

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into Local Government Funding and Services

Camperdown – Wednesday 7 August 2024

MEMBERS

Georgie Purcell – Chair

David Davis – Deputy Chair

John Berger

Katherine Copsey

Moira Deeming

Bev McArthur

Tom McIntosh

Evan Mulholland

Sonja Terpstra

PARTICIPATING MEMBERS

Gaelle Broad

Georgie Crozier

David Ettershank

Michael Galea

Renee Heath

Sarah Mansfield

Rachel Payne

Richard Welch

WITNESSES (*via videoconference*)

Cr Stuart King, Mayor, and

Bhan Pratap, Director, Corporate Services, Swan Hill Rural City Council.

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 various lands 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 members of the public watching via the live broadcast.

Before we kick off I will just get committee members to introduce themselves. We have a bit of a hybrid arrangement going, so we will start in the room and then go to the screen, starting with Mr Mulholland.

Evan MULHOLLAND: Evan Mulholland, Northern Metropolitan Region.

Bev McARTHUR: Bev McArthur, Western Victoria Region.

Sarah MANSFIELD: Sarah Mansfield, Western Victoria Region.

The CHAIR: Georgie Purcell, Northern Victoria Region.

David DAVIS: David Davis.

John BERGER: John Berger, Southern Metro.

The CHAIR: Then we will go to Richard, Gaelle and Sonja.

Richard WELCH: Richard Welch, Member for North-Eastern Metropolitan Region.

Gaelle BROAD: Hi. I am Gaelle Broad, Member for Northern Victoria.

Sonja TERPSTRA: Hello. Sonja Terpstra, state Member for the North-Eastern Metropolitan Region.

The CHAIR: Thanks very much, members.

Thank you 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's 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. You will be provided with a proof version of the transcript following the hearing, and then transcripts will ultimately be made public and posted on the committees website. For the Hansard record, could you both please state your full name and the organisation you are appearing on behalf of.

Stuart KING: Stuart King, Mayor, Swan Hill Rural City Council.

Bhan PRATAP: Bhan Pratap, Director of Corporate Services, Swan Hill Rural City Council.

The CHAIR: Fantastic. 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.

Stuart KING: Great. Thank you for this opportunity. Just a snapshot of the Swan Hill municipality: our population according to ABS data is around 21,500 people; however, council instigated a population study

because we knew that in particular in Robinvale in the northern part of our municipality our population was much larger. The results of this population study undertaken in 2019 puts our municipal population at around 25,500 people, so we are expected to support a greater population than is reported by the Australian Bureau of Statistics. Our area is just over 6000 square kilometres, we have over 3500 kilometres of sealed and unsealed roads in our municipality and our rateable properties are just over 12,000. The annual economic output from our municipality is over \$3 billion – around \$3.3 billion. Approximately half of that economic output comes from irrigated and dryland agriculture.

Our community is culturally diverse, going back in history, I guess, to settlement here from a large number of Greeks and Italians back after the Second World War, and now includes a significant Indian population, Afghans, North Africans, Malay and Vietnamese people in our municipality, with a First Nations representation in our population of around 4.5 per cent. We also currently have around 650 Pacific island workers in our municipality under the PALM scheme.

I want to talk about, to start with, the effects of cost shifting. So [Zoom dropout] which have decreased from approximately 1 per cent of Commonwealth taxation revenue to be only 0.5 per cent of Commonwealth taxation revenue. Funding for council to provide services has shifted to the ratepayer in a cost-shifting exercise. This means that council diverts funds for important infrastructure renewals and upgrades to cover operational expenses, and this creates a number of gaps and puts pressure on our current and future budgets for capital upgrades and asset renewals. Some of these things include libraries, where state funding has increased just over 7 per cent in the last five years and CPI in that time has increased by 18 per cent. The Victorian government has just slashed funding for library infrastructure by more than half; the community, however, has grown accustomed to the services, and therefore council has no choice but to continue to fund a greater proportion of the service. We see this with school crossing supervisors as well. Costs have increased significantly due to changes in employment laws, and this has meant that over the last five years costs for council to fund school crossing supervisors have increased 267 per cent. In the 2023–24 financial year the cost to council was \$107,000 without taking into account management components, and the current ratio of funding is 40 per cent state government and 60 per cent council.

