

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into Local Government Funding and Services

Broadmeadows – Thursday 19 September 2024

MEMBERS

Georgie Purcell – Chair

David Davis – Deputy Chair

John Berger

Katherine Copsey

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Sonja Terpstra

PARTICIPATING MEMBERS

Gaelle Broad

Georgie Crozier

David Ettershank

Michael Galea

Renee Heath

Sarah Mansfield

Rachel Payne

Richard Welch

WITNESSES

Herb Ellerbock, President,

Christine Stewart, Committee Member, and

Charles Mitchell, Committee Member, Indigo Community Voice.

The CHAIR: I declare open the Economy and Infrastructure Committee's hearing on local government services and costs. We have with us today Indigo Community Voice, and I thank the three of you for attending. The format is we will just have a short presentation – we have got the submission – and we will ask some questions to follow that process. If I can indicate that if you provide material or evidence here under oath, you will be protected, but you cannot repeat that outside. Who is going to lead off?

Herb ELLERBOCK: I will lead off. Thank you, Chair.

The DEPUTY CHAIR: No worries.

Herb ELLERBOCK: Thank you for this opportunity to address this inquiry.

The DEPUTY CHAIR: A pleasure.

Visual presentation.

Herb ELLERBOCK: We are Indigo Community Voice Incorporated. We are an associated body which provides a forum for the Indigo community to air its concerns about local government matters. I am Herb Ellerbock; I am the President. And with me are committee members Christine Stewart OAM and Charles Mitchell.

We are going to focus on the local government differential rating system and the need for better ministerial directives and fairer outcomes. We are going to talk about bypassing the rate cap and the need for better financial management and accountability, and declining core council services.

These are the differential rates used by Indigo Shire Council. Residential ratepayers pay 100 per cent of the general rate; residential vacant pay 200 per cent of the general rate; commercial–industrial, 135 per cent; rural 2, which are essentially rural lifestyle properties up to 40 hectares; and rural 1 at 75 per cent – basically farming communities beyond or greater than 40 hectares.

In 2016 the Victorian government introduced a rate cap to protect ratepayers from uncontrolled rate hikes and provide some predictability and financial certainty. These – on the screen now – are the Victorian rate caps over the past eight years. These are the average rate increase for residential properties. In 2022–23 the average increase was five and a half times the rate cap, but it was not the only increase that actually exceeded the rate cap. You can see another one there, in 2019–20. These are the average increases for the residential vacant rate caps. This year the average increase is more than four times the rate cap, but increases have regularly exceeded the rate cap, as you can see on the slide there. These are the average increases for commercial–industrial properties. This year the average increase is almost six times the rate cap. Average increases for rural 2 properties – in 2021–22 the average increases more than five times the rate cap. This is for rural 1. In 2021–22 the average increase was almost nine times the rate cap and more than 6½ times in 2023–24. It is no wonder the Victorian Farmers Federation is jumping up and down.

The DEPUTY CHAIR: That is the average, not the median?

Herb ELLERBOCK: This is the average. The reductions following these spikes and these peaks never compensate for the increases. These are the average rate increases for Indigo shire over the past eight years over all of the property categories. The rate cap does not protect ratepayers against excessive rate hikes and provides no financial certainty or stability.

A solution to this problem already exists. The differential rates can be readily adjusted so that the average rate increase for every property category is as near as possible the same each time the properties are revalued. The

Local Government Act provides for this, but only a few councils are actually doing it. The effect of adjusting the differential rates is to transform these erratic and unpredictable rate increases into predictable and equitable increases. You can see here that top line represents the average increases in all of the property categories. They are within probably about 1/100th of a per cent of each other.

The use of static differential rates results in unpredictable and excessive rate increases for ratepayers based on their property category. The Victorian government rate cap does not prevent those excessive rate increases, and councils are failing to follow a key principle under the *Local Government Act* in that revenue and rating plans must seek to provide stability and predictability in the financial impact on the municipal community. The action we need is for the inequitable outcomes of differential rating to be eliminated by adjusting the differential rate caps after the properties have been revalued so that the average rate increase in each property category is the same. We say that section 161 of the *Local Government Act* and the Ministerial Guidelines for Differential Rating should be amended to make such adjustments mandatory and that the Essential Services Commission should monitor compliance with the rate cap at the ratepayer level and not at the council level.

I think we are at the end of that. If you would like to ask questions on this aspect before I hand over to Christine –

The DEPUTY CHAIR: Maybe we might move through all of that.

Herb ELLERBOCK: At the end?

The DEPUTY CHAIR: Yes, we will do all of it at the end.

Herb ELLERBOCK: Okay. Thank you for that. I will hand over to my companion Christine.

