

CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2004–05 budget estimates

Melbourne – 18 June 2004

Members

Mr W. R. Baxter	Ms D. L. Green
Ms C. M. Campbell	Mr J. Merlino
Mr R. W. Clark	Mr G. K. Rich-Phillips
Mr L. A. Donnellan	Ms G. D. Romanes
Mr B. Forwood	

Chair: Ms C. M. Campbell
Deputy Chair: Mr B. Forwood

Staff

Executive Officer: Ms M. Cornwell

Witnesses

Ms C. Broad, Minister for Local Government;
Mr T. Healy, acting secretary;
Ms P. Digby, executive director, Local Government Victoria and community information;
and
Mr S. Gregory, chief finance officer, corporate finance, Department for Victorian Communities.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearings on that the 2004 budget estimates for the local government portfolio and the housing portfolio. Welcome to Ms Candy Broad, Minister for Local Government; Mr Terry Healy, acting secretary, Ms Prue Digby, executive director, Local Government Victoria and community information, and Mr Stephen Gregory, chief finance officer, corporate finance, from the Department for Victorian Communities; and assembled departmental officers, members of the public and the media. In accordance with the guidelines for public hearings I remind members of the public that they cannot participate in the committee's hearings. Only officers of the committee secretariat are to approach PAEC members; and, Minister, departmental officers may come to your side, as requested by you or your chief of staff. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being reported and witnesses will be provided with proof versions of their transcripts early next week.

Before I call on the minister to give a brief presentation on the more complex financial and performance information in her budget I ask that all mobile phones be turned off and pagers put on silent mode. The committee has allowed for a 5-minute presentation on local government and then there will be a 5-minute overhead presentation on housing later. I invite you to make your presentation on local government.

Overheads shown.

Ms BROAD — Thank you, Chair, and members of the committee. As I know many members of this committee are aware, local government is an important partner for the state government, with proper constitutional recognition of local government now provided in the Constitution (Parliamentary Reform) Act. The state aims to work in collaboration with the local government sector to ensure effective democracy, a strong local government sector, strong communities and more integrated services.

The Local Government (Democratic Reform) Act was passed in November 2003 and the provisions are being progressively proclaimed during 2004. The reform act amends the Local Government Act and provides for improved probity in council governance and improved financial management, as well as important electoral reforms. A significant reform is the alignment of all council elections onto a four-year term with a common date, with the first group of councils to commence the transition in November this year. Recently I announced the government's decision to restore local democracy of the Docklands to the City of Melbourne and this will occur prior to the scheduled November 2008 council elections.

A discussion paper 'Community strengthening and the role of local government' was released to the sector in February this year. We have copies of that paper here. It looks at international trends as well as a proposed pathway based on international experience that Victoria could consider adopting — it is not prescriptive. The metro fringe partnerships between the Department for Victorian Communities, the Department of Sustainability and Environment and the shires of Baw Baw, Hepburn, Macedon Ranges, Mitchell, Murrindindi and Moorabool began in 2003 and all of these partners are currently involved in looking at ways of engaging communities in council planning issues. Last but not least, Local Government Victoria has commenced a process with the bushfire affected shires of Alpine, Indigo, Towong and East Gippsland to develop community resilience strategies and plans.

I move now to a strong local government sector. The state government has improved local government accountability and assisted communities to be clear about what they can expect from their councils and be better able to hold councils accountable by updating the Local Government Act and its regulations, and that is ongoing work. The Good Governance Advisory Group, comprising the department and the local government peak bodies, has published a very practical booklet on good governance, an ongoing issue — —

Mr FORWOOD — Did Brad Matheson read it?

Ms BROAD — We have a copy of that here today.

The CHAIR — Who did you say prepared that?

Ms BROAD — We have the good governance guide. All the local government peak bodies and the Department for Victorian Communities have produced that. It is excellent work.

An important part of my responsibilities is, of course, advocating within state government for local government, and there are a whole range of areas where that is ongoing work, including the draft bill which is now out as an exposure draft to amend the Limitation of Actions Act relating to adverse possession of council land, which is something that councils have been after for a long time. On best value, some 775 best-value reviews were under way at the start of the current financial year, indicating that momentum is certainly building and steady progress is being made in applying the best-value principles to all Victorian council services. On infrastructure, the state government has been continuing to very actively assist councils to improve their asset management practices through a whole range of initiatives. Turning to grants, as some members — —

The CHAIR — Excuse me for interrupting, but when it comes to grants, I ask that you give just a one-sentence explanation because the overheads are very good and clear.

