



# Legislative Council Economy and Infrastructure Committee

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

**Hearing Date:** 19 September 2024

**Question[s] taken on notice**

**Directed to:** Moonee Valley City Council

**Received Date:** 15 October 2024

## 1. David ETTERS HANK, Page 27

**Question asked:**

**Damian HOGAN:** If I could, through you, Deputy Chair, when rate capping was introduced there was an option put up to the Essential Services Commission for a combination of the consumer price index and the wage price index, which would have been more realistic, as Helen mentioned, about the labour costs for local government. But that was declined and what we work with now is the CPI, so when you are looking at an alternative index, what could be a combination of that would at least be closer than what we are currently experiencing. Post COVID we have found with the cost to deliver our capital works program, costs for services and inflation 18 months ago at around 6 or 7 per cent, that was the cost, but rate capping was less than half of that. Our revenue was restricted but our costs were not, so that is an option that could be considered.

**David ETTERS HANK:** Could I just ask you on notice perhaps to provide us with some supplementary thoughts as to what the alternative to that might be.

**Damian HOGAN:** Sure.

**David ETTERS HANK:** Thank you, Deputy Chair.

**Response: The Essential Service Commission (ESC) current practice when setting the average rate cap is to use the forecast Consumer Price Index (CPI) for Melbourne, as determined by the Department of Treasury and Finance (DTF) in its budget update in December each year and consider any adjustments are necessary. Using CPI does not adequately consider the change in council costs, expectations of future wage rises and recent economic forecasts.**

**In NSW, the methodology for setting the 2024-25 rate peg (cap) has four elements:**

**Base Cost Change**

**Population Factor**

**Productivity Factor, and**

## **Emergency Services Levy Factor**

**By applying a methodology not based solely on CPI, there is a significant difference between the rates caps and pegs in some years, most noticeably in the latest restriction set for the 2025-25 financial year with 4.5% in NSW and 2.75% in Victoria.**

**An alternative to the current practice when setting the average rate cap would be to introduce a Local Government Cost Index (LGCI), similar to the methodology used in NSW. The LGCI calculation would be based on three elements: employee costs, assets costs and other operating costs. So instead of using CPI, the alternate would use a combination of the Cost Price Index (CPI), Wages Price Index (WPI) and road and Bridge Construction Index (RBCI).**

### **2. Evan MULHOLLAND, Page 28**

#### **Question asked:**

**Evan MULHOLLAND:** It seems every other council has, so I will ask you: has Moonee Valley council recently been advised of a brand new immunisation charge from the state government, and what is the cost of this to council?

**Helen SUI:** Yes, we have. I am still eagerly awaiting my colleagues to advise me exactly the financial implications. We certainly are advocating strongly through MAV.

**Evan MULHOLLAND:** No worries. Could I ask you to take that on notice?

**Helen SUI:** Yes.

**Evan MULHOLLAND:** No worries. Thank you.

**Response: The cost impact to Council will be zero in 2024/25 and approximately \$9,400 annually from 2025/26. Subject to change with future population increases and unforeseen additional State government mandates.**

### **3. Gaelle BROAD, Page 30**

#### **Question asked:**

**Gaelle BROAD:** Has the state government given you any guidance on the adoption of AI?

**Helen SUI:** I need to do some further checking on that, so I probably need to give a responsible answer. I need to check with my CIO. I know there are lots of networks happening. How much is from the state government? I just need to do some follow-up before I can provide that answer, if that is okay.

**Response: Council has had no direct guidance or have any direct relationship with anyone from the state government. Officers did find the state governments VPS generative AI policy published on the government services website, which they found helpful to align to Council's own internal operational policy statements.**

#### **4. Bev McARTHUR, Page 30**

**Question asked:**

**Bev McARTHUR:** Thank you very much for appearing before us today. It is terrific. There are some in this world who think that racing should end. Can you tell us the benefits of the Moonee Valley Racing Club in Flemington to your municipality?

**Helen SUI:** Thank you, Bev. I will try my best. Moonee Valley Racing Club is within our municipality. Flemington Racing Club is within the City of Melbourne; however, we cop all the traffic, so all the traffic implications come to us.

**Bev McARTHUR:** Do you get any money from them in rates?

**Helen SUI:** No.

**Bev McARTHUR:** Let us concentrate on Moonee Valley then.

**Helen SUI:** I am not sure how much revenue we get. The CFO will know, but we can provide that later on. They are an important business within Moonee Valley City Council that brings a vibrant part of the city every race season. They attract a lot of visitors into our city. We certainly welcome that for our hospitality services and for tourism revenue. Like with any council, there are always different views within the community about pretty much anything. There are pros and cons about any industry. We see it as a very important partner we work very closely with.

**Response: Between \$90,000-\$130,000**

#### **5. Bev McARTHUR, Page 30**

**Question asked:**

**Bev McARTHUR:** Are there any planned kindergartens in these high-density zones?

**Helen SUI:** There are kindergartens. I am not sure if they are in the catchment area already. The activity centre has just been announced; it is still in the draft. The infrastructure planning from council still needs to pick up on that. Whatever is there is already in our plan, not because it was an activity centre.

