



# 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:** La Trobe City Council

**Received Date:** [Office Use]

## 1. **Evan MULHOLLAND, Pages 32 & 33**

**Question asked:**

**Evan MULHOLLAND:** Excellent. I know you mentioned that there is some financial impact to council in relation to the closure of Hazelwood, noting the planned closure of Yallourn and Loy Yang stations. Do you have any indication of the direct and indirect financial impacts?

**Steven PIASENTE:** The direct financial impact to us is quite significant – I think I touched on that: around \$2 million. The indirect cost has come up before. The indirect cost for us is that there is potential risk around people. If you look at the example around Hazelwood, they had 600-odd employees. A percentage of those stayed, a percentage left and a percentage were redeployed into other areas at either other power stations or other industries that took jobs on locally. There is potential risk that some of those people may move interstate and there is less productivity locally in terms of employment and opportunities. If you go to Traralgon, for example, there are lots of restaurants. The supply chain that they support in terms of the people who work in those industries – if there are less people here that is going to be a real challenge for us. So there is an indirect cost, more so to the community. For us, one of the indirect costs is we still have to operate things like an aquatic centre. If you have less people here using it, the cost of that is that we are not getting as much revenue through, so we have a reduction in revenue as well. So there is a flow-on back to us, which is probably more a direct financial cost, but again we lose revenue from operating our services. We still provide them. The counterargument is, ‘Well, you should look at reducing the number of facilities you have.’ That is very difficult in a community like ours where we have a number of different centres where we provide some services like libraries across a number of different townships, and it would be hard to remove those. So we have some lost revenue opportunities for some of our services as well as that direct financial impact on us.

**Evan MULHOLLAND:** If you have any specifics around that question in terms of financial impact, we are more than happy for you to take that on notice.

**Steven PIASENTE:** Yes. I can provide some details back around that.

**Response:**

In the 2018/19 FY Hazlewood contributed \$1.978 million in rate revenue to Council. In 2019/20 FY following the closure of the Hazlewood mine that figure dropped to \$0.

In the 2024/25 FY Loy Yang A contribute \$3.23 million and Yallourn contribute \$2.27 million towards Councils overall budgeted rates revenue of \$80.0 million (excluding waste services charges), which represents a total of 6.9% of council's rates revenue.

**2. Bev MCARTHUR, Page 36**

**Question asked:**

**Bev McARTHUR:** Thank you, Steven. Now, it is my understanding that your ratepayers have had to fork out tens of thousands of dollars due to legal costs incurred when the minister's LGBTQIA state taskforce set out to pursue a single-parent female councillor over social media posts. Is this a good use of ratepayer dollars given arbitration costs incurred by a minister's office are billed back to a council?

**Steven PIASENTE:** I think you are referring there to a code of conduct matter. Yes, there have been a couple of code of conduct matters at Latrobe city, unfortunately, where councillors have had to go through a process. My view is that those matters would be best resolved internally. Unfortunately, they were not able to be, so those processes ended up going through a conduct panel. And we get passed those costs, as you said. They are unfortunate.

**Bev McARTHUR:** How much has the council had to pay out in those costs?

**Steven PIASENTE:** I would have to take that on notice. We did have some FOI requests in relation to this a little while back. I cannot remember the exact number, but I think it is \$50,000-odd. There have been I think three conduct matters that have been through the process fully.

**Bev McARTHUR:** And how is that female councillor? I understand her mental health was seriously affected.

**Tom McINTOSH:** Sorry, Deputy Chair. Can I just raise a point of order?

**Bev McARTHUR:** Well, it is about costs.

**Tom McINTOSH:** Sorry, I think an individual's personal mental health –

**Bev McARTHUR:** She is a councillor.

**Tom McINTOSH:** No, sorry, we are here to talk about fiscal imbalances, core service delivery, revenue structure – existing revenue structure. I just think we could spend a lot of time talking to individual councils about individual councillors and what may or may not be happening, but I think it is important that we stick to the inquiry.

**The DEPUTY CHAIR:** I think the mental health is probably one step too far, but the costs incurred are legitimate.

**Steven PIASENTE:** Yes, they are. There are costs that are passed through to council, and we have to pay for that.

**Bev McARTHUR:** Yes, well, you can take that on notice, if you would. That would be good.

**Steven PIASENTE:** Yes, I will find that figure for you. That is easy.

**Response:**

Council is obliged to pay for matters and provide staff to support matters brought by Councillors to the Principal Councillor Conduct Registrar.

- Sections 150 and 151 require Council to appoint one or more staff members to support the work of the Principal Councillor Conduct Registrar.
- Section 152 of the Local Government Act states that a Council must pay the fees specified by the Principal Councillor Conduct Registrar relating to:
  - internal arbitration process conducted for the Council (s 149(1)(e))
  - following any Councillor conduct Panel hearing conducted for the Council (s 149(1)(m))

In addition, Council is required to ‘provide all reasonable assistance to the Councillor Conduct Panel’ (s 162)

Costs incurred have been paid over the 2021/22 to 2024/25 financial years.

