

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2022-23 Budget Estimates

Melbourne—Thursday, 19 May 2022

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Danny O'Brien—Deputy Chair

Mr Rodney Barton

Mr Sam Hibbins

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

WITNESSES

Mr Shaun Leane MLC, Minister for Local Government (*via videoconference*),

Mr Simon Phemister, Secretary,

Dr Emily Phillips, Deputy Secretary, Local Government and Suburban Development, and

Ms Sara Harbidge, Executive Director, Local Government, Department of Jobs, Precincts and Regions.

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

I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2022–23 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

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

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

We welcome Minister Leane—virtually, as he is in COVID isolation, for the record—as well as officers of the department. Minister, we invite you to make an opening statement of 10 minutes, which will be followed by questions from the committee.

Mr LEANE: Thank you very much, Chair, and thanks to the committee for the opportunity to present to you on the local government portfolio today. Councils do great work serving their communities, providing over 100 different services and delivering the community facilities Victorians use every day. In December the Victorian Auditor-General's Office tabled their 2020–21 local government audits. The report found that the financial position of the local government sector remains resilient, despite the uncertainty caused by the pandemic.

Visual presentation.

Mr LEANE: This was in part due to the additional financial supports provided by the Victorian and federal governments. The report also noted significant cash holdings, low debt levels and a strong capacity to repay financial obligations when they fall due throughout the sector. In 2021–22 my portfolio provided more than \$166 million in funding for councils across the state, including through the programs listed on this slide. This included \$40 million for the COVIDSafe Outdoor Activation Fund so that councils could assist businesses to expand outdoors and attract more people. Just over \$7 million was provided to continue the local government Business Concierge Program, which had seen councils employ more than 230 COVID business support officers to help local businesses and their community venues meet COVID-safe requirements. Over 380 000 rapid antigen tests were provided to councils to support the delivery of essential and critical services. More than 190 000 of those tests have gone to councils to distribute to vulnerable and disadvantaged community members through their well-established support channels.

This year's budget has funded three significant initiatives for local government. This includes \$50 million to support councils with growing communities to build new community facilities and expand existing facilities through our commitment to continue the Growing Suburbs Fund. That is more community centres, hubs, playgrounds, parks and pavilions, all vital assets for growing communities. The Growing Suburbs Fund has been a tremendous success, with 170 projects now completed and available to the community. To date it has generated more than \$1 billion of investment and created more than 10 000 jobs across 299 projects.

We have also continued our longstanding support for Victoria's public libraries, with an additional \$2.3 million in this year's budget to support public library services. Victoria has 277 public library branches as well as a number of mobile library vans, all of which stepped up in response to COVID-19. Even during the recent challenging times they continued to deliver resources to vulnerable members of their communities to reduce social isolation through online programs and regular contact with their clients. The further investments in library services in this year's budget are in addition to our ongoing support for the Living Libraries Infrastructure Program and the Premiers' Reading Challenge Book Fund.

On 21 March I was very pleased to officially release the *Victorian Aboriginal and Local Government Strategy*. The strategy is a comprehensive road map with strategic actions for Aboriginal Victorians, councils and the Victorian government. As part of this year's budget we have allocated \$350 000 to support the implementation of the strategy. This includes upgrades to the Reconciliation Victoria Maggolee website.

In 2021–22 we commenced work on a range of initiatives to build a stronger local government sector, including the Local Government Culture Project, which examined issues affecting council behaviour and culture and delivered an insights report, which has now been provided to the peak bodies to shape key actions that will come out of this work.

The Treasury Corporation of Victoria's latest framework provided councils with access to low-interest loans financed through the Treasury Corporation of Victoria. The Rural Council Transformation Program has provided funding for rural councils to improve their financial sustainability by working together. The Gender Equality Advisory Committee, co-chaired by Kat Theophanous MP and Juliana Addison MP, provided advice to me and the Minister for Women on improving equality in the sector. The GEAC helped shape the recently launched Women Leading Locally community leadership program funded through the last state budget. I am happy to leave it there, Chair.

The CHAIR: Thank you, Minister. Mr O'Brien.

