		0	19,921,045	3,927,712	21%	4%
East Gippsland (S)	6,526,350	31,132,511	37,658,861	4,167,133	30,033	1,130	1,536	165	26,111,408	9,252,465	69%	25%
Frankston (C)	7,431,618	64,340,305	71,771,923	16,303,492	58,418	1,085	2,657	302	27,617,070	7,512,243	38%	10%
Gannawarra (S)	584,820	7,924,526	8,509,346	1,459,633	6,656	1,033	1,895	324	11,461,817	3,116,404	135%	37%
Glen Eira (C)	0	69,480,846	69,480,846	13,019,550	61,056	1,114		210	20,652,607	2,783,530	30%	4%
Goldeney (S)	0	16,000,295	16,000,295	1,568,027	13,939	836	2,031	147	16,428,142	3,939,250	103%	25%
Golden Plains (S)	1,888,916	11,761,833	13,650,749	1,697,860	10,162	1,200	2,266	198	13,732,887	3,101,289	101%	23%
Greater Bendigo (C)	3,369,730	63,981,279	67,351,009	10,977,328	53,849	1,022	1,747	201	38,102,335	11,348,438	57%	17%
Greater Dandenong (C)	0	81,282,326	81,282,326	13,198,780	60,172	764	6,588	257	38,304,941	9,162,923	47%	11%
Greater Geelong (C)	9,335,000	131,003,223	140,338,223	21,842,000	110,328	1,008	4,662	212	57,637,777	16,269,878	41%	12%
Greater Shepparton (C)	6,131,314	43,657,443	49,788,757	7,051,902	29,509	1,159	1,829	249	26,426,360	7,875,362	53%	16%
Hepburn (S)	0	13,199,405	13,199,405	2,440,303	10,653	1,085	1,487	253	11,459,920	2,646,469	87%	20%
Hindmarsh (S)	669,358	5,195,662	5,865,020	663,366	5,057	676	1,870	215	26,184,135	2,392,460	446%	41%
Hobsons Bay (C)	0	73,918,205	73,918,205	7,583,083	39,640	1,271		140	15,393,442	1,776,972	21%	2%
Horsham (RC)	2,677,157	14,404,911	17,082,068	2,116,505	11,851	1,229	1,996	193	23,004,943	3,582,383	135%	21%
Hume (C)	0	106,017,132	106,017,132	89,449	69,726	1,253	4,530	1	35,282,028	10,710,564	33%	10%
Indigo (S)	1,911,042	8,102,465	10,013,507	2,031,124	8,215	1,099	1,402	308	10,473,170	2,736,464	105%	27%
Kingston (C)	6,875,241	88,868,422	95,743,663	11,464,158	69,895	1,316		186	36,026,455	3,008,792	38%	3%
Knox (C)	0	82,706,601	82,706,601	6,921,366	63,200	1,103		0	26,437,978	6,589,152	32%	8%
Ladrobe (C)	4,226,779	40,300,458	44,527,237	8,657,667	37,190	1,063	2,083	240	30,043,996	8,961,401	67%	20%
Loddon (S)	920,258	6,409,041	7,329,299	847,992	7,641	634	1,338	155	29,699,022	3,896,593	405%	53%
Macedon Ranges (S)	3,595,561	26,189,713	29,785,274	4,240,739	21,024	1,391	1,889	211	17,305,037	4,424,514	58%	15%
Manningham (C)	0	66,853,513	66,853,513	11,509,676	46,300	1,391	2,931	254	14,179,299	2,402,649	21%	4%
Mansfield (S)	1,614,102	6,583,000	8,197,102	2,434,000	7,296	991	1,804	335	6,772,545	1,742,316	83%	21%
Maribyrnong (C)	0	69,456,551	69,456,551	0	35,072	1,621		0	12,673,784	2,454,241	18%	4%
Maroondah (C)	782,435	55,925,542	56,707,977	9,082,013	47,035	1,105		202	16,682,909	4,343,039	29%	8%
Melbourne (C)	0	201,465,058	201,465,058	0	88,123	923		0	34,364,816	1,988,676	17%	1%
Melton (C)	5,327,049	60,165,487	65,492,536	8,670,999	47,045	1,188	4,813	192	34,321,125	9,812,311	52%	15%
Mildura (RC)	0	45,037,113	45,037,113	6,822,951	27,900	1,263	1,996	276	36,501,708	8,834,316	81%	20%
Mitchell (S)	4,520,539	18,467,430	22,987,969	3,831,170	17,611	1,193	2,697	218	13,433,368	4,444,036	58%	19%
Moira (S)	4,469,510	17,673,130	22,142,640	5,152,124	16,999	1,151	1,383	480	45,370,530	5,510,076	205%	25%
Monash (C)	0	86,975,422	86,975,422	0	74,372	1,094	2,893	0	26,962,909	3,636,016	31%	4%
Moonee Valley (C)	5,910,867	65,933,593	71,844,460	10,176,082	51,501	1,321		198	14,770,650	2,286,356	21%	3%
Moorabool (S)	0	20,669,597	20,669,597	3,163,198	15,084	1,223	1,913	210	17,789,146	3,770,219	86%	18%
Moreland (C)	0	99,157,266	99,157,266	8,460,913	71,373	1,336		128	19,311,092	4,697,515	19%	5%
Mornington Peninsula (S)	15,270,720	103,544,226	118,814,946	0	96,254	1,216	1,728	0	26,704,446	3,884,382	22%	3%
Mount Alexander (S)	1,703,392	12,401,485	14,104,877	2,743,503	11,243	1,132	1,963	277	22,090,589	2,650,645	157%	19%
Moyne (S)	2,032,590	11,485,454	13,518,044	2,303,180	11,616	859	1,318	330	15,489,921	3,627,960	115%	27%
Murrindindi (S)	2,356,439	10,049,787	12,406,226	2,151,911	9,495	1,033	1,852	282	16,889,196	2,763,438	136%	22%
Nillumbik (S)	2,215,000	38,170,027	40,385,027	7,246,000	22,521	1,767	2,882	339	10,602,929	1,960,001	26%	5%
Northern Grampians (S)	989,000	10,518,000	11,507,000	2,148,000	9,223	1,105	1,536	249	24,910,795	3,605,566	216%	31%
Port Phillip (C)	0	93,963,000	93,963,000	236,000	66,776	1,237		3	12,152,823	1,981,937	13%	2%
Pyrenees (S)	0	6,210,565	6,210,565	843,174	5,817	735	1,846	169	19,299,696	2,693,096	311%	43%
Queenscliffe (B)	0	5,574,198	5,574,198	13,165	3,033	1,849		5	2,455,188	204,822	44%	4%
South Gippsland (S)	5,814,654	23,268,528	29,083,182	2,008,544	19,109	1,241	2,507	127	21,309,144	4,825,765	73%	17%
Southern Grampians (S)	1,451,420	12,793,616	14,245,036	1,034,632	10,808	898	2,107	149	14,207,741	3,884,132	100%	27%
Stonnington (C)	0	65,575,402	65,575,402	14,811,874	56,569	1,101		261	10,050,783	2,035,607	15%	3%
Strathbogie (S)	1,675,675	10,837,876	12,513,551	1,756,330	7,143	1,393	2,488	334	9,027,436	2,606,454	72%	21%
Surf Coast (S)	3,280,698	28,870,187	32,150,885	5,254,285	20,037	1,523	2,069	265	11,467,095	2,110,890	36%	7%
Swan Hill (RC)	0	19,310,069	19,310,069	2,482,122	11,793	1,112	2,684	261	21,386,123	4,021,888	111%	21%
Towong (S)	800,054	4,461,210	5,261,264	645,710	4,347	821	1,557	233	7,673,564	2,212,846	146%	42%
Wangaratta (RC)	0	19,291,778	19,291,778	2,738,701	14,663	1,108	1,535	151	19,007,208	4,097,483	99%	21%
Warrnambool (C)	3,383,106	20,750,766	24,133,872	3,461,687	16,216	1,204	3,467	211	17,479,000	2,862,875	72%	12%
Wellington (S)	0	38,973,388	38,973,388	3,219,526	34,353	831	2,121	104	26,759,172	7,398,297	69%	19%
West Wimmera (S)	356,628	4,990,482	5,347,110	372,441	4,701	412	1,485	292	10,026,836	2,707,562	188%	51%
Whitehorse (C)	0	84,617,029	84,617,029	0	67,794	1,198		0	18,455,399	3,166,846	22%	4%
Whittlesea (C)	0	100,154,575	100,154,575	0	71,498	1,206	1,010	0	35,537,691	9,458,403	35%	9%
Wodonga (C)	0	27,159,812	27,159,812	6,174,966	17,395	1,291	2,057	356	19,640,124	3,652,613	72%	13%
Wyndham (C)	2,899,308	107,597,160	110,496,468	15,615,455	75,858	1,146	13,716	220	39,437,296	11,064,812	36%	10%
Yarra (C)	0	78,902,215	78,902,215	19,272	45,842	1,399		0	11,545,943	1,615,519	15%	2%
Yarra Ranges (S)	0	92,329,656	92,329,656	15,266,441	62,684	1,363	2,300	249	35,722,130	10,649,049	39%	12%
Yarriambiack (S)	256,450	8,276,968	8,533,418	854,592	6,821	597	2,048	196	10,879,918	2,705,122	127%	32%
TOTAL / AVERAGE	144,151,581	3,677,393,533	3,821,545,114	420,097,085	2,729,457	1,141	2,499	199	1,689,580,938	376,919,866	44%	13%

