

Rate Capping in Victoria

Andrew Chow
Consultant

CT MANAGEMENT GROUP
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What to expect in this presentation

1. What have been the key challenges?
2. What have been the major impacts?
3. Where are we now?
4. Desirable future directions
5. Questions

Key Themes

- **Local government is complex**
- **Complicated further by lack of good information to answer some very basic questions**
- **Rate capping is a crude mechanism**
- **Its effectiveness is influenced by how it is implemented and received by the sector**
- **Rate capping not to be over-emphasised and miss the main game**

Key Challenges

- Cutback of services
- Run-down on infrastructure
- Application process would be costly and complex
- Interferes with council decision-making

Summary of key decisions

	2016-17	2017-18	2018-19
Minister's annual cap	2.0 per cent	2.5 per cent	2.25 per cent
Number of applications	10 (including one withdrawn)	5	1
Number of approvals	5 (including one partial)	4	1 (partial)

Key Impacts

- A number of rural councils were successful in their applications for higher caps, some for up to four years
- Application process does not appear to be overly costly or cumbersome
- Minimal publicity of services reduction
- Need to continue monitoring the longer term impacts particularly on infrastructure
- Some emerging signs that rate capping triggers off a constructive discipline for greater transparency and accountability

Main Game?

- Rate capping cannot solve some of the fundamental issues impacting on councils
- Sector should take ownership to address the need for good information, agreed performance and outcomes measures, including on what it means to:
 - Provide responsive and efficient services
 - Have effective asset management in place for long term sustainability
 - Have effective council plans, processes and practices to make good and accountable choices
 - Undertake meaningful community engagement

Desirable Future Directions

- An important need to address waste charges as part of the framework
- Integrated push for agreed performance and outcomes measures of part of the reporting requirements
- Greater flexibility in the timing for councils to apply for a higher cap
- Further simplify the rate capping framework in the scheduled legislative review

Questions