Mr D O'BRIEN: Thank you, Chair. And thank you, Minister. I am not sure where to look at you, so I will look at the screen. But, Minister, the budget for the whole portfolio output has gone from \$213 million to \$140 million, so a \$73 million cut. Even if you compare it to the budget last year, it is still a \$5 million cut. How does that impact on service delivery of councils when they are living in a rate-capping environment?

Mr LEANE: I think that is a very bold statement to actually make.

Mr D O'BRIEN: It is a question, not a statement.

Mr LEANE: The \$213 million—I will get to that. You are absolutely correct as far as the difference from when the budget was announced last year goes—the \$145.4 million to \$140.2 million. But what needs to be added to that is that there is \$15 million in the suburban development grants program, which I could talk further about in the next session if you like, which is in contingency. So when you add that to the \$140.2 million, it is actually over a \$9 million increase compared to the previous figure.

Mr D O'BRIEN: Why is it in contingency, Minister?

Mr LEANE: That is a decision of the Treasurer. As I said, we can talk more on that particular fund if you wish, but that is a decision for the Treasurer, whether that is a contingency. There will be a bit of work on guidelines on that particular project. It will roll out hopefully for applications soon.

But if we want to touch on the other figure—the \$213 million—the slide that I did have up:

The Government supported Victorian councils to maintain their support for local communities through a range of COVID response and recovery programs.

That encompasses that new figure. I think we are really pleased with the partnership that we had with the local government sector. That encompasses that \$40 million for the COVIDSafe Outdoor Activation Program and also the business—

Mr D O'BRIEN: I get that, Minister. You did touch on that.

Mr LEANE: I think some pretty good work was done on that.

Mr D O'BRIEN: Can I move on to the public libraries funding program, which you have boosted in the last couple of years. But it has gone from \$7.7 million down to \$5.6 million, this year down to \$2.3 million and at the end of this year it stops altogether. Why are you reducing funding to the public libraries program?

Mr LEANE: We are not actually reducing funding. As I said, we have increased it by an additional \$2.3 million.

Mr D O'BRIEN: I get that. But next year, unless there is no money, it will be less.

Mr LEANE: It is actually a record amount of funding for the particular service, if you want to clarify where you are coming from on that.

Mr D O'BRIEN: What was being delivered with the extra money in the last couple of years that now will not be delivered as we wind it back?

Mr LEANE: No, it will not be wound back, and the delivery of libraries will be as excellent as it has been. Libraries have done fantastic work during difficult times in recent years. Their service has been magnificent and their support for the community has been exemplary and over and above to the point where, as I said before, we even had library staff calling their regular clients on a daily basis to check if they were okay during the times when the library could not even open their doors. There were a number of other initiatives that they have managed to implement. I think one of the pleasures—

Mr D O'BRIEN: Sorry, Minister, is that what the extra funding went to?

Mr LEANE: One of the pleasures of my job is working with libraries across the state.

Mr D O'BRIEN: Sorry, you have not actually answered the question, which is: you gave extra money to the library program which is now being taken away, so what did it deliver and what will now be missing?

Mr LEANE: No. No funding has been taken away from libraries.

Mr D O'BRIEN: No, but there was \$7.7 million extra in 2020–21, \$5.6 million extra in 2021–22, \$2.3 million extra this year and no extra next year. So we have gone from what you said this year is \$48 million, so last year it must have been in the \$56 million or \$57 million bracket. It has obviously come down, so what is being taken away?

The CHAIR: Sorry, Mr O'Brien, but your time has expired. Perhaps the Minister would like to take that question on notice. I will pass the call to Mr Maas.

Mr MAAS: Thanks, Chair. Thanks, Minister—we wish you a speedy recovery—and thank you to the officials who are here. Minister, I would like to take you to the Victorian Aboriginal and local government strategy. There has been \$400 000, according to the output initiatives table on page 3 of budget paper 3, that has gone towards that. Are you able to take us through the strategy and some of the practical steps the guidelines encourage councils to take to better work in with traditional owner groups and Aboriginal communities?

Mr LEANE: Thanks for the question, Gary. I think it is a great bit of work done by a number of people across the sector but also in the Aboriginal community. I have got to say that the task force that worked on it, particularly from the Aboriginal groups—I was very delighted that they have told me they are actually quite pleased with it and think it can make some real change.