In emergency management in the last five years council has incurred over \$600,000 in net costs to ratepayers – that is over and above any emergency funding that we receive from various levels of government. This involves maintenance of fire hydrants, staff and plant being made available for higher fire dangers and responding to natural disasters such as floods and fires.

In disaster recovery, obviously council, along with other rural councils, has recently faced challenges due to weather and flooding events. There is a significant gap in addressing the restoration of damaged local community infrastructure. Reconstruction of infrastructure, we believe, should be able to be done under the principle of building back better rather than just producing like for like when we are repairing assets. The emphasis should be on enhancement of infrastructure so that it can cope better with future events.

In statutory planning, building services and environmental health services, our statutory fees do not represent true cost recovery, and there are increased compliance and monitoring costs. It is the same with municipal building surveyors, where we have difficulty in recruiting qualified building surveyors and compliance makes service delivery very difficult or impossible to deliver. In waste services, full cost to implement the introduction of the four-bin waste system will be passed on to councils and ratepayers. Reforms and increased waste services under regulations add constraints to our current revenue and future compliance. We are a council that is already being innovative, getting into the fields of composting and recovery of agricultural plastics, for example. The EPA's waste services levy, which council collects, has escalated and cost our ratepayers in financial year 2023–24 approximately \$1.2 million, and we see very little funding out of that in return.

The fire services property levy is collected by council on behalf of the state government, but unfortunately ratepayers often do not discern between tiers of government and they just see the fire services levy as another council-generated levy. So we believe there needs to be more clarity around this, because this levy has increased significantly as well over the last five years. It is the same with increases in insurance premiums, which are well in excess of the rate cap. For example, in financial year 2023–24 council's insurance premium obligations went up over 5 per cent. In utilities, electricity prices have also gone up significantly – for the financial year 2023–24, a 6.9 per cent increase, which is well above the rate cap. The 2024 election will cost council \$235,000, which is a \$77,000 increase on the 2020 election – nearly 50 per cent.

In materials and contracts, construction costs have increased rapidly since 2021–22, at least 25 per cent in the additional costs of construction for asset renewals and projects that council undertakes. We believe one of the solutions to this would be to have less restrictions on grant funding and more opportunity for councils to be able to use grants where they see fit.

In maternal and child health, council will spend \$655,000 on this service in the next financial year. This split, which used to be a 50–50 partnership with the state, is now about a 30–70 split. Again, it is one of those services where the expectation is that council will deliver it, and now council is bearing the brunt of the cost. It is the same thing with youth funding and the same thing with cultural funding.

I will move on to the question of whether local councils are adequately delivering their core services. Our community satisfaction survey results indicate that ratepayers have a very low satisfaction with the delivery of core services, and this typically, year after year, is particularly in the roads area – they continue to get a poor score. One of the problems that we see with this is a confusion that ratepayers have where they do not actually understand what are council roads and what are VicRoads roads, for example – state-funded roads – despite our efforts to continually educate our ratepayers. It is improving, but it does not help when VicRoads assets are not being properly maintained or upgraded, because it comes back to our community satisfaction score.

The requirements to complete funding applications have become particularly onerous, and the funding and grants scheme is an industry all of its own. We have to wonder if there was a more efficient way of delivering funding and grants just how much money this would save if we could eliminate the funding industry. It must be millions of dollars.

In terms of the overall revenue structure of local government, in our municipality rates and charges contribute approximately 50 per cent of the total revenue. This year we have a budget of just over \$50 million, approximately half of that being rates and charges. To be financially sustainable we face an increasing reliance on government grants, which I am sure you would agree are getting less and more difficult to obtain.

The emergence of large-scale projects in our region poses challenges, particularly concerning infrastructure capacity. In this area we are in one of the renewable energy zones that is targeted for more solar and wind farms in the future. A reminder that our agricultural output is over \$1.5 billion, which relies heavily on transport to move those products from our region to the ports. We also have the possibility of mining opening up in our area as companies seek the rare earths to drive the renewable industries. We have had presentations recently from VicGrid and the Minerals Council, and we fed back to them that the way we see funding coming back to our municipality, appropriate levels of funding for our infrastructure, is through our royalties for region program. Community benefit sharing really just pits one community group against another community group, and we see the most efficient way to deliver this is through local government, because we know what our communities require. We need funding to undertake the upgrade of roads, community facilities and new infrastructure. Obviously we also have a housing shortage, along with the rest of the state and the rest of the nation, and to enable housing to develop rapidly we need money to be able to support the enabling infrastructure.

