

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into Local Government Funding and Services

Bendigo – Wednesday 21 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

Brett Luxford, Chief Executive Officer, and

Cr Nathan Clark, Acting Mayor, Mitchell Shire Council;

Tim Tamlin, Interim Chief Executive Officer, Strathbogie Shire Council; and

Geoff Rollinson, Chief Executive Officer, and

Amanda Wilson, Director, Corporate Services, Gannawarra Shire 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 I 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 in the room and then on the screen introduce themselves to you, starting down this end with Mrs McArthur.

Bev McARTHUR: Bev McArthur, Western Victoria Region.

Gaëlle BROAD: Hi. Gaëlle Broad, Member for Northern Victoria Region.

The CHAIR: Georgie Purcell, Northern Victoria Region.

John BERGER: John Berger, Southern Metro.

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

Sarah MANSFIELD: Sarah Mansfield, Member for Western Victoria.

Moira DEEMING: Moira Deeming, Member for Western Metropolitan Region.

The CHAIR: Wonderful. Thanks, members. We will have Mr Davis join us again soon.

Thanks for appearing 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. You will be provided with a proof version of the transcript, and then transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record, could you all please state your full names and the organisation you are appearing on behalf of. We will start on this end of the table first.

Tim TAMLIN: Thank you. Timothy James Tamlin, Strathbogie Shire Council.

Brett LUXFORD: Brett Luxford, CEO of Mitchell Shire Council.

Nathan CLARK: Nathan Clark, Acting Mayor, Mitchell Shire Council.

Geoff ROLLINSON: Geoff Rollinson, CEO, Gannawarra Shire Council.

Amanda WILSON: Amanda Wilson, Director of Corporate Services, Gannawarra Shire Council.

The CHAIR: Wonderful. Thank you. We now welcome your opening comments, but we ask that they are kept to around 15 to 20 minutes collectively to ensure there is plenty of time for discussion and questions. We have just had a few issues today where presentations have gone long and we have not got through many questions. So if you are able to time-manage between yourselves, that would be great – whoever wants to kick it off first.

Tim TAMLIN: I was instructed that I would be kicking off first because I have got a little presentation.

The CHAIR: Fantastic.

Visual presentation.

Tim TAMLIN: My background – I have worked in five different councils. I was at a big city metro council, the City of Kingston, and more recently I have been appointed to the Strathbogie Shire Council as the Interim CEO. I have been there for five weeks now. I had the opportunity to present, so I thought what I would do is support council's resolution to support the FinPro submission that you would have received, specifically the need to have financial risk management indicators in local government, which I believe backs into the previous presentation you just had. Moving through this very quickly so as not to eat up time from my colleagues, I have pretty much said that.

References just using budgets and council plans – I do believe you also have this handout. I put it together. You can read it; it does not need too much further explanation. But this is the interesting stuff – a comparison of Kingston against Strathbogie. You can see of course the city metro council has a lot more people per square kilometre, 1838 as opposed to 3.5, so it just gives you a bit of an idea of the land size and the population that we have got there. Then we look at rates on a home. If I take your concentration down to the bottom of the screen, the Kingston residential cents per CIV, being the rate, which is the Fair Go Rates system income that the council has, you can see the differential in the rates then applies to the rates on a \$700,000 home in each respective council, and the Strathbogie council is getting towards double what it is in the metro area. Then you look at the median household income, and the Strathbogie resident is way lower than the Kingston resident – so higher rates, less income, more pain. Then we look at the actual council that is delivering the services, and the Strathbogie Fair Go Rates system revenue is \$18.8 million as opposed to \$165 million.

Moving on from that, Kingston recently said – when I was working at Kingston we kicked this project off, and now they have just secured it – that Kingston ratepayers are going to fund a \$60 million contribution to an almost \$80 million new aquatic facility. Now we look at Strathbogie. We have just done a report that our council office building and our depot facilities are in really urgent need of attention, to the tune of about \$25 million. I do not know how that is going to happen. We are going to an election; we are going to have some new councillors. They are going to have some really hard decisions. That has actually got all sorts of occupational health and safety issues with it. The top floor has been closed off because it is a risk to safety, of collapsing.

Then we look at our road infrastructure. Looking at Kingston and Strathbogie, we can see Strathbogie has 3.6 times more road – obviously a much bigger area – but our road infrastructure maintenance budget is less than half. So what does that mean? That means – and this just popped up last week in a report when we were getting ready for council – we have got more than 500 outstanding requests that are greater than eight weeks overdue on our public assets. So I am just saying that we need some risk management indicators here to support the different cohorts of council. If you compare, say, a metro against a small rural, like us and my colleagues here, it is not very pretty. Thank you.

Bev McARTHUR: Well done.

The CHAIR: Thank you.

Nathan CLARK: Thank you. Over to me. I am Nathan Clark, Acting Mayor of Mitchell shire. We are quite a unique local government area just in considering the amount of growth that we have got coming at us. I was contemplating the three-tiered model of government and how it is often likened to a cake. Well, to me it looks more like a sandwich. In the middle is local government providing our services to our community, and we have

got the state and the federal levels of government being the pieces of bread. What we are seeing is a lot of growth happening in that middle layer of that sandwich.

I will just give you an idea of some of the numbers. We are supporting the state in terms of the housing target. We are going to grow to 68,000 homes. Right now our population is 60,000; our future projected population is closer to 300,000. So we are going from tens of thousands to hundreds of thousands of dollars in a very short amount of time. We are literally at the coalface of the housing crisis. We are building the homes for the new suburbs of Melbourne. We cannot build them fast enough. Every time I drive past Beveridge, I see another dozen homes come up – every single day. The rate and size of the growth is mind blowing. We are aiming and we are planning to make sure that our community are healthy and well connected and have the facilities that they need. So we are doing all that planning work, and our staff and organisation are doing a fantastic job at that planning part, but we are at the point now where we are in dire need of the financial assistance in order to turn those plans into reality for all of Melbourne's newest communities. I will throw over to Brett for some specifics.

