

21 November 2018

Mr John Watson
Chairman
Victoria Grants Commission
Department of Environment, Land, Water and Planning
PO Box 500
EAST MELBOURNE VIC 8002

Dear Mr Watson

2018 Submission to Victoria Grants Commission

I refer to your letter of 25 September 2018 inviting Council to make a submission in relation to the overall set of cost adjustors and drivers to be applied to each expenditure function from 2019/20.

Thank you for the opportunity to make a submission to the Commission, and for giving due consideration to Council's submission made in 2017.

In response to Council's 2017 submission, the Commission advised as follows:

"The Commission acknowledges the costs associated with provision and maintenance of recreation, cultural facilities and services for permanent and part-time residents or non-resident ratepayers within Bass Coast Shire Council and will continue to monitor the impact of non-resident ratepayers on council expenditure."

Council understands that, given the significant amount of new data that was being brought into the model in 2017/18 from the 2016 census, the Commission felt that it would be prudent not to make any major changes to the underlying formula, apart from a necessary change to the calculation of relative capacity to raise rate revenue to take account of the introduction of rate capping.

Council also acknowledges and appreciates that a significant change was made to the formula in 2017 which gave increased recognition to non-residents and was strongly positive for councils such as Bass Coast.

As indicated in Council's 2017 submission, 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 for two of the expenditure functions – Recreation and Culture and Traffic and Street Management – which we request

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.

In its 2017 submission, Council provided 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”. I would like to reiterate the conclusion of that report:

*“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 timing of the Census exacerbates the impact of part-time residents by also reducing the permanent population count i.e. if the Census was undertaken at a different time of the year, the permanent population determined for Councils in southern Australia would be greater.

The Commission currently recognises the impact of part-time 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 (again) 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

I. 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, waterways, lakes and beaches (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:

i. our permanent residents; and

- ii. 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);
- iii. visitors who put additional pressure on the Recreation and Culture infrastructure and services, particularly during the peak tourism season and during major events.

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 are driven by all stakeholders including permanent and part-time residents.

An example is Library Services. As outlined in the attached report drawn from the Know Your Council website (Attachment 2), 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 and 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, rather than by the type of occupancy i.e. full-time or part-time.
- 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 the type of occupancy. 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.

Thank you again for the opportunity to make a submission.

Yours sincerely

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
(2017-2018)**

6.46

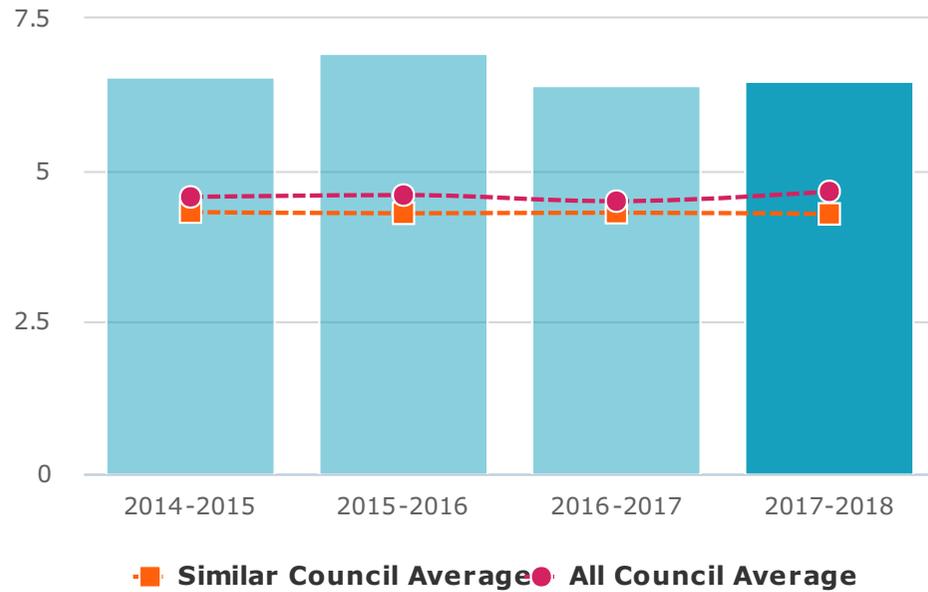
**SIMILAR COUNCILS
(2017-2018)**

4.28

**ALL COUNCILS
(2017-2018)**

4.65

Performance Trend



Bass Coast Shire Council Says...

There were 43,071 items in the library collections with 278,239 loans made for the 2017/18 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
(2017-2018)**