Some of the things the strategy outlines are for councils to work in with traditional owners, local Aboriginal organisations and Aboriginal businesses to design and deliver cultural awareness and cultural safety programs; carry out cultural safety audits; develop cultural protocols, guidelines, tools and templates to celebrate Aboriginal culture; partner with Aboriginal communities to develop information and communication plans that increase community awareness of Aboriginal culture, language and customs; identify council procurement opportunities for Aboriginal businesses, including traditional owner suppliers, which I think we would all agree is a very important thing; increase the number of Aboriginal employees in local government through career pathways that are diverse and inclusive and that lead to senior positions, and I think the senior positions is a really important goal and aspiration that I am sure can be fulfilled. Another part of the strategy is to engage with neighbouring councils and Aboriginal organisations when developing strategic planning documents and to ensure that municipal public health and wellbeing plans involve Aboriginal community members and partners

with Aboriginal health organisations—another really important thing. The strategy includes joint actions for Aboriginal Victorians, councils and the Victorian government. One of the recommendations for the state government is to expand the use of the Maggolee website to share progress and best practice with Aboriginal communities and councils.

Mr Maas, my hope is that this strategy leads to concrete changes in how our councils engage with Aboriginal people in their community and take their needs, views and aspirations into account in their day-to-day work. First Nations people are deeply connected to country and have longstanding commitments to protecting the land. The strategy is intended to serve as a practical guide for councils to help embed the voices and priorities of Aboriginal communities at a local government level and emphasise the need for a collaborative partnership approach across both local and state governments and Aboriginal communities. This comes at an important time, as we all know, as we progress treaty, the Yoorrook Justice Commission and the recently released *CLOSING THE GAP* implementation plan. I was very pleased in March to have joined fellow MPs Christine Couzens and Juliana Addison, representatives of the steering committee, the First Peoples' Assembly of Victoria, Reconciliation Victoria, the Metropolitan Partnerships, VicHealth, MAV, VLGA, LGPro and councils in the Parliament gardens to launch this particular local government strategy. What I can say, Gary, is that, as I have said, the people that worked on the steering committee from the Aboriginal organisations and groups were actually really pleased with the outcome of this strategy, so I think that is a very pleasing thing. They have taken ownership, and I am sure we can do some really good work with the strategy.

Mr MAAS: Thank you, Minister. That is an excellent initiative. With 20-odd seconds to go, I might leave it there. Thank you.

The CHAIR: Thank you, Mr Maas. Mr Hibbins.

Mr HIBBINS: Thank you, Chair. Thank you, Minister and your team, for appearing today. One part of the scrapped social housing levy was a rates exemption for social housing properties that was essentially a cost transfer from the state government to local governments. Now that the levy has been scrapped and the reforms to planning have been scrapped, is that rates exemption also scrapped? Is that off the table now for good?

Mr LEANE: Yes, and yes.

Mr HIBBINS: Okay. Thank you. I want to ask about the councils and emergencies project that was a six-year project run by Local Government Victoria that finished in December 2021. This found that councils have a number of responsibilities when it comes to emergency management planning, preparedness, response and recovery. It also found that councils do not have the capability or capacity to undertake many of their roles. Given this, why were the recommendations of that report, the councils and emergencies final report, ignored, and why wasn't any additional funding given to councils to undertake their role in regard to emergencies?

Mr LEANE: That is a very good question. I can get you more information on notice on that particular program if it helps. I have had a number of conversations, particularly with smaller rural councils around their capacity, particularly in emergency relief after a natural disaster. I 100 per cent concede that it is challenging for those smaller councils. Jaclyn Symes is working on a different iteration of bushfire recovery, I understand. I am not too sure if Minister Symes has already appeared and if you got the opportunity to ask her about that. But if she has not, she is doing some work on a different iteration of Bushfire Recovery Victoria to have assistance in recovery across all natural disasters. I think that it does fall within Minister Symes's responsibility. But taking on board that there is a lot of responsibility that falls onto local government, we are working with that new iteration of BRV on how they can be relieved of some of their responsibility and also on how they can be assisted better in the aftermath of a natural disaster.

Mr HIBBINS: Okay. Thank you. I want to ask about the local government rate cap. Recently, you might be aware, the ASU prepared a report into the rate cap and found that one of the impacts of it is that it actually suppresses wages and jobs for workers within local government, which actually has a predominantly a female workforce. Do you accept that the rate cap implemented by the government is suppressing wages and decreasing jobs for women in the workforce?