Christine STEWART: Thank you, Herb. Thank you very much for having us speak today. We are very community oriented, and that is why we formed our group. We have got quite a big challenge in Indigo because it is four amalgamated councils, so you sort of have a lot of challenges. But there have been significant changes in the last five years, particularly with COVID and the introduction of the Victorian *Local Government Act*. Some parts are good, but some parts are not so good. The interpretation of this Act begs the question: who controls the council, the councillors or the senior management? There is ample funding for local government. The question is how the funding is spent. Between us we have seen lots of money, and it has been spent in different ways. Herb Ellerbock has just spoken about the rate caps, but we also had the Victorian government earlier this year put the spotlight on the councils bypassing an additional service charge which actually appears on the rate notice. In Indigo it is called the ‘environmental management contribution’, known as the EMC, which is nothing more than an additional charge, effectively bypassing the rate cap. It appears on the rate notices. It equates to an approximate 7 per cent rate increase, making the general rate increases appear lower than they are.

It is worth noting that Indigo council has collected EMC funds of \$7.5 million over 15 years, and this has actually gone into general revenue. Originally these funds were collected for the rehabilitation of four old tip sites – total cost, \$4.2 million – and very little work has actually been done. The remaining funds appear to have been diverted to project cost overruns. This action by Indigo and other councils has been misleading, masking the true general rates being charged.

I am going to speak now about non-essentials, where a lot of money appears to be going. Indigo council’s significant expansionary program for non-essential infrastructure over several years has resulted in financial and declining services for the community. The Essential Services Commission in 2023 stated that Indigo Shire Council reported an average adjusted underlying result of minus 18.7 per cent, and ongoing negative results suggest that without increasing ongoing revenue or receipt of one-off grants ongoing revenue may not fund the range and level of services being provided.

Ratepayers have had their say through various council surveys, including 700 respondents over three years in prebudget surveys, and in that they can tick what they would like the funds spent on. The requests have not been acted on. For example, the main requests are for footpaths and roads, both sealed and unsealed. These are the priorities. Cycle tourism is down at number 15. The annual Victorian community satisfaction surveys conducted by JWS Research – consistent downward trend over the last five years, the 2023 and 24 survey results being all-time low satisfaction ratings of 50 and 52 per cent respectively.

Scrutiny of the council's budget has identified substantial community impacts from a significant reduction in maintaining existing infrastructure. Council's ability to maintain community infrastructure is being called into question, with current and long-term funding dropping, on average, to 66 per cent of that required.

\$2.75 million of failing assets were not renewed in 2023–24, further adding to the decline. Infrastructure services decline is also reflected in the annual downward trend that has occurred since 2018. It is quite interesting the budget for this year. The capital works budget is \$18.5 million and includes \$11.3 million carryover from last financial year, with council at our recent August meeting recently claiming 100 per cent of capital works project success for 2024. They were questioned on how that could be possible.

There is another involvement of a third party, Tourism North East. It is a highly secretive incorporated association that has been responsible for channelling millions of dollars for non-essential services that are not a community priority. Tourism North East refuses to provide financial accounts yet is funded by ratepayers and taxpayers. There is a serious lack of accountability and transparency of Tourism North East, even with the Indigo council CEO being on the board. At many council meetings questions are asked about how the local tourism industry is just totally locked out of the consultation process. This year they have commenced work on its \$5.13 million Rutherglen loop cycle trail. It is an example of a flawed council business case that included using imaginary shadow benefits. The trail goes through around 10 kilometres of the Murray River flood plains, which will result in very high ongoing maintenance costs. There are already many multimillion-dollar trails in the shire, which are costing approximately \$600,000 a year to maintain, and also flood recovery money has been used to maintain these existing tracks, yet our communities desperately need money for drainage in their towns that are subject to flooding. In comparison, in the budget only \$259,000 is allocated for footpaths. In previous years it has been around \$100,000.

A further concern is that money has been used to try and restore the Beechworth old railway goods shed. Close to a million dollars has been spent. It has been advertised twice for tenants. It is totally untenable in its current state. The application for funding stated that within three years it would be turning over \$6.2 million and be employing 19 people, and that was meant to be tied up with the influx of cyclists, which has not materialised.

Also in recent times we have had the bushfire recovery grants, the Victorian ones. Many millions of dollars have come to the north-east, but it has gone into private businesses. It has funded restaurants, it has funded accommodation and it has funded a lot of cycle activity, yet at the same time we have got the Wooragee CFA, which for 20 years has been begging for a new shed. There are no change rooms, there are no showers and there is no proper meeting room, and it is a very active brigade. It is 10 minutes from Beechworth on the main road to Wodonga. But just today they are going to be given a temporary toilet block, which is 1.5 metres by 2.5 metres, and shortly they will have 10 female members.

The DEPUTY CHAIR: Are you nearly done, Christine? We need to come to Charles too.

Herb ELLERBOCK: Charles is our go-to man if we need questions answered.

