

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

### Inquiry into Local Government Funding and Services

Traralgon – Wednesday 4 September 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**

John Buxton,

Sandra Grant,

Geoff Gooch, and

Trent Anderson.

**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 other members of the public watching via the live broadcast.

To kick off, we will just have committee members introduce themselves. I am Georgie Purcell, the Chair, and I represent Northern Victoria. I will have over to John.

**John BERGER:** John Berger, Member for Southern Metro.

**Moira DEEMING:** Moira Deeming, Member for Western Metro.

**Sarah MANSFIELD:** Sarah Mansfield, Member for Western Victoria.

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

**Bev McARTHUR:** Bev McArthur, Western Victoria Region.

**The CHAIR:** Thanks, members. And thank you very much for appearing before us today.

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

All evidence is being recorded, and you will be provided with a proof version of the transcript following the hearing. 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 any organisation you are appearing on behalf of.

**John BUXTON:** John Buxton. I am a farmer from the Wellington shire, and I am a member of the Victorian Farmers Federation.

**Sandra GRANT:** Hi. I am Sandra Grant. I am part of the VFF too, and I am from Newry.

**Trent ANDERSON:** Trent Anderson, farmer from the Wellington shire and VFF livestock representative.

**Geoff GOOCH:** Geoff Gooch, VFF member, also farming in the Wellington shire.

**The CHAIR:** Wonderful. Thank you very much. We now welcome your opening comments but ask they are kept to around 15 minutes collectively to ensure there is plenty of time for discussion and questions. I am not sure if you have arranged that between yourselves, but feel free to offer someone up first.

**John BUXTON:** Yes, we have organised a speaking order. I will speak first, then Sandra will speak and then Geoff Gooch, and Trent will assist us with answering your questions.

**The CHAIR:** Wonderful. Thank you.

**John BUXTON:** Ladies and gentlemen, today we are going to present evidence that demonstrates inequities in the rating system. These are real-life examples. We will demonstrate that the rate cap is not working with real-life examples of anomalies in the evaluation system, and we will talk about our experience of trying to engage with the shire. It is fruitless. Efforts to engage and offer solutions are just ignored. We have evidence that challenging the evaluation is a complete waste of time – the whole system is rigged against you – and we will talk about the implications of this on our local communities.

Now, Madam Chair, with your indulgence I would just like to digress for a minute. I want to paint a bit of a picture for the committee. I am talking about our own farm here. My brother and I run a farm with the business name Buxton Ag. We have doubled our sheep numbers since the big drought broke in the beginning of 2020, and we have built up a cattle trading herd of a bit over 200 head in that time. We should be doing quite well at the moment, but we are not; we are on Struggle Street. Why? Well, the answer is inflation, and governments at all levels – and I have got classic evidence of this here – are driving inflation. Inflation is an extremely evil disease, incubated by governments and spread by governments.

Now, here is a little example of the kind of thing we have been confronted with. April – our insurance renewal notice for the farm turned up, and it was up 30 per cent for the same amount of cover on the previous year, and that was up 20 per cent on the year before. My brother and I sat at the table in absolute shock, and we felt threatened. We talked about cutting our insurance back to the absolute minimum – public liability, the buildings and the wheels. In the end we haggled with the insurance rep and we cut a few corners off and coughed up the money. In a minute, you are going to see what our rates bill has done in recent years.

Just going back to the insurance story, the implications of that are – and this should interest government – that people are choosing not to insure. I got on the phone to a few of my farming colleagues to find out that quite a few of them take the absolute minimum approach. So the insurance pool is declining; that is driving up premiums and pushing more and more pressure onto the public purse if there is a natural disaster. Our business has got an overhead just with those two bills of over \$40,000 before we open the front gate for a truck, sow a seed, shear a sheep, join a ewe or put a beastie on the truck. It is a lot of money for a small business.

Now, if my memory serves me right – some of the committee members might be able to correct me – the *Local Government Act* requires that shires make their rating system as equitable as possible. I have long experience in trying to engage with the Wellington shire on this issue, and it is a complete waste of time. They sit there with a stony-faced look – ‘Yes, John. Yes, John’ – and ignore you completely.

You should all have a spreadsheet headed ‘Shire rates notices for Buxton Ag’. Now, this data is missing a few years. I started it in 2009–10 and missed a few years, but anyway. For that total period of time, if you look at the shire rates notices for Buxton Ag, you will see how it has gone up in massive jumps, like 41 per cent, 15 per cent, 32 per cent. Our rates have gone from \$7958.43 in 2009–10 to \$23,261.01 for 2024–25. That is a 192 per cent increase over that period of time – 12 per cent per annum. Now, I put it to the shire: why do you hate us? This makes us feel threatened. This will drive us out of business eventually.

At the top the assessments and the valuations show how there have been huge jumps in the value also. What it is justified on is very hard to determine, and I can tell you from real-life experience, challenging your valuation and trying to get some modicum of common sense into it is also a complete waste of time. You end up on the phone talking to the valuer and you get told to suck it up and pay the money. Sandra will expand on that a bit later on.

