

28 June 2024

Legislative Council Economy and Infrastructure Committee

Inquiry into Local Government funding and services

Submission

We thank the Legislative Council Economy and Infrastructure Committee for initiating this Inquiry which gives associations such as ours a platform to voice our deep concerns on the operations management of Indigo Shire Council at a State government level.

Background

Indigo Community Voice Inc (ICV) launched in March 2024 to offer a glimmer of hope for residents disillusioned with the performance of Indigo Shire Council.

In 1994, Indigo Shire Council, an amalgamation of Rutherglen, Chiltern, Yackandandah and Beechworth shires was created to enhance service efficiency and effectiveness across the region.

However, the annual Victorian Community Satisfaction performance surveys show a consistent downward trend over the past 5 years, with the 2023 survey results being an all-time low satisfaction rating of only 50%.

Council spending is out of step with community expectations, resulting in long term liabilities for ratepayers, lack of transparency and fairness in rate-levying and the cloak of secrecy over Council decision making are among many underlying reasons for this low satisfaction rating.

ICV engages directly with the community and provides a platform on which matters of importance and concern to the community can be aired and addressed to the appropriate authorities and levels of Government.

Since its formation, ICV's 5 committee of management members, all of whom are retired, have worked tirelessly on a range of matters raised across the Indigo Council area. The committee members have a wide range of business, corporate, engineering, data analyst and local government experience.

Below are some issues we have been involved with that relate to how local government funding and services are delivered within Indigo Shire.

Attached is our submission to the Indigo Council's Draft 2024-25 Budget and our most recent submission to the Victorian Local Government Inspectorate about a fairer rating system.

Indigo Shire is involved with two annual surveys – one is conducted by the Victorian Government and is called the Victorian Community Satisfaction Survey. See JWS Research chart below which shows the results of the 2023 survey. There is only an overall 50 per cent satisfaction rate for Indigo Council, with each indicator falling below the small rural average, except waste management which is a contractor serviced area.

Summary of Indigo Shire Council performance

Services	Indigo 2023	Indigo 2022	Small Rural 2023	State-wide 2023
 Overall performance	50	58	55	56
 Value for money	45	50	49	49
 Overall council direction	42	46	47	46
 Customer service	62	60	65	67
 Waste management	71	73	66	66
 Consultation & engagement	52	52	53	52
 Community decisions	49	53	52	51
 Sealed local roads	36	48	44	48

Table 1 – Extract of the JWS Research 2023

The second survey has been the Council’s own pre budget survey, and the results has been the very similar for the past 3 years, total respondents being 700. The same message has come through each time on what the community wants funds spend on and what they don’t want funds spend on. Each year Council has failed to take onboard the communities wishes of core essential infrastructure and continues down the pathway of funding non-essential capital works.

As reported in the Border Mail, 22 June 2024, Page 22”

“Overwhelmingly, respondents want council to focus its spending on maintaining and improving existing infrastructure – roads, drains, footpaths, community buildings and to prioritise community wellbeing.”

In the 2023-24 draft budget community survey finds document under the heading ‘What should we stop doing?’ residents listed three areas spending could be cut: cycle trails and associated infrastructure, cycling tourism and tourism in general, and engaging consultants.

For the 2024-25 budget survey, respondents ranked the following priorities for expenditure. 1. Roads (sealed), 2. Roads (unsealed), 3. Community facilities, 4. Parks, playgrounds and open spaces, 5. Drainage, 6. Public toilets, 7. Footpaths, 8. Recreation facilities, 9. Bridges, 10. Heritage”

Cost shifting from State and Federal Governments to Local Council

Non-essential Capital Works

Indigo Council has become increasingly involved in moving away from mainstream essential services such as roads, footpaths and maintaining existing infrastructure to using Federal and State funding to build several multi-million-dollar cycle-rail paths with supporting infrastructure, which has dominated the budget and project overspends for the last 3 years.

The most recent cycle trail, being the Federally funded \$5.13 million, 48 kms Rutherglen Wine, Walk Cycle Trail now called the Rutherglen Loops. Widespread protest has been held about this most recent trail not only because of the cost but also part of which is on Murray River flood plain that floods regularly.

The cycle route on the flood plain suffers from long term flooding and is frequently inundated with up to 2 metres of water. Representations to the Federal Minister for issuing this grant have been ignored, even when the business case was significantly flawed using shadow benefits that would never be realised. At the same time Rutherglen residents have not received significant flood damage funding to repair and upgrade drainage in their town.

