

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into Local Government Funding and Services

Cobblebank – Monday 7 October 2024

MEMBERS

Georgie Purcell – Chair

David Davis – Deputy Chair

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Rachel Payne

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WITNESS

Derek Madden, Chief Executive Officer, Moorabool Shire Council, Peri Urban Councils Victoria.

The CHAIR: I declare open the Legislative Council Economy and Infrastructure Committee's public hearing for the Inquiry into Local Government Funding and Services. Please ensure that mobile phones have been switched to silent and that background noise is minimised.

I would like to begin this hearing by respectfully acknowledging the Aboriginal peoples, the traditional custodians of the land we are gathered on today, and pay my respects to their ancestors, elders and families. I particularly welcome any elders or community members who are here today to impart their knowledge of this issue to the committee or who are watching the broadcast of these proceedings. I also welcome any other members of the public watching via the live broadcast.

To kick off, we will have committee members introduce themselves to you, starting with Mr Davis.

David DAVIS: David Davis.

Bev McARTHUR: Bev McArthur, Western Victoria Region.

The CHAIR: Georgie Purcell, Northern Victoria Region.

Gaelle BROAD: Hi, Gaelle Broad, Northern Victoria.

Sarah MANSFIELD: Sarah Mansfield, Member for Western Victoria.

John BERGER: John Berger, Member for Southern Metro.

The CHAIR: Wonderful. Thanks very much for appearing before us today. All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during this hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded and you will be provided with a proof version of the transcript following this hearing. Transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record, can you please state your full name and the organisation you are appearing on behalf of.

Derek MADDEN: Derek Madden. I am appearing as a representative of the peri-urban group of councils of Victoria.

The CHAIR: Wonderful. Thank you. We now welcome your opening comments but ask that they be kept to around 10 to 15 minutes to ensure plenty of time for discussion and questions.

Derek MADDEN: Yes. Thank you very much. I suppose very briefly I would like to highlight some of my experience because it is very relevant to the peri-urban. I worked with Melbourne City Council. I have 20-plus years experience in local government. I started with Melbourne City Council, went to Moreland, which is now Merri-bek, and then went to Cardinia. Now I am the CEO of Moorabool Shire Council. I have moved out and I have seen the growth happening and I have seen the pressure happening on the different shires across Victoria. I suppose I am here today to speak on behalf of the peri-urban group of councils.

We are a group of councils on the outer ring of Melbourne. To be honest with you, we probably equate to what the interface group of councils were about 20 years ago. The group consists of five councils currently, but we look to expand as well with that. From my point of view, the issues that the peri-urban face are very similar to the interface councils. We have rapid population growth. We have inadequate infrastructure. We have planning and policy issues. We do not have the triggers that the interface councils had regarding DCPs or GAIC and these other funding sources. To give you an indication, the interface councils have gathered \$1.2 billion through

the Growing Suburbs Fund, which was a fund set up to help those councils through that growth phase. The peri-urban councils have to accommodate, based on the latest government targets, in excess of 180,000 people until 2041 without those kinds of triggers, in particular GAIC and the Growing Suburbs Fund with its various other funding streams that we are not able to access to manage that growth.

We also have some significant environmental traits. The future energy transition is heavily dependent upon the peri-urban group of councils with wind farms, solar and battery facilities generally getting located within the peri-urban group of councils. I suppose one of the challenges with that is that on the one hand we are trying to protect agricultural land but then on the other hand we are trying to manage renewables as best we can, and there are emergency management challenges in that as well.

There is not as much cost shifting for the peri-urban as much as the benefits of being in the interface group of councils are not there for the peri-urban. To give you an example of the difference between the interface councils and how they managed the growth that they went through compared to, say, peri-urban, one is obviously the rate capping. If you look at the interface group of councils for the five years prior to the Fair Go Rates system coming into place, the average rate increase was 5.5 per cent. For the last five years, the peri-urban group of councils have been dealing with rate increases of about 1.5 to 3.5 per cent over that period of time, so very different issues. They were able to strengthen their balance sheets and strengthen their financial elements, the peri-urban and not, in that situation. We have a reactive kind of planning environment where we do not have a lot of developer contribution plans; we use individual section 173 agreements. Of course there are some DCPs, but ultimately the planning instruments that are available for the interface and for the metro areas are not in existence at this stage and are probably too expensive for those councils to implement.

