



# Legislative Council Economy and Infrastructure Committee

**Inquiry:** Inquiry into Local Government funding and services

**Hearing Date:** 19 September 2024

**Question[s] taken on notice**

**Directed to:** Brimbank City Council

**Received Date:** 1 October 2024

## 1. **Bev McARTHUR, Page 9**

**Question asked:**

**Mark STOERMER:** Absolutely. In some instances we are required to report on those outcomes. It is absolutely something that as part of this whole program around continuous improvement et cetera we need to be more focused on – what are the outcomes and how are we measured against that? So it is taking that business view. In terms of local government being top heavy, I understand the point that you are trying to make. I have worked in organisations where I have removed levels, and I think in any organisation, whether it is a private business or the public sector, you always have to look at your structure and make sure that your structure is correct. One thing I would say about local government, and I am not sure that the general public always understands this – I certainly did not; when I got into local government, I had no idea who my council even was – is we are a \$265 million operational budget organisation, and we deliver, depending on how you count it, 79 or 80 different services with very diverse skill sets required and a lot of oversight. We have the *Local Government Act*, but we have dozens and dozens of other pieces of legislation and compliance obligations. So I think sometimes –

**Bev McARTHUR:** How much is all that costing you, that compliance?

**Mark STOERMER:** I do not want to give the number because I do not have it handy, but we have actually identified that figure.

**Bev McARTHUR:** Could we take that on notice?

**Mark STOERMER:** Yes.

**Response:** Unfortunately the figure I had in mind from one of our reports is too general and includes some corporate overhead costs. I have asked my Finance team to figure out a way to track and analyse this for us as I think it is a relevant number to have. They types of costs for compliance include everything from grant acquittals to costs associated with financial statement audits, internal audits, the Audit and Risk Committee, compliance with the multiple Acts that govern the delivery of services, councillors matters, and general governance. I apologise that I cannot give a more precise answer as I thought we had that specific figure. I appreciate the

question as we are going to get it – it is something we should identify more precisely.

## 2. **Sonja TERPSTRA, Page 10**

### **Question asked:**

**Sonja TERPSTRA:** Just on that, because it goes to a planning issue, are there any planning controls that you have been thinking about perhaps to work on reducing the heat island effect? I know there are some other municipalities that have looked at it not in Victoria but elsewhere. I think one new housing development was talking about banning black roofs, for example. Are there any planning measures that the council is looking at or considering taking in response to trying to address some of these impacts of the heat island effect?

**Mark STOERMER:** I believe there are, but I would like to take that question on notice, if I might, and provide you a more detailed response.

**Sonja TERPSTRA:** No worries. That is fine. Thanks very much, Mark.

**Response:** The Brimbank Planning Scheme contains a local planning policy at Clause 15.01-2L-02 in relation to Environmentally Sustainable Development (ESD). The policy relates to residential and non-residential development with the objective of achieving ‘...best practice in environmentally sustainable development from the design stage through to construction and operation’. To accomplish this, the planning scheme includes strategies that relate to:

- energy performance
- integrated water management
- transport
- waste management
- urban ecology.

Depending on the type of application, Council can request applicants provide a Sustainable Design Assessment or a Sustainability Management Plan. [Council's website](#) provides information and guidance on ESD in Brimbank.

Council has also adopted a number of other policies and strategies in relation to climate change including the Brimbank Climate Emergency Plan 2020-2025, Advocacy Plan 2022 and Urban Forest Strategy 2016-2046. The Brimbank Climate Emergency Plan 2020- 2025 seeks to create a future that is free from fossil fuels and more resilient to climate change. The Plan focuses on five themes:

- People power
- 100% Renewable
- Resilient Rebuild

- Green and Cool
- Circular Economy.

Councils submission to informing the State Government's new Plan for Victoria (18 June 2024) included a chapter on Planning for Climate Action and stated that:

- 'A new Plan for Victoria must take bold, strategic, measured action to continue action towards a net zero future, builds a resilient urban environment and avoids the natural environmental impacts of a changing climate'.

The Plan for Victoria Submissions builds on existing Council policy and its submission in response to consultation on State Government led ESD reforms.

Council looks forward to the Victorian Government finalising and releasing Stage 2 of the ESD roadmap for local government input, and requests that required planning provisions are consistent with the Building Regulations and National Construction Code.

### 3. **David ETTERSHANK, Pages 11 & 12**

**Question asked:**

**David ETTERSHANK:** Thank you, Chair. Thank you, Mr Stoermer, for a really constructive presentation; I appreciate that. I might just pick you up on your invite to the committee before about the example of the 2.75 versus the 4 per cent and link to that also a question: if CPI is wrong, do you have an alternate index in mind?

**Mark STOERMER:** Thank you for giving me the opportunity to give the example. I am going to state right up-front that we have a disadvantaged community. I know that every cent that a resident or a ratepayer has to spend is a cent that they cannot spend on something else, so I want to just start with that. But in 2023–24 our average rate was \$1776. You have to understand that some people would pay a lot less and industry and large commercials would pay a lot more, but that would be an average. At the rate cap of 2.75 per cent in 2024–25 that average number goes to \$1825, so that is just shy basically of \$1 per week increase for that resident. Again a dollar, for someone in a difficult situation, is a dollar, so I do not want to underplay that. But at 4 per cent, that \$1825 becomes \$1847 – that is an additional \$22 per annum, so less than an additional \$1 per week. That might seem like a small number for the individual,

but for us, if you multiply that by the number of assessments, then you are talking about a \$2 million difference. Again, that might seem like a small number but that is the difference between a surplus and a deficit. Our 2024–25 budget forecasts a surplus of \$1.7 million or almost \$1.8 million, so that can actually be the difference between a surplus and deficit. I would also make the argument, but I think people might make alternative arguments, that that \$2 million could actually fund programs that help those disadvantaged people. It is always a balance between what you tax versus what are the programs that you can offer, and that is the constant challenge that we always face. I wanted to raise that because it is a disadvantaged community but that is a fairly small increase per person, whereas multiplied out it is bigger.

**David ETTERS HANK:** And in terms of an alternate index to the CPI?

**Mark STOERMER:** Oh, yes. I have not turned my mind to that, but that is something that I would like to do because I think there may be some alternative ways of looking at that.

**David ETTERS HANK:** Would you like to take that on notice?

**Mark STOERMER:** I will take that on notice.

**Response:** FinPro has suggested the establishment of a **Local Government Cost Index** similar to the outcome of the recent review in NSW of the rate pegging system. To calculate the index there would be three steps:

- 1) Build a data set of the total employee costs, depreciation and other operating costs by council for historical financial years
- 2) Calculate cost index weightings for each council cohort being the proportion of total operating costs for three cost components (employee costs, depreciation and other operating costs for each council) and use the average cost over the past three financial years to avoid the impact of annual anomalies.
- 3) For each relevant year, identify the Cost Price Index (CPI), Wages Price Index (WPI) and Road and Bridge Construction Index (RBCI)