

MEDIA RELEASE

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Towong Shire to explore service delivery options under State's rate-capping policy

With the Victorian Government's policy to limit rates increases to the Consumer Price Index (CPI) from 2016, Towong Shire Council has opened up discussions with community representatives about the possible impact that this will have on the delivery of key services.

Towong Shire Council Mayor, Cr David Wortmann, explained that the State Government's policy will particularly affect small rural Councils.

"Unlike larger councils who can generate income through parking fines, developer contributions and levies, small rural councils rely on income from rates and grants to deliver core services," said Cr Wortmann.

The Victorian Government's policy announcement has come just months after the Federal Government's decision to freeze the indexation of Financial Assistance Grants to local government. The Federal Government's decision has already resulted in a \$658,000 reduction to Council's income over the next three years.

"Our Shire is especially vulnerable when financial decisions are made outside of our control," said Cr Wortmann. "Our small base of ratepayers means that a 1% increase applied to rates generates just \$47,000 of income,"

"Over the last six years, Council has been addressing financial sustainability issues head on," said Cr Wortmann. "We have already taken aggressive action to reduce internal and operating costs across all areas such as asset management, financial services as well as our organisational structure,"

In recent years, Council has reduced operating costs through its approach to fleet management. Plant items, such as graders and backhoes, as well as passenger vehicles, are now retained for much longer periods and only replaced when increasing maintenance costs mean they are no longer viable to keep. Council recently purchased two small second-hand vehicles to replace aged six-cylinder vehicles with higher running costs.

"However, we now have to explore what other options are available to reduce costs and this could well impact the level of services we provide in our communities," Cr Wortmann said. "We are talking with community representatives about things like whether public facilities are cleaned on weekends or how long we keep the pools open over summer,"

While Council is committed to keeping rates at an affordable level, the Victorian State Government's intention to use the CPI as the measure to cap rates is of particular concern said Cr Wortmann.

"The CPI is not an appropriate reflection of the cost increases experienced by local government," explained Cr Wortmann. "For example, the cost of products such as bitumen and concrete pipes are influenced by factors outside the scope of the CPI,"

"The Victorian Government has not indicated whether they are willing to fund the shortfall in our budgets to maintain roads, infrastructure and services, to a safe, acceptable and sustainable standard".