In addition to that funding, as I mentioned, you have GAIC, you have growing suburbs and you have DCPs. These are all funds that allow the infrastructure to be built, but there are issues around the timing. I suppose from our point of view, you look at the challenges we have with rate capping and reactive planning but then also our limited borrowing. We are only allowed to borrow 60 per cent. In a previous life in a different council we took the borrowings up to 90 per cent and paid them back within four years on the basis of growth to get that infrastructure in. At this moment in time, if we were to go above 60 per cent, we would not be able to access the Treasury funding, and therefore we would end up paying higher rates of interest. Again, that would be passed on to the ratepayer. The impact of the rate capping overall is basically it reduces the financial capability and capacity. It is actually delaying some infrastructure projects that need to be delivered. We are becoming overly dependent on government funding, and that includes state and federal, to the extent that we are actually delaying projects at this stage. We are going into our budget advertising certain projects pending state and federal funding, and if that funding does not come in, then those projects are not proceeding – we are not in a position to deliver them.

The long-term financial health going forward is really eaten away as this pressure comes in. We have new estates popping up without the required infrastructure. As a council we have basically done our biggest capital works in the last five years, but the reality is that we are now at the debt cap. Even though we know more growth is coming in, we will not have the ability to actually deliver that – to the extent that the peri-urban group of councils have gone out and produced a report with Hansen that outlines a number of steps that the peri-urban councils feel would be beneficial. One is the setting up of an infrastructure fund. One is to set up a mechanism whereby we can get in and do those developer works beforehand so we do not have these estates sitting there isolated from the rest of the community – that is a big challenge for us. In addition to that, we have actually said that we need to set up a framework for the development contribution plans within the regional areas. Definitely we need to revise how revenue is generated for councils. We are either becoming overly dependent on rates or we are becoming overly dependent on government grants, and when we are overly dependent on government grants, forward planning is very, very difficult. A really good example was that the peri-urban group of councils did have access to the Growing Suburbs Fund for a period of three to four years. We were advocating for that to be extended for five years to allow us to do future planning, and it was actually removed completely.

David DAVIS: There is not much in it now anyway.

Derek MADDEN: There is not a lot left now, but –

David DAVIS: There is only \$5 million.

Derek MADDEN: Yes, exactly. It has gone down significantly, but we did benefit from that period when we were in it. As a council we were able to deliver some really important infrastructure into the community on the basis of that funding. There has to be some reduction in the red tape, from our point of view. To apply for grants and everything else is a significant drain on the organisation. We are not in a position to be competing with large councils who have grants officers. We actually have to write those grant applications ourselves, so it is the staff that are actually doing the job that have to write them. We cannot afford consultants to go and write these grant applications. ChatGPT is probably helping a little bit these days, but it is still a complicated process to write these grant applications. I suppose from our point of view, looking at the total pool of financial assistance grants, we are not saying that the allocation is incorrect, but ultimately what we are saying is that the pool needs to be increased to support the councils as best we see it. As I say, the peri-urban is a growing area. We are looking at 180,000 people moving in by 2041. It is a key component of the state. If you get fruit and vegetables in Melbourne, they are probably coming from the peri-urban region.

The agricultural land has to be protected, we recognise that, and one of the ways to do that is with good planning and working with developers and working across government, which is what we want to do. We do not want to take the lessons that have been learned in other growth areas, and we want to manage this effectively and ensure that we can help our community and not have nearly 60 per cent of our residents leaving every day for work. They are vacating the shire, and the impact that is having across the peri-urban region means that what we are seeing is volunteerism and everything else beginning to decrease because you have got both parents working, both parents in the car travelling. It is putting significant strain on our early years, and having been in the interface councils I know some of them are opening up very early in the morning. We are beginning to see the same pattern now happening in the peri-urban councils. The only trouble is it is a bit further away, so it is a longer commute. People will advertise peri-urban as an hour, but that is an hour without traffic. So once that traffic starts building up, these people are sitting in cars for a long period of time, and that is leading to a quality-of-life issue. One of the issues is we do need trunk infrastructure investment in these areas, and that includes power upgrades, water and sewage. These kinds of things need to be invested in in these areas so we can build an industrial belt there that actually has the people coming out, as opposed to everybody else going into the city areas. Happy to take any questions on any of that.

