

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2025-26 Budget Estimates

Melbourne – Tuesday 10 June 2025

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Meng Heang Tak

Richard Welch

WITNESSES

Nick Staikos MP, Minister for Local Government; and

Lisa Gandolfo, Deputy Secretary, Consumer Affairs and Local Government,

Mike Gooley, Executive Director, Local Government Victoria, and

Dan Harper, Lead Director, Emergency Coordination, Resilience and Local Government Emergencies, Department of Government Services.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2025–26 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken today is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege.

All evidence given today is being recorded by Hansard and is broadcast live on the Parliament's website. The broadcast includes automated captioning. Members and witnesses should be aware that all microphones are live during hearings and anything you say may be picked up and captioned, even if you say it quietly.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream and other committee members.

I welcome the Minister for Local Government the Honourable Nick Staikos as well as officials from the Department of Government Services. Minister, I invite you to make an opening statement or presentation of no more than 5 minutes, after which time committee members will ask you some questions. Your time starts now.

Nick STAIKOS: Thank you, Chair. Thank you for the opportunity to present on the local government portfolio. I would like to start by acknowledging the traditional owners of the land that the hearing is held on today, the Wurundjeri people of the Kulin nation, and pay my respects to elders past and present.

Visual presentation.

Nick STAIKOS: To begin with I would like to provide a brief overview of the local government sector. Victorian councils are a distinct tier of government with democratically elected councillors responsible for making decisions and setting priorities for the benefit of their local communities. Councils represent their diverse communities and need to make decisions about services and infrastructure that are in their best long-term interests. To function effectively councils must provide good governance for the benefit of their community. They do so by giving effect to the overarching governance principles defined in the *Local Government Act 2020*. My goal is to ensure that state and local governments continue to work together on issues that affect their statutory responsibilities, organisational performance and service delivery.

The local government portfolio oversees legislation, policy and programs to support a responsive and accountable local government sector. I am focused on driving positive outcomes for this portfolio by supporting councils in their delivery, helping councils in recovery from emergency events and continuing to drive accountability and good governance. I know that financial sustainability is one of the most pressing challenges facing councils, and that is why the Victorian government provides grants to councils through various programs, including those administered by the Department of Government Services. These grants support council efforts in providing critical community services, maintaining infrastructure and preserving the environment. Some of the grants that we provide to support local councils include \$48 million for the public

libraries funding program, \$4 million for the Living Libraries infrastructure program, \$1 million for the Premiers' Reading Challenge Book Fund and \$2.8 million for roadside weeds and pest prevention.

Councils play a critical role in helping their communities prepare for and recover from emergency events. The Victorian government supports councils with emergency management. The Victorian government has partnered with the Commonwealth government to provide over \$50 million to councils so that they can continue their important work over the coming years, and this is funding that is in addition to the \$4.9 million provided annually through the state's municipal emergency resourcing program.

The Victorian government is committed to improving accountability and governance in local government. DGS supports me in the administration of the Act and its regulations to ensure that Victorians enjoy a responsive, accountable and efficient system of local government. In 2024 reforms to the *Local Government Act* enhanced standards of governance and behaviour across the local government sector, and in addition, the *Local Government Amendment (Governance and Integrity) Act* brought in councillor conduct reforms ahead of local government elections. There are several other important governance mechanisms supported by DGS, and these include managing and implementing the local government councillor conduct framework, providing guidance for and supporting annual mandatory councillor training and the model code of conduct, appointing and supporting municipal monitors, appointment of administrators and supporting the local government performance reporting framework.

In 2024–25 we made significant progress in the local government portfolio. For example, in March 2025 we launched the board of inquiry into the McCrae landslide, and this inquiry has been determining the cause of the landslide and the adequacy of preventative measures taken. We are delivering the work to implement the Operation Sandon recommendations, with new annual professional development requirements now in place for all councillors, mayors and deputy mayors and by the introduction of a mandatory model councillor code of conduct. We have continued to support Victorian councils through the delivery of untied funding through the financial assistance grants program and a number of Victorian government programs. We have announced Victoria's first public libraries ambassador, Andrea Rowe, who will celebrate the value of our local libraries as places for learning, creativity and sharing ideas.