Ms BROAD — Some members have heard me talk about this quite a bit in the upper house. On public libraries a record \$25.8 million in recurrent funding — that is, funding for operating costs for public libraries — has been provided to councils and regional library corporations in 2003–04. The next slide is on the local government improvement incentive program. The Victorian government on-passes to local government some 9 per cent of the annual competition policy payments to Victoria. Those come from the commonwealth. Victoria is the only state to provide a fixed share of these national competition policy payments to local government. In 2003–04 a total of \$16.1 million was passed on to Victorian councils by the Victorian government.

Priorities for 2004–05: this shows on the left-hand side of the slide the overall priorities for the Department for Victorian Communities; and the detailed priorities for local government in Victoria for 2004–05 are on the right-hand side of the slide. As I indicated earlier DVC is supporting the four bushfire-affected municipalities in collecting data on the already identified community strength indicators for passing on for incorporation by councils in their planning. The metro fringe partnerships are being evaluated for their success in delivering on local government planning and a range of community-engagement techniques. The research project that I will refer to here to develop strategies that promote partnerships with local government and business as well as community groups to maximise capacity building opportunities and building resilient communities is continuing to be actively pursued.

Again on public libraries, for 2004–05, recurrent funding support to local government for public library services has been increased to \$26.8 million in all, with total funding of \$28.8 million to be provided to public libraries in 2004–05. That level of funding is an increase of 11.5 per cent over the amount provided in 2003–04. Further changes will be made by the Victoria Grants Commission to the allocation formula in 2004–05 in consultation with councils. This is to further improve the equity and transparency of grant allocations. This is continuous work in progress for the Victoria Grants Commission.

All councils have now signed the new local government improvement incentive program agreements, to take effect from 1 July this year. An estimated \$52 million will be passed on to Victorian councils under this program between now and the end of 2006. The code of conduct for councillors is one of the matters which is progressing in consultation with local government peak bodies. That was touched on earlier informally. We are assisting councils to prepare and adopt codes of conduct as well as preparing ministerial guidelines to assist councils in the calculation of benefit ratios of special rates and charges schemes — another important area — and the local government election regulations underpinning implementation of the Local Government (Democratic Reform) Act are also progressing. All of these matters come under implementation of the changes to the Local Government Act. Docklands I touched on earlier. Work to implement government decisions has commenced, and I might touch on that later on.

Government that is easier to work with: also an important work in progress, and the online streamlining of grant programs and grant applications and the reporting on grants continues as well as the joint state local planning project which has been developed to address the need to join up state and local planning for service delivery at the local level. This was a recommendation coming out of the Best Value Commission and one which we are now progressing.

Infrastructure management course: this is important ongoing work and a whole range of initiatives is being pursued in 2004–05 by Local Government Victoria, the peak bodies and in joint arrangements to continue to deliver a comprehensive package of support and guidance to assist councils to improve their asset management capabilities.

In conclusion, in 2004–05, the department will undertake a review of best value. It has now reached that point where that review will proceed to gauge the cumulative impact the best value policy has had on Victorian councils and business, and current accountability guidelines and models will continue to be refined in consultation with councils and peak bodies.

The CHAIR — The first question I would like to take you to relates to the Hawker inquiry. I draw your attention to page 33 of budget paper 4 where reference is made to grants and transfer payments from the commonwealth to local government. I note that you have briefly mentioned in your presentation recent payments surrounding the Hawker report. What is the impact of cost shifting and potential changes to local government grants in Victoria following that report?

Ms BROAD — It is very important to note that notwithstanding the term which is often used to refer to the Hawker report — that is, the cost shifting report — it is a report about a fair share for local government. One of the important things to come out of that inquiry was that cost shifting is not really the major issue for local government. There are some major issues which are highlighted in the report, and they include the achievement of effective planning and service delivery at the local level as well as the very considerable cost pressures on local government which state governments and federal governments are all too acutely aware of as well. Those pressures are about responding to the expectations and demands of local communities.

