

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2007–08

Melbourne — 17 May 2007

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Graley	Mr B. Stensholt
Ms J. Munt	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Business Support Officer: Ms J. Nathan

Witnesses

Mr R. Wynne, Minister for Local Government;
Mr Y. Blacher, secretary;
Ms P. Digby, executive director, local government, employment and adult education division; and
Mr S. Gregory, chief financial officer, Department for Victorian Communities.

The CHAIR — I call on the minister to give a presentation of no more than 5 minutes on the more complex financial performance information in relation to the budget estimates for the local government portfolio. I commend your previous presentation, which actually did concentrate on the estimates, and I sent a message around to ministers who are due to come up that we really need in the presentations to focus on what is coming up in the future rather than on a long record of what has been achieved in the past.

Mr WYNNE — Good, thanks very much. I think I am clear on my riding instructions, Chair.

Mr DALLA-RIVA — Let's go on your achievements of the past for a start.

Mr WYNNE — No, I am only looking forward, Chair. Thanks to you and to the committee for the opportunity to present in the local government portfolio. My presentation will cover the achievements of 06–07 and the priorities for 07–08 for the local government portfolio.

Overheads shown.

Mr WYNNE — The first slide here and the next deal with the portfolio's achievements. They are reasonably self-evident for you. But I do not intend to speak to those slides in any detail. The output targets for 2006–07 in budget paper 3 are expected to be met, but I am happy to answer any questions on those achievements as we go forward. The second slide that I have up there indicates the achievements for 2006–07, and, as I indicated, I would happy to talk further about those.

The priorities for 2007–08 are really the areas that I would like to concentrate on, and there are four of these, as I will go through. The first is better councils, the second is more democratic and accountable councils, the third is joined-up government, and the fourth is empowering local residents and communities.

In the budget the government announced \$4.7 million over the next two years to really undertake a significant reform program in partnership with local government. I guess if this government is on about anything, it is on about a partnership with local government, and I will want to talk about that a bit further in the presentation. We will do this initiative with the MAV and Victorian local governments generally. We hope to produce tangible benefits for Victorian communities by reducing the cost to councils doing business.

There are three main areas of focus. The first is minimising red tape and bureaucratic impact on local regulation of business — really fundamental reform in my view; secondly, councils joining together to deliver services more efficiently, and thirdly, identifying areas for more cost-effective procurement of councils, goods and services. That is potentially, I think, one of the most exciting opportunities that is available to us.

A second area I wanted to briefly touch on is councillor development and conduct. As we know, many of us have been in local government, and we certainly have a close interaction with local government. The role of councillors is a complex task. We have already allocated \$20 000 to work with the peak bodies to improve the quality of councillor training and explore opportunities for further accredited training for councillors as well. Indeed I would submit to you, Chair, that the vast majority of councillors act in a professional and ethical fashion. I think that is beyond dispute. But occasionally we do get instances where misconduct does affect good governance. We should be up-front and acknowledge that that is the case. But I am committed to establishing a mechanism to address councillor conduct. I am currently exploring options with the two peak bodies, the MAV and the VLGA, as to what really should be the appropriate mechanism to help assist local government and councillors generally in that regard.

Mayoral and councillor allowances is the next matter that I wanted to address. As you know I have announced the establishment of a local government councillor remuneration panel to review current remuneration arrangements and resources to support elected leaders. It is a very good initiative.

Mr BARBER — Kind of like the ones state MPs have?

Mr WYNNE — You will get your go.

Mr BARBER — The Greens support you.

Mr WYNNE — Good work! The members of the panel are Liz Roadley, who, of course, will be known to us; Mr Mildenhall, former member of — —

The CHAIR — Former legislative counsellor — —

Mr WYNNE — Former local councillor, former mayor of the City of Footscray; Joanne Anderson; and Bruce Hartnett. I am keen that the panel report before the end of this year so that the councils can ensure that their budgets accommodate whatever future increases, and so that anyone who is proposing to run for a local government knows what the likely remuneration package would look like.

I now want to move on briefly to joined-up government and empowering local residents and communities. My predecessor, Candy Broad, did a fantastic amount of work in getting signed a national intergovernmental agreement in April 2006. The agreement clarifies how the commonwealth, states, territories and local governments will work more effectively together. We are currently working with the MAV to establish a Victorian state-local government agreement vehicle which applies the IGA principles in Victoria, and we hope the agreement will be signed later this year. It is quite an important headline initiative that we want to have with the MAV.

Community planning is the next area that I want to briefly touch upon, and it is essential that we ensure communities have a proper say in priority setting for local government and therefore we want to support local governments to build their community planning capacity. A priority for us over the next 12 months will be to support councils to learn from each other what works and what does not in engaging their communities. It has been a very interesting exercise. I will not talk about that now, Chair; we might go into that in our discussions.

