



Ratepayers Victoria Submission to the Review of Rate Capping October 2021

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Executive Summary

Ratepayers advocates from Ratepayers Victoria have extensive involvement in the Rate Cap policy development and implementation, including the processes for exempting Councils from the cap. We are aware that every 4 years, the policy will be reviewed and improved.

We are disappointed with the direction this policy review is heading because:

1. There is no evidence of recent work done to include efficiency and service performance factors in revising the current rate cap calculation formula for the next tranche. This was supposed to happen as part of future change management. Ironically, these performance factors were communicated to us as part of the policy's objectives and not applied as key evaluation criteria in the design of the review questionnaire.
2. The review is excluding CPI, when CPI indexation is already included in the current rate cap calculation formula.
3. There is no clarity of what the mechanism's design principles mean, and it is missing alignment to or integration of the Local Government Act 2020's governance principles.

These review gaps indicate procedural flaws in the evaluation process and contents sharing.

We concluded that the review is tokenistic, designed to continue the current rate cap calculation, and downplay alignment to CPI.

If this is the implied outcome-goal of this evaluation-review, then we suggest scrapping the Rate Cap, which would also save administration effort and cost.

If the Essential Services Commission (ESC) is determined to uphold commitments to fulfilling the policy's objectives, then we expect ESC to immediately initiate a program that:

1. Researches and introduces efficiency and service performance factors, hence revising the current rate cap calculation method without delay, to refocus on fulfilling the original policy objectives.
2. Tracks and reports progress on the program.

As there is currently no evidence of work on the efficiency factors, we recommend that rate capping should be CPI indexed, to protect the integrity and fairness of Ministerial decision making, as we anticipate the ESC is likely to have no additional information to better inform the Minister's decision.

We expect the efficiency factors to be incrementally introduced throughout the next four years perhaps aiming to standardise improvements of councils' financial, assets and workforce management as priorities, and possibly consider the sharing of infrastructure systems and services among councils.

We also expect to see consistent service management structures in councils' charts of accounts, which will provide a consistent performance reporting framework of measures that give the evidence that our councils are value-adding and performance driven in their work culture, decision making and practices.

Introduction

On the 12 October 2021, two representatives from Ratepayers Victoria (Verity Webb and Chan Cheah) met with two Grosvenor consultants, to provide community feedback to the Rate Capping Policy review.

Our discussions were within the scope of the consultants' 14 interview question-areas. The consultants were supposed to share a copy of their interview notes for us to validate the scope and accuracy of the discussions, to enable them to use validated data for writing their report. To date (19 October 2021), we have not received the unvalidated interview notes. However, we decided to share with you the scope of the discussions, to ensure all policy stakeholders understand the key concerns of the issues and areas of action required, to keep the review on track with the original Rate Cap Policy's objectives.

Chan Cheah was involved in the Rates Cap Policy development in 2015, as the official ratepayer advocate from Ratepayers Victoria, supporting and contributing to former Local Government Minister Natalie Hutchins project to successfully implement the Rate Cap policy, despite significant resistance and media propaganda collaboration from councils and their peak bodies.

Ms Cheah also appraised Minister Hutchins with local community insights about the rationality of her own local council's application for capped rate exemption, which improved the transparency of that council's business case to be exempted.

The more rigorous and transparent process provided good quality information to the ESC and resulted in a much fairer decision than would otherwise have been possible.

Ms Cheah also helped other ratepayers group understand the rate cap exemption process and how local constituents could liaise with ESC to provide more transparent and accurate information for enabling ESC to engage in well informed decision making.

Hence Ms Cheah has a good understanding of the policy development and operating frameworks.

Our prepared discussion guide for the meeting on October 12 is appended at the end of this document.

Review Discussions

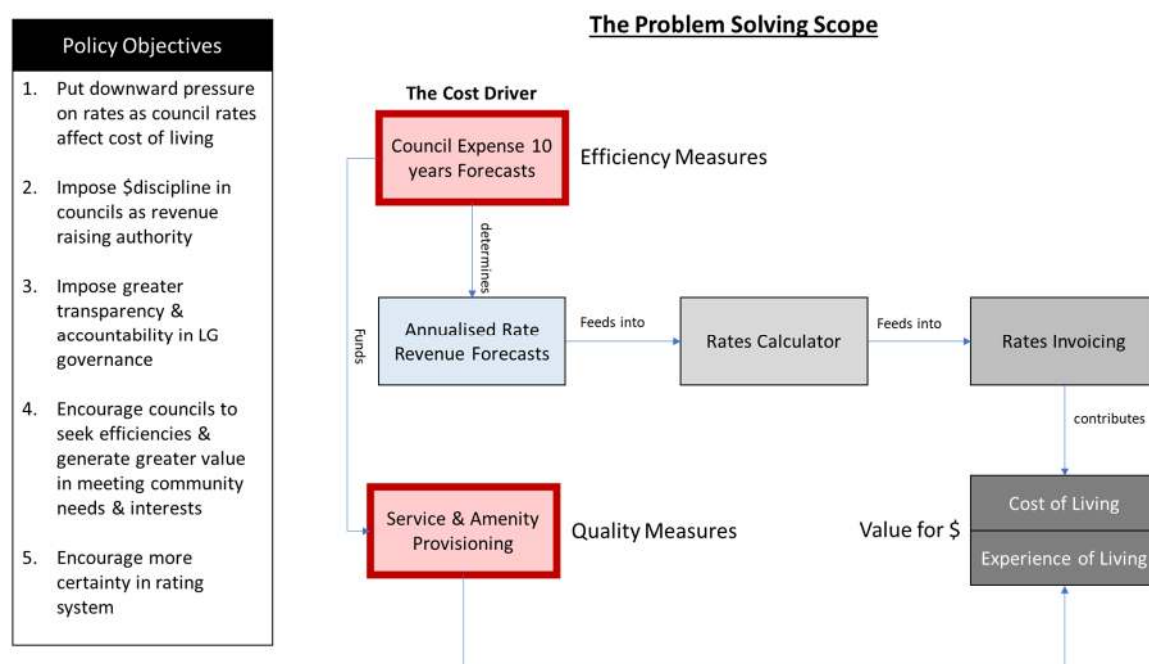
We are formalising our responses to the review questions as follows:

Q2: Rating of Rate Capping Mechanism

We were asked to rate our understanding of the rate capping mechanism. We understand Rate Capping very well, including the distinction between understanding the notions of the rating system and how rate capping, as a policy works.

More importantly, we expressed that we clearly understood the Rate Cap Policy's original purpose and underpinning objectives, which the consultants have summarised (see Policy Objectives in diagram below.)

We further explained the underlying objectives the original ESC project team were aiming for: improved efficiency and service performance in councils. From that context, ratepayers' first priority focus is about councils' efficiency drivers, followed by service and amenity performance drivers later on. This sets us all on the same page in terms of understanding the first core evaluation objective (efficiency) in the meeting discussions.



Q3: Has the Rate Capping Mechanism contributed to these Policy Objectives?

We understand that the rate capping policy is to be reviewed every 4 years and we are at the end of the first review cycle.

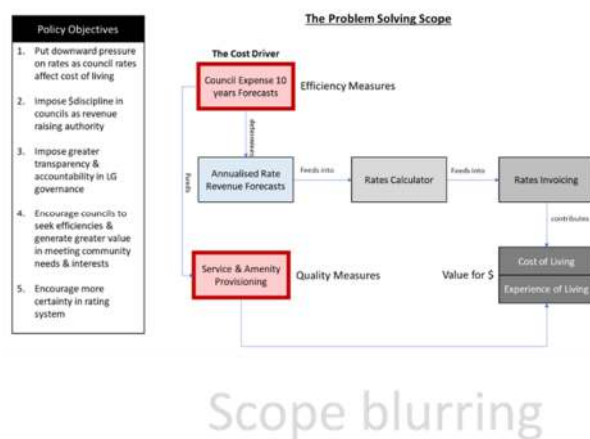
Council and peak bodies understood then and continue to understand that the primary goals of the original 2015/16 rate cap policy are to improve their efficiency and service performance, in order to ensure and sustain rates affordability for local communities.

The policy requires a major work culture shift and practice change in most councils, which is why most councils and all their peak bodies were and are still against these original objectives.

To manage this change resistance. The first ESC team decided, with consensus with the former Local Government Minister, to make the rate cap calculation simple and **initially exclude the provision for efficiency factors**, hence framing the current calculation variables as follows:

- a) Base Rate determinants as:
 1. Total land value as at 1 July
 2. Number of rateable properties at 1 July
 3. Rate in the dollar for the future year
 4. Municipal charges for the future year
- b) **CPI** chosen as the market-based index

Based on this understanding, the Rate Cap mechanism has failed to meet its policy objectives. The discussion questions we raised to explain our answer are summarised as follows:



1. Has the Rate Capping Mechanism contributed to these policy objectives? Why or why not?
2. What have been any success factors or barriers to the mechanism's ability to contribute to these policy objectives?
3. Do you have ideas for how these policy objectives could be better met?
4. How would you describe the intentional and unintentional impacts in the implementation of the Rate Capping Mechanism?

If the rate cap mechanism is not revised to include some efficiency factors, then the review is a deliberated and misleading "carpet sweeper" to ignore fulfilling the original policy objectives of improving councils' efficiency and service performance.

This also implies that the original policy's objectives and planned change management scope have been hijacked to allow councils continue performing inefficiently and their terms of service performance management. If this is the intention, it is easier to simply rate cap to align with CPI and reduce administrative effort and hence cost.

Q4: Success factors or barriers to contributing to Policy's Objectives

Success factors would require the ESC to revisit the original change management plan to include efficiency and service performance factors in future rate cap calculations. The underpinning problem-solving work is significant, and we suspect nothing has progressed to date, while the rate cap policy rolls into the next cycle with tokenistic changes without fulfilling the original policy's objectives.

We also need Key Performance Indicators (KPIs) to provide evidence of the rate cap policy effectiveness.

Ratepayers Victoria believes the KPI development should significantly improve the current Local Government Performance Reporting Framework.

We also need visibility of a program plan and progress reporting schedule, to understand how the policy objectives will be met in future cycles. An explicit community engagement schedule, in

compliant to the new governance requirement in the Local Government Act (2020), to inform local constituents of this work and progress status, is another success factor that ensures transparent and accountable decision making and program management.

Q5: Ideas for how these policy objectives could be better met?

One would assume that the first ESC team would have drafted some change management plan, including the scope, schedule and budget for determining efficiency (and service performance) factors into the future rate cap calculation and aligned with reforms to the Local Government Reporting Performance Framework (LGPRF) initiative.