I should note here that a very important source of funding for local government which is also highlighted in the report is financial assistance grants to local government. Under the intergovernmental agreement on taxation between the commonwealth and states those grants are a commonwealth responsibility. In 2003–04 those grants were almost \$356 million, representing some 10 per cent of councils' total recurrent revenue in Victoria. So they are a very important source of revenue to councils.

Unfortunately commonwealth funding to local government has not kept pace with increases in commonwealth taxation revenues. Since 1992 financial assistance grants to local government as a percentage of commonwealth taxes — and I am highlighting this because commonwealth taxes are growing faster than any other sources of revenue including the GST — have declined from almost 1.2 per cent to around 0.75 per cent in 2003, a very significant decline. It is not surprising then that at a meeting which was held in Canberra last week which I attended together with the Australian Local Government Association and the Municipal Association of Victoria there was considerable disappointment that the commonwealth was reluctant to consider the matter of increasing the level of financial assistance grants to local government, given what an important source of revenue they are. Initially Senator Campbell, the commonwealth minister, refused to recognise the gap between commonwealth revenues and the level of financial assistance grants. I am pleased to say that later in the meeting after some debate and possibly under some pressure he at least agreed to a process jointly with the states and territories and the local government associations to devise a process to address the concerns related to commonwealth grants to local government.

There are a whole range of other matters surrounding the Hawker report, and Victoria made it clear at that meeting, as we have on a number of occasions, that we are very keen to engage through the commonwealth-state ministerial council for ministers for local government and planning in addressing those issues. We will be following that up at the next ministerial council meeting.

Mr CLARK — As you referred to in your presentation, part of your work relates to open and efficient democracy at a local government level, and in conjunction with that you are involved with a municipal boundaries review at the moment. I understand there are a number of submissions with you on proposed boundary changes or boundary schemes, including one for the municipality of Hobsons Bay. In light of the resignation of Mr Brad Matheson from the position of MAV president and a local government position at Hobsons Bay on the basis of allegations, which, of course, are only allegations, about false submissions to the Victorian Electoral Commission review into the Hobsons Bay boundaries, what action do you propose to take in respect of that review and those allegations?

Ms BROAD — Perhaps I can recap some matters which I have indicated to date in the upper house of the Parliament. The Victorian Electoral Commission reports are with me together with my department's advice. They are matters that I am considering. I think it is important to note, as the electoral commission itself has drawn attention to, that the electoral commission recommendations to me, which, of course, are public documents, are not solely based on submissions that they receive. So whilst the consultation process and the submissions that the electoral commission receives are sources of information which the electoral commission considers in its reports to

me, it is not, as the electoral commission has expressed, a popularity contest. The recommendations are certainly not determined by the weight of submissions or the overall content of submissions. The electoral commission has regard for those matters set out in the act in terms of its recommendations to me.

In light of yesterday's events I have given consideration to what extent those events impact on the electoral commission's recommendations to me and my department's advice to me. I do not believe those events do affect the electoral commission's reports to me or their recommendations to me. I believe it is very important that I proceed to determine these matters. The councils which are going to election in November this year are required to have a whole range of machinery matters in place in preparation for those elections, and the advice to me is that those matters really need to be determined by early July at the latest. It is an important issue the extent to which, if any, yesterday's events have affected the electoral commission's advice to me. Based on the considerations that I have outlined this morning I do not think those reports are compromised in any way.

Mr CLARK — Presumably those public submissions do have some weight on what the commission recommends, otherwise the members of the public are wasting their time making submissions. It does seem that the process may well have been tainted in this case. I understand in particular the recommendation for Hobsons Bay is for seven single-member wards, which, of course, is contrary to ALP and current government policy, and it is something I understand Mr Matheson in particular was advocating for. Given that a large number of these submissions are now in doubt, does that not put considerable pressure on the structure of what has now arrived at your desk?

The CHAIR — Do you wish to add any more?

Ms BROAD — I think I have addressed the question.

Ms GREEN — Minister, I refer you to page 238 of budget paper 3, where one of the quality measures listed under the output group 'Supporting local government' is the number of funding and service agreements for public services. Could you explain what funding is to be provided for public library services in 2004-05 and what mechanisms are in place to ensure better targeting of these funds in future?