Brett LUXFORD: Thank you, Mayor. And thank you for the opportunity to make a submission. I think perhaps you do not have copy of our submission, but I have some hard copies here if you need them. We think it is a really important inquiry to make a submission to, because we think the current model of finance for local government is not sustainable. You will see we have made 17 recommendations, which we feel, if implemented, would go a long way towards ensuring ongoing sustainability of local governments.

I did just want to highlight some of the challenges in particular and to touch a little bit more on what the Mayor was saying too to perhaps demonstrate the depth of the issue that is facing us. Mitchell shire is probably one of the last growth areas and perhaps the first to commence the journey without the ability to adjust rates. I might just show you a picture that sits within our submission – it is on page 5 of our submission. It is a graph that was put together by a previous CEO, who has now passed, David Turnbull. It is a coloured graph that shows the different growth area councils and where Mitchell is at on the journey. You can see from that that we sit there in that very immature space where we need significant assistance. We have got a lot of growth coming in without the ability to collect funds to deliver on that growth. Developer contributions deliver less dollar for dollar than what they previously did, with significantly higher dwelling densities coming in as well. PSPs started their journey at around about 15 to 17 houses per hectare; we are now sitting at around 21, 22 or 23 houses per hectare that are coming in. That changes the equation in the provision of public open space, the need to support communities and indeed the number of people that are moving into those areas as well.

Also, grant funding in this space is rapidly dwindling. I think we all face that as a challenge, and we all go into a competitive pool of funds to try to get funding for each of our respective communities, which really is not fair in that space. So what I guess that means is that we are seeing less funding coming through and more and more costs going onto councils to deliver results and councils being squeezed and able to provide less and less for our communities. I guess we feel like the growth areas – and Mitchell shire is one of those growth areas – are being forgotten. As more and more people move into those areas, they have a level of expectation of what they expect to have, some of the basics, and some would not be able to provide some of the basics. Beveridge is a great example. We have got around about 7000 to 8000 people living in the Beveridge area. There is no sporting infrastructure; there are no shops down there at this stage. They have to jump back onto the Hume Highway to go back up to Wallan to access services or down to Kalkallo or further. I guess we feel that the risks are not superficial or imaginary. They are real at the moment for a lot of communities, particularly our community.

As a growth area council we are about 2800 square kilometres, and we could fit all the growth area councils within our municipality. We are one of the larger growth area councils, but we also balance that area around the new people moving in and the new infrastructure with existing older communities, where we are needing to maintain ageing assets as well. So there is a real struggle at play here across meeting new residents' expectations, or communities that are not there yet, with the communities who have been there for a long time. You often have divides across the old versus the new. For example, we are maintaining around about 1495 kilometres of roads, 421 buildings, 110 bridges, 63 playgrounds and 59 sporting fields, and these are all necessary to provide services to people of different ages within the community.

Our submission highlighted a range of key challenges that are needed. For us I think some of the key ones are reforming developer contributions to ensure that they adequately cover the cost of infrastructure; providing targeted grants, particularly in those growth areas as the communities grow and develop – with housing targets

there needs to be the support to meet those housing targets with infrastructure in those areas – and I guess also mandating some of the consideration of the impact of state government policy on local government. We wear a lot of that cost in areas like early childhood and library provisioning – a whole range of areas that we do not get funded for.

As we all sit here, and I do not want to speak for the other councils, having worked across a range of different local governments, councils and local government really want to work in partnership. That is all we ask for: to work in partnership with different tiers of government to ensure we are able to deliver for our communities. Thank you so much.

The CHAIR: Wonderful. Thank you.

Geoff ROLLINSON: Thanks. Geoff Rollinson, Gannawarra shire. Thanks for having the inquiry here in Bendigo – it is great – and the ability to first of all recognise that there is a sustainability issue in local government full stop.

Just a snapshot of Gannawarra – Tim, I do not have the good quality that you have got there, but it actually resonates across all the municipalities: Gannawarra has got a population of about 10,600 people. It has got an area of 3700. When we amalgamated, we were actually one of the smaller ones in area at the time but one of the ones with a larger population. We take in the towns of Kerang, Cohuna, Koondrook and Quambatook, if that gives you an idea of where we are. Similar to the other councils, we have got assets valued at around \$432 million, roads being the largest proportion of those, being at \$252 million. We have got about 2256. Those roads are vitally important. I know there was a question earlier about the importance of roads and roads funding. They are absolutely vitally important to connecting our communities so we can actually maintain a livable community, a community that is connected to our larger regional centres. We have seen the devastation that occurred through the flood events, where they have not been repaired in an expeditious way.

Our big issues: certainly rate capping is an example. As I said earlier, I come from a time when councils used to strike the rate – what an awful discussion that was. So I am not opposed to the principles around rate capping, but it is making sure that the rate cap is reflective of what the actual impacts are or the reality at the moment in the sector, because we have seen significant price increases, mainly driven by the price of fuel, and other councils would have seen significant increases in the construction process.

The circular economy – as an example, FOGO is coming in. Our nearest FOGO facility at this stage is at Stanhope, which is 1¾ hours from Gannawarra, or 156 kilometres. Waste contracts are transport contracts. They are directly linked to the cost to move a commodity, so that needs to be considered. When state and federal governments are making policy, they need to understand the different needs of our communities.