Christine STEWART: I am nearly there. The community feels that this should be a priority – giving the CFA need a new shed for \$1.5 million, rather than bushfire recovery moneys going into private businesses.

There is a lot of grant money out there. It is just going to the wrong buckets for the wrong reasons, and the impact on ratepayers and the mounting costs – we would like to actually see audits done and checks of any submission that goes to government to see whether they build in ongoing maintenance costs so that the ratepayers do not have to pay that burden.

I would just like to say that there are plenty of skills and commitment throughout the communities, but with the changes in the way council operates, our section 86 committees have basically been dismissed. There is very little community input into what actually happens. Recently they had four visionary future meetings across four communities and in total you were lucky if 40 residents turned up because the apathy now is that high because they just feel they are not being listened to. It is very sad seeing that. Last year the annual turnover of council staff was 26 per cent, which I think was in the top eight of the state. I come from a corporate background where you had to be very accountable. I have always had to find funds to fund myself. And the community, I feel, needs to have a lot more say, because we are a very fortunate shire. We have got a lot of retired people there.

Nearly 50 per cent of the population is over 50, and there are a lot of people with skills who would like to contribute, and it is just not happening. Thank you.

The DEPUTY CHAIR: Thank you, Christine and Herb and Charles. We are pleased of course to hear from community rather than councils. Both have obviously got an important role for this inquiry. My first question, then, is: do you mind if we put your material to the council? We actually want to get their response, because I think that they are –

Herb ELLERBOCK: By all means.

The DEPUTY CHAIR: That is the first thing. Thank you. The second point is: in terms of those rating issues, is this common across other rural municipalities? Have you done that analysis? Have you looked at other –

Herb ELLERBOCK: We have looked at a number. It is the mechanism that produces those peaks and troughs, and they always result from a disproportionate increase in property values when councils retain fixed differential rates. In other words, you have got property values moving about, but they do not adjust to differential rates to take account of those movements, so you get these extraordinary spikes that appear. There is a very simple solution –

The DEPUTY CHAIR: No, no, no, I understand the point you are making. I guess my question is: we have got a case study in Indigo here, but does this also apply in your understanding to other country –

Herb ELLERBOCK: I have had a look at Mansfield, which is adjacent. They have actually attempted to resolve this particular problem by doing some manual adjustments. I think –

Charles MITCHELL: Port Phillip, Ararat.

Herb ELLERBOCK: Port Phillip and Ararat are also doing these adjustments, but they are the only ones that we are aware of. Every council who uses differential rates runs across this particular problem. It is because of the mechanism and not so much because of the property valuations.

The DEPUTY CHAIR: Is it smoothed out by annual adjustments? The government has moved in recent years to annual adjustments rather than a biannual adjustment. Does that make this greater or lesser?

Herb ELLERBOCK: I think it makes it greater. It is more frequent, more predominant. The movements can be sharper.

The DEPUTY CHAIR: Yes. Is there any change with the valuation system changing? So previously councils had their own valuations; now the valuer-general oversees all of these valuations.

Herb ELLERBOCK: There was also an attempt to introduce a value-averaging mechanism via the state government, and they have realised that that was unworkable, so it was abandoned. But it does not matter where you value. Obviously if you value more frequently, the spikes occur more frequently. The spikes will shift around from one property category to the next property category and so forth. Over the long term the distribution of the rate burden remains fairly constant if you do or if you do not adjust the rates. But what the ratepayers are seeing are these savage increases in the short term. Particularly in this day and age, the economic situation right now, it is devastating for a lot of those property owners.

The DEPUTY CHAIR: Okay. I think your analysis is very interesting, and it adds something that we have not heard previously. A final question: isn't the solution to a number of the points that Christine made – legitimate points about issues of choices and so forth – to challenge at council elections? I am sort of asking the obvious question, in a sense.

Christine STEWART: The candidates have been announced.

The DEPUTY CHAIR: Yes, and I have no idea who is at Indigo in this current mix.

Christine STEWART: It is very sad. There are very few people who have got a business background or a corporate background. I think these days with council it is a business, and you need people with financial skills

in there as well. There have been popularity-type appointments of people who really just are rubberstamping at meetings. The briefing meetings, as you know, are closed to the public and decisions are made. There have been a lot of petitions this year. I have never seen so many petitions – 1200, 800, on a whole lot of issues. Council says it is listening, but it is not acting. The situation, as I mentioned, is the apathy. Of the people who put their hands up this year, there are only 11. Last time there were about 18 or 19. Some of them had really strong backgrounds, and they did not get up. That is a shame. Years ago we did have one councillor who used to be able to explain to the others. The leadership is missing. That is what the big issue is.

Herb ELLERBOCK: Sorry, if I can just conclude on that, we see a difficulty with transparency, because now the councillors cannot converse with the community.