As we look ahead to the next year, I am excited to outline our upcoming priorities. We are creating more robust governance structures that will support public and transparent council decision-making and improve the conduct at council meetings. Financial sustainability is one of the most pressing challenges facing councils and remains a key focus in the next year. In a cost-of-living crisis, local electors expect us to exercise rate restraint. Rate capping will remain a central feature of our approach. I will be working with councils to ensure that there is greater transparency for ratepayers, and on behalf of Victorian councils I will continue to advocate to the Commonwealth government.

The CHAIR: Thank you, Minister. We are going to go to the Deputy Chair.

Nick McGOWAN: Thank you, Minister. Minister, your new, toxic tax – that is, your new fire services levy tax – is expected to collect \$1.6 billion in 2025–26 and \$1.8 billion in 2026–27. Can you confirm who will collect this tax?

Nick STAIKOS: Well, questions about the Emergency Services and Volunteers Fund actually fall within the remit of the Treasurer, and you have already had the Treasurer appear before you.

Nick McGOWAN: This is not about the tax itself. It is about who will collect it.

Nick STAIKOS: However, it will be collected by local councils, just like the current levy is collected by local councils and has been collected by local councils since it was introduced by the former Liberal government back in 2012. It was introduced back in 2012 as part of a recommendation –

Nick McGOWAN: With the support of your own party, Minister. Have you forgotten that?

Nick STAIKOS: And it was a recommendation of the Black Saturday bushfires royal commission. What I have been concerned –

Nick McGOWAN: They did not recommend the current tax. Minister, noting your admission that councils have been forced to become the state's tax debt collector, can you estimate the administration, collection and enforcement costs associated with this tax on councils?

Nick STAIKOS: Well, councils already collect the levy. That is what I have just said to you. They have done so since 2012. But what I have been concerned to ensure is that the state government is supporting councils in an administrative sense to be able to collect the levy, and that will include funding.

Nick McGOWAN: What is the quantum of that, Minister?

Nick STAIKOS: That will include upgrades to IT systems. Those are matters that are being worked out –

Nick McGOWAN: What is the quantum? How much money, Minister?

Nick STAIKOS: directly between the Treasurer and the local government sector, including their peak body, the Municipal Association of Victoria.

Nick McGOWAN: But you are the local government minister. How much are you providing in terms of funding, Minister?

Nick STAIKOS: The levy itself is actually a matter for the Treasurer. And you have already had the –

Nick McGOWAN: No, this is not about the levy, this is about how much –

Nick STAIKOS: You have already had the Treasurer –

Nick McGOWAN: Minister, these are matters that have already been canvassed in the Parliament. They have been canvassed here by the Premier. It is a very simple question. You would know, I am sure, how much your local councils are receiving from this government to assist them with the administrative costs.

Nick STAIKOS: I have just said to you those details are being worked out between the Treasurer, because the levy sits underneath the Treasurer, and –

Nick McGOWAN: No, the Premier said it was \$12 million.

Nick STAIKOS: These matters are being worked out between the Treasurer and the peak bodies.

Nick McGOWAN: So is it \$12 million, or is the Premier wrong?

Nick STAIKOS: I have just said to you these matters are being worked out between the Treasurer and the peak bodies.

Nick McGOWAN: The Treasurer herself said – and forgive me if I am wrong, but it is the Treasurer or the Premier; it could be the Treasurer – \$12 million here at PAEC the other day.

Nick STAIKOS: If you have already received the answer, why are you asking me?

Nick McGOWAN: Well, because you are the minister. You should know. Surely you know.

Michael GALEA: Point of order.

The CHAIR: Excuse me, Deputy Chair.

Nick McGOWAN: The reason I am asking –

The CHAIR: Deputy Chair, a point of order has been raised. Mr Galea.

Michael GALEA: The minister has now repeatedly said that he is not the responsible minister for the ESVF, as Mr McGowan well knows, and these questions are best directed to the Treasurer.

The CHAIR: Thank you, Mr Galea. On the point of order, I think you do know, Deputy Chair, that these questions have been and are best directed to the Treasurer, for which you had an ample amount of time. I suggest you move on.

Nick McGOWAN: That is not the case. But nonetheless, Minister, in the committee stage the Treasurer said it was \$4 million. We have heard here before the PAEC estimates committee – and this is an important matter – that it was \$12 million. Which is it, \$4 million or \$12 million, that will go to local governments to support them in the administration of this tax burden?

