TRANSCRIPT

STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING

Inquiry into rate capping policy

Melbourne — 23 August 2017

Members

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Ms Harriet Shing — Deputy Chair
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Mr Richard Dalla-Riva

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Mr Simon Ramsay
Ms Jaclyn Symes

Witness

Mr Frank Sullivan (sworn), Vice-President, Ratepayers Victoria Inc.
The CHAIR — Mr Sullivan, I am going to get the secretariat to swear you in first and then ask you to make a very brief presentation. Then we will follow with a set of brief questions as well.

Mr Sullivan, I understand that you as vice-president are here without your president today. He is away or some other —

Mr SULLIVAN — He is not well. He is in Coolangatta, but he is not well.

The CHAIR — All right. You have presented evidence to the committee previously, so are there any further points that you want to add to that material that we heard earlier and any update on those points that you made?

Mr SULLIVAN — The people who put in the last submission are no longer with Ratepayers Victoria, so that is very significant. We at Ratepayers Victoria, as indicated by previous correspondence to you, fully support rate capping, but we are greatly concerned about the lack of accountability at councils. It has been a concern of ours for some time. We go back to June 2014, when we wrote to the local government minister to put an independent administrator in all councils, not to interfere with decisions of the democratically elected councils but to make sure that those decisions are in line with the Local Government Act. There was great concern at Ratepayers Victoria of the contractors. Our investigation had found contractors getting up to three times more for a council job than in the private sector, and that was a concern. We were trying to put some accountability back then into the local government system. The minister at the time refused our request. We wrote to the minister last October to say we were not happy with the present system. It is not working. There was great concerns about the rural population, rural people, when we all know that 70 per cent at least of our population in Victoria lives within the metropolitan area. So there is concern about the fairness to those country people — farmers. We have got to come up with a better system. We do not know what it is, but we did write to the minister and we did not get a reply.

The CHAIR — Do you have a copy of that letter?

Mr SULLIVAN — Yes, by all means.

The CHAIR — Thank you. Is there more to say on that?

Mr SULLIVAN — No. We were just making points to the fact that the present system was not working. We do not know what the answer is, but we said they have to go and look at some other model. How are other states collecting their rates? This is something we are very firm on. How do the other states operate? We considered that the present system to rural people was not fair; it is most unfair. We hear of the plight of farmers, which is very sad in our great country of Australia. We are trying to get more accountability into councils. At the moment there is little or none. As I said, we heard today that Central Goldfields has been stood down, but if we had our independent administrator in there to oversee that they were acting within the rulebook, this would not have happened.

The CHAIR — I think there might have been a monitor in there, by the way.

Mr SULLIVAN — Sorry?

The CHAIR — There might have been a monitor in there.

Mr SULLIVAN — Well, we were not aware of it. David Wolf, I know. I have a fair bit to do with David — the inspectorate. We were aware that he had charged the CEO of 30 offences or whatever, but it is only paper talk which we had read.

The CHAIR — I am going to ask you some quite specific questions. The first thing is we will accept the piece of correspondence that we have got there. I want to ask you how you felt that the minister had not responded to your organisation on this matter?

Mr SULLIVAN — Our feeling was they did not have an answer; it was too hard to handle. We were pretty detailed in the reasons we gave, but we did not get an answer. One of her directors — we originally wrote to him with the CC to the minister. We did point out strongly that we did not know what the answer was, but the present system was not working. They have got to look at a different model to see how we can collect rates on a fairness basis.
The CHAIR — We will pursue that a little further in other evidence, so that is the first point. The second point is with respect to rate capping. I looked at one council yesterday, the Yarra council, for example, and its rates in the last two years have gone up 13 per cent. The CPI is only maybe 3, not more than 4, in that period. Is that a fair outcome in terms of —

Mr SULLIVAN — Well, it is not. We question if there was rate capping in there. You said they have gone up 13 per cent on that specific council.

The CHAIR — That would be the rates and charges in total.

Mr SULLIVAN — Well, another thing that we are most concerned about with the present rate notices that go out to ratepayers is there is so much variation. We have asked the minister to come up with four or five models, and everyone has got to stop by that. Some we know —

The CHAIR — Standardise it is what you are saying?

Mr SULLIVAN — ‘Standardise’ is the correct word. I am no expert in this field; I am just an average person.

Mr MELHEM — You are doing well.

The CHAIR — So let me ask you another question. You have mentioned the lack of accountability. I want to pick up the example used by my colleague a few minutes ago and talk about the recent decisions by the Darebin council and the Yarra council to cancel Australia Day functions. Do you have a view on councils taking these sorts of actions?

Mr SULLIVAN — Yes, we have a strong view on that — to the fact that councils are elected to do specific duties: collect rates, fix potholes, collect the garbage and whatever. We have been disappointed. We thought it was the perfect opportunity for the minister to get on the front foot and to question these councils as to what they are doing. But now there is silence. We have heard nothing from the minister, and we do think —

The CHAIR — Well, I think the minister said on 3AW that there was a need for a debate on this matter, and there was a void.