The DEPUTY CHAIR: What do you mean ‘they cannot’ – now with the caretaker period?

Herb ELLERBOCK: No. I am talking about the decision-making process where the community sees an agenda for the council meeting three or four days before the actual council meeting, and some of those agendas could be more than a thousand pages. Now, when we as a community want to address some issue in there, that is extremely difficult. The councillors are making those decisions over at least a three-week period prior to that. We are not privy to any of that information. We are not –

The DEPUTY CHAIR: So you would propose that the agendas and details of council meetings be available to the public at a much earlier point.

Herb ELLERBOCK: We want more transparency of that –

The DEPUTY CHAIR: Do you have a proposed time period?

Herb ELLERBOCK: I think when they sit down and have planning meetings for the council meeting at the end of the month –

The DEPUTY CHAIR: It should be public at that point.

Herb ELLERBOCK: that should be public, but right now that is closed and confidential.

Charles MITCHELL: Briefings are closed to the public, whereas at some councils they are open. Christine, they were open, weren’t they, at one time?

Christine STEWART: Years ago. It has all changed. The power balance has really changed.

The DEPUTY CHAIR: And your point is this is not just Indigo, either?

Christine STEWART: No, no. We know that.

The DEPUTY CHAIR: I just wanted you to confirm what you are –

Charles MITCHELL: We are hearing that.

Christine STEWART: Also, only the mayor can speak to the media. So for people who want to go into local government for four years and do a lot of good community work, they will never be in the press or anything. There is no history of them advocating. We have got one councillor who has been advocating for a long time for the problem we have got with the main street of Rutherglen and the deaths and injuries because the main road goes through there and it is very small. That person cannot speak about all the activity and petitions and the problems with that.

The DEPUTY CHAIR: I am going to ask Sarah.

Sarah MANSFIELD: Thank you. Thank you for appearing today. I think your comments about transparency of the meetings and decision-making process are really interesting. I think it is something useful for us to consider. I noticed in your submission you mentioned – and you mentioned this in your presentation – the decline in services that are being delivered by the council, and of particular note was the exiting from home care services. I am just wanting to get an understanding of what the on-the-ground impact has been for the community.

Christine STEWART: I know a lot about that, because I nursed my husband until he passed with a terminal illness.

Sarah MANSFIELD: I am sorry.

Christine STEWART: Council divested themselves very early in the piece. You have still got a couple of councils. I understand Wangaratta and Benalla are still doing it, but it was a good service. Council did a really good job. The staff were well paid and looked after. It was outsourced to Alpine Health, who have struggled ever since in providing the Commonwealth home support program, which is the basic initial thing before you get a home care package. It has been a disaster. It really has. I have got a lot of friends who are under that. The federal home care package – you can wait up to two years. They have made it harder and harder for people to get.

We have supposedly 11 private providers, along with Alpine Health, which you can choose when you do get a package, but a lot of them actually will not come out to Beechworth – and the salaries are so low. The package providers certainly do well financially. I mean, we were charged \$60 an hour for home care and the person was paid \$23. There is a lot of work to be done in that area, and it is not looking too good, and Indigo has got one of the highest aged populations in Victoria. About 47 per cent are over 50, and a lot of us baby boomers are coming through. And there is ambulance wait times – a neighbour waited 5 hours recently with a broken hip in the backyard for an ambulance. It is not good.

Sarah MANSFIELD: On the issue around people missing out on services, are people actually missing out on aged care services that they would have otherwise been able to access in the past when the council provided it?

Christine STEWART: Absolutely, yes. And the aged care workers have to travel a lot. They are given an awful lot of jobs per day, and physically it is very hard going, but we did lose all the council ones because they were paid \$28 an hour, and the terms and conditions – it did not work out in the new structure at all.

Sarah MANSFIELD: A lot of councils, particularly with some of the federal changes, have said that it is just not financially viable for them to provide these services anymore. What is your response to that?

Christine STEWART: They are talking about providing more in-home care, and I think that is really good. But it is just the wait in the country. It is just far too long, and you basically have to be really ill. They have got a different assessment – a 2-hour assessment – and I have got several friends who have come out of hospital and they are meant to get six weeks care and it is just not happening. The staff are not there. They are better off doing what they did in Western Australia and just, say, have one home care provider instead of 11 private companies vying for the business and just have one physio that is based in the town – all just local people, like council had. They were all local people, and they knew and understood the families and it worked really well. That is something that was done extremely well, and they were making a profit. They made about \$80,000 profit, and the woman who was working in it said to the council, ‘These people on packages are going to be on higher levels’ – meaning more money and more profit. But the council just divested themselves. They are only putting \$126,000 year into Ageing Well, the senior sector, which is very small. It is only up about \$10,000 on last year.