Nick STAIKOS: As I have said to you repeatedly, this is a matter that does not fall within my portfolio.

Nick McGOWAN: Just say you do not know. Just put your hand up and say you do not know. You are new to these hearings, Minister. Just say you do not know.

Nick STAIKOS: I am saying that this does not fall within my portfolio responsibilities.

Nick McGOWAN: Of course it does, Minister; it is local government. Local councils will receive this money from your government. It is absolutely in your –

Michael GALEA: Point of order.

Nick McGOWAN: How could you not know that, Minister? It is actually part of your portfolio.

The CHAIR: Excuse me, Deputy Chair. There is a point of order. Mr Galea.

Michael GALEA: This goes straight to the previous point of order I raised, but I also could not hear the minister answering because Mr McGowan was yelling over the top of him.

Nick McGOWAN: It is an invalid point of order.

The CHAIR: Excuse me, Deputy Chair.

Nick McGOWAN: He does not want to tell Victorians how much local government will be given in terms of money to support them –

Michael GALEA: You do not actually care to get the answer to the question because you are just yelling over the minister anyway.

Nick McGOWAN: I am not yelling. I am –

Michael GALEA: You are. You are not actually –

The CHAIR: Deputy Chair, a point of order has been raised. Mr Galea, can you repeat the point of order, please?

Nick McGOWAN: Oh, that takes more of my time. I mean, we have only got 8 minutes in total –

The CHAIR: Excuse me. Repeat the point of order. You are talking over the top of me, Deputy Chair, which is why I need Mr Galea to repeat the point of order.

Nick McGOWAN: He was talking over the top of me.

Michael GALEA: The minister has clearly said that this is in the purview of the Treasurer.

The CHAIR: Thank you. I suggest that the Deputy Chair move on.

Nick McGOWAN: That is right. It is reported that several councils, Minister, are obtaining legal advice about refusing to collect this tax. If councils were to refuse to collect your tax on your behalf, will this government take punitive action against those councils?

Nick STAIKOS: Councils have to collect this levy, just like they collect the current levy and have been doing since 2012. As I have said to you, what I have been concerned to ensure is that the local government

sector receives the administrative support it needs to be able to administer the collection of this levy. It is a levy that has been collected since 2012. This is nothing new. Local councils have been doing this for some time.

Nick McGOWAN: It is the quantum, Minister, that is new. It is quite significant. It is \$1.8 billion. It is a massive quantum shift.

Nick STAIKOS: Yes, and the government has already taken steps to relieve that administrative burden from local councils.

Nick McGOWAN: That is because your own members of Parliament, Minister, said it was, and I quote, 'unfair'.

Nick STAIKOS: And the Treasurer has been working directly with the local government sector because it is a matter that falls within the Treasurer's portfolio.

Nick McGOWAN: Minister, you cannot absolve yourself of responsibility. If ratepayers refuse to pay the levy, will the government act against individual ratepayers, or will you expect the local government to be both the tax collector and the tax enforcer?

Nick STAIKOS: Existing arrangements that apply will continue to apply.

Nick McGOWAN: So you will not take the money from the council regardless of whether they collect it or not?

Nick STAIKOS: What I am saying to you is that since 2012 –

Nick McGOWAN: I do not know what you are saying to me.

Nick STAIKOS: local councils have been collecting this levy. This is nothing new. This is absolutely nothing new, and the existing –

Nick McGOWAN: It is the quantum. It is \$1.8 billion new, Minister. This is a fanciful –

Nick STAIKOS: arrangements will apply. The reason why we have this levy is because it was a recommendation of the Black Saturday bushfires royal commission, and –

Nick McGOWAN: This is not their recommendation. You are co-opting their recommendations, wrongly, to justify this gross –

Nick STAIKOS: emergency events are becoming more frequent, and we need to move to a more sustainable way of funding our emergency services.

Nick McGOWAN: That is right. If ratepayers refuse to pay the levy, will you go after the ratepayers?

Nick STAIKOS: What I can say to you is that –

Nick McGOWAN: Is that a yes?

Nick STAIKOS: the existing arrangements will continue to apply.

Nick McGOWAN: But it is a new quantum. So if you send people to the wall literally, if farmers have to actually sell their properties and the same thing for commercial and retail operators –

Nick STAIKOS: I have answered this question.

