

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

### Inquiry into Local Government Funding and Services

Broadmeadows – Thursday 19 September 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

**WITNESSES**

Helen Sui, Chief Executive Officer, and

Damian Hogan, Chief Financial Officer, Moonee Valley City Council.

**The DEPUTY CHAIR:** I declare open the Economy and Infrastructure Committee's inquiry into government services, charges and costs and in doing so just make a very brief comment that what you say is protected by parliamentary privilege, but if you speak outside, it is not.

I might dispense with introducing everyone; I think they can do it as we come round for questions later. But I am conscious that what would be helpful, Helen and Damian, is to have a short presentation, and then we will ask some questions. We have got your presentation already.

**Helen SUI:** Thank you, Chair. I have a very brief opening statement. Thank you for the opportunity to present here today. As we all know, local government is consistently found to be the most trusted level of government by Australians, yet of total taxation revenue across all three levels of government, local government is only having 3 per cent, with the Commonwealth government having 82 per cent and the state government 15 per cent of the total taxation revenue. Like many Victorian metropolitan councils, Moonee Valley City Council is a service-focused municipality, providing more than 100 different services to all cohorts of the community, ranging from waste collection and management to parks and open space maintenance, community sporting facilities, local roads and traffic management, maternal and child health, childcare centres and kindergarten services, aged and disability services, youth support, libraries and arts and culture, planning and building, emergency management and many, many more. Our tailored support to vulnerable residents during COVID and our responsive and effective support for local community after the October 2022 Maribyrnong floods are two of many recent examples of how our services are deeply valued and appreciated by our community.

While we are very proud of our wide range of services, this often can come at a cost of not being able to invest in all the infrastructure needs of the community, and often trade-offs need to be made amongst different services and between services and infrastructure needs. Some of our key recommendations include future rate caps are not set below CPI level, also taking into consideration indexation for typical local government cost drivers; review shared funding allocations to local government in order to maintain service levels for programs previously initiated with matching funding; indexation at the minimum CPI level for essential services, with examples including libraries, maternal and child health et cetera; and funding support for asset renewal, including support for asset resilience to climate change. Thank you.

**The DEPUTY CHAIR:** I am going to ask a couple of very quick questions. Your submission picks up community infrastructure. I see that in recent weeks, a very short number of days, the government has announced two high-density development zones in your municipality, one in North Essendon and one in Niddrie, but they seem to cover a very extensive area. If the population targets that are reflected in these are to be met, you are going to need massive amounts of new community infrastructure. So I guess my first question is: were you consulted on these zones, and if so, when?

**Helen SUI:** We were provided with a number of opportunities to talk with the Department of Transport and Planning after the announcements were made.

**The DEPUTY CHAIR:** Right. It would be interesting to have the date if you can perhaps provide that, but it was after the announcements were made. I have looked at the draft plans, the activity centre plans, for both North Essendon and Niddrie, and they have a central structure which has 12-plus storeys proposed and then a large catchment area which covers a very significant number of properties and people. My question is: has the government discussed with you the population targets for these areas? That is the first point. But secondly, what infrastructure would be needed – health infrastructure, education infrastructure, open space?

**Helen SUI:** Thank you, Chair. On the first question, it is hard. I do not have those documents with me, but I think there are certainly different heights for residences within the zone or in the catchment area, and council made a submission to the state government last week. You are correct, to support –

**The DEPUTY CHAIR:** Is that public, that submission?

**Helen SUI:** It is public, but I am also happy to provide a copy. The housing target is more about the whole municipality, and for Moonee Valley City Council it is almost a 100 per cent increase –

**The DEPUTY CHAIR:** Almost 100 per cent?

**Helen SUI:** Yes, between now and 2051, I think it was. My understanding is that the target is on housing capacity, so it is not really just under ‘activity centre’. But you are correct, Chair, for the activity centre or housing target, we absolutely support more housing and more affordable housing. The one thing we have been advocating for very strongly with our state government colleagues is our infrastructure needs to support increased population – connected transport and also it means more bus/tram connecting with the train network and importantly open space. Through COVID particularly, everyone appreciates the value of open space for the wellbeing of the community. All of those things are in our submission, and we have been advocating very strongly for them. Thank you.