We believe, in terms of sustainability of the existing revenue structure, that the rate-capping environment needs to be amended and include factors relevant to local government and not just CPI. So we would support the introduction of a local government cost index. The rate cap is a major contributor to councils falling behind financially. For example, councils are limited by the rate cap, but utility charges continue to go up and there is no cap on energy costs from energy companies. The rate cap only takes into account the average cost increases of councils without regard for each council's size, economic influence, additional costs of rapid growth, staffing levels, operating budget, asset management and infrastructure needs – and again I remind you that we have over 3500 kilometres of sealed and unsealed roads in our municipality to maintain and to be able to deliver the over \$1.5 billion of agricultural output from our municipality.

In terms of other matters, our council employs 210 full-time equivalent staff. The attraction and retention rate of skilled workers is a challenge post COVID. The rate cap has exacerbated the gap in revenue required to support actual employee costs to meet wage increases, and it is difficult for councils, particularly rural councils like ours, to compete in the market to be able to recruit and retain staff and to be able to deliver appropriate housing in order to attract and retain those staff. We need the state government to facilitate more affordable housing and be better prepared for natural disasters and allow us to build back better in the future.

Our council is very proud that we are creating our own solutions to address the gaps in housing shortages. We believe tax concessions similar to NGOs or not-for-profit organisations, charitable organisations, should be made available to councils like ours and/or for ratepayers who want to be able to contribute to council assets – for example, the upgrade of a road that a particular farmer might have a need for. They may be willing to contribute to that upgrade of that infrastructure if they can have a tax concession for that. We believe these incentives will help in the recruitment and retention of staff.

Our council supports the review of municipality boundaries to create more strategic alignment, allowing for more robust organisations that can generate increased resources through the economies of scale and scope, and to put those municipalities in with strategic alignment, boundary adjustments along with funding to protect the viability of successful and marginal councils. We are open to those sorts of ideas and those things if it means long-term financial sustainability and great community outcomes for the people of our municipality.

I think I have probably exceeded your 15-minute limit, so I am happy to hold it up there and hand it back to you. But I trust that that has given you a good snapshot of the Swan Hill Rural City Council, the things we do well, the challenges we face and what we see as opportunities to be able to improve the way we do things and the support we need going into the future.

The CHAIR: Fantastic. Thank you very much. We will now move to questions. Members, we have got a pretty full house, so we might start with one question each and then just see if we can work our way around the room again. But if we could keep it as brief as possible that would be fantastic. We will start with you, Mr Mulholland.

Evan MULHOLLAND: Well, thank you for your opening presentation. What is the impact of VicRoads', I guess, lack of investment in rural roads on the local economy, businesses and also the council's reputation – often people do not differentiate between state arterial roads and local roads – and how does the inflexibility of funding models affect the council's ability to address local needs such as intersections between your local roads and VicRoads roads?

Stuart KING: Thank you. That is a great question. And I think you highlighted it: the biggest thing is reputational damage, because as I said in my opening remarks, our ratepayers do not necessarily understand – nor should they have to understand – the differentiation between what a council road is and what a VicRoads road is, particularly where state assets, VicRoads roads, go through our major centres. In Swan Hill, which is the major city in our municipality, our major north–south, east–west roads are VicRoads roads, and they go right through the centre of town. So the poor condition of those roads reflects on our municipality and provides challenges not just to the freight network – to road transport, for example – but also, like you say, to our reputation. People visiting our city as well – we have got a significant tourism industry as well – are not able to differentiate, so they just think Swan Hill has terrible roads.

To pick up your point on intersections with state assets, for example – and I thank you for that question because it is very topical here at the moment – council has been allocated \$2 million of local roads funding to improve safety on local roads. The greatest need in our municipality – and we have community engagement to support this. When we ran a survey recently on local intersections we received around 500 submissions from the local community, which is our highest level of community engagement for any survey that we have ever run. That gives you the passion of the community on this issue. Council has approached, and me and CEO Scott Barber met with, Minister Horne earlier in the year with a proposal to use the \$2 million wisely, in our opinion, to partner with the state government to upgrade a major very dangerous intersection in our city, in Swan Hill. Fortunately we have not killed anybody at that intersection yet, but the number of near misses would suggest it is only a matter of time before we have a significant fatality at that intersection. That request has been refused. The guidelines for the \$2 million of local road funding seem to be more targeted around signage, speed humps, traffic-calming devices, that sort of thing.