The CHAIR: Wonderful. Thank you very much. We will start with Mrs McArthur.

Bev McARTHUR: Thank you, Chair. Thank you, Derek, for coming along today. This government, one of its 55 new or increased taxes is the windfall gains tax, which is not hypothecated, so that where a developer does a development in your area you do not get the benefit of that tax; that goes into consolidated revenue. Should it be hypothecated?

Derek MADDEN: One hundred per cent, in my mind. I think the reality is that the developments are becoming expensive anyway. With the windfall gains tax, the ultimate outcome of that is the developer will still be taking their piece of the cake. What it means is when the councils come in and try and get the developers to deliver infrastructure, that piece of the cake is gone, whereas if that money was allocated at least in the region where it was actually gathered, it would make a lot more sense, much like the GAIC was originally for the interface councils.

Bev McARTHUR: Yes. You have touched on the impact of renewable rollouts and transmission lines. Tell us how the transmission line rollout has impacted councils in the peri-urban area.

Derek MADDEN: I will probably use Moorabool as the case study. We have spent over half a million dollars at this moment in time on studies looking at the undergrounding and looking at the different options. We have put forward various different options for the power companies. Even though it has improved over the last year or so, I think the process has left a lot to be desired. It has probably pushed it upon the community. The community have not been brought along on that journey to the extent that they should have been. But I think from our point of view, as a council of our size, having to spend that kind of money to this stage when we have not even got to basically reviewing the documentation as yet, it is probably going to cost us over a million dollars. We are working with the other councils regarding some of the costs associated with that, but at this moment in time it was Moorabool that actually started that process. If you look at the other areas where batteries and things are coming in, it seems to be one rule for one and another rule for another, because some of this is prime agricultural land. We have actually looked at the agricultural land over the whole shire, and what

we are seeing is actually some of these proposals are right in the middle of what is some of the best agricultural land in Victoria.

Bev McARTHUR: Well, for the record, Moorabool have been fantastic in the work that you have done in highlighting the issues and doing the research as to how we could do transmission better in this state. And some good news: you will have a glorious opportunity to put a submission and appear before this committee again, because we are conducting an inquiry into transmission lines.

Now, the issue of rate capping, which is perhaps the ratepayer's good friend – we get that no CEO likes it, but the rate in the dollar is the issue for many people. I know at the moment Golden Plains are in a fair bit of strife over the fact that they have dramatically increased the rate in the dollar for farming ratepayers. Is it time that we looked at whether this property taxing system, which is so unjust, based on variations in the rate in the dollar depending on where you live, depending on the policy of a council, was looked at so that we have a set stream of funding for local government that delivers the services that you absolutely have to provide, and anything extra on the periphery, ratepayers could tick a box whether they are prepared to fund it?

Derek MADDEN: I think it is an amazing challenge, especially for the peri-urban group of councils, who have a lot of residents coming out from urbanised areas expecting a certain level of service that they might have been getting in the inner-metro areas. The councils are not resourced to deliver that. With the rate in the dollar, I suppose one of the challenges is the valuation methodology. I notice there have been many reviews that have tried to look at this option. There are overseas options where the money is centralised and then variations are given, which is a different kind of model. But I think you actually hit the nail on the head when you called it a tax. I think a lot of people in the community's view on rates is that it is a fee-for-service, and that is not what it is. It is a level of taxation that is there. I think the challenge with that is explaining that to the residents. We do have some fees for service such as waste and different areas, but overall it is a taxation and that gets distributed accordingly. It is not a centralised taxation, it is distributed through the local councils. Therefore you end up with the differences.

Bev McARTHUR: It is very discretionary as to how it is applied and at what level, which is unlike any other tax, whether it is GST or income tax or stamp duty. It is the same.

