



**PARLIAMENT OF VICTORIA**  
Legislative Council  
Environment and Planning Committee

**Third report into rate  
capping policy**

Parliament of Victoria  
**Environment and Planning Committee**

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# Committee functions

The Environment and Planning Committee (Legislation and References) is established under the Legislative Council Standing Orders Chapter 23 – Council Committees and Sessional Orders.

The committee's functions are to inquire into and report on any proposal, matter or thing concerned with the arts, environment and planning the use, development and protection of land.

The Environment and Planning Committee (References) may inquire into, hold public hearings, consider and report on other matters that are relevant to its functions.

The Environment and Planning Committee (Legislation) may inquire into, hold public hearings, consider and report on any Bills or draft Bills referred by the Legislative Council, annual reports, estimates of expenditure or other documents laid before the Legislative Council in accordance with an Act, provided these are relevant to its functions.

Government Department allocated for oversight:

- Department of the Environment, Land, Water and Planning

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This report is available on the Committee's website.

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# Chair's foreword

The so-called "Fair Go Rates System" is now in place, but it in no way resembles what Victorians were promised prior to the 2014 state election by the now Andrews Labor Government.

Instead of capping rates at the Consumer Price Index (CPI) as promised, the Minister for Local Government is empowered to set the cap at whatever rate she chooses. For 2016-17, the cap was set by Minister Hutchins at 2.5% which, given the CPI has been hovering at around 1%, it is clearly divergent from the CPI.

The claim that the cap of 2.5% reflects the Department of Treasury and Finance's projected rate of inflation for 2016-17 is equally fraught, with DTF's forecast often inaccurate, already having had to be revised down while the cap remains at the higher rate.

The CPI is a measure of price rises that have been experienced, not a projection of how someone in DTF thinks they might rise in future. The 2016-17 Fair Go Rates cap is not set at the CPI. Ratepayers have not been delivered the relief that Daniel Andrews promised as rate revenue continues to rise above and beyond inflation.

The second way ratepayers have been let down is that the Fair Go Rates system makes no effort to cap individuals' rate rises stemming from periodic revaluations, as has occurred this year. Ratepayers rightly or wrongly believed Mr Andrews promised their rates would rise by no more than the CPI year on year, yet many have this year experienced rate rises far in excess of the CPI and indeed the higher cap. This is an area for further Committee investigation.

Much of this report relates to the impact and consequences for councils of capped rate revenue which is an important discussion to have and understand, particularly in the context of reduced state government transfers. I note in particular that the Committee's previous finding and recommendation that the Country Roads and Bridges Program be re-instituted has not been supported by the Government. This is despite overwhelming evidence of the importance of this program to country councils.

Another key focus of the report has been the cumbersome, costly and intrusive nature of the Government's variation process. It is clear that reform of this process needs to occur. The Peter Brown inquiry commissioned by the Essential Services Commission, while of some value, was not a public process. The Committee believes that a review of these variation processes needs to be undertaken publicly. The Committee's survey work also provided important information at Section 4.7 showing that a third of councils had undertaken service delivery reviews. This is also an area for further Committee work. The Committee also heard evidence concerning Murrindindi Shire (Section 4.9) hearing submissions from current and former councillors and the Essential

**Chair's foreword**

Services Commission. This matter clearly relates to the assessment process by the ESC and the veracity of information provided to it as part of its rate variation process.

A handwritten signature in black ink, appearing to read 'D. Davis', with a horizontal line underneath.

**Hon David Davis MLC  
Chair**



# Findings and Recommendations

## 3 Overview of rate capping in Victoria

**FINDING 1:** The Committee considers that the Brown Review was of value to the sector and the community but was not a public process. 9

**RECOMMENDATION 1:** The Committee notes that the government intends to review the Fair Go Rates System and the Committee recommends that the review be independent, public and transparent, with terms of reference that include timeframes and the variation process. 9

## 4 Key issues in the evidence received to date

**FINDING 2:** The Committee finds that the variation process was complex and iterative and added costs and challenges to councils, particularly with the applicable timeframes. 24

**RECOMMENDATION 2:** The Committee recommends that the government simplify and streamline the variation process to reduce costs to local government and the community. 30

**FINDING 3:** The survey results provided relevant and useful information and the Committee will undertake a detailed analysis in the next reporting period. 35



# 1

## Overview

This is the third of an intended series of reports from the Legislative Council's Environment and Planning Committee on the Inquiry into Rate Capping Policy. The Committee will continue to gather evidence and report again in six months.

During this reporting period (June – December 2016) the Committee received a total of 13 submissions or supplementary submissions from a range of individuals, organisations and stakeholders (see Appendix 1), and conducted hearings with 28 individuals, organisations or stakeholder groups (see Appendix 2).

There are 79 local councils in Victoria. For the purposes of this Report, they are divided into three broad groups: metropolitan, interface, and rural/regional. This last group is sometimes further broken down into a fourth group known as peri-urban<sup>1</sup>.

The policy to cap rates was a 2014 election commitment of the Victorian Government, which aimed to stop excessive local government rate increases and ensure decisions to increase rates were undertaken in a transparent and accountable manner.

The Local Government Amendment (Fair Go Rates) Bill 2015 was before Parliament at the time the Committee last reported. The Bill passed the Parliament on 26 November 2015 and received Royal Assent on 1 December 2015.

These amendments to the *Local Government Act 1989* set out: definitions of 'base average rate' and 'capped average rate'; the roles of the Minister and the Essential Services Commission (ESC) in the rate cap approval process; the ability of councils to apply for a variation to the rate cap; periodic review of the rate capping scheme; and a number of other provisions.<sup>2</sup>

In the Committee's previous report it was noted that the ESC had recommended the rate cap be calculated on the following basis:

<b>Annual Rate Cap =</b>		<b>0.6 x rate of increase in CPI</b> (based on DTF's forecast published in December each year)
	<b>plus</b>	<b>0.4 x rate of increase in WPI</b> (based on DTF's forecast published in December each year)
	<b>minus</b>	<b>efficiency factor</b> (The efficiency factor will initially be set at zero in 2016-17 and increase by 0.05 percent a year. The ESC is to undertake an analysis to assess the appropriate long-term rate)

Source: Note: CPI = Consumer Price Index, WPI = Wage Price Index

1 The 'peri-urban group of rural councils' are Bass Coast, Baw Baw Golden Plains, Macedon Ranges, Moorabool, Murrindindi and Surf Coast

2 *Local Government Act 1989* – Part 8A. The Bill also amended the *Essential Services Commission Act 2001*

On 22 December 2015 the Minister for Local Government, Hon Natalie Hutchins announced that 2016–17 local government rates increase would be capped at 2.50 per cent,<sup>3</sup> which (at that time) was the CPI rate forecast for 2016–17 by the Victorian Department of Treasury and Finance (DTF).<sup>4</sup>

The Committee notes that the CPI is actually significantly below the level at which DTF forecast it. The CPI rose 1.3% over the twelve months to the September quarter 2016, compared with a rise of 1.0% over the twelve months to the June quarter 2016.<sup>5</sup>

This Report is broken down into four sections:

- Chapter Two provides an overview of the activities undertaken by the Committee during this reporting period;
- Chapter Three provides an overview of what has occurred in relation to rate capping since the Committee’s previous report;
- Chapter Four highlights the key issues raised in evidence to the Committee during this reporting period; and
- Chapter Five highlights some issues that the Committee may explore in future reports.

Further discussion of these issues will be continued in subsequent reports.

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3 Note the Department of Treasury and Finance have revised the CPI forecast for 2016–17 and it is now 2.25 per cent (*Victorian Budget 16/17, Budget Paper No. 5, 17*; <budgetfiles201617.budget.vic.gov.au/2016–17+State+Budget+-+BP5+Statement+of+Finances.pdf>)

4 ‘Council Rate Increases Capped To Inflation’ media release, The Hon Natalie Hutchins MP, Minister for Local Government, 22 December 2015, <www.premier.vic.gov.au/council-rate-increases-capped-to-inflation>

5 <www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0> accessed on 28 November 2016

## 2

# Terms of Reference and Inquiry process

On 27 May 2015, the Legislative Council agreed to the following motion as moved by the Hon Mary Wooldridge:

That pursuant to Sessional Order 6 this House requires: the Environment and Planning Committee as part of its oversight of Local Government Victoria, to inquire into and report every six months on the outcome of the State Government policy of local government rate capping on councils' viability, service impacts on local communities and impacts on the provision of local infrastructure.

The Committee tabled its first report into rate capping policy on 8 December 2015.

For this third phase of the Inquiry, the Committee once again sought consultation from the community. Advertisements inviting submissions were placed on the Committee's website. The call for submissions was further publicised through Parliament's Facebook and Twitter accounts. In response, the Committee has to this stage received a total of 78 submissions or supplementary submissions (see Appendix 2).

The Committee conducted hearings with 28 individuals, organisations or stakeholder groups during this reporting period, with hearings held in Melbourne, Wodonga, Euroa, Morwell and Bairnsdale. The Committee also held a teleconference hearing with Local Government NSW (see Appendix 1 for details of hearings). As this is an ongoing Inquiry with reports to be tabled every six months, further hearings will be undertaken as the Inquiry progresses.

The Committee notes the Terms of Reference require it to look at the outcome of the policy to cap rates on the viability of local government and its ability to provide services and deliver and/or maintain infrastructure. At the time of preparing this Report, the rate cap for 2016–17 had only been in place for three months and clear impacts are yet to emerge. There have, however, already been nine completed applications for a rate cap variation, three of which were not approved, one was partly approved and five were approved.

This Report includes comments from a number of stakeholders on concerns about both the potential impacts of the rate cap and the process of applying for a variation. The impacts of the policy will be examined in future reports from the Committee, as the Fair Go Rates System is implemented and more evidence comes to light.



# 3 Overview of rate capping in Victoria

## 3.1 Second report into rate capping policy

The Committee's second report (Report 2) was tabled on 7 June 2016.

The Report made 7 recommendations to Government. These were:

1. That both the Essential Services Commission's advice to the Minister in relation to setting the rate cap and the Minister's decision including reasons for setting the cap at a particular figure be published annually.
2. That the Minister should announce the rate cap earlier than December.
3. That the Essential Services Commission give support in particular to smaller rural councils who may wish to apply for a rate cap variation but lack the resources or staff to prepare an application.
4. That the Essential Services Commission consider feedback from councils and refine its guidelines for what is required as part of a rate cap variation application.
5. That the Essential Services Commission investigate the most effective and administratively simple way for rate cap variation applications to be submitted. Where a legitimate case can be made for a variation a council should not be blocked from applying by administrative hurdles.
6. That the Victorian Government provide certainty to local government as to whether the sector will need to cover the cost of the Fair Go Rates System, and if so, when that will occur and what the likely costs will be.
7. That the Essential Services Commission clarify its advice to councils regarding the responsible use of debt.

Legislative Council Standing Orders require the Government's response to these recommendations to be tabled in Parliament on or before 7 June 2016. It was published on the Committee's website alongside Report 1 at: [www.parliament.vic.gov.au/epc/article/2644](http://www.parliament.vic.gov.au/epc/article/2644)

The Government response to Report 2 is due to be tabled in Parliament on 7 December 2016 and will be published on the Committee's website alongside Report 2 at: [www.parliament.vic.gov.au/epc/article/2644](http://www.parliament.vic.gov.au/epc/article/2644)

## 3.2 Brown Review of Fair Go Rates System

The Fair Go Rate System Independent Review 2016 undertaken by Peter Brown was commissioned by the Essential Services Commission (the Commission, ESC), and to that extent it was not really an independent review of the system as it was commissioned by the central agency involved in the system. Its brief was to review the first year implementation of “Fair Go Rate System” (FGRS). The reason for the review was outlined in the initial brief to the consultant, where the Commission stated that:

2016 was the first year that the Commission assessed the higher rate cap applications from Victorian councils under the Fair Go Rate System (FGRS). The FGRS is new to both councils and the Commission and it is important that we take the opportunity to review our processes and approach to identify where improvements can be made and support the delivery of the FGRS’ intended outcomes.<sup>6</sup>

The review report was only available at the end of September. This was at the end of the Committee’s current reporting cycle and did not allow time to provide a detailed examination of either the report or reactions to it. However, it is the Committee’s intention to include reactions to the report, both in terms of the Essential Services Commission’s actions and the attitudes of local government, ratepayers and other stakeholders in the next reporting period.

For this report, however, it is useful to identify the recommendations made by Mr Brown in the review. These recommendations and the response to them will form a significant part of the Committee’s next report.

The terms of reference for the Brown Review were:

1. Usefulness and usability of the Commission’s Guidance material (including baseline templates) provided to councils to assist in the preparation of their applications.
2. Interactions between the Commission and councils before and during the application process (including its request for information).
3. Burden (cost and time) placed on councils seeking a higher cap including the drivers of those costs and identifying best practice among councils in preparing applications and responding to information requests.
4. Relevance of the information sought by the Commission in making its decisions.
5. Approach adopted by the Commission in assessing whether a higher cap was appropriate.
6. Workability of the timelines in the application process.
7. Clarity of the Commission’s final decisions.

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6 P. Brown, *Fair Go Rate System Independent Review 2016*, Essential Services Commission, p 2



### 3.2.1 The Brown Review Recommendations

The Brown Review was not publicly announced at the time it was established but became known to the local government sector as it progressed. It made 18 recommendations for consideration by the Essential Services Commission, three recommendations for consideration by the local government sector, and a further four recommendations for consideration by a range of government and non-government bodies, including the Auditor-General. The recommendations are reproduced below.

#### For Consideration by the Essential Services Commission

In relation to Term of Reference 1 ('The usefulness and usability of the Commission's guidance material (including baseline templates) provided to Councils to assist in the preparations of their applications'):

- (a) The FGRS guidelines to provide advice on the financial ratios that Councils should use to assist the ESC assessment.
- (b) A worked example of a higher cap application be available and that it be annotated to indicate how the ESC uses the information for its assessment purposes.
- (c) Clear guidance that the ESC will use the LGPRF [Local Government Performance Reporting Framework] information for assessment purposes.
- (d) A review is undertaken into any special financial issues associated with growth area councils.

In relation to Term of Reference 2 ('The interactions between the Commission and Councils before during and after the application process (including request for information)'):

- (a) Consideration is given by the ESC to allow staff exchanges with councils to assist with the understanding of ESC and Council staff of their respective roles and challenges.
- (b) The ESC considers allowing councils to make a presentation to the ESC at the pre-application or submission stage of the application process.
- (c) The ESC advises councils if there is media interest and before the public release of information concerning council's expression of interest, application and/or the final decision on the application by the ESC.
- (d) The ESC provide councils with a copy of the final decision and an opportunity for a debrief and comment prior to public release.

In relation to Term of Reference 3 ('Burden (Cost and Time) placed on Councils seeking a higher cap including the drivers of those costs and identifying best practice among Councils in preparing applications and responding to information requests'):

- (a) The ESC considers what assistance they could give smaller rural councils in applying for a higher rate cap.

In relation to Term of Reference 5 (Was the approach adopted by the Commission in assessing applications appropriate?):

- (a) The ESC release all information that was used to determine a council's application including any independent consultant review reports.
- (b) When the proposal outlined within the draft of the new Local Government Act concerning the adoption by councils of a community endorsed consultation framework is enacted and councils have implemented, the ESC accept that if the Mayor on behalf of the Council sign off that the criterion concerning community consultation on the higher rate cap has been undertaken in accordance to the framework that this criterion is met.
- (c) The ESC clearly indicates what does not constitute a financial case for a higher rate cap and this information is in the form of guidelines to councils.

In relation to Term of Reference 6 ('Workability of the timelines in the application process'):

- (a) The ESC introduce two submission dates for higher rate cap submissions, one as currently applied, 31 March and another at 30 September.
- (b) The ESC advise the Minister of the proposed rate cap by August of the year preceding the financial year of use to assist the community consultation and budget planning process of councils.

In relation to Term of Reference 7 ('The clarity of the Commission's final decision')

- (a) That the ESC places on their website all relevant information they used to form their decision on a council higher rate cap application, including any consultant or advisor review.

In relation to miscellaneous issues:

- (a) That the ESC determines, in what form and format applications are to be presented and where the ESC wants the application sent to.
- (b) That all application forms be able to be filled in electronically.
- (c) That the ESC requires all councils to nominate a contact position and person within council to receive information and that copied in are the CEO and records area of council.

### **For Consideration by the Local Government Sector**

In relation to Term of Reference 1 ('The usefulness and usability of the Commission's guidance material (including baseline templates) provided to Councils to assist in the preparations of their applications'):

- (a) Councils need to tell the story of where council is at financially, where it is going and why the higher cap was required rather than just filling in the form.

In relation to Term of Reference 3 ('Burden (Cost and Time) placed on Councils seeking a higher cap including the drivers of those costs and identifying best practice among Councils in preparing applications and responding to information requests'):

- (a) Councils incorporate any higher cap community consultation into the council planning process required under the Local Government Act.
- (b) Councils express more clearly what trade-offs they considered with their community prior to submitting a higher rate cap application.

**For Consideration by a range of government and non-government bodies, including the Auditor-General**

In relation to Term of Reference 1 ('The usefulness and usability of the Commission's guidance material (including baseline templates) provided to Councils to assist in the preparations of their applications'):

- (a) That a model chart of accounts, common definition of the services and assets councils provide and standardised quality and effort measures for local government be developed.
- (b) That a common definition of each of the components of the rate revenue stream be developed to ensure non rate cap revenue streams are being used fairly.
- (c) That a method for the calculation of the asset renewal gap, strategic asset planning versus the accounting depreciating asset value method be agreed to for the purposes of determining council financial sustainability.
- (d) That the LGV [Local Government Victoria], ESC, VGC [Victorian Grants Commission] and VAGO [Victorian Auditor-General's Office] work with local government to coordinate and rationalise the reporting requirements for the sector to improve the quality and relevance of the datasets for measuring the sectors' financial and operating performance.

As stated earlier, the Committee will examine the response to each of these recommendations in the next reporting cycle. It is also the Committee's intention to hear evidence from Mr Brown during the next reporting cycle in early 2017.

**FINDING 1:** The Committee considers that the Brown Review was of value to the sector and the community but was not a public process.

**RECOMMENDATION 1:** The Committee notes that the government intends to review the Fair Go Rates System and the Committee recommends that the review be independent, public and transparent, with terms of reference that include timeframes and the variation process.

### 3.3 Other developments

#### 3.3.1 Councils apply for a rate cap variation

**Table 3.1** Councils' application for a higher cap in 2016–17

Council	Higher cap being sought (%)	Increase above the Ministerial cap of 2.5% being sought (%)	Dollar value of increase above the cap (\$)
Buloke Shire Council	3.05	0.55	59 769
City of Ballarat	3.70	1.20	1 033 322
City of Casey	3.47	0.97	1 604 756
City of Greater Geelong	3.50	1.00	1 600 000
Horsham Rural City Council	3.50	1.00	210 000
Moorabool Shire Council	3.50	1.00	259 000
Murrindindi Shire Council	5.40	2.90	451 807
Pyrenees Shire Council	3.83	1.33	97 970
Towong Shire Council	6.34	3.84	242 000
Wyndham City Council	4.50	2.00	3 000 000

The outcome of the applications for a rate cap variation are identified and published by the Essential Services Commission. The first decisions made are listed below.<sup>7</sup>

#### City of Ballarat

**Not approved:** Ballarat will be required to keep its average rate increase for 2016–17 within the 2.5 per cent cap set by the Minister. The reasons stated are:

- the Commission found Ballarat's capital planning and processes do not adequately support its application for a higher cap;
- the Commission does not consider that it is in the long-term interests of ratepayers to fund the one-off cost or funding shortfall identified by Ballarat with a permanent increase to the rate base as this would result in ratepayers continuing to pay higher rates after the short-term need had been addressed; and
- the Commission was not satisfied that Ballarat has demonstrated how it had taken into account the views of its ratepayers and the community in forming its application for a higher cap.

<sup>7</sup> Further details on the decisions can be accessed on <[www.esc.vic.gov.au/project/local-government/29082-2016-17-higher-cap-applications](http://www.esc.vic.gov.au/project/local-government/29082-2016-17-higher-cap-applications)>

### **Buloke Shire Council**

**Approved:** The Commission approved Buloke proposed higher cap of 3.05 per cent for 2016–17. The reasons stated are that, on balance, the Commission was satisfied that a higher cap is appropriate because Council has clearly identified in its current 4 year Strategic Resource Plan a strategy to repay a \$7 million loan in 2019. In the view of the Commission, the application was consistent with that strategy.

### **City of Casey**

**Not Approved:** The Commission determined that Casey will be required to keep its average rate increase for 2016–17 within the 2.5 per cent cap set by the Minister. The reasons stated are that, in the view of the Commission, Casey’s application has not demonstrated the need for an ongoing rate increase above the cap in 2016–17. The Commission stated that Casey’s overall financial position is strong with a forecast adjusted underlying surplus in the order of \$33.9 million (without the proposed higher cap). It was the stated view of the Commission that Casey will have the financial capacity to meet its duties and functions without the proposed higher cap, including its planned capital works program in 2016–17.

### **City of Greater Geelong**

The City of Greater Geelong withdrew its application prior to determination.

### **Horsham Rural City Council**

**Approved:** The Commission approved Horsham’s higher cap of 3.5 per cent for 2016–17. The reasons stated are the Commission was satisfied, that based on current and forecast road asset service levels, a higher cap is appropriate for 2016–17 because Horsham does not otherwise have sufficient options to increase its road renewal expenditure for 2016–17.

### **Moorabool Shire Council**

**Approved:** The Commission approved Moorabool’s higher cap of 3.5 per cent for 2016–17. The reasons stated are the Commission was satisfied that the higher cap is consistent with Moorabool’s well-developed long-term financial plan to deliver sustainable outcomes in services and critical infrastructure in the long-term interests of its community.

### Murrindindi Shire Council

**Part Approved:** The Commission approved the higher cap for infrastructure renewal (1.8 per cent) and not to approve the higher cap related to services (1.1 per cent). Murrindindi will be required to keep its average rate increase within a higher cap of 4.3 per cent. The reasons stated were:

- the Commission was satisfied that the infrastructure renewal component relates to a long-term need that is consistent with Council's Long-term Financial Plan (LTFP); and
- the Commission is not satisfied that the increase sought for the provision of services is a need that warrants a permanent increase to the rate base.

### Pyrenees Shire Council

**Approved:** The Commission approved the Pyrenees Shire higher cap of 3.83 per cent for 2016–17. The reasons stated were that on balance, the Commission was satisfied that a higher cap is appropriate for 2016–17 because Pyrenees does not otherwise have sufficient options to increase its road renewal expenditure for 2016–17.

### Towong Shire Council

**Approved:** The Commission approved Towong Shire's proposed higher cap of 6.34 per cent for 2016–17. The reasons stated that the Commission was satisfied that the higher cap is consistent with Towong's well developed long-term financial plan (LTFP) to deliver sustainable outcomes in services and critical infrastructure in the long-term interests of its community. This was the largest of the rate cap variations for the year.

### Wyndham City Council

**Not Approved:** The Commission did not approve its proposed higher cap of 4.5 per cent for 2016–17. Wyndham will be required to keep its average rate increase for 2016–17 within the 2.5 per cent cap set by the Minister.

In the Commission's view, Wyndham's application did not demonstrate the need for a higher cap in 2016–17. Wyndham's analysis shows it to be in a strong financial position in 2016–17 with the financial capacity to consider funding alternatives and expenditure offsets, without increasing rate revenue above the rate cap.

The Committee makes no comment on these approval decisions, except the process undergone by the Murrindindi Shire was the subject of certain allegations during the course of the Committee's inquiry during this reporting period. The Committee therefore provides some details of the allegations later in this report.

# 4 Key issues in the evidence received to date

## 4.1 Overview

During the course of this reporting period, effectively from July to November 2016, the Committee held a range of public hearings, both in Melbourne and regional Victoria. During the course of these hearings a wide range of issues were raised with the Committee by the local government sector.

While not all of the issues raised are covered in any detail in this report, the issues that were recurring themes have been. Most of the witnesses in this reporting period were local government organisations, either councils or peak organisations. Much of the evidence presented, therefore, reflects issues faced by local government organisations. It should be noted that there are issues that have been canvassed in previous reports. In this reporting period, the Committee has considered each issue as it was raised during this reporting period. In most cases, the witnesses were different and so while recurring themes were raised, the views expressed were those of the witnesses appearing since the last report.

The emphasis in this report on the views of local governments, and the issues that they are facing, does not reflect a view that these issues are more significant than those of rate-payers. The issues that councils face are clearly real, as are the needs of ratepayers to be provided with adequate services at a reasonable cost to them.

In the next reporting period, further evidence will be sought in detail from ratepayers and other stakeholders.

## 4.2 Long term impacts of rate cap

A strongly recurring theme in the evidence was that the impacts of rate capping are most likely to manifest themselves in the medium-to-long-term. As most councils have long-term financial plans in place, and are likely to be at various stages of these plans, the immediate effect for most councils will not be evident. However, many of the councils who appeared before the Committee in this reporting period suggested that the problems they will face are likely to become evident in the future.

Capital works programs and community facilities, in particular, and certain services are considered to be at some risk in the longer term if rates are capped at current levels.<sup>8</sup>

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8 Cr Neil Pilling, Glen Eira City Council, *Transcript of Evidence*, p 17, 21/6/16

Some councils provided the Committee with the specific costs of the current rate cap in the longer term. Ms Ruth Kneebone of Wangaratta Rural City Council told the Committee that:

The 10-year cumulative impact of rate capping is \$29 million, and when added to the freezing of financial assistance grants it amounts to \$40 million.<sup>9</sup>

Similarly, Mr Trevor Ierino of Wodonga City Council suggested that it will:

... be impacted by the cap alone by about \$37 million compared to what we were forecasting as rate rises over the next 10-year period with about another 5 million or so, I think, on top of that for the freezing of the FAG grants.<sup>10</sup>

It was suggested to the Committee that the provision of current service levels with the cap at its current rate will require more applications for variations. Mr Peter Harriott, of Shepparton City Council, which did not seek a variation in the first year of the FGRS, told the Committee:

We do anticipate seeking a rate cap variation for 2017–18 onwards ...because we see that the reasons for not going above the rate cap issue were not sustainable into the future.<sup>11</sup>

A common view was expressed through the hearings that, despite attempting to achieve efficiencies and look for savings elsewhere, eventually the rate cap will have to lead to a reduction in services. The Committee heard in a regional hearing from the CEO of East Gippsland Council, Mr Gary Gaffney, that:

In the last two budgets — in that \$100 million budget — I have made a million-dollar saving in the previous financial year and a million-dollar saving in this financial year. And a lot of it is through efficiency ...But at some point — and that point is about three years down the road — we will hit the brick wall where we will have to start reducing services.<sup>12</sup>

Mr Gaffney went on to tell the Committee that:

...if you have looked at councils that have had no rate rises — about four to five years down the track there is a massive problem, and they have to go and put their rates up ...<sup>13</sup>

It is recognised by most councils that efficiencies are both possible and are, in fact, a positive outcome. Later in this chapter some of the efforts being made by councils to operate more efficiently and to save resources for core business activities are examined in more detail. However, the concern that there is likely to be a cost of the rate cap policy in terms of the services that councils already provide and that some services will be either not provided at all, or will be reduced.

