

# FinPro Seminar

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# Acknowledgement of country

**I would like to acknowledge the Traditional Owners of the Land we are meeting on today; the Wurundjeri people of the Kulin Nations.**

**I pay my respects to their Elders past and present, and extend that respect to all Aboriginal people here today.**

Barring Djinang artwork by Jade Kennedy.  
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# Our role in local government

- Provide advice to the Minister for Local Government on the rate cap and other matters
- Assess council applications for higher caps
- Monitor and report annually on council compliance with the Minister's cap or a higher cap approved by the commission
- Monitor and report biennially on outcomes in the sector under rate capping
- Provide guidance to the sector and undertake studies as required

# Contacting the local government team



[www.esc.vic.gov.au/local-government](http://www.esc.vic.gov.au/local-government)

Contains all our guidance, higher cap decisions, advice to the Minister, compliance reports and other publications.



Email: [localgovernment@esc.vic.gov.au](mailto:localgovernment@esc.vic.gov.au)  
Phone: (03) 9032 1300

# Rate cap advice

- Each year the Minister for Local Government asks us for advice on any adjustments to CPI in setting the rate cap
  - Our advice will be made public when the Minister announces the rate cap (before 31 December)
- In previous years, the Minister has always set the cap at the forecast CPI
  - For 2023-24 the cap was set at 3.5 per cent
- As part of our rate cap advice we consulted with MAV and FinPro representatives to get a better understanding of the challenges facing councils

# Outcomes report

- A report every 2 years
- A report on the sector as a whole
- Fact sheets for each of the councils and council groups
- We look at rates, revenue, expenditure (operating and infrastructure), financial position
- This information helps:
  - inform readers how councils are operating in a rate capped environment
  - inform whether the framework is working as intended
  - identify early if things are happening that may be an adverse impact of rate capping
- Next report will be out in May

# Review of rate capping mechanism

## Time pressures

1. Announce cap earlier based on May forecast CPI.
2. Councils to begin planning earlier and make assumptions based on forecast CPI.
3. ESC to review higher cap applications all year round.

## Communication

4. Department to provide clearer terminology and explanation of the mechanism.
5. Department to centralise communication resources.
6. Department to strengthen support and education around higher cap process by supporting ESC in its annual roadshows.

## Greater engagement

8. ESC to include sector feedback in the provision of advice to Minister on rate cap, could be based on consultation undertaken through year.