Derek MADDEN: I think one of the challenges to that, I have to say, is the frequency of the valuations. The intent of the valuations happening every year was to not have the big increases happening. But just the way property and everything else has worked over the years, what you are getting is wild fluctuations every year, and that is where some of the farming community, in particular in the peri-urban group of councils, are finding that farming is no longer profitable.

Bev McARTHUR: Yes, because it is not based on the productivity from that land but the taxes. Why have some councils left your peri-urban group?

Derek MADDEN: Murrindindi, and I just cannot remember the second one that has left.

Bev McARTHUR: Macedon, South Gippsland.

Derek MADDEN: Gippsland – they might have been in it a long time ago.

Bev McARTHUR: And Mitchell. They were outside the boundary.

Derek MADDEN: Basically we have worked with the councils. Murrindindi felt that their growth was not really at the level of, say, Bass Coast or Golden Plains, and they did not really have a lot of the same issues. That is really what it came down to. The peri-urban were not there to fight growth. It was basically to try and manage it as best we can, and when that became the driver of the peri-urban I think some people did not leave. But also some of those councils are part of other groups such as the interface and that kind of thing, so they did not want to duplicate, being a member of multiple groups.

Bev McARTHUR: As a group, Derek, are you banding together to oppose all this cost shifting and new imposts, like you are covering the vaccination tax if you do not want to, say, let your health service do it. 'We're not doing it any longer unless you fund us 100 per cent.' Like free kindergarten, it is not free, because

you have got to provide all the facilities et cetera. As a group, is your voice being heard or are you mounting a big campaign to oppose all this?

Derek MADDEN: I think we have been reasonably effective. In the last two to three years in particular I think we have been quite effective. I think if you had asked four or five years ago what peri-urban was to a lot of people, they would not have been able to tell you, whereas I think now people do understand what peri-urban is and what that group is and what some of the challenges are. I think we have been quite good at advocating. We have gone out and pooled our resources to actually get consultants to come in and help us. As I say, we have just recently created the Hansen report, which really sets out probably a three- to four-year program as to how the peri-urban and how that growth can be more effectively managed going forward.

Bev McARTHUR: Can you provide that to the committee?

Derek MADDEN: Yes, I am happy to do that. I have given everybody a copy of this document, and all the links to the Hansen document and everything else are included in it as well.

Bev McARTHUR: Okay, great. Is that it for me?

The CHAIR: Yes. Thanks, Mrs McArthur. We will go to Dr Mansfield.

Sarah MANSFIELD: Thank you. Thank you for appearing today. You have talked about how peri-urban councils are already experiencing delays in rolling out infrastructure projects. Are there any other impacts that are already being seen or likely to be seen soon – for example, cuts to services or other infrastructure impacts – in those areas if there is not something done about the funding issues that they are facing?

Derek MADDEN: Yes, I think very much so. I think there have already been some cuts in the area of youth services. Even though I do not like saying it, if we were to go to roads, rates and rubbish elements, there already have been some services that have been reduced in the peri-urban areas. Youth services is one area. But in addition to that, some of the challenges are around the infrastructure and getting it built – say, for the kinder programs and these kinds of things. We are fortunate that we have just built a new facility, so we are probably okay for the next two years. But after that, considering our debt levels and where we are sitting, we see some issues. I know from the point of view of people moving in and out of the shire, if you look at Baw Baw shire, there are some significant shortfalls in some of the developer contribution plans. I think it is about \$120 million that they have to find over the next number of years to allow those in new estates to be able to move freely and safely, whereas at this moment in time it is not as safe as it probably should be.

Sarah MANSFIELD: When you say ‘move freely and safely’, what sort of infrastructure are you talking about?

Derek MADDEN: It is generally roads and roundabouts. I can give you the example of Bacchus Marsh, because Bacchus Marsh will actually have urban problems with traffic by 2041. There are significant works planned down there, but the reality of it is it is just really putting lights on roundabouts to fix it. The gridlock that is going to be experienced in these types of towns is going to be quite unusual for people who have lived there all their lives.

Sarah MANSFIELD: Thank you. You also mentioned the importance of protecting agriculture from development. I am interested in understanding what support councils require to assist with undertaking that sort of planning?

