Rating Review into the Systems used to calculate and collect Shire Rates in Victoria, October 2019.

Dear Rating Review Panel,
Please find below my Submission to the Rating Review. It is largely divided into two parts. The first part focuses on the current Rating System. The Second part focuses on the use of the Corporate Business Model, and it's problematic application for the collection of a Tax/ Shire Rates. After reviewing the two, I have come to the belief that the inappropriate operation of both, has left Ratepayers disenchanted with the idea of willing financial support for CEO's and Councillors. What was once Ratepayers bottom up line of support for the operation of Shires/Local Government, has become top down extraction of cash, from Ratepayers who are largely ignored by the Shire, and the Councillors, all due to the absolute, and much too high, levels of Rates which are currently being demanded by Shires, on Rates Notices. I have added Index of Section Headings, by Page number.
Thank You. [redacted]

THE CURRENT RATING SYSTEM.
The Process of Valuation.
The current Rating "System" relies on three main elements to achieve estimation/calculation of the Rates any individual Ratepayer will pay.
The first is a visual Valuation of a Property by a Valuer, which considers, and sets, the Value of a Property given its outside appearance, and the part of the town/city is situated in. Given that a person, a human, only looks on from the front of the Property, he thereby has no real knowledge of that Property other than his visual observation (which is validated and used in the Valuation, regardless of how brain fagged, tired or distracted he is at the time) , and whatever Shire Planning Information he has access to. The Valuer makes an uninformed assumption that the front of the Property represents the overall quality, and therefore the Value of the whole Property, even though there is a large portion he cant see. So a Valuation lacks legal validity for the purpose of imposing a Tax like Rates, as it is only a cursory, incompletely informed, ESTIMATE of the Value of the home a facade, beyond which the Valuer cannot see. You cannot judge a book by it's cover.

The Use of the Sales Price Index when setting Valuations.
Secondly, the Valuation is compared to the Sale Prices of other homes in the same street/area sold in the last twelve months. The use of such Real Estate Sales information in this context is clearly problematic. To add dollars to any Valuation, for any particular Property because of the Sale Price of another house in the street is ludicrous. Houses vary in their internal finishes, their appliances, and the care or maintenance that might be done, or not. The Sale Price of a house also depends on how much of a hurry the owner was in to sell, and/or how much of a hurry the buyer was in to buy. Concurrently, the Sale Price of a home/Property also depends somewhat on the calibre and integrity of the Real Estate Agent involved, who is also searching for the best deal/price which will give him the best return for his efforts. The Sale Price is also affected by personal events occurring on a Property, including death of a homeowner in the Property, or various other negative and publicised events with human involvement eg murders, unexplained illnesses and deaths etc. Thereby, the Sale Price of any Property has very little to do with what the Shire is saying is its actual Value for Valuation/Rating purposes.
How does a Valuer deal with homes which have internal damage of some kinds that he cant see? If a house is worth "less" because it has some unperformed maintenance he can't see, how does he factor this into his Valuation. The fact that he cannot factor these things into his Valuation illustrates the Valuer's reliance on various Assumptions about the visible, external and frontal appearance of a home, to give it a Value which is not credible. Some Ratepayer will be taxed, every year, using the Valuers uninformed thoughts about his Rateable Property, unless he objects.
Given the potential variability in the "validity" of the Appearance = Value Assumption, the Valuer has relied on here, it is entirely inappropriate that the State sanctions any Shire to impose Rates

Charges, with legal protections for the pursuit of same, when the Assumptions used to justify the practice of external valuations are so loose, and subject to such distortions, by both the Valuer, and by the Shires, who will always err on the upper side of a doubtful Valuation, because it brings them more cash.

Categories, the CIV and Differential Rating.

The third element of the Valuation System relates to the loose and indiscriminate use of Categories to set the Capital Improved Value decimal on the Rates Notice for the Property, (CIV) which is apparently done at the CEO's discretion. The reason for the choice of the CIV used for any particular Property, is not disclosed to the Ratepayer. The choice of the Category, and the CIV for any particular Ratepayer, can place that Ratepayer at serious financial disadvantage when the Rates Notice is calculated. This latitude in the Rating System, and the unfettered discretion given to the CEO to exercise it, has resulted in some Ratepayers paying more/higher annual increases in Rates, than the Rates Cap would suggest. This apparent latitude is also a manipulable tool by which Ratepayers are frightened into not complaining about their Rates, because the CEO appears to have discretionary input into how much the Rates Notice for any particular Ratepayer will be, and Ratepayers don't want that kind of "trouble".

While the CEO might argue that varying the Category/CIV for different Categories of Property is fair, in truth, the Assumptions on which he bases his choice of Category issue from the Shire's use of distorted definitions of Property Tax, which border in fact on Income Tax Principles.

While currently, when setting Rates for farmers, the use of Categories with a Differential Rate might produce a reduced Rates total for farmers, ANY reduction in Rates based on these Differential Categories has and does, rely on baseline Assumptions about the Income of that particular Ratepayer, and not on the Property itself. Thats NOT Property Tax, it's Income Tax.

The same applies to Commercial and Industrial business which operate overtly on Rateable Property. The Assumption on which the Valuation rests is that the business is operating at a profit. Without the business the Shire Valuer would assume that the Property would be worth much less. So the increased Valuation because it is a Commercial or Industrial Property is in fact, based on Assumptions about Income.

The Shires, via their State Mandated authority to collect Property Tax, have no legal right to collect Revenue based on Assumptions about Income.

A further problem with Valuations of Commercial or Industrial Property, is that while these "business operating" Ratepayers may well be penalised via higher Rates, by openly conducting a business, the electronic businesses being conducted in private homes, across the State, which pay no extra Rates because they cannot be detected by the Valuer, are obtaining advantage at the expense of ordinary Ratepayers. How will Categories and Differential Rating ever be able to address that situation?

Representative Agent Models, and their use in Rating Methodologies.

The current Valuation and Rating System for Calculating Rates due on any Property relies on, as mentioned above, three elements, i.e. an external visual Valuation, reference to the sale price of similar properties in the last twelve months, and for the CIV, a set of inferential statistics based on Representative Agent Models, in which each agent (Ratepayer) is assumed to earn the same income, and to be endowed with the same amount of wealth (Piketty 2014). These Representative Agent Models cannot and do not represent the financial position of the agents (Ratepayers) they claim to describe. More specifically, these inferential statistics are made up of, and reproduce, only averages and estimates, and so cannot claim to be adequate assessments of the wealth,or Capacity to Pay, of any individual Ratepayer, Rated under whatever CIV Category.

The Henry Tax Review and Capacity to Pay premise – what it demands of Shires.

The Henry Tax Review of 2011 defined Shire Rates as a Tax. Accompanying any Tax levied in Australia is the premise that any particular body imposing a Tax, must firstly ensure that the person being Taxed, has the CAPACITY TO PAY.

This means to be able to pay, from this year's current income, and presumably should vary with the Capacity to Pay, of any Ratepayer.
Since the Local Govt Act of 1989, which states that the Shires should maintain a relatively stable level in the amount of Rates charged, and Revenue collected, (presumably to protect the Ratepayers from the excessive greed of Shires) many Shires in Victoria have increased Rates, annually, at levels of up to 6% (Somyurek 2018). How was that allowed to happen, when the Legislation insisted on "moderate" and stable levels of Rates, and Rates Revenue? The fact that it did happen leaves many Shires with much explaining to do. Those ongoing, annual 6% increases, from 1989 until Rate Capping in 2016, have accumulated over time, and now create much larger annual Rate Notice totals which must be paid. Those repeated incremental increases are one of the larger reasons that the Rates charged today, are well beyond the capacity of any Ratepayer to pay outright, out of ongoing wages earned, and why most Rates are either paid off in Instalments, or paid from Credit Cards, or paid late, (or not paid at all and result in evictions).
What other business, or Government system puts the bulk of it's Consumers/Ratepayers under such annual financial pressure to pay Rates/Taxes they can't really afford, by Instalments. Instalment Payment propositions ignore the fact that the Tax/Rates being charged are far too high for most Ratepayers to pay on receipt of the Rates Notice. We shouldn't have to save up for, or pay off Rates, or go without basic life necessities, to pay State imposed Rates/Taxes. Instalment payment might be okay for business where cash turnover/flow is high and predictable. However the charging of such high levels of Rates on ordinary working Ratepayers, in the current climate of stagnant wages and casualized hours, is entirely unjustified. Rates now reliably rise 2.5% annually, more for some Ratepayers, but wages aren't rising concurrently. So the percentage of Income that the Rates take, has increased by compound amounts over 6%, over the last twenty years or so, to create the current domestic squeeze, where some Ratepayers are being forced to sell, or being evicted for inability to keep up with the Rate increases. How can any State Government go on allowing Shires to charge such high levels of Rates, without conscience?