As we are aware of evaluation procedures, we were surprised that the consultants did not research the original scope and background work done by the first ESC team when preparing this evaluation activity and made a fundamental mistake of not informing reviewing participants of future plans to include efficiency (and service performance) factors in future rate cap calculation.

Q6: The intentional and unintentional impacts in the implementation of the Rate Cap Mechanism

The original intended impacts are to improve council's efficiency and service performance, requiring a governance framework of KPIs, objectives, achievement reporting and information accessibility and transparency by council and across the sector, etc.

The current implementation scope can be perceived as both intentional and unintentional, given the contexts of the consultant's terms of reference, based on what was explained earlier. If the rate cap mechanism does not plan to include efficiency and service performance factors in the rate cap calculation, then the purpose of this review is intended to change policy scope, maintaining a culture of inefficiency and interpretative and diversely contextualised service performance management practices in councils.

Q7: Setting the Rate Cap

Q8: Benefits/Limitations of the Rate Cap Calculation Components

We used the following diagram to focus our discussions on this question-item:

Setting the Rate Cap

7. Based on section 185 (d) of Part 8A the Act, as shown below, please answer the following questions:

- s. 185D:
- (3) Before making a general Order, the Minister must—
- (a) request advice from the Essential Services Commission for the purposes of adjustment in setting the average rate cap; and
 - (b) have regard to any advice received from the Essential Services Commission as requested under paragraph (a).
- (4) The Essential Services Commission must provide advice to the Minister in accordance with a request made under subsection (3)(a).
- (5) A general Order does not have effect in respect of a capped year unless it is published in the Government Gazette—
- (a) on or before 31 December in the financial year before the capped year; or
 - (b) on or before such other date fixed by the Minister by notice published in the Government Gazette in the financial year before the capped year.

- a) What do you see as the benefits or limitations of the interpretation of the Part 8A of the Local Government Act 1989 for setting the rate cap?
- b) What do you see as the benefits or limitations of the implementation of the Part 8A of the Local Government Act 1989 for setting the rate cap?
- c) Do you have any comments you would like to share regarding the process by which advice is provided by the Essential Services Commission and Victorian Government agencies to the Minister for Local Government in the setting of the rate cap?

First Answer the following due process questions:

1. Is ESC advice based on evidence of efficiency & service quality improvements that links to the KPI of the policy objectives?
2. Is there a methodology & schedule for collecting the achieved KPI of policy objectives to inform ESC advice making, consequently informing the Minister rate capping decision?

Impacts answers to

One would assume that determining an appropriate rate cap is supported by an informed decision process recommended by the ESC and finalised by the Local Government Minister.

The consultants made clear that CPI is not included in the rate cap determination, which contradicts the list of calculation variables that include choosing the CPI as the market-based index in the calculation.

Ratepayers Victoria understands that as new efficiency policies are developed, ESC will not dictate how councils improve their efficiency and service performance levels. However, ESC will consult with councils and local residents and businesses to develop realistic measures and upon consensus with councils set the appropriate efficiency measures (we understand service levels can come in later cycles) as doable benchmarks, which will be factored into a revised rate cap calculation formula.

To what extent local constituents can be involved in determining the new efficiency (and future service) performance measures is unknown, however we can guarantee you that the recently refreshed generation of ratepayer advocates are professionally qualified and well versed in any aspects of organisational management, including policy development and evaluation.

We also pointed out to the consultants the inequity implications of the Capital Improved Value (CIV) property valuation method, which inflates property value. This results in rates that can be more afforded by the rich and allows developers and investors to inflate property prices for their own profiteering.

8. What do you see as the benefits or limitations of each of the components of the mechanism?

These components include:

a) the base rate:

- total land value as at 1 July
- number of rateable properties at 1 July
- rate in the dollar for the future year
- municipal charges for the future year

b) CPI being chosen as the market-based index.

Out of Reality Touch Formula

CIV – Artificial inflation of property valuation based on market rates, which are influenced by:

- Global/national events
- High AML activities in Australia
- Notional assumption that owners sell and rent out properties

2

Initial band aide calculations to kickstart the policy implementation in 2015/16

1

With the view to revise with efficiency & quality metrics implications

Councils' efficiency capacity development also needs to consider reviewing whether a CIV valuation pricing method enables the design principles of a fair and equity balancing property tax and takes away the systematic deficiencies of market price manipulations and varying local demand effects of globalisation, notably migration. These external influencers have differentiated rates setting, depending on the intensities of their impacts in different municipalities (example see diagram overleaf)

Figure 1 Maribyrnong City Council Budget FY21

Geographic Dispensal of Impacts

The following table shows the predicted % change to the average rates & charges bill (by assessment type and by locality/suburb) for 2020/21 (including rates, municipal and waste management charges):

