

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into Local Government Funding and Services

Camperdown – Wednesday 7 August 2024

MEMBERS

Georgie Purcell – Chair

David Davis – Deputy Chair

John Berger

Katherine Copsey

Moira Deeming

Bev McArthur

Tom McIntosh

Evan Mulholland

Sonja Terpstra

PARTICIPATING MEMBERS

Gaelle Broad

Georgie Crozier

David Ettershank

Michael Galea

Renee Heath

Sarah Mansfield

Rachel Payne

Richard Welch

WITNESS

Troy Edwards, Executive Director, Corporate Services, Greater Geelong 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 get committee members to introduce themselves, starting with Mr Mulholland.

Evan MULHOLLAND: Evan Mulholland, Northern Metropolitan Region.

Bev McARTHUR: Bev McArthur, Western Victoria Region.

Sarah MANSFIELD: Sarah Mansfield, Western Victoria Region.

The CHAIR: Georgie Purcell, Northern Victoria Region.

David DAVIS: David Davis.

John BERGER: John Berger, Southern Metropolitan Region.

The CHAIR: And on the screen – members, I cannot see you, so I will just get you to yell out.

Gaelle BROAD: Gaelle Broad, Member for Northern Victoria Region.

Sonja TERPSTRA: Sonja Terpstra, state Member for North-Eastern Metropolitan Region.

The CHAIR: Committee members, just before we kick off, Dr Mansfield made a good point to me, given that this is a hearing for local government, just to acknowledge the sad passing of Sarah Carter and pay our respects to her family and colleagues at this difficult time. I am sure we will be hearing from her colleagues at some point throughout this process.

Thank you very much for appearing today, Troy. 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 doing this hearing, but if you go elsewhere and repeat 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 the 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.

Troy EDWARDS: Thank you, Chair, and good afternoon, committee. My name is Troy Edwards. I am the Executive Director of Corporate Services at the City of Greater Geelong.

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

Troy EDWARDS: Thank you, Chair. I am keen to get into the discussion. The city of Geelong is a significant local government in Victoria. We play a key role not just in delivering for our 280,000 residents but also in the region more broadly, and like most local governments we continue to work hard to balance the needs and aspirations of our local community with the financial position we find ourselves in. Like most public sector

agents across the world, not just in Australia, we are feeling the pressure on public sector finance. As a local government, that tends to play out through rate capping in the first instance and then through grants and the various combinations of grants that the sector receives from, I think it has to be said, both the Commonwealth and the state government, which create particular challenges. I think it is important for me to acknowledge that local communities expect local councils to deliver on those aspirations, and we would have a view that those aspirations quite rightly vary across the state. What you might seek in the eastern suburbs of Melbourne as opposed to Geelong, Ballarat or Bendigo or out to Buloke and Hindmarsh is very different.

I am looking forward to the conversation and the work of the committee. I am conscious that the Commonwealth has had some similar things to say in terms of inquiries as well lately, so I think it is an opportune time for us to talk through local government, local government service delivery and the relationship between state and local governments, because I think sometimes they get a bit lost in some of the things that go on, when we are all here to serve the same community at the end of the day. I am happy to open it up to questions and discussion, Chair.

The CHAIR: Wonderful. Thank you very much for that. Members, we have got plenty of time, so we will keep to about 5 minutes each, kicking off with you, Mr Mulholland.

Evan MULHOLLAND: Thanks for that. I have just got a quick question to start with. It was something raised earlier. Have you received any correspondence from the Department of Health or been advised that you need to co-fund the Department of Health's central immunisation program?

Troy EDWARDS: Thanks for your question, Mr Mulholland. Look, I could not say that it is on my radar. That is not to say that we have not received it.

Evan MULHOLLAND: You can take it on notice if you like.

Troy EDWARDS: Yes, definitely. We can find out. It is possible, but I just could not say with any certainty.

Evan MULHOLLAND: No worries. Regional and rural shire councils have raised concerns about financial sustainability and the under-resourcing of councils – like, those in metropolitan areas still obtain a minimum grant allocation from the federal government instead of those funds being allocated to cash-strapped regional councils. As the second largest city in Victoria, do you consider your council a struggling regional council?

Troy EDWARDS: It is a good question. I think we certainly see ourselves as a significant player in the Victorian local government landscape. When it comes to where you are heading with this question about minimum grants, I am a relative newcomer to Geelong, but we have some areas of significant socio-economic disadvantage in the north of Geelong, and the money we receive through financial assistance grants from the Commonwealth goes a long way to our broader service delivery. You have no doubt heard from other councils, and we believe the challenge for the Commonwealth is to grow the pie when it comes to financial assistance grants rather than trying to force the sector to arm-wrestle amongst itself. I am also conscious of, with 550-odd councils nationally and Victoria having gone through significant reform and efficiency improvements in the mid-90s, the potential relativities of Victorian councils compared to those in outback Queensland or Western Australia. I would not like to see us competing against those particular councils either on a relative needs basis.