Mr SULLIVAN — Well, I am not sure about a debate on it, but it is pretty clear cut. They are buying into areas —

It was a bit of a joke to us where they surveyed in Darebin 81 people. Well, that is not a fair assessment of what the community thinks.

The CHAIR — For an Australia-wide institution that actually reflects Australian values. I might say that I must disagree with their decisions too.

Mr SULLIVAN — Well, we do too. The fact is that we have got to look at the majority of people. Me personally, in the early days I considered the Aboriginals were harshly done by, but we have moved on to a great country now. I think it is quite significant that some of these Indigenous people in Darebin were asked about this decision and they disagreed with it.

The CHAIR — Mr Hunter did, certainly. Ian Hunter did, didn’t he, in the Herald Sun. But let me ask you about the City of Banyule, which I understand is considering this. What advice would you give to the City of Banyule about a decision to cancel Australia Day?

Mr SULLIVAN — Look, I am not aware of Banyule too much, but they are the same procedures there. Councils are elected to do a certain duty, and they are deviating into areas which are really nothing to do with them. It is very frustrating. But we elect these people; they are duly elected — democratically elected. In good faith we expect that they would honour their commitment, but they are deviating away and it is very frustrating.

The CHAIR — You think this is a sign of a lack of accountability?
Mr SULLIVAN — Well, there is little or no accountability. You tell me, at councils, where is the accountability? As I said, we have got four or five ratepayer groups — there are not many of us around Victoria — but what they dig up —

The CHAIR — You are a very important force.

Mr SULLIVAN — Sorry?

The CHAIR — You are a very important force.

Mr SULLIVAN — Well, we are there as watchdogs. We are volunteers, who give our time and effort to try and make this a better state, and we get very frustrated, getting bogged down by some of these councils and their behaviour. I come back to June 2014 when we asked to put someone independent in there, as I said, not to interfere with the decisions but to make sure they are doing the right thing.

Mr MELHEM — Mr Sullivan, thank you very much for your time. We really appreciate you giving up the time and all the work you do. I just want to take you to the letter you sent to the minister. Reading that letter — and, again, thank you for bringing that to our attention — my understanding is it was sent to John Baring from DELWP, and the minister was just a courtesy copy; it was not directed to the minister.

Mr SULLIVAN — He is one of the directors that we deal with at local government. He is neither Liberal, Labor nor Greens. He is just one of those local government directors.

Mr MELHEM — Yes.

Mr SULLIVAN — And we have built up — not a friendship — a contact with that man. As I said, we are working with him for advice from the people. As I said, we are trying to make this a better state, and that is basically our aim. We think with the current system, as I said earlier, the country people we feel are disadvantaged.

Mr MELHEM — And you have not heard back from Mr Baring?

Mr SULLIVAN — No.

Mr MELHEM — I am sure you will get his attention now, hopefully, from reading the transcript. I just wanted to make the point that the letter was not directly addressed to the minister; it was only addressed to Mr Baring, not the minister.

Mr SULLIVAN — Yes. We cc’d the minister in on it.

Mr MELHEM — Yes. And you support rate capping. I think you do say it is a great thing?

Mr SULLIVAN — We do support it, because councils have got to be accountable. In the bad old days we could see where they would just put up rates at will.

Mr MELHEM — Are you aware of any council, as a result of the rate capping, that has become a bit more accountable, that talks more to the community about projects? Have you got any sort of knowledge about any of that happening at all?

Mr SULLIVAN — Look, I am convinced. We used Peter Clarke in Nillumbik. Peter came into Nillumbik — I think he was deputy at Melbourne City Council at some time — got elected and was supported as mayor. Now Peter had a brilliant article. He went to the Herald Sun —

The CHAIR — He has cut costs there, hasn’t he?

Mr SULLIVAN — Sorry?

The CHAIR — He has cut costs at that council — at that particular council there.

Mr SULLIVAN — Yes. That one there.
Mr MELHEM — Yes.

Mr SULLIVAN — You have seen it, I presume?

The CHAIR — Yes.

Mr SULLIVAN — And he challenged other mayors to cut their costs. He went in and said, ‘The four directors are not required. What the hell are they doing here?’ and they dismissed them. Well, that was terrific as far as we are concerned. Jack Davis and I went out and had a coffee with Peter and said, ‘Well done’. But we then wrote to the other 78 mayors of local government, pointing out the fact that this bloke here at Nillumbik can do this, why can they not do it? How many replies did we get back? Not one. That was disappointing, but that is an example that it can happen.

