

Mr John Watson

Chairman

Victoria Grants Commission

Dear Mr Watson

## **SUBMISSION TO VICTORIA GRANTS COMMISSION**

I refer to your letter of 25 September 2017 inviting Council to make a submission in relation to the overall set of cost adjustors and drivers to be applied to each expenditure function. Thank you for the opportunity to make a submission to the Commission and for meeting with our Councillors in June 2017.

We have taken the time to clearly understand the full horizontal equalisation basis on which grants are allocated and, in particular, the use of major cost drivers to calculate Gross Standardised Expenditure.

In analysing the use of major cost drivers, we have identified two expenditure functions – Recreation and Culture and Traffic and Street Management – which we suggest should utilise Modified Population Adjusted by Vacancy Rates (minimum 15,000) as the cost driver to better reflect the needs of councils and ensure that all councils can operate, by reasonable effort, on a similar average standard in accordance with the national distribution principles.

Attached is a copy of a report prepared by the Australian Population and Migration Research Centre “Time and tide: moving towards an understanding of temporal population changes in coastal Australia.” Whilst this report does not recommend a single methodology to measure the impact of temporary residents, it does conclude that:

*“Sea change areas arguably experience the largest seasonal fluctuations in population of any areas in Australia. **In southern Australia, especially, the Census is taken at a time which is the extreme trough of those variations.** Accordingly, in the interests of equity, it is important to have a measure of the size of temporary residents in order to better plan the provision of utilities, infrastructure and services in those areas.”*

The Commission currently recognises the impact of temporary populations on three of the expenditure functions (Governance; Environment; and Business and Economic Services) by applying a Major Cost Driver of Modified Population Adjusted by Vacancy Rates. We submit that the Major Cost Driver of Modified Population Adjusted by Vacancy Rates (minimum

15,000) should also be applied to the expenditure functions of Recreation and Culture, and Traffic and Street Management.

Our rationale for suggesting the change is outlined below, along with comments as to why we believe the cost drivers used for the other expenditure functions are appropriate.

### **Major Cost Drivers used to Calculate Gross Standardised Expenditure**

#### 1. Governance

Major Cost Driver = Modified Population Adjusted by Vacancy Rates (minimum 20,000)

We support the use of this Major Cost Driver for the Governance Expenditure Function on the basis that the cost of Governance is driven more by the number of rateable properties, associated ratepayers and voters than by the number of permanent residents.

#### 2. Family and Community Services

Major Cost Driver = Population

We support the use of this Major Cost Driver for the Family and Community Services Expenditure Function on the basis that the cost of Family and Community Services is driven by resident population and its associated demographic profile.

#### 3. Aged and Disabled Services

Major Cost Driver = Population >60 Years + Disabled + Carers

We support the use of this Major Cost Driver for the Aged and Disabled Services Expenditure Function on the basis that the cost of Aged and Disabled Services is driven by the number of people in the target groups.

#### 4. Recreation and Culture

Major Cost Driver = Population

**Suggested Major Cost Driver = Modified Population Adjusted by Vacancy Rates (minimum 15,000)**

We request that the Major Cost Driver for the Recreation and Culture Expenditure Function be Modified Population Adjusted by Vacancy Rates (minimum 15,000) on the basis that the cost of Recreation and Culture is driven by the following factors:

I. The number of rateable properties and associated ratepayers.

For example, the provision of public open space in new subdivisions is determined by the total area of the subdivision and the number of lots to be created, not by the number of permanent residents that might occupy those lots. The subsequent cost to Council of maintaining that public open space is not reduced as a result of non-resident owners purchasing some of the lots.

II. The provision and maintenance of recreation and culture facilities and services, particularly parks and reserves, including foreshore reserves (and associated infrastructure), must reflect demand. In municipalities such as Bass Coast, there is a community expectation that those facilities and services will cater for:

- our permanent residents; and
- our part-time residents (non-resident ratepayers) who generally occupy their premises at times when recreation and culture facilities and services are in highest demand (weekends, public holidays, peak season);

For example, our mowing and garden maintenance schedules are similar to other Councils with similar weather and rainfall patterns i.e. they are driven by need (rates of vegetation growth etc.) rather than by the number of permanent residents that live in Bass Coast.

III. Similarly, costs associated with the provision and maintenance of cultural facilities such as Performing Arts Centres and Libraries reflect usage by all stakeholders including permanent and part-time residents.