Rate Impacts by Location (2020/21)	Rating Category	Assessment No.	Average of Rates & Charges 2019-20	Average of Rates & Charges 2020-21	Difference in Average of Rates & Charges	% Change in Average of Rates & Charges	originally proposed
1. Braybrook	Residential	3,535	1,777.23	1,758.74	-18.49	-1.0%	0.7%
	Commercial	207	3,802.61	3,907.85	105.25	2.8%	4.8%
	Industrial	204	5,035.75	5,302.62	266.87	5.3%	7.4%
	Vacant	95	6,419.57	7,032.94	613.37	9.6%	11.8%
	Total	4,041	2,154.61	2,171.72	17.11	0.8%	
2. Footscray	Res	8,367	1,724.00	1,736.83	12.83	0.7%	2.5%
	Commercial	985	3,459.07	3,383.46	-75.61	-2.2%	0.2%
	Industrial	193	6,864.23	6,885.48	201.25	3.0%	5.1%
	Vacant	113	11,913.80	11,986.80	72.80	0.6%	2.6%
	Cultural & Recreational	3	2,745.55	3,406.54	660.99	24.1%	26.6%
	Total	9,661	2,119.94	2,127.57	8.48	0.4%	
3. Kingsville	Res	1,792	1,994.13	2,096.99	102.86	5.2%	7.1%
	Commercial	48	3,098.25	3,234.01	135.76	4.4%	6.5%
	Industrial	8	4,392.85	3,991.09	-401.76	-9.1%	-7.3%
	Vacant	8	3,504.28	4,505.22	1,000.94	28.6%	26.6%
	Total	1,856	2,039.53	2,144.94	105.41	5.2%	
4. Maidstone	Res	3,940	1,954.18	1,830.52	-73.66	-3.8%	-2.0%
	Commercial	97	4,646.42	4,827.80	181.38	3.9%	5%
	Industrial	83	6,306.18	6,830.04	523.85	8.3%	10.5%
	Vacant	69	7,741.64	8,595.82	854.17	11.0%	13.3%
	Cultural & Recreational	1	42,862.47	45,224.49	2,362.02	6.0%	8.1%
	Total	4,190	2,207.74	2,167.73	-40.01	-1.8%	
5. Maribyrnong	Res	5,892	2,100.25	2,161.80	61.56	2.9%	4.8%
	Commercial	588	13,479.22	12,832.13	-647.09	-4.8%	-2.9%
	Industrial	52	7,602.52	8,456.20	853.68	11.2%	13.3%
	Vacant	89	5,044.18	5,829.90	785.72	15.6%	17.9%
	Total	6,621	3,193.58	3,208.16	14.58	0.5%	
6. Seddon	Res	2,389	2,449.88	2,507.09	57.21	2.3%	4.2%
	Commercial	105	3,188.46	3,273.55	85.09	2.7%	4.7%
	Industrial	8	5,187.03	4,098.13	-1,088.91	-21.0%	-19.4%
	Vacant	28	3,868.39	4,121.96	253.56	6.6%	8.7%
	Total	2,530	2,504.89	2,561.81	56.92	2.3%	
7. Tottenham	Commercial	6	9,917.43	9,733.96	-183.47	-1.8%	0.1%
	Industrial	198	7,532.21	7,711.08	178.87	2.4%	4.4%
	Vacant	18	6,937.82	8,194.76	1,256.93	18.1%	20.5%
	Total	222	7,548.63	7,805.82	257.19	3.4%	
8. West Footscray	Res	5,190	1,986.33	1,971.84	-14.49	-0.7%	1.1%
	Commercial	133	3,220.42	3,333.61	113.19	3.5%	5.6%
	Vacant	52	6,806.67	7,633.21	826.54	12.1%	14.4%
	Cultural & Recreational	1	921.65	749.24	-172.40	-18.7%	-17.1%
	Total	5,549	2,156.13	2,151.21	-4.92	-0.2%	
9. Yarraville	Res	6,731	2,526.44	2,582.95	56.51	2.2%	4.1%
	Commercial	267	3,662.59	3,699.53	36.95	1.0%	3.0%
	Industrial	283	5,994.27	6,170.86	176.59	2.9%	5.0%
	Vacant	80	8,210.64	8,902.05	691.40	8.4%	10.6%
	Cultural & Recreational	2	2,777.96	2,804.38	26.40	1.0%	3%
	Total	7,363	2,762.76	2,830.06	67.30	2.4%	
10. All Areas	Res	37,836	2,048.90	2,068.47	19.58	1.0%	2.8%
	Commercial	2,436	5,960.61	5,806.13	-154.48	-2.6%	0.6%
	Industrial	1,200	6,128.08	6,331.64	203.56	3.3%	5.4%
	Vacant	552	7,629.08	8,229.42	600.34	7.9%	10%
	Cultural & Recreational	7	8,196.6	8,828.87	632.20	7.7%	9.9%
	Total	42,031	2,466.38	2,488.85	22.47	0.9%	

Q9: Success Factors or Barriers to Progress with the Rate Cap Policy design principles

The Rate Cap policy is a governance mechanism to improve council efficiency and service performance, giving measurable- hence transparent and accountable -visibility to **value for money** decision making and achievements, a legislated obligation. If this fundamental governance design principle is lost in translation, continuation of the rate cap policy as is, is a tokenistic administration burden.

Unfortunately, the consultants did not give clarity of what is meant by policy design principles; however, our own professional experience indicates it is linked to governance principles, and more notably in alignment to the governance obligations defined in the Local Government Act 2020.

Q10: Success Factors / Barriers to Rate Cap mechanism's ability to meet the design principles?

1. First define what is meant by design principles. We are assuming they are from good governance principles, notably that councils adopt a culture of efficiency and effectiveness in their financial, asset and service management activities, whose collective financial expenditures determine council revenue and rate setting – this itself is a very big ASK. How they improve efficiency, although not determined by ESC, needs to be transparent and accountable. They also need to follow the Local Government Act 2020's governance obligations to ensure council decision making and implementation reporting are compliant to these legislated compliance requirements.