Mr LEANE: I am not sure if I accept that it decreases the potential for jobs for women in the local government sector workforce, given that it is—and it is a good thing—one of the sectors that is heavily

weighted towards female participation when it comes to employment. I think we were talking about libraries before; I think it is something like 90 per cent of employees in libraries that are women.

As far as the rate cap affecting wages goes, I am not too sure if I can answer the question, but I am happy, Mr Hibbins, to respond. As I stated in the presentation, the Auditor-General has reported that councils are in quite a good financial position compared to all levels of government. I think that the rate cap might be an argument around higher wages. I hope it would not be. You know, there are 50 000 workers in the local government sector that—and I have been on the record a number of times—do a fantastic job.

Mr HIBBINS: Thank you, Minister. Thank you, Chair.

The CHAIR: Thank you, Mr Hibbins. Ms Richards.

Ms RICHARDS: Thank you, Minister. I would like to take you to the Growing Suburbs Fund, something that is pretty popular in our neck of the woods. I will refer you to budget paper 3, page 73. Can you just take the committee through why this fund is so important to those living in interface or peri-urban council areas and of course the types of projects that have been funded through the Growing Suburbs Fund.

Mr LEANE: Yes. Thank you, Pauline. Gary and you and I actually saw a project in Cranbourne North that was an example of why this fund is a great fund that is very popular within the local government sector in the areas of outer Melbourne. Every Growing Suburbs Fund project we support helps deliver vital community facilities, creates jobs and makes a real difference for people living in fast-growing communities. The councils eligible for the Growing Suburbs Fund are located on the fringe of metropolitan Melbourne, marking the interface between the city and the country, as you would know.

Community facilities and services such as health and wellbeing centres, community centres, art and cultural facilities, parks, reserves, early education and early learning and sport and recreation facilities provide an important anchor for the local community. They are particularly important in expanding newly established, areas, as we witnessed the other day, where there are growing areas of need and also areas of high growth, which we witnessed the other day as well. Unfortunately some of these areas are experiencing higher unemployment rates, lower income levels, increased risk of mortgage stress and higher rates of family violence. One-hundred-and-seventy projects have now been completed since the Growing Suburbs Fund was first established in 2015 and are now open for the community's use.

In recent months I have had the pleasure of visiting a number of facilities. I was at the Golden Plains Youth Hub just probably five weeks ago along with the Member for Geelong, Christine Couzens. That was funded via the Growing Suburbs Fund—a fantastic facility. It was a great opportunity to speak to the youth workers at that facility and what that means. It is actually quite a clever initiative where two unused portable buildings owned by the council were joined together. Magnificent architecture on the outside—you would not know it was two unused portables. It is a great outcome from the Growing Suburbs Fund.

On some of the smaller amounts of funding from the Growing Suburbs Fund, given it is a \$50 million fund, there are high levels of funding for some projects. Mooroolbark Heights Reserve play space—I was out there with my colleague from Eastern Metropolitan Region, Sonja Terpstra, and actually spoke to a few locals that just could not wait for that particular project to open, new modern play equipment, things that I think we would have dreamed up when we were little kids, but it is just spectacular.

I was with Chris Brayne, the Member for Nepean, to celebrate the start of the works on the Flinders Civic Hall. The former hall had been removed by the time I got down there. This was my second visit. Speaking about the levels of funding, this is \$4.5 million worth of works for the new community hall, performance stage, meeting rooms, art room, kitchen and terrace. The community at Flinders, which I spoke to on the day, are just delighted about this particular project, and also the council is delighted that the Growing Suburbs Fund is available to be able to do that.

At Somerville I was fortunate enough to look at the recreation hub being built, which is a \$1.5 million project, which is basically a fantastic skate park plus a playground with in-ground trampolines and things like that. But it is a skate park that can be used by BMX, scooter and skating, the facilities, and it was a pleasure to go down there with Cr Paul Mercurio. He seems like a splendid chap, I would say.

Also, in Sunbury I was out with Josh Bull. There is a town centre project funded by the Growing Suburbs Fund, and just speaking to the traders, these projects make a huge difference.