Peter is working on nil rate increases; he has cut staff. We are looking at 70 or 80 per cent of our ratepayers revenue going into staff. Look, I am no expert on it but that seems to be way over the top. But they can do it because there is nothing to stop them. In the old days they were just putting up the rates. This is a beautiful example of someone who is prepared to say, ‘Yes, we can operate on a slim budget.

Mr MELHEM — But we do not want to cut services though.

Mr SULLIVAN — No. I have not heard of anywhere where services have been cut. They all threaten — some of these rebel councils — ‘We will have to cut all services’, but I have not heard of it.

Mr DALLA-RIVA — In your submission received in the previous reporting period you stated, or Ratepayers Victoria stated, that the inquiry had not addressed:

… the legacy leadership cultures and systematic issues in councils and their peak bodies that are blocking the rates capping policy …

Can you expand on what you consider those legacy issues are and how you consider they should be addressed? If I can put words into your mouth, are you saying that what the mayor at Nillumbik has done and what the other councils have not done is similar to what you are saying the cultural issues are?

Mr SULLIVAN — Unfortunately I had no impact into that previous report, but there is that culture which has been allowed to develop. We elect a councillor to represent us who then appoints all staff. In my humble opinion he has got too much power, but that is the system we have got to deal with. I have struck it in my own council of Knox — and they are probably one of the better ones — the culture which has been allowed to develop. In one case we had a ratepayer, and over a small drainage problem there were six VCAT hearings — six! That was just ridiculous. I went to three of them in at King Street. They kept using ratepayers money to fight this guy and appeal decisions, and they eventually broke him. That is the culture that we are dealing with. It is not going to disappear overnight, I can assure you, but we have got to start somewhere.

In Mildura there was the sacking of a director. She allegedly would not go along with the way the council was being operated and she was dismissed, so she took an unfair dismissal case to the Supreme Court. I was there on that Wednesday morning when that case was heard. Eventually it was settled. The settlement, of course, would have come out of ratepayers money, not out of the people who probably instigated this. So you can see — and I do not know what the answer is; I am Mr Average — that culture there. They can fight you and use our money. Is that a good system? I do not think it is. But where do we go?

Ms BATH — Thank you, Mr Sullivan, for your advocacy for people across the state. It is very good that you do it on a volunteer basis and that you embed yourself into looking after people’s money, stretching as far as it can — so thank you. I am interested in your earlier comments, in particular in relation to rural living and farms. You said it is not working. Would you elaborate on your comments around what is not working in terms of the stress and strain on farmers or how councils could better support farmers and what they are not doing?

Mr SULLIVAN — We could use the situation at the moment where a farmer, we will say in Mildura, has got 100 acres, he puts his vines in, he puts his crop in, he puts his cattle in and he makes a profit — a couple of hundred thousand. He pays taxation on that. He does then pay rates to council, but if next year his crop fails or his business fails, he pays little or no taxation to the federal government because he has not made a profit. But that farmer has still got to pay huge council rates, regardless. That is most unfair, I consider.
Ms BATH — Do you think it should be a tiered system or an evaluation of his last income? Has anybody made comment to you about how that could be improved?

Mr SULLIVAN — With a farmer, he should be paying council rates on his profit, in fairness. In the city, with a house valuation, that is a different story. But you hear about the awful cases where a poor farmer is doing it so tough, and it is awful. Okay, it does not affect us city people. We just sit by and say, ‘It doesn’t happen’. But it is happening. We have got a very strong ratepayer group in Mildura. They are terrific, and they give us great feedback on what is going on to get the feel of it.

Ms BATH — I appreciate that. I am a farmer’s daughter so I appreciate your comments, Mr Sullivan. The other thing that interested me in your comments is accountability in councils. Is there a particular area that ratepayers would come to you again and again and again and say, ‘This is an area that needs to be improved within a council’, if you look across it?

Mr SULLIVAN — It is probably that overall culture. We have questioned things at my own council of Knox, and under that, to me, awful clause in the old act, section 77, confidentiality, you can get nowhere because they throw that at you. We had a case where the basketball complex out our way had not paid their $40,000 a month, and it was highlighted by the local Leader paper. But when one of the councillors went to the CEO to question him about this, he was gagged. That is not our democratic system. That CEO was doing nothing wrong. The act in section 77 says he could do that. So we would like to hope there will be big changes in the new Local Government Act. They tell us there will be, but let us see.

The CHAIR — Mr Sullivan, thank you for your evidence. The secretariat may follow up on a number of these points with you, and we welcome any further evidence from Ratepayers Victoria. As I say, it is a very important body and we think you provide a very significant balance to many of the councils. Thank you on behalf of ratepayers across the state.

Mr SULLIVAN — It has been our pleasure and an opportunity to come and tell you people how we feel. We get the feel from the average people. People ring up complaining about this and that. Sometimes it is good, sometimes it is not so good. But it has been great, and we thank you for the opportunity.

The CHAIR — Thank you.

Committee adjourned.