Appendix 3 Victorian local government rates, municipal charges and waste management charges

2013-14	Municipal charge	General rates	Municipal charge and general rates	Garbage charges	Rateable assessments	Average residential rates	Average farm rates	Average garbage charge revenue per residential	Total grant funding	FAGs	Grant funding as % MC and general rates	FAGs funding as % MC and general rates
MUNICIPALITY												
Alpine (S)	0	11,537,591	11,537,591	2,644,962	8,351	1,188	1,762	317	7,194,000	3,523,649	62%	31%
Ararat (RC)	504,959	11,569,514	12,074,473	1,389,902	7,069	1,258	2,736	283	8,204,308	5,262,918	68%	44%
Ballarat (C)	0	74,786,434	74,786,434	9,523,215	48,188	1,142	1,717	216	26,873,122	11,781,359	36%	16%
Banyule (C)	6,580,000	72,307,000	78,887,000	1,694,000	51,884	1,452		28	11,476,209	4,607,475	15%	6%
Bass Coast (S)	0	36,079,651	36,079,651	6,740,172	29,224	1,230	1,237	246	10,864,936	5,543,525	30%	15%
Baw Baw (S)	0	37,673,000	37,673,000	6,520,000	23,580	1,317	2,913	317	19,675,316	8,379,015	52%	22%
Bayside (C)	5,495,188	60,688,192	66,183,380	7,697,705	42,579	1,572		181	9,508,228	2,532,998	14%	4%
Benalla (RC)	1,532,000	10,633,000	12,165,000	1,932,000	7,851	1,246	1,733	326	8,673,514	3,703,739	71%	30%
Boroondara (C)	0	121,879,000	121,879,000	19,743,000	72,797	1,675		297	16,097,669	4,315,506	13%	4%
Brimbank (C)	4,620,811	96,839,046	101,459,857	20,675,712	75,354	1,066	2,669	308	19,393,171	13,574,278	19%	13%
Buloke (S)	568,835	9,038,149	9,606,984	851,955	6,192	900	2,245	255	44,250,710	5,309,428	461%	55%
Campaspe (S)	980,991	27,762,648	28,743,639	5,037,759	20,110	1,197	1,726	265	21,247,061	11,287,393	74%	39%
Cardinia (S)	0	52,576,786	52,576,786	9,139,000	35,939	1,326	2,774	272	12,476,566	9,570,064	24%	18%
Casey (C)	0	134,369,730	134,369,730	27,112,000	102,088	1,205	6,669	277	42,249,100	17,266,204	31%	13%
Central Goldfields (S)	1,674,404	7,690,657	9,365,061	1,969,690	8,189	1,030	1,319	242	11,516,963	3,511,907	123%	38%
Colac Otway (S)	2,240,715	20,157,401	22,398,116	2,696,989	15,152	1,169	2,108	220	13,665,296	5,907,200	61%	26%
Corangamite (S)	1,902,784	14,962,953	16,865,737	1,322,227	9,560	912	3,201	193	11,123,872	6,851,944	66%	41%
Darebin (C)	0	99,383,772	99,383,772	0	65,648	1,300			16,376,410	4,999,190	16%	5%
East Gippsland (S)	6,881,472	32,835,986	39,717,458	4,479,658	30,408	1,179	1,591	175	16,684,623	13,854,022	42%	35%
Frankston (C)	7,930,706	68,515,816	76,446,522	17,479,581	60,325	1,139	2,798	318	33,201,415	8,684,591	43%	11%
Gannawarra (S)	616,200	8,312,496	8,928,696	1,500,419	6,714	1,095	1,876	335	8,827,703	5,072,313	99%	57%
Glen Eira (C)	0	72,016,042	72,016,042	13,788,501	61,563	1,146		219	20,152,020	3,489,478	28%	5%
Glenelg (C)	0	19,776,022	19,776,022	1,932,750	13,857	906	3,075	182	13,276,080	7,191,334	67%	36%
Golden Plains (S)	1,923,200	12,904,951	14,828,151	1,805,832	10,323	1,281	2,449	206	11,181,009	5,138,918	75%	35%
Greater Bendigo (C)	1,741,306	72,487,533	74,228,839	11,291,899	54,788	1,122	1,840	202	30,167,366	14,857,796	41%	20%
Greater Dandenong (C)	0	87,381,642	87,381,642	13,246,129	60,703	804	6,552	255	34,914,353	10,859,470	40%	12%
Greater Geelong (C)	9,875,000	139,501,976	149,376,976	23,043,000	112,057	1,058	4,822	220	44,744,875	19,194,808	30%	13%
Greater Shepparton (C)	6,553,490	46,050,382	52,603,872	7,564,170	29,589	1,300	1,958	263	19,035,614	11,194,756	36%	21%
Hepburn (S)	0	13,916,896	13,916,896	2,167,096	10,738	1,141	1,549	224	8,757,079	4,221,600	63%	30%
Hindmarsh (S)	661,232	5,515,732	6,176,964	700,400	5,074	726	1,941	230	6,824,645	4,048,500	110%	66%
Hobsons Bay (C)	0	78,327,447	78,327,447	7,871,955	39,857	1,343		202	12,548,911	2,516,770	16%	3%
Horsham (RC)	2,854,200	15,518,371	18,372,571	2,347,144	11,941	1,300	2,124	210	13,539,604	5,641,816	74%	31%
Hume (C)	0	115,945,377	115,945,377	58,592	71637	1337	5132	1	33,693,823	12,733,863	29%	11%
Indigo (S)	2,036,115	8,660,761	10,696,876	2,226,381	8,287	1,169	1,474	312	9,567,983	4,396,415	89%	41%
Kingston (C)	6,991,379	94,979,496	101,970,875	11,566,055	70,731	1,385	5,049	185	32,977,270	4,336,858	32%	4%
Knox (C)	0	87,916,358	87,916,358	7,386,630	63,697	1,162		117	23,544,989	7,710,934	27%	9%
Latrobe (C)	4,443,470	42,832,871	47,276,341	9,555,056	37,462	1,122	2,175	262	27,942,474	11,517,662	59%	24%
Loddon (S)	970,519	6,761,488	7,732,007	914,994	7,645	671	1,406	167	10,257,285	7,531,043	133%	97%