**The DEPUTY CHAIR:** So tens of thousands of new people, but no provision for extra open space.

**Helen SUI:** I do not see necessarily that there is no potential for open space. I think that is a thing we need to work through, how we enable that to happen. I would certainly like to see support for a review of the open space levy, because what we have in place needs council to work together with the state government. Ours is probably at least 10 years old. Our open space levy needs to be reviewed with the new target and whether that is still appropriate. It is the same with the infrastructure levy, the Development Contribution Plan (DCP).

**The DEPUTY CHAIR:** You would need to double your amount of open space if you have doubled your population, you would think.

**Helen SUI:** Not necessarily a one-on-one but certainly need a more detailed analysis, particularly for the activity centres. What does the open space requirement look like? Moonee Valley City Council, like many councils, already has an open space strategy. We do need to have more deep conversation and research about what does that mean and in which pocket. Certainly for an inner-city council one of the main issues is where the money will come from. How is that working with the money for housing, and what other different opportunities are there?

**The DEPUTY CHAIR:** I am just worried that council will be left to pay for all of this.

**Helen SUI:** That is where we need all levels of government to work together on how the open space levy would work and also developer contributions. All levels need to work together to make that happen.

**The DEPUTY CHAIR:** Was there a sewerage plan with this?

**Helen SUI:** A sewerage plan with –

**The DEPUTY CHAIR:** Yes, if you are going to put tens of thousands more people in these zones, was there a sewerage plan?

**Helen SUI:** That level of detail, I am sure the need would have been considered. I do not have that level of detail with me. I am happy to find it later. Thank you.

**The DEPUTY CHAIR:** We will just go up onto the screen for questions. John, are you there?

**John BERGER:** Yes, I am. Thanks, Deputy Chair. I am interested. One of the submissions earlier on this morning was in relation to councils having the ability to share some of the resources across your respective areas. In particular there was a suggestion that IT might be of interest to councils in having the same product rather than everybody having different arrangements in place. Is that something that would interest your council?

**Helen SUI:** Thank you. John – sorry, can I call you John? I need to change my glasses, sorry.

**John BERGER:** Yes, that is fine.

**Helen SUI:** When you say ‘same product’, can you please elaborate a bit further? What do you mean by the same product for everyone?

**John BERGER:** Yes. If you were looking for an IT program that might run a specific task or something within council. Let us just use this for an example: payroll; I think it is probably one of the simplest ones. Are there are other types of programs that might be useful that you could share with other councils rather than having to develop your own IT strategies?

**Helen SUI:** That is a very good question. I do agree that there is a lot that councils can do with shared services. What often can get complicated, rightfully, is the governance required around that. We do have formal and informal arrangements to share resources, and we share knowledge with many other councils. Moonee Valley City Council is part of the western region. It is also part of the M9 group. We share a lot of knowledge. The system sharing can often work. Recently, in the last 18 months, we successfully deployed an Oracle system for our HR, IT and procurement systems. Many other councils have approached us asking how they can learn from us and also how they can borrow resources from us. So those conversations are happening. But in sharing the same platform there are hurdles about the licences and how the licences are arranged. There needs to be a governance structure about how you manage confidentiality with different councils. But I do agree that certainly it is an area all councils can look into further.

**John BERGER:** Do you think it would be a good recommendation to come out of the inquiry that councils explore this a bit more in cooperation to try and minimise costs across the board with these types of projects?

**Helen SUI:** I do agree. I also would like to see that recommendation accompany some suggestion of legislative change that would make the governance part of the municipal enterprise easier, with better guidance.

**John BERGER:** Thanks, Deputy Chair.

**The DEPUTY CHAIR:** David.

**David ETTERS HANK:** Thank you, Mr Davis. I actually want to pick up on something Mr Davis was sort of heading into. I am curious. If we are looking at this densification question, how does that work out financially for council in terms of obviously the costs associated with large-scale, high-rise development versus a larger ongoing rate base?

**Helen SUI:** Thank you, David?

**David ETTERS HANK:** Sorry, I should have said, I am David Ettershank, Western Metro. My apologies.

**Helen SUI:** The short answer probably is unknown at this stage. With the density – I am an accountant by trade myself, so of course that would come with more raised revenue but also the expenditure to do with more services and particular infrastructure and also whether there is capacity and the lack of open space and where that will come from. There are a lot of details that still need to be worked through. But the short answer is there certainly will be a financial challenge, and additional revenue from rates is not able to cover the required infrastructure and service needs. But exactly what it is, I do not think we have any of that data yet, because still loads of data is not there. We need the detail to work out.

