



# Legislative Council Economy and Infrastructure Committee

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

**Hearing Date:** 4 September 2024

**Question[s] taken on notice**

**Directed to:** Bass Coast Shire Council,

**Received Date:** 14 October 2024

## 1. The DEPUTY CHAIR, Page 3

**Question asked:**

**The DEPUTY CHAIR:** All right, Greg. Thank you for your contribution. David Davis, Deputy Chair, just stepping in for the Chair, who will be a little later today. I had a couple of issues that I wanted to just start off with quickly. I am conscious that we have got Sarah and Sonja at least on Zoom or Teams. The first is the length of local roads. You have got 924 kilometres of local roads. I am just interested to know – and you may not be able to give me these figures now – about state funding for local roads and federal funding that has come through as roads money. I would like a time series on that, if that is possible.

**Greg BOX:** It is \$1.6 million in terms of grants from Commonwealth for roads, which comes out of the commission.

**The DEPUTY CHAIR:** That was last year?

**Greg BOX:** That is proposed for this year.

**The DEPUTY CHAIR:** This year.

**Greg BOX:** And we would expect that to move around inflation over the next few years. That is what we have factored into long-term financial planning. State-wise, David – I do not know whether David can answer that question.

**The DEPUTY CHAIR:** You may not be able to answer it now, but I would be interested in a four- or five-year time series – maybe even longer if you could do that – on both federal and state road and related money.

**David FILMALTER:** I will have to take it on notice – a time series.

**Response:** Council has not received any State Government Grants for Local Roads over the last five financial years. This is consistent with the division of Roads maintenance responsibilities in Victoria with Vic Roads and Rural Roads Victoria being responsible for funding maintenance and improvements for roads and roads infrastructure for which they are the Responsible Roads Authority with local councils being responsible for funding and maintaining local roads infrastructure.

## 2. The DEPUTY CHAIR, Page 4

### **Question asked:**

#### **The DEPUTY CHAIR:**

**Greg BOX:** That is right. There is a whole lot of stuff in there that we do in relation to waste, and some components of it, as indicated in the waste guidelines, cannot be in the waste charge.

**The DEPUTY CHAIR:** And some can.

**Greg BOX:** Yes, that is right. It is trying to standardise it across Victoria, so I kind of respect that in the sense that it is not different for all councils everywhere.

**The DEPUTY CHAIR:** Is there correspondence on that?

**Greg BOX:** Yes, there is. There are waste guidelines out there that –

**The DEPUTY CHAIR:** We would love to understand exactly what is going on there, because that is obviously a critical thing not just for you but more broadly.

**Greg BOX:** For 79 councils in Victoria effectively that is a problem.

**The DEPUTY CHAIR:** We would love a copy of what you are facing as a peri-urban council with that. That would be helpful.

**Greg BOX:** Absolutely.

**Response:** See Attachment A – Local Government Service Rates and Charges – Minister’s Good Practice Guidelines for their use (noting the main application for Local Government is waste service charges).

Concerns were raised in our Submission to the Inquiry that mandating these guidelines would give rise to a revenue gap of \$1.2 million being the current cost associated with public place waste collection, currently being recovered as part of our waste service charge. The Good Practice Guidelines (which are not legislated) do not support the recovery of these costs as a service charge, they should rather be recovered as part of Council’s general rates.

### 3. **Bev McARTHUR, Page 8**

**Question asked:**

**Bev McARTHUR:** Thank you, Deputy Chair. Thank you, gentlemen, for appearing. I would say at the outset that the rate cap is the only break that ratepayers have against the excesses of local government. I am all for it. Can you tell me what percentage of your rates are collected from farmers, the rural ratepayers, compared to townspeople or commercial premises?

**David FILMALTER:** Yes. Just bear with me a sec. I believe it is in the order of 5 to 10 per cent –

**Bev McARTHUR:** All right. You can take it on notice if you can come back to us on that.

**David FILMALTER:** Yes, I will take it on notice, the farm rate.

**Bev McARTHUR:** Yes, the full breakdown of your rate in the dollar as it applies to rural landholders compared to townspeople. How many rates in the dollar you have. Some councils have over 10. But anyway, if you can take that on notice.