9 Ms Ruth Kneebone, Wangaratta Rural City Council, *Transcript of Evidence*, p 2, 20/7/16

10 Mr Trevor Ierino, Wodonga City Council, *Transcript of Evidence*, p 6, 20/7/16

11 Mr Peter Harriott, Greater Shepparton City Council, *Transcript of Evidence*, p 2, 21/7/16

12 Mr Gary Gaffney, East Gippsland Council, *Transcript of Evidence*, p 5, 27/9/16

13 Ibid



The Committee was told by Mr Matthew Rogers of the Latrobe City Council that they:

...have been able to continue to maintain the existing amount of services and continue to maintain our existing assets. However, we have identified through our financial sustainability review that we are looking at savings in the vicinity of \$6 million over the next four years in order for us to continue to maintain existing services and existing asset structure.<sup>14</sup>

Factors outside of the actions of individual councils may also affect long term sustainability of council services, including natural disasters, decisions of other levels of government and even the underlying economic conditions. The Committee was told by Mr Tom Lovass of the South Gippsland Council that:

...we could accommodate rate capping through a series of good plans but also we benefit from having a low-inflation environment. That is really telling when I look at the models. Going forward, our underlying operating result trends into a deficit result. We are still in surplus but the trend is undesirable, which will have flow-on impacts for basically our asset renewal program.<sup>15</sup>

A further concern relates to the development of new assets or community facilities. The Committee was told that not only are current service levels threatened by the current rate cap, but that future developments may also be at risk. In evidence, the Committee heard from the Mayor of Glen Eira City Council, Cr Neil Pilling, that:

In 2012 we opened our GESAC, our Glen Eira Sports and Aquatic Centre... . That was \$40 million. We did it as \$25 million from ratepayers... 10 million from federal and 5 million from the state government — a fantastic partnership initiative. That would be quite hard to do now in this environment. That is probably the best example I can say of how the community could possibly miss out on great facilities like this in the future.<sup>16</sup>

While the Committee acknowledges that the rate cap will force councils to look at the way they spend ratepayers' money and may impose discipline on the sector, an outcome that would likely be welcomed by the community, it is important to recognise that a rate cap that over time reduces the amenity of the community may be counter-productive. Therefore, when a rate cap is established it needs to take into account not only the cost of the provision of services and assets at their current levels, but the needs of the community affected.

The Committee has not undertaken a detailed comparative analysis of the impact of rate capping in other jurisdictions, however it has heard evidence from Local Government NSW, where rate capping (or 'rate pegging' as it is referred to there) has been in place for 40 years.

<sup>14</sup> Mr Matthew Rogers, Latrobe City Council, *Transcript of Evidence*, p 3, 26/9/16

<sup>15</sup> Mr Tom Lovass, South Gippsland Shire Council, *Transcript of Evidence*, p 4, 26/9/16

<sup>16</sup> Cr Pilling, Glen Eira City Council, *Transcript of Evidence*, p 17, 21/6/16

In a teleconference with the Chief Executive Officer, Ms Donna Rygate, and Mr Shaun McBride, of Local Government NSW, the Committee heard that the policy of rate pegging had caused substantial difficulties for councils in NSW, particularly in relation to infrastructure maintenance and renewal. In fact, it was described in the hearing as '40 years of a very serious financial ball and chain around the ankles of councils in New South Wales.'<sup>17</sup>

Ms Rygate told the Committee that:

...rate pegging has restricted the ability of councils in New South Wales to increase rates in line with needs for those 40 years.<sup>18</sup>

She said that:

We have got the perverse outcome of neglecting funding needs and we have infrastructure renewal backlogs, and the financial sustainability of councils has been weakened over the long run.<sup>19</sup>

To put the issue into percentage figures, Ms Rygate advised the Committee that according to the 2013 final report of the New South Wales Independent Local Government Review Panel, over the period 2001 to 2010–11 growth in total revenue of New South Wales councils was 5.7 per cent per annum. This compared to an average of 8 per cent for the other mainland states.<sup>20</sup>

She said that where this shortfall in revenue was felt most starkly was in councils' inability or failure to look after their existing basic infrastructure. She told the Committee that:

When they have got increasing demands for human, cultural, educational, health, and environmental services, they find it difficult to renew the slowly declining roads or to fix old pipes that are crumbling away under the ground.<sup>21</sup>

On the issue of the basis of the current cap, which is based on the CPI, there were strongly expressed views that such a basis is inappropriate in the context of the provision of local government services. This issue is explored in the next section.

### 4.3 Use of CPI as basis for rate cap

A recurring theme during the hearings in this reporting period was the inappropriateness of the CPI as a basis for the rate cap. The current formula is detailed in Chapter One of this report. A number of witnesses before the inquiry suggested that such a measure in no way reflects the cost of providing services and maintaining assets by local government.

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17 Ms Donna Rygate, LGNSW, *Transcript of Evidence*, p 2, 26/10/16

18 Ibid

19 Ibid

20 Ibid

21 Ibid

This issue has been canvassed in both of the Committee's previous reports and detailed discussion is not going to be repeated in this report. However, it was clear to the Committee that the use of the CPI as a basis for establish limits on rate increases remains of concern.

The Committee heard from a number of councils that using the CPI as a basis for the limiting the cost of services that are not covered by the CPI 'is not really a good measure of the price pressures that confront council, which are different to CPI'.<sup>22</sup>

Peter Harriott of the Greater Shepparton Council told the Committee that:

CPI not being an appropriate index. That one has been done to death, but we have got some comments there about how local government is very much different to a basket of goods that you get at Aldi, Coles or Safeway.<sup>23</sup>

This allusion to the limitations of the CPI being based on a basket of groceries was a common theme in the hearings. Gary Gaffney in East Gippsland told the Committee that:

We are not Coles and Woolworths; we are a physical service cost. We have people delivering services to people. We are really a huge customer service-driven organisation delivering services. That cap has to be realistic about what staff costs are.<sup>24</sup>

Mr Gaffney also told the Committee in evidence that:

A basketful of groceries is based on a city-based CPI index where the majority of services — over 100, may I tell you — are based on people, materials and construction. Nearly 30 per cent of our budget is spent on capital works projects. Another 23 per cent of our budget is on what we call asset management — ensuring that our assets comply. So, of our approximately \$100 million budget, 50 per cent is spent all up on items that require fuel, require rock, require bitumen, require building products and require people. That is not a basketful of groceries.<sup>25</sup>

Further, in the same hearing, the Committee heard that 'a city-based CPI' does not equate to:

the cost of delivering services in the country...we may be able to accommodate it for a couple of years, but then we will have to give serious thought on what services we reduce out of those 100 services...<sup>26</sup>

In its previous report, the Committee recommended that both the Essential Services Commission's advice to the Minister in relation to setting the rate cap and the Minister's decision including reasons for setting the cap at a particular figure be published annually. This remains important so that councils and ratepayers are aware of the basis for any decisions.

<sup>22</sup> Mr Trevor Ierino, *Transcript of Evidence*, p 7, 20/7/16

<sup>23</sup> Mr Peter Harriott, *Transcript of Evidence*, p 2, 21/7/16

<sup>24</sup> Mr Gary Gaffney, *Transcript of Evidence*, p 8, 27/9/16

<sup>25</sup> Ibid

<sup>26</sup> Ibid (Gaffney, p 4, 27/9/16)

In the Committee's hearing with Local Government NSW (LGNSW) the Committee was told that the rate cap (in Victoria) is set by the Independent Pricing and Regulatory Tribunal (IPART) in New South Wales, who created a Local Government Cost Index (LGCI) and that index provides the rate pegging limit.<sup>27</sup> It is interesting to note that while this index is not the CPI as such, it is a very similar figure to the rate cap established in Victoria, currently 2.6 per cent.

The LGCI was developed by IPART, based on a 2010 IPART survey of councils to estimate the cost index. The index is a measure of movements in the unit costs incurred by NSW councils for ordinary council activities funded from general rate revenue. The LGCI is designed to measure how much the price of a fixed 'basket' of inputs acquired by councils in a given period compares with the price of the same set of inputs in the base period. The LGCI does not directly measure councils' total level of costs. It is a composite index that combines changes in a number of input price indexes over time. The LGCI is similar to the Consumer Price Index (CPI) in this respect. The CPI does not measure household costs directly, but measures changes in prices of various goods and services over time.<sup>28</sup>

As the Committee was told in the hearing with the LGNSW:

...building and construction materials will have a much higher rating there than they would, say, in the Consumer Price Index, as would petrol and diesel, used naturally for plant and equipment, have much higher ratings than they would in the normal household Consumer Price Index ...<sup>29</sup>

It is not the Committee's intention to recommend a particular formula for the establishment of a rate cap.

Of more concern during this reporting period, was the issue of a 'one size fits all' approach to the rate cap. This was of particular concern in regional centres and particularly for smaller rural councils.

## 4.4 Flat rate cap

Regardless of the actual rate cap figure determined by the Minister, there has been a great deal of concern from councils that a single rate cap figure is a 'one size fits all' approach that does not take into account demographic, geographical or economic conditions when applying the cap. Ms Ruth Kneebone told the Committee that:

If there must be a cap, it should take into consideration the unique characteristics of each council in the same way as the Victorian Grants Commission allocates funds on a relative needs basis.<sup>30</sup>

27 Mr Shaun McBride, Local Government NSW, p 3, 26/10/16

28 <[www.ipart.nsw.gov.au/files/assets/website/local-govt-static-docs/information\\_paper\\_-\\_local\\_government\\_cost\\_index\\_-\\_december\\_2010\\_-\\_website\\_document.pdf](http://www.ipart.nsw.gov.au/files/assets/website/local-govt-static-docs/information_paper_-_local_government_cost_index_-_december_2010_-_website_document.pdf)> accessed on 17 November 2016

29 McBride, p 4, 26/10/16

30 Ms Ruth Kneebone, *Transcript of Evidence*, p 3, 20/7/16

This view was expressed by a number of councils, particularly rural and smaller councils. In fact, Murrindindi Council advised the Committee that in its original submission to the Essential Services Commission in August 2015 was that it did not support the recommendation that there should be one cap that applies equally to all councils in Victoria. The submission suggested that ‘there is a question of equality and there is a question of equity’.<sup>31</sup>

The difference between the councils in the city as against those in the country, both in the costs of providing services and the relative differences in the rates that are charged was illustrated by Mr Tim Tamlin of the South Gippsland Council, who said in a hearing that:

... South Gippsland is collecting rates and charges income of about \$38 million, where we are charging someone \$4300 for an \$800 000 property, and then you have got the City of Stonnington where they are charging about \$962 for a residential property but bringing in an income of \$98 million, and they do not have the level of area that we do, with the roads and the infrastructure and the networks.<sup>32</sup>

It is not only rate income that enables the larger city-based councils to generate much higher income. Non-rate revenue such as parking fees can be a significant source of income for city-based councils, something that is not available to the vast majority of rural councils. The Committee was told in a hearing that:

It is \$90 million in parking revenue for the City of Melbourne. Well, we have zero from that, and in most regional cities it is not really acceptable...<sup>33</sup>

This point of differences between rural councils and their metro counterparts in terms of disadvantage was reinforced by LGPro in a hearing when it was suggested that a number factors lead to the disadvantages faced by rural councils, including:

- the lack of economies of scale;
- significant distances, which actually increase in very real terms the cost of delivering those services;
- the need to provide duplicate community infrastructure for geographically dispersed communities;
- the expansive road networks;
- the higher proportion of older residents;
- significant smaller population bases through which we can spread the rating burden; and
- the limited ability to raise fees and charges.<sup>34</sup>

31 Ms Margaret Abbey, Murrindindi Shire Council, *Transcript of Evidence*, p 4, 21/7/16

32 Mr Tim Tamlin, South Gippsland Council, *Transcript of Evidence*, p 2, 26/9/16

33 Mr Trevor Ierino, *Transcript of Evidence*, P10, 20/7/16). The total revenue for parking fees and fines for 2016 for the City of Melbourne (Consolidated) was \$94,367, comprising \$41,573 for fines and \$52,794 for fees (City of Melbourne Annual Report, 2015-16, p 143).

34 Ms Rebecca McKenzie, LGPro, *Transcript of Evidence*, p 12, 18/10/16

The Committee heard that the logistics involved in the services that are provided are also a factor in generating an inequitable rate cap environment. Activities undertaken by all councils do not have the same cost across all councils. Rural councils which cover large areas with relatively few ratepayers have higher costs than those in suburban areas. For example, the Committee was told in a hearing that:

... if you pick up a garbage bin in the City of Yarra, you would be picking one up every 5 to 7 metres — 10 metres at the maximum. We have trucks that travel hundreds of kilometres a day in waste management...<sup>35</sup>

While most councils that the Committee has heard from during this reporting period have accepted, albeit somewhat reluctantly in many cases, that the rate cap environment is a reality they must deal with, the issue of equitability and of a realistic cap is one that continues to be raised. As one regional council told the Committee:

I do not mind a cap, but I want a realistic cap... . A real cap takes it to account locality, it takes into account the cost of the service you are providing.<sup>36</sup>

The Municipal Association of Victoria (MAV) also strongly made the point that a variable cap should be considered. In a hearing, Mr Rob Spence, CEO of the MAV told the Committee that:

...funding pressures on councils, particularly the rural councils, at the moment are significant, and it is hard to see how they are going to manage the pressures that they are under, under a single-capped environment. I think it is time for us to consider a variable cap, probably by size or status of council...<sup>37</sup>

The MAV suggested using 'average weekly earnings probably in rural Victoria as the trigger — so it is not two; it is three — and then put a mass of pressure on the commonwealth to actually deal with financial assistance grants sensibly'.<sup>38</sup>

The possibility of differentiating the rate cap according to the size and geographic/demographic circumstances of the councils was not ruled out by the Essential Services Commission. Mr Andrew Chow of the ESC told the Committee during a hearing that they had received a significant amount of feedback from the sector that 'one size does not fit all' and that there is great diversity. They told the Committee that:

... we are really wanting to sit down with the sector and work it through<sup>39</sup>

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35 Mr Gary Gaffney, *Transcript of Evidence*, p 8, 27/9/16

36 Ibid

37 Mr Rob Spence, Municipal Association of Victoria, *Transcript of Evidence*, p 3, 18/10/16

38 Ibid, p 10

39 Mr Andrew Chow, Essential Services Commission, *Transcript of Evidence*, p 31, 18/10/16

## 4.5 Variation application process – Creating uncertainty

One of the key concerns expressed to the Committee during this reporting period revolved around the process for seeking a variation to the rate cap. The process is problematic for councils in a number of ways, with the key concerns being:

- (a) there is inadequate time to apply for a variation and the future cap is unknown;
- (b) there is considerable uncertainty in developing budgets while councils await the outcome of their variation application; and
- (c) the resources required to prepare a variation can be onerous, particularly for the smaller rural councils.

It should be noted at the outset that this is the first year of the FGRS and therefore some of these issues will become less of a concern as both the ESC and the councils develop their processes and templates. As Peter Brown suggested in his report:

Being year one of the FGRS and councils able to apply for a one year higher cap only has meant that the burden both in cost and time should not be seen as a typical year in the ongoing implementation of the FGRS.<sup>40</sup>

It is also the intention to have a cap that applies to multiple years in future, which will assist in easing some of the issues faced by councils in the first year. Nevertheless, the concerns of councils remain and need to be considered as the system is further developed.

It was a common theme in the hearings during this reporting period that the ESC deadlines for seeking a variation on the rate cap are not consistent with the budget cycles of the councils. The Committee heard that by having a cap for only one year, at least at this stage, it is difficult for councils to do any medium-to-long-term planning as they do not know what cap they are likely to be working with in subsequent years, and therefore they don't know what their revenue stream is likely to be.

The ESC received 21 notification of intent by January 2016 from councils seeking a higher cap, of which 10 councils applied for the higher cap by 31 March 2016.<sup>41</sup>

The timetable for the first round of variation applications as published by the ESC prior to the commencement of the system in July 2016 is outlined below.

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<sup>40</sup> P. Brown, *Fair Go Rate System Independent Review 2016*, p 13

<sup>41</sup> *Ibid*, p 3



**Table 4.1** Timetable for variation applications

Stage of the Fair Go Rates System Process	Timeframe
Minister announces cap(s)	31 December 2015
Councils seeking approval for a higher cap notify the Commission of intention to apply	31 January 2016
Council applies for a higher cap, submits Budget Baseline Information	1 February – 31 March 2016
Commission assesses council applications	February – May 2016
Commission notifies council of decisions Within 2 months of receipt of application Councils formally adopt budget	June 2016
All councils submit Annual Baseline Information	31 October 2016
Commission publishes Compliance Report	November 2017 <sup>(a)</sup>

(a) <[www.esc.vic.gov.au/wp-content/uploads/2016/02/OTH-The-Fair-Go-Rates-System-Guidance-for-Councils-2016-17-V-1.pdf](http://www.esc.vic.gov.au/wp-content/uploads/2016/02/OTH-The-Fair-Go-Rates-System-Guidance-for-Councils-2016-17-V-1.pdf)>, accessed on 16 November 2016

The Murrindindi Shire Council CEO, Ms Margaret Abbey, told the Committee that it had to prepare three budgets as a result of the cap: its initial budget, a subsequent budget based on its proposed rate cap variation, and a third budget when the variation was approved at a lower level than the council had applied for.<sup>42</sup>

As a result of this process the budgetary timetable for the council was affected and the CEO told officers and councillors that:

‘We will not meet the 30 June time line for preparing a 2016–17 budget’. We expect that our budget will be adopted by council on 3 August. That was the earliest that we were able to prepare.<sup>43</sup>

The timing issue is further exacerbated by the fact that a compressed time period means that the ESC has to process a number of applications in a short period. The MAV told the Committee that:

The fact that they get a mass of applications at the one time does not help with being able to sift through the stuff. The time period is too cramped, I think, to give proper consideration.<sup>44</sup>

However, it is the impact the short time period has on councils’ ability to properly budget that is the greater concern. The problems created by the one year cap and the uncertainty created by the timing of its announcement were echoed by a number of witnesses. Ms Rebecca McKenzie of LGPro told the Committee in evidence that:

Application and decision-making timelines from the Essential Services Commission and the minister’s annual announcement of the rate cap percentage are still of concern in terms of the period of time creating greater uncertainty and putting time pressure on the budget process...<sup>45</sup>

42 Ms Margaret Abbey, *Transcript of Evidence*, p 5, 21/7/16

43 Ibid

44 Mr Rob Spence, *Transcript of Evidence*, p 10, 18/10/16

45 Ms Rebecca McKenzie, *Transcript of Evidence*, p 12, 18/10/2016



This view was further expressed in regional hearings when the Committee was told that the necessary budget cycle of councils was not suited by the timing of the implementation of the system:

We actually start our budget process in October. So it does cause us some issues in terms of what the rate capping is. Bear in mind that this is the second year, so the rate cap was announced last year... . It causes problems the second year in.<sup>46</sup>

The importance of providing certainty and time for consideration of the council's financial position, particularly in relation to longer term planning, was an issue that was raised with the committee on a number of occasions. The Committee was told by Gary Gaffney that:

The importance of having a rate cap variation process that allows for reasonable and sensible consideration for such circumstances will be important to council so that financial sustainability is maintained with certainty into the future.<sup>47</sup>

Mr Gaffney went on to say that:

Council is required to produce a 10-year financial plan. In our annual budget we must produce a 10-year financial plan. Every year we get a new rate cap. There is no consistency.<sup>48</sup>

The uncertainty of not knowing what the cap was going to be had an impact, even with a council that was already reducing its rate increases as part of its longer term financial planning. The Committee was told by East Gippsland Shire that they were trending down when the rate capping system was being developed and that they were:

...looking at about 3.5 in the last financial year. We were getting down to about 3.2, 3.1 this financial year. We were doing the hard work to bring it down to what we thought was a reasonable figure and around 3 to 3.1 per cent was a realistic figure. So when 2.9 was being talked about we said, 'Yep, we can work that'.<sup>49</sup>

So, when the figure of 2.5 per cent was arrived at, there was further work for the council to do in its planning. As Mr Gaffney suggested in a hearing, certainty to enable planning for future programs would make a big difference. He told the Committee that:

If there was going to be a cap, I would be delighted if it was a three-year cap. At least we would have three years of certainty, instead of an annual, 'Oh my God! Here we go back and change things over again'.<sup>50</sup>

46 Mr Tom Lovass, *Transcript of Evidence*, p 8, 26/9/16

47 Mr Gary Gaffney, *Transcript of Evidence*, p 2, 27/9/16

48 Ibid

49 Ibid

50 Ibid, p 8

It has been recognised by some witnesses, including the Latrobe City Council, that the first year was ‘probably the difficult year, because it was so variable in understanding exactly what that increase was going to be...’. They told the Committee that:

...going forward it would be nice to know a period of time, lock in some rate increases up-front to be able to assist us with our long-term planning ...<sup>51</sup>

Dr Andrew Hollows of the VLGA addressed the issue of the date for variation applications into the future, suggesting that it may be of value to have two application dates rather than one, to assist councils in their budget planning. Such a change should, in their view, also involve the pre-application process.<sup>52</sup>

This concern over timeframes was recognised as an issue by the CEO of the ESC, Dr John Hamill. In evidence, he told the Committee that:

...workability of time frames, that was a matter also raised by Mr Brown. He suggested that we add an additional earlier time frame for applications, on 30 September. We are open to having a look at that option.<sup>53</sup>

The single year cap variation is only going to be applied for the first year and from 2017–18 onwards, councils will be able to apply for a cap variation for one, two, three or four years. This will likely ease some of the uncertainty, at least for that four year period, and will take some of the pressure off the councils who wish to apply for a variation as they will not need to prepare a variation application every year.

**FINDING 2:** The Committee finds that the variation process was complex and iterative and added costs and challenges to councils, particularly with the applicable timeframes.

#### 4.5.1 Cost of Variation process to Councils

One of the concerns expressed by a number of councils was that the process of seeking a rate cap variation was expensive and added an additional cost pressure on councils at the same time they were being asked to reduce their income.

It is recognised that the initial cost to councils was high. However, as Peter Brown said in his review, ‘the burden both in cost and time should not be seen as a typical year in the ongoing implementation of the FGRS’.<sup>54</sup>

In his review, Mr Brown tabulated the costs to each council as outlined below.

51 Mr Matthew Rogers, *Transcript of Evidence*, p 8, 26/9/16

52 Dr Andrew Hollows, Victorian Local Governance Association, *Transcript of Evidence*, p 13, 18/10/16

53 Dr John Hamill, ESC, *Transcript of Evidence*, p 30, 18/10/16

54 P. Brown, *Fair Go Rate System Independent Review 2016*, Essential Services Commission, p 13

**Table 4.2** Approximate costs of variation application

Council	Staff time/cost	Consultant	Consultation	Total Time/Cost
Ballarat	3 months/\$60K		Used existing information	\$60K
Buloke	1 month/\$10K		\$10K	\$20K
Casey	3 months/\$125K		\$125K	\$250K
Horsham	1.5 months/\$30K		Cost of consultation was part of normal Council planning process	\$20K to \$30K
Moorabool	2 months/\$25K		\$25K telephone survey, listening post	\$50K to \$60K
Murrindindi	2 months/ \$80K		Used existing information	\$80K to \$100K
Pyrenees		Consultant used to pull information together	Ads in local paper/ community hall use	\$30K
Towong	\$20K to \$30K		Used existing information	\$20K to \$30K
Wyndham	Staff time		Consultation costs	\$66K total <sup>(a)</sup>

(a) P. Brown, *Fair Go Rate System Independent Review 2016*, Essential Services Commission.

These figures are based on conversations with councils and are not audited figures but are consistent with what the Committee was told by various councils during public hearings. In a number of instances, these figures were provided as estimates only. Glen Eira Shire, which did not end up applying for a variation but still went through a consultation process, told the Committee, for example, that:

We only did the consultation process that it might lead to, and that consultation process was \$70 000.<sup>55</sup>

Murrindindi Shire similarly told the Committee that:

... we did cost it, and ... it was in the order of \$80 000 to \$100 000 in officer time.<sup>56</sup>

Mr Brown said in his review report that in the future the ‘attributed cost and time for higher rate cap submissions into the future should become a normal transaction cost to Council.’

The independent review suggested that a breakdown of costs might be:

- (a) \$40K for staff time (in house);
- (b) \$10K for consultant (external); and
- (c) \$30K for community consultation, including advertising, telephone surveys and venue hire.

55 Ms Rebecca Mckenzie, *Transcript of Evidence*, p 16, 21/7/16

56 Ms Margaret Abbey, *Transcript of Evidence*, p 5, 21/7/16

In Mr Brown's view, the on-going costs to councils should become negligible if they incorporate the higher rate cap application process into their normal annual corporate planning activities or apply for a four year cap.<sup>57</sup>

The costs and additional work required of councils was also acknowledged by the ESC. However, it was the ESC's view that this work will reduce over time as the councils better understand the requirements. Dr Hamill, told the Committee in a hearing that:

For some applications, though, it was clear that there was some significant additional work adjusting to the new framework, and we kind of take the view that this impost will reduce over time as the familiarity with the processes grows and understanding of the information required by the commission to make our assessment increases.<sup>58</sup>

It was also recognised by the ESC that they also were learning and that the debriefing sessions they have held with councils have been of substantial value. Dr Hamill told the Committee that:

...we held debriefing sessions with the majority of the councils that applied, immediately after the application process was complete. That was both to explain our decision itself and to get feedback from them about their experience. We also conducted 10 workshops with councils in Melbourne and regional Victoria on the lessons learnt from the 2016–17 application process.<sup>59</sup>

Despite the fact that there is a recognition that the costs of the initial applications were higher than they may be in the future, and with multi-year caps in the future the cost will be further reduced, there were still concerns expressed that the process was still too complex and costly. The Committee heard that:

Applying to the ESC for a rate cap variation still remains unnecessarily complex and time consuming due to the lack of written advice and the standardised documentation and processes.<sup>60</sup>

There is also the possibility that as the next rate cap variation will be able to be applied to multiple years and there may be a further increase in the amount of information required of councils. In a hearing, Mr Chow of the ESC advised that:

The next year's application is the first time where councils can apply for multiyear caps, so we obviously have to extend the information requirements. But they are all being spelt out, following very closely the experience of the first year.<sup>61</sup>

The implication of this may be that things will have to get more complicated before they get easier and that the next round of applications may be more onerous than the previous ones.