**David ETTERS HANK:** Sorry, did you –

**Damian HOGAN:** No, I was just agreeing with what Helen said.

**David ETTERS HANK:** Okay. Is that readily knowable, or is that something you can only understand retrospectively?

**Helen SUI:** I would probably need my CFO to see what data we may need. There will be lots of variables, which we are still working through. Even the activity centre plan is still a draft in consultation; that is why we are making submissions. We certainly hope to influence the final outcome and are working very closely with our state government colleagues. The exact detail of that will determine exactly what the capacity will be of the number of housing and what is required for the accompanying services and infrastructure. Certainly another big unknown is that local government can have an important role in the capacity, like with the planning permits, working together with state government because there is loads of reform in that space. But also we need to

remember it is not up to local government to decide when the house will be built. Still the developers need to make the business case work. They need to be satisfied with whatever the models cost and the revenue. If they are not meeting the shareholders' requirements, they are not going to build. So there are loads of unknowns about capacity and when and whether that will eventuate in the actual delivery and establishment of that additional density.

**David ETTERS HANK:** Okay. Thank you. I think the committee has heard a recurring theme of rate capping and that the CPI is not adequate. I guess the question for you would be: the price of a successful attack is a constructive alternative. What do you see as the alternative, if one was to try and find an alternative index to the CPI?

**Helen SUI:** I do not think some years the rate cap was even at the CPI level. Is that correct, Damian?

**Damian HOGAN:** Not every year, no.

**Helen SUI:** And I do think that the local government cost index needs to be looked into more deeply, because our cost drivers are different from a normal consumer index. Probably 70 per cent of our cost is labour for services and infrastructure. Also we do loads of construction. Any council of this size is looking at \$50 million plus capital works every year, and with the construction, we all know the current costs fluctuate or increase. Every month will be different. It is certainly a different index. When rate capping first came in it certainly did drive efficiencies, and we have had rate capping since 2016–17. It is probably fair to say most efficiencies have been achieved. For the next stage we really need to consider what is the best way to encourage accountability at council level, because when you have rate capping in place it almost encourages everyone to charge the same, which is rate capping, where some councils probably can afford less but it is hard next year. But because of rate capping most councils feel compelled to do that regardless because otherwise you would be forever left behind. So I think if we can encourage more accountability at a local governance level – and I would like to think our democratic system would produce whatever ultimately works for the community. Some councils may need lower and some councils might need higher, particularly some of the rural councils, and maybe the alternative measurement is no rate capping, instead every three years or so Essential Services Commission checking how that is working instead of everyone having one size fits all.

**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.

**The DEPUTY CHAIR:** Evan.

**Evan MULHOLLAND:** Thank you. It is always good to have a council from the north appearing before us, so thank you both. I wanted to touch on – and I think David touched on it earlier – that your submission mentions the effect of state government planning reforms on council income and consultation with councils. Just on particularly the Essendon North activity centre, you would not be surprised to know that the mailbox is full with residents talking about it. There is a large area where it is the activity centre zone on Mount Alexander Road where its 12 storeys and then more of a catchment area where its six storeys. Obviously the main issues in that part of the world are the intersections on Mount Alexander Road, the two roundabouts. Has the council itself in consultation with the state government or the state government advised you of any traffic modelling on the effect that kind of development would have on those two already very strained intersections?

**Helen SUI:** Thank you, Evan. Are you talking about consultation as part of the activity centre or separate to that?

**Evan MULHOLLAND:** As part of that activity centre.

**Helen SUI:** As part of that activity centre, we did mention to our DTP colleagues about the need to consider all of those, but separately our traffic engineers have been having monthly catch ups with our DTP colleagues, so it has been an ongoing discussion regardless of the activity centre.

**Evan MULHOLLAND:** Great, so it is safe to say you have raised it.

**Helen SUI:** We have been working very closely with DTP.

**Evan MULHOLLAND:** You have mentioned what effect it has on council incomes in planning reforms. How significant will the costs be on council's budget and in terms of your long-term financial sustainability, and how can that be improved so that it is more of a partnership with the council?