The others have spoken about library funding. The other thing is that there are grants around, but they are typically competitive grants. With the small unsustainable councils, we do not have our matching contribution. So on big projects, like the one Tim put up there, we cannot find our dollar to match the \$2 or \$3 that has been put up by the state and federal governments.

Like the other councils, I do believe that local government is part of the solution. I think we are here to listen. I think one of the first steps is identifying the uniqueness across local governments. There was a time when we used to talk about metropolitan councils and regional councils – markedly different. What we are looking at now is the reality that there are actually metropolitan councils; there are the interface councils, like the developments occurring right on that fringe and the expectations from those communities; then you go to your regionals, your Bendigos and Ballarats; then you go to your large rurals, like your Swan Hills and so on; and then you fall down to the unsustainable small rurals. They need to be treated separately. You cannot throw a net over the whole lot.

We believe that COVID actually taught all Australians that certainly rural councils can provide a solution. As an example, I will just run some numbers. The median house price in Kerang, as an example, is \$300,000. Where my daughter lives, in Ashburton, the median house price is \$2 million. So if there is a take-home, the great Australian dream can be realised in rural Victoria.

Bev McARTHUR: What are the rates?

Geoff ROLLINSON: The rates?

Bev McARTHUR: For your house and the one of your daughter's.

Geoff ROLLINSON: I will have to take that on notice.

Bev McARTHUR: That is the telling factor.

Geoff ROLLINSON: The reality is that we do have jobs. There are a number of projects that certainly are coming through the area at the moment: renewable energy, which we spoke about earlier, and mineral sands mining, these projects. We are looking at around 2000 jobs being created in the northern Victoria area. We do not have the ability to house them in these locations; you cannot get rentals in northern Victoria at the moment. And we do not have the private sector investment coming in, like perhaps others are getting, in relation to people wanting to come in and build houses. We need to get trunk infrastructure to enable private sector investment to partner in with these projects, coming through from the federal and state governments. It needs to be taken as a whole-of-government approach, not a separate silo-splitting action.

Look, I will just leave it there. That is a quick snapshot. We have got time for questions. But I think you are looking at a couple of uniquely different areas, the amount of growth coming out of Mitchell and the amount of growth coming to Gannawarra – however smaller; I will take 10 or 15 homes a year – and how this flows on to health and education, the lack of housing. It makes the small rural communities struggle to retain doctors, nurses and educators. I will just leave it there and leave time.

The CHAIR: Wonderful. Thank you, and thank you so much for keeping to time. We have 40 minutes now for discussion. I might kick off. Just picking up on what you were speaking about, we have heard from a number of other councils, particularly in quite regional areas, about having to rely on larger surrounding LGAs for things like maternal and child health, for example. Is that something that you face in your area? What do you see? Do you think it is stopping people from relocating to Gannawarra?

Geoff ROLLINSON: Thank you – great question too. One hundred per cent. We have been approached by local businesses – Mawsons as an example, a major quarrying group. They cannot get child care. We have got waiting lists for child care in our area. It is a restrictor. Housing is the main restrictor. Child care is another restrictor – to the point that I think even today we may have closed down one of our childcare rooms basically because a childcare worker was home unwell. We did not have the ratio, so we closed the room down. Then of course that parent would have to stay home from work to mind their child that day. It is a major restrictor. The issue that we have is that we do have jobs in our area, but we just do not have the other supports, I guess – education and health and particularly housing around to support them. But we do have jobs, and more jobs coming, so that is a problem.

The CHAIR: Yes. For those who are not familiar with the area: say, someone who lived in Kerang, what sorts of distances would they be travelling for services like a hospital?

Geoff ROLLINSON: We are fortunate. We have got the Kerang hospital, we have got the Cohuna hospital and we have got Barham. One of the unique aspects with where we are too is the cross-border relationship into southern New South Wales. But typically that will just provide you the GP. We really have to travel to Bendigo as our centre of choice. Speciality services all come out of Bendigo. You will go to see the GP, but as for –

Bev McARTHUR: Obstetrics?

Geoff ROLLINSON: Yes, Bendigo.

The CHAIR: So birthing would be at Bendigo, from Kerang?

Geoff ROLLINSON: Bendigo, yes, absolutely.

The CHAIR: Do you think that is a deterrent as well for young families, not having access to those?

Geoff ROLLINSON: I think the deterrent is more about the ability to get in to get health care. You will find that a lot of people in rural areas are happy to travel, which comes back to Gaelle's point about the roads. When you get a flood event, like we had in 2011 and 2022, because it is so flat the roads are cut off for weeks on end.

As an example, our milk was coming from Swan Hill via Moulamein to Kerang. That probably does not mean anything, but it is akin to me driving from Kerang to the Calder inbound to get my milk. Now, that would be unacceptable from a metropolitan point of view, but just somehow that point is ignored. Your speciality services are basically put off because you cannot get through. That is where we need to build back better – betterment in roads funding. I know we get tied up about local government, but the roads funding needs to also come towards the state as well for the rural highway networks, because they are vitally important to connecting our communities.

The CHAIR: Great. Thank you. That is my time, but does anyone want to contribute anything else to that discussion?

Nathan CLARK: Yes, if I could just pick up on the child care. Just with the rate of growth that we have got, with the projected number of rooms that we need to do early learning, we have a 200-room shortfall. That is not 200 places. It is 200 rooms. This is distributed around our growth area. You go and see paddocks there now and new suburbs popping up. When that is all fully filled in, there are going to be a lot of people there who need access to those services.

More broadly on services and having availability of services, we have basically lost mental health services in our shire. They are not available in Mitchell anymore. Another problem with services as well is just the connectivity. You have got very much a north–south alignment with the rail and the highway. If you do not have a car, you cannot get to a neighbouring shire to get to the services that you need, so you are just denied those services – you may as well live on the moon. Even though Mitchell is right there at the top of Melbourne – Melbourne’s newest suburbs are growing into us – we may as well be a remote community at times.