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57 *ibid*, p 14

58 Dr John Hamill, *Transcript of Evidence*, p 29, 18/10/16

59 *Ibid*

60 Ms Rebecca McKenzie, *Transcript of Evidence*, p 12, 18/10/16

61 Mr Andrew Chow, *Transcript of Evidence*, p 34, 18/10/16

In order to reduce the cost of this process, and other reporting requirements faced by councils, it was suggested to the Committee that there be a level of consolidation of the data that local government is required to provide for various government programs and to meet differing accountability requirements.

It was the view of the CEO of LGPro, Mr David Preiss, that:

With the introduction of rate capping and the desire for greater efficiency from local government, we have had an increase in the burden of reporting. The data that the ESC is seeking is time consuming, and it replicates data provided to other bodies in variations of the same information.<sup>62</sup>

Mr Preiss argued that the other levels of government have a responsibility to develop systems of reporting to that 'local government gets to do it once and well rather than multiple times...'.<sup>63</sup>

Given the differences in program requirements within the same department in the same level of government, let alone those between different departments in different levels of government, the idea of a single set of reporting requirements is a difficult one. It is, as one witness told the Committee 'the Holy Grail of datasets that sort of do everything.'<sup>64</sup>

Despite the difficulties, a level of standardisation of data should be an on-going task of governments at all levels, as it should for councils. In 2013, the Victorian Auditor-General stated that:

The reporting of rates and charges data should be improved and standardised so that it is used consistently across all municipalities, and ratepayers and the general community can readily interpret the data. (quoted in Brown, p10)

Mr Brown also suggested a need for a streamlining of the information requirements, saying in his report that:

The information required by the ESC for the assessment duplicates information provided to other State Authorities and there needs to be rationalising of the information required from the sector and a common data set created, this has been acknowledged in the development of the new local government act.<sup>65</sup>

It was also suggested in the public hearings that it would have been helpful and would have reduced the burden on councils if the ESC had developed and distributed more complete templates. The MAV told the Committee that:

The ESC is constrained basically by the model. It had always been our view that they needed to build templates at the front end to show councils what they needed to provide and to be very clear about it. The fact that we did not have that I think put a lot of financial and staffing stress on those councils that made applications.<sup>66</sup>

62 Mr David Preiss LGPro, *Transcript of Evidence*, p 18, 18/10/16

63 Ibid

64 Dr Andrew Hollows, *Transcript of Evidence*, p 14, 18/10/16

65 P Brown, *Fair Go Rate System Independent Review 2016*, Essential Services Commission, p 11

66 Mr Rob Spence, *Transcript of Evidence*, p 10, 18/10/16

It is not the Committee's intention to second-guess or dictate specifically how the ESC develops its guidance materials.

However, it is certainly incumbent upon the ESC to develop as streamlined a system as possible, to ensure that the information required to support applications is necessary, relevant and consistent and that it does not change from year to year, or variation cycle to cycle. While it is acknowledged that a new system will develop over time, it is important that the burden of time and costs placed on already stressed councils is minimised.

In relation to the role played by the ESC itself, comments made to both the Brown inquiry and in the Committee's hearings by councils who were successful in receiving a rate cap variation were, not surprisingly, generally positive.

The Mayor of Towong Shire, David Wortmann, told the Committee:

...we were granted the highest rate increase in the state: 6.34 per cent. Our council was pleased with the Essential Services Commission.<sup>67</sup>

Similarly, Ms Abbey of Murrindindi Shire, which received a partial rate cap variation said of the ESC in a hearing that:

...council found officers of the ESC very helpful and informative. They have assisted us in understanding the priorities for our submission and then the further elaboration on the decision of the ESC.<sup>68</sup>

Unsuccessful councils may well have had a different view, as intimated by the Brown review:

Comment from two unsuccessful councils indicated that through the request for information phase there were terse meetings and less than positive interaction.<sup>69</sup>

The Committee did not hear from the unsuccessful councils in this reporting period, however the negative impacts of the decisions were brought to its attention by the VLGA, who told the Committee in a hearing that:

The disappointment was that three of the nine councils that put in who were unsuccessful represented half a million Victorian residents. We are talking about two growth areas, Wyndham and Casey, and we are talking about Ballarat, which also has its own unique growth pressures, and that was actually a part of their application...<sup>70</sup>

In documents provided to the Committee by the ESC following its hearing, the City of Casey provided considered and very well presented feedback at an ESC Workshop in August 2016 entitled 'Feedback and Learnings from the Application Process' in Moe. In this feedback, Mr Andrew Casey provided feedback detailed feedback on the City of Casey's experience with the application process. It should

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67 Cr David Wortmann, Towong Shire Council, *Transcript of Evidence*, p 9, 20/7/16

68 Ms Margaret Abbey, *Transcript of Evidence*, p 5, 21/7/16

69 P Brown, *Fair Go Rate System Independent Review 2016*, Essential Services Commission, p 12

70 Dr Andrew Hollows, *Transcript of Evidence*, p 19, 18/10/16

be noted that the City of Casey was one of three councils whose application was not approved and was the council that spent the most money on its application process, approximately \$250,000.

The City of Casey's Feedback on the variation application process included the following points:

In relation to an assessment of interactions with the ESC

- if anything not strong, they will find it and probe it;
- responsive and timely, or provided updates;
- Casey had an initial meeting with ESC then corresponded by email;
- all submissions and follow up responses may be public (unless confidential);
- ESC had a large number of follow-up questions – RFI's;
- background info from LGV, VGC, Annual Reports also sent through to Council for checking;
- if genuine omission made – correction possible;
- queries generally linked to criteria; and
- the LGA allows ESC to request any information it considers relevant. Not limited to 'existing info'.

In relation to Casey's general learnings from the process

- very clever framework;
- late/guidance templates not helpful – Casey had to start some processes in advance;
- templates were reasonably straightforward – but time consuming;
- templates focussed on operating, but most applications were capital related;
- templates were not complete budget;
- this was an election commitment – that the Government is very focussed on;
- this process creates change for whole organisation;
- be mindful of ESC guidance – ie Best Value;
- although not everything the ESC was thinking or focussing on was in the guidance;
- keep watching the ESC website – information continues to be posted; and
- we need to look at how to engage better with the ESC and explain our circumstances.<sup>71</sup>

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71 City of Casey, 'Feedback and Learnings from the Application Process, ESC Workshop, August 2016

Despite the fact that most of the councils found the staff of the ESC to be helpful, a view echoed in the independent review report, there were some concerns expressed to the Committee that the ESC did not really understand local government funding. The Committee heard from the MAV that:

...there were clearly some misunderstandings of the funding streams councils had available to them and what they could use them for — for example, considerations of Roads to Recovery funding and whether you could spend it on other things. You cannot when it is locked into these roads.<sup>72</sup>

This view was echoed in the Brown review, which said that:

It was felt that ESC staff were on a learning curve concerning how local government operated. It was commented that ESC staff who had experience with the energy and water sectors did not understand the governance, political and wide range of service issues involved with local government.<sup>73</sup>

**RECOMMENDATION 2:** The Committee recommends that the government simplify and streamline the variation process to reduce costs to local government and the community.

## 4.6 Community consultations

Section 185E(3) of the *Local Government Act 1989* identifies six matters that an application for a higher rate cap must specify. One of these matters is:

(c) how the views of ratepayers and the community have been taken into account in proposing the higher cap.<sup>74</sup>

Therefore, it is a requirement in seeking an extension that councils consult with their communities.

Such consultation provides challenges for councils as communities tend not to be homogenous groups with the same views, but groups with different priorities and needs. As Mr Ierino told the Committee:

One of the challenges with local government is that there is always a balancing of many, many competing pressures and competing requests from the community. Sometimes we may need to seek a rate cap variation ... most things in council do not affect the whole of the community all of the time, and often there are different areas and different pockets that need to be dealt with.<sup>75</sup>

72 Mr Rob Spence, *Transcript of Evidence*, p 10, 18/10/16

73 P Brown, *Fair Go Rate System Independent Review 2016*, Essential Services Commission, p 12

74 Section 185E(3) *Local Government Act 1989*

75 Mr Trevor Ierino, *Transcript of Evidence*, p 7, 20/7/16



Mr Ierino went on to say:

...you go to the community to say, 'We need a rate cap variation for this reason. Do you support it or don't you?', in most cases not everyone in the community uses those facilities, and they will say, 'Well, I don't need one of those, so I'm not voting for that'.<sup>76</sup>

Despite this, it is a necessary stage in the process in both a legal and democratic sense to ensure that seeking a rate cap variation has been discussed with the community.

One council that the Committee heard from during this reporting cycle suggested that it was not happy with the decision to cap rates and refused to make necessary cuts to services or staff levels, but did go out to the community to have 'a broader discussion about it.'<sup>77</sup> This was not one of the councils that sought a rate cap variation.

Another council that did not seek a variation in this cycle was East Gippsland. Mr Gaffney echoed the view that getting a 'community consensus' is a very difficult thing and is particularly difficult when it comes to capping rates. He told the Committee:

...this year we did not go out and seek public consultation on rate capping. I think most people think that any cap on local government services — not realising the breadth of local government services — was a good thing.<sup>78</sup>

Mr Gaffney went on to suggest that despite not wanting rate increases, the community still wants all of the services. He said that:

...but they still want the services. I think people think that we have money trees out the side, but not realising that we have a \$100 million-a-year budget spread over, as I said, 21 000 square kilometres, over 40 communities, and delivering services to that is a cost.<sup>79</sup>

Regardless of the difficulties such consultation might cause councils seeking a rate cap variation, it is both a legal and, in the Committee's view, a democratic requirement that communities be consulted when seeking to get a variation on the rate cap. It becomes incumbent on councils to explain to communities the reasons for seeking the cap variation, and the possible consequences to services of not getting a variation.

The Brown review suggested that in future the consultation around a higher rate cap application with the community will be undertaken as part of the normal Council Plan, Strategic Resource Plan and Annual Budget preparation process.<sup>80</sup>

76 Ibid

77 Mr Alex Green, Mansfield Shire Council, *Transcript of Evidence*, p 6, 21/7/16

78 Mr Gary Gaffney, *Transcript of Evidence*, p 5, 27/9/16

79 Ibid

80 P. Brown, *Fair Go Rate System Independent Review 2016*, Essential Services Commission, p 14

The issue of consultation was seen as crucial in the NSW rate pegging regime. In evidence to the Committee, LGNSW advised that it was the genuine and significant consultation with communities that made the system work, to an extent. This consultation is a requirement in the Variation process, as it is in Victoria. Ms Rygate told the Committee that:

Councils have to undertake an enormous amount of consultation with their communities...they have to get 75 per cent of support from the community before they can put it up to IPART to get an increase...<sup>81</sup>

This consultation has the advantage of enabling councils to seek a higher rate cap because communities understand why the council needs it and what the benefit will be to the community. Ms Rygate said:

It is remarkable, the amount of community support that councils do get when they have that good communication with people...we find here in New South Wales that community support is pretty strong.<sup>82</sup>

During the course of this reporting period, the Committee heard allegations about one of the councils that sought and received a variation. Some of those allegations revolved around the lack of consultation. This matter will be addressed later in this chapter when the Committee considers the allegations in detail.

## 4.7 Actions taken for cost saving

One of the consequences of a rate capped environment for local government is that is likely there will need to be savings and efficiencies made in order to maintain services. A number of councils have given evidence about this issue in previous reports, including the Mornington Peninsula Shire Council.<sup>83</sup>

A number of councils have told the Committee in hearings about how they are seeking to cut their costs in order to manage the restrictions on income. One of the councils that appeared before the Committee during this reporting period indicated that they had five options in a rate capping environment. They could:

- apply for variation;
- increase income;
- reduce costs;
- look at asset renewal costs and reduce those; or
- increase debt levels<sup>84</sup>

A key area being considered by a number of councils is the reduction of staffing numbers. CEO of Indigo Shire Council, Mr Gerry Smith, told the Committee that:

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81 Ms Donna Rygate, *Transcript of Evidence*, p 3, 26/10/16

82 Ibid

83 *Transcript of Evidence*, 5/4/2016

84 Mr Alex Green, *Transcript of Evidence*, p 6, 21/7/16

...we have looked at internal efficiencies across a range of services in order to achieve that increase (2.5 per cent), and so we have looked at things such as restructuring in some areas, which has resulted in lower levels of staffing in key positions, and effectively we have frozen headcount as a result of the rate cap.<sup>85</sup>

More specifically, Alpine Shire Council's CEO, Mr Dave Berry, advised that:

We ran what was called a 'good to great' program. That resulted in an equivalent full-time staffing reduction from 143.5 equivalent full-time staff to now just under 100 — so about a one-third reduction in our workforce.<sup>86</sup>

The point was made in a hearing that any reduction in staff numbers is likely to result in an impact on services. The Committee heard that:

We will have to reduce services. Why? Because we are ultimately going to have to reduce our wage bill, and we often get the comment from community, 'Just sack some staff. Just get rid of staff'. We are an incredibly small, lean council. If we get rid of staff, and we can do that, it is going to reduce services<sup>87</sup>

Other councils told the Committee that they were making savings in areas where previously they would have made a significant contribution to community assets. For example, Indigo Shire Council said in a hearing that:

We had to pull back on expenditure ... such as a sporting oval that badly needs resurfacing but it is not a council-owned asset. In the absence of funding from the state we have had to deny funding...<sup>88</sup>

Another area for savings has been the reduction in motor vehicles, with one council reducing their motor vehicle fleet from 22 motor vehicles down to six, and by the end of 2016 they intend to have it down to two. This represented a recurring saving of approximately \$200 000.<sup>89</sup>

There has been a shift towards shared services between councils as a way of reducing costs for individual councils while maintaining service levels. The Committee heard that Alpine and Towong Shires have established a proprietary company that they own on a 50/50 basis that provides services to both councils, including labour hire for a range of council activities.<sup>90</sup>

Similarly, the Committee was told about the Gippsland Local Government Network, where the CEOs have signed up an agreement, a charter, to pursue joint services, and that is already starting to come together in various locations and between various shires. For example, South Gippsland and Baw Baw councils now share a risk management coordinator.<sup>91</sup>

85 Mr Gerry Smith, Indigo Shire Council *Transcript of Evidence*, p 3, 20/7/16

86 Mr Dave Barry, Alpine Shire Council *Transcript of Evidence*, p 4, 20/7/16

87 Mr Alex Green, *Transcript of Evidence*, p 7, 21/7/16

88 Mr Gerry Smith *Transcript of Evidence*, p 4, 20/7/16

89 Mr Dave Barry *Transcript of Evidence*, p 5, 20/7/16

90 Ibid

91 Mr Tim Tamlin *Transcript of Evidence*, p 2, 26/9/16

These partnerships and agreements represent a creative and positive response from councils, particularly those smaller rural councils which do not on their own have the economies of scale to enable them to operate cost effectively in isolation.

It was noted by the Committee that in response to the Committee's survey, that only 34 per cent of councils had actively undertaken service reviews. It is the Committee's intention that in the next reporting period a detailed analysis of the survey results will be undertaken and some of the issues raised will be pursued with councils in hearings.

It was acknowledged by some of the councils that gave evidence in this reporting period that to the extent rate capping made councils look at their cost structures and change the way they do things to become more efficient, it had a positive element. However, most councils believed that the cost of some of the efficiencies will be services, at least in the longer term. The Committee was told that to expect otherwise was unrealistic:

...statements that are made is that those efficiency dividends do not come at the expense of service reduction. I think we would know, and I am sure you would know, of examples where that efficiency dividend does come at the expense of services.<sup>92</sup>

In the survey sent out to all 79 councils, the Committee asked what actions had been taken to date to reduce costs in the face of a rate cap environment. Further and more detailed analysis of the survey will be undertaken for the next report. It should be noted that in this survey questions, there were a number of different ways the questions were answered, so comparisons between council responses will only be possible with further analysis. For a more detailed reading of the responses to the question of cost saving actions taken, the individual survey responses are available at [www.parliament.vic.gov.au/epc/article/3186](http://www.parliament.vic.gov.au/epc/article/3186).

However, preliminary analysis suggests that the two main areas of cost being addressed more widely at the moment are those of service delivery reviews, where 34 per cent of responding councils have reported undertaking some form of review, and Business and Purchasing efficiencies, where 75 per cent of councils have reported undertaking some efficiencies.

While the Committee has been provided with some examples of shared services being either established or examined, only 6 per cent of councils are currently doing this. Similarly, examples of the shedding of motor vehicles, as discussed above, are hard to find as only 4 per cent of responding councils are doing this at this stage.

The table below provides a snapshot of the sorts of actions being undertaken at this early stage of the rate capping policy being in place. Again, caution should be exercised in placing too much weight on these figures until further analysis is done in the next reporting period.

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92 Mr Alex Green *Transcript of Evidence*, p 7, 21/7/16

**Table 4.3** Containing Costs, 2016 Survey – Rate Capping

Action Taken to reduce Costs	Service Delivery reviews	Reduction in fleet vehicles and travel	Consolidation of Accommodation	Energy efficiencies	EBA Negotiation reductions
No. of Councils	27	3	2	5	8
per cent of Councils	34	4	3	6	10

Action Taken to reduce Costs	Implementation of Shared Services	Leasing / Selling Land Assets	Business and Purchasing efficiencies	Deferred Infrastructure	Cancelled Infrastructure
No. of Councils	5	3	59	8.5	2
per cent of Councils	6	4	75	11	3

Source: Environment and Planning Committee, 2016 Survey of Councils – Rate Capping Inquiry.

**FINDING 3:** The survey results provided relevant and useful information and the Committee will undertake a detailed analysis in the next reporting period.

## 4.8 Loss of other income

One of the areas that many councils appearing before the Committee emphasised was the difficulty that rate capping caused at a time when there is a perception of loss of other funding sources.

A key issue raised with the Committee was the closure of the Country Roads and Bridges Program.

Commencing in 2011, the Country Roads and Bridges Program was a 4-year program of funding for 40 rural councils, with each council receiving \$1m per year. The total budgeted figure for the program was \$160m. The \$1 million was intended to provide additional funds for maintenance and restoration of existing road or bridge infrastructure in rural council regions.

The current Government has discontinued this specific program. This issue was addressed in the Committee's First Report, with a recommendation that this program be re-instated. This recommendation was not supported by the Government in its response to the report, tabled in June 2016.

The government has provided a budget for general road maintenance and improvement activities across the state. A number of specific initiatives have been announced over the last year, with each of them being targeted at specific problem roads rather than providing funding for the councils to identify and undertake the work themselves.

It is clear from the evidence received, however, that the loss of the Country Roads and Bridges program has been noted by councils at this stage. Whether the model of funding now being used will meet the councils' long term road maintenance needs is yet to be known.

One council suggested that it was not rate capping in isolation that was causing the greatest difficulty, but the combination of rate capping in an environment when other income streams were being reduced. The CEO of Benalla Rural Council, Mr Tony McIlroy, told the Committee in a hearing that:

...the rate cap is not what has put the ultimate pressure on my council. It has been a combination of factors — the mention of the federal government financial assistance grants, the indexation factor. There has also been the reduction, the elimination and the cessation of state government programs, and I refer to the country roads and bridges program in particular and the local government infrastructure program.<sup>93</sup>

Mr McIlroy told the Committee that the Country Roads and Bridges program was a valuable source of funding and enabled the council to maintain essential assets and that the loss of the funding meant that there was a risk of failure of the assets. He told the Committee that:

...the country roads and bridges program is the most well-received funding that I have experienced in my time in the north-east region. At last count we had a rolling program that looked at 48 bridges for replacement or refurbishment. We had one last year that was not budgeted for and was not programmed and it failed, and the initial costing was \$780 000.<sup>94</sup>

The importance of the Country Roads and Bridges program was a recurring theme through the hearings in regional Victoria during this reporting period. In a hearing in Euroa, the Committee was told by Mr Peter Harriott of the Greater Shepparton City Council that:

...country roads and bridges are our bread and butter in rural and regional Victoria. In our area we call ourselves the food bowl of Victoria, if not Australia. We have the largest exporter through the largest port of Australia sending large volumes of product down to Melbourne — going all over the country, really. So the roads are just critical.<sup>95</sup>

Smaller Councils were even more reliant on the assistance provided by the program. According to the Mansfield Shire Council, the Country Roads and Bridges program was vital and 'at times it was as much as a quarter of our capital budget. So that has been taken out, and we have had to either find replacements or not do that work.'<sup>96</sup>

Murrindindi Shire also reinforced the importance of the Country Roads and Bridges program on the maintenance of its capital assets, saying in a hearing:

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93 Mr Tony McIlroy, Benalla Rural Council *Transcript of Evidence*, p 3, 21/7/16

94 *Ibid*, p 9

95 Mr Peter Harriot *Transcript of Evidence*, p 8, 21/7/16

96 Mr Alex Green *Transcript of Evidence*, p 9, 21/7/16

... for our council roads and bridges are a significant part of our capital works program and to meet a rate cap into the future the opportunity to reduce the capital works program is severely limited because of that.<sup>97</sup>

The MAV reinforced the importance of this issue to rural councils in a later hearing, telling the Committee:

...capital renewal in councils, particularly rural councils, is consuming a significant amount of their budgets — an average of about 40.6 per cent in rural Victoria of their rate revenue — and the analysis of community satisfaction surveys is still showing that the greatest area of gap between expected performance and performance rests in rural Victoria in roads and roads maintenance.<sup>98</sup>

In addition to the Country Roads and Bridges program, there was some concern expressed during the hearings about changes to federal funding under the Local Government Infrastructure (LGI) program, which has been replaced by the Regional Jobs and Infrastructure Fund and which has also adversely affected councils.

During evidence, Ms Abbey told the Committee that in addition the Roads and Bridges fund, she was concerned at the loss of the LGI program as well. She told the Committee this program had two advantages:

Firstly, it was non-competitive, and so for small rural councils when you are in a competitive round of grant funding it is very difficult to compete with larger regional or metropolitan councils. So the advantage of the program was that there was an allocation to council. The second benefit was that it was a known allocation over the four years, and so council could plan.<sup>99</sup>

It should be noted that this fund has been replaced by the Regional Infrastructure Fund (RIF), which is now the main infrastructure program of the Regional Jobs and Infrastructure Fund (RJIF). Its stated aims are invest in major infrastructure projects that create or enhance the conditions for economic growth.

A new initiative of the government, the Regional Partnerships program, was also raised during the hearings. The stated intention of the program, which was announced on 1 July, is to connect representatives in each region from local business, education, social services and community groups with the three tiers of government and builds on the work already done by existing regional leadership groups, including Regional Strategic Plans.

The model established is that each Regional Partnership is guided by around 15 members, including 'community and business people with diverse backgrounds and broad skills, local government CEOs, and one State Government deputy secretary'. The nine Regional Partnership Chairs will also come together to discuss cross-regional issues and opportunities as the Regional Development Advisory Committee.<sup>100</sup>

97 Ms Margaret Abbey *Transcript of Evidence*, p 12, 21/7/16

98 Mr Rob Spence *Transcript of Evidence*, p 3, 18/10/16

99 Ms Margaret Abbey, *Transcript of Evidence*, p 21/7/16

100 <[www.rdv.vic.gov.au/regional-partnerships](http://www.rdv.vic.gov.au/regional-partnerships)>, accessed on 29 November 2016



In evidence, the MAV raised some concerns about the program and the focus on the CEO's of council's rather than the elected representatives. Mr Spence told the Committee:

My understanding is that the model is established where CEOs will sit on the partnerships. In the discussions I have had with government at a number of points I have emphasised our concerns about the fact that there is no engagement with the elected reps...<sup>101</sup>

Mr Spence acknowledged that the government had not engaged with MAV in any detail, but that he thought that while the program wasn't necessarily a bad model:

...we want to know if it is going to try and harness the power of local government and state government and the community sector and private sector, and how it will do that when the councillors, the council, the political entity is not engaged.<sup>102</sup>

The CEO of the Victorian Local Governance Association, Dr Andrew Hollows, also expressed some concern about the lack of involvement in the regional partnership program of the elected representatives.

Dr Hollows told the Committee that:

So I think just let us keep an open mind about it but be mindful that councils do have a unique role to play there and that they do have elected councillors and they need to be part of that process as well.<sup>103</sup>

Again, it is not the Committee's intention to undertake a detailed analysis of the relative merits of these programs.

What is of concern to the Committee, however, is that the evidence given to it during this reporting period indicates rural councils, particularly some of the smaller councils, believe that they have lost access to vital infrastructure funding by the replacement of the Country Roads and Bridges and the Local Government Infrastructure programs. It is incumbent on the Government to ensure that councils clearly understand what funding is available to them and how they can access the funds.

The Committee notes that its previous finding and recommendation that the Country Roads and Bridges Program be re-instituted has not been supported by the Government.

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101 Transcript of Evidence, p 4, 18/10/16

102 Ibid

103 Transcript of Evidence, p 17, 18/10/16



## 4.9 Murrindindi Shire

During this reporting period, the Committee received a submission from two Murrindindi Shire councillors, Cr Eric Lording and Cr Chris Healy. In this submission, the councillors made a number of allegations about the Murrindindi Shire's application to the ESC for a rate cap variation, suggesting that the application was misleading and was designed to 'outsmart upcoming rate cap'.<sup>104</sup>

Among the key elements of the submission were:

1. Murrindindi Shire Council had an increase in the general rate for 2015–16 budget of 9.9 per cent while advertising an increase of 6 per cent. Persons involved in the process have stated confidentially that the 9.9 per cent rise was to outsmart the upcoming rate cap. The rate rise shown in the SRP [Strategic Resource Plan] was 6 per cent. Please remember that this 9.9 per cent remains a base on which all further rates are calculated. It remains in perpetuity.
2. Murrindindi Shire Council applied to the ESC for a variation of the rate cap and was granted a rise of 4.3 per cent. By an accounting trick of adding supplementary rates to the 2015–16 general rate figure, but not to the 2016–17 figure, council actually gained a rate rise of 5.6 per cent
3. Council claims that it is financially disadvantaged. The SRP, adopted in 2013 shows reserves (cash and cash equivalents) of \$9m for 2016–17 budget. The figure shown in the budget is \$23m. This shows that in a 3-year period reserves have risen by \$14m over and above the figure planned for in the SRP. The rise in reserves from 2015–16 to 2016–17 is \$1.9m.
4. Council has claimed a surplus of \$1000 for 2016–17. This ignores the fact that \$1.9m will be transferred to reserves.
5. In discussions at council regarding public consultation, related to the application for the variation in the rate cap, it was suggested by other councillors that the consultation process had to be carefully managed and controlled. We two councillors indicated that we would not be part of a bogus consultation process. Council then decided not to consult but to rely on financial consultation done prior to applying for a variation in the rate cap.
6. The basis of Murrindindi Council's CEO's presentation to this Committee was that Council was financially disadvantaged because of the loss of Capital Improved Value for the properties which were destroyed by the 2009 bushfires. The CEO's Submission failed to acknowledge that although General Rates collected in 2009–10 dropped by 1.03 per cent they then rose by 6.63 per cent in 2010–11 and continued to rise by significant amounts until the current 2016–17 Budget.<sup>105</sup>

<sup>104</sup> Submission 75, p 1

<sup>105</sup> Submission 75, p 2

According to Crs Lording and Healy's submission:

Murrindindi Shire Council fits the profile of Councils that the Fair Go Rate System was designed to bring into line. Murrindindi Shire Council has become addicted to rate rises and has ceased to consider how these rate rises affect the Ratepayer.<sup>106</sup>

The submission also claims that the ESC 'glossed over' the councillors' concerns.<sup>107</sup>

As a result of the seriousness with which the Committee viewed the allegations, Councillors Lording and Healy were invited to give evidence in a public hearing.

