

TRANSCRIPT

STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING

Inquiry into rate capping policy and Inquiry into unconventional gas in Victoria

Torquay — 13 August 2015

Members

Mr David Davis — Chair

Ms Samantha Dunn

Ms Harriet Shing — Deputy Chair

Mr Shaun Leane

Ms Melina Bath

Mr Adem Somyurek

Mr Richard Dalla-Riva

Mr Daniel Young

Participating Members

Mr Jeff Bourman

Mr James Purcell

Ms Colleen Hartland

Mr Simon Ramsay

Staff

Secretary: Mr Keir Delaney

Research assistants: Ms Annemarie Burt and Ms Kim Martinow

Witness

Mr Sid Pope (affirmed), President, 3228 Residents Association.

The CHAIR — I declare these hearings open and welcome Sid Pope, president of the 3228 Residents Association to the table. I indicate that these hearings are part of our inquiry into onshore gas, that matters that you raise here are protected by parliamentary privilege, but if you raise those matters outside the hearing, they may not be protected by parliamentary privilege. Sid, you might like to make a brief opening statement, and then we will ask questions.

Mr POPE — Certainly. I am here as the president of the local residents association. We have spoken or communicated with our members across the last few weeks about the issues that we knew were being raised here and have reached a position in regard to this. Both of the issues that you are reviewing at this time are of interest to the community, obviously, and I have been given permission by our members to bring the consensus of opinion forward to you.

The CHAIR — So, briefly?

Mr POPE — In regard to onshore gas and the fracking issue, we stand very firmly with the council in the position where we are opposed fundamentally to any onshore gas exploration across the Surf Coast shire. The meetings that were conducted over time were very clear that that was the position of the community, and after our recent consultation with our members they were abundantly clear that they were opposed to it completely and asked that we be very clear that we would oppose it most vigorously if there was a proposal to come forward in regard to that across the Surf Coast shire.

In regard to the rate capping, we are somewhat apprehensive in regard to the impact of rate capping. We feel that it is important that there is some restraint around the increasing of rates in the community, and we feel that there are times that we are a fairly highly rated community here with the increase of property values et cetera. But we have an anxiety with rates being capped that there is a danger of increased use of special charge schemes to pay for large infrastructure experiences across the council.

We currently have one at the moment in regard to our aquatic centre. It is being proposed that an extensive special charge can be put in place to pay for that particular piece of infrastructure. We are concerned about how the state government as a funding body will behave towards the councils in regard to some of the larger infrastructure projects that we are unable to afford on the basis of our reduced income.

The CHAIR — Thank you. I will ask you some questions on rates. I am interested in that today specifically, and I am sure others will ask questions on the gas inquiry.

Surf Coast is a fast-growing shire. It has got a significant population, it has got a 5.4 per cent rate increase — I think that is the number this year — on average, but it is not an interface council. It is a peri-urban council, and the interface councils have been given additional financial support. There is an argument put by some councils, and others, that councils like Surf Coast, given the high population growth and the significant demands for infrastructure, should be able to access an equivalent fund to the interface council fund. Do you have a view on that?

Mr POPE — Yes, I do. I think that there should be equality in regard to the way that the funding is arranged across the state. We have been identified as a growth node, and we are experiencing enormous growth in regard to the developments across north Torquay and the proposed developments into Spring Creek. There is evidence and experience both from the council's reports and anecdotally from our community about infrastructure that is failing to provide services already within this area.

One example is the gas supply to north Torquay. In winter there were multiple occasions when there was no gas available to a large proportion of the community because there were insufficient gas pipes coming into the community in the first place. There is concern that we will not get access to the funds required to maintain basic services and infrastructure, and I think that it would only be fair and reasonable that we would have equal access.

The CHAIR — In terms of rate capping itself the government, in opposition, promised to cap rates at the CPI. That has not occurred this year. Does that concern you?