Ms BROAD — To follow up on the matters I touched on in my introductory remarks, the government has certainly signalled its ongoing commitment to the state's public libraries by increasing library funding in each year that the government has been in office. As a result in 2004-05 an additional \$8.5 million will be allocated to public libraries over the next four years. The successful Living Libraries program has been extended. As well as that additional recurrent funding is being provided. I would like to quickly outline those additional funding allocations. This means that all library services will now receive an increase in recurrent funding of at least the rate of inflation, including those with static or declining populations. Libraries in areas with growing populations, like the member's electorate, which certainly include many areas of outer metropolitan Melbourne, will receive an increase which reflects their growth as well as an increase to reflect inflation, which is a significant step for all of those libraries. In addition to the ongoing recurrent funding for operating expenses the government is also providing \$5 million over three years, which starts with the next financial year — that is, 2004-05 — for the purpose of new books and materials under what is known as the book bonanza program. Total funding is \$28.8 million in the next financial year, and that level of funding, as I indicated earlier, is a total increase of 11.5 per cent over the last — or we are still in it actually — the current financial year. It is made up of \$26.8 million recurrent funding point, \$500 000 under the Living Libraries program and \$1.5 million under the book bonanza program.

Mr FORWOOD — Do all those funds come from the local government sector development output group?

Mr GREGORY — Yes.

Mr FORWOOD — So that is \$28 million?

Ms BROAD — It is \$28.8 million.

Mr FORWOOD — Of the \$36.6 million in the output group this is direct to libraries?

Mr GREGORY — Yes.

Mr CLARK — Given your refusal to give further details to this committee about how you are proposing to respond to the tainted process for the Victorian Electoral Commission's recommendations on the Hobsons Bay redistribution, will you tell the committee whether you are proposing to appoint an inspector or take any other action in relation to the allegations of impropriety at Hobsons Bay council?

Ms BROAD — I understand that there are a number of aspects to this matter, one of which the Municipal Association of Victoria is dealing with itself. Of course I have sought advice on that matter, and my understanding is that I do not have powers under the Local Government Act to intervene in the MAV, so it will quite properly deal with those matters itself. I understand it has a meeting scheduled next week and that the chief executive officer will be making a report to that meeting. I am quite confident that the MAV has the capacity to deal with those matters itself.

Another element of this is in relation to the Hobsons Bay City Council. To the best of my knowledge I have not yet received any communications from Hobsons Bay council. If I were to receive an approach from Hobsons Bay council, I would do what I have indicated on many occasions in the upper house when allegations have been made by members of Parliament — state and federal — about a whole range of local government matters and refer the matter to my department for advice. However, to the best of my knowledge, at this point there has been no such approach. Again, I expect that in the first instance the Hobsons Bay council would address these matters itself. In my presentation I drew attention under the priorities for 2004–05 to ongoing implementation of the reforms to the Local Government Act, including in the governance area the matter of guidance to councillors through the code of conduct. I think the work that has been done to date by the good governance group is very important. There continues to be a need, not only in local government I might say in case the sector feels it has been singled out, but also from time to time at other levels of government as well, for there to be attention to the principles of good governance and the conduct of elected representatives as well as council officers —

Mr FORWOOD — And ministerial advisers.

Ms BROAD — That is the reason that under the reforms this government has been responsible for taking forward — we are continuing to, if you like, lift the bar. The rules of conduct which are being implemented through those reforms, together with the guidance that councils will have and the capacity councils will have to add to those codes through developing their own further guidance to councillors and the council officers are all matters which this government places a high priority on and which we will continue to provide support and guidance to councils on.

Mr CLARK — Does it follow from your answer that you are saying you will not take any action unless Hobsons Bay City Council asks you to?

Ms BROAD — What I have already indicated to the member is that the process I have outlined to the Parliament on many occasions is that if I or my department do receive complaints about breaches of the Local Government Act, then those, of course —

Mr CLARK — From anybody or only from Hobsons Bay?

Ms BROAD — As I have indicated many times, any complaints that are received are referred in the first instance for advice from my department as to whether they do constitute a matter which warrants investigation under the Local Government Act, which is where my responsibilities lie. To the best of my knowledge, I have not received any such approach to date.