Evan MULHOLLAND: Your submission talked about carrying substantial risk when supporting infrastructure growth. How can that risk be reduced?

Troy EDWARDS: Yes, again, it is a terrific question and a complex topic. I think with 11 precinct structure plans and significant growth slated through both the government's recent announcements on housing targets and our own projections, it does create a lot of timing pressures for the city to work with developers and the state to make sure infrastructure comes online. I think some greater certainty around timing would be important. Probably the big risk that comes through here is developers clearly work to make sure that their developer contributions are paid early. Once they are in our bank accounts, then pretty much they are free, and it is our job to manage that. When interest rates on that money are running at maybe half of what the cost escalations are, that creates significant future risks for us to deliver that infrastructure. That is where I think there are opportunities for state and local government to explore ways to minimise that gap and ensure that

when it comes time to deliver that infrastructure we have got as close to 100 per cent of what was originally costed and delivered.

Evan MULHOLLAND: I think Geelong might have had something to say about this. There was recent news and a forthright statement by the former CFMEU Victorian secretary that they are looking to get into the local government sector. What kind of risk would that present to the sustainability of local government?

Troy EDWARDS: I will choose my words carefully here, Mr Mulholland. I think we would want to make sure that we can continue to offer our employees appropriate wage increases that are reflective of the work they do and the problems they face. I think the challenge for us is that some of the industrial activity we see in other industries, like the building industry, is not the kind of thing we would expect to see in local government, and therefore that does present a risk to us. I think there has been a long and stable relationship between the significant unions that the local government is already with – the Australian Services Union, the Australian Nursing and Midwifery Federation and Professionals Australia. We think that is an appropriate mix. I am not sure that some of the kind of building and other sharper industry practices necessarily have a place in Geelong. That will not be for me to decide, that will be for the Fair Work Commission and the unions to decide.

Evan MULHOLLAND: Excellent.

The CHAIR: Thanks, Mr Mulholland. I will go to Ms Terpstra on the screen next.

Sonja TERPSTRA: Thanks, Chair, and thanks, Troy, for your presentation. I have just been reading through some of the notes as well. One of the things you talk about, or the council notes in its submission – and I think this has been consistent with some of the other councils as well – is that councils are being required to complete planning and scoping works prior to a grant application being made. I think some of the councils have said as well – you may or may not share this view; I am tipping that you probably will – it is costly, time-consuming and sometimes councils do not feel that they have the level of expertise on staff to be able to give it a thoroughly written application and the like. If that is the case, who do you think should do that work on behalf of a council? The bottom line is you are saying, ‘It’s too onerous and hard for us to make these applications, and it costs us a lot.’ So then who would do that if it is not the council, and who would pay for it?

Troy EDWARDS: Again, a really interesting area that I think has probably come into sharper relief in recent times as design and construction costs have increased, and I think councils find themselves wanting to just have a bit of separation between them – ‘What is it that we are looking to put on the ground? Okay, let’s quantify that and let’s be clear then about what we’re going to need to deliver that and how that plays out in partnership.’

From a Geelong point of view, I think we have probably got significant capacity compared to many of the smaller rural and regional councils, and I am not unsympathetic to their plight. I think Geelong would be looking to do some of that work ourselves. But on big projects – and some of those we have got – I think we would be looking for professional support and maybe working in partnership with other state agencies like Development Victoria and others that have got expertise to perhaps assist with some of that work. I think on the design and construct front, whether there are more opportunities for collaboration and collective responses to that. Say, in north-west Victoria if there are female-friendly sports facilities projects, there are four and five on the go, can they be costed and designed collectively? Is there a kind of uniform opportunity then to put those in place and have local builders deliver? I think all those opportunities are things we should be exploring to try and just close that gap and ensure that when we have got the design work completed and we are ready to go that that best reflects the price that the market is going to provide.

Sonja TERPSTRA: Sure. And just one more question if I may, Chair.

The CHAIR: Of course.

Sonja TERPSTRA: We have also heard throughout this morning’s evidence that some councils face workforce challenges. Obviously, Geelong may not have the same challenges, but are you experiencing any workforce challenges in terms of attracting or recruiting people into particular fields? And if that is the case or not the case, are you finding that you are able to compete in the market for the qualified staff that you need, or is that a challenge?

Troy EDWARDS: Again, good question, Ms Terpstra. Many of the challenges the sector has got with environmental health officers and planners and those things, we tend to have a bit of that pressure ourselves. I think Geelong is a market of a certain size that means it has kind of got a lot of internal competition within Geelong. With big public sector agencies – Barwon Health, Barwon Water, TAC, WorkSafe, the city, NDIS – I think there is a fair bit of competition, particularly in the areas of the organisation I am responsible for in procurement and the like. You can find yourself having to compete with some pretty sharp remuneration practices there too. We are of a size where we end up probably competing with our neighbours more for talent rather than seeking it ourselves. Again, you have probably heard this: I think hybrid working has also created opportunities for us to tap into labour markets that we might not have had before. So with planners, they may well be based outside of the region but are able to do their work quite effectively.