Macedon Ranges (S)	3,834,445	27,883,092	31,717,538	4,646,976	21,124	1,473	2,023	230	16,579,936	6,636,470	52%	21%
Manningham (C)	0	70,892,347	70,892,347	12,069,810	46,477	1,473	3,077	266	11,409,535	3,215,524	16%	5%
Mansfield (S)	1,703,951	6,858,432	8,562,383	2,590,132	7,349	1,038	1,796	346	4,386,742	2,778,918	51%	32%
Maribyrnong (C)	0	75,314,469	75,314,469	0	36,152	1,698			9,437,929	2,953,624	13%	4%
Maroondah (C)	0	59,797,482	59,797,482	9,679,817	47,552	1,157		212	13,869,616	5,367,483	23%	9%
Melbourne (C)	0	213,592,041	213,592,041	0	94,499	940			26,443,800	2,870,629	12%	1%
Melton (C)	5,791,263	64,859,075	70,650,337	9,326,899	48,426	1,259	4,617	207	31,444,959	12,189,912	45%	17%
Mildura (RC)	0	45,971,048	45,971,048	7,094,458	28,059	1,313	2,413	277	25,401,920	12,784,084	55%	28%
Mitchell (S)	5,204,068	21,145,774	26,349,842	4,189,113	18,135	1,348	2,404	245	10,656,273	6,273,421	40%	24%
Moira (S)	4,688,209	18,656,841	23,345,050	5,433,736	17,339	1,176	1,473	491	10,479,630	9,491,042	45%	41%
Monash (C)	0	92,977,914	92,977,914	0	75,168	1,157	2,654		23,261,375	4,892,522	25%	5%
Moonee Valley (C)	6,324,681	70,363,505	76,688,186	10,902,172	52,767	1,408		209	13,424,938	3,020,735	18%	4%
Moorabool (C)	0	22,350,675	22,350,675	3,518,937	15,259	1,318	1,980	246	10,675,514	5,672,787	48%	25%
Moreland (C)	0	102,659,086	102,659,086	9,091,619	72,921	1,355		134	17,700,661	6,065,312	17%	6%
Mornington Peninsula (S)	17,357,040	110,366,438	127,723,478	0	97,052	1,294	1,768		21,218,370	6,634,383	17%	5%
Mount Alexander (S)	1,826,836	13,258,532	15,085,368	2,980,351	11,146	1,227	2,039	305	8,717,318	4,299,452	58%	29%
Moyne (S)	2,137,960	12,112,858	14,250,818	2,408,434	11,701	910	1,364	345	12,158,353	7,308,269	85%	51%
Murrindindi (S)	2,505,869	10,805,896	13,311,765	2,329,771	9,506	1,120	1,957	307	10,224,747	4,354,812	77%	33%
Nillumbik (S)	2,652,000	42,269,000	44,921,000	7,559,000	22,881	1,943	3,209	348	10,171,690	3,273,120	23%	7%
Northern Grampians (S)	1,031,000	11,088,000	12,119,000	2,123,000	9,244	1,144	1,600	163	12,871,750	6,370,387	106%	53%
Port Phillip (C)	0	100,156,630	100,156,630	248,078	68,342	1,285		2	9,746,485	2,491,304	10%	2%
Pyrenees (S)	0	6,556,211	6,556,211	892,000	5,841	783	1,910	176	8,948,101	4,786,871	136%	73%
Queenscliffe (B)	0	5,857,089	5,857,089	13,958	3,054	1,897		5	3,241,922	254,769	55%	4%
South Gippsland (S)	6,284,020	25,234,181	31,518,201	2,139,033	19,172	1,334	2,686	148	14,374,735	8,345,647	46%	26%
Southern Grampians (S)	1,491,027	13,577,767	15,068,794	1,186,144	10,844	952	2,250	165	9,033,433	6,833,195	60%	45%
Stonnington (C)	0	69,317,791	69,317,791	15,992,903	57,843	1,135		274	8,731,792	2,506,225	13%	4%
Strathbogie (S)	1,669,340	11,571,300	13,240,640	1,871,974	7,169	1,432	2,683	352	8,082,309	4,879,958	61%	37%
Surf Coast (S)	3,515,304	31,229,258	34,744,562	5,339,815	20,113	1,651	1,919	269	8,980,506	3,571,285	26%	10%
Swan Hill (RC)	0	20,393,980	20,393,980	2,601,574	11,798	1,174	2,821	273	16,955,620	6,175,230	83%	30%
Towong (S)	866,565	4,704,602	5,571,167	644,717	4,368	875	1,632	217	7,041,682	3,599,618	126%	65%
Wangaratta (RC)	0	20,492,611	20,492,611	2,876,350	14,809	1,170	1,620	147	14,521,237	6,461,366	71%	32%
Warrnambool (C)	3,551,539	21,979,000	25,530,539	3,645,009	16,307	1,280	3,906	223	18,888,652	3,531,610	74%	14%
Wellington (S)	0	42,061,215	42,061,215	3,355,215	36,306	861	2,170	102	16,425,327	12,276,905	39%	29%
West Wimmera (S)	361,037	5,336,816	5,697,853	321,829	4,682	396	1,766	132	7,331,534	4,959,625	129%	87%
Whitehorse (C)	0	88,479,697	88,479,697	0	68,279	1,244			17,873,539	4,185,398	20%	5%
Whittlesea (C)	0	109,194,884	109,194,884	0	73,496	1,295	773		25,493,016	12,158,916	23%	11%
Wodonga (C)	0	28,821,203	28,821,203	6,586,522	17,654	1,359	2,111	374	11,190,272	4,607,980	39%	16%
Wyndham (C)	3,564,127	116,919,154	120,483,281	16,038,485	77,293	1,298	3,407	221	32,883,278	13,740,245	27%	11%
Yarra (C)	0	83,562,012	83,562,012	54,900	47,244	1,438			11,485,849	2,072,138	14%	2%
Yarra Ranges (S)	0	97,461,003	97,461,003	16,365,401	63,192	1,426	2,429	265	24,448,225	14,451,468	25%	15%
Yarriambiack (S)	301,140	8,795,320	9,096,460	904,220	6,848	643	2,160	207	8,721,095	4,717,182	96%	52%
TOTAL / AVERAGE	156,240,397	3,935,016,395	4,091,256,793	444,638,881	2,774,562	1,475	2,516	231	1,307,639,037	535,180,560	32%	13%

