

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into Local Government Funding and Services

Cobblebank – Monday 7 October 2024

MEMBERS

Georgie Purcell – Chair

David Davis – Deputy Chair

John Berger

Katherine Copsey

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Bev McArthur

Tom McIntosh

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Sonja Terpstra

PARTICIPATING MEMBERS

Gaelle Broad

Georgie Crozier

David Ettershank

Michael Galea

Renee Heath

Sarah Mansfield

Rachel Payne

Richard Welch

WITNESS

Stephen Wall, Chief Executive Officer, Wyndham City Council.

The CHAIR: I declare open the Legislative Council Economy and Infrastructure Committee's public hearing for the Inquiry into Local Government Funding and Services. Please ensure that mobile phones have been switched to silent and that background noise is minimised.

I would like to begin this hearing by respectfully acknowledging the Aboriginal peoples, the traditional custodians of the various lands we are gathered on today, and pay my respects to their ancestors, elders and families. I particularly welcome any elders or community members who are here today to impart their knowledge of this issue to the committee or who are watching the broadcast of these proceedings. I also welcome any members of the public watching via the live broadcast.

To kick off, we will just have committee members introduce themselves to you, starting with Mr Davis.

David DAVIS: David Davis.

Bev McARTHUR: Bev McArthur, Western Victoria Region.

The CHAIR: Georgie Purcell, Northern Victoria Region.

Gaelle BROAD: Gaelle Broad, Northern Victoria Region.

Sarah MANSFIELD: Sarah Mansfield, Western Victoria Region.

John BERGER: John Berger, Southern Metro.

The CHAIR: And do we have members on the screen? No. Great. Thank you.

Thanks very much for appearing before us today. All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during this hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and say the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded, and you will be provided with a proof version of the transcript following this hearing. Transcripts will ultimately be made public and posted on the committee's website. For the Hansard record, can you please state your full name and the organisation you are appearing on behalf of.

Stephen WALL: Thank you, Chair. My name is Stephen Wall. I am the Chief Executive Officer at Wyndham City Council, so representing Wyndham City Council but also a member organisation, the Outer Melbourne Councils group, which Wyndham is a member of. There are 10 growth councils that are members of that organisation. It was formerly the interface group of councils.

The CHAIR: Wonderful. Thank you. We now welcome your opening comments but ask that they are kept to around 10 to 15 minutes to ensure there is plenty of time for discussion and questions.

Stephen WALL: Perfect. Thank you, Chair. I would like to begin by just thanking the committee for running this important Inquiry into Local Government Funding and Services. Wyndham City Council is one of the fastest growing councils in this country – in Australia. We currently serve a population of about 320,000 residents, with the population set to grow to beyond 500,000 by 2040. This growth brings significant opportunities but also immense pressure on infrastructure, services and council resources.

Like many councils across Victoria, Wyndham is grappling with growing costs that are not reflected in growing revenue. We have approximately 17 growth fronts – 17 precinct structure plans that are currently rolling out. There is about 20-odd years of land supply out in Wyndham City Council that will continue to roll out, and infrastructure to support those growing suburbs is absolutely critically important.

Like most councils, Wyndham City Council's revenue sources come from three primary areas. Rates account for 50 per cent of Wyndham's revenue, and rate capping has been a serious challenge for us over the past eight years with the rate cap set being surpassed by CPI and construction cost indexation regularly over each of those eight years. Grants represent about 13 per cent of Wyndham's revenue and user fees and charges about 18 per cent.

A full written submission has been provided to the inquiry which includes far more detail than I will provide in the introduction. But when you look at the serious challenges that we are faced with, providing infrastructure to a rapidly growing population is not only a challenge with the up-front costs of that infrastructure but the ongoing renewal and maintenance costs that come with providing infrastructure to that level.

Wyndham city has about \$6.5 billion worth of community assets that we manage and maintain. A lot of them are brand new and shiny at the moment but in the next 10 to 15 years are going to start to require more investment and more love. If you looked at Wyndham City Council's balance sheet, you would say, 'Gee, they're a healthy council. There's a lot of money in the bank.' We have over \$500 million sitting in the bank, but it is all developer contributions. Developer contributions represent about 30 to 40 per cent of the cost of the infrastructure that council is required to deliver as a result of those developer contributions, so although there is a healthy amount of cash in the bank, there is a huge liability that council is faced with – in the order of a couple of billion dollars – to deliver the infrastructure that has been promised to the community and the developers that are contributing those costs.

With a growing population we are seeing the challenge of various funding streams that are not meeting the obligations that we are faced with. In regard to maternal and child health, previously funding was a 50–50 split between the state and Wyndham City Council. Now Wyndham is funding up to 60 per cent of the cost, and this is growing continually. Libraries again are an essential service in the community we believe. Only 17 per cent of funding is provided by the state, down from 50 per cent. Wyndham City Council must cover the rest, and with a growing population there is far more pressure to grow the library's network. School crossing supervisors: we have about 120 babies born every single week in Wyndham. 120 babies born a week represents a new kinder every week and a new primary school every five weeks.