The CHAIR — You have only got 5 minutes, remember.

Dr SYKES — Surely you have got Dorothy Dixers that will carry you over?

Mr WYNNE — Possibly so, Dr Sykes; we may not, but I am keen to talk about that — —

The CHAIR — Minister!

Mr WYNNE — We will provide \$150 000 to document best practice in community planning processes. Neighbourhood houses: we are all fans of neighbourhood houses; they are a great cornerstone of strong local participation in our community. What a sensational record this government has in neighbourhood house support. Record increase in recurrent funding — 62 per cent increase in 2006-07, continues in 2007-08, with \$5 million over four years available to neighbourhood houses to help them relocate or refurbish their premises.

Last week I was in Altona to celebrate Neighbourhood House Week and to announce a new neighbourhood house foundation grants program at the Louis Joel neighbourhood house in Altona. We will be providing small one-off grants which will be provided to a number of organisations that do not receive coordination funding and, importantly, up to eight of those unfunded houses will be able to receive recurrent coordination funding. I will be announcing shortly details of how the unfunded neighbourhood houses can access the funding.

Libraries: again I was down in Wyndham announcing the opening with the Minister for Roads and Ports, Tim Pallas, of a fantastic joint venture at Wyndham, a redevelopment of a major library down there. So frankly if you are a granny or a baby or a family, libraries are the place to learn and connect with your community. Record recurrent funding, again \$30 million; an additional \$15 million will be available over four years to extend our successful Living Libraries program, I indicated the great work we did at Wyndham. Six million over four years for the Premier's reading challenge — what an extraordinary program the Premier's reading challenge is!

Ms GRALEY — It is fantastic!

Mr WYNNE — An unbelievable program! A very simple idea: engage kids in reading. Kids now believe it is cool to read. My kids are in it. It is a sensational program taken up across all primary schools both public and private. It is a wonderful program and one that we can be really proud of! I could go on forever about that, but I will not.

The CHAIR — No, Minister, we are drawing to — —

Mr WYNNE — We love the libraries, that is all I want to say at this stage and I am happy to answer any questions that you have got Chair on the local government portfolio.

The CHAIR — Thank you very much, Minister, for that introduction. I just want to take up one of the latter points that you mentioned on neighbourhood houses. Like many other members, we have quite a few in our local area and they perform a wide range of services. You mentioned on page 247 of budget paper 3 all the outputs there for neighbourhood houses and I think there has been some change this year with respect to those sorts of outputs.

Mr WYNNE — Yes.

The CHAIR — I would like you to tell us a bit more; what is happening in the future with neighbourhood houses?

Mr WYNNE — We have all got neighbourhood houses in our areas and I think any one of us who is engaged with neighbourhood houses would say what a fantastic community asset they are. They are absolutely located at the core of community strengthening and in that respect this government recognises that and it is a great record. We have invested heavily in neighbourhood houses and will continue to do so. Recurrent funding of 18.5 million will be provided in 2007–08. It follows an increase of 62 per cent in the recurrent funding — a huge increase in 2006–07. That increase was used to deliver a 25 per cent increase in the rate of pay to neighbourhood houses per hour of coordination. It was a continuing bugbear, the rate of pay for the coordinators and support staff.

The CHAIR — I attended a few rallies in that regard myself.

Mr WYNNE — Indeed you and I were both there, Chair.

Ms GRALEY — Me too.

Mr WYNNE — I think Mr Barber may have been at that rally as well. There were a few of us there, and I think maybe Mr Wells may have been there. There were members of the Liberal Party there as well. What it did was to show the wide support there is for neighbourhood houses on a bipartisan basis. They do provide fantastic support to the community. We also had an increase of 34 per cent in the total hours of coordination funding; so it is both wages and coordination funding. It does put neighbourhood houses on a really strong footing now in terms of their ongoing financial sustainability.

In that respect there are a whole variety of neighbourhood house that do all sorts of different but very interesting and stimulating work. In my own area — and it is probably not the best thing to single out a particular neighbourhood house — the Fitzroy Learning Network, along with other neighbourhood houses, was really critical at a whole range of points in terms of how support was given to refugees and asylum seekers. They did a fantastic job around that, and all power to them.

