**Statutory Review of Rate Cap Mechanism 2025**

Discussion Paper Template Response Form

*Thank you for providing a response to the 2025 Rate Cap Mechanism Statutory Review. We request you complete this template response form and email it to* *rcmreview2025@acilallen.com.au* *by 12 September 2025 to ensure your response is able to be considered as part of the Review.*

Respondent:

Date Completed:

| Question | Response field |
| --- | --- |
| **Sector wide perspective** |  |
| 1. From your perspective as a member of the Local Government sector, is the Rate Cap Mechanism (RCM) generally well understood by your stakeholders and constituents? What leads you to form this view?
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| 1. Please describe recent financial trends in the Local Government sector, with particular focus on the cost / prices you face in delivering services, and the expectations of the community you serve.
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| **Considering the RCM** |  |
| 1. How appropriate is the rate cap mechanism as defined in the Act, in the context of the Victorian Government’s overarching policy direction to contain escalating costs for all ratepayers?
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| 1. How effective is the RCM as it has been defined in the Act in delivering the policy direction? What leads you to form this view?
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| 1. What impact has the RCM had on budget-setting, revenue and pricing, and expenditure decisions at your Council? For example, have you:
	1. Decided to reduce spending in certain functional areas, or stopped undertaking activities in functional areas that you had operated in previously;
	2. Found opportunities to spend less without changing what you do;
	3. Changed the balance of spending on capital versus operational expenditures;
	4. Sought opportunities to increase revenue / prices from sources which are not subject to the rate cap; and / or
	5. Changed financial reserves and balance sheet policies / management (ie increased borrowings, reduced surplus cash reserves)?
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| 1. Are there any improvements which could be considered to the legislation underpinning the rate cap mechanism? In responding to this question please consider:
	1. The timelines defined by the Act
	2. The entities and other parties who have a statutory role and function
	3. What is “inside” and “outside” of the RCM mechanism Decided to reduce spending in certain functional areas, or stopped undertaking activities in functional areas that you had operated in previously;
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| 1. Have your annual budget policies and procedures changed since the RCM was introduced? If so, in what way?
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| 1. How does your Council / Executive respond to ratepayer questions and queries, desires, projects, in the context of the RCM?
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| 1. How has the RCM impacted on the development and implementation of longer term financial planning and projections? Reflect here on your four year budget, 10-year Financial Plan, and 10-year Asset Plan.
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| **Higher caps** |  |
| 1. Is the process for applying for a higher rate cap clear and well understood? What leads you to form this view?
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| 1. Has your Council applied to the ESC for a higher rate cap? If so, what was your experience?
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| 1. Has your Council ever considered applying to the ESC for a higher rate cap, but decided against submitting an application? What went into this consideration? Why didn’t you act on this?
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| 1. Is the time between the Minister’s determination of the Annual Rate Cap and when applications to the ESC close sufficient to consider and lodge an application? Why or why not?
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| 1. Is the time between when the ESC may decide on an application and when Council budgets must be adopted sufficient? Why or why not?
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| **General questions and comments** |  |
| 1. Are there any other matters you wish to bring to ACIL Allen’s attention as they relate to the 2025 RCM Review?
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