**Helen SUI:** Thank you, Evan. I have to apologise because I am not able to give a certain answer about what is the dollar quantum. There is a lot of detail in particular about the planning reform still to work through. The general feeling is that a large chunk of planning applications will bypass council and go to the minister for approval directly. Again, we have been in dialogue with our state government colleagues. Regardless, they will need to come to council for referral advice, but then because the fee belongs to who you lodge the application with, we would be faced with the situation where we do not get an application fee but we still provide a service. That is part of what we are working with the state government on particularly, a partnership model taking a fair proportion of the revenue to reflect the work council still need to do. Regardless of what is the decision about the planning, we cannot be left to provide a service without any compensation. Thank you.

**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.

**The DEPUTY CHAIR:** Gaelle.

**Gaelle BROAD:** Thank you very much for appearing today. We heard from a council earlier this morning, and we talked about the financial sustainability of councils moving forward. They talked about five to 10 years being a significant timeframe. They said some rural councils are already at that breaking point, but what are your thoughts looking ahead? How concerned are you about that financial sustainability if nothing changes?

**Helen SUI:** We are probably one of the councils that have quite a healthy financial balance sheet. But as I mentioned in my opening statement, we are a service-focused municipality. What often happens is a trade-off is required. Currently, we see the trade-off is we are not able to invest in all the community infrastructure we need. We also provide a lot of services to our community that many other councils no longer provide directly that our community really appreciate, like child care and kindergarten. We have young family and aged care and disability services, and we have our own libraries, five libraries. We love those services, but as the costs increase with our staff wages and related maintenance costs, probably before long we will need to think about which services we need to consider. Can we still maintain the same service level? Certainly I would say if things continue like this, before 10 years we will have some serious problems with which services we have to look at the service level, let alone infrastructure. Thank you.

**Gaelle BROAD:** We have heard councils talk about grants, and you have mentioned that as well. Do you think grant allocations are keeping pace with the cost of actual projects? Have you got any examples?

**Helen SUI:** No. Our submission did include a table of the cost shifting.

**Gaëlle BROAD:** Thank you for doing that. It would be helpful if all councils provided an outline, but it is very comprehensive.

**Helen SUI:** Thank you. Also an example of that is the library services. Again, everyone appreciated even more during COVID that we provided mobile libraries without personal contact. Over the last two years our current total funding of libraries is still the same as 2022–23 level, so there is no increase in 2023–24 and no increase in 2024–25.

**Gaëlle BROAD:** There has been a bit of discussion about sharing resources and IT. Is your council looking at utilising AI? Is there any sort of move towards that or discussion amongst local councils?

**Helen SUI:** I would say we are still at the infant stage of looking at AI. We are probably one of the few councils that already have an AI strategy policy in place, and we have already looked at some low-hanging fruit through Microsoft Office products. Certainly our transformation team is working with other councils and within our council to locate AI opportunities, so the short answer is yes, but we are still at a very early stage.

**Gaëlle 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, before I can 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.

**The DEPUTY CHAIR:** Beverley.

**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.

**Bev McARTHUR:** It would be quite a loss to your municipality if that racing facility was to shut down.

**Helen SUI:** I would say so, without deeper research, because they are an important part of our economy and an important part of the Moonee Valley community, and they are absolutely a valued partner for council and the community as well. Thank you.

**Bev McARTHUR:** Good. We hear from the state government that there is such a thing as free kindergarten. Does your municipality have to supply any of the ongoing utilities or costs to maintain the facilities for free kindergarten?

**Helen SUI:** Thank you. As I mentioned, we are one of the not many councils that still provide direct services in child care and in kindergarten. We do have a lot, and we are very fortunate and very grateful: recently, at the end of March the government announced \$20.7 million to fully redevelop five council-owned kindergartens, so

we do have those supports. We also are working on the right balance between efficiency and providing good quality services. With that still, yes, we are operating at a loss, and it is still rate subsidised.

**Bev McARTHUR:** So the ratepayers are picking up the bill for free kindergarten in your council?

**Helen SUI:** Yes, and we need ongoing support from all levels of government.

**Bev McARTHUR:** That is good to know. Mr Mulholland mentioned the job tax. Would you be going to the government and saying, 'You can deliver this service. This is a serious effort at cost shifting. We previously, obviously, provided the service fully funded by the state government, and now you're suggesting our ratepayers pick up the tab.' Would you say to the state government, 'This is something you need to pick up the tab for'?