Effect of multiple 6%+ Rates increases between 1989 and 2016

Due to those multiple annual Rate increases of more than 6%, the old fiducial relationship, between Rates charged , and Wages, which kept Rates affordable for a wage earner, has been completely removed. Where once Ratepayers could afford to pay Rates out of a single wage, now all Ratepayers, including double income households, have to cut back on basic necessities to do it. Those 6% multiple increases, before Rate Capping, were covertly and tacitly approved by State Governments because it was Assumed that most households had a Double Income stream, where both parents of a family were working.

Assumptions about Double Income Households and affordability of high levels of Rates.

The above Assumption about the Income of any family/couple living in a Rateable Property have been used as justification for increasing Rates. This Assumption about Income of a couple has resulted in the CEO and the Shire, via increased Rates, accessing any "savings" in household costs, that a couple might make from living together. Take note, that this again is the use of Assumptions about Income, and not about Property Values, which the Shires have used to set, collect and justify high levels of Rates, and which the State has sanctioned, without the authority to do so.
So while Shire Rates have risen to the point where they are a strain on a Double Income household, how and why do Shires expect Ratepayers on Single Income to afford to pay the exorbitant levels of Rates they currently impose? Do Shires and their CEO's really believe that someone without a job, on Newstart, can really afford to pay the current levels of Rates. The truth is that the Shires don't want to know. While Pensioners are given small /miniscule Rate Concession, unemployed people are not. Why not? People without a job also need somewhere to live too. Regardless, the Concessions on Rates given to Pensioners and recognized/recognizable low income earners, in our Shire are so small as to be almost meaningless, given the current high absolute levels of Rates charged.

THE VALUATION=WEALTH=CAPACITY TO PAY EQUATION/FORMULA.

Using the Valuation of any Property as the basis for Assumptions about the "wealth" of any Ratepayer, the Shire assumes that if the Ratepayer has that amount of "wealth", then they also have an equivalent "Capacity to Pay". This is entirely false logic. It is the second reason that the current Rating System is irrelevant to the earnings of most Ratepayers. When the Valuer does his annual rounds, he does not know, and using the methods he does, is completely uninformed about the Ratepayers REAL wealth, and any Capacity to Pay the Ratepayer has. The Valuer does not know if there is a mortgage on the Property. REAL wealth is the Value of Assets, minus the Value of Liabilities. House Valuations by a Valuer (for Rating purposes), who has no way of knowing how much of the Property the Ratepayer owns, and how much the Bank/Lender owns, are based on incomplete information, and must be assumed to be false until found to be otherwise.

For example, my Rates Notice 2017-8 was approx. $2200. My house was Valued at around $300K. I have around 10% equity in my home, meaning my REAL wealth is $30K. Using the formula/equation Valuation= Wealth =Capacity to Pay, in real terms, means that my REAL "wealth" is 90% less than the Shire's Valuation. My Capacity to Pay is thereby relevant to my REAL Wealth ($30K), so my Rates in REAL terms, should only be about 10% of what I was charged that year?? $220 ????

However, the Shires use the entire figure of $300K, without reference to my REAL wealth, to both set my Rates using CIV and Sales Index information, (and do this across the Shire, to thousands of Ratepayers with currently minimal equity in their homes, which were bought on 5% deposit in the last few years). They also use it to set Annual Rate Revenue Collection Targets which result in the current "disconnect" between the Valuer's Overall Total of Property Values for the Shire, and the REAL wealth/equity, and actual Capacity to Pay, of all Ratepayers in the Shire. This overestimate of the "wealth" of Ratepayers, and their related Capacity to Pay, probably amounts to at least 80% of that Total Overall Value of all Rateable Property in the Shire? So a Shire might look at the Overall Value of all Rateable Properties in a Shire, and set an Annual Rate Revenue Collection Target of $XXX, which completely ignores the fact that Ratepayers REAL wealth, and related Capacity to Pay, is up to 90% less than the CEO thinks it is. So our Rates are 90% higher than they should be???

Equity is not available cash. Shires should not be allowed to use House Price Sales Indexes to justify Revenue collection and Rate increases. The price/Valuation amount of a Rated house/residential Property is never available cash, that a non selling Ratepayer can access unless he borrows. It is not generally a realized/realizable Asset when Rates become due, or are paid, unless he borrows against his equity. Shires are already cashing in on that equity annually, via annual valuations and Rate Cap increases. Rates are a charge imposed before, and or if, the Ratepayer MIGHT sell, this is an unsupportable invalid use of Assumptions about Capacity to Pay, again.

Capacity to Pay, the final element in the Valuation=Wealth=Capacity to Pay Equation is related more reliably to Income, than to estimated Property Valuation and Sales Price Indexes. Capacity to Pay is related to whether or not the Ratepayer has a job, whether or not he/she has sufficient hours, whether he/she is well enough to work enough hours, whether or not he is single, separated, divorced/married and what age he is, how much age affects his work and whatever other debts of necessity he is trying to manage, including a Mortgage for a sheltered place to sleep in.

Valuations and Inherited Property, and Capacity to Pay.

When a Ratepayer who is unable to work / or can only work minimally, inherits a Property, the logic between Valuation=Wealth= Capacity to Pay falls down again. While the Valuation might or not be accurate, the assumed Wealth is not a realized Asset when the time comes to pay Rates. If that Ratepayer does not have a job, his Capacity to Pay Annual Rates of high levels, is affected. It is not appropriate for a Shire to say to a Ratepayer sell, or borrow against your Property to pay Rates, and there are all sorts of reasons why it is not appropriate. When the Rates Notice turns up annually, only people who have sold their Property and realized its monetary Value, will have" free/liquid" cash sufficient to pay the Rates Notice outright. To issue huge Rate Notices to non-selling, or non-

sold Ratepayers who do not have Capacity to Pay out of current cash, makes the formula Valuation=Wealth=Capacity to Pay look ludicrous and irrelevant to the real world. The actual Value of any Property is unrelated in any reliable way, to Capacity to Pay.
So Capacity to Pay, even though we Ratepayers assume that Shires operate legally, and consider Capacity to Pay when charging/calculating Rates, is entirely unrelated to Property Values. To date, Shires can never claim that they have addressed this issue in their Rating Methodology. Capacity to Pay relates to Ratepayers Income, not to their Property, nor it's Value/Valuation, nor to the Assumptions about "wealth" which issue from the Valuation.

Changes in Validity of Valuation/ Property Values due to Housing Recession or Farm Droughts etc.
When drought affects farmland, the Property itself is worth much less than the Valuation which the Shire Valuer may have given it. Farmland is valueless if a crop or feed cannot be produced. But Shires do not consider these reductions in values. The Rates Notices are not reduced in accordance with reduced Valuation, reduced REAL wealth, nor reduced Capacity to Pay. The same applies when large falls in house prices occur in response to market forces. Shires don't/wont alter Rates Notices to reflect these losses in Property Values.

Mortgage Debt on Rated Properties must be recognised as moderator of Assumed Ratepayer Wealth, and Assumed Capacity to Pay.
If Shires want to continue to use the formula/equation Valuation=Wealth=Capacity to Pay to collect Rates, they must recognize any debt owing on the original Mortgage of the Property they are trying to Value, i.e. accept the Mortgage's impact on the REAL wealth of the Ratepayer, and accept that the amount of Equity in the Property is the Ratepayers REAL wealth.
As well, they must accept the specific impact of the Mortgage itself, on the Ratepayer's Capacity to Pay, being as it is, the largest debt/ monthly repayment most Ratepayers will have, which in general takes large percentages of Income to service. Shires must abandon the idea that the Valuation of a Property is equal to the "wealth", or to the Capacity to Pay, of any Ratepayer.
To sum up this assault on the Valuation=Wealth=Capacity to Pay equation used to justify the levels of Rates charged, it is clear, from digging around in the Assumptions which it uses, that (Property) Valuations DO NOT equal WEALTH in most cases, and that WEALTH rarely equals CAPACITY TO PAY/availability of Cash to Pay. Valuations are /can be "dodgy", wealth is unable to be ascertained by Valuation, and Capacity to Pay cannot be estimated by Valuation, nor by Assumptions/estimations about wealth.
So the formula Value=Wealth=Capacity to Pay equation is a set of false Assumptions, one leading to the other, which leads CEO's and financially ignorant Councillors to believe the current levels of Rates being charged to Ratepayers is fair.
Capacity to Pay, as used by the Shires, is based on Assumptions about wealth, which are derived from a Valuation that never adequately assesses wealth. The whole system for calculating Rates is based on false Assumptions, and is fraudulent. Is the State Government really serious in its belief that it can continue to charge Rates using the current system, when it is defrauding Ratepayers of millions of dollars annually, using Assumptions about Capacity to Pay, which, when picked apart, is proven to be entirely false.
Capacity to Pay, in real terms is just that. Can the Ratepayer afford to meet this demand for payment?