Matter	Cost by matter
<b>Internal arbitration 2021/22</b>	\$13,694.95
<b>Councillor Conduct Panel 2021/22</b>	\$27,825.17
<b>Internal arbitration 2023/24</b>	\$7,414.81
<b>Councillor Conduct Panel 2023/24</b>	\$13,198.83
	<b>\$62,133.76</b>

**3. The DEPUTY CHAIR, Page 38**

**Question asked:**

**The DEPUTY CHAIR:** Thank you. I have got a couple of follow-up things that I want to just pick up. The submission that you referred to from regional cities on the windfall gains tax – we would love a copy of that to understand that.

**Steven PIASENTE:** Yes, I can take that on notice and send that through.

**Response:**

*Attachment 1 Regional Cities PDF*

**4. The DEPUTY CHAIR, Page 39**

**Question asked:**

**The DEPUTY CHAIR:** That would be helpful. Also, your submission refers to the Lucid Economics report. You commissioned that?

**Steven PIASENTE:** Yes, we did.

**The DEPUTY CHAIR:** You commissioned that. Is that publicly available?

**Steven PIASENTE:** It is not something that we had provided publicly to councillors in reference, but I will take that on notice about its provision to you – if that is possible.

**The DEPUTY CHAIR:** We would certainly welcome that, because I think in your –

**Steven PIASENTE:** I thought you might ask that question. My staff did ask me that.

**The DEPUTY CHAIR:** Did they?

**Steven PIASENTE:** They did highlight that when we included it in the submission.

**The DEPUTY CHAIR:** It is actually a very important point, of course. I think it is sensible that you have done that kind of examination, because you are obviously going to have a very significant point. You also – and I think Mr Mulholland mentioned this – mentioned the \$2 million in rates that had been paid by Hazelwood and similar. We would, again, love to know the amount that is paid.

**Steven PIASENTE:** A breakdown – yes, I can take that on notice to get a breakdown of those for you.

**Response:**

*Attachment 2 LUCID ECONOMICS – LATROBE Coal Fired Power EIA*

**5. The DEPUTY CHAIR, Page 39**

**Question asked:**

**Steven PIASENTE:** Effectively that we need to replace the lost industry investment to the value of around, I think it is, \$680 million of new developments, which is new houses and new industry that is developed at a level to have the equivalent value of rates paid. It also highlights, from a jobs perspective, from memory, that that sort of value would need to be delivered to generate a significant number of jobs. If you look at the Bega yoghurt factory, which is just down the road here – they employ around 200 people – we would need I think 14 of those new developments to then replace the number of jobs and the economic output. The economic output is a little bit different because the wages in the power sector are relatively high, and so you need more to replace them.

**The DEPUTY CHAIR:** More headcount, as it were, to replace that.

**Steven PIASENTE:** More headcount, effectively. Exactly right, yes.

**The DEPUTY CHAIR:** There are another couple of things in your submission that are certainly of interest to me. The Latrobe Regional Airport I think provides a very important regional connection.

**Steven PIASENTE:** Yes.

**The DEPUTY CHAIR:** What is the cost of that? You mentioned that levels of government should invest in the Latrobe Regional Airport.

**Steven PIASENTE:** I would have to take the question on notice about the value, but we are certainly looking at things like advanced air mobility and hydrogen engine production. We got a couple of companies that are doing work there at the moment. Advanced air mobility is drones – we have got a partnership with Swinburne. That is about testing and the like and the regulations around how drones might be used in the future. That is for things like emergency services as well as potentially transport. We would like to see some investment in that precinct to help support its growth in terms of generating new jobs that do not exist locally. There is also a hydrogen engine manufacturing company that is working there.

**Response:**

Council is currently working in partnership with industry to guide a design brief for the AAM facility and anticipates having costings finalised in Q1 of 2025.

**6. The DEPUTY CHAIR, Page 40**

**Question asked:**

**The DEPUTY CHAIR:** Al so in your submission you mentioned kinders, kindergartens, and issues around funding. You say:

Changes in government policies including increases in levies ...

And then you move on to:

For instance shifts in kindergarten policy has needed more infrastructure, leading to increased maintenance costs and further pressure on the Council budget.

Have you quantified that? Have you got a report or something that quantifies that?

**Steven PIASENTE:** The team may have. I would have to go back and take that on notice. I might have spoken at another parliamentary inquiry in the past. But I do find it interesting that the most formative years of a child's life in terms of education are left to committees and others. We do a great job at it, do not get me wrong, in terms of delivery of that, but I do find that one interesting, that we are having to pick up in relation to that education piece.