For example, the operating and maintenance costs of the Wonthaggi Union Community Arts Centre are driven by usage rates – currently ???% which is comparable to other similar facilities across the state.

Another example is Library Services. As outlined in the attached report drawn from the Know Your Council website, our performance

in terms of the number of loans is well above the State average, the age of our collection is lower than the state average, our direct cost per visit is only slightly less than the state average, but compared to municipal population our percentage of active library members is almost double the state average indicating that many of our non-resident ratepayers and/or regular visitors are members of our libraries. Our costs are driven by the number of branches operated (including mobile branch) and the usage of those facilities by members and others.

## 5. Waste Management

Major Cost Driver = Dwellings

We support the use of this Major Cost Driver for the Waste Management Expenditure Function on the basis that the cost of Waste Management is predominantly driven by the number of dwellings. e.g. Residential waste collection services are provided to and utilised by all dwellings, not just those occupied on a permanent basis.

## 6. Traffic and Street Management

Major Cost Driver = Population

**Suggested Major Cost Driver = Modified Population Adjusted by Vacancy Rates (minimum 15,000)**

We request that the Major Cost Driver for the Traffic and Street Management Expenditure Function be Modified Population Adjusted by Vacancy Rates (minimum 15,000) on the basis that the cost of Traffic and Street Management is driven by the following factors:

- I. The various components that contribute to Traffic and Street Management expenditure – Footpaths, Kerb & Channel, Traffic Control, Parking, Street Lighting, Street Cleaning etc. – reflect need.

For example, Street Lights are programmed to operate at night irrespective of the amount of traffic and/or pedestrians that might be utilising lit areas or whether properties within the urban boundaries are occupied by permanent or part-time residents. The basis of footpath provision and maintenance in residential areas is safety and

amenity, not whether adjacent homes are permanently occupied or not.

- II. The number of rateable properties and associated ratepayers/residents (full-time and part-time).

For example, the provision and maintenance of footpaths, kerb and channel, street lighting etc. is predominantly influenced by the number of rateable properties and the distribution of those properties across a municipality. The level of part-time residents (non-resident ratepayers) does not reduce the cost of providing and/or maintaining such infrastructure.

- III. The provision of Traffic and Street Management infrastructure and services in new subdivisions is determined by the total area of the subdivision, the number of lots to be created and the associated traffic management plan, not by the number of permanent residents that might occupy those lots. The subsequent cost to Council of maintaining that Traffic and Street Management infrastructure is not reduced as a result of non-resident owners purchasing some of the lots. e.g. Kerb and Channel and Footpath maintenance.
- IV. The provision and maintenance of Traffic and Street Management infrastructure and services must reflect demand. In municipalities such as Bass Coast, there is a community expectation that those facilities and services will cater for:
- i. our permanent residents;
  - ii. our part-time residents (non-resident ratepayers) who generally utilise Traffic and Street Management infrastructure and services at the busiest times (weekends, public holidays, peak season); and
  - iii. visitors who put additional pressure on the Traffic and Street Management infrastructure and services, particularly during the peak tourism season and during major events.

## 7. Environment

Major Cost Driver = Modified Population Adjusted by Vacancy Rates (double to max. 15,000)

We support the use of this Major Cost Driver for the Environment Expenditure Function on the basis that the cost of Environment Services is driven by need and the number of rateable properties rather than by permanent population. e.g. Drainage infrastructure and maintenance is predominantly influenced by the number of rateable properties and their distribution rather than the number of permanent residents.

#### 8. Business & Economic Services

Major Cost Driver = Modified Population Adjusted by Vacancy Rates (double to max. 15,000)

We support the use of this Major Cost Driver for the Business & Economic Services Expenditure Function on the basis that the cost of these services is driven by both resident and non-resident population.

# Bass Coast Shire



## Libraries

Provision of print and digital based resources to the community in a variety of formats including collection services, e-services, research tools and interactive learning programs