We have been very lucky that the state government has put a lot of investment into schools in Wyndham. In fact 16 of the 25 schools that the government are currently planning to build or currently are building are in the City of Wyndham. But along with schools come school crossings. Previously it was a 50–50 funding split for school crossing supervisors, which is now a 70–30 split with Wyndham bearing the larger share of the costs. With every school comes a flow-on of more school crossing supervisors needed. Council prepared a series of recommendations that we put in our written submission, and we would really encourage the committee to have a good look at those at your leisure.

There is a range of other impacts that I am happy to talk about as we go along. The waste services landfill levy: Wyndham city runs one of the four largest landfills in the state. The landfill levy has a serious impact on the fees that we need to charge to people coming to our landfill, and we are not seeing the investment go back into the sector, so again that is something we would certainly put on the radar.

In regard to the Outer Melbourne Councils group, the Outer Melbourne Councils group, which comprises the 10 growth councils of –

David DAVIS: That is the old interface group?

Stephen WALL: The old interface group. The member councils are Cardinia, Casey, Hume, Melton, Mitchell, Mornington Peninsula, Nillumbik, Whittlesea, Wyndham and Yarra Ranges, so the councils experiencing the most growth in greater Melbourne. The Outer Melbourne Councils group commissioned a report from KordaMentha, which we are happy to provide, and again it basically highlights exactly the same issues that Wyndham is facing with the need for ongoing infrastructure investment in those growth councils, the deficiency in own source revenue and those longer-term projections, which are pretty dire. Chair, that is probably enough from me as an introductory comment.

The CHAIR: Wonderful. Thank you. We will now move to questions. We have got plenty of time, members, so let us start with 5 minutes each and then we will go again if time permits. Mr Berger.

John BERGER: Thank you, Chair. And thank you for your appearance this morning. We have heard from a number of councils in this inquiry, most of them in regional areas where they have got some skill shortages. I am just interested to know how you are going in attracting the right skill set for your particular council.

Stephen WALL: I guess Wyndham City Council is in a lucky position in that we are close to CBD Melbourne, and being one of the largest and challenging councils in the state we are an attractive employer. We are rarely short of applicants for the roles that we are advertising for. We have a serious shortage in maternal and child health nurses, but that is the experience of all councils across the country. We tend to get plenty of applicants for roles, but it is interesting that the pressure on terms and conditions is very real at the moment. Rarely do we get a preferred candidate for a role where negotiations do not centre around workplace flexibility, upward pressure on salary expectation and other terms and conditions. We are certainly not suffering from a lack of applicants, but the pressure that we are finding is in the terms and conditions – the flexibility requests and the upward pressure on salary expectation.

John BERGER: Thank you.

The CHAIR: Thanks, Mr Berger. Dr Mansfield.

Sarah MANSFIELD: Thank you. Thank you for appearing today. You made some comments in your opening remarks and in your submission as well about maternal and child health services, and I am wondering if you can perhaps provide some thoughts on what you think needs to change to enable councils to deliver these services and not have some of those service gaps that are now starting to appear in that sector.

Stephen WALL: Certainly the shortage of maternal and child health nurses is a real problem, and in fact Wyndham has implemented a number of initiatives to try and encourage more nurses to get the additional training – we have run a graduate program – so we are trying to do things creatively within our control. The funding is a real problem. The agreed funding model was designed to be equally funded by state and local government, so a 50–50 funding split. Wyndham covers 60 per cent of the service costs currently, and our projections show this is likely to increase up to 70 per cent in the next 10 years. That is not sustainable. If we can get back to a 50–50 funding split, that would be a significant improvement.

The workforce shortages, the outdated state-owned data systems and increased complexity in community needs are straining our resources, making it difficult to meet service demand. We have an incredibly multicultural community. In fact 50 per cent our residents were born overseas in Wyndham. It is our greatest strength. It is also one of our greatest challenges. Again, having a maternal and child health workforce that can meet those complex needs of our diverse community is really, really important, and we cannot do it alone. We need the universities to get involved, we need the state to pay its fair share, and I think we need a bit of promotion around what a great, rewarding role it is.

Certainly our experience in recent times is that registered nurses who have made the shift across to maternal and child health nursing have found it incredibly rewarding and really love what they do. We just need more of them. We are probably 10 nurses short today. It is likely to be about 15 in the next little period, and we are only one of the growth councils around greater Melbourne. It is a nationwide problem. It is three parts: it is about promoting it as a great industry and trying to get more nurses interested in taking on MCH roles, getting the funding balance right and, again, making sure that we are making it as easy as possible for people to transition into that industry.

Sarah MANSFIELD: Thank you. In your submission you also point out that some of the administrative roles remain tricky to fill and that calls are going potentially unanswered and that sort of thing. Do you think Wyndham's experience is reflective of the whole sector or do you think you face particular challenges here?

Stephen WALL: There is no doubt just the sheer magnitude of new babies that we have in Wyndham is a unique challenge for us. In fact I think we would have one of the highest birthrates in greater Melbourne. So that is a big challenge for us. But equally I think as systems improves – and as we have mentioned in our submission, the system serving MCH is old. I think as more AI becomes available and better customer-interface technology becomes available, hopefully that will assist in that process. But at the end of the day we have got a lot of babies being born in Wyndham.