In the hearing, Cr Lording told the Committee that not only did the ESC gloss over their concerns, they removed the submissions from their website, 'when our submission with damning information was presented.'<sup>108</sup>

According to the councillor:

...we have got it on pretty good information that it (the ESC) was given the feeling that we were a couple of dumb clucks and the ESC should not listen, and unfortunately they listened to that from the council'.<sup>109</sup>

In the view of the councillors Murrindindi Shire is actually 'overfunded, and the rate rise was not needed'.<sup>110</sup>

The councillors implied that this was a deliberate attempt by the shire council to 'outsmart' the incoming rate cap. Cr Healy said in evidence that:

That 9.9 was a figure that they just pulled out of the air because they had the 6 per cent that they were planning on under the strategic resource plan, and to outsmart the rate cap that was coming in the year after, they jacked up the rates by 9.9.<sup>111</sup>

They claimed that when the CEO presented to the ESC, she suggested the loss of residential properties during the 2009 bushfires had led to a reduction in the rates base and that the rates had therefore decreased, which the councillors suggested was actually untrue.<sup>112</sup>

In addition to the level of rates, the councillors suggested that the Murrindindi Shire had substantial capital reserves. Cr Lording told the Committee that:

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106 Ibid

107 Ibid

108 Cr Eric Lording *Transcript of Evidence*, p 39, 18/10/16

109 Ibid

110 Ibid

111 Cr Chris Healy *Transcript of Evidence*, p 41, 18/10/16

112 Cr Eric Lording *Transcript of Evidence*, p 39, 18/10/16

Another thing that is happening is that there is a sizeable unused infrastructure. Sizeable — large — infrastructure rate funds are diverted to reserves each year rather than being used the following year. This has bloated the reserves but lowered the service levels and needed infrastructures for ratepayers who have actually paid for them.<sup>113</sup>

To illustrate the point, Cr Healy told the Committee that:

The strategic plan that they did in 2013 predicted reserves of \$9 million for 2016–17, but in the 2016–17 budget the reserves are actually \$23.4 million, I think it was, so we have got that \$14 million jump.<sup>114</sup>

The councillors were not only critical of the Murrindindi Shire and its CEO, but also of the ESC. Cr Healy indicated in evidence that:

It should have been simple, but it has now become a nightmare. All of the high-level information that was provided really sounds good, but on the ground it was not so good in Murrindindi's case. The ESC totally ignored the jump in the strategic resource plan in 2015–16 from a 6 per cent rise in the general rate to 9.9 per cent.<sup>115</sup>

Possibly of more concern, was the implication of collusion between the ESC and the shire. Cr Healy told the Committee that:

...it was impossible for the ESC to come to the decision they reached unless there was some external motivation to do so. Eric and I provided documents that showed that the SRP for 2015–16 was 6 per cent.<sup>116</sup>

In the view of the councillors, the interpretation of the figures presented by the Murrindindi Shire Council was wrong and, in their view, the ESC should have known it was wrong. Cr Lording said in evidence:

One of the things that the ESC was told was basically that the residential rate was the general rate, and the ESC actually regurgitated that theory in some of their information, but it is just plain wrong, and the ESC — their experts — would have known it was plain wrong.<sup>117</sup>

A further allegation made by the two councillors was that the consultation undertaken by the council was not in compliance with the Act. In fact, it is their contention that no consultation about the rate cap variation was undertaken. Cr Lording told the Committee in evidence that:

Public consultation was not done at all. It was based on the previous consultation done in the previous year. So as far as going for a variation in the rate cap, there was absolutely no consultation. We have that in writing from the mayor.<sup>118</sup>

113 Ibid

114 Cr Chris Healy P41, *Transcript of Evidence*, 18/10/16

115 Ibid

116 Cr Chris Healy *Transcript of Evidence*, p 40, 18/10/16

117 Cr Eric Lording *Transcript of Evidence*, p 42 18/10/16

118 Ibid, p 40

They stated that this was in contravention of the Act and did not meet the requirements of the criteria set out in section 185E of the Act and that:

... there should be five public consultations in the major cities — worst case four — and we finished up with none.<sup>119</sup>

The Committee is concerned that there are allegations of this nature being made against both a council and the ESC in the first year of the FGRS. The Committee wants to make it clear, however, that these are simply allegations made by two councillors and the Committee makes no findings about the veracity of the allegations.

The allegations of abuse of the system were supported by a further submission to the inquiry from a group of ratepayers under the name of Concerned Petitioners, Ratepayers and Stakeholders Group Murrindindi Shire. In its submission, this group suggested that Murrindindi Shire's approach 'appears to be a misinterpretation of the policy requirements and somewhat ambiguous in its intent and totally inadequate in its transparency and lack of meaningful consultation with the Community.'<sup>120</sup>

The submission raised some key concerns about the Murrindindi Shire, some of which are not related to the terms of reference of this inquiry and will not be considered by the Committee. These relate to the performance of the council generally and while they may have an impact on the issue of rate capping to some extent, they represent broader issues which the Committee is unable to address.

However, there are some concerns raised in the submission that may have had an impact on the Shire's application for a rate cap variation and on its meeting the obligations laid out in the Act.

Some of the concerns raised in the submission included:

- MSC denies the Community meaningful consultation and even when consultation occurs does not take Community concerns into consideration;
- Budget Forecasts and media releases mislead the Community and misrepresent the real financial position of the MSC;
- this has apparently occurred in the calculation of Rates for 2013–14; 2014–15; 2015–16 and now 2016–17 to the point of possibly misleading the ESCV;
- Reserves and Unrestricted Reserves for 2016 are misleading as the 2013 Strategic Resource Plan show reserve of \$9.01 million yet the 2016–17 Budget show Cash and Cash Equivalents of \$23.23 million; and
- perceived mismanagement and incorrect reporting of Capital Works Programs and Year to Year accounting.

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119 Ibid, p 43

120 Submission 77, p 1

- no opportunity given to the Community for broad and meaningful consultation especially with regard to intended representation to the Essential Services Commission of Victoria (ESCV) on rate capping or exemption.<sup>121</sup>

The submission and evidence given by Crs Lording and Healy, as well as other submissions, have indicated that there are clearly concerns about the way the Murrindindi Shire has been managing the process of seeking a variation on the rate cap. There have been particular concerns about the way the financial situation of the council has been presented and about the consultation with the community. In its submission, the Concerned Petitioners, Ratepayers and Stakeholders Group called for audits of the Murrindindi Shire Council's budgets for several years, and a review of the representations made by the MSC and the processes involved in the application for a variation. The group also echoes the concerns of Crs Lording and Healy about the role of the ESC itself.<sup>122</sup>

The Committee sought written responses to the allegations from both the Murrindindi Shire Council and from the ESC. At the time of reporting, the Murrindindi Shire had not provided a response.

In response, the ESC advised the Committee that it rejected the suggestion that it was 'subject to external influences'. In correspondence to the Committee, the ESC said:

In making its decision on the higher rate cap application by the Murrindindi Shire Council, the Commission gave careful and thorough consideration to all matters that it was required to consider under the Local Government Act, and only those matters. It closely scrutinised the application of the Council, and had regard to expert advice. It had available to it financial data collected by Local Government Victoria, the Victorian Auditor General's Office and the Victorian Grants Commission.<sup>123</sup>

The Commission further advised the Committee that:

Deloitte Access Economics noted that Murrindindi had 'budgeted for a not insignificant adjusted underlying operating deficit and looking beyond the current 4 year planning period it was Deloitte's view that Murrindindi would need to 'generate more revenue an/or reduce service levels progressively over time in order to operate on a financially sustainable basis'.<sup>124</sup>

In further correspondence, the Chairman of the ESC, Dr Ron Ben-David was even stronger in his rejection of the allegations made by Crs Lording and Healy, telling the Committee that:

These allegations are unfounded and wrong. As a regulator established under its own Act of Parliament, we take with great seriousness our responsibility to discharge our duties independently and impartially.<sup>125</sup>

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121 Submission 77, p 2

122 Ibid

123 Correspondence from ESC to Environment and Planning Committee, 17/11/16

124 Ibid

125 Correspondence from ESC to the Environment and Planning Committee, 24/11/16

Dr Ben-David went on to say:

The Commission’s decision was reached solely on the basis of the information it had before it, staff’s analysis of that information, staff’s discussions with their peers at council, unsolicited submissions received from members of the public (including Councillors Healy and Lording) and external analysis from our financial advisers. There were no other influences on our decision-making and our decision-making was free of political motivation.<sup>126</sup>

The submission from Councillors Lording and Healy is attached as Appendix 5. The responses from the ESC are also attached as Appendix 6.

The Committee has not carried out a detailed investigation of these matters and therefore makes no finding on the veracity or otherwise of the allegations, either against Murrindindi Shire Council or the ESC.

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126 Ibid

# 5 The Next Steps

In the next reporting period, while continuing to monitor developments in the rate capping regime as the system becomes more established, the Committee will undertake a detailed analysis of the survey of councils to determine how the responses reflect on the Fair Go Rates System; it will undertake an analysis and seek broad responses to the Brown Review, which reported late in this reporting period; and will, of course, continue to hear evidence from local governments, ratepayers and other stakeholders in the issue of rate capping.

**Committee Room  
December 2016.**





# Appendix 1

## Submissions

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1.	Victorian Farmers' Federation
2.	Victorian Local Governance Association
3.	Municipal Association of Victoria
4.	G.H. Schorel-Hlavka
5.	Consortium of Ratepayers Groups
6.	Corangamite Shire Council
7.	Derek Balogh
8.	M. Smyrnis
9.	Ratepayers Victoria
10.	Cr Chris Healy and Cr Eric Lording
11.	Lyn Gunter
12.	Concerned Petitioners, Ratepayers and Stakeholders Group of Murrindindi Shire
13.	Gary Gaskin

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Note: The Committee received a total of 13 submissions and supplementary submissions during this phase of the inquiry.



# Appendix 2

## Public Hearings

### Tuesday 21 June 2016

Legislative Council Committee Room, Parliament House,  
Spring Street, Melbourne

Name	Title	Organisation
Mr Keegan Bartlett	Program Manager, Local Government and Fee for Service	Victorian Electoral Commission
Ms Liz Williams	Deputy Electoral Commissioner	
Ms Marilyn Kearney	Director, Corporate Services	Boroondara City Council
Cr Jim Parke	Mayor	
Ms Rebecca McKenzie	Chief Executive Officer	Glen Eira City Council
Cr Neil Pilling	Mayor	

### Wednesday 20 July 2016

The Cube Wodonga, 118 Hovell St, Wodonga

Name	Title	Organisation
Ms Juliana Phelps	Chief Executive Officer	Towong Shire Council
Cr David Wortmann	Mayor	
Mr Trevor Ierino	Director, Business Services	Wodonga City Council
Ms Narelle Klein	Manager, Finance	
Mr Dave Barry	Chief Executive Officer	Alpine Shire Council
Cr Ron Janas	Mayor	
Mr Gerry Smith	Chief Executive Officer	Indigo Shire Council
Ms Ruth Kneebone	Director, Corporate Services	Wangaratta Rural City Council

### Thursday 21 July 2016

Old Flour Mill Gallery, 17 Kirkland Ave, Euroa

Name	Title	Organisation
Mr Alex Green	Chief Executive Officer	Mansfield Shire Council
Ms Margaret Abbey	Chief Executive Officer	Murrindindi Shire Council
Mr Tony McIlroy	Chief Executive Officer	Benalla Rural Council
Mr Peter Harriott	Chief Executive Officer	Greater Shepparton City Council

**Monday 26 September 2016**  
**Morwell Bowls Club, Hazelwood Rd, Morwell**

Name	Title	Organisation
Mr Matthew Rogers	Manager, Finance	Latrobe City Council
Mr Tim Tamlin	Chief Executive Officer	South Gippsland Shire Council
Mr Tom Lovass	Manager, Finance	

**Tuesday 27 September 2016**  
**East Gippsland Shire Council Chambers, 273 Main Street, Bairnsdale**

Name	Title	Organisation
Mr Gary Gaffney	Chief Executive Officer	East Gippsland Shire Council
Mr Shane Turner	Emergency Coordinator	

**Tuesday 18 October 2016**  
**Legislative Council Committee Room, Parliament House,  
 Spring Street, Melbourne**

Name	Title	Organisation
Mr Rob Spence	Chief Executive Officer	Municipal Association of Victoria
Dr Andrew Hollows	Chief Executive Officer	Victorian Local Governance Association
Mr David Preiss	Chief Executive Officer	LG Professionals
Ms Rebecca McKenzie	Vice President	
Dr John Hamill	Chief Executive Officer	Essential Services Commission
Mr Andrew Chow	Director, Local Government	
Cr Chris Healy		Murrindindi Shire Council
Cr Eric Lording		

**Wednesday 26 October 2016**  
**Meeting Room G.6, 55 St Andrews Place, East Melbourne**  
*(via telephone)*

Name	Title	Organisation
Ms Donna Rygate	Chief Executive Officer	Local Government NSW
Mr Shaun McBride		

Appendix 3  
**The Local Government Survey -  
Questionnaire**



**Legislative Council Standing Committee on Environment and Planning**

**Consolidated request for information relevant to the Inquiry into Rate Capping Policy**

As part of the Inquiry into Rate Capping Policy, the Committee has resolved to request the following information. This request is made pursuant to section 19 of the *Constitution Act 1975*, and Legislative Council Standing Order 23.19. Further all responses will be treated as evidence, which is protected by parliamentary privilege.

Please return responses to [epc@parliament.vic.gov.au](mailto:epc@parliament.vic.gov.au) by Tuesday 12 July 2016. If you have any questions please contact the Secretariat on 03 8682 2869.

<b>Council Name:</b>	
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**1. Enterprise Bargaining Agreement**

	What is the percentage pay increase provided for in your EBA for the following periods? If the EBA has not been concluded for these periods please advise.	What is the additional estimated cost of bracket creep annually at your council? Note Bracket creep means movements in payments unrelated to the general EBA indexation but related to reclassifications and annual and other increments relating to changes of bands.
2013/14 financial year		
2014/15 financial year		
2015/16 financial year		
2016/17 financial year		
2017/18 financial year		

**2. Local government general election costs 2012 and 2016**

General council election	Cost	How delivered (i.e., 'postal' or 'attendance elections')
2012		
2016		

Were there any differences between these two elections which would impact on costs (e.g. number of centres increased or decreased)?

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**Legislative Council Standing Committee on Environment and Planning**

**3. Senior officer salaries**

As at 30 June 2015 (for the 2014/15 financial year) and 30 June 2016 (for the 2015/16 financial year), please provide the **number** of senior officers for each pay scale. Please note senior officers should be defined as per the *Local Government Act*, and should include **total remuneration** for each position.

Salary Band	Number of staff at 30 June 2015 (2014/15 financial year)		Number of staff at 30 June 2016 (2015/16 financial year)		Salary Band	Number of staff at 30 June 2015 (2014/15 financial year)		Number of staff at 30 June 2016 (2015/16 financial year)		Number of staff at June 2015 (2014/15 financial year)		Number of staff at 30 June 2016 (2015/16 financial year)	
	EBA staff	Managers	EBA staff	Managers		EBA staff	Managers	EBA staff	Managers	EBA staff	Managers	EBA staff	Managers
\$120,000 - \$129,999					\$250,000 - \$259,999					\$380,000 - \$389,999			
\$130,000 - \$139,999					\$260,000 - \$269,999					\$390,000 - \$399,999			
\$140,000 - \$149,999					\$270,000 - \$279,999					\$400,000 - \$409,999			
\$150,000 - \$159,999					\$280,000 - \$289,999					\$410,000 - \$419,999			
\$160,000 - \$169,999					\$290,000 - \$299,999					\$420,000 - \$429,999			
\$170,000 - \$179,999					\$300,000 - \$309,999					\$430,000 - \$439,999			
\$180,000 - \$189,999					\$310,000 - \$319,999					\$440,000 - \$449,999			
\$190,000 - \$199,999					\$320,000 - \$329,999					\$450,000 - \$459,999			
\$200,000 - \$209,999					\$330,000 - \$339,999					\$460,000 - \$469,999			
\$210,000 - \$219,999					\$340,000 - \$349,999					\$470,000 - \$479,999			
\$220,000 - \$229,999					\$350,000 - \$359,999					\$480,000 - \$489,999			
\$230,000 - \$239,999					\$360,000 - \$369,999					\$490,000 - \$499,999			
\$240,000 - \$249,999					\$370,000 - \$379,999					\$500,000 +			



**Legislative Council Standing Committee on Environment and Planning**

**4. Planning fees**

	What was the cost to your council to issue planning permits?	What revenue was received by your council from planning permits?
2012/13 financial year		
2013/14 financial year		
2014/15 financial year		
2015/16 financial year		
2016/17 financial year (if not known please state this)		

**5. If your council applied to the Essential Services Commission (ESC) for a rate cap variation:**

What was the total cost to council of preparing the application?	
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**6. Roads and bridges**

What is the size of the road network (in kms) that you are responsible for?	
If there is a backlog in road and/or bridge maintenance and renewal, has your council costed this and if so what is the estimated cost?	

	How much road and/or bridge maintenance and renewal funding did your council receive from the state government?	How much road and/or bridge maintenance and renewal funding did your council receive from the federal government?	How much did your council spend in total on road and/or bridge maintenance and renewal?
2012/13 financial year			
2013/14 financial year			
2014/15 financial year			
2015/16 financial year			
2016/17 financial year (if not known please state this)			

Do you have any other comments about funding for infrastructure (such as roads and bridges)?

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**Legislative Council Standing Committee on Environment and Planning**

A3

**7. State Emergency Service**

	How many State Emergency Service units are based in your municipality?	How many State Emergency Service units do you provide funding to?	How much funding did you provide to the State Emergency Service?	Did you provide any other support/assistance to the State Emergency Service? (such as land, buildings or maintenance )	If you provided other support/assistance to the State Emergency Service, what is the estimated value?
2012/13 financial year					
2013/14 financial year					
2014/15 financial year					
2015/16 financial year					
2016/17 financial year (if not known please state this)					

**8. Containing costs**

Are you able to give some examples of how council has reduced spending and/or contained costs in 2015/16 in preparation for the introduction of rate capping? Was any infrastructure deferred or cancelled, if so please specify.

Are you able to give some examples of planned measures to reduce spending and/or contain costs in 2016/17 in following the introduction of rate capping? Was any infrastructure deferred or cancelled, if so please specify.



## Appendix 4

# **The Local Government Survey - Consolidated Responses**

The individual responses to the survey will be published on the Committee's website as a separate Appendix.

Appendix 4 The Local Government Survey – Consolidated Responses

Q1 EBA	2013/14 (%)	2013/14 estimate	2014/15 (%)	2014/15 estimate	2015/16 (%)	2015/16 estimate	2016/17 (%)	2016/17 estimate	2017/18 (%)	2017/18 estimate
Alpine (S)	3.00	Not known	3.00	Not known	3.00	Not known	N/A	Not known	N/A	Not known
Ararat (R)	3.00	0.90%	3.00	0.90%	3.00	0.90%	3.00	0.90%	3.00	0.90%
Ballarat (C)	3.60	1%	3.60	1.00%	3.60	1.00%	TBA	1.00%	TBA	1%
Banyule (C)	4.00	\$380,000	3.35	\$400,000	3.35	\$500,000	3.30	\$500,000	TBA	TBA
Bass Coast (S)	4.00	\$104,910	4.00	\$112,020	4.00	\$116,500	2.50	119,413	2.50	\$122,398
Baw Baw (S)	4.00	Not known	2.75	Not known	2.85	Not known	2.85	Not known	TBA	Not known
Bayside (C)	3.50	\$276,000.00	3.50	\$280,000.00	3.50	\$289,000.00	3.50	\$225,000.00	TBA	\$235,000.00
Benalla (R)	3.80	3%	3.80	3%	2.00	3%	2.00	3%	2.00	3%
Boroondara (C)	4.37	4%	3.92	3.50%	3.26	3.00%	3.27	3%	TBA	3%
Brimbank (C)	3.00	1%	3.50	1%	3.30	1%	3.30	1%	2.40	1%
Buloke (S)	None	1%	2.75	1%	2.50	1%	2.50	1%	TBA	TBA
Campaspe (S)	3.50	\$450,000.00	3.50	\$475,000.00	3.50	\$485,000.00	\$2.25	\$495,000.00	\$2.25	\$505,000.00
Cardinia (S)	4.00	Not known	3.20	Not known	3.20	Not known	3.20	Not known	TBA	Not known
Casey (C)	3.90	0.50%	3.90	0.50%	3.90	0.50%	3.90	0.50%	TBA	N/A
Central Goldfields (S)	3.70	1%	3.50	1%	3.50	1%	3.50	1%	TBA	1%
Colac Otway (S)	3.60	N/A	3.60	\$157,000	3.60	\$124,000	N/A	\$150,000	TBA	N/A
Corangamite (S)	3.80	\$50,000	3.40	\$50,000	3.40	\$50,000	3.40	\$52,000	TBA	N/A
Darebin (C)	3.75	0.60%	4.00	0.60%	4.25	0.60%	4.00	0.6	TBA	N/A
East Gippsland (S)	4.00	Not known	3.00	Not known	3.00	Not known	3.00	Not known	TBA	TBA
Frankston (C)	3.25	0.50%	3.25	0.50%	3.25	0.50%	TBA	TBA	TBA	TBA
Gannawarra (S)	3.00	2%	3.25	2%	3.50	2%	TBA	2%	TBA	2%
Glen Eira (C)	3.70	\$228,000	3.70	\$101,000	3.70	\$282,000	TBA	\$203,000	TBA	TBA
Glenelg (S)	3.80	Not known	3.80	Not known	3.80	Not known	3.90	Not known	TBA	TBA
Golden Plains (S)	3.80	\$25,000	3.70	\$20,000	2.70	\$38,000	3.70	\$14,000	TBA	TBA
Greater Bendigo (C)	3.40	\$61,477.00	3.40	\$37,991.00	3.40	\$54,505.00	3.40	\$54,810.00	N/A	\$52,718.00
Greater Dandenong (C)	3.50	\$300,000-350,000 est. annually	3.50	0.50%	2.90	0.50%	2.70	0.50%	2.65	0.50%
Greater Geelong (C)	4.25	Not known	3.30	Not known	3.50	Not known	3.50	Not known	TBA	TBA
Greater Shepparton (C)	4.00	\$203,200	3.00	\$211,100	3.05	\$220,700	3.05	\$232,300	TBA	\$239,300
Hepburn (S)	3.30	\$88,000	3.30	\$111,000	3.30	\$105,000	TBA	TBA	TBA	TBA
Hindmarsh (S)	3.50	0.50%	3.50	0.50%	3.80	0.50%	TBA	0.50%	TBA	0.50%
Hobsons Bay (C)	3.60	1.50%	3.60	1.50%	3.60	1.50%	TBA	1.50%	TBA	1.50%
Horsham (R)	3.50	0.50%	3.50	0.50%	3.50	0.50%	TBA	0.50%	TBA	0.50%
Hume (C)	4.00	1.50%	3.75	1.50%	3.50	1.50%	3.25	1.50%	TBA	1.50%
Indigo (S)	4.00	Not known	4.00	\$89,333	2.75	\$91,790	2.50	\$94,084	2.50	\$96,436
Kingston (C)	3.70	\$724,000	3.70	\$763,000	3.70	\$807,000	TBA	\$784,000	TBA	\$812,000
Knox (C)	3.20	\$3,932,000	3.20	\$4,155,000	2.50	\$4,439,000	2.50	\$4,504,000	2.60	\$4,648,000
Latrobe (C)	4.00	0.50%	4.00	0.50%	3.00	0.50%	3.00	0.50%	3.00	0.50%
Loddon (S)	4.00	1%	3.00	1%	3.00	1%	3.00	1%	3.00	1%
Macedon Ranges (S)	3.20	0.90%	3.30	0.90%	3.30	0.90%	TBA	0.90%	TBA	0.90%
Manningham (C)	4.00	\$439,078	3.10	\$155,589	3.10	\$134,589	3.20	\$110,371	TBA	\$112,678
Mansfield (S)	3.90	N/A	3.90	N/A	2.00	0.40%	2.00	N/A	2.00	N/A
Maribyrnong (C)	3.40	1%	3.40	1%	3.40	1%	TBA	1%	TBA	1%
Maroondah (C)	3.10	0.50%	3.00	0.50%	3.00	0.25%	3.00	0.25%	3.00	0.25%
Melbourne (C)	3.00	\$1,951,787	4.00	\$2,032,228	3.50	\$2,154,529	TBA	\$2,172,077	TBA	\$2,237,179
Melton (C)	3.50	1.50%	3.50	1.50%	3.50	1.50%	TBA	1.50%	TBA	1.50%
Mildura (R)	3.50	\$989,000	3.50	\$998,000	2.70	\$1,042,000	2.50	\$1,098,000	2.50	\$1,154,000
Mitchell (S)	3.50	Not known	3.00	1%	3.00	1%	3.00	1%	TBA	1%
Moira (S)	3.50	\$250,000	3.50	\$250,000	3.50	\$266,000	TBA	TBA	TBA	TBA
Monash (C)	3.25	\$294,222	3.50	\$273,323	3.75	\$276,369	TBA	\$290,181	TBA	TBA
Moonee Valley (C)	3.50	\$657,000	3.50	\$834,000	3.60	\$1,150,000	3.80	\$1,172,000	2.50	\$1,430,000
Moorabool (S)	3.50	\$118,778	3.50	\$134,366	3.50	\$117,794	3.50	\$121,266	TBA	TBA
Moreland (C)	4.00	\$371,000	4.00	\$310,000	2.49	\$176,000	2.13	\$350,000	2.13	\$350,000
Mornington Peninsula (S)	3.90	\$700,775	3.30	\$612,376	3.30	\$688,470	3.30	\$615,734	TBA	TBA
Mount Alexander (S)	3.50	\$226,609	3.50	\$345,288	3.50	\$276,455	TBA	TBA	TBA	TBA
Moyné (S)	4.20	\$167,000	3.50	\$173,000	3.50	\$171,000	TBA	\$165,000	TBA	\$165,000
Murrindindi (S)	4.00	4.50%	4.00	4.50%	3.00	3.50%	3.00	3.50%	3.00	3.50%
Nillumbik (S)	4.00	\$100,000	3.00	\$100,000	3.10	\$100,000	3.10	\$100,000	TBA	\$100,000
Northern Grampians (S)	3.50	\$108,000	3.25	\$129,000	3.25	\$110,000	TBA	TBA	TBA	TBA
Port Phillip (C)	3.75	\$433,000	3.75	\$425,000	3.50	\$420,000	TBA	TBA	TBA	TBA
Pyrenees (S)	3.50	0.50%	3.50	0.50%	3.50	0.50%	TBA	TBA	TBA	TBA
Queenscliffe (B)	4.50	\$35/week	4.00	\$35/week	0.50	TBA	0.50	TBA	0.50	TBA
South Gippsland (S)	4.00	0.5	4.00	0.50%	4.00	0.50%	TBA	0.50%	TBA	0.50%
Southern Grampians (S)	3.60	4.50%	3.60	4.50%	3.60	4.50%	2.00	3.20%	2.00	3.20%
Stonnington (C)	3.75	1.10%	3.75	1.10%	3.75	1.10%	TBA	1.10%	TBA	1.10%
Strathbogie (S)	3.00	Not known	3.00	Not known	2.25	Not known	2.20	Not known	2.15	Not known
Surf Coast (S)	3.40	\$97,539	3.40	\$158,564	3.40	\$185,637	2	\$121,089	2.00	TBA
Swan Hill (R)	4.00	1.50%	3.00	1.25%	3.00	1%	3.00	1%	3.00	1%
Towong (S)	3.00	\$0	3.00	\$0	3.00	\$0	TBA	0	TBA	0
Wangaratta (R)	4.00	2.50%	4.00	2.50%	4.00	2.5	TBA	2.50%	TBA	2.50%
Warrnambool (C)	3.60	4.50%	3.60	0.80%	3.60	0.80%	2.30	0.80%	2.30	0.80%
Wellington (S)	3.50	1%	3.50	1%	3.50	1%	TBA	TBA	TBA	TBA
West Wimmera (S)	4.50	\$77,721	4.50	\$79,539	2.70	\$85,904	2.70	\$113,064	2.70	\$100,000
Whitehorse (C)	3.50	1%	3.50	1%	3.50	1%	2.50	1%	2.00	1%
Whittlesea (C)	4.30	\$593,117	3.40	\$639,189	3.40	\$672,295	3.40	\$710,004	TBA	TBA
Wodonga (C)	3.80	\$146,800	3.80	\$221,100	2.75	\$247,400	2.50	\$393,800	2.50	\$315,200
Wyndham (C)	4.40	Not known	4.00	Not known	3.40	Not known	3.40	Not known	3.30	Not known
Yarra (C)	4.00	0.5-1%	4.00	0.5-1%	4.00	0.5-1%	4.00	0.5-1%	TBA	TBA
Yarra Ranges (S)	3.40	N/A	3.40	N/A	TBA	N/A	TBA	N/A	TBA	N/A
Yarriambiack (S)	4.00	1.10%	3.50	1%	3.50	1%	3.50	1%	3.50	1%