Sarah MANSFIELD: You also address the issue of declining asset standards in the shire. That is an issue that I think a number of councils have raised with us – the difficulties with the cost of maintenance and renewal of infrastructure, especially when there is demand for new as well and getting that balance right. What have been your observations of some of those existing assets – the state of them and what has happened over time?

Christine STEWART: We are known as a historic town and the tourism is meant to be based off that, but we were told very clearly by a previous tourism manager that tourism is old hat and the way forward is food, wine and cycling. But our historic buildings are the reason people visit the town. We do have heritage overlays, but a lot of those buildings are deteriorating. There are 300 in our heritage group. We did a huge study on every building and what needs to happen, but the massive money, though, is going into – there has just been an opening between three councils to do art trails along the bike tracks and then \$14 million for silo art down at Rutherglen. The silos are privately owned, so the artwork will only show at night. At the same time, we are looking at our infrastructure and particularly toilet blocks. I think there were only \$20,000 or something for toilet blocks and we are a tourist town. There are some shocking toilets.

Herb ELLERBOCK: The road infrastructure is disgraceful.

Christine STEWART: The roads are shocking.

Herb ELLERBOCK: This is a matter of prioritising where the funding is expended. We have been saying that much of the funding is expended on what we consider to be non-essential and we want to point more of it towards essential infrastructure, essential services.

Christine STEWART: At one stage a few years ago, there were 113 unmade roads. We have had a lot of rural lifestyle blocks set up around the towns, but there are dirt roads.

Sarah MANSFIELD: Okay. Thank you.

The DEPUTY CHAIR: Gaelle.

Gaelle BROAD: Thank you very much. We know you have travelled a long distance to be here today, and we really appreciate your contribution because, as I said before, we have heard a lot from councils' perspective but we are very keen to hear from ratepayers. I guess with some of these bill shocks that you were talking about, what are you hearing in the local community? What are some examples of the difference in the cost to them?

Herb ELLERBOCK: I said that residential vacant properties have spiked this year. A number of examples have been addressed to me, but in this particular case her general rates went up 50 per cent in one year.

Gaelle BROAD: In dollar value terms, did she discuss –

Herb ELLERBOCK: In her case it went from \$1500 to \$3000, something like that. It was the general rate increase. I need to be clear that the general rate is only a component of the total rates. You have got the municipal charge in there, so when you add that in that tends to drop the percentage increase a little bit, but in the end it is still dollars. So when her general rate went from \$1500 to \$3000, that is still a \$1500 increase. Interestingly, I have heard that in the adjacent shire, in Moira shire, residential vacant properties went down. I know of one incident where the rates went down about 7 per cent. This uniqueness of the differential rates and the disproportional movement in property values is what is causing all these problems.

Gaelle BROAD: We did hear from farmers when we were down at Traralgon, and they talked about paying \$75,000 in rates. They are actually paying more in rates than they are taking home.

Herb ELLERBOCK: I have seen those examples, and I am aware of some of those examples in Indigo shire as well.

Gaelle BROAD: Okay. Can you express what you have heard?

Herb ELLERBOCK: I should have come with some case studies with me, but those numbers are in the calculations that I have done. I have basically driven it off the average rate increase and then extrapolated that to a property that is worth 20 times the average value and then extrapolated that into a rate increase. I have come up with those sorts of numbers.

Gaelle BROAD: You can take it on notice too, so if there are any examples that you hear from people –

Herb ELLERBOCK: I can certainly supply some examples.

Gaelle BROAD: Please supply them. That would be great. I am interested too. You talked about core services; I guess that is what I am hearing. You talked about the need to prioritise funding, but what do you see as being essential infrastructure and services? What are those core services that you would like to see?

Herb ELLERBOCK: The infrastructure of course is roads, footpaths. Rutherglen only has footpaths on one side of the road on some roads, not all roads. We have had severe issues with drainage. Two and a half years ago we had a massive weather event up there that caused untold damage. That was followed up by another weather event less than a year later that did a lot of damage. Yet we are not seeing funding commensurate with

those sort of weather events; we are just not seeing that funding. Yet we are seeing massive funds being poured into bike trails and the like.

Gaëlle BROAD: I note your submission talked about men's sheds. Do you want to expand on that?

Christine STEWART: Yes. Tangambalanga–Kiewa Men's Shed is situated on the Kiewa River on a plot of land. The council wants it back so the community can have access to the river. They had a lease, and the lease was terminated. They had to try and put them somewhere, and they could not find anywhere suitable, because they are going to remove these old buildings. I think North East Catchment Management Authority (known as NECMA) had the buildings, and they had sort of an office area for the men. I have been over there and seen them. What concerns me is that they are being put into two shipping containers in Coulston Park. They have put down two slabs of cement for shipping containers. It is 100 metres from the toilet block. If you were to meet these men, they should not be anywhere but in a proper shed that looks after their health and wellbeing while they are there.