79.84%

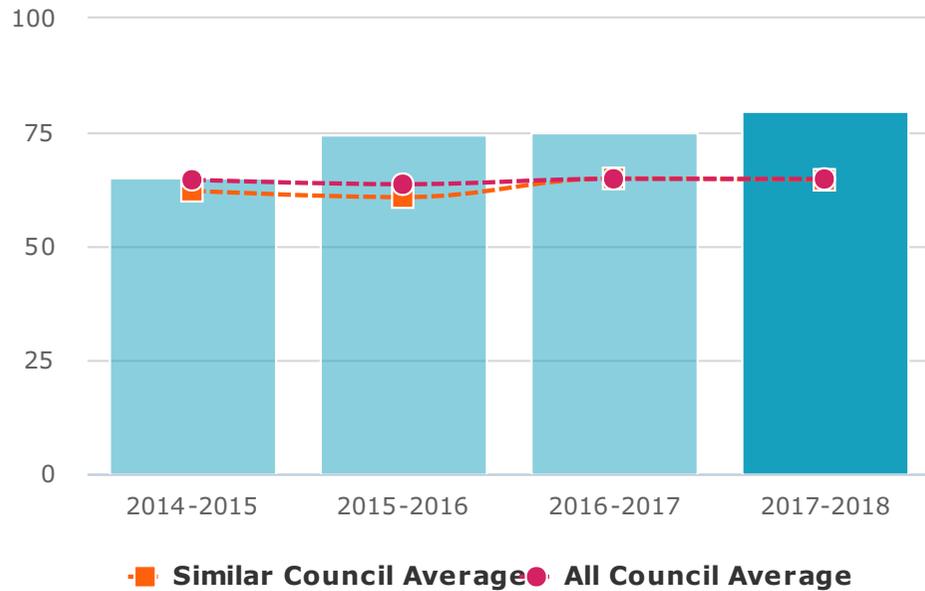
**SIMILAR COUNCILS
(2017-2018)**

64.56%

**ALL COUNCILS
(2017-2018)**

64.73%

Performance Trend



Bass Coast Shire Council Says...

Bass Coast libraries have continued to have a very high collection renewal rate with nearly 80% 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
(2017-2018)**

\$6.62

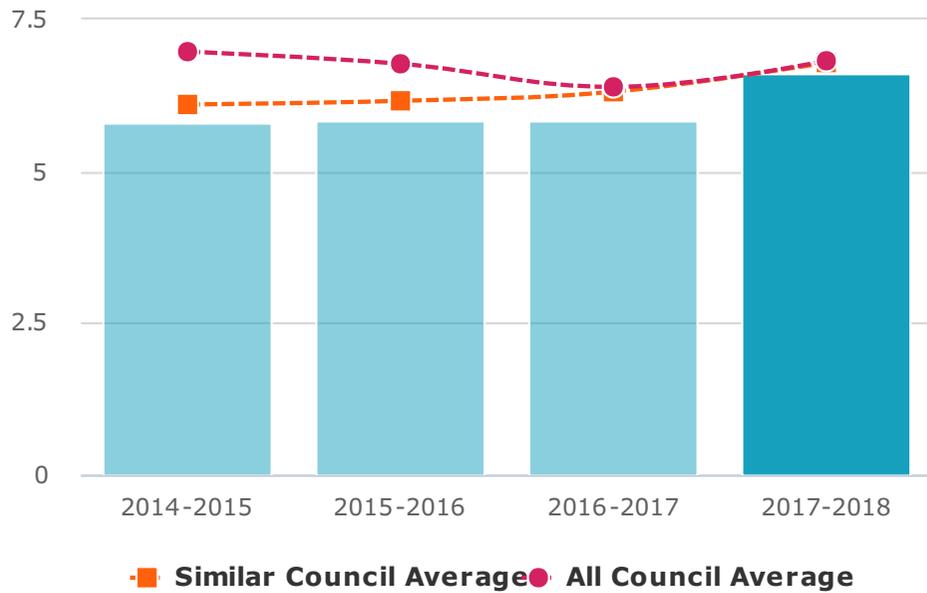
**SIMILAR COUNCILS
(2017-2018)**

\$6.79

**ALL COUNCILS
(2017-2018)**

\$6.82

Performance Trend



Bass Coast Shire Council Says...

A lower capital expenditure spend by West Gippsland Library Corporation has resulted in a lower annual decrease in library costs for 2017/18.

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
(2017-2018)**

23.70%

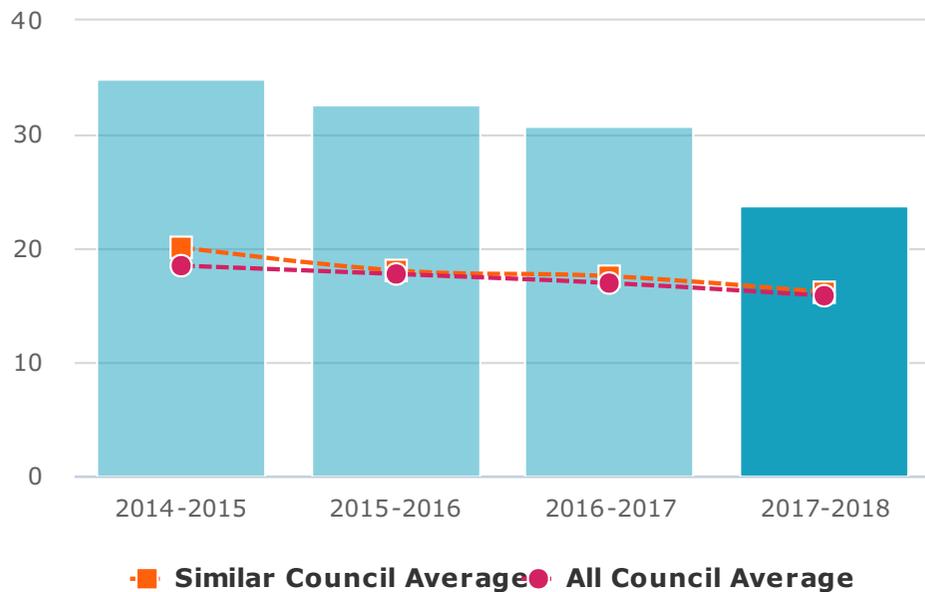
**SIMILAR COUNCILS
(2017-2018)**

16.12%

**ALL COUNCILS
(2017-2018)**

15.82%

Performance Trend



Bass Coast Shire Council Says...

An active library member is defined as a member who has borrowed a library collection item. A reporting review by West Gippsland Libraries found that reporting for this measure had previously incorrectly included library members who had used public computers and Wi-Fi but not borrowed an item. In 2017/18 Bass Coast Shire libraries had a 23.70% result based on 8112 active library members. In 2016/17 the amended result was 24.04% based on 8012 active library members.