Shires currently using Ratepayer Mortgage Debt to increase Revenue Collection Targets.
If we define "wealth" as most accountants/bankers do, being the value of Assets, minus the value of Liabilities, then any Shire using the full amount of any Property Valuation, (without reference to the Ratepayers collective liabilities/i.e. Property relevant mortgages/ and equity), to obtain the Overall Value of all Rateable Properties in the Shire, for the purposes of setting Annual Rate Revenue Collection Targets, and addressing Capacity to Pay, is operating fraudulently, and using figures it

knows to be false. They are also setting these Revenue Collection Targets in the full knowledge that their Targets are way beyond the Capacity of Ratepayers to reliably, and easily pay. THIS IS FRAUD ON TWO FRONTS.
To add insult to injury, the current levels of Rates I am being charged, are taking back, in cash, about 6% of any equity I have achieved in my home loan, every single year. While this "equity collection" is more like a true Property Tax, it is also done covertly, as most Ratepayers don't realize their equity has been made available for Shires to acquire, by the Rates Cap Legislation.

The Impact of High Absolute Levels of Rates on Ratepayers in the Golden Plains Shire.
Using VCOSS (Victorian Council of Social Services) figures from 2018, half of our Golden Plains Shire (GPS) Ratepayers have personal weekly income of the basic wage or less ($628 at that time). The average Golden Plains Shire Rate Notice for that year was $1900 approx. This equates to approx. 8% of their personal weekly income. For those 30% of GPS Ratepayers on less than $500 per week personal income, the average GPS Rates Notice amounts to 8.5 to 9% of personal weekly income. My own Rates, in our Golden Plains Shire, in that year, were $2200, or 10% of my Aged Pension.
Should the CEO of the Shire also pay 10% of his Salary in Rates? I wonder how he would feel about doing that.
New homebuyers purchased land in Bannockburn, in GPS, because the land was cheaper than land on the coast. People with more money buy land on the coast, not in Golden Plains, there's nothing here to attract them. Rates here shouldn't be that high. Golden Plains is not the wealthy Shire that the CEO and Councillors seem to believe it is. GPS Ratepayers bought homes here because it fitted their budgets, their wages , and their generally lower living standards. Yet we in the Golden Plains Shire have the second highest average Rates in the State of Victoria (2016-17)?

Rates and their increasing percentage of wages.
Rates are the largest single annual statutory cost in most people's household budgets. Escalations in Rates have figured disproportionately in Cost of Living increases. Rates now take a higher percentage of Ratepayers Income than they ever have previously. These escalations are largely due to the conversion of charges on our Rates Notices, from Usage Fees, to Access Fees (i.e. Fees for the right to use a Shire service but not actual usage). The conversion to Access Fees has been made to pay excessive salaries to CEO's and Financial Officers. Wages for ordinary Ratepayers are stagnant ,but Rates continue to increase, without reference to Ratepayer's Capacity to Pay.

THE CURRENT RATING SYSTEM and its IMPACT ON FARMING AND FARM BUSINESSES AND FOOD PRODUCTION.
The current Rating System, and the excessive levels of Rates it fosters, in the Golden Plains Shire is contributing to the loss of Primary Production farmland to Residential Development. As Rates increase annually, the Primary Production farming enterprises are forced to pay increasingly higher percentages of their annual Profit, to Shires, for no real return. This often results in farmland being sold, both to meet current Rates costs, reduce the Rates for next year and to return funds lost to Rates payments, to working capital, to continue farming. Other farmers obtain off farm work, which results in less farm maintenance being performed, to the detriment of the farming operation itself, and the physical health of the farmer.
Auction sales and unpredictable markets, globalisation, and unpredictable weather conditions, (and climate change?) largely govern income from Primary Production, leaving farmers more vulnerable to large reductions in Turnover and Income without notice. Currently, the high and annually increasing levels of Shire Rates, are placing Primary Producers in position where ongoing working capital is hard to predict, and preserve. This leads to losses in production, and reduces both farmers Income, and the money he has traditionally put back into rural communities as purchases, and jobs for locals. It also reduces farm maintenance activity, as working capital is always the first priority after debts like Shire Rates are paid. If there's not enough cash left for farm and equipment

maintenance then it doesn't get done. That cash, now paid out in Shire Rates, was the financial liquidity that provided local jobs, and our small local rural economies developed and grew while it was there. It is now lost to those communities, with the result that many of these small communities are dying out as business, and services leave town due to insufficient business activity to sustain them.
The resulting financial squeeze for rural communities, and the inability of the farming sector, like other Ratepayers, to moderate indebtedness due to Rates, is leading farming enterprises to sell out. Good quality reliably producing farmland is rapidly being converted to urban residential areas.
Some farming bodies are supporting a movement for Shires to place a Cap on the Differential Rates in the Farmland Category, which relates more closely to Capacity to Pay. The argument for this Cap would be the ease of implementation, and the reduction in farm Rates it would produce. The argument against it, in the larger sense, is related to the fact that Differential Rating of any kind, relies on baseline Assumptions about the farmers Income. Under the current legislation for Rating purposes, Assumptions about a Ratepayers Income, have no place in the calculations or collection of the Property Tax which States have a mandate to collect. States cannot collect Taxes based on Assumptions about Income.
The loss of such farmland, in areas close to markets, with reliable access to water, and local labor supplies, causes increases in food costs, via product transport, and moves such enterprises to other areas which require farm workers to travel long distances, making obtaining reliable labor difficult.
Where farmers sell out to relocate they are often then further penalised by interest on relocation related borrowings, and the farming activity itelf is disrupted probably for at least several years, with predictable effects on food production and food prices. Relocating farming activity to other areas with cheaper Rates, and probably less water, is fraught with uncertainty, as predictions about climate change leave those areas probably drier, and less viable for reliable production. Farming income is always subject to future, rather than current weather, and future weather is now deemed to be less predictable than ever before.

The ultimate result of the continued loss of food production farmland, is the longer term and increasingly negative impact on national food security. Currently food security timelines are shrinking, worldwide. Continued loss of food production farmland due to excessive Rate Revenue collection by Shires will reduce food security timelines further, ongoing. Assured domestic food security requires that our farming enterprises continue to be viable concerns, producing sufficient income for farmers to continue to farm and produce food. At present, this viability is seriously threatened. If climate change is real, the moving of farming activity in general, to areas of less reliable rainfall and water availability compromises long term food security in unacceptable ways.

Rates on food production farmland are, as all other Rates are, based on Assumed Capacity to Pay, which as discussed previously, is not predictable from the Valuation of the land imposed by a Valuer. For rural Shires, Assumptions about Capacity to Pay Rates, when issuing Rate Notices on food production farmland, are Assumptions about future weather conditions.

Rates Cap allows Shires to collect Productivity Increases Annually.
Local farming businesses who improve productivity have this taken from them by the annual Rate Cap increases. A business that reliably produces a 2.5% increase in Profit is doing well. However, before any farming business owner gets to use the fruits of that increased productivity, the Shire has it'shand out for at least a 2.5% increase in shire Rates. Shires and CEO's produce absolutely nothing, but they have the State mandated authority to increase Rates by 2.5% based on Assumptions about the Income, and any productivity increases, of any farming business operating in the Shire. Note once again, that the increase in the Rates Cap in this instance, is also based on Assumptions about Farm Income, not the Value of the Property. It appears that the only purpose of employing a cash savvy CEO and financial officers to manage a Shires administration activity, is to extract as much

cash as possible, from wherever possible. All examination of Rating strategies and methods used by the Shires, show that the Rating Systems are geared to do this.

The effects of High CEO/Financial officer remuneration on small rural communities.

When you look at the $5billion collected in Victoria, in Rates in 2016-17 and extrapolate that, as in our Shire, (where up to 82% of Rates Revenue collected is being spent on salaries/wages, rather than repair/ maintenance/ needed road infrastructure), the issue of CEO and financial team salaries become more visible. A large part of that $5billion taken as CEO and Financial Officer salaries, across Victoria, could have been left floating about in the rural economies in rural Shires, and would have contributed to increases in rural business/farming productivity, and income, leading to more jobs, thriving small towns, and higher levels of local financial liquidity. The increase in rural business activity would lead to the collection of more federal income tax, and presumably more money in State coffers as well.

IMPACT OF HIGH RATES AND HIGH CEO SALARIES ON HOUSING SECTOR.

Homelessness in Victoria has specifically evolved via the excessive Rates charged to Ratepaying homeowners, and to Renting Tenants who pay Rates via the Rent they pay to their landlords. The whole Housing Sector, not just the Ratepayers, has been subjected to Shire CEO's and their cynical Revenue gathering "Business" Practises. These "Business" Practises have now resulted in roofed shelter of any kind becoming a luxury, almost beyond the reach of any single person on Low Income. This annual gathering of increased percentages of the stagnant wages of Ratepayers as Rates, has also increased the price of Rents, while concurrently increasing the cost of purchasing a home. Rents (which include components that are paid to, and then by the Landlord, as Rates)are such that ordinary wage earners don't have enough cash left to build a meaningful home Deposit fast enough. It takes so long to save sufficient cash, that the price increases in houses invalidates their saving efforts over time. In a circular fashion, this increase in house prices is then used by the Shire to increase Rates further.