At the bottom of this, the rate cap – the rate cap is supposed to protect us, I understand, from massive jumps in the rating. Have a look down the bottom of this table. I have applied the 2.75 per cent rate cap – that might not be strictly correct; I think it might vary depending on what the emergency services mob say every year. But if you had applied the rate cap to our rates from 2014–15 to 2024–25, our current rates bill would be \$14,738.17, and if we were paying that, I would not be whingeing about it.

I did another little calculation this morning, which you have not got on the spreadsheet you are looking at, that shows we have been overcharged to the tune of \$30,000 over that period. Madam Chair, that is wage theft. The difference for 2024–25 is \$12,000. For us that would pay the interest on a \$150,000 loan for the farm. Our farm has got a huge backlog of capital investment that it needs that we have not been able to do in tough times – the big droughts in the late 90s, the 00s and the teen years. \$150,000 would fund 15 kilometres of fencing, a lot of fertiliser and a whole lot of other things, plus we could actually have a little bit of wage money.

Righto, I will turn to the next spreadsheet, which is some data I pulled out of the shire budgets. Assessment numbers: you will see here in 2021, 59 per cent of their rate revenue came from residential. In 2024–25 it is 6 per cent. In that time it has gone up by 6 per cent. And look at the industrial – it has gone down from 21 to 12 as a percentage of the total rate take. But the farm rates have gone from 20 per cent to 22 per cent. The shire would argue, I think, that they are doing the right thing by us and they are adhering to the cap, but it hides the true story. Have a look at the breakdown of the data on the cost per individual rate assessment. The residential rate assessment average cost has gone from, say, \$1209 – \$1208.95 – to \$1490 in round figures, an increase of \$280. The industrial has gone down from \$7224 to \$4654, a decline of \$2579.57, or a 35.6 per cent decline. The farm assessments have gone from \$3364 to \$4587, an increase of \$1223 in round figures, or up 36.34 per cent. Why are we copping it? Why is the burden being pushed onto us?

There are a few other things in these figures that do not gel. The number of residential rates notices has not gone up, yet I am seeing huge building booms around all the towns in the shire. It does not gel. Why would the commercial industrial go down? Is that because the shire is driving industry out of the shire because costs are too high? What has the valuation done there, from \$11 million to \$7 million? Why is the valuation on the commercial and industrial falling? It raises some questions. I do not know the answers to that, but to me, there is something a bit odd.

Righto. As I said, the rating burden has been pushed onto a minority group with limited voting power and no ability to pass these costs on. I cannot tell the meat exporters that I want a price rise. We have got no way of managing these costs; they are imposed from above. I also know from past experience that there are disparities across farms in the shire. I know of an example where one farm that was three times the size of us had a substantially lower rate cost per hectare. Why should some farms be copping a cost disadvantage as opposed to others in the shire because of anomalies in the valuation system? I also know of and have seen massive increases in valuations in some areas of the shire as opposed to others. If there is a valuation increase, it does not seem to be consistent across the shire. On behalf of VFF members I have made numerous representations to the shire and pointed out these inequities. I have gone to them with solutions to the problem. I have offered to help them find a solution to the problem. All we got told is, 'The problem's the system. There's nothing we can do about it. It's not our fault. Pay the bill.'

Now, there are consequences of this: we are losing our farms. When I was a boy if you had driven from Yarram to Bairnsdale, every front gate you drove past had a commercially viable farm on it supporting a family. That is not the case today. The great majority of that land is now in the hands of non-commercial recreationalists. This is very bad for the environment because for those non-professional landholders – some of them do a good job, some of them try – it is not their main interest; it is just somewhere to live. They do not keep the feral animals and weeds under control, and that puts a lot of pressure on us. We are surrounded by lovegrass, a very invasive weed that eventually is going to take the whole district over.

We are losing our community. When I was a boy, the neighbouring farmers would get together to help each other with big jobs like haymaking, shearing, lamb marking et cetera. We would do the rounds. That is gone. There is no community help anymore. We have only got one professional farmer next door to us; the rest of them are non-commercial recreationalists. We are losing our casual workforce. The pool of people that we could call on – the shearers, the shed ants, the lamb markers et cetera – have disappeared. Our shearers used to come from our local town Stratford. Today they come from far-flung areas. There is no new generation coming into the industry, and there is not enough money to reinvest in our business. We are also seeing declining export revenue coming into our shire and our commercial sector. That flows on to the wider community. And I would just like to point out that our industry injects money into every town and every city in this country. Thank you, Madam Chair.

**Sandra GRANT:** Hello, everyone. My name is Sandra Grant. My husband and I have been producing grass-fed beef for the past 13 years. Our property is located off Locks Road, Newry – Lot 103 Blackfella Camp

Road, Newry. The property is approximately 207 hectares in size. The land itself is considered to be dry, marginal country. It is made up of native grasses, and a quarter of the property is covered in bush. We pride our farming practices on allowing our cattle to free range over our entire property. They have plenty of water, shade and shelter. We provide them with supplemented imported feed, including hay and grass silage, over the winter months and at other times when it is required.

The reason why I am here today is to tell you that our farm rates are increasing at an alarming rate. I refer to the Parliament of Victoria's terms of reference in relation to the Inquiry into Local Government Funding and Services, specifically point (4):

whether the existing revenue structure is sustainable and appropriate or if alternative models of funding would be more sustainable and appropriate ...