My understanding from the staff in the Department of Transport and Planning is that this project is scoped at around \$2.5 million to \$3 million. Council is willing to put up our \$2 million allocation of local roads funding and partner with the state government to create a really good outcome for our municipality and also for freight transport through the city, because this is a major intersection for freight networks in our city as well. It also is the major intersection down to our riverfront precinct, which over the years has attracted somewhere around \$20 million of both state and federal government funding, including a recent allocation of around \$5 million to

enhance our riverfront. So it is a major tourist destination. So again, you know, we believe it is a really good outcome for all levels of government – it satisfies our community needs but also directs people to where state and federal governments have already invested money to improve our city.

That was a bit of a longwinded answer, but it is a really, really significant issue. And this is the flexibility we are looking for, whether it is the local roads funding or other government funding programs. This is the flexibility we are looking for, because we are the boots on the ground. We are the people that see our community on a daily, weekly, monthly basis, so we are closest to them and we hear what their requirements are. We just really want that flexibility in funding.

The CHAIR: Thanks, Mr Mulholland. Mrs McArthur.

Bev McARTHUR: Thank you, Chair. Thank you, gentlemen, for appearing. You mentioned cultural funding. What are you spending on cultural funding, and where and why? And is this a new phenomenon that you have had to get engaged in?

Stuart KING: We have currently got two projects which we consider as cultural projects that have been funded by the federal government. One is a cultural and tourism hub at the entry to our Pioneer Settlement, which is our major tourist attraction in Swan Hill. That project is around \$5 million for that cultural and tourism hub. The other part of that funding is to significantly renovate our art gallery, which again is around a \$6 million project. So there are a couple of significant projects that are relevant to our culture.

Under the recent federal government funding we also received an allocation of about \$5.5 million of funding as part of the Pioneer Settlement upgrades for a new pedestrian footbridge linking the Pioneer Settlement to Pental Island, which is Victorian water – so we are not talking about the interstate bridge, we are only talking about a pedestrian bridge. On Pental Island, that will now allow our First Nations community to develop a cultural centre over there, so that is part of that funding arrangement. We believe we are doing a lot in that space to really –

Bev McARTHUR: You have said the feds are funding it. How much are ratepayers funding all of that?

Stuart KING: The recent funding – I cannot remember the title of that funding project – was 90 per cent federal and 10 per cent council. The other two projects, so the cultural and tourism hub and the art gallery, are under a 50–50 arrangement.

The CHAIR: Thank you, Mrs McArthur. We will go to Ms Terpstra on the screen.

Sonja TERPSTRA: Thanks, Chair. I would just like to say thank you both for your presentation. Look, it was such a comprehensive presentation that I actually do not have any questions, so I will free up some more time for committee members. I have read the papers. I think all the information you have provided pretty clearly outlines the challenges that your council is facing, so thank you. I will pass to someone else. Thanks, Chair.

The CHAIR: Thanks, Ms Terpstra. Dr Mansfield.

Sarah MANSFIELD: Thank you. And thank you for appearing today. I am curious if you can give us an indication as to what resources your council has to invest in applying for grants, whether it is time or money, if you have got any way of giving us an indication of that.

Bhan PRATAP: It is mostly time, and the requirements of the funding application are quite intensive. We struggle to put in the applications with the very short deadlines. The response time from the funding agencies or the funding bodies – they take a long time to make a decision, so that delays our projects and the allocation of council's share of funding, let us say, ratepayer contributions. It delays our process of budgeting and programming the project, and as a result when we do budget, due to delay, the timing factor, the cost increases in terms of construction costs – material costs, labour costs and so on.