**Helen SUI:** I think it is a conversation that is already happening. We are one of the councils working quite closely with the VSBA, particularly about infrastructure. One of the key things about the introduction of three-year-old kinder, and free kinder as well, is the infrastructure requirements. We have been working quite positively and constructively with the State Government; hence I mentioned the huge investment announcements recently. We certainly will continue the dialogue to achieve a full cost recovery, which has not been the case.

**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.

**Helen SUI:** Yes, we can. Thank you.

**Bev McARTHUR:** You mentioned the cost shifting, and you have touched on the libraries. How much are you funding libraries these days? What percentage?

**Damian HOGAN:** For the year 2022–23, we funded 87 per cent.

**Bev McARTHUR:** 87 per cent?

**Damian HOGAN:** Of our total cost, yes.

**Bev McARTHUR:** And previously, in another world, it would have been something like 50–50.

**Damian HOGAN:** Correct.

**Bev McARTHUR:** That is a serious effort at cost shifting. 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.

**Helen SUI:** We certainly value diversity, but about the details, I do need to look at them as well.

**Bev McARTHUR:** Do you have drag queen story time in your –



**Sonja TERPSTRA:** On a point of order, Deputy Chair, I am not sure that this line of questioning is relevant to the terms of reference.

**The DEPUTY CHAIR:** It probably is to the extent that it is a state government grant program for libraries that goes to local government.

**Sonja TERPSTRA:** Drag queens are not.

**Bev McARTHUR:** Yes, they are in the rainbow toolkit.

**Sonja TERPSTRA:** I would ask that the member be brought back to the questions in line with the terms of reference. Thank you.

**The DEPUTY CHAIR:** If this is part of a grant program or a requirement of state government on the grant program, it is in the terms of reference. But Ms McArthur, let us be succinct on it.

**Bev McARTHUR:** It is absolutely part of the rainbow toolkit. That is one of the specifics of it, that there will be increased opportunity for drag queen story time in your library. I will let you take it on notice to see whether you are rolling that out.

Do you think that your ratepayers are best served by a property taxing system, or would they be better served by a specific funding program for local government if we did away with property taxing – i.e., rates?

**Helen SUI:** Thank you, Bev. The current municipal rate system has been in place probably for as long as I know. Any alternatives to that I think need to be well thought through. The current one, in my view, generally works. You can have a few tweaks here or there. I need to know what the alternative proposed is before I can provide any comment. Thank you.

**Bev McARTHUR:** Sure.

**The DEPUTY CHAIR:** Sarah.

**Sarah MANSFIELD:** Thank you for appearing today. Just coming back to that table that you provided with the figures around cost shifting, it is very helpful. I am just trying to understand the middle column, which is about the cost-shifting costs. Are they over and above any expected contribution that the state would have previously made? For example, on libraries, previously they would have provided that amount of funding, but that has now been moved onto councils.

**Helen SUI:** Thank you, Sarah. In short, yes. When my CFO and I were at looking at the table we realised it is confusing, so we are happy to better explain how that works.

**Damian HOGAN:** Break it down.

**Sarah MANSFIELD:** I think that would be helpful, but I think it is illustrative of some significant issues. I am interested. Some of these, for example, the electrical line clearance, that is something obviously that has to be done, but your council is having to fork out the costs for something that is maintenance of an asset that is not actually a council-owned asset. What avenues do you have to try and advocate for the state to take on some of those costs, and what would happen if you made an assessment that you would no longer provide that service?

**Helen SUI:** I do not think we can choose not to provide a service. I myself would be in big trouble as the head of the organisation, because it is a legislative requirement. I think the Act was changed after the bushfires. So the avenue really is through advocacy about support from other levels of government. Thank you.

**Sarah MANSFIELD:** Okay. I guess, as you said, there is a statutory requirement for you to undertake these activities, but are there examples of these sorts of statutory requirements where there is not funding attached to them when these decisions are made to place these extra requirements on councils?

**Helen SUI:** This is a good example. After the bushfires, for good reasons, the legislation was introduced. We certainly would like to talk to them about how the cost is shared fairly. Another example probably is the landfill levy. That is one where we are charged and pass on the cost through our rates bill – the garbage

collection bill – to our residents. We would like to see the levy collected within our municipalities invested back, but that is not, to my knowledge, happening.