Sarah MANSFIELD: Thank you. You mention in your submission that there are some looming financial challenges for Wyndham, and that is something we have heard from all councils. Have you yet reached a position where you have had to consider withdrawing from services or not funding particular infrastructure as a result of the financial issues you are facing?

Stephen WALL: Absolutely. It is a daily challenge for us. Wyndham city does not provide in-home aged care services. They exited from that service some years ago, but only in the last 12 months there was another shrinking of some of the aged care services that we have been providing. Again, in a metropolitan scene, we are lucky in that there are a range of private providers that are picking up the gap that is being left by councils when we exit those sorts of services.

When it comes to infrastructure, we know we are probably two or three aquatic centres short today, with no plans to build them – in the order of \$100 million to \$150 million per facility, they are not even on the radar. We know we are many, many basketball courts short today. We are doing the best we can, within the financial constraints that we are faced with, to deliver the infrastructure that we can, but there are lots and lots of choices being made. For example, we know our library network is really over-loved. It is under immense pressure. We are trying to be innovative with different models of having library services available to our community like book lockers or library lounges, so rather than fully blown libraries, which are unaffordable at the moment, we are trying to find other ways and using technology again to have an online presence that we can afford to deliver.

We run a comprehensive service review service planning perspective operationally. We have got 67 services that we identify at Wyndham, with 220 subservices operationally. My direction to the organisation is we have got to understand our services implicitly. We have got to understand what are the statutory services – the services that are required by a piece of legislation – what are the core services that we need to run a business and what are those discretionary services that are possibly in jeopardy into the future, and that work is ongoing and scrutinised daily. We have got a new council – we are currently in caretaker mode, and with a new council being elected in November it is all very much about inducting a new council and really bringing a new council up to speed with these financial pressures that we are faced with. And without giving away too much, I think the new council is going to have some serious conversations over the four-year term, but particularly in this first year, around what are some of these services that we need to exit.

Sarah MANSFIELD: Thank you.

The CHAIR: Thanks, Dr Mansfield. Just picking up your comments on the lack of services and infrastructure, are you seeing any repercussions from that? Obviously people move to Wyndham for affordable housing or to build a home. If they cannot access those services, are people leaving, or do you think that they will leave to go elsewhere?

Stephen WALL: We run an annual community satisfaction survey, as all councils do, and it would be fair to say we have a very young population. We have a lot of first home buyers, we have a lot of multicultural – new residents to Australia moving to Wyndham – and generally our last community satisfaction results were some of the best we have ever seen. So despite financial pressures around household budget stress, mortgage stress – I think a lot of our first home buyers got into housing in Wyndham when interest rates were around 2 per cent, and now it is 6 per cent. That is creating a lot of household stress. There is no doubt about that. Fundamentally our population are happy. The biggest pressure points for our population: traffic and congestion. About 70 per cent of our workers leave Wyndham every day for work, and they are stuck sitting in their car. The lack of public transport infrastructure or reliable public transport in Wyndham means that we have got a pretty car-dependent population.

So in answer to your question, no, I do not see people leaving Wyndham. In fact people are loving living in Wyndham despite the fact that they are having to travel for a lot of the services that you would expect in a city. I mean, Wyndham used to be the small country town between the big cities of Melbourne and Geelong, and now it is a city in its own right. And if you look at the infrastructure that is provided to a city with a population of 300,000 people, or even look at a population of 500,000 people, we are light on for train stations. There are four train stations we need today. We are light on for bus and public transport connections. There are people in queues up to 5 kilometres long to get off the freeway to get home in the evening or to get out of the city in the

morning, so we have got some serious, serious challenges in that space. That infrastructure primarily is the state's responsibility.

When it comes to local government infrastructure, we regularly engage with our community. I think our community have pretty clear expectations about when they can expect particular infrastructure to be delivered. But in saying that, we have opened three brand new community centres in the last couple of years. We have got some – we call them gifted assets, but I would actually say they are a liability. Whenever a developer comes in and does a subdivision, at the end of all of that we get given the roads, the drainage and the open space as a gifted asset. We get about \$200 million worth of those assets each year. The sting in the tail is that then we have to maintain them. Nine times out of 10, when they are given to us, our population has grown so much that they need improvements as soon as they are given to us.

I think we are doing the best we can within the financial constraints that we are faced with. The biggest concern I have got is that this huge, huge asset base, which is growing daily, is going to have to be renewed and maintained and we are not dedicating enough cash for asset renewal today because we are busy delivering new infrastructure. When the city is fully developed, which is probably likely to be around 2050, I think then we will be in a better situation to really understand the level of investment for asset renewal ongoing. We have got \$6.5 billion worth of hard infrastructure that we are maintaining. That is likely to double in the next little while. I am under no illusion that we have got some serious financial challenges. Four years of successive underlying operating deficits means we have eroded any cash surplus that we had, so it is really dire.