The shire rates have now become one of the biggest costs for our farming business. In 2021 we merged our properties into one rates notice to help reduce costs. Both of our properties sit under the Blackfella Camp Road assessment.

We have been told by our local real estate that there has been an influx of cashed-up lifestyle people looking at and entering our farming market, paying unrealistic prices for the land which are above commercially viable prices for farming businesses such as ours. Unfortunately, primary producers are feeling the pinch of this, as our rates are being influenced by these lifestyle property sales. These lifestyle property owners are purchasing land for no reason other than for recreational use. Without any disrespect to these property owners, they are not farmers, yet we are all viewed in the same light in terms of council rates and charges.

Since purchasing our first property in 2011, until 2017–18, council rates from Wellington shire incurred a modest increase. I have provided a timetable which summarises our rates and charges over the past four years. We have incurred increases of over 69 per cent in our rates and charges over these four years. I would also like to reference the discrepancy between our rates and our neighbour's rates. John Day, who has provided a submission, pointed out that their rates increased year on year, from 2022 to 2023, by 72.6 per cent, in comparison to ours, which changed by minus 3 per cent during the same period, highlighting that there is a complete inconsistency in the rating system.

I lodged an objection in 2022 in relation to the 80 per cent year-on-year increase in property value. I was politely told by Gippsland Property Valuations I was wasting my time, as VCAT would charge us approximately \$1000 to hear our case, and it was indicated that it would be most unlikely to be ruled in our favour. I conducted further research for my own self as to where the properties were located as part of these valuations. I found that they were located at Valencia Creek, and the property size there was 81.6 hectares, which is 30 minutes away from our property. There was another in Stratford, of 302 hectares, which is 21 minutes away from our property. And the last one was in Stratford, 98 hectares, being 30 minutes away. Whilst these properties are valued at a similar rate per acre, there is a significant difference in their productivity output. These properties are in a much higher soil fertility part of our region, therefore experiencing increased demand from a horticultural perspective, for which our dry land is not suitable or comparable. Really, we are not comparing apples with apples. What we would like to ask the politicians today is to consider a way of assisting legitimate primary producers, in our case beef farmers, by reducing the amount we pay for our annual rates. Is this possible?

I believe that genuine primary producers should receive a generous rebate on rates because they play a critical role in sustaining the economy and food supply. These producers manage large-scale operations that require significant investment in land, equipment and labour. They are subject to commodity market fluctuations, weather conditions and other factors that impact their profitability. Offering them a rebate on rates helps to alleviate some of these financial pressures, ensuring the continued production of essential goods and maintaining rural economies, the foundations which this region was built on.

On the other hand, hobby farmers typically engage in agricultural activities for personal enjoyment rather than as a primary source of income. While they contribute to the rural landscape, their operations are usually smaller in scale and not as vital to the economy. As they do not face the same financial burdens or risks as full-time producers, they do not require the same level of financial support. Therefore it is fair that rate rebates are reserved for those whose livelihoods depend on primary production, ensuring that resources are directed where they are most needed.

I propose that a fairer rating system would be to rate us on our productivity of the land on a scaling system. For example, the more income we generate, the more we pay in land rates as primary producers. We understand that the council have a job to do. They have to make adjustments due to events outside of their control and they too have budgets that they need to follow, but so do we. In my view council should be encouraged to adhere to the same financial disciplines that we do.

Unfortunately, we are at a point where we cannot grow our business as we cannot afford to buy any more land at today's prices. The only way we can see ourselves moving forward is to look at other farming strategies, some of which would require further intensification, which comes with much higher risk, or look to scale our business back.

In closing, we have adult children and grandchildren. We would love the opportunity to become and they would love the opportunity to become primary producers but, sadly, I feel this is becoming further out of their reach. We are struggling with cost of living, and we had to make tough choices in order to survive, including reducing our farm insurances to public liability only, not a risk we would have liked to have taken but with the current pressures in costs our only option. Thank you for your time today.

**The CHAIR:** Wonderful. Thank you very much. Is that all for opening contributions?

**Geoff GOOCH:** Mine is still to go, Georgie, if I may.

**The CHAIR:** Of course, yes. Members, if you are happy, I think it is fine to just go through this even though we have gone slightly over and we will just limit question time. Is everyone comfortable with that? Wonderful. Go ahead.

**Geoff GOOCH:** Thank you. In brief summary, from what John and Sandra have said, we can see we have got a massive problem. I see it that the current rating system is based on a 400-year-old system where land values were based on the earning capacity of the land. Thus basing the rating system on the value of the land was a viable working system. However, land values are no longer tied to the earning capacity of the land. Intervention in the land market by corporate bodies and individuals bringing money from outside of agriculture into the market often supported by misguided government policies have skewed the value of the land. These often base the price of the purchase on the security of land as an asset and the prospect of capital gains on the sale of the property. The capacity to earn is a secondary thought.

At this point I think it is appropriate to present my own case. I have a property of about 900 acres of swamp country. In 2019 the CIV for that land was \$613,000. In 2023 it has risen to \$1.925 million, a 314 per cent rise in five years. Also, in one of those years there was a 63 per cent rise in the rates on that property. It is currently under water due to a failure of the government to maintain its riverbanks. It has been under water for five years and I have had no productivity from it for that considerable time.