**Response:** Bass Coast is expecting to raise 6.32% of its total rates from Farms in 2024/25 (6.11% in 23/24). A differential system in place provides Farms with a 20 per cent discount (80% differential) compared to the standard rate for Developed Residential, Commercial and Industrial Land (100% differential). Bass Coast is also one of a few councils that provide rural landowners with an opportunity to receive a land management rebate (set at a per hectare level) to help offset the cost of environmentally related land management activities (weed eradication, erosion management, wildlife corridor protection). This is available on application and adjusted annually.

Bass Coast also encourages the development of vacant land which is reflected in a higher differential rate of 150% being applied to this property class.

#### 4. Gaelle BROAD, Page 11

**Question asked:**

**Gaelle BROAD:** I am just interested if you could talk about road funding. Do you believe the state government is doing enough to provide funding to support local councils with roads?

**Greg BOX:** We would like more. As I mentioned before, I think for us to just simply be able to maintain our assets appropriately over time we will need to invest more, and we would like the state to play a role in that.

**Gaelle BROAD:** And I am just interested too, because I expect you would have a number of large renewable energy projects in your area: with other council areas we have seen wind and solar developments have had massive discounts on their fire services property levy. I think in Mildura farm rates increased by 50 per cent over five years, whereas rates on solar developments only increased by 20 per cent for the same period. What is your experience, and do you feel that farmers are perhaps carrying the burden for some of these larger projects like solar and wind?

**Greg BOX:** I do not know the numbers around that one. I would have to get back to you.

**Gaelle BROAD:** If you could provide that over a five-year timeframe.

**The DEPUTY CHAIR:** Because you have got some wind on the south coast.

**Greg BOX:** That is right, there is some there, and we buy into solar as a council. We buy into renewable energy as a council as well.

**Gaelle BROAD:** That would be great. Thank you.

**Response:** The Wonthaggi Wind Farm is the only operational Wind Farm in the Bass Coast Shire. The Wind Farm pays rates under a rates in lieu arrangement established in accordance with the *Electricity Industry Act 2000* and the annual rates in lieu raised applying the methodology set out in the Act is \$34,000. Solar and wind farms are rated based on the amount of electricity generated, expressed in MWh rather than the conventional property value for determining Council rates.

## 5. The DEPUTY CHAIR, Pages 11 – 12

### Question asked:

**The DEPUTY CHAIR:** Well, my question would pick up some of those exact points that Ms Broad just started to question about, around what energy purchasing you are doing. Is there a commitment to purchasing renewable or low-emission energy? If so, what is the cost of that, and is there a premium that you have to pay?

**Greg BOX:** I will probably take the questions of cost on notice, but we do, and we do that collectively with a number of councils. Our aim is still net zero as a council by 2030, and we are on target to be able to do that. There are a number of other renewable projects that have happened around batteries as well in places like Phillip Island, and Totally Renewable Phillip Island has driven that.

**The DEPUTY CHAIR:** And are you part of that? How does that work? You purchase the energy, do you, or something like that?

**Greg BOX:** We do for council and for council buildings. We have solar on the rooftop and the like that goes on on our own buildings et cetera, but that does not provide all the power to council, obviously, so we buy into, effectively, a collective scheme.

**The DEPUTY CHAIR:** So what is the cost of that? I would certainly be interested. You may not be able to do it now.

**Greg BOX:** No, we would have to take that on notice.

**Response:** Bass Coast Shire entered a long-term contract for 100 per cent renewable electricity through a collaborative local government sector energy contract in July 2021. The base price for the contract is set at a competitive rate (5.3525 cents peak and 2.8826 cents off-peak) that is 40 per cent lower than the standard Vic Renewable energy price contract price of 8.9039 cents (Peak) and 4.4344 cents (Off Peak) plus a 20 per cent Renewable Energy Premium. A 20 per cent premium is then applied to these rates (Renewable Energy Premium). While the contract is indexed to the Grid Energy Price, the pricing formula provides for hedging of 20 per cent which equates to the Renewable Energy Premium.

The cost of Council's electricity spend over the last four financial years is summarised below. This confirms the initial savings following the implementation of the Renewable Energy Contract in July 2021 and the reduced exposure to substantial movements in the wholesale electricity price over the last two financial years.

	2024 FY	2023 FY	2022 FY	2021 FY
Utilities – electricity	838,525	758,668	641,526	727,044