

# Rate Capping Torquay Hearings

Keith Baillie  
Chief Executive Officer  
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# Shire Characteristics - Rate Capping

- High Growth Shire
  - Fastest growing regional Shire: average 3.5% over last 5 years
  - \$1m p.a. supplementary rates
- Rate Revenue dependency
  - Rates 70% of total revenue
  - Limited alternate options given other agencies
- Asset Renewal Backlog
  - \$1.3m unfunded (2015/16)
- Relatively new assets
  - Current position will degrade
  - Must retain renewal funding ability

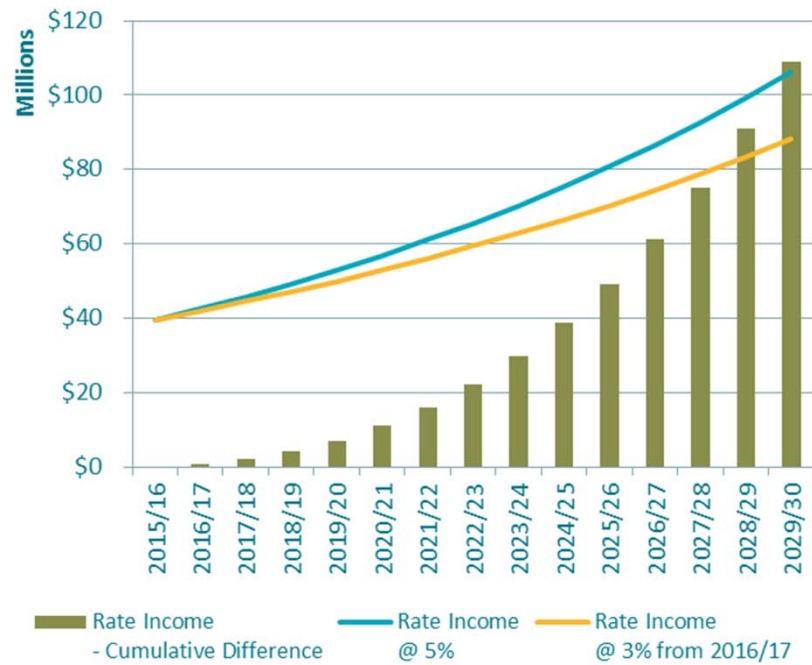
Year	Surf Coast
2010/11	6.90%
2011/12	6.30%
2012/13	4.90%
2013/14	5.90%
2014/15	4.75%
<b>2015/16</b>	<b>5.50%</b>
<b>Average increase</b>	<b>5.71%</b>

*Rate increases responsible  
- planned 5% moving forward*

*2015/16 budget, 78 submissions  
- many seeking more funds  
- zero seeking lower rates*

# Rate Capping Impact

## Victorian Government: Rate Capping



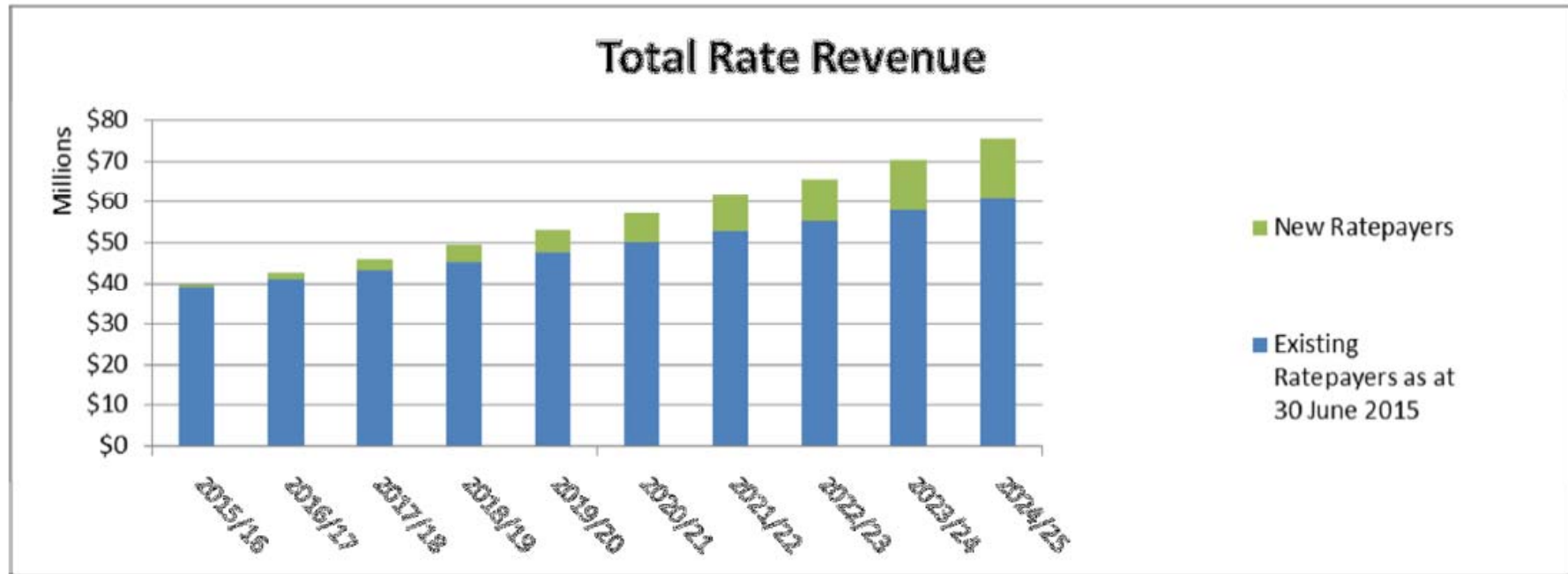
*Indicatively >\$100m reduction over 15 Years*

