

SUBMISSION to STATE RATING REVIEW

from EAST GIPPSLAND COMMUNITY ACTION GROUP INC.

The current system of Local Government rating in Victoria is inequitable and without sufficient control and oversight.

The experience from East Gippsland illustrates this - since amalgamation in 1995 has seen an explosion of costs, administration and inefficiency. Cost shifting encouraged by other levels of government and self interested bureaucrats has seen local government expanding into areas previously the responsibility of State or Federal Government. All sorts of 'services' are now being funded by rates with little relationship to direct services to those paying. And so despite East Gippsland being one of the lowest socio-economic in the State, rates here are amongst the highest.

Property owners, although struggling are regarded as the source of wealth tax and so their rates are taken to fund all manner of community costs which in the past were the responsibility of other levels of government.

Council rates here have risen 48.6% since 2005, double the rate of inflation (19%), prices (20%) and wages (24%).

Council expenditure is extravagant – particularly in so called governance costs and tender levels. Councillors as part time and usually financially unskilled persons are out of their depth to challenge the closed system.

State set compulsory rate capping has helped but needs to be more stringent. The cap should be to the CPI and capped also to levies and charges which Council now inflates to to water down the effect of the rate capping.

There needs to be more oversight and State level independent checking of Council Annual Budgets whose anomalies are difficult to comprehend with public input kept to a minimum and discouraged.

Farm rating is a major issue and an issue of major concern.

In East Gippsland the farm sector of approximately 5% pays more than 9% of rates.

Compared to a retail business in town which pays around 0.02% of turnover, a farm can be paying as much as 7%.

Rates are based on potential resale value (current valuation) and are not related to a farm income. Neither are the level of rates related to services received. In fact most farms are distant from the community services utilized by town folk.

Food production should be valued in rating systems as Australia is in serious danger of losing its own means of food production. More and more farms are being sold to overseas interests and that important component of community strength, the family farm is being crushed out of existence.

Farm rates should be set on a basis comparable to other overseas countries where rates are set on house and curtilage, not on the means of income (eg a dentist is not rated on his means of income, his qualifications or equipment used, and yet the hard working farmer is squeezed for every improvement to his property.)

Further inequity to the farming sector arises as since amalgamation with town councils, farmers are a community minority as a voice in Council.

Local Government is out of control. It needs to be responsibly reined in and checked from higher levels. Currently rates represent an open cheque for the wish lists of bureaucrats – they draw up their expenditure projections and out of their depth councillors set the budgets to this.

Across the State there is growing dissatisfaction with Local Government, its inefficiency, cost and lack of transparency. Rating is at the heart of the problem.

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