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Q2 Election Costs	2012		2016		Differences between 2012 and 2016
	Cost (\$)	Delivery	Cost (\$)	Delivery	
Alpine (S)	93,292.00	Postal	118,810.00	Postal	Previously utilised location space within Council Office which significantly reduced the accommodation / rent component and impact from increase of postage charges
Ararat (R)	74,821.00	Not Contested	96,794.00	Postal	2012 amount included 3 by elections, the cost of which were not included in budgets
Ballarat (C)	328,000.00	Postal	480,000.00	Postal	
Banyule (C)	434,882.34	Attendance	644,675.28	Attendance	One ward not contested in 2012
Bass Coast (S)	181,654.00	Postal	197,222.00	Postal	An increase number of Councillors from 7 to 9
Baw Baw (S)	220,000.00	Postal	300,000.00	Postal	
Bayside (C)	331,561.00	Postal	346,000.00	Postal	No
Benalla (R)	83,218.00	Postal	131,380.00	Postal	Office rental has increased from \$8,600 to \$32,600
Boroondara (C)	446,813.00	Postal	662,500.00	Postal	VEC and postage costs
Brimbank (C)	N/A	N/A	N/A	N/A	
Buloke (S)	70,325.00	Postal	8,700.00	Postal	
Campaspe (S)	161,960.00	Postal	216,000.00	Postal	
Cardinia (S)	239,304.00	Postal	300,117.00	Postal	
Casey (C)	587,100.00	Postal	859,790.00	Postal	Postage costs increased and 11% more voters
Central Goldfields (S)	78,136	postal	109,150.00	Postal	
Colac Otway (S)	128,068.69	Postal	142,221.00	Postal	Postage costs
Corangamite (S)	82,455.00	Postal	115,944.00	Postal	VEC and postage costs
Darebin (C)	458,491.00	Postal	592,852.00	Postal	
East Gippsland (S)	202,305.00	Postal	274,000.00	Postal	
Frankston (C)	383,799.00	Postal	469,159.00	Postal	
Gannawarra (S)	73,336.00	Postal	92,167.00	Postal	
Glen Eira (C)	511,466.00	Attendance	501,731.00	Postal	Reduction in cost due to change to postal voting
Glenelg (S)	128,000.00	Postal	150,000.00	Postal	
Golden Plains (S)	122,983.00	Postal	155,774.00	Postal	VEC costs
Greater Bendigo (C)	321,087.00	Postal	375,950.00	Postal	
Greater Dandenong (C)	549,000.00	Attendance	667,000.00	Attendance	
Greater Geelong (C)	507,000.00	Postal	895,000*	Postal*	* Election not held. Noted the increase in postage costs
Greater Shepparton (C)	212,614.00	Postal	334,517.00	Postal	Postage cost increases, VEC costs and 2 additional Councillors for 2016 elections
Hepburn (S)	106,785.00	Postal	160,792.00	Postal	VEC costs
Hindmarsh (S)	65,000.00	Postal	100,000.00	Postal	
Hobsons Bay (C)	307,000.00	Postal	400,000.00	Postal	
Horsham (R)	105,000.00	Postal	160,000.00	Postal	
Hume (C)	446,000.00	Postal	627,000.00	Postal	Noted postage cost increases, growth in voter numbers and CPI as factors
Indigo (S)	61,263.00	Postal	113,877.00	Postal	VEC and CPI costs
Kingston (C)	496,067.00	Postal	650,000.00	Postal	
Knox (C)	546,984.71	Attendance	777,972.35	Attendance	2 Uncontested Wards in 2012
Latrobe (C)	243,615.00	Postal	346,695.00	Postal	VEC costs
Loddon (S)	65,896.00	Postal	99,487.00	Postal	
Macedon Ranges (S)	170,000.00	Postal	214,000.00	Postal	
Manningham (C)	371,780.00	Postal	465,130.00	Postal	VEC costs
Mansfield (S)	92,000.00	Postal	113,000.00	Postal	VEC costs & one ward did not vote in 2012
Maribyrnong (C)	232,508.00	Postal	334,864.19	Postal	VEC costs, postage costs among others (see survey for complete list)
Maroondah (C)	385,761.00	Postal	500,126.00	Postal	
Melbourne (C)	1,366,912.00	Postal	1,437,691.00	Postal	
Melton (C)	373,398.00	Postal	516,974.00	Postal	Increase in voters, wards contested and VEC costs
Mildura (R)	206,464.00	Postal	248,000.00	Postal	
Mitchell (S)	144,000.00	Postal	185,000.00	Postal	Population growth, VEC costs and postage costs
Moira (S)	149,500.00	Postal	220,000.00	Postal	
Monash (C)	450,280.00	Postal	561,000.00	Postal	
Moonee Valley (C)	376,476.00	Postal	461,800.00	Postal	Ward realignment & VEC costs
Moorabool (S)	115,544.00	Postal	161,000.00	Postal	
Moreland (C)	607,359.46	Attendance	823,156.90	Attendance	VEC costs
Mornington Peninsula (S)	504,000.00	Postal	870,000.00	Postal	Postage costs and increased number of voters
Mount Alexander (S)	120,425.00	Postal	169,000.00	Postal	
Moyne (S)	112,405.00	Postal	125,000.00	Postal	VEC and postage costs
Murrindindi (S)	75,245.00	Postal	120,848.00	Postal	
Nillumbik (S)	236,396.00	Postal	310,000.00	Postal	
Northern Grampians (S)	84,006.00	Postal	112,840.00	Postal	Postage costs
Port Phillip (C)	488,433.00	Attendance	621,000.00	Attendance	VEC and postage costs & increase in councillor positions
Pyrenees (S)	63,328.51	Postal	91,935.05	Postal	VEC and postage costs
Queenscliffe (B)	55,257.00	Postal	80,767.00	Postal	VEC and postage costs
South Gippsland (S)	179,334.00	Postal	198,347.00	Postal	
Southern Grampians (S)	89,039.12	Postal	120,617.04	Postal	VEC and postage costs
Stonnington (C)	638,465.00	Attendance	408,620.00	Postal	Reverted to postal voting due to cost
Strathbogie (S)	86,000.00	Postal	110,000.00	Postal	VEC costs
Surf Coast (S)	228,956.00	Postal	195,000.00	Postal	Used a council owned premise to save on VEC accommodation costs
Swan Hill (R)	95,050.00	Postal	115,914.00	Postal	
Towong (S)	59,687.00	Postal	80,584.00	Postal	
Wangaratta (R)	137,947.00	Postal	186,090.00	Postal	
Warrnambool (C)	165,206.80	Postal	207,564.40	Postal	
Wellington (S)	191,312.00	Postal	240,000.00	Postal	VEC and postage costs
West Wimmera (S)	60,509.00	Postal	69,160.00	Postal	
Whitehorse (C)	427,880.00	Postal	586,300.00	Postal	
Whittlesea (C)	430,083.26	Postal	657,223.75	Postal	Population growth, postage costs
Wodonga (C)	163,442.00	Postal	215,000.00	Postal	Postage costs
Wyndham (C)	518,000	Postal	699,000	Postal	Population growth, postage costs
Yarra (C)	393,386.00	Attendance	422,393.00	Attendance	
Yarra Ranges (S)	171,147.00	Postal	221,188.00	Postal	Postage costs
Yarriambiack (S)	69,176.51	Postal	96,000.00	Postal	

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Appendix 4 The Local Government Survey – Consolidated Responses

Q3 Manager Salaries 14-15	\$100,000 -109,999	\$120,000 -129,999	\$130,000 -139,999	\$140,000 -149,999	\$150,000 -159,999	\$160,000 -169,999	\$170,000 -179,999	\$180,000 -189,999	\$190,000 -199,999	\$200,000 -209,999	\$210,000 -219,999	\$220,000 -229,999	\$230,000 -239,999	\$240,000 -249,999	\$250,000 -259,999	\$260,000 -269,999
Alpine (S)						3					1					
Ararat (R)						2	2									
Ballarat (C)			5	1	4	2		4			2	1				
Banyule (C)						14							4			
Bass Coast (S)			5	4	2					2		1		1		
Baw Baw (S)		1	9	4	1		1	1	2							1
Bayside (C)			2	2	4	7	1					1	2	1		
Benalla (R)		2		1		1						1				
Boroondara (C)					2		9	3	3	3			1			
Brimbank (C)			1	10	5	2		1				2	1	1		
Buloke (S)			1	2								1				
Campaspe (S)		2	7	2	1			3							1	
Cardinia (S)					7	2						1		2		
Casey (C)			2	1	1	10	9	3		1		1	1	1		3
Central Goldfields (S)	1	1		2			1									1
Colac Otway (S)			7	1					1	2			1			
Corangamite (S)						3							1			
Darebin (C)			3	3	8	3	3	2		2	1	1	1			1
East Gippsland (S)			4	1	1			2	1	1						1
Frankston (C)				1	2	10	4									2
Gannawarra (S)							1									
Glen Eira (C)				5	1	1	3			1	3	2				
Glenelg (S)			1	2			1		1							
Golden Plains (S)		1			1	1	1									1
Greater Bendigo (C)			3	4	6					3	2					
Greater Dandenong (C)			2	1	4	5	5	1					2	3		
Greater Geelong (C)			2	5	6	11	2	2	1			1		4		
Greater Shepparton (C)			4	9	4	2		1		1	2					
Hepburn (S)			1	2									1			
Hindmarsh (S)	1			1						1						
Hobsons Bay (C)				3	5	4		1					2	2		
Horsham (R)					2	1	1									1
Hume (C)			1	1	4	9	5	1	2			2		1	1	
Indigo (S)		1		3						1						
Kingston (C)				4	4	4	3	2		1		1		1	1	
Knox (C)				1	6	6	2						1	3		1
Latrobe (C)			11	6					1	2	1					
Loddon (S)				1								1				
Macedon Ranges (S)				5	3				1	1	1	1				
Manningham (C)			2	3	9	5	2		1	1		1	1	1		
Mansfield (S)		4		2						1						
Maribyrnong (C)			3	11	6	2	1			1	2		1			1
Maroondah (C)				3	5	7	1				1		3			
Melbourne (C)			4	11	6	2	10	4	9	6	2	4		2	2	2
Melton (C)				1	10	4								3		
Mildura (R)				3	10	1					2	1				
Mitchell (S)		9				2		1				1				
Moira (S)			5		1	3	2	1								1
Monash (C)			7	2	9	5	1	3	1			1		1	2	
Moonee Valley (C)			3	5	3	4					2					1
Moorabool (S)					1	1	1						1			
Moreland (C)			1	5	2	1	5	5	2		1	1		2		
Mornington Peninsula (S)	1	4		2	4	7	1		1				1			1
Mount Alexander (S)		2	1				3							1		
Moynes (S)		6	3	1	1	1	1						1			
Murrindindi (S)			3		1	1					1					
Nillumbik (S)			1	8	6					4						
Northern Grampians (S)							2	1				1				
Port Phillip (C)			5	5	2	8	4	4	1			2	1	1	2	
Pyrenees (S)	1				1		1		1							
Queenscliffe (B)			1		1								1			
South Gippsland (S)							2	1								
Southern Grampians (S)			1		2								1			
Stonnington (C)			1	2	6	9	2					1	4			
Strathbogie (S)											1					
Surf Coast (S)			9	1					2	1						1
Swan Hill (R)			2	1			1	1	2			1				
Towong (S)		1				1	1			1						
Wangaratta (R)			3			1	1	1	1							
Warrnambool (C)		6	3	1			1	2	1							
Wellington (S)			1	2	1			1	3							
West Wimmera (S)					2				1							
Whitehorse (C)				2	5	1	3	1	3			1		1	2	
Whittlesea (C)				6	5	8	4	3		2			1	1	1	1
Wodonga (C)			2		1			1	1	1						1
Wyndham (C)			1	3	1	5	5	6	3	2				1	2	
Yarra (C)				5	6	6	2	3			1		3			
Yarra Ranges (S)		4	3	1	6	4	1	2				1	3			
Yarriambiack (S)		1		1			1				1					

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Appendix 4 The Local Government Survey – Consolidated Responses

Q3 EBA Staff Salaries 14-15	\$100,000 - 109,999	\$120,000 - 129,999	\$130,000 - 139,999	\$140,000 - 149,999	\$150,000 - 159,999	\$160,000 - 169,999	\$170,000 - 179,999
Alpine (S)			2				
Ararat (R)							
Ballarat (C)							
Banyule (C)							
Bass Coast (S)							
Baw Baw (S)		1					
Bayside (C)							
Benalla (R)							
Boroondara (C)			10	5			1
Brimbank (C)							
Buloke (S)							
Campaspe (S)		12					
Cardinia (S)		2	9				
Casey (C)							
Central Goldfields (S)			1				
Colac Otway (S)							
Corangamite (S)							
Darebin (C)			1	1			
East Gippsland (S)							
Frankston (C)			3				
Gannawarra (S)							
Glen Eira (C)							
Glenelg (S)							
Golden Plains (S)							
Greater Bendigo (C)		10	13				
Greater Dandenong (C)							
Greater Geelong (C)			5	1		1	
Greater Shepparton (C)							
Hepburn (S)							
Hindmarsh (S)							
Hobsons Bay (C)				2	2	1	
Horsham (R)							
Hume (C)			5	3	2		
Indigo (S)							
Kingston (C)			1	1			
Knox (C)			4	2			
Latrobe (C)							
Loddon (S)							
Macedon Ranges (S)							
Manningham (C)			1	1			
Mansfield (S)							
Maribyrnong (C)							
Maroondah (C)							
Melbourne (C)			11	65	1	2	
Melton (C)							
Mildura (R)							
Mitchell (S)							
Moira (S)							
Monash (C)		14	9				
Moonee Valley (C)				1			
Moorabool (S)							
Moreland (C)							
Mornington Peninsula (S)							
Mount Alexander (S)							
Moyn (S)							
Murrindindi (S)							
Nillumbik (S)							
Northern Grampians (S)							
Port Phillip (C)			1	2			
Pyrenees (S)							
Queenscliff (B)							
South Gippsland (S)				4	1		
Southern Grampians (S)							
Stonnington (C)							
Strathbogie (S)				1	1	2	
Surf Coast (S)							
Swan Hill (R)							
Towong (S)		1					
Wangaratta (R)							
Warrnambool (C)							
Wellington (S)							
West Wimmera (S)							
Whitehorse (C)							
Whittlesea (C)			4	3			
Wodonga (C)							
Wyndham (C)			2	3	1	2	
Yarra (C)		8	8	1			
Yarra Ranges (S)		12	7	2	2		
Yarriambiack (S)							





Appendix 4 The Local Government Survey – Consolidated Responses

Q3 Manager Salaries 15-16	\$100,000 -109,999	\$120,000 -129,999	\$130,000 -139,999	\$140,000 -149,999	\$150,000 -159,999	\$160,000 -169,999	\$170,000 -179,999	\$180,000 -189,999	\$190,000 -199,999	\$200,000 -209,999	\$210,000 -219,999	\$220,000 -229,999	\$230,000 -239,999	\$240,000 -249,999	\$250,000 -259,999	\$260,000 -269,999
Alpine (S)						3					1					
Ararat (R)				1		1	2	1			1					
Ballarat (C)			4	1	3	4			2		2					
Banyule (C)														4		
Bass Coast (S)			2	6	3	1				1	1	1			1	
Baw Baw (S)			3	8	3			1	1	1						
Bayside (C)			1	2	5	6	2	1					2	1	1	
Benalla (R)		2		1		1						1				
Boroondara (C)					1	2	3	5	3	5		1		1		
Brimbank (C)			1	5	8	2	2		1				2	2		
Buloke (S)					1	2						1				
Campaspe (S)	2	5	3	2	1			2						1		
Cardinia (S)				1	8	1	1					2			2	
Casey (C)																
Central Goldfields (S)	1		1	2	1			1								1
Colac Otway (S)				8	1			3	1					1		
Corangamite (S)						2	1							1		
Darebin (C)			1	4	4	3	3	2					1	1		1
East Gippsland (S)			1					1	1	2						
Frankston (C)					2	9	4									1
Gannawarra (S)							1									
Glen Eira (C)			2	5		1	4				1	3	1			
Glenelg (S)		1		1	1	2					1					
Golden Plains (S)					1		2	1								
Greater Bendigo (C)			2	9	5	3				1	2					
Greater Dandenong (C)			2	1	4	5	5	1					2	3		
Greater Geelong (C)				3	8	7	4	3	1				1	2	3	
Greater Shepparton (C)				12	2	3			1	1	2					
Hepburn (S)				2	1											1
Hindmarsh (S)			1									1				
Hobsons Bay (C)					2	4			1						2	1
Horsham (R)							3		1						1	
Hume (C)				2	2	4	6	5	2	1				1	2	2
Indigo (S)						3				1						
Kingston (C)				3	7	2	4	3				1	1		1	1
Knox (C)				1	2	6	6							3	1	1
Latrobe (C)			2	13	3					2	2	1				
Loddon (S)				2	1							1				
Macedon Ranges (S)				5	3				1	1	1	1				
Manningham (C)				3	8	3	1	3		2			1	1	1	
Mansfield (S)			4	2					1							
Maribyrnong (C)				10	8	3	1	1		1			1	1	2	
Maroondah (C)				4		9	2	1						3		
Melbourne (C)				11	7	3	7	5	14	3	3	4		2	3	2
Melton (C)					6	7	2								3	
Mildura (R)				3	10	1					2	1				
Mitchell (S)		3	1			2		1						1		
Moira (S)			5		1	2	1									1
Monash (C)			4	6	9	3	5	1	2	1			1	1	2	
Moonee Valley (C)				4	5	2	1		1	1						1
Moorabool (S)				3		1		1	1					1		
Moreland (C)			3	5	5	1	5	3		1	1		1	1	1	
Mornington Peninsula (S)		1	10		2	6	2			4						1
Mount Alexander (S)								3						1		
Moynes (S)		3	4	4			3							1		
Murrindindi (S)			4		1	1					1					
Nillumbik (S)				4	6	4					1	3				
Northern Grampians (S)								3								
Port Phillip (C)			1	6	2	6	8	1	1		1	1	1	1	2	1
Pyrenees (S)		1			1	1				1						
Queenscliffe (B)	1			1	1									1		
South Gippsland (S)								1	2							
Southern Grampians (S)				1	1	1						1				
Stonnington (C)			1	3	5	10	3	1					1	4		
Strathbogie (S)				1			2	1				1				
Surf Coast (S)			3	5					2	1						1
Swan Hill (R)			1	2	1		1	1		1					1	
Towong (S)		1					1	1					1			
Wangaratta (R)		1					1	1	1	1					1	
Warrnambool (C)		11	4	1	1		3	1								
Wellington (S)			1	3	1		1		1	3						
West Wimmera (S)																
Whitehorse (C)			1	2	2	5	3	4		2			1		1	2
Whittlesea (C)				1	4	5	7	2	5			1	1	1	3	
Wodonga (C)				3						2	1					
Wyndham (C)				1	7	5	6	5	1	1	1				1	1
Yarra (C)					10	6	1	1	4		2			1	2	
Yarra Ranges (S)		1	2	2	6	2	5						3			
Yarriambiack (S)		1		1			1				1					





Q5 Cap variation application cost	2016
Alpine (S)	N/A
Ararat (R)	N/A
Ballarat (C)	N/A
Banyule (C)	N/A
Bass Coast (S)	N/A
Baw Baw (S)	N/A
Bayside (C)	N/A
Benalla (R)	N/A
Boroondara (C)	N/A
Brimbank (C)	N/A
Buloke (S)	\$3,325
Campaspe (S)	N/A
Cardinia (S)	N/A
Casey (C)	\$250,000
Central Goldfields (S)	N/A
Colac Otway (S)	N/A
Corangamite (S)	N/A
Darebin (C)	N/A
East Gippsland (S)	N/A
Frankston (C)	N/A
Gannawarra (S)	N/A
Glen Eira (C)	N/A
Glenelg (S)	N/A
Golden Plains (S)	N/A
Greater Bendigo (C)	N/A
Greater Dandenong (C)	N/A
Greater Geelong (C)	N/A
Greater Shepparton (C)	N/A
Hepburn (S)	N/A
Hindmarsh (S)	N/A
Hobsons Bay (C)	N/A
Horsham (R)	See survey
Hume (C)	N/A
Indigo (S)	N/A
Kingston (C)	N/A
Knox (C)	N/A
Latrobe (C)	N/A
Loddon (S)	N/A
Macedon Ranges (S)	N/A
Manningham (C)	N/A
Mansfield (S)	N/A
Maribyrnong (C)	N/A
Maroondah (C)	N/A
Melbourne (C)	N/A
Melton (C)	N/A
Mildura (R)	N/A
Mitchell (S)	N/A
Moira (S)	N/A
Monash (C)	N/A
Moonee Valley (C)	N/A
Moorabool (S)	\$62,471
Moreland (C)	N/A
Mornington Peninsula (S)	N/A
Mount Alexander (S)	N/A
Moyne (S)	N/A
Murrindindi (S)	See survey
Nillumbik (S)	N/A
Northern Grampians (S)	N/A
Port Phillip (C)	N/A
Pyrenees (S)	\$27,500
Queenscliffe (B)	N/A
South Gippsland (S)	N/A
Southern Grampians (S)	N/A
Stonnington (C)	N/A
Strathbogie (S)	N/A
Surf Coast (S)	N/A
Swan Hill (R)	N/A
Towong (S)	\$19,760
Wangaratta (R)	N/A
Warrnambool (C)	N/A
Wellington (S)	N/A
West Wimmera (S)	N/A
Whitehorse (C)	N/A
Whittlesea (C)	N/A
Wodonga (C)	N/A
Wyndham (C)	\$66,320
Yarra (C)	N/A
Yarra Ranges (S)	N/A
Yarriambiack (S)	N/A