**Bev McARTHUR:** Well, maybe you could have a look at it and come back to us as to what is going to be forthcoming.

**Response:** In Round 2 of the 2022-23 Building Blocks Planning Grants, Moonee Valley City Council received \$150,000 to undertake feasibility, planning and concept design options for potential kindergarten projects in Montgomery Park and Essendon North. Montgomery Park (located outside the area of the two proposed activity centres, in Essendon) has since progressed to become the first project in our Building Blocks infrastructure programme, with a new three-room, 99-place modular kindergarten scheduled to open in time for the u2025 school year. Our existing Essendon North kindergarten is located within the catchment area of the proposed Niddrie (Keilor Road) activity centre. The facility is not able to meet the ongoing needs of the growing Essendon North community and is only licensed to accommodate 28 places.

Feasibility assessments have demonstrated that the existing location of Essendon North kindergarten (51-55 Kerford Street) would be challenging to develop using one of the VSBA's modular options. This is because the site is located proximate to the 59 tram line, there are overhead powerlines and tight local streets, and it is under the flight path of Essendon Airport (necessitating additional permits). For these reasons, the VSBA has expressed hesitation around proceeding with a modular install at this location. The existing site is too small to accommodate a three-room, 99-place modular kindergarten and any expansion of the kindergarten on the existing site would necessitate the demolition of the very popular adjoining Dousta Galla Community Hall. Council owns a property immediately across the road from the existing kindergarten, currently occupied by the Dousta Galla Bowls Club. This is a larger space and could accommodate a three-room, 99-place kindergarten as well as additional, complementary uses however, would require rehoming the bowls club and its members.

There are currently no Council-operated and no sessional kindergartens in either the proposed Niddrie (Keilor Road) or North Essendon activity centres, and Council has no plans to develop one at this time/has not identified any suitable sites on which to do so.

## 6. **Bev McARTHUR, Page 58**

### **Question asked:**

**Bev McARTHUR:** Will you be rolling out the rainbow toolkit in your libraries?

**Helen SUI:** I do not know about the detail, but our council do value multiculturalism and our diversity, so we have lots of different materials and services available. I do not know the detail of the rainbow kit. I can find the detail. Thank you.

**Bev McARTHUR:** That is a new government proposal where five-year-old children will be asked to give their pronouns. Do you think that is a good idea?

**Helen SUI:** I need to get more detail, if I can take that on notice.

**Bev McARTHUR:** Take that on notice and let us know whether you are going to be engaging in that, I would say, quite controversial program.

**Response: The Rainbow Libraries toolkit was developed by Public Libraries Victoria for internal use by libraries in Victoria. The purpose of the toolkit is to provide public libraries with advice regarding making Rainbow Families welcome in public library spaces. In the context of this toolkit, a Rainbow Family is any family unit with at least one LGBTIQA+ identifying member.**

**It does not suggest that library staff should ask five-year-old children about their preferred pronouns.**

#### 7. Sarah MANSFIELD, Page 32

**Question asked:**

**Sarah MANSFIELD:** Okay. On that, this is an issue that comes up frequently where there are different levies that are collected from different municipalities to fund various things. That is important, but how that money is then distributed is often contested. A lot of councils feel that their contribution is not necessarily recognised with reinvestment in their area. Are there things other than the waste charge where you have experienced that?

**Damian HOGAN:** I might just take it on notice. That was one that was included in that list, the cost shifting. I will take that on notice.

**Response: A list of services where cost shifting has been identified is provided separately**

#### 8. The DEPUTY CHAIR, Page 34

**Question asked:**

**The DEPUTY CHAIR:** Just one final thing, just picking up from the assistance grants. How much is the size of the federal assistance grant via the grants commission here to Moonee Valley? What is the number? And how much per head is the other question.

**Damian HOGAN:** The total is around \$4 million, and that includes just the general financial assistance grant but also the road funding.

**The DEPUTY CHAIR:** The –

**Damian HOGAN:** The roads funding – they are combined into one. Per head, so if you look at \$4 million –

**Helen SUI:** There are about 130,000 residents.

**Damian HOGAN:** Yes, 130,000 residents and 60,000 ratepayers. If you look at ratepayer per head – I have not got my calculator but it is about \$4 million divided by –

**The DEPUTY CHAIR:** Yes, you might want to take it on notice.

**Damian HOGAN:** Yes, I can take it on notice.

**Response: \$31.85 per head**

#### 9. The DEPUTY CHAIR, Page 35

**Question asked:**

**The DEPUTY CHAIR:** And the other question is the weighting between residential, commercial and industrial properties. How do you decide that? How do you strike that?

**Damian HOGAN:** It is based on the zoning. Of the 60,000, 52,000 approximately would be residential and 8000 would be non-residential.

**The DEPUTY CHAIR:** What share would that 8000 pay of the rates?

**Damian HOGAN:** I would have to take that on notice.

**The DEPUTY CHAIR:** Yes, that is all right. I get that. We are just trying to understand the structure in that sense.

**Helen SUI:** That can vary. It depends on the valuation, because it is a factor of rating the dollar times valuation. Our industrial and our commercial rate is slightly higher, the rate in the dollar, than residential.

**Bev McARTHUR:** How much higher?

**Helen SUI:** I cannot remember. There is a differential rate.

**Damian HOGAN:** Yes, there are differential rates. We have only two differential rates. We have got residential or non-residential. Non-residential – I would have to take it on notice. It can be no more than four times.

**Response: The non-residential rate in the dollar is 1.23 times to that of the residential rate.**