Other neighbourhood houses have done wonderful work in terms of adult education, access to computer facilities and retraining opportunities, but for many people it is about the drop-in capacity, the sense in which the neighbourhood house is a place where you can drop in, have a cup of tea, be a part of a community setting and access activities that might be available there. One of the interesting things I have observed is in Geelong, in Corio and Norlane only a couple of days ago, a really interesting collaboration has occurred where a whole range of other community services have joined in with the neighbourhood house. There is the Smith Family and I think a couple of other welfare organisations. Dental Health Services Victoria is in there. It is very interesting. So there is an opportunity for cross-fertilisation, for want of a better word, with the neighbourhood house being at the core of the activity. I think that is a really exciting opportunity, and it one of the ways to go forward. I did indicate as well —

The CHAIR — You mentioned new initiatives.

Mr WYNNE — I did indicate, Chair, that a further \$5 million over four years is provided in the budget to extend our Modernising Neighbourhood Houses Program, and that is a good thing. The other aspect of it is the opportunity for a number of unfunded neighbourhood houses, through a bidding process, to get some coordination hours, and we will be announcing that shortly.

Mr DALLA-RIVA — On the neighbourhood houses, because it is an important issue, is there any proposal for building new neighbourhood houses in a sort of McNew residence or McNew areas. As was raised

today, there was the issue about the expanding new regions, and there was comment made by the planning minister about these areas being — —

The CHAIR — I do think — —

Mr DALLA-RIVA — You know what I mean. It is a relevant issue in terms of the areas —

The CHAIR — I do know what you mean, and I think you will find that developers often turn their display centres into a neighbourhood house.

Mr DALLA-RIVA — Is there any proposal in terms of McNeighbourhood houses coming online?

Mr WYNNE — We have an interesting widespread allocation of neighbourhood houses now and, as the Chair indicated, often in those growth areas civic spaces are created.

The CHAIR — With the council.

Mr DALLA-RIVA — Yes.

Mr WYNNE — Sometimes councils get involved in that process as well, and they will have an opportunity to be part of any future program that occurs, but I think what this program is about is supporting the existing neighbourhood house structure.

Mr DALLA-RIVA — I understand that, I was just saying: is there anything in the forward estimates in terms of that, Minister?

Mr WYNNE — No. But I think there are potentially some very interesting opportunities that will arise through the government's massive program of capital works around schools. Opportunities might arise out of that in terms of joint library facilities potentially, possibly supported through some neighbourhood house outreach activities as well. I think the answer, Mr Dalla-Riva, is potentially that there is quite an interesting opportunity particularly in some of those growth areas for that more cooperative whole-of-government approach.

Mr DALLA-RIVA — We have heard that from other ministers as well.

Mr WYNNE — Yes.

Mr DALLA-RIVA — I thought that was a good idea.

The CHAIR — We will ask Minister Madden as well. I know some of the structure planning in regards to Melbourne 2030, whether it is on the outer areas or some of the infill large projects — —

Mr DALLA-RIVA — It is good cross-pollination.

Mr WYNNE — Absolutely. I was up in Nathalia where we opened a library complex, which was supported by the government. That was a really interesting example of where they had moved the library around from a site that was off the main street into the main street of Nathalia. They incorporated in there child-care facilities and a maternal and child health nurse, and also there is a playground and a skate park at the back of it. That will become a neighbourhood hub.

I think that is quite an interesting concept, where you integrate a range of key community support activities within the one area, so you can have the library, maternal and child health and some child-care facilities in a more holistic way. I think that is really what we are trying to achieve. What John Lenders, the Minister for Education, is attempting to do through enhancing the government's education investment is potentially one of the most exciting and innovative projects we are involved in. Neighbourhood houses ought to be a part of that.

Mr WELLS — I refer to budget paper 3, page 433, the second paragraph, which talks about the government grants to local government that are expected to increase by 7.5 per cent:

The difference between the 2006-07 revised budget and the 2007-08 budget primarily reflects the government's significant drought response and bushfire recovery support to local government ...

Can you tell me the breakdown between the drought relief and the bushfire relief, and what it is expected to be at this point over the forward estimates period? Just those figures. It may be a question on notice.

The CHAIR — Maybe the minister can answer now. You are a member of one of the committees dealing with this.

Mr WYNNE — Absolutely. I was a member of the bushfire task force, and I travelled, as you know, Mr Wells, with the task force to pretty much all of the bushfire-affected areas. It was really devastating for some of those communities which have suffered the impact of both drought and bushfire. For someone who has come from the city, although I do have a long association with the Benalla area in fact, when I visited both Benalla and Mansfield, and Dr Sykes was with me in Mansfield, one of the most striking things about it was both the scale and the ferocity of bushfire. I had not experienced it.

It was really quite shocking to see the complete wipe-out of areas effectively from Benalla–Mansfield essentially down to Lakes Entrance. It is a huge area; it is an unbelievable area of fire. So that is the first thing to say.