The next phase is a reduction of services and harder conversations around asset prioritisation. We have got, as I said, at the moment 17 growth fronts, 17 precinct structure plans, which all have a range of infrastructure assets required. We are currently working with the VPA to discuss if there is any way we can consolidate those asset obligations to try and get some greater efficiencies – so rather than building a community centre in every one of their 17 PSPs, is there an opportunity to build a bigger community centre that services three of those areas? – and looking at ways that we can hopefully get some cost efficiency going forward.

The CHAIR: Thank you. Mrs Broad.

Gaelle BROAD: Thank you. Thank you very much for coming today. The population growth is extraordinary, and I notice in your submission you talk about 50 per cent within 13 years or something like that. The birthrate is incredibly high – we had better watch the water here.

David DAVIS: He does not take responsibility for that.

Gaelle BROAD: No, no. That is a good thing. In your submission you talk about the New South Wales model for rate capping. Can you explain the difference between Victoria and New South Wales? You talk about a rate peg.

Stephen WALL: Yes. I would put on the record straight off the bat I think rate capping is dumb policy. I do not think it is serving local government well at all. It is our biggest source of revenue, and when councils cannot control the biggest own-source revenue, it sort of defeats the purpose. I have worked in local government for nearly 30 years. The budgeting process at local government used to be understanding your expense and cost base and working back towards what level of revenue you need to support that. Now it is the other way: we get the rate cap in December, and we cut our cloth to suit. It is a bit backwards.

My understanding is that in New South Wales there is a multitiered rate-capping structure, so if you have got population growth in a council area, you are afforded a higher rate cap on the basis of that population growth. There is still a rate cap in place, but without having to run through an exemption process you are allocated a different rate cap on the basis of the difference of the council. Again, my request of government would be: consider whether rate capping is still the right policy to drive local government. If rate capping is here to stay, there needs to be a difference. There is a difference between a Yarriambiack and a Wyndham, there is a difference between a West Wimmera and a Wyndham, there is a difference between a coastal council like Surf Coast and Wyndham, and that is just not reflected in the blunt instrument that is rate capping.

Gaelle BROAD: So is there any way that currently the growth is accommodated? You talk about the Growing Suburbs Fund and suburban revitalisation program, but you say the Growing Suburbs Fund has been cut from \$50 million each year to just \$5 million each year – so a 90 per cent reduction in two years. Then you

also talk about how the suburban revitalisation program, which successfully stimulated local economies and improved wellbeing, has not been continued in the recent state budget. What is going on there?

Stephen WALL: Well, again I guess austerity measures. One of the major successes of the interface group of councils, now the Outer Melbourne Councils group, was the Growing Suburbs Fund. It was a big advocacy pitch where government acknowledged that there was a different cost pressure on growth councils and so this funding stream was developed: \$50 million that was shared amongst 10 councils. We all rejoiced. It was great. \$5 million is not an insignificant amount of money per council, and over the number of years in the order of \$440 million of additional funding went into growth councils. In the last two budget years we saw it reduced from \$50 million to \$10 million; \$10 million amongst 10 councils is not a lot. Then in this current budget year we have seen it reduced by another \$5 million. It is hardly worth applying for.

Gaëlle BROAD: Given that there is continued growth, why is that happening?

Stephen WALL: I cannot speak on behalf of government, but clearly it is an austerity measure. It is a savings pitch. I mean, the demand has not dropped; in fact the demand is still absolutely there. We would have been hoping that it was indexed and ongoing. Revitalisation boards: I think one of the biggest challenges with a brand new suburb – brand new cities that were a paddock not that long ago – is the way you develop a community. We loved the revitalisation funding and approach and again really commended the state government for introducing that. It was a way of bringing together state and local government with community leaders to establish brand new communities. The money was not huge, it was not excessive, but it was really valuable money that went into developing communities. The Tarneit revitalisation board had some great successes with various initiatives and events that came through the revitalisation board with strong community representation, and they are starting to really develop an amazing community in a brand new suburb. The suburb of Tarneit will have 160,000 residents by the time it is fully constructed, which will make it one of the largest suburbs in greater Melbourne. I think there are lost opportunities when those funding streams dry up. But again, I can only suggest that it has been about cost savings from the state's perspective.

Gaëlle BROAD: Thanks.

The CHAIR: Thanks, Mrs Broad. Mrs McArthur.

Bev McARTHUR: Thank you, Chair. Thank you, Mr Wall. Now, you are really just a service provider of state government. Why don't you say they can deliver their own services if they do not fund you properly? Why do you keep kowtowing to the state government and getting fleeced?

Stephen WALL: Because I follow the law, and there are 120 pieces of legislation that tell me that this is what I must do.

Bev McARTHUR: Did they impose the jab tax on you? Do you deliver vaccinations?

Stephen WALL: We do.

Bev McARTHUR: Did you get that email?

Stephen WALL: Yes. Again, it is a valid point –

Bev McARTHUR: What did you do about it?

Stephen WALL: We delivered vaccinations.

Bev McARTHUR: So you complied with the \$6000 administration fee and the \$2 per jab fee?

Stephen WALL: Yes.

Bev McARTHUR: You did? Why?