Effects of High Absolute Levels of Shire Rates on Renters.

High Rates push Rents beyond what single income Ratepayers can afford to pay. The cohort of Single Income earners includes many people on unemployment benefits, or various pensions. The high levels and proportion of Access Fees (non usage fees) on Shire Rates Notices, have made it impossible for Single Income earners to afford to pay them easily. The Corporate Business Model used by Shires survives on the use of Access Fees. Access Fees are Fees for the Right to use a service such as a Garbage Service, or a footpath. The use of Access Fees on Shire Rates Notices has allowed Shires to increase the Rates Notice amount, regardless of whether a Ratepayer uses any particular service the Shire provides. Access Fees are the cash that is used to pay excessive salaries to CEO's and Financial Officers who produce absolutely nothing. Yet they survive/exist by charging Access Fees for things that Ratepayers might not ever use. The Access Fees have increased Rents via their inclusion in Rents paid by Renters, who also may be paying for services they are not using.

Impact of High Levels of Rates on Renters, the Housing Market, and Homelessness.

The high current levels of Rates don't only affect Ratepayer homeowners. They are passed on in full, as Rent Increases , to Renters who are trying to save for their own home. In effect this means even Double Income Renting households can't save. What they might save for a house deposit goes instead to Rates, via landlords, via Rent. Single Income Renters have nothing left to save as they pay those high Rates via their Rent. High levels of Rates push Rents beyond what Single Income earners can afford to pay. They cant keep up with the Rent, and save as well.

Rents are thereby at least several thousand dollars per annum higher than Single Income Renters can afford to pay, if they want to save for their own home.

The current difficulties for "wannabe" homeowners who are currently Renting, are based on the fact that, via the Rates component in their Rent, Renters are paying excessively high levels of Shire

CEO and admin Salaries, before they can save for their own home. This has been an increasing effect of increased absolute levels of Shire Rate gathering over the last 30 years. It has contributed significantly to the current disconnect between wages, and housing affordability, for home owners, and Renters alike. These high levels of State imposed and sanctioned, locally collected, Rates/Taxes have almost destroyed the Australian dream of owning a home, for the current generation.

Corporate Responsibility exercises.

Corporate CEO's in the Housing sector/ including the Shires, engage in corporate responsibility exercises which have no social or public validity. These exercises don't change the levels or Rates, or the amounts charged on the Rates Notice. They might impinge on CEO' consciences, but are useless unless they produce changes in the operation of the Corporate Business Model, and abolition of Access Fees included on the Rates Notice. These programs see the CEO's sleep on the street with the Homeless, for one night, but then go back to work, and continue to justify the relentless extraction of cash from Ratepayers who cannot afford to pay the Rates Notices, and which in fact leave many Ratepayers in financial difficulty. If these Corporate Responsibility exercises were genuine, and valid, in intent or fact, the Access Fees the CEO's use to bulk up the Rates Notice charges would be reduced to levels which do not leave consumers and ratepayers in financial difficulty. And this relief would be felt by Ratepayers and consumers every day, and every year.

Their identification of the Homelessness issue as one area in which they could demonstrate their "compassion" is hypocritical. Via their salaries, and their use of "Business" practises to impose ACCESS Fees to increase Rate Revenue, the CEO's have actually imposed the economic conditions which they acknowledge (via their attendance at CEO sleepouts with the homeless) have severe and negative social effects.

CREDIT CARD DEBT AND RATES. Some questions I have not been able to answer.

Credit Card Debt.

- Is accrued national/state credit card debt funding unaffordable Rates and Shire CEO and administration salaries.

  Does credit card debt increase when Rates are due and paid.

  Are there reductions in Consumer Spending which correlate to required times of payment for Rates Notices.

  Is there a correlation between annual reductions in Consumer Spending and Annual increases in Rates Revenue collection?

  Displaced Credit Card Debt- Research might reveal that Credit Card Debt does not go up at times of Rates payment, but the increased spend on the Credit Card is for other weekly necessities. i.e. available cash goes to Rates Payment, groceries and petrol go on the Credit Card?

  How much of the Accrued National Credit Card Debt is actually the accrued annual salaries of CEOs and Shire Admin teams, which Ratepayers have never been able to repay to their Credit Card provider? Is there a linear relationship between the increasing Rate Revenue collection by Shires, and the increasing State/National credit card debt?

  What is the impact of general tightness in the economy, and domestic budgets, on general mental health in the Ratepayer community?

RATES AND FINANCIAL DISTRESS AND SUICIDE. More questions I have not been able to answer.

Does the timing of the issue of Rate Notices, or the timing of required payment of Rates, coincide with increases in the Suicide Rate in the State?

Or increases in attempted suicide?. Figures from the mental health system might elucidate this further.
Is the Suicide/Attempted suicide Rate in rural communities, and timing of those events, correlated to issue of Rate notices? or correlated to times of quarterly payment?
What is the specific suicide rate in rural communities, and among farmers?

RATE NOTICES, WHAT THEY DO AND DON'T CONTAIN.
RATE NOTICES are mysterious documents which contain, and are based on many different pieces of complex and sophisticated technical and statistical information, to which no Ratepayer has access. The computerization of the Rating System and it's methodologies means that Shire employees mostly don't have a full understanding of it works, and Ratepayers certainly don't. In effect, this complexity has been used by the Shires, and the State by default, as a shield, so that Ratepayers have no way to argue if the Rates Notice amount is fair and correct, or not. That is, the complexity of the Rating System acts as a cover for error, whether it is intended this way, or not.
Most Ratepayers don't have a clue how the Shire comes up with the Rates Notice amount each Ratepayer is asked to pay. Many feel embarrassed by their own ignorance about their Rates Notices, and just pay up, rather than be embarrassed by some patronizing Shire employee, who cant explain easily anyway. This is especially relevant to the CIV calculations, and the use of Differential Rating, and whatever particular line of thinking the Valuer was following when he put the annual Valuation on the Property, which no Shire employee can probably guess at.

No Ratepayer can ever personally verify if his Rates Notice is factually accurate or appropriate.
It is implausible to suggest that every Rates Notice is perfectly correct. Ratepayers are expected to trust human input, by unknowing Shire workers, into the Rates calculations, without asking questions. Yet EVERY YEAR, Shires are allowed to issue Rates Notices on the basis of, and in full knowledge that most of the Ratepayers don't know if the amounts they are being charged are factually correct.

Complexity of Rate Notices discourages Ratepayer complaint.
The fact that Rates are calculated in complex, covert and unexplained ways, and rely on multiple dubious, implicit Assumptions, and accurate data input by several humans in the chain, means no Rates Notice can ever be guaranteed to be correct, and that no Ratepayer can ever independently verify that his Rates Notice is correct, without hours of personal research and hassling Shire staff.

No Avenue for Ratepayers to Moderate Annual Rates Indebtedness.
Another problem with current Rating System, is that it has no way for Ratepayers to regulate or moderate their annual Rates indebtedness . We cant walk less on a footpath, put out less rubbish, or not look at road signage, and expect our Rates to be reduced. All other Utility bodies give the Consumer some control over their accounts/bills this way. Why have Shires avoided this issue?
If I have lost my job, and my Capacity to Pay is reduced, and I need to reduce my Cost of Living to fit a lesser Budget, there is no avenue by which I can do this for my Rates Notice. The Ratepayer has no avenue to moderate his owings, because his Rates Notice is made up mostly of a blanket General Rates Charge for what everybody else uses, which is effectively an Access Fee, not a Usage Fee. The exception to this in Golden Plains is that our Garbage Charge is now separated from the General Rates so that it can be repriced at will by the Shire.

Complexity of Rating System has protected Shires from previous criticism, systemic change, or imposition of tighter controls.

This same systemic complexity has protected Shires, and the State, from ever having to clearly explain the Revenue increasing strategies they have designed and implemented since 1989. Ratepayers mightn't understand why some small apparently insignificant local by-law has changed, when in effect, it actually means the Rates are going up again, and that the CEO has just found another way to get more cash.

So, in effect, that Ratepayers annually receive a Rate Notice made up of charges, which the Ratepayer has no way of verifying to his own satisfaction. Any complaint to the Shire is met with patronizing usually unhelpful advice from a Shire employee, whose only brief is to placate the Ratepayer such that the complaint is not delivered to any kind of higher authority, such as the State Government.