Nick McGOWAN: It is a very simple question.

Michael GALEA: It is well outside the minister's responsibility, and you know it. Don't you have any other questions?

Nick McGOWAN: It is within it.

The CHAIR: Excuse me, Mr Galea. Excuse me, Deputy Chair, I believe the minister has repeatedly answered your question on numerous –

Nick McGOWAN: He has refused to answer the question.

Michael GALEA: He has not refused; it is not his responsibility.

The CHAIR: The minister has not refused to answer your question. As I have said to other members towards my left, you can ask a question, but you do not get to determine how the minister responds. You may not like the response, but the minister is responding to your question.

Nick McGOWAN: Minister, do you know how much this tax will take out of the economy of each local government area?

Nick STAIKOS: Again, the Emergency Services and Volunteers Fund is a matter that falls within the Treasurer's portfolio responsibilities. The Treasurer was the first minister –

Nick McGOWAN: No, you are requiring local governments to do this, Minister. It is your responsibility.

Nick STAIKOS: The Treasurer was the first minister to appear. What I will say, though, is I have made it a focus of mine as minister to ensure the financial sustainability of the local government sector, and that does include our small rural shires. I met with a number of them last week when I went up to the New South Wales border to meet with the Murray River Group of Councils. We are working collaboratively with the local government sector to ensure that our local government sector is financially sustainable and can continue to deliver for its communities, and we do so in a number of ways, including in the way that local government –

Nick McGOWAN: Minister, that is not my question. My question is: do you know how much this tax will take out of each local economy for the local government area? You must have estimates. Surely the department have provided that.

Nick STAIKOS: And I have said to you repeatedly, Mr McGowan, that the ESVF falls within the portfolio responsibilities of the Treasurer.

Nick McGOWAN: Minister, you are responsible, but that was an appalling performance and an obfuscation of your responsibilities.

The CHAIR: Thank you, Deputy Chair. We are going to Mr Galea.

Michael GALEA: Thank you, Chair. Thanks for joining us again, Minister and officials. Minister, the funding sources for local government are a very important topic, and a big part of that is the federal financial assistance grants. Could you talk to me a little bit about role the state government plays in administering the FAGs, the importance of that and how they are rolled out?

Nick STAIKOS: Thank you. As I think I just referenced then, there are 79 councils in Victoria, and they vary enormously both in their demographics and in their size. Having met many of our particularly small rural shires, I am acutely aware of the importance of untied Commonwealth financial assistance grants to councils, which are administered by our Victorian Local Government Grants Commission. In the recent federal budget, Mr Galea, I can advise that the Commonwealth government indicated that more than \$833 million will be allocated to Victorian councils in financial assistance grants in 2025–26, and that represents a 5.6 per cent increase on the previous year. Councils will be formally advised of their allocations in July this year. In 2024–25 the funding pool was \$789 million. If I can use the previous year as an example, of that \$789 million allocation, \$581.5 million came under the category of general purpose grants and \$207.7 million came under the category of local roads grants. When the commission decides where funding will be allocated under that category, it takes into consideration the length of roads, traffic volumes and also freight. Some councils of course have substantial cash reserves, a lot of councils perhaps in interface areas, whereas I can say that for small rural shires – and I met with a lot of them last week – their financial assistance grants represent up to 30 per cent of their total council budgets. So this funding is very, very significant.

Now, I do want to also explain the commission's funding formula, because the commission's funding formula is based on 12 key factors, and I am going to list them for you: economies of scale, relative risk from bushfire

and flood events, Indigenous population, language, population dispersion, population growth, population aged under six years, regional services, remoteness, socio-economic disadvantage, tourism and proportion of population aged 60-plus receiving the age pension. But the commission also considers other issues. For example, the commission will consider issues raised directly by councils in their statewide meetings, and the commission over the past year has held 20 such meetings. Other information that is considered by the commission includes ABS data on ABS population estimates, valuations data and local characteristics, which include socio-economic data, population growth and population dispersion. I would also say that under the Commonwealth *Local Government (Financial Assistance) Act* the national pool of financial assistance grants is indexed annually in line with inflation and population growth to maintain funding in per capita terms.

Nick McGOWAN: So what was the rate increase?