Brett LUXFORD: The other one I might just touch on is MCH, a really interesting space. In the current environment with stresses and family violence, our MCH areas are particularly under a lot of pressure. We are finding more and more need for enhanced maternal and child health, to the point where we had to put on our own social worker basically to case manage some of these areas. Because the access to services has been so limited and there are so many disclosures coming through, our normal maternal and child health nurses were feeling completely under stress with it. That whole environment has changed significantly too with the current issues.

The CHAIR: Okay. Thanks for sharing that.

Tim TAMLIN: Yes, just echoing the same comments. And early discussion a week or two ago with one of my key directors was that we are having trouble meeting the demand of the maternal and child health services, with a similar sort of aspect. You need to have people that are specifically skilled in managing issues, especially when there are disclosures and threats to young kiddies. It is really challenging. We have discussed – do we partner with somebody else? They have tried, but they have not been able to find anybody suitable to do that because it is too remote. But yes, that it is definitely a challenge. It is not just the roads.

The CHAIR: Okay. Thank you. We will go to Mr Davis.

David DAVIS: I thank you for the submissions. I have read the Strathbogrie one and heard some of the others. My question would be, just to pick up about roads again – and I have asked other councils about this. We previously had a country roads and bridges program. It was a regular \$1 million a year to every council. It seems to me that helped councils plan and look forward and at least have a clear budgetary position. I would be interested in your respective views on that and its reintroduction.

Tim TAMLIN: I suppose I could kick off with that. I was the chief executive officer at South Gippsland Shire Council when that all came in, and that was very much welcomed. It was something that we planned around, and we actually did see an enhancement in our road network while that program was available. It was a very welcome thing for the council at the time.

Brett LUXFORD: Thank you for your question. We previously had LRCI – local roads and community infrastructure – also coming through the federal government, so another untied grant stream. I think there are great examples –

David DAVIS: That has stopped now?

Brett LUXFORD: That has stopped now, yes. So there are some great examples of untied grant schemes that produce great results for local government, great results for –

David DAVIS: Roads and bridges was tied to roads and bridges – you could not spend it on schools?

Brett LUXFORD: Yes, but not particular roads, not going cap in hand, ‘Please, Sir, can I have some more to do this road here?’ It was actually local government in partnership with their communities – very strongly in partnership with their communities – identifying what the priorities were and delivering those priorities out of a certain pool of funds. So, as Tim said, you could actually do some planning, some longer term planning, and understand what your road infrastructure was and where your needs were across the community and deliver on that through that.

Geoff ROLLINSON: Look, similar to Bendigo, the country roads and bridges program was an absolute gem for the reasons you have outlined. It was untied; you knew you were going to get it, so you could plan better for the project that had the best outcome for your community. That is what we are here for. So you would look at those projects that would have the best outcome for the community. Bridges are a major issue for all of us. They are high-cost items, and that connecting communities – as we have moved through to SM1600, the higher mass limits, road trains and all that sort of stuff – enabled us to improve particularly roads to market to enable these projects to happen. The absolute gem was that there was a guarantee. It was not a competitive process. You did not waste all this time coming up with business cases and proposals and then having to find the matching funding. You actually knew it was coming, which meant that you could actually schedule and program in the most appropriate project for your community.

David DAVIS: I am also just going to talk about the opposite end of the spectrum. You each received your notices about the immunisation arrangements – tell me if I am wrong – the new \$6000 to be part of it and then \$2 per shot –

Geoff ROLLINSON: Thereabouts, yes.

David DAVIS: payment to the Department of Health. Do you have views on that – whether that is the best way to administer immunisation and whether it is likely to increase or lower immunisation rates?

Geoff ROLLINSON: The short answer, David, from Gannawarra’s perspective is no. We would rather not see that. We have written back, talking back against that.

David DAVIS: We would love a copy of that letter.

Geoff ROLLINSON: Yes.

David DAVIS: Thank you.

Tim TAMLIN: I was just going to say, going back onto the roads and bridges and reflecting on what we did at the time, we prioritised routes to market. We did bridge strengthening works, which cut down the kilometre lead for our dairy manufacturers and also improved road assets where we had bad corrugations, because there is a fairly big group of snow pea market growers in the area and the snow peas were getting damaged in transport through vibrations in the vehicles –

David DAVIS: So there was an economic dividend from it.

Tim TAMLIN: There was a massive economic output. It was really beneficial, and we saw improvements in the economy because of those sorts of initiatives.

David DAVIS: Does Mitchell have the request for funding?

Brett LUXFORD: I do not have the detail on that, sorry.

David DAVIS: Maybe you could take that on notice.

Brett LUXFORD: I might come back to you on that. But I think we are looking at how best to deliver the immunisation service. Absolutely we are. Currently there are immunisation nurses that also do that work within our shire and so ensuring that they are reaching –

David DAVIS: But you will have to pay more to the department on this program.

Brett LUXFORD: Yes, so we will have to take that on notice and understand what the –

Bev McARTHUR: Currently ratepayers are picking up the bill for what you provide.

David DAVIS: No, there is state government support.

Brett LUXFORD: There is state support, yes.

Bev McARTHUR: It doesn't cost you anything at the moment?

Brett LUXFORD: I will have to take that on notice and let you know.

Bev McARTHUR: Thank you.

The CHAIR: We will move on to Mrs McArthur since she has already commenced.

Bev McARTHUR: Thank you, Chair. Tim, I want to congratulate you on your fantastic presentation, because to me this is the crux of the issue. The rate in the dollar that you leverage is at the discretion of each council. The unbelievable increases often for farm rates as opposed to town rates and some commercial rates are your responsibility, and you do that, and that is where it is totally unfair. It is a totally unjust system, the property taxing system, and that is what has to change, in my view: that somebody in – where are you?