Derek MADDEN: I think for me a lot of it is because the land valuations on a lot of these properties are making them unviable for farming. The rating system is based on the valuation of the property. We give a concession to the farmers, but it is ultimately how much of a concession you give. But then also you end up with a situation where, for your differential rates, there is a calculator in there that basically says that your discount cannot be so low as it impacts the main rate. I will not go into the details of it, but there is a mechanism in there that limits you as to what you can actually do. I think one of the challenges is that what you have is a lot of speculators moving into the market and buying up some of these parcels. That is affecting properties around the areas and therefore it is making the valuations increase quite significantly. Therefore trying to assist the farmers in managing that can be a challenge, and naturally enough they are seeing very large valuation movements every year because of that speculation.

Sarah MANSFIELD: Is it also a factor that the agricultural value of the land is not being recognised in that system?

Derek MADDEN: Yes, exactly. There is no relationship to the productivity of the land in a lot of cases. It is probably more in relation to how close it is to infrastructure for development purposes.

Sarah MANSFIELD: Without there being some sort of more strategic view taken by the state around protecting some of that peri-urban agricultural land, what do you foresee as being the likely impacts of that over time?

Derek MADDEN: I think you have a perfect case study with the interface councils. If you go and look at, say, Cardinia or Wyndham, you can see what happened with the agricultural land there with the people basically being, to a certain extent, pushed off a lot of that land because of the way the valuations moved. I think it would be a travesty to have it happen a second time. You are losing that high-quality agricultural land to the extent that you are increasing your greenhouse gases and everything else by having to actually import food from further afield or bring it in from overseas when you have got this really good quality agricultural land sitting on the outskirts of the city.

Sarah MANSFIELD: Great. Thank you.

The CHAIR: Thanks, Dr Mansfield. Mr Berger.

John BERGER: Thank you, Chair. And thank you, Derek, for your appearance this morning. We have heard from a number of rural councils about some of the workforce challenges that have affected their particular areas. I am just wondering how you are going with it. Have you identified any skills gaps and what you might be doing to overcome them?

Derek MADDEN: There are a number of areas – planning in particular. Every time the state government increases their planning team, there are only so many planners, and ultimately they are getting pulled in from a lot of the councils. From our point of view what we have tried to do is create cadetships, even in an area like governance, which is not necessarily a university-based course. It is really looking at internal resources and trying to train up staff internally to do those roles. We have been quite fortunate, but we did go through quite a period where, with both planners and engineers, we just really were not able to recruit them. I know there are plenty of councils out there that really are struggling in that field, and they probably have no planning or HR teams, to a large extent. I think what we have tried to do is recruit locally, take them in and train them up, and it has been successful to an extent. But being a shire that is actually bounded with, say, a Melton, a Wyndham, a Geelong, a Ballarat, these councils can offer our staff more money, so after two years, three years, we wish them the best as they leave and go on and do their careers. We become a bit of a training ground, and the peri-urban across the board would be a training ground for a lot of those bigger councils. But again, there is a cost in that for us. That is just the market and you just have to accept it, but it is a challenge.

John BERGER: Thanks, Chair.

The CHAIR: Thanks, Mr Berger. Mr Davis.

David DAVIS: Derek, thank you for your contribution, and I agree with Mrs McArthur about the role of your council in supporting its local community in the face of a number of issues around powerlines and related matters.

Picking up also Mr Berger's point about skills, there was an old program called the – I am just trying to think of the exact name of it. It enabled the provision of planning people to be placed into councils to help them deal with these issues – that is not there anymore – and they would come from the centre for a defined period or defined project. Would that sort of step help? A flying squad – it was called the flying squad.

Derek MADDEN: Flying squad, yes. Now I remember it. I think it would help in a temporary way, but I think part of the challenge is we have to address the underlying issue, which is that some of the –

David DAVIS: The specialty areas.