The irony of it is that no-one can have access to that river. There was a 6-foot-high fence because there is a sheer drop on that site to the river. I understand NECMA have taken the old one down but there is going to be a new one. It sort of defeats the purpose of the community. They will have a nice little area to stop and have a picnic in, but the men's shed were not consulted about being moved. They thought they were safe. They got an email last year, in November I think, saying they were safe. And then they got a meeting from the mayor and deputy mayor, who said in no uncertain terms, 'You're out.' I think it is just a great shame. They took a petition to council. That was one that had 500 or 600 signatures, which is pretty big for the small community of Kiewa and Tangambalanga.

Then just at the recent council meeting – the last one was on Monday night – you had Beechworth kindergarten and child care; they are a combined centre. They have just learned that council wants the childcare part moved out from the kindy. There was no consultation. At the meeting in August, plus the one on Monday night, you had about 10 mothers turn up with three questions each, which is what they are allowed in a meeting, saying, 'We feel stressed. We work in Albury, we work here. It's going to take us two or three years to try and find another place. What's happening?' They have been told they can do an expression of interest, but if it is like what happened with our four caravan parks – you know, we have got leaseholders on the four main town caravan parks. A company came in and did a study, also drew up new lease agreements, and one of those companies won the contract for the Rutherglen caravan park. As of a couple of weeks ago it is now a 'BIG4' holiday resort, they are calling it. The leaseholder had to be out by 30 June, and the stress and anxiety were huge.

Charles MITCHELL: But the four conflicts of interest, and also the –

Christine STEWART: The conflicts of interest – Maddocks identified four conflicts of interest. This is all on the council record.

Charles MITCHELL: And at Tangam men's shed there were grants available a year beforehand. Council did not take the opportunity even though they knew the lease was running out, and only several weeks before they were told to leave – or months. They had very short notice, but the council did not act proactively.

Christine STEWART: No, and at the same time council were chasing \$300,000 for a bike shelter for the mountain bike people.

Gaëlle BROAD: Thank you.

The DEPUTY CHAIR: Beverley.

Bev McARTHUR: Well, you have raised a whole lot of issues that are very close to my heart. One, the differential rating system, which I think is archaic. The whole system of property taxing ought to be done away with, and we ought to have a set source of funding for local government so we do not get into this debate. Because they are basically making political decisions about the differential rating system. That is why there are so many differences across councils.

Herb ELLERBOCK: A bit of a social engineering tool as well.

Bev McARTHUR: Absolutely, so whether we charge business more or farm properties more or residential places less or whatever. It is an absolutely ridiculous, unfair, unjust system in my view and ought to be done away with, and you are quite right to identify the extraordinary peaks and troughs in the whole thing. In the end it comes down to a political decision, but I am interested in the priorities of this council, where we have got bike trails taking priority over roads and footpaths. Do you want to say something more about that?

Charles MITCHELL: Yes. The federal government provided \$5.13 million in grants. That was based on a flawed business case study, that Christine mentioned, which had shadow benefits in there, a purported three-to-one benefit-to-cost ratio. I did the analysis, and another colleague of mine and Christine's Robin McLeish did the calculations as well. We are both engineers. The study was flawed. Christine, you had an article there that we brought to the attention of the minister. Unfortunately it was funded. Even though the project had not started, we alerted the minister that this funding was flawed and priority should be different.

Christine STEWART: Yes, and because it goes through this flood plain – the Lake Hume holds all the water back for the Murray – it is just going to flood forever. The floods get 2 metres high, and because it comes out from the Murray into Lake Moodemere and into all these different creeks and billabongs, it stays for months. It is a big maintenance cost. We sent photos showing the water 2 metres high and a whole lot of things to the minister and said this should not go ahead.

Charles MITCHELL: The expectation, though – sorry to interrupt – is that the Victorian state government will pick up flood damage. You know, we do not have to worry about it.

Bev McARTHUR: You have also identified this outrageous proposition where ratepayers and communities are completely silenced under the new *Local Government Act* and all the rules and regulations, to an extent where you can only ask three questions and whatever. I must say, when I was on council, I used the public council meeting to argue the case against or for or amend whatever piece of proposition they were putting up. You could get plenty of media coverage that way, so you do not have to just be able to use going to the media yourself privately.

Herb ELLERBOCK: We are seeing a lack of debate in the council chamber.

Bev McARTHUR: Well, I am looking at three very capable people. I am wondering why you did not put your hands up.

The DEPUTY CHAIR: That was my point earlier –

Christine STEWART: Well, I actually –

The DEPUTY CHAIR: in a nice way.

Bev McARTHUR: And all your community groups – you know, you would have flooded the whole show.