The value of land imposes a false value of the land for rating purposes and impacts negatively in the long term on landowners who rely on the returns on their land to remain viable, live and maintain their asset. This affects urban dwellers as much as farmers. A house bought for \$200,000 30 years ago in suburbia could now be worth \$2 million and is only a paper estimate of the wealth and not realised until the sale. Is this equitable and sustainable? Currently farm rates are a business expense that can be claimed by farmers as a tax-deductible item, thus transferring money to the local government at the expense of the federal government. Rates have for a long time been part of the fixed costs of farming and absorbed as such by farmers. However, with the serious decline in the terms of trade in rural industries the capacity to absorb such costs has diminished and we have now reached the tipping point as demonstrated by the previous presenters. It is no longer viable, sustainable or appropriate.

Rating based on CIV is a disincentive to farm development, whether it is grazing or cropping. If we are to meet the food and protein demands of the growing world, is it sustainable and appropriate to rate producers on their attempts to meet best practice and maximise productivity? To pay often large amounts of money on improvements only to be taxed on the CIV of the land is hardly fair, sustainable or appropriate.

Last Monday on the ABC Q&A program there was a discussion on youth crime. Now, you might not think this is particularly relevant, but it was generally conceded the current methods are not working. We need a change in approach. And at the National Press Club at lunchtime today was Susan Lloyd-Hurwitz from the Australian

housing supply and affordability council. I turned the television on just in time to hear her say, 'We need a better system. It is not working.' Now I have lost my place.

**Bev McARTHUR:** So you need a better system too?

**Geoff GOOCH:** I need a better system and better eyes. We need change and this change is not a political football but needs bipartisan support and effort. In some overseas countries I believe rating as such does not exist. This needs to be more closely scrutinised. If rates were removed from farmland and this money was used by farmers to support local industries and suppliers, this would be a win-win situation, circulating more money in the local community, improving local viability and with the flow-on of more tax revenue to the federal government. Accepting that rates are a way of financing local government, a system of rating based on houses and curtilage would be a more equitable means of rating both farmers and urban dwellers, portioning rating responsibility back per family unit. This would include farms with multiple occupied dwellings, which is another problem.

I refer to point (1) of the terms of reference, that more and more, state and federal governments are placing greater responsibility on local government to provide services to the community. As an offset to this these bodies – the governments – should pick up more of the financial burden being placed on local government. We all want more and more and are willing to pay less and less. Is it time for those who want more to pay more for the privileges and services they desire and for community to share the costs more evenly and not rely on the small section of the farming community to pay the lion's share? In closing, I would like to say that in today's era of rapid change, we need forward-looking politicians, not palaeontologists revelling in the bones of dinosaurs.

**John BUXTON:** Geoff, can you speak about your experience of the valuation of your morass – how the big increase in the valuation was derived?

**Geoff GOOCH:** Thanks, John. Yes. I challenged the valuation of the morass country, and I was advised that the value was based on what a conservation group may be willing to pay for such a piece of land. Recently I have been trying to sell this piece of land to conservation groups, and they are not interested because they have got no money.

**The CHAIR:** Thank you very much for your opening remarks. Members, we have just under half an hour and there are five of us, so we will keep it to around 5 minutes each. I will go to Dr Mansfield first, if you are ready.

**Sarah MANSFIELD:** Yes. Thank you. Thank you so much for appearing today and for your submissions and presentations. I will throw this one open to all of you. You have provided a lot of information about the rating system. We have had other submissions to this inquiry that refer to the fact that they feel the agricultural sector is not adequately valued in terms of the rating system but also in terms of perhaps what is delivered by different levels of government. I am just wondering if you can provide some suggestions for how you think it could be better valued within the rating system. What changes would you like to see made?

**John BUXTON:** Well, the first thing you need to do is take the pressure off us. I cannot pass any costs on to anybody. If you want to keep your farms, you have got to allow us to make a quid. Inflation is a very evil disease that is incubated and spread by governments. Putting rates up at an exorbitant rate sends a very clear message: you do not want us. Does that answer your question?

**Sarah MANSFIELD:** I think so. Are there structural changes to the rating system that you think may be of assistance? I understand you have called for a freeze on rates or a discount, but I am just wondering if there are longer term structural changes to the rating system that you feel would address some of your concerns?

**John BUXTON:** Yes. The first thing you could do is ensure that no individual rate notice increases by more than the rate cap. It would be pretty simple to do. It needs a bit of research. You need to have a look at systems overseas. A colleague of mine has recently come back from the UK, and he rang me: 'John, they don't pay shire rates in Ireland. They don't pay shire rates in Scotland.' I have sent an email to the NFU in London – I have not got a reply – asking about them. Their municipalities are funded in a different way. That needs to be thought about.

Agricultural land does not use services; people do. We do not use much of the service. The only thing we want from the shire is to keep the road maintained so we can get into town and get a truck in – nothing else. Nothing else at all, so why am I contributing to a \$16 million swimming pool, a library and street lighting et cetera? There was something else. Geoff?