Stephen WALL: Well again it is important for our community too. At the end of the day, local government is there representing the interests of community. No doubt local government is subservient to the state. The state provides us with the legislation that tells us how we must operate and the services that we must provide –

Bev McARTHUR: Other councils have just said, ‘You can deliver your own vaccination service.’

Stephen WALL: Again, the council is, at the end of the day, the decision-maker and my role is to enact the decisions of council. One thing I think all local government councillors are very passionate about is making sure that the communities are getting the services that they need and deserve. So there is that pressure between rubbing your hands together and saying, ‘We’re out’ and really understanding whether the community will suffer if council steps away from some of that service delivery.

Bev McARTHUR: But if you all joined together and said ‘Well, we’re not going to have this new tax imposed on us and imposed on our ratepayers, especially when we didn’t budget for it’ wouldn’t that be a strong voice? Many councils have.

Stephen WALL: Oh, yes, absolutely. Again, we are an active participant with our peak agencies, the MAV and the VLGA, and we have a strong advocacy voice in our own right. Look, from my perspective, I think we are trying our best to continue to deliver the wide range of services that we do in local government to the very best of our ability. We are trying to find as much efficiency in that service delivery so we can continue to deliver the services that our community have become used to. For example, I think the school crossing supervisors are a classic example. We have some schools with 3500 students – 3500 students in one school; it is bedlam around those schools in our city. If our school crossing supervisors were not there, our city would suffer. So although it would be easy for council to say ‘That’s it, we’re out’ – as some councils have done – ‘We’re not doing school crossing supervisors –

Bev McARTHUR: Well, it is an education department issue, isn’t it?

Stephen WALL: Absolutely it is. But –

Bev McARTHUR: Make them fund the services they need to provide.

Stephen WALL: But I think from our perspective, being closest to the community, how many accidents would need to happen before action would happen? And I think from council’s perspective we feel immense pressure to make sure that our community are safe and are getting the services they need. I think having a strong standpoint against delivering some of those really core functions is going to be difficult for council to walk away from.

Bev McARTHUR: Well, you cannot complain about cost shifting and then just be compliant with state government imposing it on you all the time.

Stephen WALL: It is a valid point, but I guess that is why I am fronting up here today to say: give us our fair share. Let us talk about revenue.

Bev McARTHUR: Just on the libraries, which you mentioned are at 17 per cent now – I mean, that is outrageous. Do all the ratepayers know that that is how the state government are fleecing them?

Stephen WALL: Possibly not. And interestingly, I mentioned our community satisfaction survey. I have worked in local government for a long time and in the annual community satisfaction survey every year, year on year, for any council the top two rating services are garbage collection and libraries, bar none – the top two highly satisfied and highly desired services.

Bev McARTHUR: Are you rolling out the rainbow toolkit?

Stephen WALL: Sorry. I might have to take that one on notice. I am not the library manager.

Bev McARTHUR: Okay, that will be good. Take it on notice. Terrific. Now just going back to the growing suburbs issue that you have got with your 17 growth fronts, the government have imposed a windfall gains tax on developers, but it is not hypothecated. So if a developer actually does do a development, consolidated revenue pick up the windfall gain and you are left picking up the pieces, or your ratepayers are, in providing the extra infrastructure. Should the windfall gains tax, if it is going to exist, be hypothecated?

Stephen WALL: Absolutely.

Bev McARTHUR: Good. Excellent. Just with regard to the waste services levy, you are managing a big waste services provision and with the government just taking money – ratepayers money – into consolidated revenue but not returning it to improve the services or whatever, has your council worked with other councils to look at running a waste-to-energy plant for your waste instead of putting it in a hole in the ground?

Stephen WALL: Absolutely, and we have got some good initiatives happening out at our landfill now with gas capture, waste to energy and looking at better recycling rates and the like. Absolutely it is a constant and ongoing conversation. The landfill levy impacts on the gate fee at landfills, and when it gets expensive to dump waste into a landfill, people tend to dump it on the side of the road. So the flow-on from this is we have a high cost of collection of dumped rubbish in our city trying to keep the city clean. I think the articulation of the landfill levy to the general public is something that is absolutely necessary, because I think there is a perception when people are paying a large sum of money to come into our landfill that council is reaping the rewards, and that is just not the case.

Bev McARTHUR: Councils in Scandinavia, for example, are making money out of servicing waste by a waste-to-energy plant and all the other recycling programs along with it. It could be an opportunity, not a problem, if you all looked at it in that regard, especially if you all joined together.

Stephen WALL: Absolutely. We are very much in that vein, and we are looking for every opportunity to turn a valuable resource into cash.

Bev McARTHUR: Have you got a site for a waste-to-energy plant?

Stephen WALL: Absolutely. We could do it on our landfill site today.

Bev McARTHUR: Fantastic. Excellent.

The CHAIR: Thanks, Mrs McArthur. Right on time. Mr Davis.

David DAVIS: Stephen, thank you for your evidence today, and thank you for your submission. You and I have discussed some of these issues on a number of occasions. I want to start with GAIC. Your council is one of the ones that has GAIC collected out of its area. What is the time lag on return of money in infrastructure, and what is the share that you get?