Sonja TERPSTRA: All right. Thank you very much.

The CHAIR: Thanks, Ms Terpstra. Mrs McArthur.

Bev McARTHUR: Thank you, Chair. Thank you, Troy. I presume your mayor and CEO are absent today because they are on a trip somewhere? Is that why they are –

Troy EDWARDS: They certainly are.

Bev McARTHUR: Great. I also see you are sitting in your very elaborate new premises. How much did that cost?

Troy EDWARDS: This premises? That is a good question. I do not know that off the top of my head.

Bev McARTHUR: Take it on notice.

The CHAIR: Feel free to take it on notice.

Bev McARTHUR: We will take it on notice. You have also got two monitors back in place in Geelong at \$1200-plus a day each, and you have already spent \$125,000 on monitors for a year. What are you doing so badly that you need monitors?

Troy EDWARDS: I will choose my words carefully. I think there are opportunities for the return of monitors to ensure that our relationships within our council chamber but also our financial performance are subject to scrutiny. The minister has brought those monitors back in. We are working very closely with Mr Dorling and Mr Davies on those issues. Certainly I know from a finance point of view we are relishing the opportunity to have someone of Mark Davies's expertise available to us as officers. That can only be a good thing in terms of making sure we have got leading practice financial management.

Bev McARTHUR: You have got a very expensive new CEO there. Can't she manage that? With all of your extra skills, why do you need monitors to help you manage your finances?

Troy EDWARDS: Chair, I believe these are perhaps questions more for the mayor –

The CHAIR: Yes, I was going to say, Mrs McArthur, you are walking a very fine line. You have one more question. Please keep it more in line with the terms of reference.

Bev McARTHUR: I have actually got a few more questions. You have just given, what is it, over a million dollars to G21, where previously you pulled out of the funding of G21. Is that money well spent for your ratepayers?

Troy EDWARDS: I think Geelong's role in the region and through G21 is worth every investment that we make in that. I think the region working together provides excellent outcomes. The economic drive that comes from this region and particularly the city of Geelong is something we want to take advantage of. I think we want to be working collectively together far more effectively, and that is beyond just service delivery. Recently the region has put in place a regional commingled waste collection service. We want to be advocating together, whether that is on Spring Street or in Canberra, on behalf of the region, so I believe it is money well spent.

The CHAIR: Thanks, Mrs McArthur.

Bev McARTHUR: Can I just ask one more question, which they can take on notice. You have got I think about 11 variations in your rates in Geelong. Can you provide on notice the details of your rating system, please, and how it has increased over a period of time or decreased?

Troy EDWARDS: Yes. We can share our ratings strategy with the committee. That is not a problem at all.

Bev McARTHUR: And the various variations and what percentage they are.

The CHAIR: Thanks, Mrs McArthur. We will go to Dr Mansfield.

Sarah MANSFIELD: Thank you. And thank you for appearing today. I am interested in your submission where you made reference to, I guess, the challenges of asset maintenance and renewal, and it was something that we heard about during our first day of hearings as well, as being an ongoing challenge for councils. Are you able to provide any examples or information about what sort of issues the City of Greater Geelong faces when it comes to asset renewal maintenance?

Troy EDWARDS: Look, a couple points I would make at both the macro and the micro level, Ms Mansfield – I certainly think at the macro level, as we look to manage financial sustainability there is always a risk that asset management is used as the kind of pot of funds that we can tap into to do other things, and that obviously has a long-term cost to us if we are not maintaining those assets appropriately. So that is a real challenge, and I think making sure that we can continue to deliver the services we have got and maintaining those when it comes to infrastructure is always a trade-off against how we ensure we have got the right infrastructure in place for our growing community. Our bottom line of a \$180 million surplus really is with the vast bulk of that money tied up in future asset development, which will then hit our books, becomes a challenge for us and creates a very lumpy balance sheet as those assets come on in different ways. I do not think there is an easy solution to that, because the pressure for new is always significant.

I think at the micro level parts of Geelong have been here for a long, long time, particularly when it comes to, say, assets like drainage. That is not a particularly exciting topic for a lot of people, but those things are crucial, and that infrastructure is under significant pressure. How we maintain that, I think, becomes a real challenge. I know our chamber has been talking a lot about transport, transport strategy and transport infrastructure – again, significant growth here; a lot of work being done at the moment by regional rail Victoria for the rail connections in the southern part of Geelong, but again that kind of asset work is going to be really important to the future health and wellbeing and operations of our region as well. So those things are not going away, but they are not always the most exciting when it comes to project announcements and public imagination.