**Bev McARTHUR:** You do not have to; you could say no.

**The DEPUTY CHAIR:** Well, I think they have probably done the right thing in costing this, and that would be very helpful if we have got something there. Do you have any idea of what that additional cost is likely to be?

**Steven PIASENTE:** I would have to take that on notice. I do not at the moment.

**Response:**

The financial impact of the kindergarten reforms on Council's budget is still uncertain. To date, The Victorian State Government has funded the construction of the new rooms/facilities, and it is expected that this support will continue.

A desktop analysis conducted by Officers indicates that Council will need at least 20 new kindergarten rooms to meet the reform requirements. Of these 20 rooms/facilities, 5 have already been developed or are currently under construction.

While the Victorian State Government has previously covered the construction costs, expenses related to furnishing, fit-outs, annual maintenance, and utilities have not been factored in.

Council is projected to incur the following costs:

- Furnishing and fit outs: \$1.8 million (with \$600K already funded)
- Annual maintenance for additional facilities \$150k annually
- Increased utility costs \$60K annually.

It is understood that the Victorian State Government has contributed approximately \$9.5 million to date, with an additional \$22.5 million required to fund the construction for the entire roll out.

The Victorian State Government are covering the staffing costs of the kindergartens, however corporate overheads to Council will still apply. We anticipate at the peak of the reforms this will cost approximately \$345k annually, which equates to 5% of the overall program.

## 7. The DEPUTY CHAIR, Pages 40 & 41

### Question asked:

**Steven PIASENTE:** Yes. A lot of our infrastructure is going to need to be upgraded to provide those services. I even had a question today about Churchill township, for example, and there is a commitment to providing another kindergarten at that location. Our view is we would probably consolidate what we have already got rather than building another new one, because that would be another piece of infrastructure to deliver. So we need to think about that a bit differently, but there is an increased cost associated with that. Acknowledging that with some of those kindergarten services for people in our community, it is challenging for them to access that, so that is part of the reason why councils have been delivering those. Some other councils do not – they might provide the facility and they let other community groups run those services – but we actually do direct service delivery.

**The DEPUTY CHAIR:** So state government have got programs here where they are trying to achieve certain objectives, and they seem to have altered the requirements for the facilities.

**Steven PIASENTE:** Yes, the number of hours and the like.

**The DEPUTY CHAIR:** The number of kids.

**Steven PIASENTE:** The number of kids, yes.

**The DEPUTY CHAIR:** Three-year-olds.

**Steven PIASENTE:** Three-year-olds, yes, and all those of those changes.

**Bev McARTHUR:** It is all free, though, isn't it?

**The DEPUTY CHAIR:** Well, I am just trying to get to the point. Is the state government funding this?

**Steven PIASENTE:** They are supporting some of the infrastructure delivery, yes. In terms of the operating costs, there are some increases in costs.

**The DEPUTY CHAIR:** All of it, or –

**Steven PIASENTE:** To date, of the ones that have been delivered, yes. I am not quite sure about the future ones, though. There is still a question mark for us around that.

**The DEPUTY CHAIR:** So how much have they put in?

**Steven PIASENTE:** I would have to take that on notice. But there have certainly been some new centres that have been opened. One was in Traralgon recently

**Response:**

Please refer to the response provided above.

**8. Bev MCARTHUR, Page 41**

**Question asked:**

**Bev McARTHUR:** Are you going to accept the grant offer from the Minister for Equality to roll out the inclusivity program in state libraries, which will require five-year-olds to be asked what their pronoun is?

**Steven PIASENTE:** I would have to take that on notice. I have not seen that one myself.

**Response:**

If there is a specific grant available to support inclusivity, Council would be interested in applying for it, as we have a commitment to creating safe, welcoming, and inclusive spaces for everyone in our community, however, Council has not been advised of any grant offers from the Minister of Equality to roll out inclusivity programs in libraries. We are aware of the Rainbow Libraries Toolkit which was recently launched by the Minister for Equality.

Our Municipal Public Health and Wellbeing Plan, titled 'Living Well Latrobe' includes 'priority population groups' as it is recognised that some groups in our community experience significantly poorer health outcomes than the general population. These groups, which include Aboriginal and Torres Strait Islander people, people from socio-economically disadvantaged backgrounds, children and younger people, and people from the LGBTIQ community, are taken into consideration when carrying out actions aligning to Living Well Latrobe and efforts are focused on equity and inclusion.

In relation to the toolkit, our libraries will decide how to make use of it and whether we will be implementing any of its recommendations, in alignment with planning to meet objectives in Living Well Latrobe.

Media reports indicating that library staff will be asking small children for their preferred gender pronouns is inaccurate. If a customer volunteers their



preferred pronouns, we try to ensure we use inclusive language and treat everybody with respect and kindness.