So I am really pleased that this funding is in this budget again this year, Pauline. It is a great budget. We have seen it firsthand at Cranbourne North, that sporting facility, the recreation facility—absolutely spectacular. It is a great fund, and we are really pleased that we are going to continue with it.

Ms RICHARDS: Thanks, Minister. That is my time.

The CHAIR: Thank you, Minister. Mr Newbury.

Mr NEWBURY: Thank you. Minister, what specifically is included in the budget, noting that culture and integrity are important for professional development, in terms of local government for training other than 1-hour candidate training?

Mr LEANE: It is a fair question. We have supported groups like the Australian Local Government Women's Association, the VLGA and other peak bodies financially to run personal development programs like that. ALGWA has a mentoring program, which actually I think we have supported twice via funding, where female councillors and sometimes ex-female councillors mentor usually a newly elected—I know the election was a couple of years ago—female councillor. That newly elected councillor can interact with their mentor on a number of things. I had a conversation with the executive of the Victorian branch of ALGWA only, I think it might have been, last week, and some of the good work they do just reinforces that local councillors do a lot of good work. It can be a challenging culture in a number of ways, but one thing in the conversation I had with ALGWA last week that I took away was they do reinforce that it is a tough job but a lot of councillors do a lot of excellent work. We have worked on and actually, as I said in my presentation, delivered to the peak bodies some work done, funded by our government, by PwC and some academics on the Victorian Local Government Culture Review, and that has been driven by the sector. When I first came into the position, particularly a lot of female councillors and staff but not solely them, across the board, approached me about that.

There can be some pretty ordinary behaviour by individuals, in some cases by individual councillors; sometimes it might be in the ranks of the staff. But there can be some ordinary behaviour that they have probably had enough of, and so we developed this culture review that the peak bodies have now got. The intention is for them to go out, have forums, have discussions around this particular insights paper and decide if they want to draw a line in the sand how they draw that line in the sand and how they can do the work internally. But also they can come to our government and come to me if there is any need for regulation or legislative change. We are more than open to having that discussion if that could be improved.

Mr NEWBURY: And I do appreciate that answer, Minister. But noting that 10 per cent of councils are under administration or monitor—noting Darebin, Wodonga, Moira, Yarra, South Gippsland, Strathbogie, Whittlesea and Casey—apart from a longwinded answer, I am not quite sure if we have got to the point of what is being done.

Mr LEANE: Well, I think that as far as work with the sector goes, the sector is pretty pleased to take some ownership around the improved culture.

Mr NEWBURY: Well, if that was true, they would not all be under monitoring or administration, would they?

Mr LEANE: I think as far as the monitors go, monitors are put in place to actually assist with good governance. They are not necessarily there as some sort of penalty. I have actually—

Mr NEWBURY: But they would not be there if there was good governance, would they?

The CHAIR: Mr Newbury, could you please not interrupt?

Mr LEANE: At one particular council, at a high level, the elected representatives and the staff jointly approached me about getting some assistance as far as a monitor goes to help them work through and get good governance on track. As far as South Gippsland goes, that came out of administration—

Mr NEWBURY: With respect, Minister, if you are arguing that monitoring is a good thing, then you are succeeding very well.

The CHAIR: Mr Newbury, it is difficult obviously with the hybrid form. Could you please refrain from interrupting?

Mr NEWBURY: I did not realise I was. Thank you.

The CHAIR: Well, you were. Thank you.

Mr LEANE: Speaking to a lot of people in the community of that particular council before the council elections, there was concern about who may be re-elected, which did not happen, but because of that concern it was actually suggested to me that placing a monitor in before that election would be a really good idea. And I have been out there and spoken to the newly elected councillors that are actually delighted that at South Gippsland they do have a monitor to assist them greatly. I am not a negative person about local government whatsoever.

Mr NEWBURY: Neither am I.

Mr LEANE: Local government has 50 000 workers who do a fantastic job. They have done some wonderful work in a number of areas. This is the system that we have got, and as I said, I think that the sector are really keen to draw a line under certain behaviours, which may have caused some of those councils to be in administration, into the future and take ownership themselves.

The CHAIR: Thank you, Minister. Ms Taylor.