2. ESC work in efficiency factors will also improve some of the current 'You're your Council' and LGPRF financial indicators and introduces new efficiency and service performance indicators that fulfils this rate cap policy. What stage is this work at now?

As the consultants do not know the history and change management plans of the rate cap policy during its development, they cannot inform us further.

3. Formal program (ESC) and underlying project (councils) structures need to be setup, to better understand how councils are improving their efficiency and service performance every 4 years, perhaps for the next 12 years.
4. Advocating for zero budgeting and discontinuing current incremental budgeting methodology will help councils develop better efficiency capabilities.

5. Standardising service performance management structures and integrating into councils' chart of accounts will also give easier visibility of service financial performance levels.
6. Making council decision making more explicit and requiring considerations of efficiency and service performance criteria and targets can better justify councils' decision making and facilitate more transparent reporting on decision implementation.

Q11: Any other comments on how the mechanism is implemented in accordance with the LG act 2020 Legislation

We heard no reference to the Local Government Act 2020's governance framework of compliance obligations during the meeting, hence we assume that the consultants are not informed of these legislated compliance requirements in their terms of reference. Again, we know more than the consultants, who are unable to give us more hands-on insights.

Q12: Our Experience with the Rate Cap mechanism's operations

See introduction section. We are well informed about this policy development, implementation and operations (include exception application processes) and its review arrangements.

Q13: Is the Rate Cap policy increasing administration burden in rates setting?

No. Policies are developed to ensure strategic achievements fulfil good governance principles AND good governance is a responsibility not an administration burden. However, ESC can consider economies of scale and scope recommendations for councils to improve their efficiency and service performance, to make life easier for councils and enable consistency in their service provisioning and management control-structures.

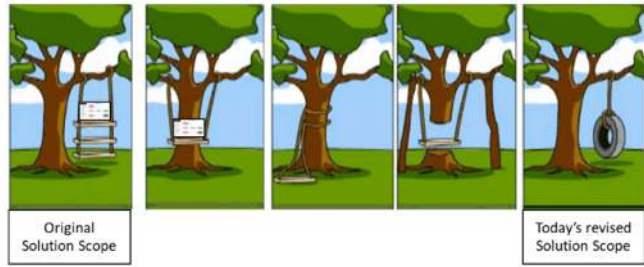
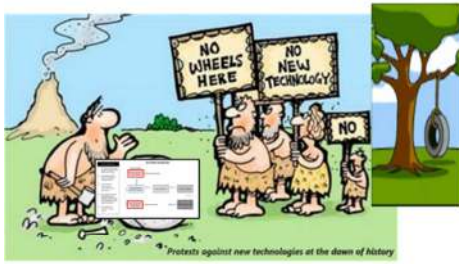
Yes. Councils use administration burden as a resistance tactic and their peak bodies often echo this to argue that well-intentioned policies such as the rate cap are not viable or add no value. We hear that line too often.

Q14: Other comments

We experienced the strong resistance from most councils and all their peak bodies against the Rate Cap policy during its development and first implementation. The key driver of resistance is because the policy will, over time, significantly change their work culture, decision making and practices to be more efficient and service performance transparent and accountable.

As the current ESC team has changed membership, the review scope and directions are allowing this resistance to resurface and leverage insider influence to return to the legacy work culture, decision making and practices that most councils desire to protect and preserve.

2015-2016: Media Misinformation Tactics



The original ESC Solution Architects



The original ESC Solution Architects are gone



If this is the underpinning agenda, then we recommend removing the rate cap policy as it gives no value in governance improvements in the sector.

If there is resolve to fulfil the policy's original objectives, especially the efficiency and service performance goals, then we recommend a simple short term approach that begins with capping rates at prevailing CPI, as the CPI indexation is already in the current rate cap calculation formula.

We expect a medium-term revised calculation method that incrementally introduces and improves efficiency factors and longer term to integrate service performance factors.

We anticipate the introduction of efficiency factors will focus on areas of change in financial, assets and workforce management and possibly the sharing of resources and service provisioning.