Sarah MANSFIELD: Do you have any concerns about asset renewal and the costs associated with that and the ongoing financial impact on councils and sustainability of councils, particularly when you have other levels of government funding new bits of infrastructure but they are not necessarily contributing to the ongoing operation and maintenance of those assets? Do you foresee this being a challenge for the City of Greater Geelong going forward or a threat to its ongoing sustainability?

Troy EDWARDS: I think there is no doubt it is a challenge for us all. Making sure that we try and lift that asset investment up into the kind of 80 to 90 per cent of depreciation has to be an objective, I think, for most councils to try and make sure they are not hit with more expensive replacements down the track. But as I said, when the financial pressure is on, the opportunity to look at that kind of asset funding and say, ‘Well, is that standard appropriate? Can we stretch that more?’ is a very tempting path for many councils to go down. Again, I think the growth of Geelong is going to fuel a lot of that asset pressure into the future as well. As I say, there is no easy solution to that. I think one of the challenges with grant funding is often those projects, and I am trying to be as objective as I can, are not necessarily things that we as the city and the council might have been looking for. Those opportunities pop up and we try to take a view of ‘Will they deliver on long-term outcomes for our residents?’ If yes, then we pursue them, but they come with a long-tail price tag that our ratepayers pay as opposed to the Commonwealth or state government that are under those at the front end. There is no doubt about that. I think there was quite a bit of public playing-out in recent times in Geelong with some of those asset implications of some of the Commonwealth Games projects and we have seen that in the media here as well.

Sarah MANSFIELD: You might need to take this on notice, but you said it would be ideal to get to sort of 80 to 90 per cent of depreciation value for spend on asset renewal. But where are you sitting at the moment?

Troy EDWARDS: I think we are sitting in the high 50s to 60 per cent of depreciations covered. Our long-term financial plan is looking to lift that, as I said, into the 80 or 90 per cent mark, and that is one of the key financial sustainability indicators that we have got here. Again, I would anticipate that in our long-term financial plan that is prepared for the incoming council, that will be front and centre as a particular challenge for us.

Sarah MANSFIELD: Just following on from some questions asked by Ms Terpstra, we heard from another council this morning that applying for grants costs a lot in terms of time and money up-front, and uncertainty. For example, you might have to get consultants in, do a master plan, all of that sort of thing. Councils are having to increasingly spend money on those sorts of things without any guarantee that they are actually going to get the funding. You made some suggestions in your submission about how that could perhaps be reformed to relieve some of the pressure on councils of those front-end costs with grant applications. Are you able to elaborate on that a bit?

Troy EDWARDS: Yes. As I said, it is an interesting area. I think one observation I would make in the sector is that councils – and you have alluded to it – do a lot of work on master planning, do a lot of kind of longer term community needs analysis, yet often they are not the projects that other levels of government would choose to fund through grants. I suspect there is a terrific opportunity for local government to be working more with other levels of government – ‘Here are the kind of long-term master plan projects that have been listed; can we actually fund some of those rather than other projects that might emerge out of left field?’ Or projects which we think are due in 25 to 30 years time and another level of government decides that we should have now. It would be good to think that the community service and infrastructure planning can be kind of picked up by other levels of government and used to fund key things that we have identified and included in our financial planning. That would be a big part of it, I think, for us.

Sarah MANSFIELD: Would you support some more discretion for councils in how they allocate funding from other levels of government?

Troy EDWARDS: The very clear answer to that is yes. The City of Geelong receives financial assistance grants in the order of \$24 million to \$26 million from the Commonwealth government, to touch on the question from Mr Mulholland. That money is probably worth three or four times its weight in gold because of our capacity to use our discretion and the community’s aspirations and invest that in the things that they are looking for. I cannot kind of stress that enough – that untied funding is critical. And often some of the cost pressures we find ourselves under in service delivery, from both the state and the Commonwealth, end up eating into that discretionary funding with a rate cap in place.

Sarah MANSFIELD: Yes.

Troy EDWARDS: Absolutely.

The CHAIR: Thanks, Dr Mansfield. Mr Davis.

David DAVIS: Okay. Can I thank you, Mr Edwards, for your testimony. I have got a couple of areas that I am particularly interested in – a long-term time series on maternal and child health and libraries in particular. I want to see the funding from council and state government, because my suspicion is that there has been a significant decline, which you point to in your submission. We would love a 10-year time series since rate capping started; that would be worthwhile, to see how those areas have gone. So if you can take that on notice, that would be very good.

Also, planning has been mentioned and the work that the council does on planning. In the case of Geelong, you have got an extra authority there, the Geelong Authority, which seems to me to overlap and duplicate a lot of the work that the council would be doing on planning. You have got the minister, the department, the Geelong Authority and of course the council with its department and the decision-making by the councillors – and I understand that the minister takes on certain projects over a certain area and seeks the advice of the Geelong Authority. But this seems to me to be duplicative and to also be fundamentally anti-democratic in the sense that the council is not getting to have its say on behalf of the community. Do you have a response to that?