Stuart KING: If I could just add to that as well, there are significant up-front costs in getting even concept designs done – doing community consultation, using consultants to come up with concept designs that we can use for a funding application that we may or may not then get funding for. That up-front investment is ratepayer money that we are putting up in order to try and get funding, whether it is from state government, federal

government or other sources. So there is a significant cost to that. And when we know we are going up against much larger regional councils and metro councils – and I guess when you look at federal funding, we know a lot of the time we are going up against very large well-resourced metro councils. I was talking to one of the Melbourne councillors at the recent Australian local government conference in Canberra, and they have three full-time professional grant writers, and that is the only job that they do. That is a significant resource, whereas our resources, as Bhan has said, are people within our organisation that also do other jobs. They are part of our economic development team mostly, but they are the ones writing the grant applications as well. It is a highly competitive industry, so the standard of applications has to be very high. Like I said, often there is a significant amount of up-front investment in concepts, in designs, in community consultation to try and get that application across the line.

Sarah MANSFIELD: And what proportion of your revenue would be from grants?

Stuart KING: Of our overall revenue around 50 per cent, whether that is, you know, federal assistance grants, tied or untied grants – but around 50 per cent of our budget.

Sarah MANSFIELD: Great. Thank you.

The CHAIR: Thanks, Dr Mansfield. Mr Davis.

David DAVIS: Can I thank both of you for your presentation and the details in your submission. It is very helpful indeed. There are a couple of areas that I am particularly interested in, and you may not be able to give me these details now, and in a sense I am saying please take these on notice. I am interested in the time series on library funding, because it seems to me from what you are saying and from what others have said that the share of library funding has fallen very significantly, and I would love a 10-year time series if that is possible.

Likewise for maternal and child health – local government has got obligations under law for maternal and child health, and yet it seems to me that over time the share of funding has fallen. I would love to see, again, a time series over a decade to see what has happened since the time when the rate capping came in, but probably from 2014–15 if you can do that.

The same with funding for roads – now, there are obviously council roads and VicRoads roads, but actual road grants I am interested to know. There was of course the old grants program, which I think was \$1 million a year for councils like yours, and I think that was significant. You may want to make a comment on that. The other area where I am interested in a time series if possible is the cultural and arts funding, because it seems to me, again, that councils are being asked to strongly pick up the slack, and you may want to comment on that.

Finally, I want to, if I can, ask about some of the renewable or lower emission energy matters. Your council, it seems to me, might be being asked to pick up a lot of work on those, and I am interested in you perhaps detailing a bit of that, telling us what that is costing council and what your policy position is on these sites, often on significant agricultural land.

Stuart KING: Yes. Thank you. Thanks for the question. Obviously, the time series and funding we will take on notice; I am happy to report back to the committee on those matters. I will just clarify one thing on the cultural and arts funding. In response to the previous question around that, the numbers I was talking about were capex numbers, obviously for project funding, not operational expenditure, so we are happy to take that on notice around the operational expenditure for cultural and –

David DAVIS: Just to clarify: you do get some operational money for the gallery. I think that is correct?

Stuart KING: That is my understanding. Yes. That is correct.

David DAVIS: Yes. It would be, again, interesting to see that time series, because as I understand in a number of areas of the state it has been essentially static – the receipts.

Stuart KING: Yes. And just to pick up on the question around road funding, we will put that data together for you so it is much more accurate. But there is a disparity in the increase in the road grants from the federal government. There is a disparity between what our council has received and what other councils have received. So whilst ours has gone up I think 46 per cent or thereabouts, there are many other councils that have gone up over 70 per cent. So I am not sure of the reasoning for that, but we will put that –

David DAVIS: But to note one thing here – we are a state government committee. We can make recommendations for the federal government, but they are less likely to be effective than recommendations to the state government. And in that sense, when it comes to road funding there used to be a regular \$1 million a year funding stream to your council I think from state government to help you with council roads.

Stuart KING: Thank you. We will take that on notice and come back to you with the data. Just to pick up on the renewables, as I said, as part of the government initiatives we are in one of the major renewable energy zones and we have three significant solar farms in our municipality already. But just to pick up on the benefits and consequences of that, because of the way those solar farms are rated, we have actually seen a reduction in our rate revenue from those facilities. Whilst we are supportive of the government's push into renewable energy, I certainly take up your point – we do not want that to be at the expense of productive farmland. I will again highlight how much agricultural output our municipality already has. We do not want to lose that. In the coming financial year, our rate revenue from the solar farms in our municipality has actually decreased by around \$150,000 because of the change from CIV rating to PiLor rating. So whilst we are supportive of renewable energy initiatives in our municipality and neighbouring municipalities, we want our fair share to come back out of those initiatives. If we are going to have to support them, then we need to see the revenue coming back to us. Like I said earlier, there are promises of community benefit sharing and all those wonderful buzzwords, but at the end of the day we are local government, we are on the ground and we are liaising and engaging with our communities. We know the needs of our communities in terms of community facilities, road upgrades and those sorts of things, and we would really like a fair share of the community benefit sharing to come back through local government so we can apportion that money appropriately.