**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.

**Helen SUI:** Obviously the landfill levy is the most significant ongoing one. The sector has been advocating for many, many years about reinvesting that back into where the levy was collected.

**Damian HOGAN:** Just with that cost shifting, with that list, with some of them we receive grant funding, and that has not kept up with the cost of delivering the service. Then there are others where it is not grant related, but there is a shifting of delivery of a service that was once done by not local government but it is now done by local government.

**Sarah MANSFIELD:** And no funding is being provided to local government to deliver that service?

**Damian HOGAN:** Yes.

**Sarah MANSFIELD:** You mentioned before that it is not really an option not to deliver some of these services, but if there is not a change to the financial structures around councils, unless there is a change in that, is that something that you have to consider – what services you will continue to provide for your community?

**Helen SUI:** Some we can. That is why I say over the next few years we probably will need to consider the trade-off amounts currently between services and infrastructure. If there is no change made, we will have to consider what trade-offs we need to make amongst different types of services. Many councils do not directly provide child care or kinder. We do because our community appreciates them and our demographic means they have strong community needs, but that is an example of not necessarily a council have-to. Things like line clearance, we do not have a choice.

**Sarah MANSFIELD:** You said your community appreciates the childcare service and there is a significant need. If your council were to get out of child care, what would be the impact for the community potentially?

**Helen SUI:** Our community loves council-provided service quality and affordability and the trust of the brand. You probably will see higher costs if it is a private provider, so that is one very clear difference. Anything else you can think of, Damian?

**Damian HOGAN:** No.

**Sarah MANSFIELD:** Thank you.

**The DEPUTY CHAIR:** Sonja.

**Sonja TERPSTRA:** Thanks, Deputy Chair; and thanks, Helen, for your contributions and for your evidence today. Just a question in regard to waste management; that is something that has come up quite frequently throughout the course of this inquiry. Do you think the sector would benefit from legislation in relation to transparent waste management charges for ratepayers in line with recommendations from integrity bodies?

**Damian HOGAN:** Just to understand the question, with the waste charge that gets recovered from the community, are you saying that there is not enough transparency in how that is recovered?

**Sonja TERPSTRA:** There has just been some commentary from integrity bodies about that, so I am wondering if council has a view about whether there could be a more transparent way of issuing charges to ratepayers or not, or do you think the current system is fine? If you do not know, you can take it on notice.

**Helen SUI:** The current system is fine. The waste charge currently is not part of rates capping. I think that is necessary, because we have seen the challenges with the recycling industry not that long ago and then immediately the council paying cost five times. Ten years ago, 15 years ago, council used to get revenue for recycling of about \$50 per tonne. Now it is paying probably \$100 per tonne, so that is a different thing. If you cap and council cannot provide it, there will be service failure, so I certainly think currently outside the rate capping is appropriate. We are very transparent. Our nature is to be transparent, because I believe that is our intention anyway. Thank you.

**Sonja TERPSTRA:** When you talk about transparent, if there is an increase to the waste charges that councillors determine at council meetings, could you unpack how council is transparent about that?

**Helen SUI:** The waste charge is similar to rates, and the most fees and charges need to be adopted by council at budget time. Also every four years we have a revenue strategy, which would include rates and waste as part of that. Usually April or May each council will display the draft budget. That is the minimum, and then the community will have a few weeks to provide feedback. This budget, we received how many submissions?

**Damian HOGAN:** 107.

**Helen SUI:** So we do have a very active, engaged community. And the waste charge is also part of the statutory disclosure. As part of the model budget you have to see what it was last year, what it was this year, the total charge and also the unit charge. From that perspective we have been as transparent as we can be, but if there are recommendations to be further transparent, I am certainly happy to consider them.

**Sonja TERPSTRA:** Sure. I will just acknowledge that I am Zooming in on the lands of the Wurundjeri people of the Kulin nation today, and I want to pay my respects to their elders past, present and emerging. With that, Deputy Chair, I have no more questions.

