



MEDIA RELEASE

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RURAL COUNCILS: DON'T TIE RATE CAP TO CPI

Rural Councils Victoria (RCV) has called on the Victorian government not to tie its proposed rate cap to the Consumer Price Index (CPI). Local government cost structures are quite different to household cost structures, which are the basis for the calculation of the CPI.

RCV Executive Committee member, Ray Campling, CEO of Yarriambiack Shire, represented RCV at a very positive first meeting of the Minister for Local Government's Sector Reference Group on Monday.

The Reference Group will enable councils, communities and stakeholders to have input to the development of the government's new rate capping policy.

"RCV is really pleased to be at the table as part of this important reference group, along with colleagues from other local government networks, business and community interest groups," Mr Campling said.

"The reference group will help the Essential Services Commission (ESC) work through the 266 submissions received on the proposed policy," he said.

"The RCV's own submission to the Review, prepared with the assistance of the Australian Centre for Excellence of Local Government (ACELG), recommended that CPI not be used - that more indicative indices would be more appropriate in setting a cap," said Mr Campling.

"It also points out that the cost structures for delivering rural services are very different to those for metropolitan communities, and that rating policies need to reflect this. Another important difference is the lack of alternative sources of revenue to meet these costs in rural areas. For example, rural councils don't collect big incomes from parking meters."

"We believe a key pillar of the new framework needs to be better engagement with local communities to prioritise their service and infrastructure requirements, and on this basis to set local rating policy."

RCV expects the ESC will set out clear and transparent criteria for the determination of applications from councils to exceed a cap.

RCV is the alliance of Victoria's 38 rural councils. It supports and promotes sustainable, liveable and prosperous rural communities, including a program of activities focused on developing practical solutions to issues shared by the state's rural councils and communities.

Rural Councils Victoria is supported with funding from the Victorian Government's \$3.3million Networked Rural Councils program.

The ESC will release a draft report and recommendations in July for consultation. The final report is due by October 2015 for implementation in 2016-17.

ENDS

For more information please contact:

Birgit Schonafinger, Media Advisor on 0459 281814

Cr Rob Gersch, RCV Chair on 0427 600122

Ray Campling on 0419 362 211

Olwyn Redshaw, RCV Policy and Program Manager on 0424 536 006

www.ruralcouncilsvictoria.org.au