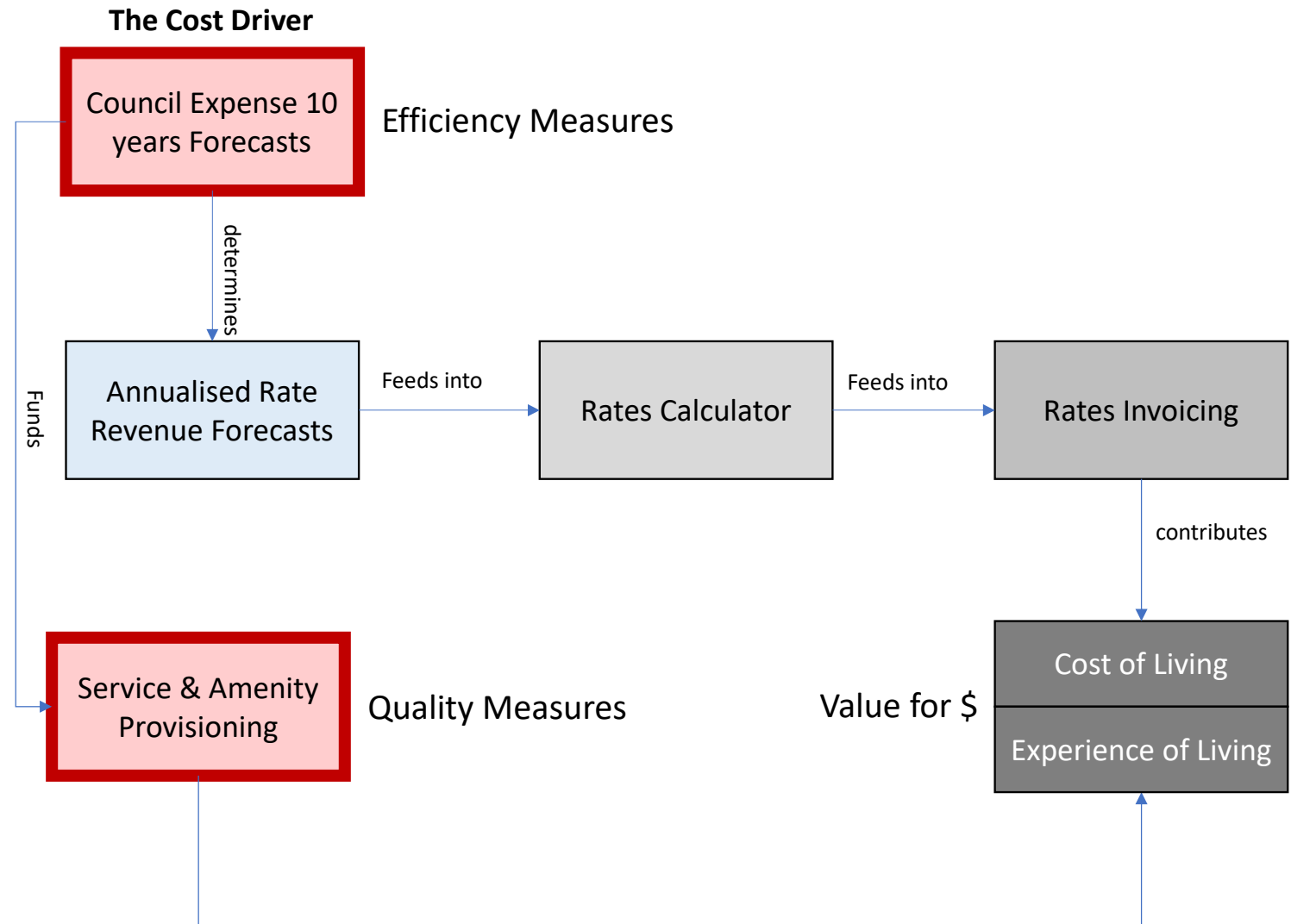
ESC rate capping review

Ratepayers Victorian's Discussion Areas

Policy Objectives

1. Put downward pressure on rates as council rates affect cost of living
2. Impose \$discipline in councils as revenue raising authority
3. Impose greater transparency & accountability in LG governance
4. Encourage councils to seek efficiencies & generate greater value in meeting community needs & interests
5. Encourage more certainty in rating system

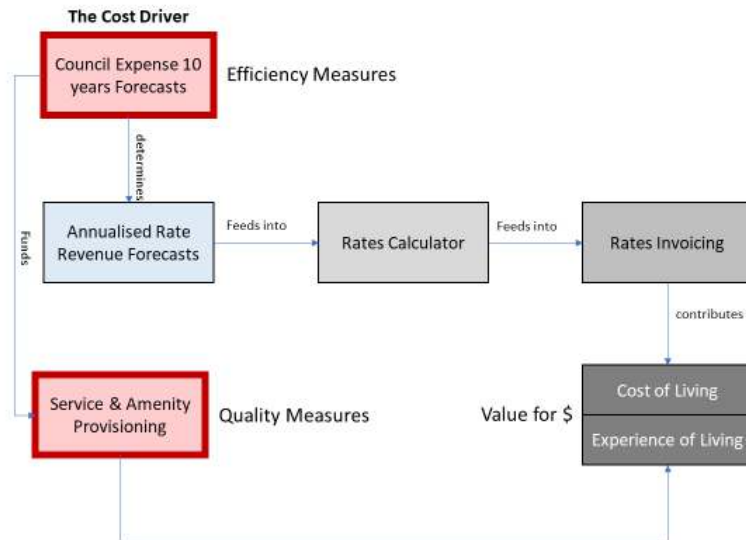
The Problem Solving Scope



Policy Objectives

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The Problem Solving Scope



Scope blurring

1. Has the Rate Capping Mechanism contributed to these policy objectives? Why or why not?
2. What have been any success factors or barriers to the mechanism's ability to contribute to these policy objectives?
3. Do you have ideas for how these policy objectives could be better met?
4. How would you describe the intentional and unintentional impacts in the implementation of the Rate Capping Mechanism?

Setting the Rate Cap

7. Based on section 185 (d) of Part 8A the Act, as shown below, please answer the following questions:

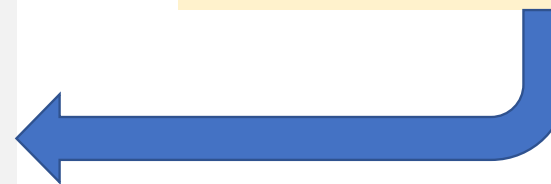
s. 185D:

- (3) Before making a general Order, the Minister must—
 - (a) request advice from the Essential Services Commission for the purposes of adjustment in setting the average rate cap; and
 - (b) have regard to any advice received from the Essential Services Commission as requested under paragraph (a).
- (4) The Essential Services Commission must provide advice to the Minister in accordance with a request made under subsection (3)(a).
- (5) A general Order does not have effect in respect of a capped year unless it is published in the Government Gazette—
 - (a) on or before 31 December in the financial year before the capped year; or
 - (b) on or before such other date fixed by the Minister by notice published in the Government Gazette in the financial year before the capped year.