## Commonwealth Government: FAGs Freeze



*Calculated >\$5m reduction over 15 Years*

# At Risk - New Infrastructure



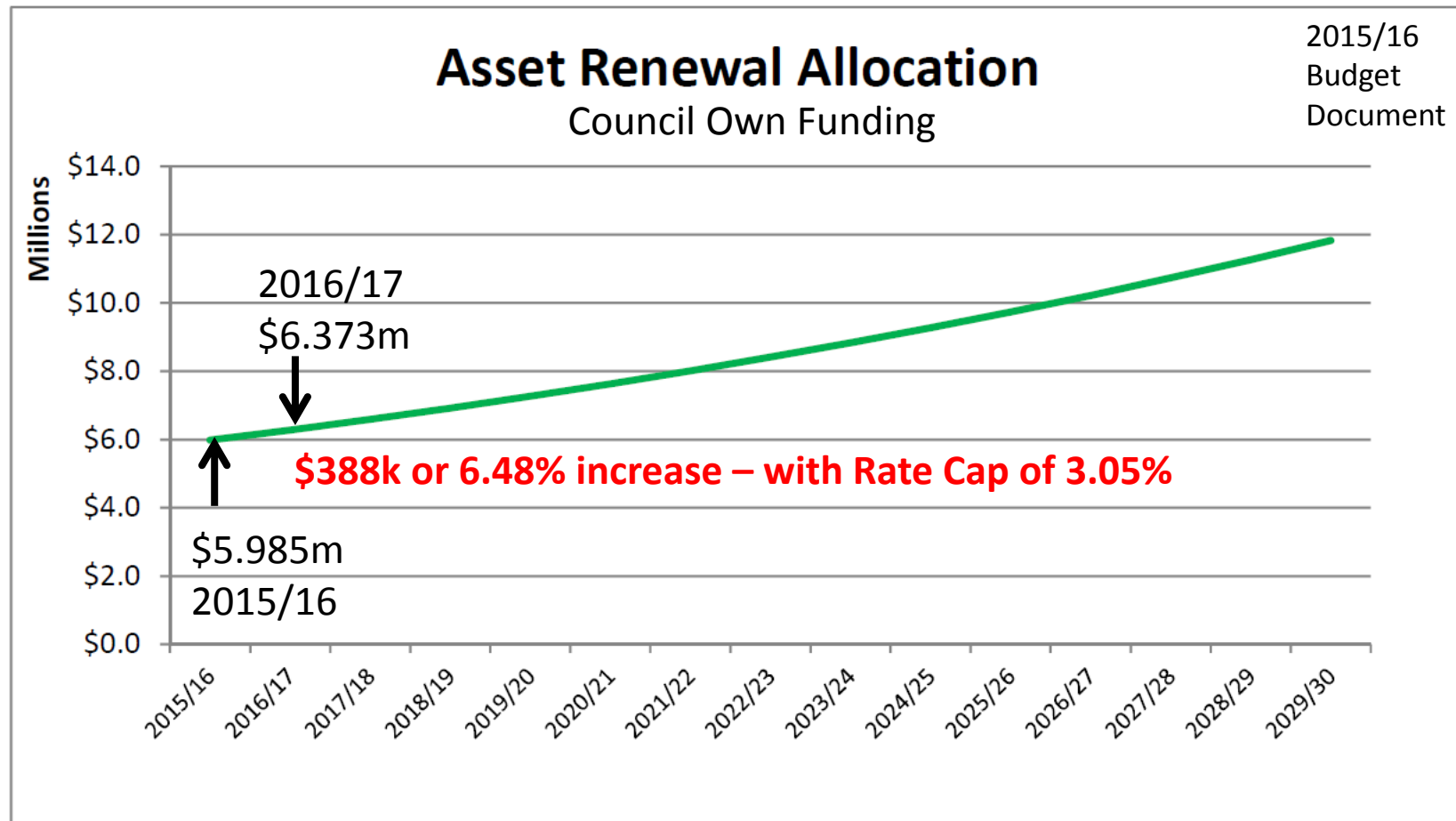
## New Ratepayers

Contribute via Supplementary Rates; essential this is correctly annualised.  
Often investment required in advance.

## Existing Ratepayers


Setting rate cap below reasonable index will progressively erode rates contribution to new infrastructure.

# At Risk - Asset Renewal




*Decades of work between Victorian Government and Councils*

# At Risk - Services



Council services  
where not  
fully funded

May be unable to continue with services, fee levels, waiting lists – particularly if not full funded.



Council funding  
for non-core  
responsibilities

May be unable to continue with funding support and facilities for community organisations and agencies.

# ESC Draft Report - Top Issues

Issue	Response
Annualisation	Vital retained; Surf Coast would drop \$70m over 15 years if incorrect
Single Cap	Single cap does not reflect range of Council circumstances
Asset Renewal	Strong progress is at risk as services & new projects take priority
CPI	Not reflective of local government cost base
WPI	Agree the need for wages indicator; must be relevant to sector
Efficiency Factor	Already challenged to meet cap; removes any remaining discretion
Use of Debt	ESC recommends Debt; risks if used for operating deficits or renewal
Multi-year Plans	Councils hesitant to seek variations after annual ESC announcement
Monitoring Fees	Having ESC monitor Council service fees is outside rate capping scope
Statutory Fees	Endorse ESC's recommendation for State Government to address
Timeframe	May 2016 notification of variation outcome is not feasible
Administration	State must cover the cost of the rate capping program