Troy EDWARDS: Thanks, Mr Davis. Perhaps I will take on notice your question on maternal and child health funding, and we will see if we can give you some –

David DAVIS: And libraries.

Troy EDWARDS: And libraries – and we will give you some longitudinal figures there. It is worth noting on maternal and child health, for the universal service, which ideally the agreement is 50–50 funded by state and local governments, at the moment the city spend about \$3 million and we receive about \$1.8 million from the state government, so it is about a 64, 66 per cent split. It is worth noting that that actually improved through some increased funding from the state government for longer consultations in 2023–24. I just put that on the record in terms of Geelong’s experience right now. I will look to find you some more figures. My observation in the time I have been here, in the six months or so, is the lanes on planning seem to be relatively well understood at the coalface here when it comes to the operation between the Geelong authority and council –

David DAVIS: Tolerated rather than understood?

Troy EDWARDS: Well, I think a little bit of both, but I hear you, and I am a strong supporter of the role of local democracy and local community to set their aspirations, make their investments and deliver. And I think every time councils are removed from that you see a diminishing of that to some extent.

David DAVIS: Is there a saving to be made with the Geelong authority? You may not want to say that.

Troy EDWARDS: Well, perhaps the phrase would be there is potentially a more efficient approach to planning in the City of Greater Geelong.

David DAVIS: Thank you.

The CHAIR: Thanks, Mr Davis. Mr Berger.

John BERGER: Thank you, Chair. Thank you, Mr Edwards, for your appearance today. I note in your submission you highlight climate resilience as a regional service delivery and infrastructure need. How is the City of Greater Geelong addressing climate change?

Troy EDWARDS: Again, I think we are doing a range of things. Something that you that might be aware of is the investment in what is called Dell Eco Reef, some coastal protection work from coastal surge, and trying to protect a lot of the beaches and the positive lifestyle assets we have got down here is a challenge. I think certainly for the aged infrastructure we have in Geelong significant weather events are putting a lot of pressure particularly on flooding. We see that in places like Lara in the north of the municipality, but we also obviously see it in west Geelong and where those older asset areas are. So the city continues to grapple with a lot of those very practical environmental impacts.

John BERGER: Thank you.

The CHAIR: Thanks, Mr Berger. Ms Broad.

Gaëlle BROAD: Thank you very much for your presentation, Troy. Look, I am just interested – you have got in your submission consideration 8, which talks about a prompt response to tenders and awarding of grants in line with the grant guidelines by the Australian and Victorian governments. Can you give an example of what happens now in practice – like, how long have you had to wait?

Troy EDWARDS: Look, it can vary; I think that is the big challenge. We would be hoping that 95 per cent of the time some of the grants that we apply for are awarded within particular timeframes. Sometimes they can kind of drift and drag, and that can have practical implications on our budgeting, for example, particularly when we run across the end of financial year and those things. But I guess, you know, we are also realistic in terms of political cycles, and elections can create opportunities that governments look to to maximise when it comes to grant funding too, which can mean delays or on the reverse side can mean quite fast decisions get made sometimes too before we have got a chance to work through the financial implications on our end as well. So that is always a challenge for us. I am not sure there is an easy solution to some of that, but in an ideal world there would be.

Gaëlle BROAD: Yes. As well we have heard some commentary on the fire services levy and how it is local governments that are collecting that or putting it on their rates notice, which can cause confusion. Do you think the Victorian government should be responsible for collecting its own levies?

Troy EDWARDS: I think I have probably got two answers to that, Ms Broad. I would say I think the level of government that raises a levy should be the one that collects it, but I also think the community has well accepted the addition of the fire services levy and Parks Vic and other levies on their rates notices. So I think that ship has sailed a little bit for local government.

Gaelle BROAD: I am interested too: please correct me if I am wrong, but is your parking fee revenue around \$7.5 million?

Troy EDWARDS: Well, it could be. That sounds about right, but I would need to just check.

The CHAIR: Feel free to take that one on notice, if you like.

Troy EDWARDS: Yes.

Gaelle BROAD: We have got a local council coming up, and 40 per cent of their annual revenue is around \$7 million. You have talked a little bit about it earlier, but do you think more assistance needs to go to rural and more regional councils than perhaps a city like Geelong?

Troy EDWARDS: Yes. Look, I can give you just a few more details for the committee that I have got here. We are projecting this financial year's income at around \$673 million. About \$104 million, or \$105 million there, is non-monetary contributions such as assets that are passed over by developers, which goes I think with where Geelong is at in terms of development. About \$325 million comes from rates and charges, which is just under half of that income. We receive around \$74 million in operating grants, including project-focused grants from the state and our financial assistance grants. And there is just under \$70 million in user fees. I certainly know that a significant component of that comes from our swim, sport and leisure facilities in Geelong, which are owned and operated by the council. That accounts for roughly \$25 million of that. So there are some significant chunks in there.