**Trent ANDERSON:** Currently we are rated on our capital improved value, and I think it is very non-progressive in that a farmer that is spending more money developing his farm and making it more productive then pays higher rate of rates, which to me is really counterintuitive. I do not understand why you punish someone that is actually trying to be more productive. Our business generates about \$3 million, and I would spend 95 per cent of that within my local shire and within local businesses. So why tax me more so that I reduce my turnover? Why hit someone that puts more money into the economy up harder, when that then has a flow-on effect? That is my first one. I think of it goes back to the site value rather than capital improved, it encourages people to be more productive.

My second one is the hit. What generally happens with these value increases, as Geoff has put in, is you will have a couple of flat years or three flat years and then some really big jumps. Now, we get our rate notices a month before they are due. We make our budgets six months or 12 months in advance. With the size of our rate notice, we might see a jump in the vicinity of \$10,000 to \$15,000. I would like to see it a bit like our tax averaging – our land values averaged out over five years so that if we have a significant rise, that is then held back a little bit by the previous four years of averaging. That would limit how big these jumps are in our rating notices at an individual time. As you could be aware, if you have not budgeted for a \$15,000 increase, something has to give, and it is generally my income.

**John BUXTON:** If I can just butt in there, Trent is paying enough money in rates to employ a full-time employee. What would you prefer?

**Trent ANDERSON:** I actually do. I pay more in rates than I take home myself.

**John BUXTON:** And he is not alone in that.

**Geoff GOOCH:** I think too, as I mentioned in my presentation, that you could look at removing the rate off farmland completely and just base it on house and curtilage, which brings you back to, as we were saying, a per family unit, and that is where most of your services are going. I think in the Mansfield shire presentation earlier – by having the government saying, ‘You’ve got to do this. You’ve got to do that. Now you’ve got to pay for it,’ they are having an impost made on them. If the government want these particular services provided, perhaps they should put their hand in their own pocket and pay for them that way. We need less cost shedding by the state and federal governments onto local governments. That needs to stop.

**Sarah MANSFIELD:** Thank you. I know one of you in the comments you provided have talked about the grant system for councils. You had some comments on that. I am wondering if you want to expand on what you think needs to change about the grants that a lot of councils, particularly rural councils, are heavily reliant upon.

**John BUXTON:** I do not recall mentioning grants.

**Geoff GOOCH:** That was James with Mansfield, I think.

**Sarah MANSFIELD:** That is all right.

**John BUXTON:** What I can say is that Geoff’s father used to be a Rosedale shire councillor, and I know that a large proportion of the shire’s funding came from government grants – capital grants I think they were called, Geoff. Today that is not the case. Their reliance on their rate revenue has increased substantially.

**Sarah MANSFIELD:** Okay. That is all. Thank you.

**The CHAIR:** Thanks, Dr Mansfield. I will go to Ms Broad.

**Gaëlle BROAD:** Thank you. I do want to say thank you so much to each of you for coming in and presenting today. I guess with this inquiry we have had a few public hearings now and we have heard a lot from local councils, who have obviously a very different perspective about the need to increase funding, and you are,



I guess, talking about the inequities in that process. So I guess I am just interested – in that process you mentioned raising it with council. Have each of you done that? What has been the response?

**Sandra GRANT:** Nothing. We had a meeting with them some two or three years ago, I believe.

**John BUXTON:** A few of us fronted up to the council meeting. We gave a presentation. That was after meeting with them in private – with the CEO and the mayor and a couple of shires and their chief finance fellow. They sat there with stony faces, listened to us. After we gave our presentations at the council meeting, we offered to answer questions. No, they would not take any questions and that was the end of the matter.

**Geoff GOOCH:** I think one thing that has come up through that is the council's fallback: 'Oh, that's what the legislation says. We can't change.' So that is why I say if anything is going to change, it has to be a bipartisan approach and has to be a root and branch restructure of the whole thing. It has been probably thrown up for years that we need to do this. This rating system is from 2019 – nothing was done. I think basically the big thing is everyone looks at it and says, 'Oh, that's too big,' and walks away.

**Trent ANDERSON:** There was actually a bit of pushback, because we did push very hard. We were told if we keep being too public with this, the 20 per cent discount we currently enjoy could be looked at being removed, so it actually went the other way –

**John BUXTON:** We were threatened.

**Bev McARTHUR:** Threatened by whom?

**John BUXTON:** The council.

**Trent ANDERSON:** By the council, yes. 'Be grateful for what you've got. We don't have –

**Bev McARTHUR:** What 20 per cent discount?

**John BUXTON:** The rate in the dollar on your valuation. So the rate in the dollar – we pay a lower rate in the dollar of our capital improved value. It is 20 per cent. But here is the rub, Mrs McArthur, if my memory serves me right – and I have been through this with staff members from the VFF – the council has numerous ways that they can make the rating system more equitable, so trying to align it with people's ability to pay. They can put whatever rate in the dollar they like. They can have up to 14 different categories of property. So in the Wellington shire they could have a category for the shopping centre, which is owned by a big corporate. They could have a category for houses over \$2 million. They could have a different category for industrial. They could have a category for hobby farms. They could have a category for professional farms. They could have a lower rate in the dollar for the little outlying towns that do not have immediate access to the \$15 million swimming pool. There is a whole range of things they could do if they would sit down and think about it.

**Gaelle BROAD:** You mentioned a rate increase of 91 per cent over a number of years. \$23,000 is the cost that you are paying now, John?