Appendix 4 The Local Government Survey – Consolidated Responses

Q6a Roads and Bridges	Road Network Size (km)	Backlog	Costed	Estimated Cost Bridges (\$)	Estimated Cost Road (\$)	All assets estimated (\$)
Alpine (S)	791	Yes	No	3M	3M	
Ararat (R)	2,362	Yes	No			
Ballarat (C)	1,394	Yes	No			
Banyule (C)	556.3	Yes	Yes			-5,174.00
Bass Coast (S)	955	Yes	Yes			2,000,000
Baw Baw (S)	1,765	Yes	Yes			150M, projected over 30 years
Bayside (C)	360	No	No			
Benalla (R)	1,312	Yes	No			926,000.00
Boroondara (C)	582	No	Yes	1.5m		
Brimbank (C)	894	Yes	Yes			15.4M under funding over next 3 years
Buloke (S)	5,313	Yes	Yes		11,517,928.00	
Campaspe (S)	4,138	Yes	Yes			15,313,000
Cardinia (S)	1,512	Yes	Yes		18,000,000	
Casey (C)	1,593	Yes	Yes			3,600,000
Central Goldfields (S)	1,321	Yes	Yes			1,000,000 p.a
Colac Otway (S)	1,632	Yes	Yes			9.5m over 5 year period
Corangamite (S)	2,145	No				
Darebin (C)	583.5	Yes	Yes	1.5m	4.9m (footpath)	
East Gippsland (S)	2,895	Yes	No			
Frankston (C)	699	Yes	Yes			1,782,000
Gannawarra (S)	2,275	Yes	No			
Glen Eira (C)	497	Yes	Yes	N/A	6,805,000	
Glennelg (S)	2,620	Yes	Yes			4.1m
Golden Plains (S)	1,758	Yes	Yes			3m
Greater Bendigo (C)	2,871	Yes	Yes	1,120,991.00	12,040,322.00	
Greater Dandenong (C)	678	No	No	N/A	N/A	N/A
Greater Geelong (C)	2,168	Yes	Yes			4,540,000
Greater Shepparton (C)	2,286	Yes	Yes	10,989,470.00	45,000	
Hepburn (S)	1,425	Yes	Yes	356,000.00	992,000	
Hindmarsh (S)	3,100	Unknown	No			
Hobsons Bay (C)	425	Unknown				
Horsham (R)	2,976	Yes	Yes		6.5m	
Hume (C)	1,191	No				
Indigo (S)	1,451	No				
Kingston (C)	613	Yes	Yes			4m
Knox (C)	721	Yes				17,712,000
Latrobe (C)	1,437	No				
Loddon (S)	4,723	No				
Macedon Ranges (S)	1,689	Yes	Yes	0.00	5m	
Manningham (C)	600	Yes	Yes			1.55m
Mansfield (S)	805	Yes	Yes			2,473,000
Maribyrnong (C)	843	Yes	Yes			20.8m
Maroondah (C)	480	No				
Melbourne (C)	214	No				
Melton (C)	1045	Unknown				
Mildura (R)	5,140	Yes	Yes			9,269,000
Mitchell (S)	1,577	Yes	Yes			4.5m
Moira (S)	3,550	Yes	No			
Monash (C)	748	Yes	Yes			5.2m
Moonee Valley (C)	418	Yes	Yes	10,000.00	535,000	
Moorabool (S)	1439	Yes	Yes			22,778,474
Moreland (C)	627	Yes	Yes			32m
Mornington Peninsula (S)	1,707	No				
Mount Alexander (S)	1,598	Yes	No			
Moyne (S)	2,744	Yes	Yes			4,322,422
Murrindindi (S)	1,516.92	Yes	Yes			2,850,000
Nillumbik (S)	775	No				
Northern Grampians (S)	3,350	Yes	Yes			18,986,730
Port Phillip (C)	288	No				
Pyrenees (S)	2,030	Yes				1,843,292 per annum
Queenscliffe (B)	43	Yes	No			
South Gippsland (S)	2,087	Yes	Yes			20,470,737
Southern Grampians (S)	2,762	Yes	Yes	Approx 10m	8.9m	
Stonnington (C)	256	No				
Strathbogie (S)	Unknown	Yes	Yes			3,790,000
Surf Coast (S)	1,107	Yes	Yes			307,220
Swan Hill (R)	3,492	No	Yes			2.6m (current), 7.2m projected over the next 5 years
Towong (S)	1,183	No				
Wangaratta (R)	1,949	No				
Warrnambool (C)	361	Yes	Yes			1.7m
Wellington (S)	3,021	Unknown				
West Wimmera (S)	2,721	No				
Whitehorse (C)	617	Yes	Yes			2,000,000
Whittlesea (C)	1,245	No				
Wodonga (C)	416	Yes	Yes	1.5m	4.0m	
Wyndham (C)	1,350	No	No			
Yarra (C)	228	Yes	Yes			922,000
Yarra Ranges (S)	1,755	No	Yes			
Yarriambiack (S)	4,870	Yes	Yes			11.5m

*Consolidated Responses for **Q6b Roads and Bridges** can be found on the next two pages.*





Appendix 4 The Local Government Survey – Consolidated Responses

2015/16			2016/17			Other comments
State Govt Funding (\$)	Federal Govt Funding (\$)	Total Expenditure (\$)	State Govt Funding (\$)	Federal Govt Funding (\$)	Total Expenditure (\$)	
-	2,605,332.00	19,157,740.00	-	1,887,614.00	20,337,177.00	Long term increase in renewal spending will be required
-	2,325,628.00	Not known	-	2,965,950.00	Not Known	Excluded amounts received from the Vic Grant Commission
872,000.00	4,318,000.00	16,110,801.00	-	3,489,000.00	15,273,440.00	
-	9,931,996.00	7,079,553.00	-	4,880,738.00	Not known	
512,074.00	2,819,414.00	7,260,908.00	-	2,107,070.00	10,532,285.00	
-	2,152,244.00	3,718,954.00	-	1,753,308.00	4,178,951.00	
-	1,302,000.00	6,965,000.00	-	1,464,000.00	8,416,000.00	
-	2,843,981.00	5,018,000.00	-	2,836,717.00	5,365,000.00	Notes rural councils' greater need for state funding for road renewal projects
79,865.00	1,568,675.00	10,115,875.00	-	2,058,375.00	12,367,342.00	see survey
-	3,067,034.00	5,596,778.00	-	4,204,002.00	7,846,000.00	Important that Councils are able to plan long-term for infrastructure maintenance projects and that there is no breaks in funding which can create long running shortfalls
-	1,674,715.00	6,600,000.00	-	1,353,335.00	6,300,000.00	
1,024,045.00	1,453,401.00	TBA	TBA	1,174,491.00	TBA	
2,828,120.00	3,405,144.00	14,118,208.00	2,146,200.00	3,932,678.00	14,301,328.00	Backlog on bridges yet to be quantified
1,762,116.00	4,789,108.00	13,913,018.00	3,469,255.00	6,194,285.00	22,456,020.00	
-	4,406,000.00	9,487,000.00	-	4,276,000.00	10,229,000.00	Noted cancellation of State Country Roads and Bridges Funding as problematic
-	-	Not known	-	-	Not Known	Does not include grant funding
443,233.00	1,286,708.00	3,523,642.00	904,934.00	1,496,000.00	4,200,000.00	See survey for inclusions/exclusions
-	912,217.00	8,636,623.00	-	1,045,482.00	11,277,006.00	
1,201,000.00	1,034,572.00	TBA	-	836,036.00	TBA	
669,567.00	934,040.00	7,649,823.00	669,567.00	754,796.00	9,179,506.00	
Not known	999,812.00	Not known	Not known	1,940,610.00	Not known	
3,255,000.00	5,172,000.00	10,844,000.00	3,866,000.00	4,179,000.00	13,057,000.00	Concerns about ability to continue to expand and upgrade infrastructure (see survey for details)
1,168,040.00	2,395,673.00	4,830,623.00	184,000.00	1,946,000.00	4,056,627.00	
3,637,208.00	5,235,233.00	Not known	Not Known	5,909,298.00	Not Known	
-	2,143,194.00	4,463,555.00	-	2,403,457.00	5,096,000.00	
348,537.00	922,000.00	4,080,751.00	Not Known	Not Known	Not Known	
1,627,652.00	3,375,361.00	7,541,645.00	1,177,000.00	4,674,010.00	8,252,460.00	Storm/Flood in 2013 increased costs and funding
460,414.00	1,269,244.00	11,089,230.00	Not known	1,465,879.00	Not Known	Strong population growth putting pressure on road infrastructure
-	6,900,000.00	16,600,000.00	-	3,800,000.00	6,700,000.00	
-	2,744,328.00	6,111,653.00	-	3,243,369.00	6,669,195.00	Notes loss of Country Roads and Bridges grant funding as problematic
2,126,010.00	5,201,647.00	13,887,029.00	4,220,264.00	6,007,496.00	14,300,076.00	
-	3,220,836.00	4,938,052.00	-	4,232,540.00	6,763,141.00	
-	1,907,040.00	2,928,174.00	-	2,199,428.00	2,868,000.00	
1,335,203.00	4,680,000.00	7,367,923.00	2,649,000.00	2,978,000.00	7,493,300.00	
-	583,333.00	8,413,000.00	-	400,154.00	8,306,000.00	Some road funding for 2015/16 paid in 2014/15
977,651.00	3,330,914.00	7,820,842.00	2,022,591.00	2,281,192.00	6,805,248.00	Notes loss of Country Roads and Bridges grant funding as problematic
-	-	501,400.00	-	231,300.00	701,000.00	Unable to estimate impact of rate capping at this time
1,922,850.00	5,620,165.00	17,016,765.00	Not known	5,516,638.00	13,618,562.00	Notes importance of grant funding to reducing backlog
2,851,842.00	3,792,931.00	7,656,479.00	2,846,269.00	4,689,701.00	10,134,279.00	Potential for deferral of future infrastructure projects due to loss of state grants
208,388.00	607,722.00	6,548,735.00	208,000.00	748,016.00	6,500,000.00	
86,800.00	4,261,900.00	7,953,500.00	-	5,501,200.00	11,254,200.00	
65,000.00	1,702,746.00	6,814,715.00	-	2,425,585.00	7,338,700.00	
-	4,701,195.00	3,035,406.00	Not known	5,147,470.00	3,375,235.00	
-	2,573,576.00	3,067,334.00	-	3,621,130.00	5,396,739.00	Notes difficulty of applying for grants for smaller councils
1,112,110.00	3,233,427.00	7,407,185.00	2,251,735.00	3,734,000.00	7,913,000.00	
526,820.00	924,831.00	5,629,368.00	-	1,068,108.00	5,341,508.00	
50,000.00	7,030,000.00	9,700,000.00	28,500.00	13,170,000.00	9,240,000.00	
116,595.00	4,143,720.00	6,669,535.00	124,225.00	4,218,684.00	5,816,332.00	Notes future problems likely to arise from a lack of state funding and projects a backlog of \$2.86m developing over 4 years
451,037.00	1,193,727.00	4,128,340.00	Not known	1,379,000.00	5,714,354.00	Notes loss of Country Roads and Bridges grant funding as problematic
2,786,133.00	2,357,030.00	4,840,444.00	Not known	Not Known	5,853,631.00	
1,652,799.00	1,231,668.00	7,344,029.00	-	1,457,480.00	5,449,377.00	
3,600,000.00	-	15,200,000.00	4,900,000.00	-	19,600,000.00	
390,000.00	382,000.00	5,144,500.00	400,000.00	621,000.00	5,215,000.00	
-	2,802,000.00	19,559,000.00	-	4,018,000.00	22,680,000.00	
0	2,670,635	7,191,164	Not known	Not Known	Not known	Notes loss of Country Roads and Bridges grant funding as problematic
1,000,000.00	2,335,209.00	4,859,684.00	1,000,000.00	1,619,083.00	5,534,285.00	1,000,000.00
-	1,611,425.00	1,388,304.00	-	1,111,164.00	1,678,751.00	-
3,402,488.00	9,679,048.00	14,171,962.00	2,280,028.00	3,169,000.00	7,971,540.00	3,955,514.00
-	569,050.00	7,852,750.00	-	568,948.00	8,639,096.00	59,867.00
3,294,572.00	1,160,107.00	5,881,149.00	1,974,330.00	1,221,966.00	6,009,452.00	4,030,269.00
1,000,000.00	49,076.00	1,546,763.00	1,000,000.00	-	1,414,176.00	1,000,000.00
6,564,774.00	1,689,354.00	12,932,327.00	2,692,467.00	1,838,907.00	13,824,623.00	5,126,087.00
3,855,161.00	1,790,770.00	8,594,310.00	3,913,327.00	949,289.00	8,635,023.00	2,911,965.00
368,116.00	352,382.00	6,140,285.00	205,534.00	27,098.00	7,058,585.00	604,448.00
1,607,700.00	2,868,000.00	3,701,800.00	2,380,000.00	2,182,100.00	8,052,400.00	2,027,000.00
280,000.00	1,989,000.00	6,169,593.00	1,000,000.00	2,432,000.00	6,100,719.00	1,000,000.00
1,000,000.00	2,744,256.00	5,190,192.00	1,000,000.00	2,898,000.00	2,995,781.00	1,030,000.00
1,000,000.00	2,970,504.00	5,443,641.00	1,000,000.00	2,483,496.00	5,723,202.00	1,000,000.00
2,143,189.00	1,180,289.00	7,238,414.00	1,140,228.00	1,069,622.00	6,659,874.00	3,470,467.00
1,300,000.00	1,310,000.00	3,670,612.00	1,400,000.00	1,333,096.00	7,556,403.00	-
1,940,000.00	6,650,000.00	6,300,000.00	1,030,000.00	5,240,000.00	7,050,000.00	-
2,289,129.00	3,437,075.00	5,921,185.00	1,603,424.00	2,863,160.00	5,870,482.00	121,537.00
783,476.00	419,098.00	3,544,097.00	435,652.00	419,017.00	2,929,578.00	855,675.00
230,247.00	2,393,041.00	2,128,596.00	557,200.00	1,327,503.00	5,317,171.00	944,600.00
-	467,242.00	5,865,675.00	-	423,579.00	4,234,603.00	-
2,400,000.00	-	11,500,000.00	1,400,000.00	-	27,200,000.00	2,800,000.00
420,000.00	190,000.00	4,711,100.00	382,000.00	204,000.00	4,270,000.00	360,000.00
232,000.00	790,000.00	17,669,000.00	40,000.00	1,004,000.00	20,907,000.00	-
100,000	2,435,848	9,972,198	1,000,000	2,240,647	7,437,857	0

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Appendix 4 The Local Government Survey – Consolidated Responses

Q7 SES	2012/13				
	No. SES Units in municipality	No. SES units provided funding to	Total Funding provided (\$)	Any other support provided	Cost of other support (\$)
Alpine (S)	2	2	24,460.00	Peppercorn lease	\$1 per year
Ararat (R)	1	1	25,078.00	Land, Buildings, Insurance on Buildings and Vehicles, Building Maintenance	9,569.00
Ballarat (C)	1	1	16,831.00	Land, Building	7,000.00
Banyule (C)	0	2	7,040.00	No	
Bass Coast (S)	4	4	120,234.00	Peppercorn lease	20,000.00
Baw Baw (S)	2	2	10,951.00	Land, Buildings	30,850.00
Bayside (C)	0	1	18,388.00	rent, water, council rates, insurance	28,238.00
Benalla (R)	1	1	12,359.00	Land	35,000.00
Boroondara (C)	0	2	12,000.00		
Brimbank (C)	2	2	25,992.00	Land, Buildings	300,000.00
Buloke (S)	2	2	12,944.00	No	N/A
Campaspe (S)	5	5	29,459.00	3 buildings	19,000.00
Cardinia (S)	2	2	46,287.00	Land, site cleaning, fencing, insurance	42,184.00
Casey (C)	1	1	15,429.00	land, building, utilities	35,100.00
Central Goldfields (S)	2	2	25,078.00	Building with free rental	15,700.00
Colac Otway (S)	2	2	19,011.00	Building maintenance	1,500.00
Corangamite (S)	5	5	50,561.00	Land, Buildings, Water, Power, Insurance, Essential Safety Measures, Test and Tag	12,000.00
Darebin (C)	1	0	-	Land, Building, Vehicle, Mobile Phone	30,000.00
East Gippsland (S)	8	8	88,178.00	6X Land & Buildings, Peppercorn rentals	N/A
Frankston (C)	1	1	41,900.00	Building, Insurance, Vehicle Maintenance	4,894.00
Gannawarra (S)	1	1	12,539.00	Building	11,600.00
Glen Eira (C)	1	1	5,000.00	Buildings	20,000.00
Glenelg (S)	3	3	16,000.00	Peppercorn lease, 2 buildings	
Golden Plains (S)	1	1	12,539.00	No	N/A
Greater Bendigo (C)	3	1	30,000.00	No	N/A
Greater Dandenong (C)	1	1	12,500.00	Land, Building, Vehicles, equipment, insurance, fuel	80,000.00
Greater Geelong (C)	4	4	54,374.00	2X Buildings	
Greater Shepparton (C)	4	3	30,339.00	Yes	1,281,798.27
Hepburn (S)	1	1	5,000.00	No	N/A
Hindmarsh (S)	2	2	11,922.00	Land, Buildings	20,000.00
Hobsons Bay (C)	1	1	-	Land, Buildings, Misc related costs	21,000.00
Horsham (R)	1	1	3,474.00	Land, Building	800.00
Hume (C)	3	3	86,963.00	Yes	85,549.00
Indigo (S)	4	4	38,022.00	Land, Buildings	5,000.00
Kingston (C)	2	2	63,682.00	Land, Buildings, Peppercorn lease, Vehicle Insurance, Misc subsidies	65,000.00
Knox (C)	1	1	33,116.00	Land, Building, Maintenance, Utilities	13,681.00
Latrobe (C)	2	2	54,001.00	Buildings	12,600.00
Loddon (S)	1	1	20,218.00	Land, Building	13,000.00
Macedon Ranges (S)	2	2	26,537.00	Land, Buildings	-
Manningham (C)	1	1	24,633.00	Building, Vehicle, Plant, Amenities	61,866.00
Mansfield (S)	1	1	18,204.00	Land, Buildings, Maintenance Allowance	-
Maribyrnong (C)	1	0	-	Land, Storage, Vehicle and Equipment Maintenance	30,000.00
Maroondah (C)	1	1	28,848.00	Land, Buildings, Vehicles	
Melbourne (C)	2	2	38,000.00	No	N/A
Melton (C)	1	1	16,000.00	Yes	47,932.00
Mildura (R)	3	3	66,466.00	No	N/A
Mitchell (S)	2	2	27,968.00	Buildings	-
Moira (S)	3	3	75,234.00	No	N/A
Monash (C)	1	1	-	Land, Buildings, Utilities and maintenance costs, Vehicles	18,569.00
Moonee Valley (C)	1	1	-	No	3,608.00
Moorabool (S)	1	1	21,429.00	No	N/A
Moreland (C)	0	1	16,480.00	No	N/A
Mornington Peninsula (S)	2	2	16,848.00	Buildings and Vehicles	50,560.00
Mount Alexander (S)	1	1	25,078.00	Land, Buildings, Insurance	-
Moyne (S)	2	2	20,739.00	Land, Buildings, Maintenance Allowance	2,186.00
Murrindindi (S)	3	3	62,198.00	No	N/A
Nillumbik (S)	1	1	8,438.00	Yes	45,891.00
Northern Grampians (S)	2	2	11,000.00	Yes	Unknown
Port Phillip (C)	1	1	15,429.00	Building	44,000.00
Pyrenees (S)	0	0	-	No	N/A
Queenscliffe (B)	0	1	1,000.00	No	N/A
South Gippsland (S)	2	2	25,078.00	Land, Buildings	38,400.00
Southern Grampians (S)	3	3	31,550.00	Land, Buildings, Insurance, Maintenance	10,750.00
Stonnington (C)	1	1	15,815.00	Building, Fuel	3,500.00
Strathbogie (S)	2	2	12,599.00	4	5,700.00
Surf Coast (S)	3	3	27,095.00	Land, Building, Expenses	1,653.00
Swan Hill (R)	2	2	49,785.00	Land, Buildings	121,800.00
Towong (S)	3	3	31,550.00	Buildings	20,000.00
Wangaratta (R)	1	1	10,000.00	Peppercorn lease, vehicle insurance	"Several hundred dollars"
Warrnambool (C)	1	1	23,429.00	No	N/A
Wellington (S)	6	6	36,773.00	Land, Buildings	34,362.00
West Wimmera (S)	3	3	26,219.00	No	N/A
Whitehorse (C)	1	1	15,429.00	Yes	Unknown
Whittlesea (C)	1	3	18,761.00	No	N/A
Wodonga (C)	1	1	14,021.00	Building maintenance	10,087.00
Wyndham (C)	2	2	55,700.00	Building	26,000.00
Yarra (C)	0	2	7,500.00	No	N/A
Yarra Ranges (S)	3	4	52,346.00	Buildings, Maintenance, Utilities	11,618.00
Yarriambiack (S)	3	3	63,100.00	Buildings, Insurance	1,967.00

Appendix 4 The Local Government Survey – Consolidated Responses

2013/14				
No. SES Units in municipality	No. SES units provided funding to	Total Funding provided (\$)	Any other support provided	Cost of other support (\$)
2	2	25,000.00	Peppercorn Lease	\$1 per year
1	1	25,076.00	Land, Buildings, Insurance on Buildings and Vehicles, Building Maintenance, Fire Services Levy	8,755.00
1	1	15,815.00	Land, Building	7,000.00
0	2	7,286.00	No	
4	4	123,819.00	Peppercorn Lease	20,000.00
2	2	5,620.00	Land, Buildings	30,850.00
0	1	18,388.00	rent, water, council rates, insurance	28,174.00
1	1	12,853.00	Land	35,000.00
0	2	12,000.00		
2	2	23,749.00	Land, Buildings	300,000.00
2	2	13,268.00	No	-
5	5	29,459.00	3 buildings	13,000.00
2	2	43,542.00	Land, Vehicle insurance	28,015.00
1	1	15,815.00	land, building, utilities	35,400.00
2	2	25,706.00	Building with free rental	15,700.00
2	2	19,487.00	Building maintenance	327.00
5	5	51,827.00	Land, Buildings, Water, Power, Insurance, Essential Safety Measures, Test and Tag	-
1	0	-	Land, Building, Vehicle, Mobile Phone	30,000.00
8	8	90,386.00	6X Land & Buildings, Peppercorn rentals	N/A
1	1	41,900.00	Building, Insurance, Vehicle Maintenance	4,894.00
1	1	12,853.00	Building	11,600.00
1	1	5,000.00	Building	20,000.00
3	3	16,000.00	Peppercorn lease, 2 buildings	
1	1	12,539.00	No	-
3	1	30,000.00	No	nil
1	1	12,500.00	Land, Building, Vehicles, equipment, insurance, fuel	73,000.00
4	4	54,374.00	2X Buildings	
4	3	27,506.00	Yes	1,281,798.27
1	1	5,000.00	No	-
2	2	12,294.00	Land, Buildings	20,000.00
1	1	-	Land, Buildings, Misc related costs	19,000.00
1	1	15,937.00	Land, Building	800.00
3	3	94,890.00	Yes	100,149.00
4	4	38,974.00	Land, Buildings	5,000.00
2	2	85,956.00	Land, Buildings, Peppercorn lease, Vehicle Insurance, Misc subsidies	
1	1	34,000.00	Land, Building, Maintenance, Utilities	13,681.00
2	2	55,353.00	Buildings	12,950.00
1	1	21,173.00	Land, Building	13,325.00
2	2	28,668.00	Land, Buildings	-
1	1	26,805.00	Building, Vehicle, Plant, Amenities	45,411.00
1	1	18,628.00	Land, Buildings, Maintenance Allowance	-
1	0	-	Land, Storage, Vehicle and Equipment Maintenance	30,000.00
1	1	18,726.00	Land, Buildings, Vehicles	-
2	2	38,000.00	No	-
1	1	16,000.00	Yes	41,319.00
3	3	66,466.00	No	N/A
2	2	27,968.00	Buildings	-
3	3	77,118.00	No	N/A
1	1	-	Land, Buildings, Utilities and maintenance costs, Vehicles, Unit Relocation costs	44,052.00
1	1	-	No	3,829.00
1	1	21,815.00	No	N/A
0	1	16,875.52	No	N/A
2	2	15,225.00	Buildings and Vehicles	59,264.00
1	1	25,706.00	Land, Buildings, Insurance	-
2	2	19,487.00	Land, Buildings, Maintenance Allowance	1,674.00
3	3	64,930.00	No	N/A
1	1	7,933.00	Yes	532,022.00
2	2	11,000.00	Yes	Unknown
1	1	15,815.00	Building	44,000.00
0	0	-	No	N/A
	0	-	\$-	No
2	2	25,706.00	Land, Buildings	38,400.00
3	3	32,340.00	Land, Buildings, Insurance, Maintenance	-
1	1	15,815.00	Building, Fuel	3,500.00
2	2	12,500.00	4	7,500.00
3	3	27,330.00	Land, Buildings, Expenses	364.00
2	2	51,500.00	Land, Buildings	122,400.00
3	3	32,340.00	Building	10,000.00
1	1	11,000.00	Peppercorn lease, vehicle insurance	"Several hundred dollars"
1	0	23,815.00	No	N/A
6	6	45,639.00	Land, Buildings	34,662.00
3	3	29,451.00	No	N/A
1	1	15,815.00	Land, Buildings	
1	3	20,853.00	No	N/A
1	1	15,429.00	Building maintenance	150.00
2	2	38,300	Building	26,800
0	2	7,500.00	No	N/A
3	4	54,211.00	Buildings, Maintenance, Utilities	9,841.00
3	3	\$64,677.00	Buildings, Insurance	2,033.00

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Appendix 4 The Local Government Survey – Consolidated Responses