The other thing with the renewable energy expansion of solar farms and proposed wind farms in our municipality and neighbouring municipalities as well is – again I will bring that back to roads. During the construction of those facilities, for example, there is a significant impact on state roads and on our local road network which is never really factored in, so we need each –

David DAVIS: They are pounded out of existence.

Stuart KING: Sorry?

David DAVIS: Some of them are pounded out of existence.

Stuart KING: Some of them are pounded out of existence – correct. As part of their planning obligations, they might have to upgrade a nearby intersection, for example, but that does not take into account the pounding of the other roads, both in our municipality and outside our municipality as well. We very much do not believe in operating in silos. We have got good relationships with our neighbouring councils. We operate together with the Murray River Group of Councils, in particular on [Zoom dropout] matters, and the Loddon–Campaspe region councils. We are very happy to work with our neighbouring councils. We do not just want to pass the buck onto them and have them put up with problems that are caused by developments in our municipalities.

The other thing is that we have very little say at a local level on planning matters in relation to renewable energy developments. They are effectively dealt with at state level, so we have very little input into those things.

The CHAIR: Thanks, Mr Davis. Mr Berger.

John BERGER: Thank you, Stuart and Scott, for your presentation and appearance this morning. I am particularly interested in what you have highlighted in your submission about the data that has been put forward and your estimates as well. I am curious to understand, through your experiences, how we can get people more engaged to ensure that the data that is done through a census is more accurately reflected.

Stuart KING: Great question. I am not sure that I have got a specific answer for you, other than that the reason the council –

John BERGER: Sorry, the reason I ask is that your number is significantly higher. How did you get to that number?

Stuart KING: This number came before my term on council, but I am very grateful for knowing it. The previous council identified that the population, as I said, in Robinvale, was significantly higher. There is a large multicultural population in Robinvale, particularly driven by agriculture and agriculture workers. This is the understanding that we have: a lot of those people have come from places where they like to fly under the radar, so they are not willingly filling in censuses to give their details, because they prefer to be somewhat anonymous, if you like. I am not even going to talk about whether they are legal or illegal or anything like that, but at the end of the day they are a significant part of the population up there. They access government services, so they access healthcare services. For example, back in 2021 when the vaccinations were going around, Robinvale got 100 per cent vaccinated in a very short space of time, and I am sure that data would be available to you. It did not go above 100 per cent, but people were still going into local medical centres and local pharmacies to get vaccinated even once Robinvale was reported as reaching 100 per cent. They did not need a Medicare card; they did not need identification. They were just able to go in and access that service.

The data that the council has produced was undertaken by a consultant that analysed a whole lot of things – from I think even mobile phone connectivity, bank transactions and a whole lot of data that was available to them – to be able to come up with that number. It is an aspiration of the council to get a similar study done in Swan Hill, because we have seen the growth of horticultural workers in Swan Hill and we believe the same thing is happening in our region just here. That data from Robinvale is now five years old, so it is probably nearly time to revisit that. I hope that partially answers your question in terms of why people do not fill in censuses. I have given the best indication that I can give for that, but I think that probably goes a long way. People from other countries are not always willing to give up that information and to be identified.

John BERGER: Thank you.

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

Gaëlle BROAD: Thanks, Chair. Thank you very much, because your submission and your presentation have been really insightful today. We appreciate that. I am just interested – you talked about the number of irrigators in the region – what impact would water buybacks have on council revenue and the communities, especially given that with irrigation there is a different rates system?

Stuart KING: Great question. It is something obviously that our council, in cooperation with the Murray River Council, is very passionate about. We passionately fought against the latest round of water buybacks, but I guess we have come to accept that that is the way the federal government is going to go about water. We support Minister Shing's prospectus as a way to create the funds that the Murray–Darling Basin plan was always intended to create without the socio-economic impacts that it will have on our communities. Thank you for the question.