A3

Appendix 4

Fire services levy calculations

The levy is calculated using the following formula:

$$\text{Levy} = \text{fixed charge} + (\text{Capital Improved Value} \times \text{levy rate}) - \text{concession (if any)}$$

A fixed charge of \$104 for residential and \$210 for non-residential properties applies for the 2015-16 year.

	CFA Variable rates (cents per \$1,000 of capital improved value)	MFB Variable rates (cents per \$1,000 of capital improved value)
Property Sector	CFA	MFB
Residential	14.4	8.6
Commercial	99.0	65.5
Industrial	148.4	102.2
Primary production	27.7	18.3
Public benefit	14.4	8.6
Vacant (excluding vacant residential land)	14.4	8.6

Extracts of proceedings

Legislative Council Standing Order 23.27(5) requires the Committee to include in its report all divisions on a question relating to the adoption of the draft report. All Members have a deliberative vote. In the event of an equality of votes, the Chair also has a casting vote.

The Committee divided on the following question during consideration of this report. Questions agreed to without division are not recorded in these extracts.

26 November 2015

Recommendation 1

That the Victorian Government re-establish the country roads and bridges program which provided \$1 million per year to each of the 40 rural councils that qualified.

Ms Bath moved, That Recommendation 1 stand part of the Report.

The Committee divided.

Ayes 4

Ms Bath

Mr Davis

Mr Dalla-Riva

Ms Dunn

Noes 3

Mr Leane

Ms Shing

Mr Somyurek

Question agreed to.

Minority reports

Index of minority reports

Author(s)	Page
Coalition Members	63
• Appendix 1	69
• Appendix 2	73
Labor Members	74

Environment and Planning Standing Committee of the Legislative Council
Inquiry into Rate Capping
Minority Report – Coalition members

1. The Coalition members of the Committee find the Government did not introduce rate capping at the Consumer Price Index (CPI) in financial year 2015/16 delaying the introduction of its election promise to cap rates at the CPI.
2. The increase in the CPI in Melbourne as published by the Australian Bureau of Statistics over the year to 30 June 2015 was 1.1 per cent.
3. Council rate rises in Victoria for 2015/16 averaged 3.8 per cent according to Municipal Association of Victoria (MAV) figures.
4. The difference between the increase in the CPI in the year to 30 June 2015 and the rate rise for 2015/16 was 2.7 per cent. By contrast, the difference between the increase in the CPI in the year to 30 June 2014 (3.2%) and the average rate rise for 2014/15 (4.2%) was just 1 per cent.
5. Section 185 B of the Local Government Act clearly gives the government the power to cap rates. This power has been used in the past. The Andrews Government chose not to use this power instead breaching its election promise to cap rates at the CPI, allowing a rise well beyond the CPI.

PART 8A—MINISTER MAY LIMIT INCOME FROM RATES AND CHARGES

185A Definition In this Part— general income means the amount declared by a Council under section 158 to be the amount which the Council intends to raise by general rates, municipal charges, service rates and service charges.