Mr POPE — In our conversation with the CEO of the council in regard to this, we understood that a period of transition was probably reasonable and that to have a blanket change and expect councils to balance their

books with a sweeping change like that would seem to be an unreasonable expectation, so we were open to the idea — —

The CHAIR — Despite the election commitment.

Mr POPE — Well, I am not responsible for the election commitment.

The CHAIR — No, no.

Mr POPE — And so our feeling is that it is probably reasonable to expect a period of transition. The council here does an extreme amount of difficult work in order to balance their budgets as it is, so I think that it is reasonable that they be given an opportunity to transition across that process without a blanket change that you are describing.

Ms SHING — Thanks, Sid, for setting up the views of the association that you represent, on those two issues. Where you have talked about rate capping you have indicated that there is a need for restraint — I think you said — in terms of a broad consensus, and the question is how to achieve that. How in your view and/or the view of the residents that you represent might that restraint be exercised so that rates are kept within a particular reasonable — for want of a better term — range and services and programs not compromised, including the infrastructure that you have talked about? Do you have any suggestions or ideas that you would like to put to the committee about how to strike that balance between the restraint that you have indicated is a priority and the importance of continuing to deliver for ratepayers?

Mr POPE — I guess it is a bit like the magic pudding conversation, is it not?

Ms SHING — It certainly is.

Mr POPE — In conversations with the council and with the CEO our conversations have been around prioritising particular infrastructure development, and it is a challenging scenario for the council in regard to being able to consult with the community effectively and to get an understanding of what the community prioritises in regard to infrastructure works. The swimming pool is a classic example. There is a proportion of the community that is desperate a swimming pool, and there is a proportion of the community that is not particularly interested in a swimming pool, and there is a significant burden being proposed, if we are to go forward with the swimming pool, that the community would have to pay for. That has been a divisive experience within the community, but I think it is also an important process that the community is able to put forward their feelings around what particular priorities should be addressed.

Basic things like sewerage, roads, stormwater management, waste management — those sorts of processes — are going to be priorities for most of the members of the community. When it comes to whether a particular sportsground should be built and whether an early childhood centre should be built, whether a swimming pool should be built or an arts precinct should be built, to some degree it is very difficult to make broad statements about that, but some of those are discretionary decisions that the council makes. When there is discretionary decisions that are outside of the basic services that should be delivered by the council, we are of the opinion that community should be significantly involved in that decision-making.

Ms SHING — Just to pick up on that, by way of a supplementary question, the discretionary spends by council on the types of investments that you have just talked about for the community at large: would you say that home and community care falls within one bucket or the other as far as core and non-core activities of your council?

Mr POPE — I am familiar with HACC services from my previous profession as a psychiatric nurse for 25 years. So I obviously have a bias in regard to that and would say that I think that is an essential service. I am not fixed on the idea whether it should be an essential service delivered by council or whether it should be delivered by a health service.

Ms SHING — Does the association have a view in that regard or has it been discussed in relation to aged care?

Mr POPE — Not really, no.

Ms BATH — With respect to unconventional gas, you mentioned before that you are supportive of the council's view as a whole and their opinion: did I hear that correctly?

Mr POPE — We stand beside them in regard to our opposition to fracking, yes.

Ms BATH — As a collective how well informed would you say your collective is? Have you had consultations and meetings?

Mr POPE — Representatives of our committee attended all of the public meetings that were held here. One of our members has a particular interest in this area, and so she has done an enormous amount of research about that. I have not read everything that she has given me, because if I did I would still be at home reading right now. I would say that we have a division of expertise across the committee and through our organisation. We have a person who has got particular interest in planning and we have got a person who has got a particular interest in the fracking issue. I have a particular issue in regard to governance, transparency and accountability for the council. I would not say that I am enormously informed in regard to fracking, but I would say that the secretary, Sue O'Shanassy, is extremely informed and she provides us with briefings and information in regard to the relevant positions that we have taken. She provides an enormous amount of information. I would say that the broader members that are interested and have had an opinion and have voiced their opinion are extremely well informed.