Ms TAYLOR: If I could refer you to budget paper 3, page 261, the footnote says that:

The 2021–22 expected outcome is higher than the 2021–22 target mainly due to additional funding for COVID-19 programs, including the COVIDSafe Outdoor Activation Program.

Can you take us through the program and the funding that was provided?

Mr LEANE: Yes, and thanks for that question, Ms Taylor. Nina, I was going to point out that we actually at the South Melbourne Market had a really good conversation with a trader there—

Ms TAYLOR: That is right. Yes. Fancy you say that!

Mr LEANE: around the outdoor activation. I will get to that; I should answer the crux of your question. The COVIDSafe Outdoor Activation Fund, as you said, was the \$40 million to help councils transform even more outdoor areas so Victorians can get out and support their local businesses safely as we reached the 70 and 80 per cent double-vaccination thresholds. I think it has taken on a bit of a new emphasis of its own actually, as far as some calls for permanency in some areas of the outdoor dining go.

The first \$20.5 million was for councils for works and services to promote outdoor activation and to immediately extend the life of their existing outdoor entertainment facilities, because as you know, Ms Taylor, this was the second year of that particular funding. This funding was used for the reactivation and establishment of new outdoor spaces, including administering permits and waiving permit fees; provision, maintenance and upgrades of outdoor spaces, parklet facilities, bollards, planter boxes, street furniture, landscaping, signage and lighting; purchase or hire of equipment to support outdoor economic activities in public spaces, including marquees and PA systems; street entertainment, culture displays and performances; traffic management; additional waste management in public areas; local marketing and communication to promote outdoor economic activity; and locating and operating mobile food vendors.

Then the further component of the \$40 million, the \$19.5 million, was provided to councils to establish semi-permanent or permanent outdoor precincts to support industries impacted by COVID restrictions that would be of long-lasting benefit to the community. So this funding is similar to the funding that I said before, but for more permanent street furniture, cover from the elements and things like that. Part of the condition, though, I have got to say, of this funding for the councils is that they have to demonstrate that any additional costs or fees councils incur or losses of revenue as a result of the activation of outdoor spaces will not be levied on local businesses, and as you would know, that is a very important aspect as well.

I think, as I said, Nina, just solely of that one project that we were at—and it is one of many projects that have been implemented by this funding—at the South Melbourne market. It is kind of producing a bit of a culture change, in that there is a request for permanency for a lot of these particular outdoor activation elements as far

as outdoor seating goes, where particularly hospitality sectors can increase their amount of seating, which they had not been able to do before. It is interesting, the culture change. Speaking to that trader, she said to us she was a little bit unsure about that area becoming outdoor dining, but once it became outdoor dining she thought it was absolutely fantastic, and it was great to have that honest exchange with her to reinforce how we feel—that we are on the right track with this fund.

Ms TAYLOR: Absolutely. I personally have only had great feedback. Can you take us through some of the outdoor precincts? I know you have mentioned South Melbourne Market, but there obviously are many others as well that have been established under this fund.

Mr LEANE: Yes, absolutely. Obviously the funding is important, but the partnership with councils and the hard work they have done to get this initiative off the ground cannot be acknowledged enough. It is really interesting; each council used the funding in different ways to serve their communities and assist their local businesses. Banyule City Council revamped Greensborough Walk to feature an outdoor stage, street furniture, customised outdoor dining pods and festival lighting. Knox Council purchased a mobile event kit, including—

The CHAIR: Sorry, Minister. If I could interrupt you there. The member's time has expired, and I will pass the call to Mrs McArthur.

Mrs McARTHUR: Thank you, Chair. Thank you, Minister. Minister, I refer you to budget paper 3, 2022–23, page 176, 'Waste and Recycling', which shows last year the cost of waste and recycling was \$83.9 million. Why then, with an expected increase of resource recovery of 500 000 tonnes and an increase of 14 per cent for organic waste, have you slashed the budget by \$26.5 million?

Mr LEANE: I am trying not to be unhelpful, Mrs McArthur, but I would refer that—I would imagine that is a matter for Minister D'Ambrosio, being the minister for environment.

Mrs McARTHUR: Well, Minister, the MAV, in their prebudget submission to the state, advocated for additional funding to support the regulatory asset and service burden on councils that Recycling Victoria and environmental protection reforms are enforcing. Minister, where is the funding to support this?

