



# Legislative Council Economy and Infrastructure Committee

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

**Hearing Date:** 26 June 2024

**Question[s] taken on notice**

**Directed to:** Department of Government Services

**Received Date:** 15 July 2024

## 1. Page 2

**Question asked:** *(To provide report)*

**Mike GOOEY:** Yes, that is right, so 19 per cent of the total revenue. The composition of the revenue varies across individual councils, and my colleague will talk about that in a minute when we get to the financial assistance grants. But, as I said, these are the statewide aggregate numbers that show Victorian councils receive most of their revenue from rates and charges and government grants. It is probably worth noting that there was a recent review of the rating system, which was in 2019, so we can provide a copy of that report to the committee. That final report was published in December 2020 and there were 56 recommendations, of which I think 36 were supported in full, so there has been a program of implementing those over the last little while as well.

**Response:**

The Local Government Rating System Review Report can be found at [https://www.localgovernment.vic.gov.au/\\_data/assets/pdf\\_file/0032/184379/Local\\_Government\\_Rating\\_System\\_Review\\_Final\\_Report\\_March\\_2020.pdf](https://www.localgovernment.vic.gov.au/_data/assets/pdf_file/0032/184379/Local_Government_Rating_System_Review_Final_Report_March_2020.pdf)

The Government response to the above report can be found at [https://www.localgovernment.vic.gov.au/\\_data/assets/pdf\\_file/0024/184380/Victorian\\_Government\\_Response\\_to\\_the\\_Local\\_Government\\_Rating\\_System\\_Review\\_December\\_2020.pdf](https://www.localgovernment.vic.gov.au/_data/assets/pdf_file/0024/184380/Victorian_Government_Response_to_the_Local_Government_Rating_System_Review_December_2020.pdf)

## 2. Page 3

**Question asked:** *(To provide document)*

**Mike GOOEY:** The cap applies to the total rates revenue for the council. It is about the rates that are applied to individual properties, and obviously then individuals' rates are actually dictated by the valuation of their properties. The legislation requires that the rate cap mechanism is subject to periodic reviews. The first review of the rate cap mechanism was conducted in 2021 – again, we can provide a copy of that to the committee – and the next review is scheduled to take place in 2025.

**Response:**

The Rate Cap Mechanism was reviewed in 2021 as required under section 185C of the *Local Government Act 1989*.

The Local Government Rate Capping Mechanism Review Final Report can be found at

[https://www.localgovernment.vic.gov.au/\\_data/assets/pdf\\_file/0020/192035/Local-Government-Rate-Capping-Mechanism-Review-Final-Report.pdf](https://www.localgovernment.vic.gov.au/_data/assets/pdf_file/0020/192035/Local-Government-Rate-Capping-Mechanism-Review-Final-Report.pdf)

The Government response to the above report can be found at

[https://www.localgovernment.vic.gov.au/\\_data/assets/pdf\\_file/0021/192036/GovernmentResponsetotheLocalGovernmentRateCappingMechanismReview-updated1.pdf](https://www.localgovernment.vic.gov.au/_data/assets/pdf_file/0021/192036/GovernmentResponsetotheLocalGovernmentRateCappingMechanismReview-updated1.pdf)

3. **Gaelle BROAD, Page 6**

**Question asked:**

Looking at the terms of reference, it talks about whether local councils are adequately delivering on their core service delivery objectives. What does the department consider to be the fundamental functions of local councils? What are they expected to deliver?

**Mike GOOEY:** ...The important part is that that performance reporting is integrated as a part of the legislated local government planning and reporting cycle, so there are a range of things that sit within that. Again, I think it sets about 59 performance measures. I will not bore you with going through all of this, but we can certainly provide that to the committee.

**Response:**

There are 58 performance measures in 11 categories. A listing of the indicators by category can found in Attachment 1.

4. **Moira DEEMING, Page 8**

**Question asked:**

I just mean could it be covered – the costs of those 59 services, on average – if you had the average cost of those services across councils? You have got the average revenue of services across councils. I was just wondering whether there is a disparity between how much those services cost to deliver versus how much they are getting in terms of just from rates.

**Mike GOOEY:** Off the top of my head – we can have a look at the data and we will take that on notice.

**Response:**

Many of the 58 Local Government Performance Reporting Framework indicators measure the direct cost of the services. These are:

- Cost of aquatic facilities
- Cost of animal management service per population
- Cost of food safety service
- Cost of elected representation
- Cost of library service per population
- Cost of the MCH service
- Cost of sealed local road reconstruction
- Cost of sealed local road resealing
- Cost of statutory planning service
- Cost of kerbside garbage bin collection service
- Cost of kerbside recyclables collection service
- Expenses per property assessment
- Expenses per head of municipal population

The [Know Your Council](#) website provides charts for each council, allows councils to be compared with up to 3 other councils, and compares each council's results against the Statewide average and the average for each cohort of councils.

There are often cases of disparity between the costs of these and many other council services and the amount raised in property rates and charges, as well as the many user fees for services that apply as well. For example, the cost to the user of statutory planning services (planning permits) are set by the State Government. Some councils choose to add to or increase service levels. This may increase the council's cost of delivering the service as reported, but not the fee itself charged to a customer. This is a decision by each council.