Who else, and where else in any community, is a body or business legally allowed to issue a Statement of Owings, i.e. a Rate Notice or a Monthly/ current Statement of Account, where the amount of cash demanded by the Notice, is absolutely unverifiable, unprovable, and is lodged in the belly of some computer algorithm and input data, which may, or may not have been input and used correctly, and appropriately. Commercial businesses in the community are charged with fraud for producing and sending Statements of Owings which are not provable in fact. Shires are using a technically complex system to issue accounts which no Ratepayer can ever question with any valid, prior assertion about how much it should be.

PROPERTY TAX VERSUS INCOME TAX.

Differential Rates for Farms, Commerce and Industrial Rateable Properties.

When a Shire Valuer looks over a fence and decides the value of a property is more or less, based on his own Assumptions about presumed business activity, or profitability of a business on that site, then he is making assumptions based on his thoughts about the Income of the owner, not the value of the Property itself. This means that the Value / Valuation increases Property Value, which feeds into Shire Budget Targets and resulting Shire Revenue Collection Targets. Using that connected line of thinking, means that the resultant Valuation, Budget and Revenue figures are based on IncomeTax, not property tax.

Shires assumptions about household income lead to Rates based on assumed income, which in effect then, are Income Tax.

Assumptions about Double Income Households= Income Tax.

Shires are charging levels of Rates based on the hidden assumption that most Rateable Properties have double income in the household. This hidden assumption has cut the traditional link/relationship between a single Ratepayer/income earners capacity to pay, and the current Rates charged.

The high absolute levels of Rates charged, has resulted, in part, from the CEO's assumption that he has a right to access, via Rates, the savings that two individual people in the same property, might make from living together to save costs. This assumption of the right to access these personal "savings" has led to the situation where even couples who want to, cannot save enough in any year, for their own home deposit, or other financial goals.

Single income households can now not afford to pay outright the Rates, which are now based on assumptions that all households are dual income, or more. The hidden assumptions about double income for most households, are a significant component of the CEO's ideation, and preparations to set annual Revenue collection targets.

Assumptions about Single Income Households.

Single income households, similarly to double income households can no longer afford to save anything at all, as this cash is demanded by Shires, for Rates, which are justified by an assumption that all households have dual income or more. In other words, where in the Rates calculation, is the necessary relationship between capacity to pay and household income .The real relationship between real capacity to pay, and real household income has been ignored.

However, for both single and double income households, it remains, that any Assumptions leading to Rates being based in part on assumed income, are Rates collected under Income Tax Principles, not Property Tax Principles.
Income tax is collected on the basis of income. If income goes down, the income tax goes down.
Rates are a tax, presumably collected on the same basic principles as Income Tax, up to the point where Property Tax is assessed in different ways to Income Tax. Given that Shires are/have wandered unintentionally into Valuations which issue from assessing Income from a Property, rather than Valuing the property itself, Shires cannot now say that they are not using Income Tax principles to their financial advantage. Regardless, the broader principles of Taxation require recognition of Capacity to Pay when setting a Tax/Rates, so if Shires are collecting Taxes/Rates on the basis of Assumed Income associated with a Property, then Rates should go down, if Income from the Property goes down.

What happens when a Property Value falls, - do Shires reduce Rates?
The same argument can be applied to the Valuation on which Rates charged are based. When and if the Value of a property goes down, do Shires provide new valuations, which then reduce the amount of Rates charged. And what about the situation with farmland – a farm valued at $X in a good year is Rated accordingly, with the Shire still presuming on the Income the farm might produce in a year, but when drought sets in, and the land is useless because there's no rain to produce a crop, do the Shires reduce the Rates? So financial relief is not really provision of money to the farmer, it is provision of money to the local Shires who have imposed Rates at a level higher than a farmer can afford. Was interesting to look at the examples in NSW where even though Fed Govt provided financial relief to farmers, it was never enough to pay the Rates. The Shires provided not one cent in reductions of Rates, and with Rates exceeding most of the payments of financial relief, all those payments did was to pay the Shires some of the money, owed by farmers on Rates. Nothing extra for feed or water, nothing extra for groceries or petrol.

USER PAYS AND ACCESS FEES- the differences and impacts.
Our current Rating system is not a User Pays system but should be. Via the CEO's it has become a User Pays first for ACCESS to a system, (be it a system for managing land in a Shire, or ACCESS to Utilities eg. Electricity), AND then also pay for whatever the system provides, i.e. USAGE of a commodity.
The separation of USAGE charges from ACCESS charges has thereby divorced Access from Usage, it has divorced the amount charged on the bill, from the Users ability to moderate cost, and has divorced assumed Capacity To Pay, from Actual Capacity to Pay, especially for Ratepayers.
Where high ACCESS Fees exist, consumers, or Ratepayers in this instance, have no way of reducing any total liability/debt they do incur for assumed USAGE. At least with Utility charges, there is some capacity for reducing your power or water bill by reducing USAGE. Ratepayers can't do that with Shire Rates.
Rates should be about community well being, not community bankruptcy, or Ratepayer poverty.
The use of Access Fees to "bulk out" Rates Notices/Revenue Collection demands, and pay CEO's has reduced the ability of the Ratepayer/Consumer to moderate expenses by moderating usage of any commodity he is charged for. This premise is the heart of the problem with the use of the Corporate Business Model to operate public bodies, which provide basic services expected by the community. Corporate businesses including the Shires in general, have landed on this inability of the Ratepayer to moderate usage, and Rates charged, as a way to fund an unnecessary and overly expensive, CEO and administration body.
The current high levels of Rates being charged to Ratepayers requires an in depth examination of how much more any Ratepayer is paying in Rates, because the Shire Assumes that he is using a service that in fact, he is not using. As with all other commodities, why should someone who is not

using a service, pay for, or subsidize others who do, without any regard for any Ratepayers Capacity to Pay Rates, and the large amounts of what are effectively Access Fees they contain, ever being examined.
Currently, our Shire has separated the Garbage Charge from the General Rates so that it can be increased outside the Rates Cap restrictions. However, that leaves the rest of the Rates Notice in question, as when divided into service and access charges, most of the Rates Notice comes up as Access Fees. Access Fees are effectively FEES FOR NO SERVICE.

IMPLICATIONS OF RATE CAPPING.
Rates Cap implies Rates must always go up.
So overall, Rates are now maintained at specific levels, unaffordable for many Ratepayers, and these levels guarded by CEO's who don't want to write budgets that actually fit/align with Ratepayers actual capacity to pay. Doing so then exposes the impropriety of the level of Salary the CEO's are extracting via the Rating system they implement.
A further problem area is the apparent surmise, by CEO's and Shires collectively that Rates and the Revenue collection targets can never be reduced. Why does this have to be the case? Does this mean that CEO's cannot, or will not, operate within the limits of the Revenue they collected the previous year? Ratepayer Households cannot operate by assuming they will get a pay rise for next year. How can Shires who live off Ratepayer households, increase Rates without reference to the financial affairs of their Ratepayers? Property values do not provide this information.
The use of a Rate Cap implies that Councils may increase their overall Revenue Targets annually via the Rate Cap. But that does not mean it MUST be increased. However, it has fuelled that expectation by the Shires themselves. How is it legally possible for them to do this, raising the Rates annually, while wages are well known to be stagnant, and the casualization of work has made predictable annual income less reliable.

FEE WAIVERS AND DEFERRALS and SHIRES USE OF DEBT RECOVERY LITIGATION.
According to Discussion Paper issued by the Rating Review Committee, the legislation exists for Shires to Waive Rates where it is found that the Rates imposed exceed the Capacity to Pay of any Ratepayer. Presumably, this legislation exists because when a Tax like Rates, is imposed, the Ratepayers Capacity to Pay must be considered. This legislation is rarely enacted, and Shires do not provide information about this issue to Ratepayers in any detail which might be useful for Ratepayers in financial difficulty.
I contacted my local council to ask for detailed information about when a Waiver application might be appropriate, and the Senior Manager who returned my call after several apparently unqualified to answer staff, took my call, said she did not know the answer to my enquiry and would call me back in several days. She did so, informing me that Waivers would only ever apply to any interest charged by the Shire for late payment, and also that Deferrals were just that, Deferral of payment only, which could be called in by the Shire, at any time, without much prior notice, or legal proceedings would ensue. No referrals to financial counselling service, no advice on how to get extra financial help, nothing else mentioned to suggest to a Ratepayer that there might be another solution to inability to pay Rates charged and possibly impending litigation.
The Golden Plains Shire's ignorance of the law around Fee Waivers, and their reluctance to acknowledge it, teach it to their staff, or to use Fee Waivers at all, is another illustration of the loose interpretation of Local Govt legislation, which appears to be commonly practiced by Shires and their CEO's, along with the previously mentioned corruption of the ethos of Revenue collection via Rates via the corporate business model.
The Local Government Act 1989 does not make adequate Allowance for the genuine hardship being created for Ratepayers, by the excessive absolute levels of Rates charged. All other Essential Service controlled (Utility) Corporations have genuine hardship Policies, which include Utility Relief Grants,

available to the Utility consumer, every three years. These Grants are of sufficient value to allow a utility consumer to catch up on utility bills they have not previously been able to meet, and start afresh for the next three years. Why do Shires not have a similar scheme? This is particularly hard to understand given the Shires capacity to increase Rates by 2.5% every year? That is ten percent every four years. Given the current allowable increase of 2.5% annually in Rates allowed to be gathered, and the stagnation in current wages, why has the Essential Service Commission not demanded this concession? Any meaningful recognition of capacity to pay taxation principles demands at least a meaningful and relevant Rate Relief process, of which Ratepayers can avail themselves when Rates are causing financial distress.