Stephen WALL: So, again –

David DAVIS: It is the growth areas infrastructure charge.

Stephen WALL: Yes. It is very clear, very transparent, how much GAIC is generated in growth councils and how much GAIC funding is spent within the growth areas. There has been a little bit of a lag for Wyndham in the recent past, but again we had a fairly significant GAIC contribution to a road infrastructure project announced only in the last year, which was in the order of \$60 million, which has absolutely shifted the balance of that. We are about on parity with the level of GAIC generated in Wyndham.

David DAVIS: How long did you have to wait for that?

Stephen WALL: There was probably a bit of a lag of a few years, but again I think GAIC is a reasonable funding source. I would suggest there be greater consultation with local government about where it should be spent. There seems to be some disagreement within government around whether GAIC should be spent on community infrastructure or roads. From a local government perspective, I think it is all of the above. You know, to make a great city, you need good connection, you need good road infrastructure and you need some of the softer community infrastructure as well.

David DAVIS: In terms of that infrastructure, your submission here on state infrastructure projects makes some very important points I think, and I just want to follow up on those. One of the things you have said here is:

... when council is consulted during the delivery phase, it is often too late to resolve these issues without affecting project timelines and incurring design variation costs.

You are talking, in this section of your submission, about state infrastructure projects, like Big Build projects, that are put into operation but have consequences that council is picking up. Do you want to explain that?

Stephen WALL: Yes. Again, to be fair to government, Wyndham was the recipient of the western roads package, which was an amazing initiative where a whole heap of really important road connections were delivered more quickly than they would have been because of the structure that the government introduced with that. Local government is being forced to have a longer term horizon on its asset planning, its infrastructure planning, so we are certainly pushing out to 10 to 20 years of planning for delivery of assets. If we were able to mesh together state government projects with our longer term projects, I think we could get some far better outcomes and some efficiencies in delivery.

David DAVIS: You have got a couple of good examples, Cherry Street and Tarneit Road, in your submission here, where you say:

... the removal of the Cherry Street level crossing has improved safety for motorists and pedestrians ... However, it has caused problems for residents of the Wattle Avenue area ...

and significant council investment was required to address these issues.

Stephen WALL: It is still ongoing, the engagement with that community. Effectively a new overpass has created a bit of a rat run through a residential street, and –

David DAVIS: But they did not talk before?

Stephen WALL: I do not think the modelling was fully understood. I was not at the council when that infrastructure was being delivered, but it certainly has caused us some grief now.

David DAVIS: And as part of this project a new bridge was built to extend Tarneit Road over the railway line, and it then goes on to say this involved time and resources to meet with residents and important measures. Despite these efforts, the problem persists.

Stephen WALL: Yes. There is a new crossing overpass adjoining the council's civic centre, and it naturally flows straight into a residential street. Although the right traffic treatments are there, people, being people, will take the path of least resistance, and unfortunately that has been attractive to do a rat run through some residential streets. Despite various traffic-calming measures that have been put in place, it does not seem to be abating. I guess there is a view that we should have been able to see that that was going to come when the project was being developed.

David DAVIS: One of the points I think your submission is trying to make is that the consultation should be at the beginning, not near the end of the project.

Stephen WALL: Yes. I think level crossing removals, which have been a roaring success for this state, have been delivered fairly hastily.

David DAVIS: With consequences, some suboptimal. Now, the other point I was just going to ask about out of your submission is this question of the Growing Suburbs Fund, which has gone. All of those large funds effectively have gone, so there is very little direct state infrastructure investment as far as I can see now. You have got development contributions, which you hold, and GAIC which is collected from your area comes back eventually, but what actual fund now is available for those infrastructure tasks for your area?

Stephen WALL: It is certainly a lot less than it ever has been. We can still apply to various funding sources that are available through sport and rec grants and through library grants, but it is nowhere near the order of the Growing Suburbs Fund.

David DAVIS: But you have still got record growth.

Stephen WALL: Absolutely. The pressure has not reduced at all. In fact the commentary from government around the 70–30 approach to development does not hold true for growth areas. You cannot turn off the tap. We have got 25, 30 years of land supply now. When the housing targets were released recently, Wyndham's target was set at 120,000 new homes. We were going to hit that target anyway. It is coming. Every year, year on year, we are getting somewhere between 5000 and 6000 new homes in Wyndham. Unfortunately, the homes

are being built in areas where there has been a train station promised or there has been good road infrastructure or good public transport infrastructure promised, and again council is doing our best to live up to our promise to those new residents –

David DAVIS: You will wait a long time for that train.

Stephen WALL: Yes.

The CHAIR: Thanks, Mr Davis. We have time for one more question each, members, if you want to ask one more question.

David DAVIS: The other question I had in a similar vein is: with the huge growth in population, the state does not seem to have any overall settlement plan. Is there engagement with the council on how settlement is going to occur for a lot of the inbound migration into the state?

Stephen WALL: At council we are in dialogue with the state government on a daily basis. The VPA, as the authority that looks after the growth areas –

David DAVIS: On the VPA, are there precinct structure plans that are yet to be signed off in your area and how many?