**John BUXTON:** Correct.

**Gaelle BROAD:** I think the *Weekly Times* reported that in Mildura farm rates have increased by 50 per cent over the last five years whereas solar developments have only increased by 20 per cent. Do you feel that farmers, compared to residents and compared to industry, are being expected to pay a lot more?

**John BUXTON:** Yes.

**Gaelle BROAD:** You mentioned also being part of the VFF, and I am assuming you would have connections across the state too. What are you hearing from other farmers? Is it a similar experience for them, these sudden jumps in rate costs?

**John BUXTON:** Yes, and I have provided you with a document, which is in the info that I sent in, that shows a little bit of research done by the Victorian Farmers Federation on local government area increases in the residential rate notice versus increases per farm rate notice. For Ballarat, residential went up 1.45 per cent, farm went up 12.57 per cent et cetera et cetera. It has been submitted to you, so you can have a look at that.

**Trent ANDERSON:** I think I would just add there, though, that this is not a recent thing. This has been going on for eight or 10 years. I have been fighting this since I have been farming. I started with sub-\$10,000 in rates. This year we will pay \$72,000. Now, that is over an 18-year period, but it is still a significant jump all the way. It has been a battle that has –

**Bev McARTHUR:** But your income has not gone up 73 per cent.

**Trent ANDERSON:** My family – I am fourth-generation – had the farm for 80 years before and got to \$7000 in rates. I have gone from \$7000 to \$70,000, so it is significant dollars now.

**Geoff GOOCH:** I think I mentioned earlier too that in the past \$7000 was a reasonable rate and farmers absorbed it, and then over a period of time it has crept up and crept up and crept up and the terms of trade for farming have definitely deteriorated over that period of time. We have now reached a stage where rates, which used to be a minor impost, are now a major cost to the business.

**Gaëlle BROAD:** Perhaps I won't ask if you are getting value for money. I am just interested I guess in whether there are any additional services that you think would be beneficial to farmers to be provided by local council.

**Trent ANDERSON:** Any services would be of benefit. Look, I say that lightly, but we would get a road graded once a year. We are a cropping operation now, so we are trying to run B-double trucks in and out. I am about to shift eight silos in, and we cannot get them down. We are going to have to cut fences and come in through the paddocks because we cannot get them down the roads; the roads are so overgrown. I would argue any services would be – look, they are doing some minor stuff, but road edges are dangerous. People are wrecking tyre rims. Again, in a truck – I am 45 tonnes – I cannot get off the road because the edges are so soft you risk tipping over. So all traffic coming towards you – the person who is not a rural-type person does not understand that I cannot get off the road, so we end up stopped nose to nose on the road because I am not getting off and the city people do not want to get off either.

**The CHAIR:** Mrs Broad, we might have to leave your questioning there.

**Gaëlle BROAD:** That is fine. Thank you.

**The CHAIR:** We will come back to you if there is any time remaining. Mr Berger.

**John BERGER:** Thank you, Chair, and thank you, everybody, for your appearance at today's hearing. We have heard quite a bit about your rate issues, and I appreciate what your concerns are with that. There is a topic I would like to touch on, and that is – we have heard from a number of submissions to this inquiry about the skill shortages in particular areas. I wonder – as a federation have you got together and identified the priorities in terms of skill shortages and how you might identify them and what solutions you might have that might be useful to go into our report?

**Trent ANDERSON:** This has, again, been around for quite a while. I know it is not the answer, but it is basically incomes. You can go and earn \$150,000 to hold a stop-and-go –

**Bev McARTHUR:** With the CFMEU.

**Trent ANDERSON:** Yes, there you go.

**John BERGER:** I do not think that is useful, Mrs McArthur. I am trying to be serious in terms of some of the shortages –

**Bev McARTHUR:** It is true.

**Trent ANDERSON:** In all reality, we have lifted our wage. Our packages to our staff are in the realm of \$90,000 to \$100,000 now, but the reality is they can go and earn that anywhere and we demand weekend work when harvest is on, all sorts of variants. So unless we can find ways to create more income so that we can pay staff at a higher level or all other industries actually start to reduce what they are paying – look, I think it is obscene the money that is being thrown around, and I think it is half the problem with this state. We are getting sidetracked now, but people earning \$200,000 to work for 50 per cent –

**John BERGER:** I accept what you are saying, but I think as a federation if you could come up with some solutions that might be useful for the report, it might be helpful for not only you but other areas within the state to attract people to your regions.

**Trent ANDERSON:** I think that is the key, though. Everything is driven by income and who is going to come and work for less and work harder than where they do not. It is, quite simply, that simple.

**Geoff GOOCH:** I think one of the things where we have lost employees and employment opportunities was in the demise of the technical education system some 30-odd years ago.

**John BERGER:** Yes, I do recall that.

**Geoff GOOCH:** I was at school at the time, or had just left, and the students at the time looked at each other and said, 'What in the hell is happening?' Now the grammar school in Sale and St Patrick's College in Sale have set up their own trade wings within the schools. The Catholic College, rather than announcing how high their ATAR scores are, have a full-page ad on all the students that have got apprenticeships within the town. That degree of technical education is where young people can learn what they want to be involved in, what they are interested in. If they start off generally, they might start off and think, 'I'm going to be an electrician,' and then end up being a plumber or going to work in agriculture. So there is a big difference in the technical education.