Mr FORWOOD — In relation to Hobsons Bay.

Ms BROAD — If I do, it will be treated just like many others that many local government ministers before me and myself have received.

Mr DONNELLAN — I refer you to page 238 of budget paper 3 where one of the quality measures in the section headed 'Supporting local government' refers to the Local Government Act 1989. Could I ask you how the recent changes in the act will improve the performance of local councils and how this performance improvement will be measured?

Ms BROAD — Thank you for that question; this follows on quite nicely from the last question. As I was saying just a moment ago, the changes to the Local Government Act through the democratic reform act to improve accountability and democracy in local government were brought in by this government at the end of 2003. They will assist councils in improving their performance by, among other things, providing a more useful and coherent framework for councils' resource planning, budgeting and reporting, as well as addressing governance issues. The new provisions require councils to prepare council plans for at least the next four years in consultation with their local communities. Significantly, council plans must include strategic resource plans which describe the resources required to implement those council plans. In addition, councils' annual budgets will now be required to describe the activities as well as the initiatives that are being funded in the financial year. That will make council budgets significantly more informative and more complete and raise the level of transparency about how council funds are being used in the future. Further, councils will be required to show in their annual reports variations between budgeted and actual expenditures — as, of course, happens in the accounts we are examining here — and provide an explanation where the variation is of a material nature. To support those changes, the act also now requires councils to use consistent reporting standards in their plans, budgets and annual reports. That again will assist councils to properly manage their resources as well as adding to transparency and accountability.

The new provisions certainly reflect the commitment of the government to treating local government as a legitimate level of government, emphasising the accountability of councils to their local communities. Each council's performance in this regard will continue to be measured through audited performance statements reflected in their annual reports. The act provides for annual reports to include performance statements that report outcomes in relation to targets and measures specified in council budgets. I want to acknowledge the improved performance on the part of councils in terms of the timeliness of their submitting their annual reports. Community satisfaction with councils' performance is also an important issue. That is measured through an annual community satisfaction survey and those results are reported in councils' annual reports, along with other key indicators of their performance.

The CHAIR — Thank you, Minister. We are not volunteering to go through an estimates process with local government. After the excitement of the past few weeks we will pass on that.

Mr BAXTER — On the matter boundary reviews again, notwithstanding your comments earlier about the time lines for the forthcoming council elections I am sure you were not suggesting to the committee that the integrity of the democratic process should be undermined by adherence to some artificial time lines. Taking into account the prima facie evidence from Hobsons Bay that the submissions are tainted and the fact that the number of submissions overall statewide is relatively low — I think in the case of the City of Greater Bendigo, for example, it is less than 10 and Wodonga similarly — will your department or the Victorian Electoral Commission be undertaking an examination to ensure that the other submissions are in fact ridgy-didge?

Ms GREEN — Is that a technical term, Bill?

The CHAIR — We understand the question and I assume the minister does also.

Ms BROAD — Can I touch on a couple of things in response? The reference to artificial time lines needs to be clarified. These are time lines which are specified in legislation so the councils going to elections in November this year are not in a position to pick and choose about that matter. Therefore it is a very important consideration for those councils and for myself as the responsible minister. To add to what I have said previously to the committee in relation to submissions to the electoral commission's public consultation process, I am aware that a representative of the electoral commission is on the record as having made some fairly frank and honest comments about the range of submissions the electoral commission has received. I take those comments as referring not only to submissions it has received on this new independent process, which this government has now applied to local government, but also possibly to state government reviews when those occur.

It is well aware that amongst all of the submissions it receives there are some issues associated with them. It certainly takes that into account in weighing up its advice to me and gives significant consideration to the submissions it receives and the public consultations it conducts. As I have outlined, it is by no means the determining factor in its advice to me. I have spent considerable time examining the nine detailed reports that the electoral commission has forwarded to me. I certainly consider that the electoral commission, in its advice, took appropriate account of the submissions it had received and has very adequately weighed that up in line with all of the other considerations in determining its advice to me.

Mr BAXTER — So the VEC has some sort of mystical method of determining whether a submission is in fact genuine or not?

The CHAIR — That is a claim regarding the VEC, Mr Baxter. The minister can make comment if she wishes.