185B Minister may give directions concerning rates and charges

(1) The Minister may, by Order published in the Government Gazette, direct a Council specified in the Order that the Council's general income in respect of a financial year—
(a) is not to exceed the Council's general income in respect of a specified previous financial year; or
(b) is not to exceed a specified percentage of the Council's general income in respect of a specified previous financial year.

(2) The Minister may specify a percentage of more than, or less than, 100% under subsection (1)(b).

6. The previous Coalition Government significantly increased funding to the local government sector. Following the release of the 2014-15 State Budget, total Victorian Government grants to local government were more than 64 per cent higher than funding inherited from Labor in 2010.

7. This additional money helped reduce the impact of rate rises. Under Labor, the total state-wide rates slug in 2003-04 ballooned to 11.76 per cent when CPI was just 3.0 per cent - almost four times the rate. Across Victoria, the rate rises in 2014/15 were 4.2%, 1% above the CPI, the lowest level since before 2000. Council rate rises under the previous Labor Government were, on average 8.42 per cent per year.

8. The Coalition members of the Committee are aware of the risk under Labor risk that fees, charges and fines will be jacked up by Daniel Andrews.

9. \$38 million was cut from State Grants to local government in Daniel Andrews' first Budget. With Commonwealth Financial Assistance Grants to councils frozen, with funding from the State cut and with council's ability to raise their own resources capped, the only source of additional income for councils will be to increase fees, charges and fines.

10. Prior to the State Election Daniel Andrews said he would not increase fees, charges and levies on families. He said this repeatedly saying:

5 November 2014:

Q. You've said there won't be any new fees or fines, what about changes to new fines, fees, what about increases?

DANIEL ANDREWS: "There is an indexation arrangement that."

Q. Besides indexation?

DANIEL ANDREWS: "No, we're not interested in making it harder for Victorian families, we're about delivering common sense, fresh thinking, new ideas, practical plans that will improve the services that are so important for families right across our state."

Q. So that's a rock solid commitment that fees and fines, charges, none will go up other than indexation over four years?

DANIEL ANDREWS: "That's exactly right, and we will provide."

Source: press conference

19 November 2014:

DAVID SPEERS: So, any higher taxes, levies?

DANIEL ANDREWS: Absolutely not, we're not in the business of trying to solve problems in TAFE and schools and ambulances that don't arrive, higher taxation will not fix those problems.

DAVID SPEERS: I just want to nail this list down ...*[inaudible]*

DANIEL ANDREWS: The answer is a very simple one, no increases and the question also related to new charges, I have no intention of introducing new charges.

Source: Sky news election forum, 19/11/2014

28 November 2014

Peter Mitchell: Do you promise Victorians here tonight that you will not increase taxes or introduce any new taxes?

Daniel Andrews: "I make that promise Peter, to every single Victorian."
(Source: 7 News with Peter Mitchell)

11. Instead he has jacked up fees and charges on a wide front, but perhaps most notably given it appears on rates notices, is the increase in the Fire Services Levy (FSL) averaging 7.2%.

It is hypocritical of Daniel Andrews to increase fees and charges, especially the FSL which impact directly on families in this way. Lecturing councils about rate increases while jacking up the FSL on every rate notice is clearly a breach of his promise to Victorians prior to the 2014 State Election.

12. Daniel Andrews' cuts to the Country Roads and Bridges Program will, and is, hitting country municipalities very hard. The predictable flow of money under this program was of great benefit to councils and their communities.

The Coalition members find that Daniel Andrews should not have cut the Country Roads and Bridges Program.

The Coalition members of the Committee are pleased the Committee recommends that the Country Roads and Bridges program be restored this financial year. **Daniel Andrews should not have cut it. It is disappointing Labor members would not support this restoration.**

13. Daniel Andrews and his Local Government Minister Natalie Hutchins have cut funding to local government in their first year by \$38 million. And while a \$50 million was established to support Victoria ten interface councils, this came at the cost of an even deeper cut to the funding of Victoria's 69 non-interface councils.

This harsh cut to local government stands in stark contrast to the previous Coalition government which increased funding thereby putting downward pressure on rate rises.

15. To cap rate rises and cut funding to local government could mean increases to fees, charges and fines, increased debt or reduced services and reduced spending on asset maintenance. The community should keep close watch on Daniel Andrews and the increases in local government fees and charges he authorises or allows.

These cuts cannot but impact on the services provided by local government

17. The Minister for Planning has admitted that he is reviewing statutory planning fees with a view to jacking them up. (Public Accounts and Estimates Committee, 2014/15 budget hearings)

18. The Andrews Labor Government has said it accepts in principle the recommendation of the Essential Services Commission that fees and charges should be reviewed with a view to full cost recovery.

Recommendation 18

The Commission recommend that the Government consider initiating a periodic review to ensure that statutory fees to reflect councils' efficient cost of providing statutory services.

- 1. The government accepts in principle the recommendation to consider initiating a periodic review to ensure that statutory fees to reflect councils' efficient cost of providing statutory fees.***
- 2. The government is cognisant that some statutory fees are not sufficient to cover the costs incurred by councils when providing some services***

19. Such an increase would hit families and businesses and would be a way of increasing charges and fees by stealth. It would undermine any attempt to keep costs on families down.

You can't jack up Council fees charges levies and fines while claiming to be assisting household budgets. Increased costs will hit families and businesses and hurt them. Clearly this is a sneaky Labor plan to subvert the rate capping policy.

20. Coalition members remain concerned the bogus index for rate increases proposed by the Essential Services Commission and accepted by the Labor Government incorporates wage growth uplift and that the Government has accepted in principle the Essential Services Commission's recommendation that full cost recovery should be the main principle for further increases in fees and charges.

Recommendation 4

The Commission recommends that the annual rate cap should be calculated as:

Annual Rate Cap

$$\begin{aligned} &= (0.6 \times \text{rate of increase in CPI}) \\ &+ (0.4 \times \text{rate of increase in WPI}) \\ &- (\text{efficiency factor}) \end{aligned}$$

where: CPI = DTF's forecast published in December each year

WPI = DTF's forecast published in December each year

The efficiency factor should initially be set at zero in 2016-17 and increase by 0.05 percentage points each year from 2017-18. The Commission will undertake a detailed productivity analysis of the sector to assess the appropriate long-term rate for the efficiency factor.