Third Party Involvement in procuring Grants

A third party, Tourism North East (TNE), a highly secretive incorporated association has been responsible for securing funding for many of these non-essential services that the community have not seen as a priority.

TNE are supported by the state government via Visit Victoria and funding from council rate payers. When this issue has been raised at Council meetings the response from the Indigo CEO is that they are a separate entity and nothing to do with Council. Yet the Council CEO is on the association's board and the Council ratepayers contributes annually several hundred thousands of dollars towards their operation.

There is no audit oversight by the Victorian Auditor General's Office (VAGO), there is no accountability to the public, no one can access the submissions for their projects. Questionable economic returns are published to try and justify these significant financial outlays. It is worth noting there is no cost recovery for people who use cycle trails and yet the public must pay to use swimming pools, hiring council buildings etc.

Council, with TNE appears to have circumvented the government tender procurement processes, in that Council's ratepayer funds are channelled to an organisation that secures grants from State and Federal governments. TNE are not transparent and accountable to the public, nor are their financial accounts made available.

TNE projects are not aligned to the community's essential needs, but are heavily focussed on external non-critical, non-essential projects. One of their first major grants was \$4 million for cycle tourism promotion, this was pre covid. Further funding came after covid plus more still from the Victorian Bush fire recovery fund, much of it tourism related. These government funds should have gone into essential projects desperately needed by the community post bush fires.

Recent TNE applications have resulted in securing \$8.5m Murray to Mountains Rail Trail Enhancements Project – it is an arts trail with partners being Wangaratta and Alpine Shires. A further Federal funding application is for the \$14.5m Rutherglen Silo Art Precinct Project.

These non-essential items are costing ratepayers significant amounts in maintenance and renewal than maintaining existing footpaths, council buildings and infrastructure.

Home Care Services

Indigo Council previously delivered the Commonwealth Home Support Program i.e. home care services. Council divested themselves from providing this critical local service years before they were required to opt out. The service employed local people to do the work and it worked well as the employees had a great knowledge of the clients that they served and delivered a high-quality service to them.

Unfortunately, the Council's chosen provider has had problems delivering the same level of service. This has been a big issue particularly for senior people and those with disabilities living in our small rural communities.

Previously Council was involved, with others, in providing a community car service that took people to medical and other essential appointments in regional towns-cities. This service is no longer provided in towns like Beechworth, and it has now become a major issue.

Ability of local governments to meet core service delivery objectives

Core service delivery has fallen away with the annual budgets reflecting an underfunding of asset renewal, as identified in Council's 10 year long term plan.

Even when substantial funds become available the funds do not go directly into providing core services. For example, the most recent Victorian bushfire recovery funds ended up going to many private businesses to build accommodation for cycle riders, to setting up cyclist hire firms, building restaurants on private land etc. At the same time the Wooragee fire brigade has been unable to secure funding for a new shed to house their fire vehicles. They have no change rooms, toilets or proper meeting room – this has gone on for over 20 years.

Local government's revenue structure, as well as whether these structures are sustainable and appropriate

The Victorian Essential Services Commission, stated in 2023 that 'Indigo Shire Council reported an average adjusted underlying results of -18.7 per cent. An ongoing negative result suggests that, without an increase in ongoing revenue or the receipt of one-off grants, ongoing revenue may not fund the range and level of services being provided'.

Ratepayers are being left with the debt burden of maintaining and the ongoing renewal of non-essential infrastructure such as cycle ways and the like dragging funding from core asset maintenance and renewal.

Whether there are alternative models of funding to consider

Indigo Community Voice's president has created a fairer more equitable council rating system that removes the large property market fluctuations that affects ratepayers annually, see attachment.

Any other related matters

The introduction of the new Local Government Act 2020 has had a significant negative impact on the role councillors play in representing their communities they were elected to serve. This new Act has unfortunately given Council's CEO and senior management too much decision-making power to the detriment of the community.

There is an extreme lack of action by the Council to act on behalf of the community. It is now obvious that the decision making has changed hands, and the community continues to be ignored and in particularly in the past five years.

What has increased is the lack of accountability and transparency of senior management and Councillors not acting in the best interests of the community. The outcome being a significant loss of trust.

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President
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