Mr BAXTER — I think the minister seems to be saying that she is not going to conduct a special look again at these particular submissions in the light of the Hobsons Bay experience, but she does seem to be saying that with all submissions the VEC has some method of determining whether they are genuine or not, and if that is so I would be interested in that. I am not saying that it should not have this power, but I am interested in knowing if it employs it for all submissions and for all boundaries — state electorates and local government?

The CHAIR — Do you wish make any comment, Minister?

Ms BROAD — Again I think that for anyone who closely examines the electoral commission's nine reports it is evident that it has given appropriate weight to assessing the submissions it has received in preparing its advice to me. While I am not the minister responsible for the electoral commission, I think the reforms this government has brought in to appoint the electoral commission as an independent authority on internal boundary reviews is an important reform and a big advance on the days when, rightly or wrongly, councils were accused of drawing up boundaries to possibly suit some incumbent councillors. Whether that was true or not, it certainly had the effect of undermining confidence in democracy in local government, and I believe these reforms will strengthen democracy in local government. It is to be expected that these first nine reviews of local government by the electoral commission will cause a fair bit of controversy and comment; I do not see that as a necessarily bad thing. As we proceed to a lot more of these reviews in the future, through to 2008 when all elections will be aligned for the first time, and everyone gets used to the fact that the electoral commission is an independent body and is conducting these reviews, I expect there will be some settling in terms of the controversy around what is, I acknowledge, a very new process for determining the advice to the minister on council boundaries.

The CHAIR — Thank you. I would like to take you to your slide on Docklands and adjacent areas and encouraging communities to participate. One of the quality measures in the budget papers is supporting local government — that is on page 238 of budget paper 3. Could you outline the process and the time lines in relation to the return of local governance to the Docklands? I am particularly interested in the mechanism you have put in place for a smooth transition for that.

Ms BROAD — Thank you for that question. This is a very important undertaking following the government's decision, which was announced on 18 April, that Docklands will be returned to Melbourne in time for residents of Docklands to vote in the 2008 city elections. A considerable amount of work needs to be undertaken to ensure that that is done in a way which smooths the way for those elections in 2008. An interdepartmental committee is currently being convened to oversee the implementation of this government decision, which of course implements a Bracks government election commitment. The orderly transition will involve a whole range of actions. They include the conduct of an independent due diligence report into transferable assets, cash flows and population projections as well as resource ramifications of the municipal transfer from VicUrban to the City of Melbourne in accordance with the process in terms of the reference to be agreed between the City of Melbourne and VicUrban.

They also include the negotiation and preparation of a deed of protocol and agreements between the state government and the City of Melbourne regarding the transfer of VicUrban municipal functions including service standards, liabilities and assets. As well there is the preparation of a deed of protocol and agreement between the state government, which in this instance includes both VicUrban and Parks Victoria, together with the City of Melbourne to establish a coordinating and planning body to oversee place management and the Docklands waterways and waterfront. The waterways and waterfront are a very important part of Docklands, so this will include consideration of advice on a means for a coordinated approach to management of the waterways and the river frontage of that section of the Yarra River which reaches from the Bolte Bridge to the Punt Road Bridge.

Last but not least, legislation will be drafted to effect the restoration of the Docklands area to local governance under the City of Melbourne, and that drafting will proceed once a number of these other agreements and processes have been determined. Provision of advice to the government on the timing of the transfer is of course dependent on the completion of all of these tasks, of which there is an even more detailed list sitting under those headings, but

the government has undertaken that all of that will be completed in time for the transfer and for the legislation to be in place for the November 2008 elections.

Mr FORWOOD — I refer you to page 239 of budget paper 3, which is your output group, and also to page 33 of budget paper 4, which is the grants and transfers. This is a two-part question. We have established that \$28 million of the \$36.6 million is going on libraries. You might take this on notice, but perhaps you could advise the committee of how the remaining funds in the output group will be allocated. Obviously some will be overheads, but I presume that others are the grants to local government. In relation to other funds going to local government, I think you advised the committee that financial assistance grants from the commonwealth were \$356 million in 2003–04. You cannot tell from the table and note 8 what they will be in 2004–05, except that you can see that local government is due to get \$492.7 million through grants. Perhaps you could provide the committee with a table showing the sources of the funds that make up the \$492 million and the allocation by program. I do not want to know what each council is getting, but the allocation of the \$492 million by program to local government.