- 3. The government accepts in principle the ESC's proposed approach to the calculation of the cap in the early years of the system. However, in the government's view, flexibility should always be retained by the Minister to consider different factors or weightings to be taken into account at the outset of the system and as circumstances confronting the sector evolve.**

'Blind Freddy' can see this composite index is not the same as the CPI as published by the ABS.

22. Coalition members of the committee urge families and businesses across Victoria to examine closely their rate notices this year and in future years.

Only by checking with your calculator will you be able to see the true increase in council rates and the fire services levy (a State Government charge). For most Victorian ratepayers this year their rates have increased by more than 1.1% (the ABS calculation of CPI increase for the year to 30 June 2015).

23. Appendix 1 FSL Chart Rates Chart

Appendix 2 MAV 2015/16 average rate increases by municipality



David Davis

Melina Bath

Richard Dalla-Riva

Simon Ramsay

Coalition Members of the Environment and Planning Committee

MICHAEL O'BRIEN MP

Shadow Treasurer

State Member for Malvern

Wednesday 1 July 2015

Labor's \$42 Million Fire Services tax hike hits today

From today, Victorian households and businesses face a massive hike in their fire services property levy (FSPL); another broken Labor promise on tax.

Despite a pre-election pledge to hold all tax increases to CPI, the Andrews Labor Government is gouging an additional \$42.1 million from Victorian property owners in this financial year – an increase of 7.2 per cent.

By comparison, the current CPI for Melbourne is one per cent.

Residents in the Metropolitan Fire Brigade area see the FSPL variable rate increase from 6.5 cents to 8.6 cents for each \$1000 of capital improved value. Residential rates in the Country Fire Authority area rise from 10.9 cents to 14.4 cents.

Every category of property owner faces higher FSPL rates under Labor. This means that all property owners – including residents, commercial businesses, farmers, churches and sporting clubs – will face a fire services tax slug from 1 July.

This tax increase does not fund any of Labor's election commitments for the MFB or CFA.

Instead, it will go to fund some of the pay claims made by the United Firefighters Union, such as claiming a full day of overtime even if only 20 minutes is actually worked and an annual 9.7 per cent pay rise.

Estimated increases for average residential properties across Victoria's local government areas are attached. Increases range up to 12.9 per cent in Manningham and 13.4 per cent in Queenscliffe.

Quotes attributable to Shadow Treasurer Michael O'Brien:

"Many Victorian households will now face a jump of 10 per cent or more in their fire services levy from 1 July.

"This is another Labor broken tax promise that will hurt Victorian families.

"Daniel Andrews has hit every Victorian property with another tax hike through the fire services levy just to pay for the excessive demands of his union mates.

"Under the Coalition, Victoria's fire services received record funding.

"Raising taxes to pay for inflated union demands doesn't protect Victorians, it only makes life harder."

Media contact: Michael Lewis michael.lewis@opposition.vic.gov.au **0433 495 454**

Fire Services Property Levy – fixed charges and variable rates

Fixed charges (\$ per property)

	2014-15 (Coalition)	2015-16 (Labor)	Difference
Residential	102.0	104.0	2.0
Non-residential	205.0	210.0	5.0

CFA variable rates (cents per \$1,000 of capital improved value)

	2014-15 (Coalition)	2015-16 (Labor)	Difference
Residential	10.9	14.4	3.5
Commercial	88.0	99.0	11.0
Industrial	132.0	148.4	16.4
Primary Production	24.6	27.7	3.1
Public benefit	10.9	14.4	3.5
Vacant (excluding vacant residential land)	10.9	14.4	3.5

MFB variable rates (cents per \$1,000 of capital improved value)

	2014-15 (Coalition)	2015-16 (Labor)	Difference
Residential	6.5	8.6	2.1
Commercial	55.0	65.5	10.5
Industrial	85.9	102.2	16.3
Primary Production	15.4	18.3	2.9
Public benefit	6.5	8.6	2.1
Vacant (excluding vacant residential land)	6.5	8.6	2.1

Fire Services Property Levy – revenue forecasts

Fire Services Property Levy (\$m)

	2014-15 (Coalition)	2015-16 (Labor)	Difference
2015 budget	585.8	627.9	42.1

Fire Services Property Levy – average impact on residential properties by Local Government Area

MFB/CFA Area	Local Government Area	Average Capital Improved Value (\$)	2014-15 FSPL (\$)	2015-16 FSPL (\$)	Change	% change
CFA	Alpine	270 731	132	143	11	8.0
CFA	Ararat	177 407	121	130	8	6.3
CFA	Ballarat	297 358	134	147	12	8.5
MFB*	Banyule	585 538	140	154	14	9.3
CFA	Bass Coast	345 172	140	154	14	9.2
CFA	Baw Baw	312 055	136	149	13	8.7
MFB	Bayside	1 064 040	171	196	24	12.5
CFA	Benalla	231 056	127	137	10	7.3
MFB	Boroondara	1 110 975	174	200	25	12.7
MFB*	Brimbank	381 198	127	137	10	7.3
CFA	Buloke	103 985	113	119	6	4.7
CFA	Campaspe	251 050	129	140	11	7.7
CFA	Cardinia	393 598	145	161	16	9.8
CFA	Casey	475 638	154	172	19	10.8
CFA	Central Goldfields	158 318	119	127	8	5.9
CFA	Colac Otway	280 294	133	144	12	8.2
CFA	Corangamite	218 413	126	135	10	7.1
MFB	Darebin	563 747	139	152	14	9.1
CFA	East Gippsland	264 899	131	142	11	7.9
CFA	Frankston	380 034	143	159	15	9.6
CFA	Gannawarra	169 399	120	128	8	6.2
MFB	Glen Eira	699 993	147	164	17	10.2
CFA	Glenelg	201 661	124	133	9	6.8
CFA	Golden Plains	306 876	135	148	13	8.6
CFA	Greater Bendigo	299 478	135	147	12	8.5
CFA	Greater Dandenong	396 497	145	161	16	9.9
CFA	Greater Geelong	376 412	143	158	15	9.6
CFA	Greater Shepparton	260 454	130	142	11	7.9
CFA	Hepburn	293 566	134	146	12	8.4
CFA	Hindmarsh	95 404	112	118	5	4.5
MFB	Hobsons Bay	544 718	137	151	13	8.9
CFA	Horsham	220 669	126	136	10	7.2
CFA*	Hume	344 954	140	154	14	9.2
CFA*	Indigo	266 104	131	142	11	7.9
MFB*	Kingston	551 240	138	151	14	9.0
CFA	Knox	477 528	154	173	19	10.8
CFA	Latrobe	230 352	127	137	10	7.3
CFA	Loddon	103 719	113	119	6	4.7
CFA	Macedon Ranges	488 419	155	174	19	11.0
CFA*	Manningham	693 774	178	204	26	12.9
CFA	Mansfield	310 745	136	149	13	8.7
MFB	Maribyrnong	490 974	134	146	12	8.4
MFB*	Maroondah	441 581	131	142	11	7.9
MFB	Melbourne	604 819	141	156	15	9.4
CFA*	Melton	375 760	143	158	15	9.6
CFA	Mildura	194 023	123	132	9	6.7
CFA	Mitchell	317 811	137	150	13	8.8