Q7 SES	2014/15				
	No. SES Units in municipality	No. SES units provided funding to	Total Funding provided (\$)	Any other support provided	Cost of other support (\$)
Alpine (S)	2	2	25,706.00		
Ararat (R)	1	1	25,706.00	Land, Buildings, Insurance on Buildings and Vehicles, Building Maintenance, Fire Services Levy	9,694.00
Ballarat (C)	1	1	15,815.00	Land, Building	7,000.00
Banyule (C)	0	2	7,469.00	No	
Bass Coast (S)	4	4	150,972.00	Peppercorn Lease	20,000.00
Baw Baw (S)	2	0	-	Land, Buildings	30,850.00
Bayside (C)	0	1	18,388.00	Rent, water, council rates, insurance	30,728.34
Benalla (R)	1	1	13,253.00	Land	35,000.00
Boroondara (C)	0	2	12,000.00		
Brimbank (C)	2	2	23,457.00	Land, Buildings	300,000.00
Buloke (S)	2	2	13,668.00	No	-
Campaspe (S)	5	5	29,459.00	3 buildings	1,000.00
Cardinia (S)	2	2	48,900.00	Land, Fundraising, Insurance of vehicles	27,971.00
Casey (C)	1	1	15,815.00	land, building, utilities	35,300.00
Central Goldfields (S)	2	2	25,706.00	Building with free rental	15,700.00
Colac Otway (S)	2	2	19,487.00	Building maintenance	5,927.00
Corangamite (S)	5	5	51,827.00	Land, Buildings, Water, Power, Insurance, Essential Safety Measures, Test and Tag	70,000.00
Darebin (C)	1	0	-	Land, Building, Vehicle, Mobile Phone	30,000.00
East Gippsland (S)	8	8	90,786.00	5X Land & Buildings, Pettercorn rentals	N/A
Frankston (C)	1	1	41,900.00	Building, Insurance, Vehicle Maintenance	4,894.00
Gannawarra (S)	1	1	12,853.00	Building	12,187.00
Glen Eira (C)	1	1	5,000.00	Building	20,000.00
Glennelg (S)	3	3	16,000.00	Peppercorn lease, 2 buildings	
Golden Plains (S)	1	1	12,853.00	No	-
Greater Bendigo (C)	3	1	300,000.00	No	Nil
Greater Dandenong (C)	1	1	12,500.00	Land, Building, Vehicles, equipment, insurance, fuel	77,000.00
Greater Geelong (C)	4	4	54,374.00	2X Buildings	
Greater Shepparton (C)	4	3	37,506.00	Yes	1,432,652.17
Hepburn (S)	1	1	5,000.00	No	-
Hindmarsh (S)	2	2	12,000.00	Land, Buildings	22,000.00
Hobsons Bay (C)	1	1	-	Land, Buildings, Misc related costs	22,000.00
Horsham (R)	1	1	18,956.00	Land, Building	800.00
Hume (C)	3	3	94,890.00	Yes	102,903.00
Indigo (S)	4	4	39,374.00	Land, Buildings	5,000.00
Kingston (C)	2	2	73,728.00	Land, Buildings, Peppercorn lease, Vehicle Insurance, Misc subsidies	65,000.00
Knox (C)	1	1	35,000.00	Land, Building, Maintenance, Utilities	25,681.00
Latrobe (C)	2	2	64,060.00	Buildings	13,300.00
Loddon (S)	1	1	15,768.00	Land, Building	13,658.00
Macedon Ranges (S)	2	2	28,668.00	Land, Buildings	-
Manningham (C)	1	1	26,755.00	Building, Vehicle, Plant, Amenities	57,588.00
Mansfield (S)	1	1	19,240.00	Land, Buildings, Maintenance Allowance	-
Maribyrnong (C)	1	0	-	Land, Storage, Vehicle and Equipment Maintenance	40,000.00
Maroondah (C)	1	1	12,714.00	Land, Buildings, Vehicles	-
Melbourne (C)	2	2	38,000.00	No	-
Melton (C)	1	1	16,000.00	Yes	94,720.00
Mildura (R)	3	3	66,466.00	No	N/A
Mitchell (S)	2	2	27,230.00	Buildings	-
Moira (S)	3	3	77,918.00	No	N/A
Monash (C)	1	1	-	Land, Buildings, Utilities and maintenance costs, Vehicles, Unit Relocation costs	59,727.00
Moonee Valley (C)	1	1	-	No	4,226.00
Moorabool (S)	1	1	21,815.00	No	N/A
Moreland (C)	0	1	17,483.00	No	N/A
Mornington Peninsula (S)	2	2	15,207.00	Buildings and Vehicles	73,345.00
Mount Alexander (S)	1	1	25,706.00	Land, Building, Insurance	-
Moyne (S)	2	2	18,281.00	Land, Buildings, Maintenance Allowance	1,460.00
Murrindindi (S)	3	3	63,654.00	No	N/A
Nillumbik (S)	1	1	7,933.00	Yes	295,277.00
Northern Grampians (S)	2	2	11,000.00	Yes	Unknown
Port Phillip (C)	1	1	15,815.00	Building	44,000.00
Pyrenees (S)	0	0	-	No	N/A
Queenscliffe (B)	0	1	2,000.00	No	-
South Gippsland (S)	2	2	25,706.00	Land, Buildings	38,400.00
Southern Grampians (S)	3	3	32,340.00	Land, Buildings, Insurance, Maintenance	50,000.00
Stonnington (C)	1	1	15,815.00	Building, Fuel	3,500.00
Strathbogie (S)	2	2	12,500.00	4	5,600.00
Surf Coast (S)	3	3	32,340.00	Land, Building, Expenses	721.00
Swan Hill (R)	2	2	47,455.00	Land, Buildings	168,000.00
Towong (S)	3	3	32,340.00	Building	10,000.00
Wangaratta (R)	1	1	12,000.00	Peppercorn lease, vehicle insurance	"Several hundred dollars"
Warrnambool (C)	1	1	25,706.00	No	N/A
Wellington (S)	6	6	44,050.00	Land, Buildings	34,962.00
West Wimmera (S)	3	3	28,628.00	No	N/A
Whitehorse (C)	1	1	15,815.00	Yes	Unknown
Whittlesea (C)	1	3	15,485.00	No	N/A
Wodonga (C)	1	1	16,215.00	Building maintenance	119,933.00
Wyndham (C)	2	2	44,600.00	Building	27,600.00
Yarra (C)	0	2	7,500.00	No	N/A
Yarra Ranges (S)	3	4	56,704.00	Buildings, Maintenance, Utilities	12,080.00
Yarriambiack (S)	3	3	64,680.00	Buildings, Insurance	1,815.00

Appendix 4 The Local Government Survey – Consolidated Responses

2015/16				
No. SES Units in municipality	No. SES units provided funding to	Total Funding provided (\$)	Any other support provided	Cost of other support (\$)
2	2	25,706.00	Peppercorn Lease	\$ 1 per year
1	1	25,706.00	Land, Buildings, Insurance on Buildings and Vehicles, Building Maintenance, Fire Services Levy	9,299.00
1	1	15,815.00	Land, Buildings	7,000.00
0	2	7,700.00	No	
4	4	120,980.00	Peppercorn Lease	20,000.00
2	0	-	Land, Buildings	30,850.00
0	1	23,718.00	Rent, water, Council rates, insurance	31,092.00
1	1	13,253.00	Land	35,000.00
0	2	12,000.00		
2	2	22,187.00	Land, Buildings	300,000.00
2	0	3,000.00	No	-
5	5	29,459.00	3 buildings	1,000.00
2	2	64,060.00	Land and fundraising	20,353.00
1	1	15,815.00	Land, building, utilities	44,500.00
2	2	25,706.00	Buildings free of rent	15,700.00
2	2	19,487.00	Building maintenance	1,664.00
5	5	51,827.00	Land, Buildings, Water, Power, Insurance, Essential Safety Measures, Test and Tag	-
1	0	-	Land, Building, Vehicle, Mobile Phone	30,000.00
8	8	90,786.00	5X Land & Buildings, Peppercorn rentals	N/A
1	1	41,900.00	Building, Insurance, Vehicle Maintenance	4,894.00
1	1	12,853.00	Building	12,187.00
1	1	5,000.00	Building	20,000.00
3	3	16,000.00	Peppercorn lease, 2 buildings	
1	1	12,853.00	No	-
3	1	30,000.00	Yes	5,000.00
1	1	12,500.00	Land, Building, Vehicles, equipment, insurance, fuel	67,500.00
4	4	54,374.00	2X Buildings	See survey
4	3	38,260.00	Yes	1,432,652.17
1	1	5,000.00	No	-
2	2	12,000.00	Land, Buildings	25,000.00
1	1	-	Land, Buildings, Misc related costs	19,000.00
1	1	17,090.00	Land, Building	800.00
3	3	95,690.00	Yes	99,592.00
4	4	39,374.00	Land, Buildings	5,000.00
2	2	82,689.00	Land, Buildings, Peppercorn lease, Vehicle Insurance, Misc subsidies	65,000.00
1	1	35,980.00	Land, Building, Maintenance, Utilities	13,681.00
2	2	64,060.00	Buildings free of rent	13,650.00
1	1	16,541.00	Land, Building	14,000.00
2	2	28,668.00	Land, Buildings	-
1	1	28,474.00	Building, Vehicle, Plant, Amenities	53,192.00
1	1	18,853.00	Land, Buildings, Maintenance Allowance	-
1	0	-	Land, Storage, Vehicle and Equipment Maintenance	50,000.00
1	1	10,299.00	Land, Buildings, Vehicles	-
2	2	38,000.00	No	-
1	1	16,800.00	Yes	62,455.00
3	3	66,466.00	No	N/A
2	2	14,333.00	Buildings	-
3	3	77,918.00	No	N/A
1	1	-	Land, Buildings, Utilities and maintenance costs, Vehicles	25,955.00
1	1	-	No	4,422.00
1	1	21,815.00	No	N/A
0	1	18,008.00	No	N/A
2	2	15,592.00	Buildings and Vehicles	49,477.00
1	1	25,706.00	Land, Building, Insurance	-
2	2	19,487.00	Land, Buildings, Maintenance Allowance	2,334.00
3	3	63,217.00	No	N/A
1	1	8,285.00	Yes	83,700.00
2	2	11,000.00	Yes	Unknown
1	1	15,815.00	Building	44,000.00
0	0	-	No	N/A
0	0	-	No	-
2	2	25,706.00	Land, Buildings	38,400.00
3	3	32,340.00	Land, Buildings, Insurance, Maintenance	50,000.00
1	1	14,815.00	Building, Fuel	3,500.00
2	2	13,200.00	4	6,500.00
3	3	3,200.00	Land, Buildings, Expenses	889.00
2	2	45,200.00	Land, Buildings	172,800.00
3	3	32,340.00	Building	10,000.00
1	1	12,853.00	Peppercorn lease, vehicle insurance	"Several hundred dollars"
1	1	32,430.00	No	N/A
6	6	37,328.00	Land, Buildings	35,262.00
3	3	28,290.00	No	N/A
1	1	15,815.00	Land, Building	
1	3	16,485.00	No	N/A
1	1	17,882.00	Building maintenance	485.00
2	2	47,800	Building	28,400
0	2	9,000.00	No	N/A
3	4	61,500.00	Buildings, Maintenance, Utilities	10,450.00
3	3	64,650.00	Buildings, Insurance	1,387.00

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Appendix 4 The Local Government Survey – Consolidated Responses

Q7 SES	2016/17				
	No. SES Units in municipality	No. SES units provided funding to	Total Funding provided (\$)	Any other support provided	Cost of other support (\$)
Alpine (S)	2	2	26,058.00	Peppercorn Lease	\$ 1 per year
Ararat (R)	1	1	25,706.00	Land, Buildings, Insurance for vehicles and buildings, and Fire Services Levy	9,499.00
Ballarat (C)	1	1	16,000.00	Land, Buildings	7,000.00
Banyule (C)	0	2	7,893.00	No	
Bass Coast (S)	4	4	148,053.00	Peppercorn Lease	20,000.00
Baw Baw (S)	2	0	-	Land, Buildings	30,850.00
Bayside (C)	0	1	21,053.00	Rent, water, council rates, insurance	30,000.00
Benalla (R)	1	1	13,253.00	Land	35,000.00
Boroondara (C)	0	2	12,000.00		
Brimbank (C)	2	2	25,500.00	Land, Buildings	300,000.00
Buloke (S)	2	0	-	No	-
Campaspe (S)	5	5	29,459.00	3 buildings	1,000.00
Cardinia (S)	2	2	41,200.00	Land	20,000.00
Casey (C)	1	1	16,200.00	Land, buildings, utilities	36,100.00
Central Goldfields (S)	2	2	25,706.00	Building free of rent	15,700.00
Colac Otway (S)	2	2	18,650.00	unknown	unknown
Corangamite (S)	5	5	29,913.00	Land, Buildings, Water, Power, Insurance, Essential Safety Measures, Test and Tag	-
Darebin (C)	1	0	-	Land, Building, Vehicle, Mobile Phone	30,000.00
East Gippsland (S)	8	8	90,786.00	5X Land & Buildings, Peppercorn rentals	N/A
Frankston (C)	1	1	41,900.00	Building, Insurance, Vehicle Maintenance	4,894.00
Gannawarra (S)	1			Building	12,285.00
Glen Eira (C)	1	1	5,000.00	Building	20,000.00
Glenelg (S)	3	3	16,000.00	Peppercorn lease, 2 buildings	
Golden Plains (S)	1	1	13,250.00	No	-
Greater Bendigo (C)	4	1	30,000.00		
Greater Dandenong (C)	1	1	Not Known	Land, Building, Vehicles, equipment, insurance, fuel	85,500.00
Greater Geelong (C)	4	4	54,374.00	2X Buildings	See survey
Greater Shepparton (C)	4	3	38,624.00	Yes	unknown
Hepburn (S)	1	1	5,000.00	No	-
Hindmarsh (S)	2	2	12,000.00	Land, Buildings	25,000.00
Hobsons Bay (C)	1	1	-	Land, Buildings, Misc related costs	26,000.00
Horsham (R)	1	1	21,095.00	Land, Building	800.00
Hume (C)	3	3	98,200.00	Yes	114,079.00
Indigo (S)	4	4	TBA	Land, Buildings	5,000.00
Kingston (C)	2	2	TBA	Land, Buildings, Peppercorn lease, Vehicle Insurance, Misc subsidies	65,000.00
Knox (C)	1	1	37,023.00	Land, Building, Maintenance, Utilities	13,681.00
Latrobe (C)	2	2	68,000.00	Buildings	14,000.00
Loddon (S)	1	1	15,751.00	Land, Building	14,350.00
Macedon Ranges (S)	2	2	28,688.00	Land, Buildings	-
Manningham (C)	1	1	29,186.00	Building, Vehicle, Plant, Amenities	50,232.00
Mansfield (S)	1	1	18,853.00	Land, Buildings, Maintenance Allowance	-
Maribymong (C)	1	0	-	Land, Storage, Vehicle and Equipment Maintenance	50,000.00
Maroondah (C)	1	1	11,000.00	Land, Buildings, Vehicles	-
Melbourne (C)	2	2	38,000.00	No	-
Melton (C)	1	1	16,800.00	Yes	50,000.00
Mildura (R)	3	3	66,466.00	No	N/A
Mitchell (S)	2	2	7,000.00	Buildings	-
Moira (S)	3	3	82,000.00	No	N/A
Monash (C)	1	1	-	Land, Buildings, Utilities and maintenance costs, Vehicles (incl 1 replacement vehicle)	60,735.00
Moonee Valley (C)	1	1	-	No	4,171.00
Moorabool (S)	1	1	21,815.00	No	N/A
Moreland (C)	0	1	28,548.00	No	N/A
Mornington Peninsula (S)	2	2	15,207.00	Buildings and Vehicles	67,411.00
Mount Alexander (S)	1	1	25,706.00	Land, Building, Insurance	-
Moyness (S)	2	2	20,500.00	Land, Buildings, Maintenance Allowance	2,351.00
Murrindindi (S)	3	3	65,523.00	No	N/A
Nilumbik (S)	1	1	8,285.00	Yes	197,709.00
Northern Grampians (S)	2	2	11,000.00	Yes	unknown
Port Phillip (C)	1	1	16,000.00	Building	44,000.00
Pyrenees (S)	0	0	-	No	N/A
Queenscliffe (B)	0	0	-	No	-
South Gippsland (S)	2	2	27,006.00	Land, Buildings	38,400.00
Southern Grampians (S)	3	3	32,340.00	Land, Buildings, Insurance, Maintenance	-
Stonnington (C)	1	1	15,815.00	Building, Fuel	3,500.00
Strathbogie (S)	2	2	12,500.00	4	6,000.00
Surf Coast (S)	3	3	33,150.00	Land, Buildings, Expenses, Fencing, Drainage and Car Park works	20,000.00
Swan Hill (R)	2	2	45,200.00	Land, Buildings	172,800.00
Towong (S)	3	TBA	TBA	Building	10,000.00
Wangaratta (R)	1	1	13,000.00	Peppercorn lease	TBA
Warrnambool (C)	1	1	33,000.00	No	N/A
Wellington (S)	6	6	37,328.00	Land, Buildings	38,051.00
West Wimmera (S)	3	3	29,900.00	No	N/A
Whitehorse (C)	1	1	15,815.00	Land, Building	
Whittlesea (C)	1	1	11,800.00	No	N/A
Wodonga (C)	1	1	17,250.00	Building maintenance	unknown
Wyndham (C)	2	2	45-50000	Building	29,300
Yarra (C)	0	2	9,000.00	No	N/A
Yarra Ranges (S)	3	4	65,000.00	Buildings, Maintenance, Utilities	10,000.00
Yarriambiack (S)	3	3	TBA	TBA	TBA

*Consolidated Responses for **Q8 Containing Costs** can be found on the next two pages.*

Appendix 4 The Local Government Survey – Consolidated Responses

Q8 Containing Costs	2016/17						
	Service Delivery reviews	Reduction in fleet vehicles and travel	Consolidation of accommodation	Energy efficiencies	EBA Negotiation reductions	Implementation of Shared Services	Leasing / Selling Land Assets
Alpine (S)	Yes						
Ararat (R)	Yes						
Ballarat (C)							
Banyule (C)							Yes
Bass Coast (S)	Yes	Yes	Yes				
Baw Baw (S)							
Bayside (C)							
Benalla (R)	Yes						
Boroondara (C)							
Brimbank (C)							
Buloke (S)	Yes						
Campaspe (S)	Yes		Yes	Yes			Yes
Cardinia (S)							
Casey (C)				Yes			
Central Goldfields (S)							
Colac Otway (S)							
Corangamite (S)	Yes						
Darebin (C)							
East Gippsland (S)						Yes	
Frankston (C)					Yes		
Gannawarra (S)	Yes				Yes		
Glen Eira (C)							
Glenelg (S)							
Golden Plains (S)		Yes					
Greater Bendigo (C)							
Greater Dandenong (C)							
Greater Geelong (C)	Yes						
Greater Shepparton (C)							
Hepburn (S)				Yes			
Hindmarsh (S)	Yes						
Hobsons Bay (C)							
Horsham (R)							
Hume (C)							
Indigo (S)							
Kingston (C)							
Knox (C)	Yes						
Latrobe (C)							
Loddon (S)	Yes						
Macedon Ranges (S)							
Manningham (C)	Yes						
Mansfield (S)							
Maribyrnong (C)	Yes				Yes		
Maroondah (C)							
Melbourne (C)	Yes						
Melton (C)							
Mildura (R)	Yes			Yes		Yes	
Mitchell (S)	Yes						
Moira (S)					Yes		
Monash (C)							
Moonee Valley (C)	Yes						
Moorabool (S)	Yes						
Moreland (C)	Yes						
Mornington Peninsula (S)							
Mount Alexander (S)	Yes						
Moyne (S)							
Murrindindi (S)							
Nillumbik (S)							
Northern Grampians (S)						Yes	Yes
Port Phillip (C)							
Pyrenees (S)	Yes	Yes				Yes	
Queenscliffe (B)					Yes		
South Gippsland (S)							
Southern Grampians (S)	Yes						
Stonnington (C)							
Strathbogie (S)							
Surf Coast (S)							
Swan Hill (R)				Yes			
Towong (S)					Yes		
Wangaratta (R)							
Warrnambool (C)							
Wellington (S)					Yes	Yes	
West Wimmera (S)	Yes						
Whitehorse (C)							
Whittlesea (C)	Yes						
Wodonga (C)	Yes						
Wyndham (C)							
Yarra (C)							
Yarra Ranges (S)	Yes				Yes		
Yarriambiack (S)							

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2016/17			
Business and Purchasing efficiencies	Deferred Infrastructure	Cancelled Infrastructure	Notes
Yes			
Yes			
Yes			
Yes	Yes		
Yes	Yes		
Yes			
Yes			
Yes			
Yes			
Yes			
Yes		Yes	
Yes			
Yes			
Yes			
Yes			
Yes	Yes		
Yes			
			See survey
Yes			
Yes			Impact of rate capping won't hit until 2017-18 financial year, as R2R funding is filling the gaps until then
Yes			See survey
Yes	Yes		
Yes			
Yes			
			See survey
Yes			
Yes	Yes		
Yes			See survey - predicting wage drops and staff layoffs
Yes			
Yes			
Yes			
Yes		Yes	
Yes	Yes		
Yes			
Yes			May impact infrastructure spending from 2017/18
Yes			
Yes			
Yes	Yes		
Yes			Predicts future impacts on infrastructure spending
Yes			Predicts future impacts on infrastructure spending and service delivery
Yes			
Yes	Yes		
Yes			Borrowing to fund infrastructure
Yes			
Yes			
Yes			
Yes			
Yes			
Yes			See survey
Yes			
Yes	Maybe		See survey
Yes			
Yes			
Yes			

A4



Appendix 5  
**Submission 75 – Councillors  
Lording and Healy**

**SUBMISSION TO THE PARLIAMENTARY RATE COMMITTEE ESC ENQUIRY****From Murrindindi Shire Councillors Chris Healy and Eric Lording.**

- 1) 2015 rating strategy recommendation was that Murrindindi Shire Council use special rates and charges in instances that fit the following circumstances. Raising funds for a dedicated purpose where the use of CIV is not the most equitable method of calculating property owner contributions. (e.g. unfunded defined benefit super liability or a natural disaster). This use of special rate and charge doesn't comply with the LGA and was withdrawn from the rating strategy following submissions. If this had been adopted council could have put an extra charge over and above the rate rise on every rate assessment.
- 2) Murrindindi Shire Council had an increase in the general rate for 2015/16 budget of 9.9% while advertising an increase of 6%. Persons involved in the process have stated confidentially that the 9.9% rise was to **outsmart** the upcoming rate cap. The rate rise shown in the SRP was 6%. Please remember that this 9.9% remains a base on which all further rates are calculated. It remains in perpetuity.
- 3) Murrindindi Shire Council applied to the ESC for a variation of the rate cap and was granted a rise of 4.3%. By an accounting trick of adding supplementary rates to the 15/16 general rate figure, but not to the 16/17 figure, council actually gained a rate rise of 5.6%.
- 4) Council claims that it is financially disadvantaged. The SRP, adopted in 2013 shows reserves (cash and cash equivalents) of \$9M for 2016/17 budget. The figure shown in the budget is \$23M. This shows that in a 3-year period reserves have risen by \$14M over and above the figure planned for in the SRP. The rise in reserves from 2015/16 to 2016/17 is \$1.9M.
- 5) Council has claimed a surplus of \$1000 for 2016/17. This ignores the fact that \$1.9M will be transferred to reserves.
- 6) While having forecast reserves for 2016/17 of \$23M council is borrowing \$500K.
- 7) Council claims that the main reason for its allegedly poor financial situation is the 2009 bushfires. In the 2008/09 budget council's General Rate revenue was \$7.9M. In 2016/17 the General Rate revenue was \$13.3M. Ignoring compounding this is an increase of 68% over an 8-year period. This means that in 2016/17 year, council is collecting 68% more in general rates than it collected in 2008/09. This is \$5.4M more collected in 2016/17 than in 2008/09.
- 8) The reserves in 2008/09 (Cash & Cash Equivalents) were \$3.4M and in 2016/17 are projected to be \$23.2M. This is an increase of \$19.8M in an 8-year period.
- 9) In discussions at council regarding public consultation, related to the application for the variation in the rate cap, it was suggested by other councillors that the consultation process had to be carefully managed and controlled. We two councillors indicated that we would not be part of a bogus consultation process. Council then decided not to consult but to rely on financial consultation done prior to applying for a variation in the rate cap.
- 10) Even with a Reserve (C&CE) forecast of \$23M, council were planning to hand back assets to ratepayers to care for and maintain, which is, of course, a reduction of services. This is completely against the philosophy of the rate cap. Current reserves cover the renewal gap.
- 11) The basis of Murrindindi Council's CEO's presentation to this Committee was that Council was financially disadvantaged because of the loss of Capital Improved Value for the properties which were destroyed by the 2009 bushfires. The CEO's Submission failed to

acknowledge that although General Rates collected in 2009/10 dropped by 1.03% they then rose by 6.63% in 2010/11 and continued to rise by significant amounts until the current 2016/17 Budget, as demonstrated by the Spread Sheet and Graph in the attachment.

- 12) As well as the increases in future years, Council received a significant Rate Assistance Package from the State Government to cover any loss in rate income. The figures shown in the various Budgets are a little confusing, but in 2010/11 the Assistance Package was \$2.1M, in 2011/12 \$1.95M and in 2012/13 \$0.48M.
- 13) The CEO's Submission also refers to the Service Review done in 2011 and the resultant reduction in staff levels. In 2008/09 staffing levels were 144.6 EFT and in the 2016/17 Budget 150.1 EFT.
- 14) The attached Spread Sheet and Graph clearly demonstrate that Council is in a far better fiscal position than it has ever been since Council amalgamated 20 years ago. To recap, Council's income from Rates and Charges in 2008/09 was \$11.5M, in 2016/17 \$19M, an increase of \$8.5M, and Reserves have risen from \$3.4M to \$23.2M, an increase of \$19.8M, over an eight-year period.
- 15) The Strategic Resource Plan (SRP) completed in 2013, just 3 short years ago, predicted reserves in 2016/17 of \$9M, the Budget in 2016/17 shows reserves of \$23M. This means that the 2016/17 Budget is \$14M in reserves (C&CE) ahead of the SRP.
- 16) Murrindindi Shire Council fits the profile of Councils that the Fair Go Rate System was designed to bring into line. Murrindindi Shire Council has become addicted to rate rises and has ceased to consider how these rate rises affect the Ratepayer. In demographic terms we are not an affluent Shire and these rate rises are putting significant pressure on the ratepayer.
- 17) In our Submission to the Essential Services Commission we raised the issue of Council's significant increase in rates from 2008/09 to 2015/16 and of the increasing rates in 2015/16 by 9.9%, instead of the 6% quoted in the SRP, and indeed way above the 6% rate rise stated in Council's Budget promotion that year. This was done in order to outsmart the upcoming rate capping system. We were disappointed with the ESC's glossing over of the issues we very clearly raised with accompanying accurate spreadsheet proof extracted directly from Council budget documents.
- 18) Figures in the attached Spreadsheet and Graphs have been taken from Council Budget documents, but have been standardised so that year to year we are comparing apples to apples. This relates to rates collected from the Power Station, which are not calculated based on CIV, but by agreement being included in General Rate figures and on Supplementary Rates not being included in General Rate figures. This is because in some years the budget included Supplementary rates and some years it did not, so standardisation was needed to maintain a consistent figure.
- 19) If any minor errors resulting from interpretation of the budget data have crept into the Spreadsheet, they will not significantly affect the figures and percentages shown.

We would welcome the chance to address the committee.