Mr LEANE: Look, I do not want to be unhelpful whatsoever, Mrs McArthur—

Mrs McARTHUR: I know. You are never unhelpful, Minister.

Mr LEANE: No, because I actually really appreciate the opportunity to appear in front of the committee remotely, and I thank the executive of your committee for making me able to do that. But Recycling Victoria does come under the minister for environment, Lily D'Ambrosio. I am not too sure if she has appeared previously, but I would say that would be a question that she can respond to.

Mrs McARTHUR: But you are responsible for the MAV in their representation of councils.

The CHAIR: Mrs McArthur, I think the minister has made it clear that it does not fall within his portfolio responsibility.

Mrs McARTHUR: We could help out the MAV, Chair.

The CHAIR: Mrs McArthur, perhaps you could move on to a question that does fall within the minister's portfolio.

Mrs McARTHUR: Well, Minister, it is very important how local governments fund operations. In this year's budget some funds have been allocated to the new Great Ocean Road parks and coast committee, and last year our Parliament allowed them to raise funds through tolling and car park fees. As this authority covers five local government areas—that is, Surf Coast shire, Colac Otway shire, Corangamite shire, Moyne shire and Warrnambool city—will this authority be expected to share this income with these local government authorities? Would you be advocating for that?

Mr LEANE: Once again, I do not want to be unhelpful, Mrs McArthur, but I think that authority would be responsible to the minister for environment, off the top of my head. Please excuse me if I am incorrect. I am happy to take that question on notice and refer it to a colleague if that helps.

Mrs McARTHUR: Oh, that would be terrific, Minister. Thank you very much. Minister, what do you say about the increasing level of cost-shifting that is occurring from state government to local government areas? We have just sort of seen it before in the library area. Is this appropriate, that local government and ratepayers have to pick up more and more of the bill of service delivery while state governments abrogate their responsibilities?

Mr LEANE: To respond to that, referring to the Victorian Auditor-General's report on local government, their last audit in 2021 did state that councils are in a very good financial position. But I think that the reason why a lot of them do manage to have some good cash holdings and low debt levels and find themselves in a good financial position is through grant programs from the Victorian government and also the federal government through their financial assistance grants. So I think to say that there is not a great deal of financial support and assistance to the local government sector is something that I think I would be happy that we—

Mrs McARTHUR: No, it is just the cost-shifting, Minister, that is the problem.

Mr LEANE: I think that is something we would be happy to disagree on as far as the financial support that we give to local government goes and the support in a number of areas as far as them maintaining the excellent services that they do goes.

The CHAIR: Thank you, Minister. The member's time has expired. Mr Richardson.

Mr RICHARDSON: Thank you, Chair. Thank you, Minister, for joining us remotely—I hope you are feeling better—and for accommodating the committee's scheduling of the PAEC hearings. Minister, I want to take you to the topic of public libraries funding and take you to budget paper 3, page 73. It states that the public libraries funding program will receive \$2.3 million in the Victorian budget 2022–23. For the committee's benefit, I am wondering if you could explain what this program is and what the funding will go towards.

Mr LEANE: Yes. Thank you for asking, Mr Richardson. I know we have discussed this before with the libraries in your area; it is awesome work that they have been doing, as they always do. You are correct as far as the increase in this year's budget of \$2.3 million for library services goes. This continues the government's strong record of investment in public libraries and brings the total investment in public libraries through this program in 2022–23 to \$48.1 million. This funding goes directly to councils, regional library corporations and Vision Australia for the provision of public library services. The funding can be used for anything related to the operation of a library, including the purchasing of collection items, whether they are physical or electronic; information technology; and library and outreach programs.

I am sure you have heard me say this before, Tim, but I am really happy to say it again: I have actually heard a lot of stories about how libraries are so important to the community. And as you would know, from story time, book clubs, writing groups and IT workshops, they help people socialise and broaden their knowledge and improve their health. I was at a regional library where there is a Scrabble club in one of their rooms every Tuesday. I have got to say standing from afar it is quite a willing club, that one. They absolutely enjoyed it. And I think this is the thinking outside the box where libraries have actually really come up with great ideas to get people together and actually utilise their libraries to the fullest. I can give some other examples. The City of Melbourne Library at the Dock has regular Chinese book club morning tea, where people can have a chat and discover new books and DVDs to borrow. Whitehorse Manningham Libraries host yoga classes, including the laughing yoga class. So maybe, Tim, you and I might have a crack at that one day.