The second thing was the extraordinary role local government played; it was quite an extraordinary role. Dr Sykes and I were together in Mansfield at a public meeting which we held to talk to the community about their concerns — this was in the middle of it — and how they were seeking to cope with the bushfires. The most interesting thing was how important local government was to the community. As that level of government is closest to the community, the community reached out to their local government.

I remember the mayor, Sandie Jeffcoat, and the CEO talked to the task force. They were clearly out on their feet; they were exhausted. They had had 3, 4, 5 community meetings every single day for weeks on end with CFA and DSE staff as well to give a consistent message to their community about what the situation was, what sort of supports were going to be available and what they should or should not do around their fire plans and various other activities. It was a really powerful reaffirmation of how important local government is to those communities particularly in times of crisis. Not just to name Mansfield or Benalla but indeed all of the local governments that we visited — it was really quite a profound message that came out of that. In my view local government can stand tall; in a time of crisis they were there and they were there for their community.

Things that were really important to them included the community hall. If you were in a small, rural hamlet out of one of the major towns in an area, the community hall became the rallying point, the place where you knew you needed to go to get information, and it could be critical information about today's fire or weather conditions or whatever. It had quite a profound effect on me that simple things like a decent, accessible community hall is really important to the social cohesion and how a community continues to function both in times of crisis and later on through the recovery process. So in that respect I learned a lot from that process.

I am happy to go through in detail the two aspects of the drought and bushfire recovery program, Mr Wells, or I can provide that to you later, but the two headline numbers are 157 million allocated on drought response, and 138.5 allocated to the bushfire response, and I am happy to provide the — —

Mr WELLS — Is that over the forward estimates? Those figures relate to which periods?

Mr WYNNE — 06–07. I am advised by the secretary that some of that is 06–07, 07–08.

Mr WELLS — Okay.

Mr WYNNE — And we are happy to provide that to you.

The CHAIR — Thank you very much for that, and as I said, some of the notes on page 433 have some regard to grant payments on drought and bushfire-related programs also into the future, particularly community sports grounds.

Mr WYNNE — Again, Chair, can I touch upon that because that was another important message. Dr Sykes perhaps more than anybody else has who comes from a rural setting would know the importance of the sports grounds. It is not just rural, but the drought has had a significant impact in relation to the capacity of sports grounds to cope, and again, if there is a message for us in this it is that sporting facilities are an absolutely fundamental part of the cohesion of our communities.

We have in place a good strategy — the 1 in 4 — in terms of being able to water their grounds. Local governments have done a fantastic job in supporting their communities around that, but again the community hall, the local football, netball — —

The CHAIR — Tennis

Mr WYNNE — Tennis-type activities — they are part of the glue that makes communities stick, keeps communities together, keeps them vibrant, keeps them socialising and it was a really powerful message for me as the Minister for Local Government.

Mr PAKULA — On page 237 of budget paper 3 I am looking at the total output costs for local government sector development. It was 38 million in 05–06 up to 41.4 expected in 06–07, a target of 43.5 for 07–08, and I note that that does not include neighbourhood houses. I am wondering about the impact on those figures of the level of commonwealth government funding for local government.

Mr WYNNE — I think it goes to a question I suspect Dr Sykes might want to ask later, so I do not want to pre-empt it, but of course it is fundamental. It is about the commonwealth government's responsibilities to local government. I would submit clearly, Mr Pakula, that the funding from the commonwealth to local government is simply inadequate.

Mr BARBER — Kevin Rudd will sort that out.

Mr PAKULA — With your second vote!

Mr WYNNE — I have got to say, Mr Chairman, that I am welcoming the support of Mr Barber and the Greens in relation to their support of Mr Rudd and of the Labor Party. We very much look forward to their continuing endorsement of his — —

The CHAIR — I am sure we are looking forward to them more often voting with us in the upper house too.

Mr PAKULA — I would not bank on it lasting!

The CHAIR — Minister, on the answer to the question, please.

Mr WYNNE — Mr Chairman, I am under provocation here. The funding is inadequate. In the 2007–08 budget we estimate \$410 million will be provided by the commonwealth for allocation to Victorian councils through the Victorian Grants Commission process. We want to make sure that that process takes care to ensure that the allocation between Victorian councils is as equitable and transparent as possible.

You have got to go back historically, Mr Chairman, to understand the context that we are in. The commonwealth used to provide through financial assistance grants to local government 1.02 per cent of commonwealth tax revenues. It is now down to 0.66 per cent. That means that Victoria is behind by about 205 million per year. That is the simple reality of the situation.

I was in New Zealand with ministers for local government and planning a few weeks ago where we tabled work that had been done by my predecessor, Candy Broad, who had done a fantastic job in terms of seeking to get states to develop a consistent framework for how you measure local government performance and putting that proposition forward to the commonwealth through the Australian Local Government Association as a new way of thinking about how you provide financial support to local government.