SHIRE REVENUE /DEBT COLLECTION PRACTISES.

The threat of **litigation** forces families to cut spending in other essential areas, or to spend savings, to pay some bureaucrat who does not understand the impact of the costs he is imposing, because his lifestyle and salary are so far removed from that of the Ratepayers he is taxing.

Levels of litigation used by Shires for collection of back Rates is close to extortion. Most people pay their bills if they can. They are aware they can lose their homes/ shelter if they don't. The use of the fear factor in threats of litigation might be justified sometimes to obtain early payment if possible, but Shires playing out eviction order and selling Ratepayers homes points to a higher emphasis on Revenue gathering than on good local governance and the care of the community which that governance role implies. Eviction does not equal good care.The reported amounts of litigation are a significant indicator that the absolute levels of annual Rates charged are far too high, and most people on ordinary wages cannot afford to pay them outright.

As a final comment here, the high levels of litigation used by Shires to recover back Rates from cash strapped Ratepayers is a clear and undeniable indicator that Rates are too high, and that Ratepayers can't afford them. For Shires to evict Ratepayers from their homes, for non payment of back Rates is unconscionable, and a misuse of State endowed power.

The reported amounts of litigation are a significant indicator that the absolute levels of annual Rates charged are far too high, and most people on ordinary wages cannot afford to pay them outright.

The well known high levels of litigation in which Shires engage to collect Rates is a clear indicator that Ratepayers are struggling to pay these demanded amounts.The Shires are, regardless, visibly and absolutely ruthless in their attitudes to extraction of cash from people who clearly cannot afford to pay. Do the Shires really think that people don't pay their Rates because they don't WANT to. The truth is that people just don't have the cash left, on a week to week basis to pay these high levels of State imposed and State sanctioned, locally collected, State taxes. Why are States allowed to collect taxes under a different set of rules to federal income tax? Is this because the State of Victoria is rorting the property tax laws, and collecting taxes based on principles of income tax collection, while most Ratepayers are not well enough informed to understand this?

THIRD LEVEL OF GOVT –REMAINING QUALITY OF GOVERNANCE ISSUES.

Current Code of Conduct protocols for Councillor Conduct silences dissenting votes and increases power of CEO.

Increases in CEO power in voting in Council Chamber fosters the introduction of impractical and unworkable, unaffordable projects leading to increases in Rates charged and negative impact on Ratepayers. The Code of Conduct premise leads to decisions about the community being made by the CEO and a few financially elite people in privacy, and ignores the community impact of such decisions.

Many of our Councillors appear to be in the job for personal agendas not related to the general community. Personal agendas for status, access to confidential information, or to have specific permits approved for themselves, friends families or anyone who pays them. Ex mayor has possibly

had access to info about wind farm that will potentially provide $5mill annual income. Current mayor is real estate agent with arguable conflict of interest, and friends in land development. Stories of Councillors “bullied” into voting for approval of specific permits, by land developers seen to be eyeballing specific Councillors when vote was taken in Council meeting.
Our Councillors, collectively have no apparent financial literacy.They demonstrate repeatedly that they cannot understand financial matters, nor judge the longer term broader impact of their decisions, by their publicised decisions and their ongoing acquiescence to the CEO’s spending plans. They are paid Councillor salaries on the premise that they will protect the interests of the Ratepayers who elected them. They do protect some, many of whom appear to be land developers. In general, our own local councillors in Golden Plains have shown no capacity for the transposition of their own thinking, onto the financial situation/domestic budgets of the Ratepayers who provide their salaries. These Councillors basically get their Rates free (well covered by their Councillor salaries) with some left over, but they completely ignore Ratepayers calls for help with amounts charged.
We had one councillor who said that the Rates were high because there were not enough people in the Shire to pay them. Where was the understanding that in small Shires there weren’t going to be many people, but that Shires and CEO’s are thereby expected to contain spending and costs, and to prioritize spending carefully, and to fit Shire expectations into what could be afforded by Ratepayers?

The LOCAL GOVERNMENT ACT 1989.
The Local Govt Act of 1989 deems that Shires should collect only a relatively stable level of Rates. How then did Shires raise Rates by levels of up to 6% + per annum in the years between 1989 and . 2016 when Rate capping was introduced.
The subsequent continual high increases in Rates, have led to excessively high absolute levels of Rates. This level of Revenue raising has led to the formation of localised Shire administration bodies which cost far more that Ratepayers can afford to pay.
Are the Shires really trying to suggest that they obeyed that law, in that time. The rises noted above are part of the reason that the absolute levels of Rates currently being charged in many Shires, are completely beyond the capacity of Ratepayers to pay. The same rises are also the reason for the increases in litigation, to collect back Rates, by Shires. The rises have been too high, and cumulatively have made Rates unaffordable for Ratepayers.

THE USE OF THE CORPORATE “BUSINESS” MODEL.

> Origins-- aligned with slave trade in 17^{th} century USA- where the man at the top takes huge profits from unfortunate and vulnerable people who must work for whatever the organization offers for wages, regardless of fairness or social justice. This business model was corrupted when the owners or “employers of slaves, charged them more for food and shelter than the slaves could earn on a weekly basis, leaving the worker eternally in the boss’s debt.

This practice is the origin of the old negro song “ Sixteen tons and what do you get, another day older and deeper in debt”. The sixteen tons is the coal per day the slave might have shovelled for the boss, but the boss had corrupted the system, via increases in living costs, such that the slave could never earn enough to cover the costs and remained in debt till he died. The Corporate Business Model is a way of business designed to produce profit at the expense of the poorest levels of society. CEO’s know, innately, that the blood, sweat and tears of many ordinary people (Ratepayers in the case of Shires) are what pays their own salaries. You would think in these days of supposed? “Corporate Responsibility”, that Shire CEO’s would be much more mindful of the impact of their Revenue gathering on working Ratepayers who have not had meaningful wage rises for more than several years. These Ratepayers must then struggle to balance domestic budgets on the wages of reduced, casualised hours.

Profit Taking Govt Mandated Corporations.

While our current Shire and Municipal bodies are not required to produce Profit, in fact they do, and the CEO's and Financial Officers salaries ($1.2mill p/a/ in 2016-7 in Golden Plains Shire) are the Profit being taken. Who can refute the statement that CEO's gear their Revenue collection practices to produce and protect their own salaries, at the expense of people, some of whom can barely afford to live. Our local / rural communities cannot afford these highly paid CEO's and Financial Officers. The justification of this statement is in the fact that CEO's extract their salaries leaving Ratepaying families without the funds for basic necessities.

While it is argued that to get good money/business managers, you have to pay high salaries, as Ratepayers in a rural Shire, we are very aware that this is not what we receive. There is an argument that if we don't pay high salaries to CEO's and financial team employees, they will all go offshore and we won't have anyone here who knows how to manage the Shires. However, the reverse is true. Our own local business people, who know how localised finances/economies operate, are denied Shire jobs, in preference to "imported CEO's". In our own case in Golden Plains, the CEO is Canadian. He clearly has a very loose and limited understanding of the local economic status, function, and needs in our Shire.

CBM designed to produce profit/extract cash.

It must be remembered that the Corporate Business Model is focussed entirely on obtaining profit from the efforts of the many people/Ratepayers on the bottom of the food chain. In 17^{th} C USA these were slaves. In 21stC Victoria this profit is taken from Ratepayers who cannot afford it, and paid to CEO's who either don't care to, or don't know how, to fix this problem.

Slave trader who had to pay wages to their working slaves, imposed a counter cost on their working slaves, for food and board, which far exceeded the wages they could earn in any time frame. This system is the origin of Access Fees.

Imported CEO s and Imported business models and practises.

The result of our Golden Plains Shire CEO's ignorance on local issues, is that our Rates are way too high given our Shire's demographic profile. The CEO does not appear to understand the impact of extracting over $22million per annum in Rates from struggling Ratepayers, including farmers, on the fluidity and turnover of local cash, nor the impact of that on local jobs. There are only around 10,800 Rateable properties in our Shire, yet they take in excess of $22million annually from these 10,800 Rateable Properties.