I guess I will start in the terms of the latest round of buybacks and the compensation. The compensation package that is currently being touted around or offered by the federal government is \$300 million for the entire Murray–Darling Basin over a four-year period. ABARES themselves have come up with a figure of over \$100 million of farmgate productivity losses per year in the southern basin alone. That is a bit of a demonstration of the inadequacy of any sort of compensation package.

In terms of rate revenue, we have seen from previous buybacks that the cost of water – be that permanent water or temporary water – goes up. The cost of delivering that water goes up. With open-market buybacks we have this Swiss cheese effect, if you like, where some people on an irrigation system for whatever reason – whether it is the money, whether they are ready to retire or whatever that might be – may sell their water to the government and dry off their farms, which then increases the cost of delivery of the water to the people who remain on that irrigation system. So by default that can then squeeze them out, because they become unviable because of the increased costs.

From previous buybacks we have seen 50 per cent less water use in the Goulburn–Murray irrigation district, and water prices have risen by an average of \$72 per megalitre due to water recovery. So it has a direct impact on our municipality. Ultimately there will be a change to the rating structure of irrigated properties that are no longer irrigable, which will ultimately decrease our rate revenue as well. I am happy to take on notice to try and get you some more data around the impact that has been felt specifically in our municipality and any projections that we might be able to offer into the future.

I guess one of the things that we have come up with as a council is where we have irrigation districts that may no longer be viable what we would like is the support of the state government, particularly through planning matters. So where a district might have been exclusively an irrigation district, which is now, like I said, a bit of a Swiss cheese, there is an opportunity to retain some of that water – much lower quantities. We are giving back for environmental purposes, but if we could retain some of that water and we could rezone some of that land into, for example, rural living zones, then we would create good outcomes for our municipality as well. So we have achieved the water recovery targets but we have also achieved the addition of some lifestyle properties where people can have their little 20-acre farm and grow some vegies and have a cow or have a sheep or a horse or a motorbike or whatever their passion is. There is a real need for those types of properties in our municipality. They are some of the trade-offs that we would be prepared to make, but that would require the state planning authority to come to the table and respond in a timely manner to some of those requests. That is just one idea.

I am happy to get some more data on the actual impact to our municipality in financial costs. I guess to expand on it, though, we know that irrigated agriculture in our municipality is around \$1.3 billion of economic output, so if that output reduces and/or the viability of those businesses reduces, there will be less state and federal tax revenue for government, which is then a compounding problem for governments in terms of setting budgets and being able to fund all the things that our state and our nation need.

The CHAIR: Thanks very much, Mrs Broad. Mr Welch.

Richard WELCH: Thank you, Chair. And thank you, Stuart and Scott, very much. I have got a couple of questions. Broadly your expenses crudely fall into capital costs and service provision costs. So I would be, firstly, curious to know what has been the impact on your ability to provide services, the range and depth of services to your community, and beyond that to ask a question on productivity as to what emphasis you would put on productivity gains within those services; what support, if any, you get to make productivity improvements; and any measurements you have around that. By productivity I am not talking simply cost-cutting, I am saying providing equivalent or materially better services at the same or less cost. So just around those two things, if you could give me comments on those.

Stuart KING: In terms of our service levels, the actual breakdown of costs – again, I have to take that on notice to accurately identify that. In terms of service delivery, we have had a bit of an upheaval in council. I know it is not really a state issue, but the council has exited aged care, as many councils have done in terms of the delivery of that service, so that has changed our service model to some extent, particularly for that aspect. In terms of other things, I am not sure what we can do to deliver things more efficiently than what we do. We operate on a pretty tight budget because of staff shortages and the difficulties we have in attracting staff. We are fortunate that our staff turnover has dropped significantly since the COVID era, so that is a positive for our organisation, but in terms of attracting staff it is still extremely difficult. Particularly in some of the key roles, for example, we cannot attract a building surveyor. Whilst we acknowledge and accept that the private sector has picked up some of that need, even in terms of a municipal building surveyor for statutory obligations the best we can offer is to attract a consultant and to be able to get his services as best we can.

Planning also – with Victoria's Big Build it has been very difficult to get planners to come out to the country and work in local government because there are so many planning jobs available in metro areas with the Big Build and in larger regional centres as well. So that impacts our service delivery. It increases the cost of our service delivery because then we finish up using contract staff or consultants to deliver what traditionally would have been delivered by people on wages at the local government level. That is one area, and I guess then when you get into construction and that sort of thing, again, the use of contractors to be able to deliver all of the road maintenance, the road upgrades, footpaths, all the drainage – all those things that the council does. More and more we are using contractors to deliver those services because we cannot deliver them with the number of employees that we have. Does that help? Does that partially answer your question?