Ms BATH — Following up on that, if we could put Sue here, what do you think she would say with respect to an ongoing moratorium. How has the moratorium affected your committee or your group, and what would they think of an ongoing moratorium?

Mr POPE — We have not asked the group about that specific question in regard to the moratorium. The feedback we get from our members is that they are opposed to fracking and that they do not want it to happen. I do not know that if you asked them if that was for the next 5 years, the next 10 years or the next 20 years, would that change their mind. I do not know the answer to that. If you asked me to make a guess at that, I would say that the position would not change and that they would like to see a clear decision that bans onshore gas exploration and exploitation without any further discussion, that they would like to see a line drawn in the sand and have that matter resolved. I may be wrong, but that would be the impression I have gained in the past.

Ms BATH — Thanks for the clarity.

Mr LEANE — I have a follow-up question on the aquatics centre. Can you pare it back and call it a pool, because I know aquatics centres now have gyms and that sort of thing? There are a lot of gyms around most areas. I do not know the area that you represent. Is there a pool?

Mr POPE — In Torquay?

Mr LEANE — Yes.

Mr POPE — No, there is no public pool in Torquay.

Mr LEANE — Is there a private pool?

Mr POPE — There is a private pool in The Sands, there is a private pool at the RACV, and there is a very small private pool that is for childhood lessons in the industrial estate in Baines Crescent.

Mr LEANE — When you say childhood lessons, obviously it is not exclusive. It is a fee for service.

Mr POPE — That is correct, yes.

Mr DALLA-RIVA — Just in relation to the rate capping policy, you mentioned about the aquatics centre and the special charge and the concern you have. I did not get clarity whether you supported the rate capping or you did not, or you did but you are worried about some of the charges that may be applied. Can you just clarify where the residents group sits in terms of the rate capping and what your position is, because I do not think you have put a submission in.

Mr POPE — No.

Mr DALLA-RIVA — No, so maybe just clarify it for me.

Mr POPE — Our position is that in principle we support the idea of rate capping, because we have had concerns in regard to rate increases above CPI and we feel that there have been times when as a community we have been paying relatively high rates compared to the rest of the state. There have been times — and I am not speaking about the current council, but with previous councils — when there have been some concerns in regard to how that money has been spent and how that process has gone forward. In principle we support it, but our anxiety is that when rates are capped, we are worried about how the council is going to be able to afford to make provision for basic services, and we are concerned that there will be a greater dependence on special charge schemes for developments around the community, particularly when it comes down to basic services.

We have had one particularly contentious special charge scheme around the footpaths of Jan Juc, where the community was charged for footpath construction through the community. A lot of the opinions at the time were that this was a basic service that should have been provided by the council and we should not have been charged for that experience. Some of the anxiety that comes from the community is about the idea that basic services that we have come to expect from our local government would then be subject to special charge schemes because the council was unable to fund those under a reduced income stream.

Mr DALLA-RIVA — I understand special charges were applied when there was not any rate capping.

Mr POPE — That is correct. We are concerned that there may be a greater risk of that happening or a greater propensity for that to be the case. When we have significant development going on across the area, and north Torquay and directly behind the offices here is an example of how fast this part of the country is growing, we have concerns about how the council will be able to continue to provide basic services with that sort of development going on if they are unable to raise the funds that they require and if the state government is not in a position to provide additional funds for one-off significant infrastructure requirements. Does that help?

Mr DALLA-RIVA — Yes, I understand. Thank you.

Ms DUNN — Thanks, Sid, for your presentation. I have a couple of questions, the first one on rate capping. I am just wondering whether you have a view, if there is a cap and council goes through a consultative process with its community that is genuine about X infrastructure or X service that is treasured by the community and valued and they want it, that that is a reasonable process, and that council has a mechanism to charge beyond the rate capping, because there has been that proper consultative process with its community?