Herb ELLERBOCK: Well, see, I had a conversation with the CEO only a few weeks ago, and he said, 'Why aren't you running for council, Herb?'

Bev McARTHUR: And what was the answer?

Herb ELLERBOCK: I said, 'So you can zip my lip?' I am able to do more outside the council than I am inside the council. That is my view.

Bev McARTHUR: Okay. Well, I hope you can.

Charles MITCHELL: Unfortunately.

Christine STEWART: Well, people have received legal threats: 'If you push anything too hard, expect a letter saying, you know, don't push it any further.'

Bev McARTHUR: Members of the community?

Christine STEWART: Yes.

Charles MITCHELL: It is in the paper.

Christine STEWART: Yes, I have got an article here.

Bev McARTHUR: Do send it to us. Where the community have been threatened for wanting to express their freedom of speech –

Charles MITCHELL: It has been reported in the *Border Mail*. That study I talked about earlier – the colleague who had approached me, Mr Twigg, asked me to look at the business case. I analysed it and the *Border Mail* reported on comments by the council. I cannot remember them exactly, but yes, it was not –

Christine STEWART: I have got a copy here, actually.

Bev McARTHUR: Good. Okay, let us have it.

The DEPUTY CHAIR: We have two more.

Bev McARTHUR: All right. We are running out of time here.

The DEPUTY CHAIR: Tom and John, I think you are online. We cannot see you, but if one of you wants to come on.

John BERGER: I am sure you can see me, Mr Davis.

The DEPUTY CHAIR: Thank you.

John BERGER: Thanks, Mr Davis. Thanks for your appearance today. It has been an interesting conversation. I just refer to the terms of reference of this inquiry and further to the differential rating plan outlined in your submission. What other alternative models of funding should be considered by council?

Charles MITCHELL: Well, with regard to the EMC, in New South Wales the rate cap as they call it in Victoria does not include the waste management charge side of the business. In New South Wales the rate peg, as they call it, applies to all areas of the council, and this stops the loophole that has been exploited where these extra charges are placed that bypass the rate cap, and the minister has had to come out and actually specifically try and nip that in the bud. But this has been seven years after the Wodonga overcharging of waste management. New South Wales has a scheme that sort of eliminates that loophole. Section 162 of the *Local Government Act* – I think it is item (c) – allows the council to charge a charge when it feels like. Section 163 of the Act requires the council to implement a thorough consultation with the community before it implements a charge, and I am suggesting that section 162, where it gives that loophole for the councils to charge a charge that they think up, should be removed.

John BERGER: Okay. Thanks, Chair.

The DEPUTY CHAIR: Tom.

Tom McINTOSH: Thanks, Chair. Thanks for your contribution today. I just wanted to get an understanding if you are aware of how many services the shire provides. And then – we have heard a little bit from you around those services – what do you see as value to yourselves and the community with regard to that?

Christine STEWART: I think they are opting out of a lot of community services. They are opting right out of the aged sector. They are certainly doing something not good with the childcare sector – you know, the things that we really need. There has just been such a major shift in things, and because our section 86 committees, where we used to be possibly listened to and have things acted upon, have disappeared, they have only got a couple of advisory committees. Even our heritage committee now is made up of people from Melbourne, Benalla – everywhere else. And they have added a lot of new positions – a climate emergency and just a whole lot of positions where we do not ever hear or see the people. We have quite often one-year grants for those positions. We cannot get a fix on anything that is happening at the moment because we are locked out so much. I mean, they do the parks and gardens and maintenance things.

The tourism part – we have got a big tourism department but it is all run by this Tourism North East, which we have no say over, and there are multimillion-dollar things going through that. It is all changed. I am just not comfortable with not seeing the proper planning and what have you from a strategic point of view. When you have 700 people doing a prebudget survey and ranking what they want money spent on and then it is not acted upon, it is very, very disheartening.

Bev McARTHUR: But you have got a climate emergency director or something, haven't you?

Christine STEWART: Yes. We have got lots of different positions, and I do not know what they do.

Herb ELLERBOCK: Perhaps one of the other areas relates to planning. We are seeing a lot of development happening, and certainly there are a lot of planning applications in Rutherglen at this point in time; I think we have got five major developments. What we have seen with those is that the essential infrastructure that should be in place or should have been in place before any of those developments were given the approval, we are not seeing in place. There is an anticipation that these things will come online in due course, but historically that does not usually happen. Development takes place, and we have got things like drainage, run-off, green space and a whole lot of things for which there is an expectation. These things are not actually demanded before the planning approvals go ahead.

Christine STEWART: This is for some housing estates.

Herb ELLERBOCK: Yes.

Christine STEWART: Yes, it is a big problem. They only have to do a brief lot of –

Herb ELLERBOCK: Very rudimentary.