Derek MADDEN: Yes, the specialty areas. I think if we were doing developer contributions, it would make a lot more sense. We are currently recruiting a lot of our planners from the growth area, because that is the skill set we need. We are having to pay a premium to get them out to come and help us, but it will save a lot of money in the long run because these people have gone through it in the past. It is a challenge. The flying squad could help plug those gaps, is what I would say, but I think it is an issue that the whole sector needs to deal with. A couple of areas within local government probably need to be addressed from a staffing point of view, planning being just one of them.

David DAVIS: And the development contribution – looking at your points here, I can see the need for a proper development contributions framework. You would not want that completely controlled in the centre, though, would you?

Derek MADDEN: No.

David DAVIS: You would not want the money to go to Melbourne and stay there. It is like prising a bone from a fierce dog, isn't it, to get the money out of them?

Derek MADDEN: I think the way with developer contributions, if they are set up correctly, they are actually linked to specific assets in the shire, so it would not go centrally. It would not make sense for that to happen, so it would actually stay local.

David DAVIS: And you would have control of it in that respect, with the developer?

Derek MADDEN: Exactly. You would deal with the developer then, because ultimately the specifications might change on a building or might change on a road, and then at least you are dealing with the developer up-front and you know that the developer contribution plan would have X number of dollars for that. You might actually redesign how it functions then.

David DAVIS: And a works-in-kind framework?

Derek MADDEN: I think with works-in-kind, we are dealing with them through a section 173 agreement at the moment, and what I would say is they are less than satisfactory. They are not really designed for the larger developments. And I think that is –

David DAVIS: They are for individual projects and such.

Derek MADDEN: Individual projects, exactly.

David DAVIS: But if they are conceptually on a larger scale, a works-in-kind program could help with those roads and community centres and other things that are associated with the –

Derek MADDEN: Exactly. And you would build that into the developer contributions as well. From my point of view, that all gets built into the scheme. Once you understand what infrastructure needs to go in, you decide who is actually going to build it and when they are going to build it and stage it appropriately.

David DAVIS: Just going back to a little bit earlier in your submission, to the development contributions, what sort of level should that be struck at? Has the peri-urban group thought about the scale of that and where that would be struck?

Derek MADDEN: I think that one of the challenges is that there seems to be this perception that it is cheaper to build in the peri-urban than, say, it is in the metro area. That is not the case. Whenever the developer contribution framework has been looked at from a regional context, it has always been at a lower rate. The danger in that is that ultimately you end up with poorer quality assets, but not only that, you end up with a bigger shortfall. It is a contribution, it is not necessarily going to pay for all of the infrastructure. But if it is not struck at the right rate, that contribution that is required for the other levels of government is much higher.

David DAVIS: Does the peri-urban group have a set of proposals there?

Derek MADDEN: We do not at the moment. We have a recommendation that it be looked at properly, and there are different schemes out there that we would be recommending that they go and do. I think that one of

the challenges at the moment is we are only moving into this space for the first time really, so there are some developer contribution schemes within the peri-urban areas, but not many.

David DAVIS: Chair, just one further question.

The CHAIR: Yes,

David DAVIS: In some of your areas – and I am thinking of your shire or Golden Plains, for example – you have got large areas of agricultural land, which Dr Mansfield has referred to as some of the high-quality land that is probably needing some level of protection. Is the issue that there are not the planning overlays and protections that stop that being developed so that the decision is made on ‘Develop here but not there’? I mean, this is in effect what happens in an area like the Mornington Peninsula. There are areas that are protected, and the rates are struck as agricultural land because everyone knows that it cannot be converted into residential.

Derek MADDEN: I think that is exactly it. There is a lack of certainty around it. I think there has been encroachment over a number of years into some of these agricultural areas – you know, the Bacchus Marsh area with the irrigation district is probably a good example – and then the valuation method comes in and actually values them at a much higher rate because of that speculation. The planning scheme does indicate that that land is to be protected, but what it is is that people are purely speculating that some of that will be removed over time.

David DAVIS: And you think greater planning certainty, decisions made up-front, might help with that problem?

Derek MADDEN: I think definitely. We are currently looking at the irrigation district at the moment to get that properly locked down so that people fully understand. What I do feel is that you will always get a degree of speculation, and that is what I have seen in my experience with the interface councils. I suppose it is just a matter of holding the line and ensuring that that agricultural land is guaranteed and is protected going forward. It is usually not a council decision, it is usually part of a statewide initiative.