Mr POPE — Yes.

Ms DUNN — So they have the conversation. I guess I am interested in what that looks like to you in terms of having a genuine conversation with the community about their needs.

Mr POPE — This has been an ongoing conversation we have been having with council, and I have been known to say to the council, ‘We need to have a community consultation about community consultation’, because we do not really know what it is. It is a very difficult process. I was talking to one of the councillors earlier today about the consultation around the aquatics centre. It has been seen as divisive, it has been seen as provocative — it has been seen as a range of negatives. People who are in favour of the pool say, ‘Well, you’ve just made it very clear you’re not in favour of the pool’. People who are against the pool say, ‘You’re just taking a position that makes it very clear you are in favour of the pool and you’re going to force us to pay for it’.

I think that because there has not been a history of consultation, the community is suspicious of consultation and does not trust it. I think that the councillors and the council officers perhaps find it a challenging situation, because it can be very in-your-face and very challenging when you open yourself up to feedback from the community. As a community, we are a fairly vocal community, and a community that feels we are entitled to have our voice heard, so we are likely to be fairly strident in some of our responses.

I find myself in an unusual situation of being the voice of reason rather than the rallying cry for rebellion. I think that over time it will get easier, that over time the community will learn to trust the council’s process and see that it actually does bear fruit and it is transparent and the council is accountable to community feedback, and that the councillors and the council officers will get more used to having to listen to their community and

understand what the community has to say. Whilst we are having some fairly difficult birth pangs at the moment, I suspect that as a process it is worthwhile, and I think that it will bear fruit over time.

Obviously getting some boundaries around what that means and how that works is going to be the most significant part of that conversation. If you are seeking consensus, we will never get anything done. There will never be a decision and nothing will ever get built, and there will never be a special charge scheme approved because I do not believe you can achieve consensus on that matter.

Ms DUNN — There is always a dissenter.

Mr POPE — Yes, absolutely. To find appropriate boundaries and have a conversation with the community about what percentage of the community that says yes means that it is a yes and what percentage of the community that says no makes it a no — is it 70 per cent, is it 80 per cent? — I think that in itself is going to be a fraught experience in trying to get the community to agree on that matter. If you have not set that boundary before, you have the conversation with the community about what percentage should say yes, you do not know when enough of the community has said yes about the percentage for saying yes, if you know what I mean. It is a circular argument, but that is the challenge. I guess it is a matter of a mature community and a mature local government process being able to meet in the middle and have that conversation. But I think it is a worthwhile conversation.

Ms DUNN — Thank you, Sid. Turning to the gas inquiry, I am just trying to get a sense of your association and membership and what it comprises — a bit of a slice of the demography of your group, just to get a sense of how many people are taking this position against unconventional gas would be helpful.

Mr POPE — From our point of view, we are a committee of five, and we have both formal and informal membership. Our formal membership is around about 50 in regard to fee-paying members. In regard to our conversation with the community and our Facebook, there are around about 350 people involved in our Facebook conversation. I think a better measure for the community is probably to look at the attendance at the information meetings that are held. We do not claim to be the only voice in the community and we do not claim to have any great authority. We do not have 10 000 members out of the community of Torquay, Jan Juc. We only represent people in the 3228 area code. We do not speak for people in Winchelsea or in Lorne or in Anglesea for that matter.

Ms DUNN — Yes, it is a distinct region.

Mr POPE — Yes. The reason for that is because our issues are very pertinent to us and not necessarily across the rest of the wards.

Mr RAMSAY — Thank you, Sid, for your presentation. I guess I have, if I may, a part A and part B to my question, one deals with capping and the other one deals with onshore gas exploration. The pool is an interesting one, given that the council yesterday indicated with proposed rate capping their potential opportunities for a non-core activity investment like a pool. I think the pool from memory was proposed at about \$28 million, of which council was going to contribute around \$21 million, and it was going to cost about \$2 million per year to maintain and run and manage. That type of project, without providing additional user charges, would I suspect be compromised by a rate cap on council, because then they would have to go into significant borrowings. On those types of projects, I would be interested to know if you are more favourable to rate capping but do not want the user charges that might well be attached to those sort of projects in the future. Could you respond to that?