**ATTACHMENTS**

Appendix 1: Rate and Charges Spreadsheet

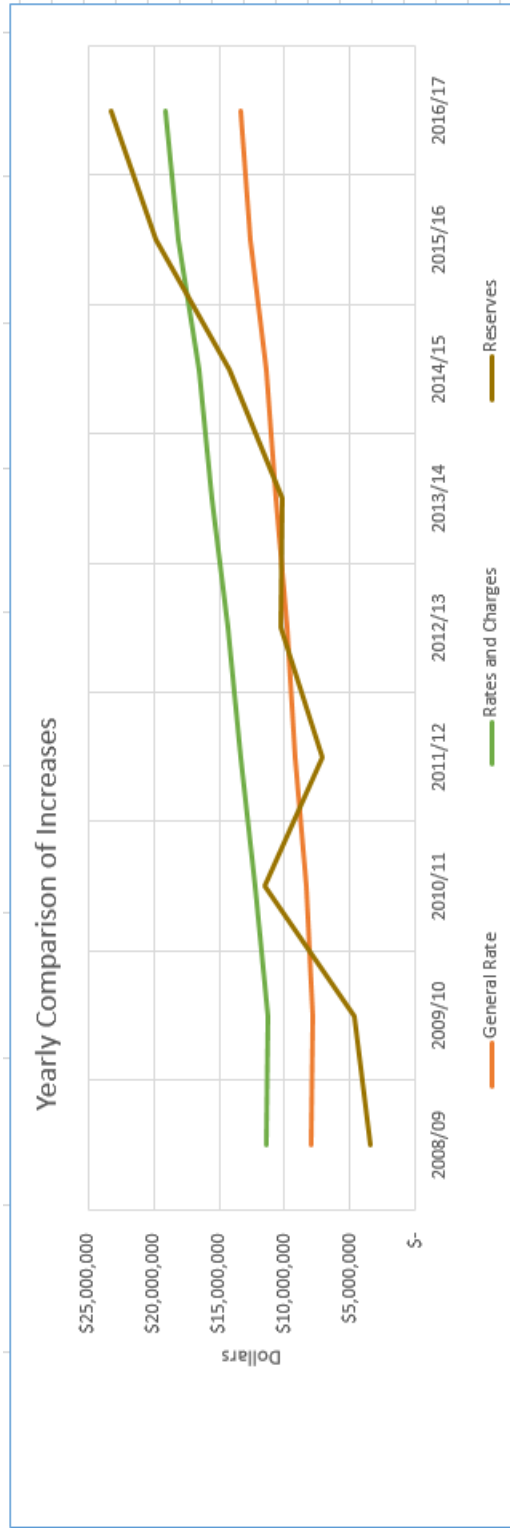
Appendix 2: Comparison of Increases Graph

RATES SUBMISSION 75

Appendix 1: Rates and Charges Spreadsheet

Year	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
General Rate	\$ 7,935,591	\$ 7,853,538	\$ 8,374,325	\$ 9,152,232	\$ 9,821,806	\$10,722,148	\$11,446,522	\$12,642,412	\$13,350,185
Percentage Increase		-1.03%	6.63%	9.29%	7.32%	9.17%	6.76%	10.45%	5.60%
Rates and Charges	\$11,459,173	\$11,311,191	\$12,244,008	\$13,397,459	\$ 14,291,163	\$15,522,061	\$16,587,972	\$18,078,186	\$19,079,468
Percentage Increase		-1.29%	8.25%	9.42%	6.67%	8.61%	6.87%	8.98%	5.54%
Reserves	\$ 3,380,406	\$ 4,711,153	\$11,506,000	\$ 7,117,000	\$ 10,271,000	\$10,143,000	\$14,173,000	\$19,898,000	\$23,234,000

Appendix 2: Comparison of Increases Graph



**Annemarie Burt**

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**From:** eildonlakemotel@virtual.net.au  
**Sent:** Friday, 26 August 2016 12:48 PM  
**To:** EPC  
**Subject:** enquiry into Rate Capping  
**Attachments:** esc foi 001.jpg; esc foi 002.jpg; esc foi 003.jpg; esc foi 004.jpg; esc foi 005.jpg

Councillor Eric Lording and myself (Councillor Chris Healy) from Murrindindi Shire have recently put in a submission to your committee.

Some time ago I put in a FOI claim on the ESC and last Friday I received their response. Their response says that they have located

105 documents, but the list of documents supplied only lists 49 documents. They are claiming exemptions for the other documents on the basis of confidentiality. I find it difficult to understand how this process can involve confidential documents when it was supposed to be an examination of Council's finances in relation to Rate Capping.

I am attaching documentation relating to my FOI claim and I ask that you consider this matter as part of Cr. Lording and my submission.

Thanking you

Chris Healy



17 August 2016

Mr Chris Healy  
2 Girdwood Parade  
Eildon, Vic 3713

Dear Mr Healy

### Freedom of Information Request – Section 27 Decision Notice

I refer to your request of 24 June 2016 seeking access under the Freedom of Information Act 1982 (the Act) to certain documents.

I note you requested access to Murrindindi Shire Council's application for a variation to the rate cap in 2016, including, but not limited to all electronic and hard copy documents relating to the application, records of conversations and any diary notes. Also, documents relating to the decision making process and related documents from other third parties or politicians.

I note your application excluded documents on the Commission's website.

Having considered the terms of your request, I have made the following decision to release documents to you pursuant to Part III of the Act.

### Decision

The Commission has located 105 documents that are relevant to your request. Access is granted in full to 44 documents. Access is denied in part to five documents for the reasons further explained below. Access is denied in full to 56 documents for the reasons explained below.

### Reasons for decision

Pursuant to section 20(2) of the Act, the Commission is not required to provide access to any document that is exempt.

I have denied access in part to five documents. Access has been denied to the redacted sections as the redacted sections are not relevant to the application.

I have denied access in full to 56 documents as those documents are exempt because they are either internal working documents (section 30 of the Act) or were provided to the Commission in confidence (section 35 of the Act).

The exempt documents consist of information provided by Murrindindi Shire Council and documents prepared as part of a process of deliberation that contributed to the taking of a decision by the Commission.

### Section 30 (Internal working documents)

I have not released documents numbered 88 to 105 because they are internal working documents and exempt under section 30 of the Act.

The documents contain more than factual information and disclose propositions or preliminary views expressed between staff and/or members of the Commission that formed part of a process of deliberation that contributed to the taking of a decision by the Commission. It is considered to be not in the public interest for unconsummated deliberations, often incomplete, tentative, insufficiently tested or otherwise preliminary, to be individually aired out-of-context, or for the process of frank, complex and often difficult deliberations to be put in the public domain.

**Section 35 (Documents relating to information provided in confidence)**

I have not released documents numbered 50 to 87 because they contain information provided to the Commission in confidence.

I note that the attachments to document 8 are either on the Commission's website or confidential and the attachments to documents 18 and 20 are confidential.

**Partial release of documents**

Documents 2, 4, 40, 46 and 48 have been released in part. The redacted sections contain information not relevant to the application.

**Access Charge**

There is no access charge applicable to your request.

**Your rights to a review of this decision**

Should you be dissatisfied with the above decision in relation to your Freedom of Information request, you may within 60 days of receipt of this letter, apply to the Victorian Civil and Administrative Tribunal (VCAT) for further review.

If you require any clarification please contact John Henry on (03) 9032 1348.

Yours sincerely



Dr Ron Ben-David  
**Chairperson and Principal Officer**  
**Essential Services Commission**

C/16/16520



Murrindindi FOI documents			RATES SUBMISSION 75
Item No.	Document type	File name	Comments
1	Email	EML - from Murrindindi Shire Council - Notification of intent to apply for a higher rate cap - 21060129	
2	Spreadsheet	SS - Application Tracking Screening and Reporting Templates - Operational Draft - 20160217	Redacted text does not relate to Murrindindi
3	Email	EML - Liam Jackson to Andrew Chow - Murrindindi's rate increase	
4	Handwritten notes pdf	Meeting with Murrindindi Shire - application for higher cap - 20160318	Redacted text does not relate to Murrindindi
5	Filenote	FLN - Meeting with Murrindindi Shire - application for higher cap - 20160318	
6	Email	EML - from Murrindindi Shire Council - Application for variation to the rate cap for 2016/17 - 20160331	
7	Briefing Note	Minutes Ordinary Meeting of Council 25 May 2011	
8	Document	EML - to John Comrie - Application for a Higher Cap - Murrindindi Shire Council - 20160412	Attachments are either on ESC's website, Council's website or confidential
9	Report	CNA - Final Report from Deloitte on Murrindindi 20160518	
10	Email	EML - from Murrindindi - Murrindindi's submission - 20160413	
11	Email	EML - to Margaret Abbey - Re: Murrindindi's submission for a higher cap - 20160418	
12	Email	EML - to Murrindindi application for a higher cap - Request for information - 20160418	Attachment on ESC's website
13	Email	EML - from Murrindindi re Council Profile - 20160420	
14	Email	EML - to Murrindindi - forward submission from ratepayer	
15	Email	EML - Murrindindi response - RE: TRIM (C/16/9055) RE: Council Profile - 20160422	
16	Email	EML - from Murrindindi Shire Council Response - Further Request for Information - 20160427	
17	Email	EML - Response from Murrindindi RE: TRIM (C/16/9450) RE: Murrindindi Shire Council Response - 20160428	
18	Email	EML - from Murrindindi application for a higher cap - Second Request for information capex spreadsheet - 20160512	Attachment confidential
19	Email	EML - from Murrindindi Shire Council Response - Second Request for Information - 20160512	
20	Email	EML - to Andrew Bond - ESC query ' 10 year forecasts - Capital Improvement Program' - 20160502	Attachment confidential
21	Letter	SBN - Lyn Gunter Murrindindi submission 1 - 20150313	
22	Letter	SBN - Lyn Gunter Murrindindi Submission 2 - 20160313	
23	Email	EML - from Chris Healy - Re: ESC Decision re Rate Cap Murrindindi Shire Council - 20160628	
24	Email	EML - Councillor Eric Lording - Submission to the ESC with correction - 20160425	
25	Email	EML - Lyn Gunter - 940 signatures collected - 20160420	
26	Email	EML - Eric Lording - Fair Go Rates Submission (Murrindindi Shire Council) - 20160415	
27	Letter	Submission to the ESC from Councillors Chris Healy and Eric Lording	
28	Email	EML - Lyn Gunter - Rate Cap Variation Murrindindi Council submission - 20160415	
29	Email	EML - Lyn Gunter - Rate Cap Variation Murrindindi Council - request to speak to ESC about Councils response	
30	Email	EML - Lyn Gunter - Rate Cap Variation Murrindindi Council - approval to raise issue with council	
31	Email	EML - Eric Lording - Fair Go Rates Submission (Murrindindi Shire Council) - approval to refer email to council - 20160416	
32	Email	EML - Chris Healy - Fair Go Rates Submission (Murrindindi Shire Council) - approval to refer submission to council - 20160415	
33	Email	EML - ESC to Chris Healy and Eric Lording - request to forward letter to Murrindindi Shire Council	
34	Letter	LTR - Response to Chris Healy (C/16/13045) - Re ESC decision re rate cap Murrindindi Shire Council - 20160621	
35	Email	EML - from Lyn Gunter - RE: TRIM (C/16/8804) Rate Cap Variation Murrindindi Council - 20160622	
36	Email	EML - from Lyn Gunter - RE: TRIM (C/16/8804) Rate Cap Variation Murrindindi Council - 20160623	
37	Email	EML - from Lyn Gunter - RE: TRIM (C/16/8804) Rate Cap Variation Murrindindi Council - 20160624	

Appendix 5 Submission 75 – Councillors Lording and Healy

38	Email	EML - from Lyn Gunter - RE: TRIM (C/16/8804) Rate Cap Variation Murrindindi Council - 20160624	RATES SUBMISSION 75
39	document	Murrindindi Council Profile	
40	Report	OTH - Summary of Findings for Each Council - 20160518	Redacted text does not relate to Murrindindi
41	Email	EML - to Murrindindi - Murrindindi Shire Council - Higher Cap Decision 2016-17 - 20160531	
42	Email	EML - Lisa Horsburgh to Andrew Chow - 20160527	
43	Email	EML - Murrindindi to Andrew Chow - 20160530	
44	Email	EML - Lisa Horsburgh to Local Government Team and Ron Ben-David - 20160601	
45	Agenda	AGN Murrindindi Meeting on Friday 17 June - 20160608	
46	Minutes	Essential Services Commission - Meeting 16/2016 - Minutes - 20160525	Redacted text does not relate to Murrindindi
47	Document	2016-17 Comparison of Rates and Charges	
48	Spreadsheet	FGRS Commissioner Weekly Briefing Report 20160330	Redacted text does not relate to Murrindindi
49	Internal Email	EML - RE: Murrindindi draft decision - comments from Deloitte on decision paper	

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RATES SUBMISSION 75

TO: Essential Services Commission  
Level 37 2 Lonsdale St  
Melbourne Vic. 3000

FROM: Chris Healy  
2 Girdwood Pde  
Eildon Vic. 3713

RE: Freedom of Information application

I am enclosing a Bank Cheque in the amount of \$27.20 for a FOI application.

I am seeking all documentation relating to Murrindindi Shire Council's application for a variation to the Rate Cap in 2016, including, but not limited to all electronic and hard copy documents relating to the application, records of conversations and any diary notes. This request also includes documentation relating to the ESC's decision making process and related documents from other third parties or Government agencies or Politicians.

I do not require documentation that is currently on the ESC's website.

If you have any queries, please contact me on Ph. 0357742800 or email [eildonlakemotel@virtual.net.au](mailto:eildonlakemotel@virtual.net.au)

Regards

Chris Healy

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## FURTHER SUBMISSION TO THE PARLIAMENTARY RATES COMMITTEE RE ESC ANDD RATE CAPPING

FROM : MURINDINDI COUNCILLORS CHRIS HEALY AND ERIC LORDING

10<sup>th</sup> September 2016

Chris Healy recently requested further details from the ESC in relation to his FOI request. A copy of the ESC's reply is attached.

ESC claim that 56 documents are confidential, and that some of these documents attach legal privilege.

If all of these documents have not been supplied to your Committee, We suggest that they should be. We find it hard to believe that ESC's processing of an application for a variation to the Rate Cap should involve this degree of confidentiality. Any behind the scene discussions with the Council either should not have occurred or should have been open to scrutiny.

The processing of Murrindindi's application for a variation should have been a straightforward exercise for the ESC.

Councillors Healy and Lording made a submission to the ESC, which pointed out that in the 2015/16 budget Council had a 9.9% increase in the General Rate in order to outsmart the upcoming Rate Cap. We provided documentation regarding figures to prove this. With this information in their possession we cannot understand how the ESC could allow a variation to the Rate Cap.

Our concern is that all the long winded process the ESC has gone through has been a smokescreen to disguise a politically motivated decision. We have been led into over thinking this by the ESC. We suggest, that in Murrindindi's case, this Committee needs to condense all the information provided by the ESC and Murrindindi Council to it's basic components and ignore all the superfluous information which only muddies the water.

We are also providing a copy of a submission we presented to Peter Brown, an ESC representative at a meeting at Yea on the 31<sup>st</sup> of August 2016. Please take into account the information provided in that submission.

## SUBMISSION FROM COUNCILLORS CHRIS HEALY AND ERIC LORDING TO ESC

31<sup>st</sup> AUGUST 2016

We have serious concerns about how the ESC has handled Murrindindi Shire's Application for a variation to the Rate Cap.

After our Submission to the ESC, ESC asked if we had any objection to their referring our Submission to Council. We requested that the ESC get back to us so that we could comment on Council's response. This never occurred. Normally, failure to seek further clarification from the submitter indicates that a course of action has already been chosen which suits a predetermined agenda.

If this further consultation had occurred, then, we could have explained that Council's response regarding the 9.9% increase in the General Rate (2015/16 Budget) was misleading. Council claimed that there was a 6% increase in the General Rate – this was not the case. The 6% increase was the Residential Rate and Council was trying to confuse the General Rate with the Residential Rate. The General Rate includes Differential Rates and is not a separate entity. The increase in the General Rate was 9.9%, as shown in Appendix B of the Budget.

We pointed out quite clearly that the 9.9% increase in 2015/16 was to outsmart the upcoming rate cap. The figure shown in the SRP was 6%. No figures provided by Council showed that the 9.9% was anything other than a random figure chosen for the purpose of outsmarting the upcoming Rate Cap.

The method of calculating the percentage increase in prior years and in a Table supplied to Councillors as part of the 2016/17 Budget process clearly shows that the method used is to subtract last years figure from this years figure and calculate the percentage.

Council also claimed that the 9.9% increase included Supplementary Rates of 1%. This was also not the case. The total of Rates and Charges was \$18,017,283, which is the figure shown on the line titled "Rates and Charges". The Table 1.10 shows that Supplementaries are not included in this figure, but are added on as an extra.

Council claimed that their poor financial situation related back to the 2009 bush fires. An in depth analysis of Council's financials would have shown that Council, in the bush fire year 2008/09, had a General Rate Revenue of \$7.9M. In 2016 the General Rate Revenue was \$13.3M. Ignoring compounding this is an increase of 68% over an 8 year period. This means that in 2016/17 year Council is collecting 68% more in General Rates than it collected in 2008/09. In dollar terms this is an extra \$5.4M collected in 2016/17 than in 2008/09.

The Reserves in 2008/09 were \$3.4M and in the 2016/17 Budget are \$23.2M. This is an increase of \$19.8M in an 8 year period.

The SRP adopted in 2013 shows Reserves of \$9M for 2016/17 Budget year. The figure in the Budget is \$23M – this shows that in a 3 year period Reserves have risen by \$14M over and above the figure planned for in the SRP. The rise in Reserves from 2015/16 to 2016/17 is \$1.9M.

Council has claimed a surplus of \$1,000 for 2016/17. This ignores the fact that \$1.9M will be transferred to Reserves.

Regarding the analysis of the 9.9% rise in 2015/16, Council has misled the ESC. We find it hard to believe that the ESC did not pick up on this deception.

We are concerned that, for whatever reason, the ESC chose not to investigate this matter further. We hope that it was just an oversight on the ESC's part and not a desire to pursue a political agenda.

A couple of other concerns we have about ESC's procedures are that the external Submissions regarding the Variation to the Rate Cap were removed from the ESC Website following the sending in of our Submission. Prior to making our Submission we were advised by the ESC that all Submissions would be displayed on their Website.

In response to Councillor Healy's recent FOI Application about Murrumbidgee Shire Council's Variation to the Rate Cap the ESC said that it had located 105 relevant documents, but the list provided only showed 49 documents. This process was about an analysis of Council's financial situation and we can see no valid reason why the ESC would be claiming that documents requested are confidential.

We would hope that the ESC would make a public statement saying that Council have been misleading in its response to queries from the ESC regarding its Application for a Variation to the Rate Cap.

We have attached relevant documents to back up this submission.

A5



8 September 2016  
Our ref: C/16/18633

Cr Chris Healy  
2 Girdwood Parade  
Eildon, Vic 3713

Dear Cr Healy

### FOI request

I refer to your email of 2 September 2016 and provide this reply on behalf of the Chairperson and Principal Officer of the Commission.

You have requested a list of the 105 documents that relate to your request.

In order to help you understand the FOI decision and to facilitate your application to VCAT if you choose to pursue a review of the decision, we have provided the information below.

Documents 1 to 49 have been given to you (with redactions in five instances), so a list is not necessary.

Documents 50 to 69 were provided to the Commission in confidence by the Shire of Murrindindi. As a councillor of the Shire, you should be able to gain access directly from the Shire. To assist you in that request, those documents are:

50	Supporting document	KPMG Report - Impact on Murrindindi Shire Council of Rebuild and Expanded Assets	Marked confidential in submission
51	Supporting document	CT Management Services Review Report 1	Marked confidential in submission
52	Supporting document	CT Management Services Review Report 2	Marked confidential in submission
53	Supporting document	Report - Services Review	Marked confidential in submission
54	Supporting document	KPMG Report - Risk assessment and modelling of financial assistance	Marked confidential in submission
55	Supporting document	Report – Economic Development Service Review	Marked confidential in submission
56	Supporting document	Report – Parks and Gardens Service Review	Marked confidential in submission
57	Supporting document	Report – Library Service Review	Marked confidential in submission
58	Supporting document	Report – Community Services Review	Marked confidential in submission
59	Supporting document	Report – Organisational Staffing Requirements	Marked confidential in submission

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60	Supporting document	Report – Infrastructure Services Service Review	Marked confidential in submission
61	Supporting document	Report – Corporate Services Service Review	Marked confidential in submission
62	Supporting document	Report – Finance Service Review	Marked confidential in submission
63	Supporting document	Report – Waste Management Review	Marked confidential in submission
64	Supporting document	Report – Quarry Service Review	Marked confidential in submission
65	Supporting document	Report – Review of Roads and Parks Maintenance Service Levels	Marked confidential in submission
66	Supporting document	Financial Performance Solutions Report to LGV	Marked confidential in submission
67	Supporting document	Organisational Review	Marked confidential in submission
68	Supporting document	Report – Aged and Disability Service Review	Marked confidential in submission
69	Supporting document	Background, Impact and Quantification of Cost Shifting to Council	Marked confidential in submission

Documents 70 to 105 have been created by officers of the Commission. In each case the exemption claimed is based in section 30 of the Freedom of Information Act, and in some cases section 32 or 35 also due to information that the document contains. We regard it as inappropriate to list or more particularly identify those documents (for example by reference to staff names) for the same reason why the documents themselves are exempt. In broad terms, disclosure would involve disclosure of the processes of deliberation that led to the making of a decision by the Commission. We refer you to the decision letter of 17 August 2016.

If you make an application to VCAT you can refer to this letter with confidence that a list of items 70 to 105 does exist and can be provided to the tribunal member on a not-for-disclosure basis in accordance with section 56 of the Act.

Yours sincerely



Andrew Chow  
Director - Local Government

Cc: CEO, Murrindindi Shire Council

Appendix 6

**Response from Essential  
Services Commission to  
allegations by Councillors  
Lording and Healy**



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## A3.2

17 November, 2016  
Our ref: C/16/23195

Mr Michael Baker  
Secretary  
Standing Committee on the Environment and Planning  
Inquiry into Rate Capping Policy  
Parliament House  
Spring Street  
EAST MELBOURNE VIC 3002

Dear Mr Baker

### **SUBMISSION - INQUIRY INTO RATE CAPPING POLICY**

I have reviewed the transcript of the remarks made by Councillors Chris Healy and Eric Lording at the hearing held on 18 October 2016. On the basis of the information in the transcript, I thought it would be helpful to the Committee for me to give some additional factual information that relates to the subject matter of the Councillors' remarks.

In making its decision on the higher rate cap application by Murrindindi Shire Council, the Commission gave careful and thorough consideration to all matters that it was required to consider under the Local Government Act, and only those matters. It closely scrutinised the application by the Council, and had regard to expert advice. It had available to it financial data collected by Local Government Victoria, the Victorian Auditor-General's Office and the Victorian Grants Commission. It also gave close and respectful consideration to the submissions made by Councillors Healy and Lording. It was not subject to, nor affected by, any other 'external influence'.

The Council's application for a higher cap was made in two parts. The Commission rejected one part and accepted the other. As a result it approved a higher rate cap of 4.3 per cent, lower than the 5.4 per cent sought by the Council. The Commission's reasons are fully set out in the document "Decision on an application for a higher cap for 2016-17" which was published on the Commission's website.

As with each other application from councils that fully pursued an application, the Commission's website contains copies of the application, further information that was sought from the applicant, a commissioned report from Deloitte Access Economics and the Commission's decision. The Commission did not publish unsolicited submissions such as those put to us by Councillors Healy and Lording. However, the Commission took these submissions into account and sought the view of the relevant council on any submissions provided.

Under section 185E of the Local Government Act the Commission is required to have regard to various matters. The conduct or motivation of a council in making decisions in or for the financial year 2015-16 is not directly a relevant consideration under the Act as passed by Parliament. To the extent that the outcome of a decision affecting 2015-16 resulted in a higher rate base, that outcome is reflected in the Commission's assessment of financial need that relates to the statutory criteria and statutory objectives that guide the Commission.

Deloitte Access Economics noted that Murrindindi had 'budgeted for a not insignificant adjusted underlying operating deficit'. Looking beyond the four year planning period, Deloitte Access Economics concluded that the Council 'will need to generate more revenue and/or reduce service levels progressively over time in order to operate on a financially sustainable basis'.

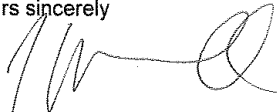
The Commission examined the revenue data provided to it by the Council and also considered independent data from the other government agencies referred to above. While noting that different forms of revenue can be classified in a variety of ways that can change over time, the Commission is satisfied that it made its assessment on reliable and meaningful data. It further re-checked the relevant data as a result of the submissions by Councillors Healy and Lording.

The Commission considered the extent and nature of public consultation undertaken by Murrindindi. As set out in the Commission's decision, it considered that the Council undertook sufficient relevant consultation on its infrastructure renewal needs but that it did not consult on the issue of service levels. An outline of the council's consultation that occurred is set out in the Commission's decision.

The Commission has continued to engage with Councillors Healy and Lording to respond to their concerns, and has done so substantively on three occasions since the rate cap decision was made.

The Commission would be pleased to answer any other queries that the Committee may have.

Yours sincerely



John Hamill  
Chief Executive Officer





DR RON BEN-DAVID  
CHAIRPERSON

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24 November 2016

**Mr David Davis, Chair**  
**Ms Harriet Shing, Deputy Chair**  
c/o Mr Michael Baker  
Secretary  
Standing Committee on the Environment and Planning  
Inquiry into Rate Capping Policy  
Parliament House  
EAST MELBOURNE VIC 3002

Dear Chair, Deputy Chair

I have reviewed the transcripts from the Commission's appearance before the Committee as well as the transcript from the appearance by Councillors Chris Healy and Eric Lording. I wish to address two matters in addition to those addressed by Mr Hamill in his letter, 17 November 2016.

#### **Allegations of motive**

In their written submission to the Committee, Councillors Healy and Lording allege that the Commission's decision had been "politically motivated". In his remarks to the Committee, Cr Healy implies that the Commission could have only reached its final decision if it had been subject to "some sort of external influence".

These allegations are unfounded and wrong. As a regulator established under its own Act of Parliament, we take with great seriousness our responsibility to discharge our duties independently and impartially.

The Commission's decision was reached solely on the basis of the information it had before it, staff's analysis of that information, staff's discussions with their peers at council, unsolicited submissions received from members of the public (including Councillors Healy and Lording) and external analysis by our financial advisers. There were no other influences on our decision-making and our decision-making was free of political motivation. We reached our decision based on the information before us only and we laid out the reasons for our decision as clearly as possible in the documents published on our website on 31 May 2016.

#### **My absence from the Hearing**

I wish to confirm the reason for my absence from the Hearing on 18 October 2016.

On 18 October, I was admitted to hospital for a cardiac procedure which saw me hospitalised on that occasion for two days. Because the timing of that procedure was known in advance, my staff worked with the Committee's secretariat to find another time for our appearance before the Committee. Unfortunately, no other suitable time was available.

Should the Committee require a medical certificate or any other documentary evidence of my condition and procedure, these can be supplied on request.

I am, of course, available to answer any further queries the Committee may have in relation to these matters.

Yours sincerely



Dr Ron Ben-David  
**Chairperson**