**John BERGER:** All right. Thanks, Chair.

**The CHAIR:** Thanks, Mr Berger. Mrs McArthur.

**Bev McARTHUR:** Thank you, Chair. Thank you so much for appearing today. For the first time we have actually heard from the people who are paying rates in this system, where prior to this we have heard from the people who take the money from the ratepayers and want more. They want changes to the rate capping system so they can get more income from the ratepayers. So it is good to hear from the ratepayers who are footing the bill in this system, and I have long argued –

**John BUXTON:** A big bill.

**Bev McARTHUR:** A big bill – the rating property taxing system that we endure in Victoria is the most inequitable form of taxation in this country. It is based purely on geography, where the valuation of a property in an urban metropolitan council will incur very low rates in comparison to what you are paying out here in the country and farmers by and large are footing the bills in many of these cases because, as you said, the rate cap allows for a council to adjust their rate-in-the-dollar situations any which way they like. For me, the only way to solve this problem is to abolish this property-taxing system and fund local government in another way, and that would require local government getting back to basics and doing what they are actually meant to be doing and not going off on frolics in every other area.

**John BUXTON:** RDR. Get them back to RDR – roads, drains and rubbish. That would be good. If I can go back to Mr Berger's question about skills shortages, this declining profitability – Trent is right – is the main driver. As I said earlier, we have lost our community and the pool of people who used to make a living as casual workers on farms have gone in a lot of cases. One solution our industry research and promotion provider, Australian Wool Innovation, put a big effort into was shearer training, and that has had significant benefit. For our business, employment is being denied to us. There you go: employment has been denied to us. We cannot afford it.

**Bev McARTHUR:** Would you agree that we have to have a whole different system of funding local government?

**John BUXTON:** Yes. I am sorry if I have not made that clear.

**Bev McARTHUR:** All of you would agree that that is how we get there – not fiddling around at the edges with valuations or productivity valuations.

**Trent ANDERSON:** The only thing I am very nervous about is that I am well aware we do not pay land tax. If it came at the expense of them bringing in land tax, we would probably end up worse off. So I am very,

very cautious in which direction we go, because we think rates are bad, but if we get hit with land tax that would basically end the agricultural sector.

**John BUXTON:** Mrs McArthur, is there any way that we can severely restrict the amount of money that governments can spend and raise?

**Bev McARTHUR:** Well, yes. I think we politicians are our own worst enemy. 'We're here from the government to buy your vote with your money' is the normal mantra. I think local governments, frankly, ought to have an extra column in their spreadsheets which would say 'Outcomes'. Does that program deliver an outcome? Who does it service? If it does not, we will scrap it. That is what the New Zealand government did at one stage.

**Geoff GOOCH:** I have got a problem with a riverbank that has got a hole on it. To get that patched, the government attitude is the beneficiary pays, so if I stop their water running onto my property, I have to pay for the damage. But then you see bicycle tracks and various other things being put around and nobody is paying any money for that at all. This inequity of who is spending money on what –

**Bev McARTHUR:** And the user pays.

**Geoff GOOCH:** Yes, the user pays. The beneficiary pays.

**John BUXTON:** We all contribute to the funding for the CMA, and their responsibility is to look after riverbanks. He has been asked to pay rates on a property he has not been able to use for five years because it is permanently flooded. Now, it used to flood then dry out over summer. It was incredibly useful for him. Then it would fill up again in the wintertime and dry out. Not anymore, and they are jacking up the rates. Where is the equity in that?

**Bev McARTHUR:** Clearly non-existent.

**John BUXTON:** Now, can I go back to Mr Berger's comment about how there are social implications for this. Like I said, we have lost our community. We are no longer surrounded by other professional farmers who hold the same concern for the land and those kinds of issues. We have lost the ability to cooperate with neighbours. You can stand at the front door of our wool shed and cast a 180 degree arc about 3 kilometres deep. Over 10,000 sheep have disappeared from there that will never come back. Just the shearing wages on that alone – and our shed is about \$6 to \$7 a head – that money is not going into the Stratty community anymore. They are the kinds of hidden costs that are out there – plus the lovegrass. I do not know if you know about lovegrass. African lovegrass is tough. It sets up a biological desert. It completely takes the place over. It suppresses anything else that wants to grow. It has got a very high level of hard seed, which means the seed does not all germinate on the first rain, so there is a huge seed bank in the ground. It grows to 3 feet or 4 feet high. It is a massive fire risk.

**Bev McARTHUR:** Is it like phalaris?

**John BUXTON:** No. Phalaris is good tucker.

**Bev McARTHUR:** But on the roadsides it is a major fire hazard.

**John BUXTON:** Yes. It has zero food value effectively, so you can have livestock living on it and they will starve to death.