The CHAIR: Thanks, Mr Davis. We will go to Mrs Broad.

Gaëlle BROAD: Thank you very much for your contribution. I certainly hit a massive pothole on the way here, so I am very interested in the thoughts of the peri-urban councils in terms of road maintenance funding. What impact is that having?

Derek MADDEN: In particular in the last two to three years with the major storm events, the road infrastructure has definitely degraded at a much faster pace than what we had anticipated in our asset management plans. I suppose within the peri-urban group of councils you have got a huge unsealed network that is out there as well, and these weather events are having huge impacts on all of this road infrastructure and also paths. I mean, we have had roads washed away, and I do not think we are the only peri-urban council that has had that. The process and the red tape required to get the support that we need is just overly cumbersome, to the extent that we have people going out and taking pictures of works before we actually fix them. Really, if it is in the middle of the night, you need to be fixing the road, not necessarily standing there taking pictures. I understand there have probably been a few bad eggs in the history, but there is no way everybody should be cast with the same brush. The reality is I feel some of that red tape around the roads infrastructure is quite painful. But there also is that lack of clarity around what is a council road and what is a state road from a community point of view. It is council that generally wears most of it, but the reality is quite a lot of where the issues are is not on council roads. Council roads are actually, I would say, in a better condition than a lot of other roads at this moment in time.

Gaëlle BROAD: What is the budget of peri-urban councils per kilometre compared to metro councils? Do you know what the difference is, or could you find out?

Derek MADDEN: I do not know. I would have to check. I could find out for you. Happy to do that.

Gaëlle BROAD: That is great. You mentioned a bit too about the state government grant process and how you are relying on staff and cannot get consultants, but has the grant process changed?

Derek MADDEN: A saying we use in peri-urban is that we are rural but not rural enough and urban but not urban enough. We actually tend to fall into the cracks. Even at a federal level, the example is that Bacchus Marsh is considered urban, which makes no sense, but the rest of the shire is then rural. It really does not make any sense. Again, it is that disconnect between federal and state, because at state we are rural but then when we go to the federal we are actually considered urban. We have an issue where Bacchus Marsh does not have an indoor swimming pool. We are applying to the state government for funding, but we are going up against Parramatta. It just makes no sense. It is a little bit silly. I understand the rules, but they do not make a lot of sense when you are taking data from the taxation office to create boundaries. I think from our point of view some of the funding for roads in particular needs to be looked at to recognise the difference in networks that are out there. They are some of the challenges we have.

Gaëlle BROAD: Is the grant process now more competition based, like competitive, where you have got to have a business case ready to go and then go for it? What impact does that have on a council like yours with less resources than perhaps larger councils?

Derek MADDEN: It is probably one of the things I have complained about. I think there has to be some seed funding set up for some of the smaller councils, peri-urban but also some of the smaller regionals, because ultimately you are going into a competitive process. If somebody has more skills at writing applications or more funding to get those applications written a certain way, that would give them a leg up, whereas the smaller councils and the regional councils are in a situation where the officers that are doing the work are having to write the applications. It is hard to do three things at once. If that was somebody's job, it would probably be a lot easier.

Gaëlle BROAD: I was interested too, I guess, in the comments about renewables, because in northern Victoria places like Meadow Creek and Colbinabbin have got big projects that have been put forward and local councils have very limited contribution now because the state government has changed the rules and removed that right of appeal. What are your thoughts on local council's role in that process? I guess it generates a lot more community feedback or complaints potentially. What role do you think local councils should have in that process?

Derek MADDEN: I think the current legislation is not favourable to local government in that we have some very large applications. Under any normal circumstances they would be approved by council, but we are not even a referral authority. They are using our roads to bring in this infrastructure; they are going to be damaging our roads to get the infrastructure in. We would normally set up what is called dilapidation deed for before and after construction, and then they would have to bring the road back up to the standard it was prior to a lot of this construction happening, but by actually not having council even as a referral authority you are missing that out. The centralisation is all well and good, but there are actually nuances that really only the local area would know. They are using assets, public assets, and council roads to take a lot of this infrastructure in to build. We probably have over a billion dollars in the pipeline in the renewables space. We have significant wind farms already, and there are batteries going in. Again, they cannot build them without using our infrastructure, but to say we are getting left out of the conversation on it is probably an understatement.