Michael GALEA: Thank you, Minister. Mr McGowan, thank you very much. This is actually my time. That was an interesting dissertation on the different factors that are applied. As you know more than perhaps anyone, there is a great disparity between the wealth or otherwise of many of Victoria's local councils. In terms of applying the funding model to different councils with different levels of disadvantage – for example, some outer suburban councils might have 1600 kilometres of roads to look after; an inner-city council has much less but also has other sources of revenue – in these sorts of cases how do you account for disadvantage in terms of the rollout of those grants?

Nick STAIKOS: Thank you for that supplementary question, Mr Galea. As I said at the beginning of my answer to the substantive question, the 79 councils vary significantly. Councils are diverse, and some are growing councils like Wyndham, which is particularly relevant to the Chair and also to Mr Hilakari. In Wyndham, for example, the median age is 32 years, but within the Shire of Buloke it is 52 years – a very significant difference there. Those things are taken into account. There is also a huge difference between councils in terms of their socio-economic profile, their cultural and linguistically diverse population and also their levels of educational attainment and the economic opportunities available to councils, including through tourism. Some councils have a strong population base and therefore have a large rate base, but others have a small population and therefore have a much smaller rate base. When I met with the Murray River Group of Councils just last week I had a conversation with the CEO of Loddon shire, and he pointed out that the financial assistance grants account for 30 per cent of their annual budget. The reason why a shire like Loddon have traditionally received the absolute maximum is because, as the CEO of Loddon shire explained to me, they have enough road length to get them from Melbourne to Broome, which is absolutely significant, and they have got a small population over thousands and thousands of square kilometres.

Councils with a population of less than 20,000 receive additional support. That really is the formula. Allocations are made based on data on the 12 key factors that I have just outlined. There is an assessment of the relative needs of each council, and those councils in the greatest need get the larger share of the funding. The commission considers each council's relevant expenditure and its capacity to raise revenue from rates and from fees and charges. As I have just outlined, there is less opportunity in some of those small rural parts of Victoria, which is why they receive the absolute maximum. I will just give you a real-world example of how this works. If you look at last year, the eight largest regional centre councils, with a combined population of 12 per cent, received 17 per cent of the funding pool; the eight interface councils, with 26 per cent of the state's population, received 20.5 per cent of the total funding; and the 23 non-interface metropolitan councils, like my part of Melbourne, which comprise 49 per cent of the Victorian population, received 18 per cent of the available funding. Those 40 rural councils that I have been talking about throughout this part of the hearing account for just 13 per cent of the state's population. However, they received 44.5 per cent of total funding because the Victorian Local Government Grants Commission makes these decisions based on need and need alone.

Michael GALEA: Thank you, Minister – and a very interesting breakdown too. The FAGs, as we know, indeed in every state of the nation are funded through the Commonwealth and administered by the states, which is apparently news to our Liberal colleagues to my left. But that is the established national practice. Noting that this source of funding does come from the Commonwealth, what have local councils said to you about the adequacy of the FAGs to support their ongoing financial sustainability?

Nick STAIKOS: In the seven or eight months that I have been Minister for Local Government I have really enjoyed meeting with local councils from across the state. I have recently assembled the mayoral advisory panel of nine mayors, and we have made sure that that group of nine mayors is representative of the entire state.

What has been particularly rewarding is meeting with these rural shires. As someone who has been a parliamentarian for 11 years in a part of middle-ring Melbourne, it has been great to get out there and meet with these rural shires. Just to give you a bit of history about the grants, they were actually established under the Whitlam government in the 1970s, and they were established at a rate initially of 1 per cent of federal income tax receipts. Then in 1980–81 they were increased to 2 per cent, but they have now dropped to less than 0.5 per cent of federal income tax collections.

The CHAIR: Excuse me, Minister, there is a point of order. Deputy Chair, do you have a point of order?

Nick McGOWAN: If the minister is going to spend the whole 11 minutes talking about the federal government's funding and expenditure here on local government, it is telling. It is making a mockery of this entire hearings process.

Michael GALEA: It is a budget item.

Nick McGOWAN: If this is how the government choose to use their time –

The CHAIR: Excuse me, Deputy Chair.