Tim TAMLIN: Strathbogie.

Bev McARTHUR: Strathbogie should be paying the same rates as a person in Kingston. That is what should happen if we are going to have a fair taxing system in this country. So, Tim, congratulations, because you have highlighted the major problem, I think, for local government: the discrepancy in the ability of ratepayers to fund local government and the injustice of the entire system – and that is at your discretion. So arguing to increase the rate cap, whether it is by CPI or anything else, is in my view beside the point. The point is how you actually leverage rates in the first place. Is that the right way to fund local government? I do not think it is.

Just going back to Mitchell – and Tim, you might want to comment a bit further on that: the government introduced a windfall gains tax on development, and we know that it actually affects local governments as well who have to pay it they are going to rezone land. (A) it is an outrageous tax to start with, but (b) it is not hypothecated, so all the facilities and services you need to provide have to be met by ratepayers and taxpayers in general, whereas that tax is going into consolidated revenue at – what is it – 50 per cent. You might like to comment on that.

Just going to your point, Geoff, about the enormous number of jobs that are going to ensue as a result of mining and renewable projects and so on, we know that is questionable. In the long term jobs from many of these projects are very small. They are not long-term jobs. There might be four people employed in a wind farm project at the end of the whole project, and a lot of the work is being done by FIFO workers as well. So to suggest that these projects are going to be of enormous benefit to areas, in my view, is also questionable. Perhaps, Tim, do you want to start?

Tim TAMLIN: Yes, thank you. I think the cents-per-dollar capital improved value is the interesting part, and I do not think that is really understood amongst the different ratepayers across the different councils. The rate cap is the same – the revenue sort of only goes up by its cap or whatever it is – but the dollar per CIV has been differentiated from way back, so through the amalgamation process it goes right back to then. So if you said, 'Right, everyone's going to pay the same rates,' that would be really tricky. I do not think that is probably the right answer.

Bev McARTHUR: But it is what is unfair, isn't it?

Tim TAMLIN: It is, yes. But then you could also argue that the same size house and what you get will be cheaper in a rural area than it may be in a city area as well because of the land value. So there are those sorts of things as well. I was talking to a prospective councillor candidate the other day, who is a farmer. He and his wife also have second jobs because he said to me, 'Tim, my rates on my farm are in the order of about \$72,000 a year, and my wool cheque is about \$89,000. I said, 'Well, there it is.'

Bev McARTHUR: Yes. I rest my case.

Nathan CLARK: I can probably make a comment on the windfall gains tax. I wrote as a private citizen about six years ago to the banking royal commission about some of the areas of improvement that might be made, and part of my submission was talking about that. One of my recommendations from it was that the money raised from it should be spent within the local community to deliver community benefit. That is certainly not something that has been proposed so far. I would like to see that come out of the back of this – further evolution of that tax – but also where we have seen our ability to rezone or just for the fact that the urban growth zone has moved up past Wallan now. All the uplift in value there is not captured by the windfall gains tax. It is only outside the urban growth zone. We materially see no benefit in that at all.

Brett LUXFORD: The other challenge I guess is that we are not in that fortunate position of owning significant land. We are not one of the councils that owns significant land. For us, to fund our services through sale of land, it is not there. So what other opportunities are available? If we are talking taxes, the other one that sort of sits out there as a bit of an outlier is the growth area infrastructure charge, the GAIC funding. GAIC funding is collected by the state but not always given back to the local area. We have seen recently – in the last round of GAIC funding, which was really great for us – that we have got some funding to deliver one of our community centres. But that is probably one of the first times that has happened in the local area. They tend to go towards larger infrastructure charges in growth areas.

Bev McARTHUR: So aren't you effectively going to have to say no to the state government when they suggest you should be providing this health service or that education service?

Nathan CLARK: There is an ability to deliver on services. If you do not have the funding for it, then you cannot deliver it. It is simple.

Brett LUXFORD: We also have an obligation to our community to work out how we do deliver our services too. We have got so many people moving in. We have got 1000 or 1500 lots each year coming through. We have got people moving in; they are young families moving in there. We cannot say no. We have to provide services for all those people.

Bev McARTHUR: No. You have to demand the state government funding –

The CHAIR: Thanks, Mrs McArthur. We will move to Mrs Deeming. Sorry, do you have a final contribution to make?

Geoff ROLLINSON: Just very quickly, on windfall gains tax: given that we are a small rural, we lack that private sector investment. In lieu of that, council becomes the developer. Similarly, I have bought a paddock that is going to extend to become an industrial estate. We are doing it not to make a quid, like a developer would. We are doing it to attract employment into the area, and we too will be impacted by windfall gains tax I think as an unintended consequence of what we are actually doing it for.

Just quickly on rates, I agree somewhat with what you are saying in relation to the rates. We have got a number of default payments at the moment, around about \$3 million in default. Most of them are residential households – not so much the farming sector; it is the residential.

Bev McARTHUR: No, the farming sector pay up.

Geoff ROLLINSON: This is a cost-of-living pressure that is really starting to impact our communities. It puts an interesting scenario around the whole decision by the Albanese government of the continued purchase of the 70 gigalitres of water and the blunt force of just purchasing water outright, decimating agricultural production in northern Victoria. I cannot believe that the average Australian is not aware of this and what it is going to do to supermarket products. It is just bizarre.

Bev McARTHUR: Can you expand on that?

The CHAIR: We will need to take that on notice.

Geoff ROLLINSON: Right. Okay.

Bev McARTHUR: Yes. Give us a detailed report on that.