Richard WELCH: It does partially. The other question would be: with the range of services are you still providing Meals on Wheels? Have you had to withdraw or hand back some services, and if so, how difficult has that been to do?

Stuart KING: At this stage I am not aware of any services we have handed back, but Meals on Wheels has gone with the aged care package and is now being delivered by one of the aged care providers, so we have been

able to maintain that service. Interestingly, though, Meals on Wheels is largely undertaken by volunteers. Council's role was to coordinate that service. The coordination has now been taken on by one of the aged care providers in our municipality, but the service is still being delivered, albeit by volunteers. If we were relying on paid staff or if they were relying on paid staff to deliver that service, it would not happen. That is one of the things that would be withdrawn, I would say. I do not know if you want to add anything, Bhan.

Bhan PRATAP: Four years ago council restructured to create a project management team to manage the large, sophisticated projects, capital projects, in a more efficient and effective way. To meet the ratepayers' expectation, we are now more accountable and more transparent in the way we manage and deliver our projects, so those are some of the efficient and effective ways that we are now improving our projects.

The CHAIR: Thanks.

Stuart KING: I guess just to add to that –

The CHAIR: Sorry. Mr Welch, we might need to do that one on notice, if that is okay.

Richard WELCH: That is okay. Thank you, Chair.

The CHAIR: Thanks, Mr Welch.

Richard WELCH: Thanks, gentlemen.

The CHAIR: I will just ask a question and then we will finish up. In your submission you note that state government funding has reduced over time for maternal and child health services. Could you tell us a little bit more about the impacts of that in a real-world sense, being in such a regional area?

Stuart KING: Maternal and child health services are of utter importance to our area, and like I said, it is an in-built community expectation that council will deliver those services. Now, that is a whole other topic of conversation as to whether council and councils across the board should be delivering maternal and child health services or whether that should come under the health umbrella. That is a different conversation for you guys to have amongst yourselves another day.

It is crucial to our municipality, particularly when our health service – our hospitals, the main hospital being Swan Hill hospital here – is under undue pressure. It is very difficult for them also to attract and retain staff. There are a lot of babies that are born now outside our municipality; a lot of people go from Swan Hill to Bendigo for birthing purely and simply because our health service cannot offer that service. When they then come back and go back into the home, to have a maternal and child health service, to have somebody to help them look after the health of both the baby and the mother and the family in general, is absolutely crucial. And whether they are attending the maternal and child health centre or whether it is home visits, the mums in our community just would not cope without that service.

So whilst the funding from a state government level has reduced – and I think I said we are back to sort of a 30–70 split – it is an investment that council make because we see the benefit for our municipality. If we cannot offer our families suitable support, then we are going to lose our families to other regions, which then just exacerbates the problem that we already have with not enough people in the workforce and people in general. Hopefully that answers your question.

The CHAIR: It does, yes. Thanks very much.

Bhan PRATAP: The initial funding was 50–50, but now it is 30–70: 70 per cent by council and 30 per cent is funded by state government. The total amount that the council spent in the financial year ending 2023–24 is \$655,000. So that is funded by ratepayers.

The CHAIR: Okay. Thank you for that. That is about all we have time for. Thanks very much for appearing before us today. I do believe some members have more questions to ask you, so they may submit those on notice.

David DAVIS: Chair, can I just ask one tiny thing which is very pertinent today: as I understand it, the voting rolls close today for nonresident voters in the council elections. I am just interested in what percentage have registered.

Bhan PRATAP: There were about 50-odd ratepayers outside town who have submitted their requests to be registered.

David DAVIS: Out of how many?

Bhan PRATAP: What was the total –

The CHAIR: It is fine if you want to take that on notice as well, that is okay.

Stuart KING: Take it on notice, yes.

Bhan PRATAP: Yes.

David DAVIS: A percentage would be nice.

The CHAIR: Thanks very much. Thanks very much for your contribution today. It has been very, very helpful to all of us. As I said, you will probably receive some questions on notice. That concludes the hearing.

Witnesses withdrew.