Ms BROAD — That is a lot of detailed information, and you did say that you might be willing to accept my taking it on notice.

Mr FORWOOD — Yes, please take it on notice. I am not expecting you to answer now.

Ms GREEN — Minister, in your presentation you referred to the implementation of model codes of conduct for councillors under changes to the Local Government Act. Would you comment on how you plan to implement those codes of conduct and what impact you expect them to have on the performance of councils?

Mr FORWOOD — That is a leading question.

Ms BROAD — That is very topical right now, and thank you for the question. It is important to note that following the reforms to the Local Government Act through the democratic reform provisions, the codes of conduct will be required to include rules of conduct which are those specified under the Local Government Act as well as dispute resolution procedures, conflict of interest procedures and caretaker procedures. I think these sorts of provisions have been long accepted in relation to state and federal governments, and extending these requirements to local governments can only, in the government's view, enhance the standing of local government in the eyes of the community.

While the general framework for codes of conduct is specified in legislation, many of the details of the individual codes will be open to each council to develop as appropriate for their local circumstances and needs. It is certainly recognised by the government that there is a lot of diversity as between councils such as Melbourne City Council and perhaps a very small rural council, and there are matters which are much more appropriate to large councils with large business interests in the local government area than perhaps are required for much smaller councils. There are costs associated with developing these sorts of codes for councils. I certainly anticipate that the new provisions will result in councils paying greater attention to the way individual councillors exercise their duties and responsibilities and in particular giving greater weight to proper probity in the exercise of council powers.

On the matter of probity, all councils' codes of conduct will be required to contain new legislative rules of conduct, including a new prohibition on misusing a councillor position for personal gain, as well as new conflict of interest procedures that extend probity requirements beyond the pre-existing pecuniary interest requirements. These particular provisions are backed up by penalties in the act that can result in a person being fined up to \$10 000 and being prohibited from being a councillor for seven years if convicted under those provisions in the act. These are matters which the government is certainly taking seriously and which we expect councils to take seriously. Alongside our expectations we want to assist councils to meet these requirements, and the department is preparing, in consultation with the peak local government bodies, a comprehensive model code of conduct to guide councils, and that will be available for consideration by councils when the new code of conduct provisions are proclaimed. At this stage the proclamation of those sections is planned for July of this year.

Ms GREEN — By way of supplementary, just in terms of timing, I understand that is when they will be proclaimed, so when will councils be required to have those in place?

Ms DIGBY — Councils have six months to have those in place, and then after each council election they have to adopt a code within six months.

Ms BROAD — Which effectively is a review-type arrangement.

The CHAIR — This would be extremely useful information for work that our committee is doing in terms of governance, and Ms Romanes is chairing that.

Mr FORWOOD — I have a specific supplementary. I wonder, Minister, whether or not you had received a complaint about Stephen Newnham's alleged interference in the mayoral election — —

The CHAIR — This is the next question.

Ms GREEN — That is not a supplementary.

The CHAIR — Next question.

Mr FORWOOD — Okay, next question. Have you received a complaint about the improper actions of Stephen Newnham in attempting to influence the outcome of the East Gippsland mayoral election, and if so, what action have you taken?

Ms BROAD — As Mr Forwood is aware, these are matters which have been raised with me in the upper house of the Parliament. At the time those matters were raised, as I indicated to the house, I had not received any complaints, nor had my department. Since it was raised in the upper house I have now received a number of complaints in relation to the election of the mayor of East Gippsland Shire Council in March of this year, and that correspondence has called for an investigation of possible breaches of the Local Government Act. As I indicated to the house at the time that these were raised in the upper house in anticipation of possibly receiving complaints, the procedure is to refer them to my department for advice as to whether the matter that has been complained about does in fact constitute something which warrants formal investigation under the act. My department is currently assessing what I believe are now two complaints that have been received separately, one of which is public — that is, from the member for East Gippsland, Craig Ingram — as well as another complaint that has been received, and I will certainly be paying close attention to that when I receive that advice from my department.