Geoff ROLLINSON: And in relation to employment, picking up on what you are saying, with the transition to other forms of agriculture, we are seeing things like Kinross Farms with egg production and so on, where they are going to barn-laid environments. We are seeing dairy farms closing down and moving to more sustainable forms of agriculture, which are much more intensive. In a project just down the road there are another 25 to 30 jobs coming online – the scrapers are onsite now – but we do not have anywhere to put 25 to 30 people in the area at the moment. Employment is coming. Medicinal cannabis – 70 employees. It was not there a few years ago. Even outside of the renewables and the mineral sands, there is other stuff coming into the area. We just do not have the housing stock.

The CHAIR: Thank you. Mrs Deeming.

Moira DEEMING: Thank you very much. I really enjoyed your presentations. There were lots of things that you said that were variations on a theme that we keep hearing from many people like you. I think for my main question I am basically looking for a list if you have one, or you can take it on notice: I would love to know your ideas about replacing or making better the grants system. I always found it weird as a councillor that we would pay all these fees and then we would have to apply for a grant back. So we would raise a levy for waste management, and then we would have to apply for a grant to get that money back to serve the community. Sometimes we would get it and sometimes we would not. I like the idea that there are ways we can tweak the system.

I also want your opinion, secondly, because a few people have raised this, on whether you feel that councils are pressured to put forward the state government's agendas. If they say no to providing a service, then a few people have said that they are worried about the consequences. I do not know how comfortable you feel about saying that, but it would be good if we could hear as a committee if that is more widespread. Thank you.

Tim TAMLIN: I could start off on the same note on services. The Strathbogie Shire Council has stopped providing school crossing services recently. They basically said they cannot afford to do this anymore. All of them were on state road assets, so on VicRoads roads, and so they said, 'No, we're not doing that anymore,' and so we pulled out of it. That is just something that has happened. We have got a fairly big pushback from the local community, as you can imagine.

Moira DEEMING: Yes.

Bev McARTHUR: Is the education department picking it up?

Tim TAMLIN: One schoolteacher is manning the school crossing, but they are not supposed to.

Moira DEEMING: So would it make it easier for councils, which I have long advocated for – not to influence you – if the responsibilities of who was to provide what were really very strictly listed? Because I do not think it is just cost shifting. I think it is this blurring of borders between whose responsibility it is to provide what, so the people on the ground level, the ones that can be raged at, which would be local councils, are the ones that cop all the blame. Would that help, do you think?

Tim TAMLIN: That would certainly go a long way to resolving clarity.

Moira DEEMING: I would love a list from all of you about what you think are core business priorities and responsibilities of council as opposed to everything else. You can take that one on notice.

Tim TAMLIN: Yes. I would be able to provide you one of those lists. I have started doing that – getting ready for the induction of the new councillors – and when you start looking at all the Acts and the regulations, you are strung by those. The things that are elective are very, very minimal. There is hardly anything. It is tricky. I will take it on notice.

Moira DEEMING: Yes, sure. Thank you.

Nathan CLARK: I can probably throw in a couple of cents there as well. Thanks, Mrs Deeming. The non-competitive grant processes would certainly help. What you will find is that we are competing against each other for limited funds and then also you have got the co-contribution as well. As has been mentioned before, if you are not in a position to make that contribution, then you do not get to activate the funding. If I was to refer to our graph again, where Mitchell sits in the scheme of growth area councils, we are quite immature. Maybe that would be considered in a variable rate of co-contribution, where we would put up a smaller amount and still qualify for the full amount –

Moira DEEMING: Like a percentage, even, based on something like population.

Nathan CLARK: Yes, exactly right. I think Brett might have more to contribute to this as well.

Brett LUXFORD: Just a couple of things, if I can, Mrs Deeming. Untied grants would make a huge difference to local government. The amount of work that goes into preparing a grant application is significant, only to be then told you are unsuccessful is really devastating. Our colleagues have touched on the need to co-contribute. You often do not have the co-contribution to actually put towards it as well. I think when you look at services it is really interesting, some of the services that we provide. You could argue that when you look at library services, school crossing supervisors, maternal and child health, early years infrastructure or provision of early years, some of the open space, emergency management, statutory building, really some of them are in grey areas. Are they services that our community can do without? No, they are not. Someone needs to provide those services –

Moira DEEMING: Absolutely.

Brett LUXFORD: and what local government has been really good at is partnering to deliver that, but we are fast reaching a point where we are all hitting that unsustainability and we are going to have to look at what services we can withdraw from because we cannot afford to continue to do some of those.

Moira DEEMING: And it could be a model where the state government, when it is clearly delineated that it is their responsibility – you are still the ground-level service that oversees it but it is actually funded by the state and you are paid in a certain way to deliver the program. That is really good, thank you.

Brett LUXFORD: And we all look at different ways to deliver our services. Like for us, we are completely getting out of early years kindergarten provision, but we still have to deliver the buildings. The private sector is not going to come in and do the buildings, but it will come in and do the service. So we will build the buildings, back away and let someone else run the service. It is a model we are all looking at: how do we ensure the delivery of our service in the most efficient way?

The CHAIR: Thank you. Were there any other comments?

Geoff ROLLINSON: I think it is further highlighting the big difference between the affordability of councils when you break them down into the metro, interface, regional, large rural and small rurals. I think that co-contribution is the issue and the competitive nature. It is very hard to stack up a business case when you have got a small community of, say, 500 people against another competitive round where they have got a much, much larger business case. There needs to be some modelling around what that looks like in the context of not creating a Third World Victoria where there are no services. We have seen the situation with Telstra and the like, where there is no digital connectivity because there is not the amount of customers. Yet we still have people travelling through those areas. I do not want to digress too far other than to just acknowledge the fact that there are different broader levels of community need across our local government areas. We are here for the community. We just need to acknowledge that the whole way through, not lose sight of the fact that number one is the community needs and then who actually provides that outcome and how we actually deliver that to our communities.