Stephen WALL: Yes. There are three that we are advocating strongly to be signed off now. A couple of those are jobs precincts, and again, getting more employment in Wyndham, I think, is crucial for the growing population. As I said, the vast majority of people have to leave our city to go to work, so we need those jobs precincts coming into our city.

David DAVIS: The education city, for example?

Stephen WALL: The East Werribee precinct, which was formally touted as being the Australian Education City, is a live project now, so there is a strategic reference group that is being formed. The PSP is being refreshed at the moment, and I am feeling optimistic that East Werribee will get some traction –

David DAVIS: Is there a residential component in that?

Stephen WALL: There is a residential component.

David DAVIS: That is new in that, isn't it?

Stephen WALL: To have a truly vibrant city I think you need both the mix of jobs as well as a housing component. The 775 hectares of land that is owned by the state, which is East Werribee, is still being flagged for 58,000 new jobs, but there is a housing component in there –

David DAVIS: That is new, though, I think, isn't it? I do not think that was there originally.

Stephen WALL: Again, from council's perspective, council has been very, very loud around the fact that that needs to be a jobs precinct and the 58,000 jobs that have been targeted have always been on the list, so council is pretty comfortable with that. Again, there is a housing crisis, so I am probably not surprised –

David DAVIS: How many are they putting in?

Stephen WALL: We do not know those numbers yet. It is pretty early days.

David DAVIS: Ten? Twenty?

Stephen WALL: I am not sure, but the PSP will resolve all of that in time. But yes, certainly when it comes to discussions around growth, the VPA is in daily dialogue with our council. We have advocated to the minister and government around the PSPs that need to come. There certainly has been a desire to cool off the growth councils from the state's perspective, but from our perspective, we do not think you can turn the tap off.

David DAVIS: Just on that, you may not be able to give it to me now, but perhaps a list of the PSPs that are outstanding and the number of dwellings that are proposed for those? That would be helpful for us.

Stephen WALL: I can take that on notice. I mean, there are three, effectively. There is one called the Oakbank PSP, and that is predominantly a residential PSP, but then there are two jobs PSPs – Mambourin East and Werribee Junction PSPs are the two that are predominantly slated for jobs. And again, when it comes to development, the sequence of development is important, and we think those three PSPs actually close some connections that need to be made. But again, to reach the lofty targets that we know we are going to hit by 2040, 2050, there are more PSPs that will need to come forward.

David DAVIS: A list would be very helpful. Thank you.

Stephen WALL: Fine.

The CHAIR: Thanks, Mr Davis. Mrs McArthur.

Bev McARTHUR: Stephen, you mentioned you are not a fan of rate capping. I have not found one CEO who is, but it is the only brake that ratepayers have against you spending up big, and some salaries in executive positions are pretty big. I mean, the CEO of the city of Geelong is paid more than the Premier at the moment and it is going to increase to more than the Prime Minister. So ratepayers are not fans of big-spending local government activities. So how would you fund local government differently? For instance, is the property taxing system now outdated? It is very unjust. It does not meet the needs of any council anywhere, and rural ratepayers pay through the nose compared to metropolitan ratepayers in a rate in the dollar. Should councils just be funded for core services, then all the extra things you want to do, you ask the ratepayers to tick the box and fund the extra extravagance?

Stephen WALL: It is a very good point. I mean, at the end of the day, I am running the best part of a billion-dollar business – a billion-dollar annual turnover. It is a big business. I think the comparison between CEO salaries and elected officials is wrong. I would probably like to compare CEO salaries with the highest level bureaucrats in state rather than the politicians in state, and I think you would find a vastly different comparison, but –

Bev McARTHUR: We pale into insignificance compared to the CEOs.

Stephen WALL: Again, look at your secretaries and dep secs before you start comparing with politicians.

Bev McARTHUR: Good point. They could have a haircut.

Stephen WALL: Yes, but again, I would say also that when you compare the size of business that I am CEO of to some of the private sector businesses that are comparable, our CEO salaries probably are evident. But look, it is market forced. It is a market-based conversation.

Bev McARTHUR: Is there a better way? Does your growth councils group discuss how we could fund local government differently and better and fairer to everybody, not based on geography?

Stephen WALL: From my perspective, if I have got that revenue pot that I have got today, I can continue delivering the services. Whether that revenue pot came from rates and charges or whether it came directly from the federal government or the state government is neither here nor there, but I can tell you I need about \$500 million of cold hard cash each year to keep the lights on at Wyndham city.

Bev McARTHUR: Yes. Okay, so that is the sort of thing you are discussing?

Stephen WALL: Absolutely, and look, there is no doubt rate capping is populist policy. There is no doubt about that, but when you consider council rates and charges are less than 3 per cent of the overall tax take in this country, I think it is the wrong focus area. The unfortunate thing is four times a year every ratepayer gets a bill from council and it is very highly visible. I mean, people do not tend to question the amount of pay-as-you-go tax that is coming out of your pay packet every fortnight, or do not tend to look at –

Bev McARTHUR: But it is the same whether you live in Wyndham or Yarriambiack.