Christine STEWART: Yes, to get to that first stage. We understand it is different in New South Wales, Charlie, maybe you can talk about it?

Charles MITCHELL: In New South Wales there is a requirement for the developer to put forward quite substantial information so that the council can assess it in detail, whereas in Victoria – as I understand, and I am not a subdivision engineer – there is less information required before it gets the tick in the box for it to proceed, and then the information is provided by the developer. As a council you can make better informed decisions when you are on the council side because you have got the information from the developer. I have worked in both New South Wales and Victoria, and this is what I am led to believe is the case, talking to my engineer colleagues.

Christine STEWART: There was one development that was happening in Rutherglen and the developer did not have approval for the connection of electricity. So all the work had to stop after they had cleared the land, started building the road system and everything.

The DEPUTY CHAIR: It is a new meaning for off the grid, is it?

Christine STEWART: Another problem, which is a bit different, is the impact of Airbnbs. Particularly in places like Beechworth, there is just no accommodation, let alone trying to house young people that work in cafes and things.

Tom McINTOSH: So you would be supportive of the tax on Airbnbs to keep those homes available for local families and young people then?

Christine STEWART: We actually had a lot of historic homes that used to attract the AAT bus company to divide their groups and stay in town – the only place they did it in because of the quality of that accommodation, which offered bed and breakfast. Only one survives now because Airbnb have taken over. I know a couple who have got four investment properties. If they come up to Beechworth for a weekend, they just go online and just check it out for themselves to stay in. They pay residential rates. They do not have to have food inspections or CFA inspections or what have you. Mornington Peninsula did a good local government set of rules, and I sent that to the council about four or five years ago because I could see that having an impact. It certainly has been a massive impact in our community.

Tom McINTOSH: Coming back to some of the services, you talked about aged care and others and the work in planning departments and whatnot. That is a priority for yourselves. Council can be funding and staffing those positions by the sounds of it.

Christine STEWART: Yes. You know, we have got a downgraded – it is Beechworth Health Service. There is one at Yackandandah. There is one in each of the towns, and anything happens now. They are not a hospital anymore.

Bev McARTHUR: But that has got nothing to do with the council, has it?

Christine STEWART: No, but –

Bev McARTHUR: That is a state government health service, isn't it?

Christine STEWART: Well, it should be. But in your old age in Beechworth, do not stay there, because I know how hard it was for me and my husband, particularly during COVID, to get support. The other issue was of course a lot of the senior people have family in Melbourne, and they were cut off for a three- or four-month period and trying to get over the river with permits. You had to have a permit to cross to New South to take people to specialist appointments. It was a pretty horrible time. We have got this new population that have come through, but we have got more seniors and there are not any retirement villages being built or anything to cater for that. There is no push for that.

Tom McINTOSH: Thank you. Thank you for your time. Thanks, Chair.

The DEPUTY CHAIR: Thanks, Tom. No-one else online? I am not missing Sonja or anything?

Tom McINTOSH: No, that is it.

John BERGER: Just one thing, Mr Davis – just a quick question, if I could, to Herb. Herb, did I hear it right that you spoke of the Wodonga report?

Herb ELLERBOCK: No.

Charles MITCHELL: No, that was me.

Herb ELLERBOCK: No, that was Charles.

John BERGER: Charles, I am just wondering: are you able to share that report with us?

Charles MITCHELL: The report was done by the Ombudsman and released in April 2008. It is online. It was a situation where the council overcharged for the waste management side of the business and then cross-subsidised other services of council, so it gave the appearance of low general rates, which was the benchmark that you compared councils against. Basically councils in Victoria, quite a number of them now, have used charges like the EMC or this charge within the rates notice, which is under clause 162(c), to bypass the rate cap and give artificially low perceived general rates. It is a different way of doing it, but it essentially amounts to the same thing.

Christine STEWART: It was actually \$18 million over 10 years.

Charles MITCHELL: And currently Indigo has basically collected \$7.5 million under this charge scheme and still has not remediated four tip sites at a cost of \$4.2 million. So they just keep collecting the money and put it into general revenue. You have got to ask the question: how is this able to occur?

John BERGER: Right. Thanks, Charles, and thank you, Chair.

The DEPUTY CHAIR: I think we have concluded, and I want to thank the three of you for your contribution. Certainly it is a very different perspective, and we are very thankful.

Bev McARTHUR: David, excuse me, Deputy Chair, can I just ask one question?

The DEPUTY CHAIR: Yes, sure.

Bev McARTHUR: Christine, would you be able to provide us a list of all those new positions that you find egregious in the Indigo shire, on notice?

Christine STEWART: Yes.

Bev McARTHUR: Very good. Thank you.

The DEPUTY CHAIR: Thank you. The hearing is closed, and we will resume in about 4 minutes, at 2 minutes past 2, with Hume.

Witnesses withdrew.