- a) What do you see as the benefits or limitations of the interpretation of the Part 8A of the Local Government Act 1989 for setting the rate cap?
- b) What do you see as the benefits or limitations of the implementation of the Part 8A of the Local Government Act 1989 for setting the rate cap?
- c) Do you have any comments you would like to share regarding the process by which advice is provided by the Essential Services Commission and Victorian Government agencies to the Minister for Local Government in the setting of the rate cap?

First Answer the following due process questions:

1. Is ESC advice based on evidence of efficiency & service quality improvements that links to the KPI of the policy objectives?
2. Is there a methodology & schedule for collecting the achieved KPI of policy objectives to inform ESC advice making, consequently informing the Minister rate capping decision?



Impacts answers to

8. What do you see as the benefits or limitations of each of the components of the mechanism?

These components include:

a) the base rate:

- total **land value** as at 1 July
- number of rateable properties at 1 July
- rate in the dollar for the future year
- **municipal charges** for the future year

b) CPI being chosen as the market-based index.

Out of Reality Touch Formula

CIV – Artificial inflation of property valuation based on market rates, which are influenced by:

- Global/national events
- High AML activities in Australia
- Notional assumption that owners sell and rent out properties

Initial band aide calculations to kickstart the policy implementation in 2015/16

With the view to revise with efficiency & quality metrics implications

2

1

General administration and processes

Similarly, we are interested in understanding how the Rate Capping Mechanism has progressed against its intended design principles. These design principles were:

- > simple and easily understood;
- > requirements are clear and compliance can be easily determined;
- > minimises administrative burden for councils;
- > can be consistently applied by all councils while having sufficient regard to differences between councils;
- > encourages ratepayer and community involvement; and,
- > allows for consideration of key relevant and related factors including municipal circumstances, community needs and aspirations, council priorities and operating environment, and Victorian Government priorities and policy objectives.

9. From your perspective, has the Rate Capping Mechanism progressed against these design principles? Why or why not?

Setting the Rate Cap
Based on section 100 (3) of Part 8A of the Act, as shown below, please answer the following questions:

1. YES

(a) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(b) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(c) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(d) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(e) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(f) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(g) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(h) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(i) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(j) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(k) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(l) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(m) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(n) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(o) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(p) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(q) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(r) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(s) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(t) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(u) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(v) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(w) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(x) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(y) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

(z) Has the Minister made a general Order for the purposes of adjustment in setting the average rate cap; and

a) What do you see as the benefits or limitations of the interpretation of the Part 8A of the Local Government Act 1989 for setting the rate cap?

b) What do you see as the benefits or limitations of the implementation of the Part 8A of the Local Government Act 1989 for setting the rate cap?

c) Do you have any comments you would like to share regarding the process by which advice is provided by the Essential Services Commission and Victorian Government agencies to the Minister for Local Government in the setting of the rate cap?

First Answer the following due process questions:

1. Is ESC advice based on evidence of efficiency & service quality improvements that links to the KPI of the policy objectives?

2. Is there a methodology & schedule for collecting the achieved KPI of policy objectives to inform ESC advice making, consequently informing the Minister rate capping decision?

Impacts answers to

Slide 3 gives insights into the obvious answer:

1. Policy design was taking an agile approach:
Sprint 1 – since implementation to now

Sprint 2 – next cycle, BUT, needs prior work completion → where are the design progression to ensure all policy objectives are achievable via KPI???

We are stopping at an early design pilot phase?

10. What have been any success factors or barriers to the mechanism's ability to progress against these design principles?

11. Do you have any comments on how the mechanism is implemented in accordance with its legislation?

12. Could you comment on your experience with the general administration and processes of the mechanism?

- a) Do you have any comments regarding the process by which councils apply to the Essential Services Commission for a higher cap?
- b) What, if any, are the barriers to councils applying for a higher cap when they perceive that they require this, and how could these barriers be mitigated?

13. Do you think the mechanism has affected the administrative burden for councils in setting their rates? Why or why not? If you think it has, how could any affects be minimised?

