



Fair Go Rates System

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Seminar

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Today's presentation

- Recap
- Applications for a higher cap
- Assessing applications for a higher cap
- Timeline and next steps



Recap

- The Final Report of the Review and the Government response were released on 21 October 2015
 - available on our website: www.esc.vic.gov.au
- ‘Fair Go Rates’ Bill received Royal Assent on 1 December 2015
- The ESC released Guidance Material in December 2015 covering:
 - Complying with the rate cap
 - Applying for a higher cap
 - Reporting requirements
- On 22 December 2015, Minister Hutchins announced a rate cap of 2.5% to apply to all Victorian Councils for the 2016-17 financial year



Applications for a higher cap - process

- This is an open process – notifications, applications and decisions, with reasons, will be public
- By 31 January, 21 councils had notified the Commission of their intention to apply for a higher cap
- Councils have a 2 month period from 1 February to 31 March 2016 to submit an application
- The Commission will try to notify councils of its decision regarding an application within two months of receipt



Assessing applications for a higher cap - criteria

Applications must address 6 criteria:

1. The proposed higher cap
2. The reason(s) for which the Council seeks the higher cap
3. How the views of the ratepayers and the community have been taken into account in proposing the higher cap
4. How the higher cap is an efficient use of council resources and represents value for money
5. What consideration has been given to reprioritising proposed expenditures and pursuing alternative funding options and why those funding options are not adequate
6. That the assumptions and proposals in the application are consistent with the Council's long term strategy and financial management policies set out in the Council's planning documents and annual budget



Assessing applications for a higher cap - approach

- The basis for assessment is drawn from existing obligations under the LG Act 1989, most notably
 - Best Value Principles
 - principles of sound financial management
- The application process is, in a way, independent verification that councils have gone through the budgeting, planning and engagement processes required by the Best Value Principles



Assessing applications for a higher cap – approach (cont'd)

- Councils need to demonstrate the impacts of operating under the cap
 - Would not expect material changes to current service levels already provided in the base
- Long-term financial planning must be demonstrated
 - Where material, consideration of alternative options
 - Where there are new infrastructure needs, councils must show that ‘whole of life’ costs for assets have been taken into consideration (capital and operating expenditure for the life of the asset)
 - Councils remain responsible for determining the mix and level of services they provide to the community



Assessing applications for a higher cap – approach (cont'd)

- Councils remain responsible for determining how they engage with their communities and ratepayers
- Engagement should be consistent with principles:
 - Contain clear, accessible and comprehensive information and be timely
 - Ongoing and tailored to community needs
 - Prioritised on matters of significance and impact
 - Lead to more informed and empowered communities



Assessing applications for a higher cap – approach (cont'd)

- Councils are expected to demonstrate:
 - How, why, who, when and where they engage
 - What information, *including options and trade-offs*, were presented
 - How views have been taken into account in seeking a higher cap
- Councils can use in-depth community consultation and engagement already undertaken in support of their applications
- The ESC will be facilitating an engagement technical working group in the coming year



Assessing applications for a higher cap – approach (cont'd)

Reporting requirements

- Budget baseline information (forecast and actuals) from councils applying for a higher cap due with applications by 31 March
- Annual baseline information (actuals) from **all councils** due by 31 October



2016-17 Timelines

Stage of the Fair Go Rates System Process	Timeframe
Minister announces cap(s)	By 31 December 2015
Councils seeking approval for a higher cap notify the Commission of intention to apply	By 31 January 2016
Council applies for a higher cap, submits Budget Baseline Information	1 February – 31 March 2016
Commission assesses council applications	February - May 2016
Commission notifies council of decisions	Within 2 months of receipt of application
Councils formally adopt budget	June 2016
All councils submit Annual Baseline Information	31 October 2016
Commission publishes Compliance Report	November 2017

*Councils must consult on draft budget for 28 days at a time determined by the council as part of existing legislative requirements



Local Government Team Contacts

Please direct any queries to the Commission's Local Government team

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QUESTIONS?