Nick McGOWAN: and their Dorothy Dixers, with 11 minutes talking about how federally funded programs are going to be administered –

The CHAIR: Excuse me, Deputy Chair. Mr Galea, on the point of order.

Nick McGOWAN: spent, prioritised, administered by this government, it is a mockery of the system.

Michael GALEA: I would invite Mr McGowan to look at budget paper 3, page 206, which specifies that this is indeed an item of this budget that we are looking at, not one of the wild claims he has been making well outside of this portfolio.

Nick McGOWAN: You have noted the money is federal.

Michael GALEA: These are specific questions to this specific portfolio in this specific budget.

Nick McGOWAN: You are making a mockery of the estimates process.

The CHAIR: Thank you, Mr Galea. On the point of order, Deputy Chair, the minister is being entirely relevant to the inquiry before us. Please continue, Minister.

Nick STAIKOS: This is a matter for the Victorian budget, because the funds are received by the state government and dispersed to local councils. I make no apology for standing up for our small rural shires. That is exactly why I am looking forward to travelling to Canberra very, very soon to meet with my federal counterparts to discuss the adequacy of the financial assistance grants. The reason why I will be doing that is because I know how much the 40 rural shires rely on these grants. They rely on these grants, which in some cases make up 30 per cent of their total income.

The CHAIR: Thank you, Minister.

Michael GALEA: Thank you. It is a very important subject, even despite what Mr McGowan says. Thank you, Minister. Thank you, Chair.

Nick STAIKOS: Thank you.

The CHAIR: We are going to go to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good afternoon. Last year I understand two new fees were introduced for local councils in the implementation of their childhood immunisation programs – \$2 per vaccination and a \$6000 annual registration fee to register all vaccinations administered. Can I ask: how has that funding been utilised? Has any of it gone back to local government?

Nick STAIKOS: Thank you. I am going to either have to throw to a department –

Mike GOOEY: It is a Department of Health issue.

Nick STAIKOS: It is a Department of Health issue. There you go.

Aiv PUGLIELLI: Right. So there is no oversight here as to where that money has gone, how it has been used? Right. Okay. Thank you. On another matter, I understand councils have previously been funded to provide sleep-settling services via their maternal child health programs, but I have heard from councils, including in my own electorate, these have been cut with only a few weeks notice. Is that correct? Why has this happened?

Nick STAIKOS: That is also a Department of Health matter, Mr Puglielli.

Aiv PUGLIELLI: Right. Is there nothing else you can provide me today under this portfolio?

Nick STAIKOS: No.

Aiv PUGLIELLI: Right. Okay. Perhaps, for example, in the western suburbs, people who have young children are either placed on waiting lists or removed altogether from routine zero to five maternal child health checks because of lack of capacity in those services. Are you aware of this issue? Is there anything you can say about it?

Nick STAIKOS: I am not specifically aware of that issue, but I note that I think you have just had the Minister for Health before you. I do not know if you asked her about this.

Aiv PUGLIELLI: No, we ran out of time, I am afraid, as is always the case on this committee. In terms of rate capping – surely this is for you – is the government currently considering reviewing that capping system to ensure it better reflects costs actually facing councils?

Nick STAIKOS: That one is for me. In fact the first brief I received when I became a minister was to approve the rate cap for this year. Of course rate capping was introduced by our government back in 2016 to keep rates low, and it has done that. Prior to the introduction of rate capping, the average rate increase was more than 6 per cent. This year I approved a rate cap of 3 per cent on the advice of the Essential Services Commission. Rate capping is here to stay. Especially in a cost-of-living crisis, rate capping is here to stay. However, the mechanism does exist for councils to apply directly to the Essential Services Commission for a variation to the rate cap, and many have done that. In fact the vast majority of councils who have applied for a variation have actually been granted the variation, either in full or in part, because they have put a compelling case forward. Just this year, recently, there were two councils who applied for a rate cap variation, and the Essential Services Commission granted both of those rate cap variations. I will just reiterate: it is a decision of the Essential Services Commission, not me as minister. The answer to your question is that rate capping is here to stay, but I am mindful about financial sustainability of local governments.

The CHAIR: Thank you, Mr Puglielli. Minister and officials, thank you very much for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee is now going to take a break before beginning its consideration of the portfolio for tourism, sport and major events at 2:20 pm. I declare this hearing adjourned.

Witnesses withdrew.