The $1Million plus we pay the GPS CEO and financial team collectively, would employ at least twenty local Ratepayers, every year, and this money would stay in the local economy. Currently the CEO, and the financial team, and the larger part of the wages paid to other Shire employees (approx $18mill in 2016 -7) exits the Shire annually as Wages for Shire employees. Very few local people are employed by our Shire. There is only a minimal weighting for local residents in our Golden Plains Shire Employment Selection Criteria. Our Golden Plains Shire rural economy is too small to sustain an annual cash drain of this size.

Effect of Corporate Cash Draining Practises on rural communities.

Where once the local farms and farming community were the engine room of local job generation, local productivity and local cash flow, the Shires have now taken / are annually and blindly, taking the cash which made the local communities function well financially. This cash is taken as Rates every single year, and is increasing every single year. This practice, of "finding value", by the CEO's pulling the levers of the Corporate Business Model, is strangling the economy of the rural communities on a daily and annual basis.

Impact of CBM and high CEO salaries on localised financial communities.
In Europe the impact of high CEO salaries on the balance between dollars available to employ people, and dollars invested to earn various kinds of "Rent" (interest bearing investments) has been disrupted by CEO salaries, as the money paid to them does not return to local economies to create local work, or foster local business development. The CEO's invest their excessive salaries in interest bearing funds in other cities or countries, while stripping jobs from local economies, and local workers. Localised rural community business activity is shrinking rapidly due to the large amount of "liquid" cash extraction.

INTRO TO ACCESS FEES used by CBM.
The proliferation of CEO's employed by Shires across Victoria, and the proliferation of excessive salaries for CEO's and financial team employees, now means that ordinary Victorian Ratepayers, including our farming communities, find it a struggle to pay the Rates charged. The Rates we pay are unnecessarily inflated by the Shires need to raise the CEO's and Financial Officers wages first, before infrastructure or any local services are paid for. These huge salaries, are in fact, funded by the Access Fees, which Ratepayers must pay before any social or infrastructure services at all, are paid for by the Shire. In our Shire, the whole annual Budget, over the last ten years or so, has been gutted to pay salaries/wages, (including over $1.2 mill annually, to the CEO and Financial Team collectively and another $17mill to general Shire Staff), to the detriment of Works and Maintenance programs. There's no cash to mend roads and maintain bridges. Any roadwork performed is often done under State or Federal funding arrangements. The Shire has nothing left to pay for this work.
We pay our Councillors, and the CEO and financial Officers, to look after our best financial interests, but they just are not doing that. Instead, our Rates go up because of their decisions, and we are worse off, every year.

THE USE AND SUPPOSED JUSTIFICATION OF ACCESS FEES.
In Australia currently, many of our social policies cite ACCESS to various services as a RIGHT, and this Right to Access forms part of the Mission Statement of many non government organizations employed by the Govts. State and Fed.
If ACESSS to services is a RIGHT, how do the Shire CEO's get to charge ACCESS FEES on our Rate Notices. In effect, ACCESS fees of any kind are a FEE for NO SERVICE, which Ratepayers/ (Consumers) must pay before being able to use the service he does want to use. However, Shires and Municipal bodies are charging Access fees (i.e. the "General" Rates Amount paid for the Right to live in the Shire), as well as Usage Fees (eg. Garbage Rate) and no one does anything about it. These Access Fees when combined with Usage Fees push Rates well beyond what Ratepayers can afford. Access Fees are at the high levels they are because CEO and administration team salaries are far too high, and more than Ratepayer can afford. Recently in the Golden Plains Shire, the Garbage Charge has been separated from the "General" Rates amount, and is the only true Usage charge on the Rate Notice, as it is a service most Ratepayers use. The rest of the charges on the Rates Notice are Access Fees.

CBM not an appropriate "business" model for social purpose of Collecting Rates.
The use of the Corporate Business Model, (please note the use of the word " business" in the name), is not acceptable when used in conjunction with the collection of Taxes of any kind because it sanctions the use of Access Fees, as opposed to Usage Fees. As above, Access Fees are essentially Fees for No Service. They are Fees based on the presumption that a Ratepayer might use a service and then pay Usage Fees for that Service as well. All "Business" models, including the Corporate Business Model, have developed, and are maintained and operated with the very specific intention of extracting as much cash as possible from the consumer base over which they preside. However, in

the case of the gathering of Taxes such as local Rates, from Ratepayers, this cynical “business” focus is inappropriate. The collection of Rates is about community well being, not the extraction of as much cash as possible, from Ratepayers,of whom the CEO’s have very little demographic, or financial knowledge. Rates should be affordable, not a nightmare bill that arrives every year in the post, and upsets the family budget for months.
To use a “Business” Model predicated on profit, to collect a Tax (Rates) which needs to have, and exhibit, social acceptability, is an unacceptable contradiction. Taxes must be affordable and tailored to the Capacity to Pay of the Taxed person; the Corporate and other “Business” models have neither intention, nor conceptual framework to address this premise. “Business” models are based on profit alone. Our Shire CEO’s/Corporations are using them to obtain more cash, and justify their own higher salaries, from Ratepayers who, as a result, are experiencing reduced living standards. this corrupted and inappropriate operation, by the CEO, of a ” Business Model” to perform a Social Purpose corrupts that Social Purpose. Rates due to the way the systems have been implemented, have obtained a negative reputation with almost every Ratepayer in the State. The ethics, premises and practises of the Corporate Business Model have no place in, and are not relevant to Rate Collection and the operation of local Shires, they just don’t work.

Attempts at regaining social license to justify high levels of Rates/ impose Access fees – Corporate Responsibility exercises.

Further reflections on the use and impact of the imported Corporate Business Model on local Shires and Ratepayers, are prompted by the laughable attempts by various Shire (and Utility) Corporations and CEO’s, at demonstrating “Corporate Responsibility”. Their identification of the Homelessness issue as one area in which they could demonstrate their “compassion” is hypocritical. Via their salaries, and their use of “Business” practises to impose ACCESS Fees to increase Rate Revenue (or Utility Bill Revenue), the CEO’s have actually imposed the economic conditions which they acknowledge (via their attendance at CEO sleepouts with the homeless) have severe and negative social effects.
Corporate CEO’s in the Housing Sector engage in Corporate Responsibility exercises which have no validity.
These exercises don’t change the levels or Rates, or the levels/amounts of Access Fees charged within the Rates Notice. They might waken CEOs’ consciences, but are useless unless they produce changes in the operation of the Corporate Business Model, and abolition of Access Fees. These Corporate Responsibility Programs see the CEO’s sleep on the street for one night, but then go back to work, and continue to justify the extraction of cash from people who cannot afford to pay Access Fees charged by Shires and Utility bodies, which leave many Ratepayers (and Utility Consumers) in financial difficulty.
If these Corporate Responsibility exercises were genuine, and valid, in intent or fact, the Access Fees designed and implemented by the CEO’s would be reduced to levels which do not leave Ratepayers and (Consumers) in financial difficulty. And this relief would be felt by Ratepayers (and Consumers) every day, and every year.

RATEPAYERS(AND CONSUMERS) CANT MODERATE INDEBTEDNESS WHEN RATES NOTICE CONSISTS MOSTLY OF ACCESS FEES.

The use of Access Fees has reduced the ability of the Ratepayer /(Consumer) to moderate what he pays in Rates, by moderating Usage. This premise is the heart of the problem with the use of the Corporate Business Model to operate public bodies, including the Shires, which provide basic services expected by the community. Corporate bodies have landed on this inability of Ratepayers to Moderate Usage, and thus Rates charged, as a way to fund a CEO and administration body. Corporate Businesses operating in the Municipal and Essential Services Sector cannot conscionably use Access Fees this way. Doing so increases costs for the Ratepayer, and at the same time reduces

a Ratepayer's/(Consumers) control over his own spending. That is the conflict between a User Pays for Usage Model, and the Corporate Business Model which uses Access Fees to fund its structure.
Service /Access fees are not a reflection of value "created" by a CEO. They are another way of "extracting" value from the Ratepaying community, i.e. finding cash in the domestic budgets of families, which Shires (and Utility bodies) then take by way of a Mandate from the State Government. The latitude given to Shires (and Utility bodies) to impose Access Fees, and collect this cash, is reflective of the loose, and poorly considered legislation which covers Local Government to date.

Combined effect of CBM with loose Rating Legislation is unacceptable.
The impact of the combined usage of the Corporate Business Model, with the current, loosely legislated, and loosely interpreted, (and initially poorly structured, and socially unjust) Rating system has allowed the Rating System to become an object which CEO's can manipulate for themselves without reference to the community at large, and without reference to the social and domestic impact of the high levels of Rates Revenue collection they continue to impose, foster, and justify.
The use of the Corporate Business Model in conjunction with the current loose and corruptible legislation covering local govt, and the current Rating /Revenue gathering practices authorised by the State Govt, have combined to bleed the rural economies dry.