Stephen WALL: The same amount of roads?

Bev McARTHUR: We pay the same income tax or the same GST no matter where we live, but rates vary by geography.

Stephen WALL: Yes, because you have got a smaller or different rate base that you are putting that expense over. It is complex business. Again, when you do the comparisons at Wyndham – our comparisons of rates per capita, rates per assessment, rates by any measure – we are about the middle of the pack. We are not a high-rating council when you look at any of the metrics that you can use to compare us to others. But absolutely our colleagues in the rural sector are doing it really, really tough. Some of the most expensive infrastructure you have got in local government is roads. When you have got a small rate base and you are trying to maintain and improve a huge road network, it is an incredible challenge.

Bev McARTHUR: And those ratepayers are picking up the bill at a far greater rate than they are in metropolitan areas.

Stephen WALL: Well, I think it is because it is spread over a bigger base. That would be my view. But again, I reckon there is a good conversation to have around federal, state and local government funding streams and whether there is a better consolidation. I could argue that land tax is not dissimilar to rates and charges. It is a tax placed on property owners.

Bev McARTHUR: There are 55 new or increased taxes –

The CHAIR: Thanks, Mrs McArthur. We are running out of time for other members now. Mr Berger, you do not have a final question?

John BERGER: I do.

The CHAIR: You do. Okay, great. One question from Mrs Broad, Dr Mansfield and then Mr Berger very quickly.

Gaelle BROAD: Thank you. I was just wondering about swimming pools, because that is something the state government brought in – you check your barriers regularly – and put that onto local councils. In your submission you talk about \$71,000 in legal fees. That is just in legal fees. I just wanted you to expand on that and the cost and whether or not you think that is something local council should be administering.

Stephen WALL: No doubt that was a gift that we did not particularly want to have to do. In a city like ours, where there are lots and lots of homes, the compliance issue around pools and spas has been a real challenge for us. I would have to take that question on notice around explicitly what the annual costs are for the administration of that particular work. I think we have got three or four dedicated staff at the moment, and we are looking at other initiatives around how we can trap and capture where the pools and spas are. Just the inspection regime around making sure that the fences are in place and are compliant is a really onerous task for a city of our size. I can take on notice the more specific details around costs.

The CHAIR: Thank you, Mrs Broad. Dr Mansfield.

Sarah MANSFIELD: On bigger swimming pools, you mentioned that you love small swimming pools in your municipality and there is a real need for them. I guess I am interested in what suggestions you have around the funding models. At the moment what often happens is you might get a few million from state and a few million from federal and then council has got to cobble together a larger proportion for the actual initial outlay, plus all the operational costs, and it is not sustainable for a lot of councils to do that. What do you think needs to happen to be able to deliver that large-scale infrastructure for councils?

Stephen WALL: Again, there needs to be a whole rethink of the funding model for aquatic centres particularly. We have got basically one aquatic centre serving 320,000 people. We have a set of traffic lights at the door, so when you pull up in the car park, if it is red, you know to not bother coming in – we cannot fit you today. To build an appropriate aquatics centre for a metropolitan space is in the order of \$100 million to \$150 million. We have got two suburbs that will require an aquatics centre of their own within the next 10 to 15 years, I would say. You are right, councils just simply cannot pick up all of that cost. If there was a way of getting a three-way funding source from all tiers of government just to acknowledge that pools are an important part of community – we talk about the importance of learning to swim, we talk about the health and fitness

benefits of aquatics centres, and they have just become an expectation in a community. I do not think it is reasonable that councils have to pick up all of the cost of not just delivering the infrastructure, but they are expensive to run ongoing. Councils are doing their very best to find alternative energy sources and smarter ways to deal with the water issues. But they are just costly to run, and their life is limited. No sooner do you build them, you are having to start to build up a war chest to replace or repair them over time. So there is no doubt local government needs more funding from other tiers of government to help us deliver that really important infrastructure.

The CHAIR: Thanks, Dr Mansfield. Mr Berger.

John BERGER: Thank you, Chair. We have heard a lot about climate change from a lot of the councils to date. I am just wondering what are the impacts that might impact your council in terms of climate change and how you might help with rectifying some of them.

Stephen WALL: So again, storm events are becoming more frequent and more ferocious, and again, council is first on the scene cleaning up cities, helping alongside the SES and the emergency service providers. Council is out there looking after the amenity of the city. When it comes to our parks and reserves, we have got a lot of open space, and I think that is essential and necessary for growing communities. Water – costs associated with keeping the city green – is really important, and looking at different innovative ways to get recycled water into those valuable community spaces is important. Sea level rise – we have got properties that abut the port, so we are mindful of what might happen there. There are certainly cost implications on a range of council services that come from climate change, so we are very mindful of doing the very best we can to plan for the future. I am not sure if that answers your question.

John BERGER: No, that is okay.

The CHAIR: Thanks, Mr Berger. That is all we have time for today. Thanks very much for appearing before us and the time you have taken to answer questions and also make a submission. It is very, very beneficial to us.

Witness withdrew.