The CHAIR: Thank you.

Brett LUXFORD: Perhaps can I just touch on one other thing?

The CHAIR: Yes, very briefly, if that is okay.

Brett LUXFORD: Just briefly, because I think when you start to touch on grants, you start to talk about our income and what our forms of income are. For us – probably in a fortunate or in a challenging position – developer contributions are also something that need a fair bit of work to actually understand. I take Ms McArthur’s point about rates and rate capping. We are not expecting the local community to deliver all of the services, because they cannot. We have got new emerging communities who are being developed. So having a scheme of developer contributions where they contribute a reasonable portion to the actual infrastructure that is needed both for the communities that are there and the new communities who are moving in, is something that really needs to be looked at quite strongly.

Bev McARTHUR: They are also paying tax to the government.

Brett LUXFORD: The developers?

Bev McARTHUR: Yes.

The CHAIR: We will move on. Thanks for your questioning, Mrs Deeming. We will go to Dr Mansfield.

Sarah MANSFIELD: Thank you. Thank you for appearing today. Further to the discussion around the potential benefit of untied grants – I think it might have been in Gannawarra, your submission – you sort of went a step further and pointed out that one of the issues with the grants system is that they are competitive in nature and they are also unpredictable, which makes it very difficult for councils to plan, particularly given the proportion of council revenue that grants now comprise. That is quite a significant issue if you have got unpredictability around that volume of your funding coming from grants. There was a suggestion that perhaps there could be some sort of mechanism to provide a fixed revenue stream that was not necessarily a grant. I am wondering if you can discuss that a bit more. Perhaps I have got that wrong.

Amanda WILSON: Definitely in terms of our reliance on grants, 47 per cent of Gannawarra’s revenue is reliant upon grants. Just as a comparison, statutory fees and fines, which you may see as a much higher percentage in perhaps a metro council, is 1 per cent for Gannawarra. Our ability to generate another stream of income is quite limited in the economic climate where we are. For us to have guaranteed streams, and listening to some earlier submissions around the timing of when these are due as well, would provide a much greater level of security for us to allow us to plan for those services for our wider community.

Additionally, I think it has been touched on around the timing of when some of those grants are coming through. Whilst we obviously work with what that looks like, it does cause a level of confusion for the reader or for the community who do not understand how councils can work and what that funding looks like. For them, seeing, I suppose, variations when these grants are coming in to council, they are not understanding as well how their rates are being used. There is another communication piece for council, coming back to an earlier comment, where local government does tend to get the blame from residents and ratepayers. It does tie in to – if we had that security, because we are heavily reliant on grants around both the monetary value, and it was tied to a clear indicator of what that would look like and the timing, it would go a long way for a community like Gannawarra.

Sarah MANSFIELD: I am not sure if any of the other councils have thoughts on that.

Brett LUXFORD: Perhaps a little bit if I can, Dr Mansfield. It is really interesting timing for grants. If you look at our capital works budget, we are now expected to deliver four- and 10-year capital works plans. For us it is a real challenge. When you take out the roads maintenance and drains maintenance and all the existing infrastructure, there is only a very little bit left for new capital works. So any capital works coming through in our program of capital works – you will often see they are subject to grants. It will be a council cash contribution, and we are getting to a point of maxing out our borrowings as we continue to grow, so we are fast reaching our borrowing limit. Then the other side that sits there is grants, and you will see a lot of them are subject to grant funding. The timing of that grant funding is also interesting – it falls outside budget periods, outside the ability to get matching funding through your budget. So untied grants would be a godsend to us, a utopia for us. In the absence of that, having some level of consistency and knowing that there are programs coming up and the timing of those programs would be the next best option, I would have thought.

Tim TAMLIN: I think that just further demonstrates the need for this sort of risk-based ratio or criteria for all councils because then you would be able to see in the risk indicators where the troubled councils are

regardless of what their funding is. If you can measure it, you can then do something about it. But at the moment it is not measured, so that makes it very difficult. Back to the proposal from FinPro that was put to the committee, that recommendation in there about having a risk-based assessment ratio system would be the go for the different cohorts of councils.

Sarah MANSFIELD: Yes, and that sort of leads into my next question. We have heard from a number of councils about the risks that are posed by growing asset renewal gaps and the challenges addressing that. Again, it being particularly difficult for rural councils, given their relatively large asset base is with their roads, I am just wondering if you have got any ideas about how councils could be better supported by state government in dealing with that issue.

Nathan CLARK: I might be able to jump ahead there. Just to give you an idea, we are taking on about \$200 million of new assets a year coming out of all the development that is happening, so that is an enormous growing asset base that we need to maintain. On page 9 of our submission, we talk about what we are committing to the renewal of existing assets over the next 10 years – it is \$118 million, and that is \$85 million below what is required to effectively sustain the assets that are below intervention level across the 10-year period. What we are putting into it is not enough. We need more. The need is clear. Over time, with those assets deteriorating, it is only going to get worse. This is why we are really here today; it is to highlight these problems, to make sure you have got a good understanding of them and to make sure you have got some good homework to take away so you can advocate for us.

The CHAIR: Thank you.

Bev McARTHUR: Chair, can I just ask one question. Could the presenters possibly provide us with the cost entailed in applying for grants?

The CHAIR: You are more than welcome to take that on notice. In fact I will need you to because I need to go to Ms Broad.

Bev McARTHUR: Yes, I only want it on notice.

The CHAIR: Great.

Gaelle BROAD: Thank you. Thank you, all, because it has been very informative today. I really appreciate your submissions and appearing. This just interests me with Mitchell shire because state government set the housing statement and housing targets, but has that responsibility kind of fallen now to local councils?