Mr RICHARDSON: We could have laughing yoga—definitely.

Members interjecting

The CHAIR: Order!

Mr LEANE: And then various libraries across the state have adopted the Libraries after Dark program. Many of the libraries have actually extended their hours well into the night, so everyone can access their libraries at times, particularly shiftworkers and other people. They are amazing programs. And I think on top of that the funding for the Premier's Reading Challenge, which you would probably have been no doubt involved with a number of times, is a really important program as well by the libraries. And also the infrastructure funding for libraries as well, which I think everyone would be aware of, is a really important part of the funding for the libraries that we distribute.

Mr RICHARDSON: Thank you, Minister, and I might actually leave it there. I will not go onto another one. Thank you.

The CHAIR: Thank you, Mr Richardson. Mr Hibbins.

Mr HIBBINS: Thank you, Chair. Minister, just touching on your previous answers to Mrs McArthur's questions, are you able to answer questions in regard to things like the new recycling bin reforms and that particular rollout and other sustainability measures? Is that under your portfolio duties?

Mr LEANE: The rollout would be the responsibility of the new entity under Minister D'Ambrosio, but Mr Hibbins, if you want to, ask questions and, if there is any way, I can take them on notice.

Mr HIBBINS: I guess in terms of the implementation of the new separate recycling bins—glass and garden waste and the change of bin lid colours—obviously for councils this could actually be quite an expensive reform. Is there any support that the government has set aside to actually support councils with the capital costs of those reforms?

Mr LEANE: That is a question that I am happy to pass on to Ms D'Ambrosio, but I do know that there was concern, Mr Hibbins, particularly from smaller councils about particularly when the glass and the food waste collection comes into place. They are a number of years away. So work will be done by the new entity, and I have had discussions with Minister D'Ambrosio and others around supporting those councils. It does not necessarily have to be four bins everywhere, for every council. So there can be some drop-off points for those different types of waste. So as long as there is the collection in that form there is some flexibility there. There was definitely in this discussion in the committee stage of the Bill, I know firsthand, in the Legislative Council, and the assurance was given to work with councils on that support going forward. I think one of the good things that we have is that there is a bit of time as far as the cut-off dates for when these different types of waste collections are to be implemented go.

Mr HIBBINS: Okay, thank you. Just finally, in my last couple of minutes, if I can go back to the rate cap as well and its impact on workers, do you accept the issue that if a rate cap is issued on a yearly basis yet workers are going into enterprise bargaining agreements that will cover several years, that could potentially lead to councils employing more short-term contract and casual workers, leading to more insecurity in the workplace?

Mr LEANE: I suppose the only answer I can give you is that I hope that would not be the case. There are some councils that are not in as good a financial position as some others, but there are many councils, as the Auditor-General stated, that are in quite healthy financial states. I think it would be a bit of a shame if the rate cap is used as a way to increase casualisation or insecure work, because that is not what the rate cap is there for. The rate cap is there for—

Mr HIBBINS: Could that be an outcome of the rate cap, if you have suddenly got these councils whose income has been limited yet they are still in a healthy financial situation—that that could directly result in more insecure work, a lower wage bill, less workers?

Mr LEANE: As I said, I would hope not. The rate cap is designed to support people with the cost of living. The previous way that rates were created was that, you know, a council would decide that they wanted to do a number of things and have a number of aspirations. Some of them the local community might agree with or may not agree with. And then they would just set that they are going to spend X amount of money a year and then work out what percentage they would have to put on people's rates. That was leading to quite high levels of rate increase, which brought around the policy of the rate cap. So the design of the rate cap is to ensure that ratepayers are treated fairly in rate increases in a sector that as a whole, as the Auditor-General put, is in a good financial position.

Mr HIBBINS: Thank you, Minister. Thank you, Chair.

The CHAIR: Thank you, Mr Hibbins. That concludes the time we have available for consideration of the local government portfolio today. Thank you very much for appearing before the committee in this capacity. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee will now take a very short break before moving to consideration of the suburban development portfolio with you. I declare this hearing adjourned.

Witnesses withdrew.