For a lot of local governments it is the ability to have diversified revenue, whether it is swim, sport and leisure income, whether it is parking revenue – I am sure that you have probably heard from city councils about that. That is certainly something that we value, and making sure that we strike the right balance between that income and how we serve our community values is an important part of that. I expect that would probably be a dialogue between candidates in the coming election when it comes to parking in central Geelong.

Gaelle BROAD: There are certainly a lot more opportunities, I guess, for you to raise revenue where you are located, but do you think there needs to be greater consideration for rural and regional councils in the financial assistance grants?

Troy EDWARDS: Yes. Again, I think from my perspective, having worked in a few different roles in the sector, including at the peak body recently, that the biggest challenge is how we ensure local government has an appropriate share of all the taxes collected in Australia, which are predominantly from the Commonwealth. My view would be growing that is the best way to get the outcomes we need, rather than looking to divide up the current funding in different ways. As I said, I think most councils would have particular areas of need where that financial support from the Commonwealth is well received. And for Geelong, as I said, with a lot of our communities in the north having particular needs, I think it is important that they are able to access that tax revenue as well.

Gaelle BROAD: I think your submission indicates the Australian government was going to take action with that and they have not done anything, so would that be your top recommendation, if you like, for us as an inquiry?

Troy EDWARDS: Certainly we would be hoping that the Australian government can increase financial assistance grants to 1 per cent of the Commonwealth tax take; that is our number one priority. I think there is an opportunity for a more nuanced conversation between state and local government – or perhaps the Victorian Parliament and local government – about local government's role in revenue questions. We are always conscious that the overwhelming bulk of funding we receive from the state government is for a specific purpose as opposed to untied funding, which does have particular implications when it comes to community aspirations. I think there is an opportunity for us as both state and local government to be talking more about that.

The CHAIR: Thanks, Mrs Broad. A question from me: Geelong has one of the largest populations of companion animals of any Victorian municipality. I am aware that you work with Geelong Animal Welfare Society on your animal services. Can you explain, if any, what funding or support you have provided to them in order to do that work?

Troy EDWARDS: That is a good question. I will have to take it on notice. It is quite possible that we provide them with grant funding, but I would need to check that.

The CHAIR: Yes. If you could take that on notice, that would be fantastic. I will go to Mr Mulholland.

Evan MULHOLLAND: I might –

The CHAIR: Going to hand it to Mrs McArthur again?

Evan MULHOLLAND: Yes.

The CHAIR: Mrs McArthur, please keep the terms of reference in mind.

Evan MULHOLLAND: Great questions.

Bev McARTHUR: Absolutely, Chair. How much do you spend on depositing waste for the City of Greater Geelong?

Troy EDWARDS: I have got some notes here. Our waste management total expenditure for FY 25 is budgeted to be \$63.6 million.

Bev McARTHUR: Where does it all go? Into landfill?

Troy EDWARDS: No, it goes to recycling processes, some will go to landfill and service delivery at the kerbside – a wide range of those services.

Bev McARTHUR: Do you support the waste-to-energy plant at Lara? Does the city council support that?

Troy EDWARDS: I think that is one for officers to –

The CHAIR: It is probably slightly outside. I do not think it relates to – it is asking an opinion of the witness. I will allow you one more question.

Bev McARTHUR: Does the council have a position on it?

Troy EDWARDS: I can say we have regular dialogue, particularly with Mr Charles Street and the Lara group that are working to overturn the incinerator. We have done a number of things with Charles and that group in terms of access to government, government decision-makers and trying to pursue that. I am reluctant to express a view one way or the other; I do not see that as my role.

Bev McARTHUR: If only we had the mayor and the CEO there. Just one more question –

The CHAIR: Thank you, Mrs McArthur. Mrs McArthur, we have got to get around to everyone else.

Bev McARTHUR: Well, one more question.

The CHAIR: Mrs McArthur! Mrs McArthur! Mrs McArthur, we will go to Dr Mansfield.

Sarah MANSFIELD: Thank you.

Bev McARTHUR: Sarah can ask it.

Sarah MANSFIELD: I can not ask that.

Bev McARTHUR: Ask it!

Sarah MANSFIELD: I think you alluded to this briefly earlier around the state government's housing targets. I am interested in the potential financial impact of those housing targets. What are some of the pressures that might arise from those housing targets that have been outlined by the state government for the city?

Troy EDWARDS: As we work through the housing targets – Geelong was projecting through our precinct structure plans and growth strategies, and we were planning on absorbing a significant proportion of that housing anyway. I think we will see the challenge outlined more traditionally around how we make sure that assets are brought online in a timely fashion and make sure there is not a lag between residents moving into greenfield developments and the service delivery. I think for Geelong the balance with infill development in more established areas is going to create different asset pressures, particularly drainage, roads, transport, traffic movements – those types of things. I would expect they will create a degree of financial pressure that will need to be managed by appropriate investment. Again, it is a bit hard to know until we see that and we are able to work through what those numbers look like and I think to some way how the market responds to those opportunities too.