The Australian Local Government Association submitted that through the COAG process a few weeks back, and presumably, and hopefully, the commonwealth is considering that proposition. But I would indicate that the federal minister, Mr Lloyd, when he was challenged — as you would expect us to — by the states saying, 'Where are you in relation to this clear funding discrepancy?' pointed to the Roads to Recovery program as being a direct initiative that the federal government had provided to local government. We say, 'Yes, that's right. It's terrific. We think the Roads to Recovery program is a good program, particularly in rural and regional settings, and that is a good thing, but that cannot supplant the core funding to local government'.

It is not one or the other. Our argument is simple: you have to increase the core funding to local government to make it sustainable and do the Roads to Recovery program as well. If you want to tag funds, that is fine; we do not have a problem with that as a state, and indeed I think there was a modest increase in funding in the Roads to Recovery program in the last federal budget. But for some of our rural councils the financial assistance grants are a really significant amount of money. In some of our small councils it is between 20 and 25 per cent of their revenue, so it is not a small amount. It does have a significant impact upon them. I will continue, as I must as Minister for Local Government, to advocate with the commonwealth that we need to get a better deal.

Dr SYKES — Minister, I am enjoying the interaction with you, but I am under strict supervision from the Chair to stick to only one question.

Mr WYNNE — Be provocative; I don't mind.

Dr SYKES — But I do flag that I will be coming to you to talk to you about bushfire-related finance for local government, which I have raised with the Treasurer.

Mr WYNNE — That is fine.

Dr SYKES — And there are also some issues on sportsground funding. My particular issue that I would like to raise with you today is the impact on local government income of the government decision to unbundle water rights from properties. The background to this is that council rate bases will be significantly reduced due to the unbundling of the value of water from properties in about eight municipalities. This will reallocate the burden of property rates from irrigated farmers to dryland farmers, commercial properties and residential communities. In dollar terms it is about \$6 million a year. Seven of the councils involved have actually put up a proposition for your consideration suggesting that there be a pool of funds — about \$16 million — to allow the phasing-in of this new arrangement to moderate the impact on ratepayers. My question to you is: what is your response to that proposal by the affected local governments to assist them in making the transition? What do you have in mind to assist them?

Mr WYNNE — Thanks, Dr Sykes, for the question. I recently met with the shire of Moira where the council, as you would expect, raised these concerns. They feel very deeply about these issues; it is a large irrigation area. I would indicate that they were very strongly supportive of the government's position in relation to the broader water strategy that is being pursued by the commonwealth. We are looking to get the best outcome for our irrigators in Victoria, and you know that.

Dr SYKES — We actually gave you some of the ideas to think about.

Mr WYNNE — You may have. The commitment of this government, as you know very well, is to ensure that we get a proper deal that protects Victorians through any future arrangements that occur with the commonwealth and other states.

I do understand the changes to municipal land valuation as a result of water unbundling, and they will have an impact on the distribution of rates across the municipality. As you know, the Water (Resource Management) Act 2005, which we passed in the spring session, allowed time for councils to plan for these changes by not introducing water unbundling until 1 July 2008, so we have given that period of phase-in, in effect, to happen. In relation to the matters that you raised regarding the seven councils, my understanding is that that proposal is being considered by the minister for water. I think that proposal was submitted to the minister for water.

Dr SYKES — My understanding is that it is a local government issue.

Mr WYNNE — But obviously there is a connect between them, and I will certainly talk to the minister for water about that. The Department of Sustainability and Environment is working with the MAV in undertaking a project to assist affected councils develop appropriate strategies to manage this change. We are alive to it; we are in the process of trying to understand that. There is a two-year phase-in period. Certainly I got a strong representation from the council of Moira in relation to their particular and acute situation as they see it. I am happy to follow-up in relation to the seven councils. That proposal certainly has not come to me yet. I am happy to take it on board. I will talk to my colleagues further about it. It is an issue; there is no doubt about that.

Mr SCOTT — I am aware time is getting away from us, so I will keep my question brief. Could I ask the minister to provide further details on the funding to be provided to Victorian public library services in 2007 and 2008?

Mr WYNNE — Thanks very much, Mr Scott, for your question. As I indicated, I was in Wyndham the other day. There is a joint project for funding down there. It is one of a whole list of semi-projects that has been funded to date; \$16.5 million has been already funded under the Living Libraries program. This is a sensational investment by the government, again in the core activities of libraries becoming learning centres and places of social interaction. That library was a really interesting example. It is a very large library. If you looked at what was available you essentially had segments of the library allocated to various activities that the community could engage in. It has a very significant 20-terminal computer access area. I was down there at about 12 o'clock in the day and there were older people working on the computers; mums with children were working on the computer terminals. The library has a fantastic CD/DVD library network. That library is turning over 50 000 books a month. Huge numbers of books are going in and out of that library, and that is in a growth area. It has a study area for high school students who maybe do not have the capacity, opportunity or facilities at home to study quietly; an older persons reading area, with big-print books; and a children's area. The library is essentially a community hub.