**The DEPUTY CHAIR:** Thank you, Sonja. I am just conscious of a couple of things. I want to pick up your very helpful table and Sarah's sensible points about that. It is actually a very useful table. We would certainly appreciate if you made some notes on some of those specific things – for example, the cutting of the trees around wires and stuff – and just had some understanding of where the requirement to do that comes from, and you have got some detail there about what it is costing you, because any of those points actually help us be able to make the case I think to legitimately pick things up.

**Helen SUI:** We can do it.

**Bev McARTHUR:** Putting the power under ground would be even better.

**The DEPUTY CHAIR:** Well, that is again a state government choice on these things I think sometimes, isn't it? Are there any other questions? We have got another 4 or 5 minutes.

**Gaëlle BROAD:** I am happy to ask a question.

**The DEPUTY CHAIR:** Gaëlle.

**Gaëlle BROAD:** I am interested in your comments about the budget process. We have heard from other councils about the timing being difficult because you have got to announce to do that public process, as you mentioned, but the information, like advice on the rates and the timing of the federal assistance grants – could you talk about how that timing could be improved so you are not flying blind when you are doing the budget planning process?

**Helen SUI:** Thank you, Gaëlle. Are you talking about a budgeting timetable or federal assistance grants timing?

**Gaëlle BROAD:** Well, I guess the timing of advice you receive from the different bodies makes it difficult because you are finding out in February or just before the end of the financial year. So I guess: what would help make it a better process? Because we have heard from other councils saying they are flying blind as they are planning that budget.

**Helen SUI:** It can have tricky implications because some fees are State fees, and if we are only advised on 1 July when we have already adopted the budget – so certainly we would like all of those if they could be finalised, let us say, within the first week of June. Because by law we need to adopt a budget by 30 June. Likewise, the advice on the financial assistance grants and all the major grants would be very helpful. I am not sure which one it is, but I do appreciate sometimes, if the statutory fees are announced too late, we could be caught, particularly if we make the wrong assumption of too much – we have to have another meeting to adjust for that.

**Damian HOGAN:** If I could just have one – the timing of the rate cap announcement. That is generally around 25 December, and by that stage we have already started planning the budgeting for the following year. I think if that were announced earlier, it would help in the budgeting process.

**Gaëlle BROAD:** So like October–November?

**Damian HOGAN:** Yes.

**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.

**The DEPUTY CHAIR:** It would actually be helpful to know how much per head, because my sense is that relatively little actually goes, per head, to councils like yours.

**Helen SUI:** That is correct, because we are not a growth council. There are I think about 13 factors in the grants commission's formula. They look at things like the roads. Of course automatically for the rural councils, because they have large areas of roads, is it longer. Also they look at population increase – that means growth councils get more, and we are not a growth council. Also the socio-economic index. They are some examples. It is formula driven.

**The DEPUTY CHAIR:** You are about to be a growth council, though, with these two new zones. You have a doubling – is it double your population?

**Damian HOGAN:** One hundred per cent.

**The DEPUTY CHAIR:** One hundred per cent – is it the plan?

**Helen SUI:** It is to do with the housing target. It is not specifically to do with the two activity centres.

**The DEPUTY CHAIR:** But you imagine a lot of them would go into those zones.

**Bev McARTHUR:** Can I just say, David, picking up on something, did you say you have got 60,000 ratepayers?

**Helen SUI:** Sixty thousand residential properties.

**Bev McARTHUR:** Right. And you have got 126,400 population.

**Helen SUI:** Yes.

**Bev McARTHUR:** So half the population are paying for the other half.

**Helen SUI:** I think that is why I need to say that when Damian said ratepayers, it is households. So each household would have two or three residents.

**Bev McARTHUR:** Yes, you have got 60,000.

**Helen SUI:** The rate is based on per property rather than per person.

**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.

**Bev McARTHUR:** Four times?

**Damian HOGAN:** It can be no more than four times.

**The DEPUTY CHAIR:** That is the maximum.

**Damian HOGAN:** It is the maximum, yes.

**Helen SUI:** We need to come back.

**Damian HOGAN:** I will come back to you, yes.

**Helen SUI:** But it can fluctuate every year depending on the valuation.

**The DEPUTY CHAIR:** Nothing else? No. Can I thank you both for your contribution. It has actually been very helpful. I am very thankful for the things you are taking on notice too. Thank you for the quality of your submission. The hearing is now closed until 2 pm.

**Witnesses withdrew.**