ROLE AND ABILITIES OF ESSENTIAL SERVICES COMMISSION
The role of the ESC in regulating Shire activities, particularly amount of Rates charged appears to have been minimized. How has the ESC allowed Shire to impose Access fees to bulk out Rates Notices, allowed them, in the way it has, to charge the absolute levels of Rates it has, and to do so within a set of Rating methodologies which are clearly inappropriate. There does not appear to be any baseline recognition by the ESC that Shire Rates have risen well beyond individual Ratepayers Capacity to Pay.
The ESC has allowed Shires to continue to raise Rates annually, now by by 2.5% , without factoring in the stagnation of wages and the casualization of work, in the last three to four years. Household consumption is currently down, and economists are saying this is due to Cost of Living Increases. When will someone in the ESC say out loud that a large part of the Cost of Living Increases are increases in Shire Rates.
THE ESC has also been remiss in its broader efforts to control the tax gathering (Rating practises) of Shires who have subsumed Income Tax gathering principles into their Property Tax collection practises. This is most evident in Differential Rating practises, but also has impacted Double and Single Income households in unexpected ways. (See section headed Property Tax versus Income Tax).
Further the ESC has both allowed, and not questioned the use of the current Rating System, which uses a complex and set of algorithms for the calculation of individual Rate Notices, without having to explain, in detail, to any Ratepayer, how they came to the particular monetary figure on the Rate Notice. What other commercial business can issue a Statement of Account of any kind, without having to justify every cent of the money stated as owing??? Where is the independent body who can and will, take on the Shires and the Rate Notices they issue, and ask them if this Rate Notice is legal given the difference in Assumed Capacity to Pay, and actual individual Ratepayer Capacity to Pay. The Shires cant have it both ways, they either adhere to the premise that capacity to pay for any Ratepayer is considered, or they don't. If they don't, as seems to be the case, why has the ESC not pulled them up on this??? The fact that the Shires don't, and won't consider Capacity to Pay is evident in their refusals to provide Rate Relief of any kind, in their refusal to know about, or publish information about Fee Waivers and Deferrals, and in their refusal to factor real Ratepayer capacity to pay into their Budgets, or Revenue Collection targets, or their spending.

The Shires Mandate to collect Rates is presumably regulated by the ESC. Why has the ESC not picked up on the inconsistencies in the Rating System before this. Does no one in the ESC think about these issues??

How has the ESC allowed ACCESS fees to become the dominant component of Rate Notices?? How has the ESC acted to preserve the premise that a consumer/Ratepayer should be able to moderate his owings to a Shire, by reducing his use of Shire services. Where did the User Pays principle disappear to here? Didnt the ESC know it existed? Why has the ESC allowed the Rating System to become a system that relies entirely on loose definitions of User Pays, loose definitions of Access Fees, a distorted concoction of Income Tax and Property Tax principles and practises, an inherently flawed set of assumptions about who uses what service, and what is a fair charge for those who don't use it, and assumptions about personal wealth, which Shires use in theproduction of Rates Notices, which have no basis in fact, and don't relate at all to Ratepayer Capacity to pay? Where is all the fairness to Ratepayers in the Rating System? What has the ESC done, in any of these matters, to protect the rights of Ratepayers?? One is forced to ask, is the ESC a toothless tiger like the Royal Commission has found the ACCC and ASIC to be? Can any regulatory authority really be so ineffective in protecting consumers/Ratepayers?

Does the CEO pay 10% of his income in Rates.

My home is valued at around $300K. I have about 10% equity in my home currently. My Rates are charged as if I have 100% percent equity. My Rates 2017-8 were $2200, or 10% of my Aged Pension. If Value (REAL)=Wealth=Capacity to Pay, then my Rates should be charged according to my real wealth,$30K , (and not assessed as if I had $300K, in liquid cash form, in the bank). If so, my Rates would be approximately $220 per annum. Does the CEO pay 10% of his income in Rates? If not, then why not? Concurrently, as I acquire extra equity due to paying my mortgage on time etc., the Shire takes approx 6% of this extra equity annually via increases in Rates, via the Rate cap increase.

Rates Revenue paid out in Salaries and Wages, to CEO, Financial Officers and general Shire employees, exits the Shire, never to return.

The cash that CEOs extract from communities via Rates, and taken as salaries is not spent in the local Shire. Most of our Council employees do not live in the Shire, they commute from Geelong. There is no local Govt preference for workers who reside in the Shire, only a minimal weighting in the selection criteria. Our Shire uses approximately 80% of Rates and Charges collected as salaries and wages.

The $1.2 mill approx paid to the CEO and financial team collectively, (about five people) is taken out of the Shire and the excess over actual living costs is invested in financial funds based in other larger cities. That cash in reality, never returns to the local economies from which it is extracted. When the financial wizards in our country say why wont productivity increase – well they 'd better have a look at the salaries paid to CEO's which are reducing local jobs, and cutting the ability of local businesses to increase productivity by expanding and employing new people.

SOLUTIONS and some remaining questions. Many points to be made – timeline for Submission prevents ordering same, all relevant.

- One possible solution is a flat Rate that is affordable, and linked to Capacity to Pay out of current Annual Income, and not based on Assumed wealth, and Assumed Capacity to Pay, as the current system does.
- Excessive CEO salaries, and high admin team salaries, must be the first to go. The proportion of local Revenue raised by local Rates, and used for wages which are paid to non local workers, must be capped. The use of service charges to pay the CEO's excessive salaries, by Shires (and indeed by other utilities functionally overseen by the Essential Services

Commission) must be scrapped, or monitored and regulated sufficiently to completely stop the erosion of Ratepayer living standards by these ethically unacceptable financial practises.

- The concept of Property Tax has been defiled in many ways by Shires. In fact, Shires appear to have been collecting Revenue based on assumptions about Income, not Property, and without reference even to the broader Income Tax collection principles.
- The so called Property Tax/ Rates system is unjustifiably expensive, it is unworkable if viewed from a social justice standpoint, and it has become corrupted by the concurrent use of the corporate business model.
- The amount of Rates demanded from any individual Ratepayer is never able to be independently verified as accurate, factual or objective, by any Ratepayer who does not have both expert technical knowledge, and detailed understanding of, and access to the algorithms used for calculation.
- Rates need to be assessed and imposed by the federal income tax system which is already in existence. Conversion of Rate Collection to the Income Tax dept will be relatively easy. Let them farm out the collect income to the States. Let them farm it out so that all Ratepayers get equal benefit.
- The excessively expensive system of local government currently in operation needs to be dissembled. This will leave more money in our local economies, and jobs and financial liquidity and productivity will increase almost overnight. State govt funds will benefit from increased productivity. Send the foreign CEO's and their dodgy covert revenue collection practices back to where they came from. Restore user pays to its real meaning so that commodities used have no attached access fees. Give Ratepayers a better go.
- There is a strong case to be made for user pays for services such as home help, meals on wheels etc, especially where these services are available commercially.

- The use of the current system, with its many flawed and erroneous assumptions favours no one except the people who are paid to implement the system (i.e. Shire employees), and land developers and Real Estate Agents. Ratepayers, including farmers lose every time, every year, while this continues.

- CEO's are currently draining our rural areas of cash and jobs to feather their own nests. So it must be accepted that the use of the current Rating system, along with the cash greedy Corporate Business Model to administer a fair and equitable Rating system is a contradiction in terms. The Corporate Business Model is about profit. Rates should be about community wellbeing. The combined use of the two systems has completely failed.

- Send the foreign CEO's and their dodgy covert Revenue Collection practices back to where they came from. Restore User Pays to its real meaning so that Rates have no implicit Access Fees.

- The use of the corporate business model in conjunction with the current loose and corruptible legislation covering local govt, and the current Rating /Revenue gathering practices authorised by the State Govt, have combined to bleed the rural economies dry. Excessive CEO salaries, and high admin team salaries, must be the first to go.

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- New legislation for local government , in the event that this inadequate system is maintained long term, must include reference to and recognition of a Ratepayers Equity and Capacity to Pay as separate issues. It must also refer to the Overall Rates Revenue Target imposed, and the non relevance of the Total of Property Valuations , which have led to overblown Revenue targets, and which thereby do not reflect actual and real, Ratepayer Capacity to Pay.

- Councils/Shires need to be subject to an independent body who examine the real effects, long medium and short term, against the salary growth accorded to the Shire employees,especially the CEO and Financial Officers.
- This indepth analysis must be applied to individual Rate Notices, such that real Capacity to Pay is recognized, and Rates charged are affordable for the Ratepayer in question.
- Ratepayers must also be given in depth, understandable information about how the charges on their Rate Notices, especially about how the CIV and the starting values for it have been and are justified.
- Ratepayers must be able to calculate their own Rates and verify that the amounts they are being charged are accurate, appropriate, and fair/justified.
- Rate Relief Grants for Ratepayers, similar to those used in Utility Relief Grants must be available to any Ratepayer unable to afford to pay his Rates Notice, on an ongoing basis.

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