I wanted briefly to go back to that earlier question that I raised of the capacity for the state investment in schools to be used in so much more creative ways with libraries. I reckon for us it is about changing our mindset and saying, 'Why does the school operate between 8.15 and 3.30'; 'Why isn't that a community hub, a community facility, that is linked the library, maybe linked to a swimming pool, maybe linked to neighbourhood house, maybe linked to other community health services, or a kindergarten?'. They should not necessarily be stand-alone, but they should play a broader community role. That is, I think, the sea change and the new mindset that we have to think about and take those opportunities. That is where local government is absolutely fundamental to it. It is around that local planning process and about local government informing us as a state government about, 'Here's an opportunity where we can work collaboratively together'. That is an opportunity; whether it is in a growth area, as Mr Dalla-Riva asked me about earlier, or a more established area of the metropolitan area, this is going to be a sensational outcome for us in the future. I am talking about real change in the way that we view the state's assets — our assets, the community's assets.

In that context, just briefly, \$35 million will be directed to public libraries in 07-08, an increase of 5 per cent over last year; recurrent funding of \$30 million, which includes indexation for population growth, as well as inflation; \$6 million over four years to assist libraries to purchase books that are part of the Premier's Reading Challenge. I am not going to go on about that again. I will just say it is a sensational program. If you engage young people in reading, you engage them for life. The rich joy of reading nourishes the intellect and your spirit, and that is just a wonderful, wonderful outcome.

That funding will enable libraries to increase the number of books they hold, with the 4000-plus titles on the reading challenge list; and 5 million of this spending will go to public libraries, with \$2 million distributed in 2007-08, and 1 million will be allocated to school libraries as well; and, as I indicated earlier, there will be 15 million over the next four years to extend our Living Libraries program. We hope that will refurbish another 45 libraries. They are joint-venture arrangements, often almost exclusively with local government, and that is a fantastic outcome. It builds on the 16.5 million that we have already invested for 70 projects. So another 45 libraries across the state will be accessing refurbishment funds, and let us look at those other opportunities that we can with education.

Mr RICH-PHILLIPS — When the Minister for Education appeared, he was very strong on the issue of joint-use facilities and actually went as far as saying he could see no reason why local governments would build new libraries to operate them solely by themselves. Is that your position with the funding that is provided for Living Libraries, that they should be joint-use facilities?

Mr WYNNE — No, not at all. Indeed the Minister for Education has been absolutely fantastic on this. He said that here is an opportunity. A couple of months back early on in my term as the Minister for Local Government we held a dinner and a forum the next day where some of the ministers who directly impact and work with local government in a very systemic way came together to talk with local government. There was obviously myself; the Minister for Education was involved, the Minister for Community Services was involved, the Minister for Sport, Recreation and Youth Affairs was involved.

Ms DIGBY — The Minister for Victorian Communities.

Mr WYNNE — The Minister for Victorian Communities, of course, Peter Batchelor, was involved in this dialogue. What we wanted to say to local government was, ‘You are the people who do the planning on the ground. You are the people who ought to inform us about how you want to have that interaction with us in the future. So if it is about a new library complex, come and talk to us about that; we will try to work with you around seeing how we can make the investment of the public dollar, both state and local government, work to the longer-term benefit of the community in a more systemic way’. That is what we are talking about — being informed — and really trying as a government to talk about joined-up government in a very meaningful way with local government, having a one-stop shop, so when they come with their community plans, as I indicated from my slide program earlier, that we will treat those respectfully because they are plans that have been generated in a legitimate way from the local level. If they come with a proposal, Mr Rich-Phillips, where they say, ‘We want to have a joint, shared arrangement around a school municipal library’, we will be engaged with them on that. It is not conditional.

Mr RICH-PHILLIPS — Thank you.

Mr BARBER — Back to the issue of neighbourhood houses, Minister, which I think everybody wants to ask you about any way.

Mr WYNNE — Sure.

Mr BARBER — You might be able to answer all our questions in one go. I obviously compliment you, and this is the fourth time today that I have complimented a government program.

Mr WYNNE — This is deeply worrying to me.

Mr DALLA-RIVA — It is the new coalition.

Dr SYKES — Hey, he is lined up with us!

Mr WYNNE — Is that right? The old agrarian socialists — they are always there somewhere.