Also, in relation to onshore gas exploration, you are representing a postcode group. I am just wondering whether under any circumstances you would see a coexistence between gas exploration or quarries or coalmining, whatever, in relation to that type of activity, other than in the area that you are representing, or other than the Surf Coast, where they are totally opposed to it in Victoria? My view is that you do not and would not support under any circumstances onshore coal seam gas exploration, whether it is fracking or some other form. Would that be a fair comment?

Mr POPE — Me personally or the community?

Mr RAMSAY — The people you are representing.

Mr POPE — The people I represent are very clear that they would oppose onshore gas exploration and exploitation.

Mr RAMSAY — Regardless of where it is in Victoria?

Mr POPE — We have not asked them about that, we have only asked them about the 3228 area and their own backyard I guess. I cannot speak for what their broader opinions or views are because we have not asked them.

Mr RAMSAY — Could you comment on the rate capping one?

Mr POPE — Yes, certainly. If I am clear, you are asking me whether we feel more strongly about rate capping and more positive about rate capping in the face of the aquatics centre issue.

Mr RAMSAY — And the possibility of user charges.

Mr POPE — Yes. I do not know whether we feel more positive or less positive about rate capping in particular. In principle we believe rate capping is a good idea, a sound idea, in that it creates a sense of certainty for the community and creates an urgency for the council to be efficient in the use of their available funds. Our only real anxiety is around whether or not there would be a greater propensity for the use of special charge schemes to provide services for the community. When they are a non-essential service, we are concerned that that would be the cause of action that the council would take more often, so we are concerned about the impact that rate capping may have on that. But as in my answer to the previous question, as long as there is sufficient community consultation and discussion, and a special charge scheme is not bulldozed through the process so that the community feels that it has been imposed upon them unfairly, on the basis of reasonable consultation and good governance we would be willing to support those sorts of processes.

Mr DALLA-RIVA — I have just a quick follow up. You mentioned it before and I let it go because I thought it was just a choice of words, but you said it again. When we talked about coal seam gas you say you are opposed to the exploration and exploitation. I am trying to work out what — —

Mr POPE — Exploitation means accessing it and removing it from the ground.

Mr DALLA-RIVA — So you are opposed to any mining at all?

Mr POPE — The community — —

Mr DALLA-RIVA — I am just trying to work it out.

Mr POPE — Me personally?

Mr DALLA-RIVA — No, the group. Are they opposed to any form of mining?

Mr POPE — We have not asked community about their position on any form of mining.

Mr DALLA-RIVA — So whether does exploitation come from?

Mr POPE — My understanding is that the intention of exploring for coal seam gas would be to work out whether or not it is available to be used, and available to then be extracted and sold. That would be what I am referring to when I describe it as exploitation.

Mr DALLA-RIVA — Yes, thank you. It is a different interpretation.

Mr POPE — Not with its negative connotation. I apologise if the negative connotation was overly emphasised. That is not what I was intending.

Mr DALLA-RIVA — It is about the search and find sort of activity.

Mr POPE — It would seem to me to be a logical conclusion that if you are going to go looking for it, you are not looking for it to find it and say, 'Well, we have found it, tick the box and move on'. You would be looking for it in order to be able to then extract it and sell it. The sense I get from the community is that they are

more concerned about the extraction than they are about the actual discovery of it. Because knowing it is there and not touching it really does not cause much of an issue.

Mr DALLA-RIVA — True.

The CHAIR — Thank you, Sid. We appreciate very much your input.

Mr POPE — My pleasure. Thank you for the opportunity.

Witness withdrew.