Mr FORWOOD — Do you have any idea of the time frame in which a decision is likely to be made or you are likely to receive the advice from your department?

Ms BROAD — I think it is in everyone's interest that these matters are dealt with expeditiously, and I expect I would be receiving advice from my department quite soon. I will certainly be dealing with it as quickly as I can. It is not a matter which I intend to delay in any way.

Mr DONNELLAN — I refer to page 238 of budget paper 3, where one of the quality measures in the output 'Supporting local government' is the number of funding and service agreements for public library services. I ask the minister to comment on what assistance is being provided to councils to upgrade their library facilities, which have been previously briefly referred to, and what the community will gain through the expansion of library funding.

Mr FORWOOD — More books!

Ms BROAD — Thank you for the question. I am pleased to say that libraries provide a great deal more to their local communities than books these days, although books continue to be very important, including to me. Back to the question and my response. The government has allocated to date some \$12 million under the Living Libraries program to improve public library buildings, and a total of 45 projects across Victoria have received funding under the program to date. It is important to acknowledge here that, in addition to the \$12 million contributed by the government, there is a significant contribution also from councils and library corporations, and that means the total expenditure on these projects is around \$46.5 million. So for the government's investment of \$12 million, a total investment in library facilities of \$46.5 million has been achieved, which is a terrific result. Twenty-four of the projects have now been completed. I understand a further three are very close to completion, and work on the majority of the remainder is now under way. Completely new libraries have been built in a whole range of locations from Ararat to Maryborough, Kerang, Lakes Entrance and Dingley, and there have been very substantial upgrades to libraries in a range of locations, including Box Hill, Portland, Wodonga and Watsonia, so right across Victoria. In the 2004–05 budget a further \$4.5 million is being provided over three years to extend this very successful program. This expenditure is being particularly targeted to assist with building new libraries and

library upgrades in outer metropolitan areas as well as in rural areas of the state. Grants of up to \$500 000 for projects in the outer metropolitan area and \$250 000 for projects in rural areas will be available through this new allocation.

The CHAIR — Thank you for that explanation. A supplementary.

Mr CLARK — Perhaps, Minister, on notice would you be able to provide the committee with the arithmetic that demonstrates that the increased funding that was announced in this budget provides indexation for population growth and CPI?

Ms BROAD — I am sure that is possible. There has been a very extensive consultation about those formulas with libraries, library corporations and the local government sector to come up with a formula that everyone is, I think, now satisfied with, so I am sure the people who have done all the work on that would be very pleased to send it out in detail.

Mr BAXTER — Minister, in your opening remarks you referred to the amendments to the Local Government Act last year which mandated preparation of council plans and also required the preparation of strategic resource plans, and they are due by 30 June this year. I think the committee would believe preparation of a strategic resource plan is a very worthy initiative. I have a copy here of a draft from one of my councils — the Shire of Moira — which is 83 pages in length, which obviously requires a good deal of community consultation for this new initiative. The act, as I understand it, also provides for councils to apply for an extension of time. Did any councils so apply and were those extensions granted and, if not, why not?

Ms BROAD — As I understand it, I have received, as I think occurs each year, applications for extensions to council plans, and if I can just find the details — —

Mr BAXTER — I am particularly interested in the strategic resource plan component.

Ms BROAD — I know that I have recently dealt with some approaches in relation to the council plans. I might ask Prue Digby to make the link with the strategic resource plans, which is what Mr Baxter is particularly asking about. Clearly there is the link with the council plans. I will just need to check if there is a separate process.

Mr BAXTER — I am happy to come back. I am all in favour of keeping councils up to their time lines. It just seems to me this was a new initiative requiring a good deal of work and it might have been useful in terms of community consultation and getting people up to speed on what all this requires if there was not — and I am not suggesting there was — a blanket refusal to give them an extension of time, and you might care to advise in due course, please.

Ms BROAD — That has certainly not been the approach in relation to the council plans. There have been a number of extensions granted for a range of reasons, so we will follow up, particularly on the matter of the strategic resource plans.

The CHAIR — Thank you very much. We will take a break. I thank departmental officers who will be leaving us at this point for their extensive work — those present and particularly those who have not had the opportunity to see the result of their extensive work at estimates. Thank you.

Witnesses withdrew.