<i>MFB/CFA Area</i>	<i>Local Government Area</i>	<i>Average Capital Improved Value (\$)</i>	<i>2014-15 FSPL (\$)</i>	<i>2015-16 FSPL (\$)</i>	<i>Change</i>	<i>% change</i>
CFA	Moira	240 971	128	139	10	7.5
MFB	Monash	642 667	144	159	15	9.7
MFB	Moonee Valley	644 293	144	159	16	9.7
CFA	Moorabool	327 288	138	151	13	8.9
MFB	Moreland	506 044	135	148	13	8.6
CFA	Mornington Peninsula	551 656	162	183	21	11.6
CFA	Mount Alexander	306 000	135	148	13	8.6
CFA	Moyne	345 322	140	154	14	9.2
CFA	Murrindindi	297 555	134	147	12	8.5
CFA*	Nilumbik	599 528	167	190	23	12.1
CFA	Northern Grampians	152 246	119	126	7	5.8
MFB	Port Phillip	677 451	146	162	16	10.0
CFA	Pyrenees	151 935	119	126	7	5.8
CFA	Queenscliff	763 307	185	214	29	13.4
CFA	South Gippsland	266 011	131	142	11	7.9
CFA	Southern Grampians	200 484	124	133	9	6.8
MFB	Stonnington	1 014 243	168	191	23	12.2
CFA	Strathbogie	243 721	129	139	11	7.6
CFA	Surf Coast	607 146	168	191	23	12.1
CFA	Swan Hill	184 357	122	131	8	6.5
CFA	Towong	181 491	122	130	8	6.4
CFA	Wangaratta	244 034	129	139	11	7.6
CFA	Warrnambool	324 429	137	151	13	8.9
CFA	Wellington	177 010	121	129	8	6.3
CFA	West Wimmera	83 369	111	116	5	4.2
MFB	Whitehorse	609 897	142	156	15	9.5
CFA*	Whittlesea	397 985	145	161	16	9.9
CFA	Wodonga	258 898	130	141	11	7.8
CFA*	Wyndham	362 633	142	156	15	9.4
MFB	Yarra	676 204	146	162	16	10.0
CFA*	Yarra Ranges	436 002	150	167	17	10.3
CFA	Yarriambiack	83 799	111	116	5	4.3
*Indicates areas which overlap the MFB-CFA boundary						