**Trent ANDERSON:** John, can I just squeeze a bit more in?

**Bev McARTHUR:** Where is this, John?

**John BUXTON:** It is from one end of the shire to the other.

**Bev McARTHUR:** So the council are not maintaining that?

**John BUXTON:** Nobody can maintain it.

**Geoff GOOCH:** They will go and slash the sides of the road, pick up the seeds on the slashers and distribute them.

**Bev McARTHUR:** And move them somewhere else.

**Trent ANDERSON:** I was just coming back to the wage one. I do actually employ 3½ people through my business. I know everyone wants to think it is about more training or more this. The young guy I had recently I had taken through from 16, before he had a licence, and we had to ferry him everywhere. The minute he turned 20 and was qualified he just hit me with, 'I can go and earn 30 bucks an hour anywhere I go.' This is an 18-year-old who did not know what the back end of a sheep looked like when he started, so he cost me more than he made me in the first two years. Because industry will pay him – you can have your trades, you can have your plumbers and your mechanics, and they all go to the mines or they all want to go to Melbourne, where they can make the big money.

**Bev McARTHUR:** The Big Build.

**Trent ANDERSON:** We can keep training them up. It keeps happening; we keep training them. But unless we can compete with our wages – and it is not just wages; it is the time off they can get on those jobs with them being a lot more flexible with their working hours. No-one wants to hear it, but it is the reality. As John said earlier, we cannot just add the cost to the government bill and say, 'Well, the cost overrun has gone up because wages went up.' We cannot do that, so we have to actually just let them go and work harder. It is a significant issue, and it is nothing from our end – it is literally what they can earn through mining or government jobs and that sort of stuff that is the issue, and it is a big issue.

**Geoff GOOCH:** The shire advertises jobs in their head office at huge salaries.

**Bev McARTHUR:** Can I just go to that shire. The shire was actually asked to put in a submission to this inquiry. They refused to.

**Geoff GOOCH:** It takes a certain type of person to work in agriculture. When we get them there, we like to hang on to them, but we can only pay them so much. The young people who do stay in agriculture, they take a significant pay cut to work there because they like it. I have got a son who works in the Pilbara. When the cattle industry closed down up there, they said, 'Oh, it's all right. They can go and get a job somewhere else.' But those kids, they are a breed apart – they really are. Even down in this district, to have a young person who wants to work on the land – it is a real asset to get them and very hard to hang on to them.

**Bev McARTHUR:** So just let us be clear on this: the only benefit you get out of your rates is supposedly some work on local roads. And Trent is telling is that that is not done well either.

**Trent ANDERSON:** I have been told I can use the pool.

**Bev McARTHUR:** You can use the pool.

**John BUXTON:** How far do you have to go?

**Trent ANDERSON:** It is a 35-minute drive each way. That is what they say. The facilities are open to everybody.

**John BUXTON:** Can I talk about their road maintenance?

**The CHAIR:** Maybe just as a final closing remark, just because we are almost right on time, and then we will wrap up the hearing.

**John BUXTON:** I assume this is the closing remark – is that correct?

**The CHAIR:** Yes.

**John BUXTON:** Road maintenance – the grader comes to grade our road, and a water truck and often a tractor with a roller on it comes. That will work from 9 am until 3 pm. There would be nearly \$1 million worth tied up in the gear to do it. On farms we work that sort of gear 24 hours a day. They put these cut-offs in the

side of the road to drain the water off, and the grader will run the blade down there and leave the end of it blocked up. They will run the blade into the culvert, where there is a pipe under the road to direct the water away, and leave the end of it. Nobody gets out with a shovel to clean out the culvert, so they are jeopardising their ability to maintain those roads, and the water runs down the centre of the roads and washes the gravel off them. I can show you a spot on the road where the grader has graded the gravel off the road. The road is below ground level, so it fills up with water, and piles of gravel and grass on the side of the road – there is enough gravel to sheet the road properly, yet they have thrown it all away. So there are some questions about their standards and their work ethic. They are not thinking about how they effectively use that high-cost machinery to get the best value out of it. Now, If I got to knock off at 3 o'clock, it would be Christmas time.

**Trent ANDERSON:** I can very quickly add to that – I guess we are under privilege, so I can do it. We have started clearing the roadsides ourselves because I have actually got five kids and it became very dangerous. We have got spots – and we are talking on single-lane roads – where the trees are within half a metre of the edge of the road and on sweeping bends. As you can imagine, trucks coming around there – people cannot see. So I have actually taken it upon myself, and we now clear those roadsides back to a safe distance. Now, that is highly illegal, and when I get caught I will ask for forgiveness, like the way the world works now. But I would put my family safety over red tape. You want to fix all things – get rid of the red tape. Stop people sitting in offices ticking boxes to justify their jobs. I think we can probably get rid of 30 or 40 per cent of office staff and actually put people on the ground. Let common sense –

**John BUXTON:** Can I hit you with another little reality?

**The CHAIR:** Just very briefly, sorry, because we are going to have to wrap up for members to get away.

**John BUXTON:** Righto. I have had a fair bit of involvement with the meat industry in my time, and I have got some good friends in the processing business. The price we get for our product on board the boat is the same as it is for any of our competitors, regardless of wherever they are, yet we have got the highest meat processing costs in the world. Now, do you want us to employ people in this country or not? To put that product on the boat we are significantly disadvantaged from the word go. The meat processor says, 'That's worth X on the boat, less the processing cost, less the transport, less the electricity, less the government red tape. That is all I can pay the farmer.' I get what is left.

**The CHAIR:** Thank you. Thank you very much for appearing before us today and making the effort with your evidence. We really, really appreciate it. That concludes the public hearing.

**Committee adjourned.**