1. Where is the start to end program/project management plan in designing a complete solution beyond sprint 1?

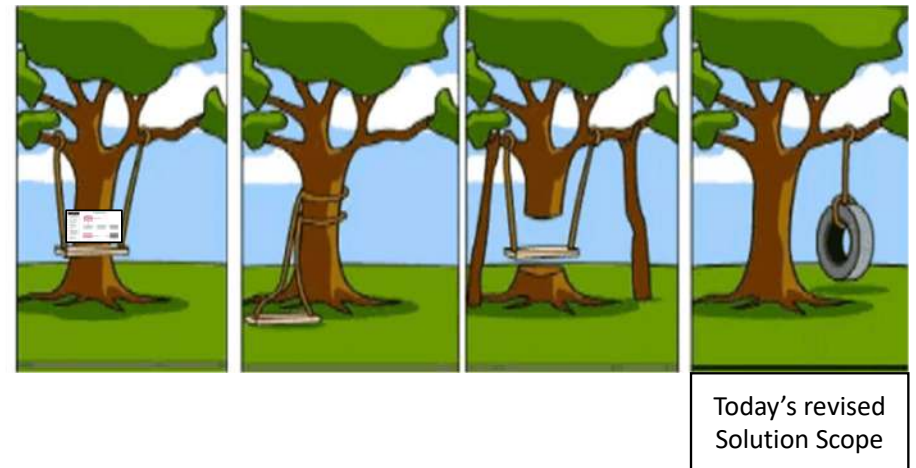
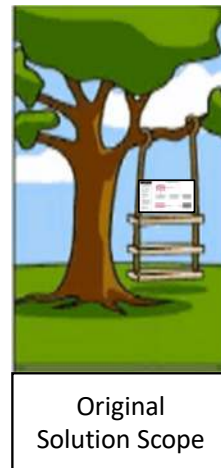
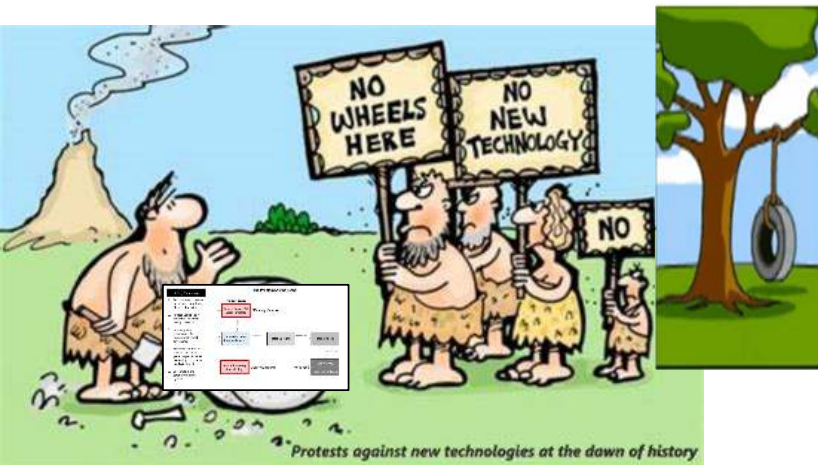
2. Rational decision making and business cases are vague and lack materiality

3. Conduct issue: Unwillingness to improve budget efficiency; move towards zero based budgeting; sugar daddy spending leadership & work culture

4. Yes and No.
- Yes – councils use admin burden as a good defensive argument to block full policy implementation
 - No – good governance is a responsibility, not an admin burden

14. Do you have any other comments you would like to share as part of this review?

2015-2016: Media Misinformation Tactics



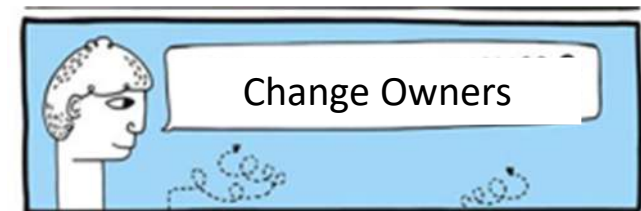
Today

**Retain Legacy Decision
Making Autonomy**

The original ESC Solution Architects



The original ESC Solution Architects are gone



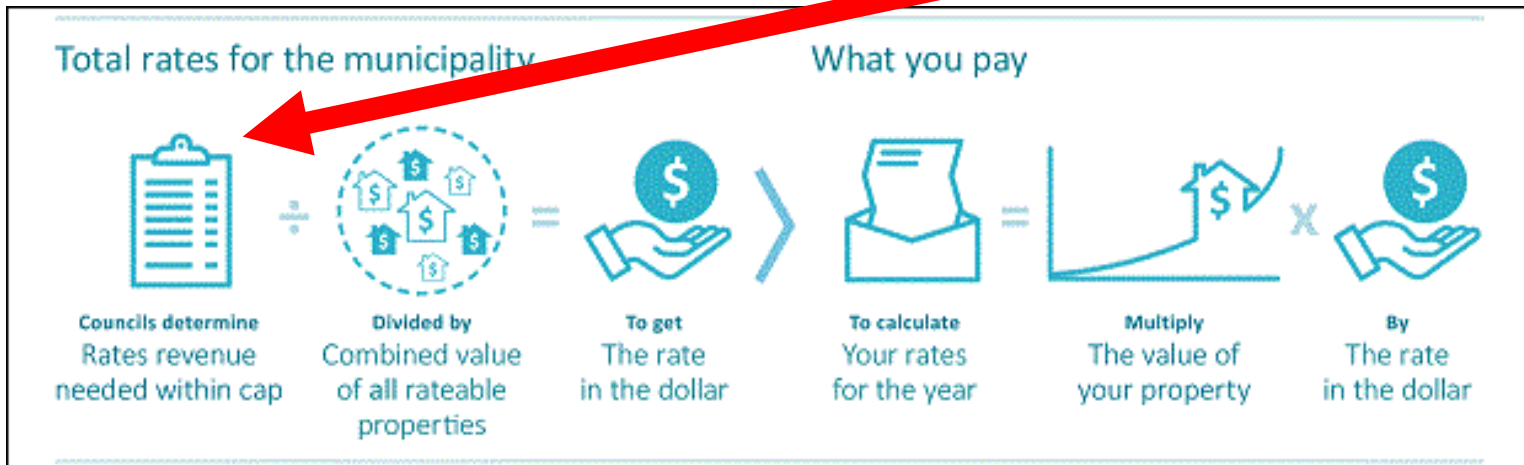
Transparency in Rate Capping



Essential Services Commission



Local Government Minister



resident