# Number of times a library resource is borrowed

Number of library collection item loans per library collection item

**BASS COAST SHIRE  
(2016-2017)**

**6.40**

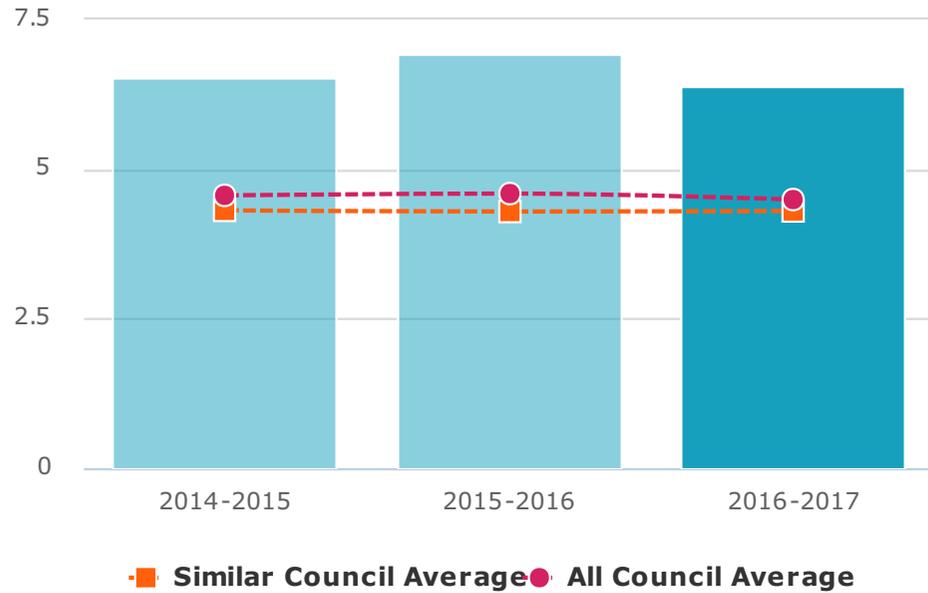
**SIMILAR COUNCILS  
(2016-2017)**

**4.30**

**ALL COUNCILS  
(2016-2017)**

**4.49**

## Performance Trend



## Bass Coast Shire Council Says...

There were 44,379 items in the library collections with 284,041 loans made for the 2016/17 year.

# Proportion of library resources less than 5 years old

Percentage of the library collection that has been purchased in the last 5 years

**BASS COAST SHIRE  
(2016-2017)**

**74.91%**

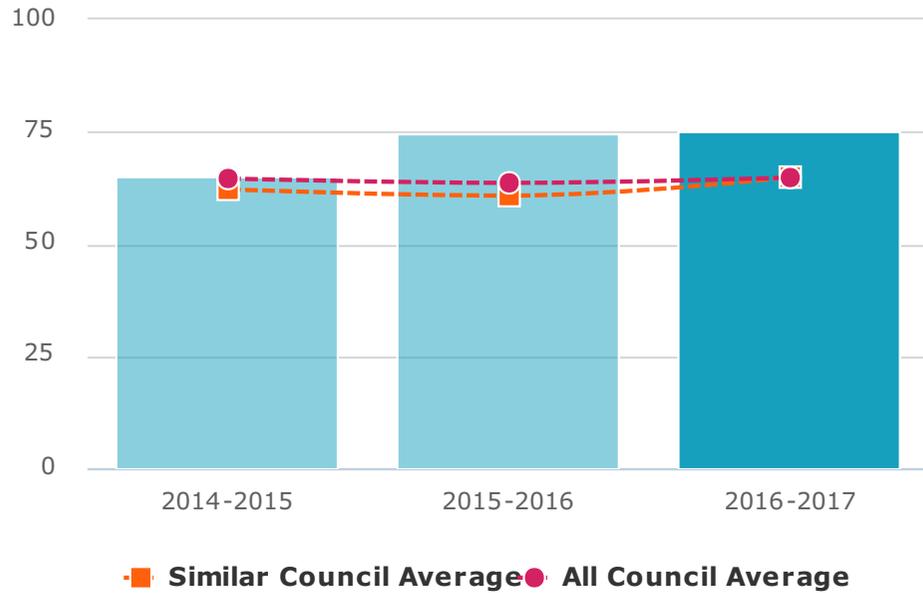
**SIMILAR COUNCILS  
(2016-2017)**

**64.87%**

**ALL COUNCILS  
(2016-2017)**

**64.77%**

## Performance Trend



## Bass Coast Shire Council Says...

Bass Coast libraries have continued to have a very high collection renewal rate with almost 75% of the collection being renewed in the last five years.