Gaëlle BROAD: What change would you like to see?

Derek MADDEN: I think from my point of view it is recognising that the need is there and this infrastructure needs to be put in place. I think there has to be a lot more engagement with the council, and the council has to be a full referral authority for a lot of these things. It probably should be the decision-maker, but if it is not the decision-maker, it should definitely be part of the referral authority. These things should not be getting approved, because there are nuances that people just are not aware of. It could be load-rating on some bridges and these kinds of things that people just have not taken into consideration. We have quite a few on the go at the moment.

Gaëlle BROAD: Thank you.

The CHAIR: No more questions?

Gaëlle BROAD: No.

The CHAIR: Thanks, Ms Broad. Mr Davis and Mrs McArthur, we have time for one more question from each of you, if you like.

David DAVIS: I have got a very simple question. On the roads issue that attention has been drawn to, your municipalities suffer from some of the highest impacts of the poor maintenance of state roads, and separate from that you have got your own council roads.

Derek MADDEN: Yes.

David DAVIS: There was a previous program called the country roads and bridges program, which put a million dollars a year into every council to support their council roads. Would a program like that make a difference in these peri-urban councils?

Derek MADDEN: I think 100 per cent it would. Look, one of the items you have highlighted there is that when the state roads are under repair, they are pushing the cars and the trucks onto council roads, and those council roads are then degrading at a faster pace. We have had that quite a lot with the Western Highway, where it has been shut for various reasons and we have been getting B-doubles coming onto roads that are not designed for them and breaking up the public roads. I think any fund that is available would help ease that burden on the councils. We could put 100 per cent of our rates into our roads and you probably would not notice too much of a difference, to be honest with you, because ultimately the size of the network is so vast. But additional funds would allow us to actually address those higher issues. It would be huge.

David DAVIS: But with a million or two a year of predictable funding, then you could plan out a schedule.

Derek MADDEN: Exactly. It is that recurrence. To go back to the growing suburbs, that is what we were arguing for with the growing suburbs. We were just responding every year to funding. At least if you have that built into your budget, then you can actually plan accordingly. The asset management systems would evolve. As councils and peri-urban councils, we have all got our asset management plans. What it would do would be to allow us to actually bring forward projects and get them done quicker.

Bev McARTHUR: Staying on the road issue, Derek, roadsides are a major issue, and we have got a situation now. The Chair will not like me discussing this, but roadsides should be safe places, not wildlife corridors or conservation zones. Increasingly they are also adding a problem to the road structure because you are not able to clear the undergrowth away from the roads. Drainage therefore is an issue, and it is wrecking the roads. Should we look at roadsides being safe places and not conservation zones? Should we also encourage grazing where possible on roadsides to help local governments maintain the phalaris grass and everything else that is actually stifling the native grasses?

Derek MADDEN: I do not know about the grazing, because motor vehicles and animals do not necessarily go together to a huge extent.

Bev McARTHUR: We can fence them off. We have done it in the past. We can do it very well.

Derek MADDEN: I think one of the challenges with the road network – and the bushfire review actually highlighted that those areas need to be maintained properly and cleaned out – is that you have got your power poles and you have got your drainage network and everything else happening there, and I do think there is a very, very strong case that they need to be protected as such. Probably one of the challenges within local government is that you have a cake and everybody wants a slice – it is where you allocate those slices for safety purposes. But I do think that roadside vegetation is probably an issue that needs to be dealt with, particularly from a fire risk point of view.

Bev McARTHUR: Your funding probably has also been cut from state government to actually do roadside maintenance.

Derek MADDEN: Roadside maintenance, the funding we get for that would be minimal.

Bev McARTHUR: Yes.

The CHAIR: Thanks, Mrs McArthur. Wonderful. That is all we have time for today. Thanks very much for appearing before us. That concludes the public hearing.

Committee adjourned.