Mr BARBER — In your media release in fact you noted that in an average 40-hour week 3 million Victorians participate in neighbourhood house activities.

Mr WYNNE — Yes.

Mr BARBER — But the issue, as you know, is how many of those neighbourhood houses are funded for a 40-hour week? You have got some that are funded for 3 days, 4 days, 5 days. Can you tell us how many are each funded for those 3, 4 and 5 days a week? To get a sense of the ability to fund new houses out of this announcement — the extra 10 hours for eight of them — how many last year actually applied for extra funding, and what was the gap between the hours funded and the hours applied for, because I suspect those same neighbourhood houses will be back asking for money under this program?

Mr WYNNE — There are 30 unfunded.

Mr BARBER — Totally unfunded?

Mr WYNNE — There are 30 at the moment that are unfunded. We are going to go out and talk to them over the next few weeks to get an assessment of who they are, where they are at, and then we will be announcing, as I indicated, a funding program of up to eight of those houses potentially getting up to 10 hours a week to get them up and going. It gives them the opportunity to get some small capital grants, and that will get them into the neighbourhood house network more generally. I think that that is an important signal, and that builds on top of the investment that we have put in. I mean it is a big investment, as you indicate, and thank you for the advice that you provided in relation to that. Someone is furiously writing things for me. I am not quite sure what Prue Digby is writing, but I will defer to Prue on the technical aspect — and this will stop her writing, because she is distracting me — in relation to the actual increase in funding of neighbourhood house hours. If more detail is required I will take that on notice and provide it to you.

Ms DIGBY — Sorry, Minister. The average hours for funded neighbourhood houses increased from 19 to 24 per week last year and, of the 302 that applied for more hours, 299 received more hours.

Mr BARBER — Thank you, Ms Digby.

Mr WYNNE — If there is more detail, we will — —

The CHAIR — Just to follow up on that: there are some unfunded houses where the coordination is actually paid for by the local council.

Mr WYNNE — Yes, there are.

The CHAIR — I am not too sure how you are going to deal with that, so I guess you could take that on notice, too.

Mr WYNNE — We will look at that in the context of the next round for the eight houses. We would like to, obviously, work together with those local governments as well that may be funding unfunded houses at the moment and try to enhance their capacity.

The CHAIR — That would be terrific.

Ms GRALEY — I invite any of the committee members to come out to my electorate, the fastest growing area in Melbourne, and see all the new community houses. We are doing a great job and we are expanding.

Despite Dr Sykes's scepticism, I am going to ask a question about community planning because I am a fan of it. My experience in local government is, as I am sure the minister's has been, that if you get a good community plan it not only engages the community and builds civic pride and ownership, but also provides a strong strategic approach for council officers and a greater level of accountability for councillors as well. So I want to ask the minister to detail what the state is doing to support local government — some getting it right, some not so well — to develop community planning as a strategic approach to building stronger communities.

Mr WYNNE — Thanks, Ms Graley. It goes to my earlier point that we actually want to have a respectful relationship with local government and get them through the community planning process to inform us about how they want state resources to be allocated at a local level. Whether it is around the sharing of the schools, libraries, neighbourhood houses, or recreation facilities through Minister Merlino, we want to be informed by that process. We think that stronger communities are better connected communities.

If you engage in a meaningful way with communities, they will respond positively to you. The best example of that in my view is the neighbourhood renewal program that this government undertakes through my other portfolio responsibility. When you work with communities they will tell you what they want and if you are respectful of them and deliver back to them in a meaningful way you get fantastic outcomes. A number of councils have taken a leadership role in facilitating better planning at the local level, but the capacity, as you indicated, Ms Graley, does vary a bit. We particularly want to work with local government peak bodies to build the skills and acknowledge local government in this area, because we think it is quite fundamental.

We gave 60 000 to the local government corporate planners network to develop best practice guidelines for the sector. We think that is important. We have committed \$150 000 to document seven community planning initiatives — by way of case studies — so that local governments can learn from them techniques that are being used. Depending on what council you talk to, it is quite a challenge to actually engage with your community in a really fair dinkum, meaningful way. I cannot remember which council it was, now, but one of the councils actually sent the councillors out to do street corner meetings — like, 'Get out there', you know.

The CHAIR — Very good! They did not need a permit!

Mr WYNNE — They did not need a permit. As the Chair and I both know, we are kings of the street corners. I am down at the Safeway in Smith Street. I do not know where he is.

The CHAIR — Ashburton.