Nathan CLARK: Yes, absolutely. We are given basically the objectives. We make our planning to meet those objectives. We have met basically all the requirements for the planning part. To execute it we need to make sure that we have got that financial sustainability, the funding for this to provide the infrastructure that is needed for these communities.

Bev McARTHUR: What, are you expecting that from state government?

Nathan CLARK: All levels of government, state and federal. If I can refer back to my sandwich model, where we have got that middle layer of local government. That is a very big, heavy, meaty part of the middle part of our sandwich. We have got shrinking bits of bread either side, so we need those bits of bread to match up.

Bev McARTHUR: I hope you are not holding your breath.

Brett LUXFORD: Perhaps if I can just –

Gaelle BROAD: Yes.

Brett LUXFORD: For Mitchell shire – the Mayor touched on this – we have got 68,000 new homes expected to be delivered, quadrupling the size that we are already. We have got areas that are designated within the growth areas. With the right planning, the right planning for infrastructure, and the right support from other tiers of government to deliver not only the infrastructure within the community for the communities but also

some of that connecting infrastructure, your public transport infrastructure and your roads infrastructure, it can be achieved.

Gaelle BROAD: Thank you. I did want to just give you the opportunity to talk a bit more about the water buybacks and the impact that that would have, in particular from a local council perspective.

Geoff ROLLINSON: Yes, absolutely. Just on the housing, if I may, Gaelle –

Gaelle BROAD: Yes, sure.

Geoff ROLLINSON: we are in a slightly different situation, where we have got developers in one town, Cohuna, who are actually looking to go, but we are having trouble getting planning approval. All of a sudden they are saying, 'No, you don't need it.' We have got a private investor wanting to do it, and the state government is saying, 'No, you can't have it.' That is a bit utopian.

Bev McARTHUR: Why?

Geoff ROLLINSON: I do not know. Then you have got the other problem. There is a bit of a push too about this 70–30 – 70 infill, 30 new. I am not sure if you are aware of that. There are a lot of reasons that infill blocks have not been taken up. That is mainly because they are very unattractive or have not been built on for reasons. Where council may need to become the developer in these other less attractive places, we just need that support around trunk infrastructure, which the guys are indicating, to actually put that in place.

Back on water, just quite quickly, across zones 6 and 7 in northern Victoria, which run up along the Murray River Group of Councils, there is a drive to get that 70 GL through an expression-of-interest project, which is an open buyback process where there is no alignment to who may buy water. If you consider it in layman's terms, this is a street, and there is a water main running down here. Brett might choose to stay in the market, and the rest of us might choose to fall out. All the fixed prices to provide that infrastructure will fall to Brett, which will make his business unobtainable. Therefore it will not be long before Brett drops out of the market as well and it decimates the water or irrigated agricultural land in northern Victoria. We know already through the Frontier report that over \$400 million per annum has come out of the GMID, the Goulburn–Murray irrigation district. That will have a direct flow-on effect with this next round of purchasers to the average punter down at Southern Cross station today who is looking to buy his milk or cheese product or any of those things. But this is happening right now, so what we will need is time if we are going to transition our communities. We just need for them to listen to us in this process and to work with us, to actually come through about how we achieve these sustainable diversion limits and how we can do things. We cannot put more water down the river. We have seen the 2022 flood event. You can only get 54,000 megs over Torrumbarry. So these numbers, the 540 gigalitres, as a touch point, you cannot get down the river anyway. It just needs to be thought through. Most of this water is coming from the southern basin, and it just astounds me that Australia is asleep at the wheel on this, because it will have a direct impact. Whilst we have got cost-of-living pressures as the number one issue facing all Australians at the moment, we are just about to whack it again by driving irrigated agriculture out of northern Victoria.

The CHAIR: Just one more really quick one if you want to.

Gaelle BROAD: What is a quick one? I guess just looking at the cost shifting that has occurred, because some of your reports talk about library funding, the 80–20 sort of push on local councils, with some of these decisions, what services would you look at cutting first? Do you want to talk, Strathbogie? I know you talked about school crossings, but is there anything else that would be at the front line?

Tim TAMLIN: That goes back to what I said – and thank you for the question, Ms Broad: because of all of the things that are mandated in the Acts and the regulations, there are not too many things you can cut. To cut anything is really difficult, and then the social flow-on effects are not conducive to a good community. So it is really challenging for local governments to do anything like that. That is why I think the cost shifting has been so effective. You cannot really say no; it just keeps shifting.

Brett LUXFORD: I might let the Mayor handle that question.

Nathan CLARK: Honestly, I really would not want to speculate on that, just considering what anxiety it could cause in the community. I would probably just like to park that one. I would need to have a think about it.

Brett LUXFORD: There is no doubt that we all have to look at our services and whether we are delivering them efficiently and effectively and whether there are ways, given where we are, to reduce services in partnership with the community. You have to have a deep dive into those and get support from the council and from the community to actually pull out of some of those, because they are challenging decisions to make.

Gaelle BROAD: Just on that, though, is the state government communicating with you in this process of kind of pushing things onto your plate? Is there an open door of communication as you have tried to talk through some of these challenges that you are facing?

Geoff ROLLINSON: I think you push back with a submission against it, and it is like, 'We've heard you. It's going to happen anyway.'

The CHAIR: Great. Thanks, Ms Broad. We will need to wrap it there because it is right on 4 o'clock. Thank you very much for appearing before us today and for your submissions and presentations. It was very, very helpful. You might receive some questions on notice from committee members as well for you to respond to, and I know you got some today. Committee staff will be in touch about those. That concludes the public hearing.

Witnesses withdrew.