Sarah MANSFIELD: Further to that, you mentioned drainage and stormwater systems in particular being a challenge in some of the older parts of Geelong. My understanding is there are some parts where making necessary changes to stop the stormwater inundation of properties could be in the many tens of thousands of dollars to bring some of that infrastructure up to scratch. Is it realistic for the council to absorb those sorts of costs?

Troy EDWARDS: That is literally the \$64 million question, isn't it? In Geelong, it is possible we could do that, but it would come at the expense of other capital programs in other parts of the municipality that are equally as important. Like all levels of government, that competition for the public dollar is going to get sharper, not easier. I would expect that Geelong in the future may find itself having to make significant investment to deal with drainage issues in established areas at the cost of other investments in other parts of the municipality – that will be the trade-off. Just by extension, Ms Mansfield, there is an opportunity there for more dialogue with the state around developer contributions in established parts of the municipality, and when it comes to that retrofitting, improving and enhancing existing and aged infrastructure to cope with infill development I think that is definitely a conversation that needs to be on the table.

The CHAIR: Thanks, Dr Mansfield. Mr Davis.

David DAVIS: Mr Edwards, just further to some of those points about land and housing and related matters. The state government has announced housing targets in the recent period. Did they consult with you before they were announced, with the council?

Troy EDWARDS: I understand that the announcement in Geelong did reflect some of the work that we were already doing in terms of the precinct structure plans and the future projections. Did they officially consult with us? I suspect the answer to that is no, but I would need to double-check.

David DAVIS: Do you have an audit of available government land – state, federal and indeed local – in and around your municipality? Is there such a thing?

Troy EDWARDS: In terms of Commonwealth and state land, we do not have that audited, but we certainly have a portfolio of land that we own in a variety of sites which we will be either looking to dispose of, develop or convert into parks and do different things, and that will continue to be work that the city does.

David DAVIS: Are you aware of an audit of state government land that has been done? Are you aware of any such audit or information?

Troy EDWARDS: I am not, but there may be other parts of the organisation that are aware.

David DAVIS: If you could take it on notice, that would be helpful. If we could understand what audit has been done on state land around Geelong and any copies of such an audit would be helpful for us. Thank you.

The CHAIR: Thanks, Mr Davis. Mr Berger.

John BERGER: Thank you, Chair. Mr Edwards, in contrast to other rural shires we have heard from today, the City of Greater Geelong has more opportunities to generate more revenue from ratepayers through parking, tourism and the like. How is your council lending support to neighbouring shires?

Troy EDWARDS: Again, good question. The City of Greater Geelong, certainly in the last six months or so, as I said before, has re-entered G21, and that is a big part of the regional leadership role that we play. The City of Greater Geelong also hosts Tourism Greater Geelong and the Bellarine, which is the regional tourism body, and we provide a range of in-kind support and fund that service, which has implications beyond the city as well for the Surf Coast and other destinations in the Bellarine. So there are a range of those types of activities. We are actively involved in things like the Geelong Manufacturing Council, Geelong events, and in a lot of those kinds of regional destination activities we play a big role in assisting and working with the region to drive that economic performance.

John BERGER: Thanks.

The CHAIR: Thanks, Mr Berger. Ms Broad, do you have another question?

Gaëlle BROAD: Thank you, Chair. I guess I am just interested, Troy, if there are no changes to the current funding arrangements, what will that look like for council operations and services for the local community?

Troy EDWARDS: No changes in terms of grant funding from the Commonwealth?

Gaëlle BROAD: Yes, that is right.

Troy EDWARDS: I think we will need to continue to focus on how we can improve efficiency and save money, how we better sequence and time capital programs and whether they need to change in some way to reflect that financial pressure. Like all councils and, I think it is fair to say, state and Commonwealth government, public dollars are fiercely fought over, and just like other levels of government, we will have to continue to make some difficult decisions and trade-offs. I think we had a good conversation earlier around things like assets and some of the less visible – and dare I say it, less sexy – parts of public sector work. We do not want to lose sight of the importance of those for our health and wellbeing or our financial performance either.

Gaëlle BROAD: Thank you.

The CHAIR: Thanks, Ms Broad. We have 10 minutes, so we can go around one more time. We will keep it very brief. Mrs McArthur.

Bev McARTHUR: Thank you. I tried to get this question in before, so I will have another go. We are told that three-year-old kindergarten is free. Do you have to spend any money on providing infrastructure for three-year-old kindergarten? Do you have to maintain premises in any way?

Troy EDWARDS: Yes is the answer to that. Local government will continue to have to contribute to ensure that infrastructure can meet the requirements of three-year-old kinder, particularly as that increases the load in terms of visitation in a week, so the short answer to that is yes.

Bev McARTHUR: And how much are you spending? How much does it cost you, the ratepayers of Geelong, to provide free three-year-old kindergarten?

Troy EDWARDS: I have not got my budget in front of me, but I can drill into it.