# Cost of library service per visit

Direct cost to council of the library service per visit

**BASS COAST SHIRE  
(2016-2017)**

**\$5.83**

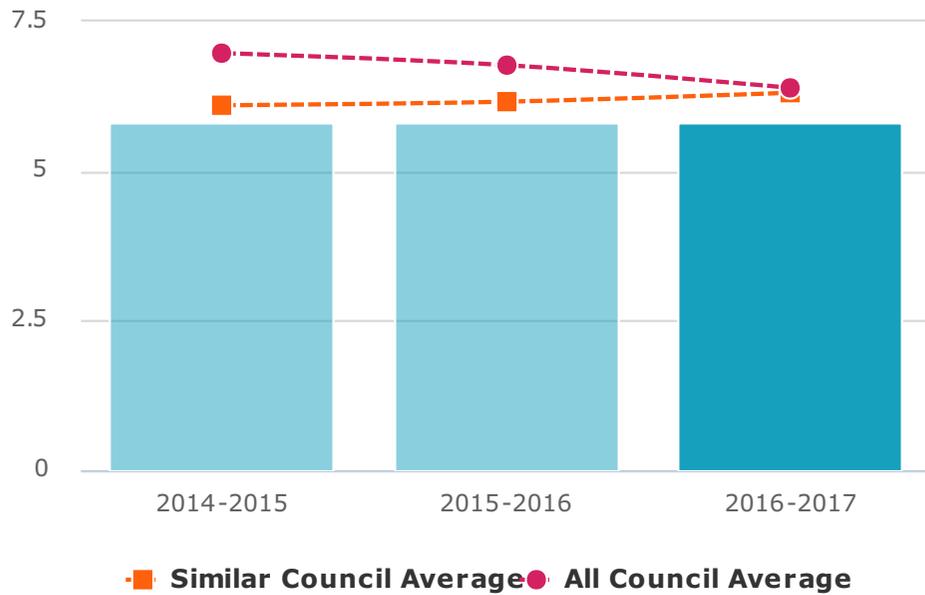
**SIMILAR COUNCILS  
(2016-2017)**

**\$6.31**

**ALL COUNCILS  
(2016-2017)**

**\$6.39**

## Performance Trend



## Bass Coast Shire Council Says...

In 2016/17 there were 283,078 visits to Bass Coast Shire libraries.

# Active library members in municipality

Percentage of the municipal population that are members of the library and have borrowed a library collection item. This indicator includes e-books from 2015/16 onwards, which may affect a council's variance from 2014/15.

**BASS COAST SHIRE  
(2016-2017)**

**30.74%**

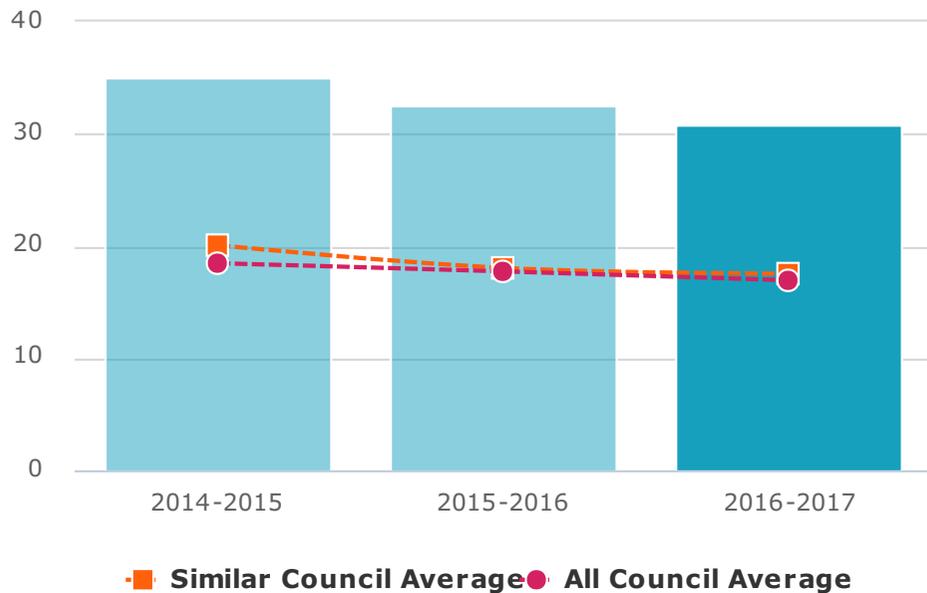
**SIMILAR COUNCILS  
(2016-2017)**

**17.53%**

**ALL COUNCILS  
(2016-2017)**

**16.93%**

## Performance Trend



## Bass Coast Shire Council Says...

Bass Coast Shire libraries have a total of 10,242 active library members.