	Average rates, municipal charges and waste management charges per assessment 2014-15	Average rates, municipal charges and waste management charges per assessment 2015-16	Change in rates, municipal charge and waste management charge per assessment (2014-15 to 2015-16)	Change in rates, municipal charge and waste management charge per assessment (2014-15 to 2015-16)	Comparison to CPI
	(\$)	(\$)	(\$)	(%)	
MURRINDINDI(S)	1,770	1,915	145	8.19	Above CPI
WANGARATTA(RC)	1,731	1,852	121	6.99	Above CPI
WHITEHORSE(C)	1,388	1,483	95	6.84	Above CPI
MITCHELL(S)	1,833	1,958	125	6.82	Above CPI
SOUTH GIPPSLAND(S)	1,855	1,978	123	6.63	Above CPI
MONASH(C)	1,332	1,418	86	6.46	Above CPI
BALLARAT(C)	1,899	2,016	117	6.16	Above CPI
HINDMARSH(S)	1,438	1,526	88	6.12	Above CPI
MOYNE(S)	1,484	1,569	85	5.73	Above CPI
BULOKE(S)	1,848	1,953	105	5.68	Above CPI
WEST WIMMERA(S)	1,357	1,432	75	5.53	Above CPI
CENTRAL GOLDFIELDS(S)	1,491	1,573	82	5.50	Above CPI
NILLUMBIK(S) 3	2,474	2,610	136	5.50	Above CPI
SURF COAST(S)	2,136	2,253	117	5.48	Above CPI
QUEENSLIFFE(B)	2,030	2,139	109	5.37	Above CPI
WYNDHAM(C)	1,884	1,984	100	5.31	Above CPI
INDIGO(S)	1,667	1,755	88	5.28	Above CPI
BRIMBANK(C)	1,737	1,828	91	5.24	Above CPI
GOLDEN PLAINS(S)	1,737	1,828	91	5.24	Above CPI
EAST GIPPSLAND(S)	1,575	1,657	82	5.21	Above CPI
LODDON(S)	1,197	1,259	62	5.18	Above CPI
PYRENEES(S)	1,357	1,427	70	5.16	Above CPI
TOWONG(S)	1,606	1,687	81	5.04	Above CPI
BASS COAST(S)	1,612	1,693	81	5.02	Above CPI
MORELAND(C)	1,643	1,725	82	4.99	Above CPI
NORTHERN GRAMPPIANS(S)	1,629	1,709	80	4.91	Above CPI
GLEN EIRA(C)	1,471	1,543	72	4.89	Above CPI
CAMPASPE(S)	1,790	1,877	87	4.86	Above CPI
KNOX(C)	1,589	1,666	77	4.85	Above CPI
PORT PHILLIP(C)	1,560	1,635	75	4.81	Above CPI
DAREBIN (C)	1,626	1,704	78	4.80	Above CPI
HORSHAM(RC)	1,866	1,954	88	4.72	Above CPI
CORANGAMITE(S)	1,946	2,037	91	4.68	Above CPI
ARARAT(RC)	2,062	2,156	94	4.56	Above CPI
YARRIAMBIA(S)	1,582	1,654	72	4.55	Above CPI
GREATER GEFELONG(C)	1,612	1,685	73	4.53	Above CPI
GREATER DANDENONG(C)	1,807	1,888	81	4.48	Above CPI
COLAC-OTWAY(S)	1,797	1,877	80	4.45	Above CPI
GREATER BENDIGO(C)	1,695	1,769	74	4.37	Above CPI
HEPBURN(S)	1,583	1,652	69	4.36	Above CPI
WELLINGTON(S)	1,480	1,544	64	4.32	Above CPI
WARRNAMBOOL(C)	1,903	1,984	81	4.26	Above CPI
MOUNT ALEXANDER(S)	1,790	1,865	75	4.19	Above CPI
BENALLA(C)	1,879	1,957	78	4.15	Above CPI
KINGSTON (C)	1,676	1,745	69	4.12	Above CPI
STONNINGTON(C)	1,593	1,658	65	4.08	Above CPI
SOUTHERN GRAMPPIANS(S)	1,599	1,664	65	4.07	Above CPI
MORNINGTON PENINSULA (S)	1,403	1,460	57	4.06	Above CPI
MACEDON RANGES(S)	1,862	1,936	74	3.97	Above CPI
GREATER SHEPPARTON(C)	2,153	2,238	85	3.95	Above CPI
BOROONDARA(C)	2,093	2,175	82	3.92	Above CPI
STRATHBOGIE(S)	2,274	2,362	88	3.87	Above CPI
ALPINE(S)	1,809	1,879	70	3.87	Above CPI
GANNAWARRA(S)	1,648	1,711	63	3.82	Above CPI
BANYULE(C)	1,645	1,706	61	3.71	Above CPI
HOBSONS BAY(C) 2	2,302	2,386	84	3.65	Above CPI
MANNINGHAM(C)	1,871	1,939	68	3.63	Above CPI
MOORABOOL(S)	1,824	1,890	66	3.62	Above CPI
WODONGA(C)	2,181	2,258	77	3.53	Above CPI
MILDURA(RC)	2,128	2,201	73	3.43	Above CPI
BAYSIDE(C)	1,844	1,906	62	3.36	Above CPI
MELTON(S)	1,773	1,832	59	3.33	Above CPI
MOIRA(S)	1,663	1,718	55	3.31	Above CPI
MARIBYRNONG(C) 2	2,188	2,257	69	3.15	Above CPI
LATROBE(C) 1	1,613	1,663	50	3.10	Above CPI
CASEY(C)	1,716	1,768	52	3.03	Above CPI
CARDINIA(S)	1,886	1,940	54	2.86	Above CPI
SWAN HILL(RC)	2,023	2,078	55	2.72	Above CPI
YARRA (C)	1,872	1,917	45	2.40	Above CPI
YARRA RANGES(S)	1,872	1,917	45	2.40	Above CPI
HUME(C)	1,791	1,831	40	2.23	Above CPI
MAROONDAH	1,555	1,586	31	1.99	Above CPI
FRANKSTON(C)	1,682	1,700	18	1.07	Below CPI
WHITTFIELD(C)	1,608	1,619	11	0.68	Below CPI
MOONEE VALLEY (C)	1,833	1,845	12	0.65	Below CPI
MANSFIELD(S)	1,600	1,610	10	0.63	Below CPI
GLENELG(S)	1,811	1,819	8	0.44	Below CPI
BAW BAW(S)	1,953	1,954	1	0.05	Below CPI
MELBOURNE(C) 2	2,414	2,393	-21	-0.87	Below CPI
TOTAL	1,752	1,819	67	3.82	Above CPI

(Source: MAV 2015-16 Victorian LocalGovernment Rates Survey)

MINORITY on the First Report into Rate Capping Policy

BY

Harriet Shing MLC (Deputy Chair)

Shaun Leane MLC

Adem Somyurek MLC

This minority report relates to Recommendation 1 of the First Report into Rate Capping Policy (First Report) which states:

That the Victorian Government re-establish the country roads and bridges program which provided \$1 million per year to each of the 40 rural councils that qualified.

Recommendation 1 was not supported by the authors of this minority report for a number of reasons.

As alluded to at page 10 of the First Report, the Andrews Government has committed to a much larger and more comprehensive program of funding for the construction, maintenance, resurfacing and repair of regional roads than that which was delivered via the previous Country Roads and Bridges Program.

These commitments from the Andrews Government include \$135.6 million over the next twelve months to repair unsafe and deteriorating roads around Victoria, with \$80 million to replace road surfaces across the state. The Andrews Government has also allocated \$ 42.8 million to upgrade and strengthen 52 bridges along key freight routes, which will improve efficiency and delivery of agricultural and other goods to market from regional locations.

In addition to this funding, \$200 million has been allocated from the lease of the Port of Melbourne for the Agriculture Infrastructure and Jobs Fund (AIJF). AIJF funding (which includes up to \$25 million to upgrade 'first and last kilometre' routes across regional Victoria) will be available for practical projects and programs that benefit Victoria's agriculture sector including in transport, irrigation and energy projects, as well as skills development programs and market access initiatives. This funding is in addition to those existing investments in regional infrastructure and development such as the \$200 million Future Industries Fund, the Regional Jobs and Infrastructure Fund and funding specific to local government catchments such as the \$5.2 million Roadside Pests and Weeds Program and record funding for libraries programs and infrastructure.

The authors of this minority report therefore do not accept that Recommendation 1, if adopted by Government, will in and of itself address the general concerns expressed by Councils and peak body representatives in evidence before the Committee about the

difficulties in accommodating a rate cap in the terms proposed whilst maintaining service delivery and infrastructure.

As indicated in the evidence presented to the Committee, rate capping will require that Councils demonstrate value for money, transparency and a sound case for increases above CPI, and the review functions undertaken by the Essential Services Commission for any rates proposed to be set above CPI will enable a clear line of sight between the setting and spending of rates and funding across local government.

Signed:



Harriet Shing MLC
Deputy Chair
Member for Eastern Victoria Region



Shaun Leane MLC
Member for Eastern Metropolitan Region



Adem Somyurek MLC
Member for South-Eastern Metropolitan Region