Bev McARTHUR: Take it on notice?

The CHAIR: You can take that on notice. That is fine.

Bev McARTHUR: That is wonderful.

The CHAIR: We will go to Mr Mulholland.

Evan MULHOLLAND: I have just a quick question: how much revenue does your council generate from parking fees?

Troy EDWARDS: Broadly on user fees and charges we are sitting at around \$69 million, of which at least half comes from swimming, sport and leisure. It would be, I think, under \$10 million, but I will check that and come back to you. That is fees for parking as opposed to infringements, or do you want both?

Evan MULHOLLAND: Yes, broken up as well in terms of fees and fines.

Troy EDWARDS: Okay, fees and fines?

Evan MULHOLLAND: Yes.

Bev McARTHUR: Can you throw in pet registration as well?

The CHAIR: Order! Dr Mansfield.

Sarah MANSFIELD: Thank you. Where was I? I have lost my train of thought. We have heard a lot about cost shifting through this inquiry so far. I know that the libraries issue was a big one that has bubbled up in the Geelong area over the last couple of years. I am wondering – and you can take this notice if you need to – how the state government contribution to library funding has impacted the region’s library services, how that has changed over the last 10 years. Particularly with the number of new libraries opening up in the region, what are the ongoing challenges that are faced by the council in terms of funding those?

Troy EDWARDS: Again, we can provide that. I know the City of Greater Geelong is a significant funder of the Geelong Regional Library Corporation, to the tune of about \$15 million. It is a significant service that we provide that is much valued. Certainly the councils do most of the heavy lifting on libraries – that would be my experience and observation – but we can pull some figures for you there.

Sarah MANSFIELD: I would be interested to see how that has changed over time as well and whether that state government contribution has kept up with the demand for libraries and the increased number of libraries across the region.

The CHAIR: Thanks, Dr Mansfield. Just circling back to my question before on animal welfare services, I have just had a look on the City of Greater Geelong website, which says that pet registration fees also fund services like dog parks and pounds. I know you will not be able to answer this for me now, so it is fine to take it on notice, but if we could just see a comparison of what comes in from pet registration fees and how much of that goes back into animal welfare. I grew up in Geelong and have seen the different iterations of GAWS and how it has operated and the support it has received, so it would be good to see the support that they are receiving now from council for the work that they give to the Geelong community.

Troy EDWARDS: Absolutely.

The CHAIR: Mr Davis.

David DAVIS: Mr Edwards, again, just back to this issue around housing and land, the state government has got a number of charges that are applied to development properties. The windfall gains tax is a more recently applied one. Do you have any analysis or examination of what that might have meant for the number of projects coming forward? Did it assist in projects coming forward? Did it slow them?

Troy EDWARDS: I think I would say there appears to be little evidence that it has had a slowing effect on the greenfield growth in the City of Greater Geelong. I am not aware of any in the last six months –

David DAVIS: What about in the central city? In the growth areas I think it actually is the GAIC that is applied, isn’t it, not the windfall gains tax?

Troy EDWARDS: Correct.

David DAVIS: Just in the central city of Geelong and existing suburbs the windfall gains tax will apply, as I understand it. Have you done any analysis there?

Troy EDWARDS: We may have. I will have to double-check and come back to you, Mr Davis, but as I said, it has not been prominent in the time I have been here.

David DAVIS: And the development contributions that are levied by government, such as the GAIC? That goes back into central Treasury. Is that disbursed? Do you have any impact on how that comes back out?

Troy EDWARDS: I think we do not have any impact on how it comes back, but we would definitely love to see more of that spent in a timely fashion in the areas where it is most needed.

David DAVIS: From which it was collected.

Troy EDWARDS: Yes.

The CHAIR: Thanks, Mr Davis. Mr Berger.

John BERGER: I am right, thank you.

The CHAIR: All good. A final question from Ms Broad?

Gaëlle BROAD: Thank you, Chair. From other witnesses we have heard that local councils often end up covering what state and federal governments cannot. When you are looking at the demands on local council, how do you define what are core services?

Troy EDWARDS: Terrific question. I again would probably spend a few hours trying to define that. I think I would tend to lean on working through the democratically elected process and the aspirations reflected by the community through our council plan, through our organisation's strategy and then through the good work that our councillors do engaging with ratepayers, with businesses, with other levels of government to really answer that question. For example, Geelong is in a position of funding things through its size and financial reach that other councils cannot. I am sure they might like to. Some of that work that we do is well received by the business community. Is it a core service? I do not know, but I certainly know it adds value. When I think about some of the work we do on design, for example, and design grants to support innovative thinking about recycling of plastic and those types of things, they are well received by our community. That comes down I think to questions of civic leadership.

The CHAIR: Thanks, Ms Broad. That is all we have time for today. Troy, thank you very much for appearing before us. You held up very well on your own in front of all the members of the committee. Committee staff will be in contact with you about questions on notice, but we will leave it there for now.

Witness withdrew.