Mr WYNNE — He is down at Ashburton. We are kings and have been out there to talk to the community. I thought it was a really interesting thing that councillors actually went out there and said, ‘Right, we’re going to be here. We’re going to be in this space and we want to talk to you’ — out there, in the community, listening, putting on opportunities for the community to be informed and for the council to be informed about what the community’s aspirations were. So we put \$150 000 aside to develop these case studies to really put out into local government more generally, to say, ‘Well, here are some examples of good practice. You do not have to pick them all up, but take the bits that are useful to you and use them as part of your community planning process’. I think that is a terrific initiative and certainly one that has been strongly welcomed. When we had our seminar with local government a couple of months back, the key to that seminar was about, ‘Okay, how do we engage? How do we as government engage with you as local government in an informed and systemic way, and how do you as local government provide us with meaningful input from your communities?’. It was very strongly embraced by the 70-odd councils which turned up to that seminar and discussion with us. I think it is a really good way forward for us.

Mr DALLA-RIVA — I refer to budget paper 3, page 433, particularly the first paragraph on that page which talks about the total grants and transfers to local government relating to table D.1 on the previous page. They are expected to increase by 4.8 per cent. I just ask the minister what consideration is being taken into account with that increase with respect to the proposed increase in councils’ remuneration? In particular is there an expectation, Minister, for the government to pass on any increases to councillors out of the government coffers, or is there an expectation from yourself that there will not be any money coming out of the forward estimates but rather from local government, in particular the ratepayers?

Mr WYNNE — Thank you for the question; it is a good question. As I indicated in my presentation, we do have the review process that we have announced. We have got the panel. As you talk across local government it is pretty inconsistent as to how authorities deal with resourcing and support to their councillors and their mayors. There are a couple of examples that I am aware of where the mayor does not even have a desk necessarily to sit at. The mayor is the elected head of the organisation, and there should be resources made available to the mayor of the day. There are also inconsistencies and particular issues in country Victoria around how you support in those large municipalities councillors who have to travel to go about their constituent activity. I mean it would be quite wrong for a councillor to be out of pocket for travel expenses when they need to travel to functions and to deal with their constituent matters. They are the sorts of issues I think that need to be addressed.

I also talk about the tool kit. What is a reasonable tool kit that a councillor ought to have to undertake their activities — a phone, a laptop? What do we regard as being — as Mr Barber is doing there now with that BlackBerry thing — a reasonable kit that they ought to have available to them? Then it is up to the councils to decide what they ought to be. In terms of the remuneration, as I have indicated, the review is on, and the review will be conscious of those questions — things like: what is the impact on superannuation? What might be the impact on child care, for instance? It is a legitimate thing that if somebody is undertaking their duties, there should be some reimbursement for child-care costs, for instance. We are looking at that in a broader sense, and we really want to bring that in a much more holistic way to local government. Once the report is concluded, apart from the remuneration aspects of it, it will be up to the councils themselves, as legitimately they should, to decide what is the appropriate package of supports that should be provided at a local level.

The panel itself will be funded obviously by the state. Any future remuneration and the tool kit of support to local councils will be a matter for the council itself and its budgetary processes.

Mr DALLA-RIVA — When is the report expected to be completed? Sorry, you may have already mentioned it.

Mr WYNNE — I hope to have it completed by December so it will give councils enough time in their budgeting for the next financial year to be in a position to — —

Mr DALLA-RIVA — I gather by that statement you are expecting some increase in remuneration to councillors? I am not pre-empting the — —

Mr WYNNE — I would not want to pre-empt it either, but I think the last time it was reviewed was 2002, so by that stage it will be the 2008 election; it is six years. I have indicated I think there should be some modest increase — —

Mr DALLA-RIVA — And what is your expectation — —

Mr WYNNE — It was 2000; I beg your pardon.

Mr DALLA-RIVA — It was 2000. To finalise my question, where do you expect the anticipated increase will be — —

Mr WYNNE — Funded by the councils themselves.

Mr DALLA-RIVA — Do you think that is going to put undue pressure on the ratepayers in that regard, as the Minister for Local Government, who should be in there, batting for them?

Mr WYNNE — I would expect that the panel will be cognisant in its deliberations and advice to me of any impact that would have on the councillors themselves.

Mr DALLA-RIVA — There is no impact on the forward estimates for this current year?

Mr WYNNE — No, because any future resourcing of local councils is a matter for the councillors; it is a matter for the councils themselves.

Mr DALLA-RIVA — Thank you.

The CHAIR — Thank you, Minister. That concludes consideration of the budget estimates for the portfolio of the local government.

Mr WYNNE — Thanks for the opportunity.

The CHAIR — I thank the minister, witnesses and departmental offices for the attendance today. It has been a very interesting session. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to the matters be provided within 30 days and they will form the basis for consideration of a future report of this committee to Parliament. Thank you everybody.

Witnesses withdrew.