

# **ENVIRONMENT, NATURAL RESOURCES AND REGIONAL DEVELOPMENT COMMITTEE**

## **Inquiry into the sustainability and operational challenges of Victoria's rural and regional councils**

Wycheproof — 12 October 2017

### Members

Mr Josh Bull — Chair

Mr Simon Ramsay — Deputy Chair

Ms Bronwyn Halfpenny

Mr Luke O'Sullivan

Mr Tim Richardson

Mr Richard Riordan

Mr Daniel Young

### Witnesses

Mr John McConville, Chairperson,

Mr Graham Harris, Committee Member, and

Mr Trevor Campbell, Former Committee Member, Donald 2000.

**The CHAIR** — Good morning everyone, and thank you for being here on what is a very nice and sunny Thursday morning. Can I take the opportunity to thank the local shire for having the environment committee here in Wycheproof. I understand we have the Wycheproof P-12 College years 7, 8 and 9 students this morning I do thank you all for being here. I hope you find today's hearing of benefit, and I hope that much of our discussion today is of interest to you. Later on after today's committee hearing if there are any questions that you as students have, certainly feel free to come up and approach any one of the members of the committee. I have no doubt that they will be very happy to have a chat with you about some of the work that we have been doing.

I take the opportunity to thank Hansard, the secretariat and parliamentary staff for being here as well. Welcome to the Environment, Natural Resources and Regional Development Committee's public hearing in relation to the inquiry into the sustainability and operational challenges of Victoria's rural and regional councils. I extend a warm welcome to any members of the public that may be here today and of course members of the media. The committee is hearing evidence today in relation to the inquiry into the sustainability and operational challenges of Victoria's rural and regional councils, and evidence is being recorded.

All evidence taken today is protected by parliamentary privilege. Therefore you are protected for what you say here today, but if you go outside and repeat those same things, those comments may not be protected by such privilege. Today's evidence is being recorded. You will be provided with proof versions of the transcript at the earliest opportunity. Transcripts will ultimately be made public and posted on the committee's website. Can I now ask each of you to state your name and position, please?

**Mr McCONVILLE** — John McConville, chairperson of Donald 2000.

**Mr HARRIS** — Graham Harris, member of Donald 2000.

**Mr CAMPBELL** — Trevor Campbell, ex-member of Donald 2000.

**The CHAIR** — I now invite one of you to make a brief opening statement, which will be followed by questions from committee members. We have around 25 or 30 minutes allotted to us, so over to you.

**Mr McCONVILLE** — Thank you, Josh. Good morning. I am John McConville, as I said — business owner. I am married. We have four boys. The youngest is 21. This is a brief outline of where I come from. All were educated to secondary completion in Donald. Our educational facilities and how good they are is something that we are proud of in the bush. Donald High School has been in the top 7 per cent for the last 12 years, so we are very happy with that. Just to outline how successful their education has been, my first son is a mining engineer, my second son is a paramedic, my third son is a welder and fabricator and my fourth son is studying criminology and psychology at Deakin. So education is certainly important to us.

I would like to start with some positives, and then we can move onto some negatives. The positives we have in Buloke shire are good educational institutions, as I have just outlined, good basic medical services and good sporting facilities. We have safety, and we have space. The negatives are limited population and limited resources — a decline in population, and everyone is au fait with that. Therefore that applies more pressure on sustainable businesses and our shire.

We were told recently that we live in the highest cost of living shire Victoria. If you want the lowest cost of living, it is the CBD in Melbourne. We have an area with the lowest average income in Victoria. We have a population of 6230 in the Buloke shire, but only 2486 are actively employed. We are a shire of 8000 square kilometres. We have the largest road kilometres of any shire. We have a median age of 52. We contribute \$337 million to the gross regional product, not the GDP. We cannot afford any more rates. With the rate capping we are at the limit. As an example, a property in Melbourne valued at \$800 000 — and these figures are rough — is rated at roughly \$1100 to \$1500. A property in Buloke of the same value is rated at \$5000. The property in Buloke creates product for Australia, and hence wealth for Australia, but the property in Melbourne creates wealth for the owner, so there is a bit of disparity there.

We feel we are over-regulated, and this only encourages a lack of development. That is something that is important to us. Obviously population is very important for sustainability, and with regulation we find we are hindered. One cap does not fit all.

We have state legislation forced upon us and we have to pay. Surely if the state wants us to comply, they should pay, not local government. In a submission done in 2013 — and I did a bit of googling last night — the recommendation was that state government should inject a minimum of \$27 million into Buloke shire annually, and that was in 2013.

We pay the highest rates in Victoria, we pay income tax, obviously, and we pay GST, but we get the minimum level of services. But we do not expect the same services as our city cousins — and that is coming personally from me— we do not expect the same. We are quite happy to live out here.

Our main concerns are rates, roads, education and health. Three out of those four are certainly state responsibilities. They are not local responsibilities, but we seem like we are paying. Our fuel is too dear, and that is the biggest cost that we have. Our registration is too dear, our power is too dear and our water for recreational and sporting associations is too dear. We need better phone and data services; they are all state responsibilities, not local government.

‘Decentralisation’ was a word thrown around, and it was something that excited us and something that should happen. I believe that maybe that is the avenue that we should take. We need that to work. We need action. We want to live in the Buloke shire, but it seems that we are penalised and we are being taxed too much. From this today I am hoping we can come up with solutions. I want positives. We all want positives. We do not want negatives.

I will finish it there. Thank you for the opportunity, and hopefully we can be of assistance.

**The CHAIR** — Thank you very much, John. I am sure the committee will be in agreement that we are also seeking positives and solutions to some of these very difficult issues that you have raised. I will take the opportunity to ask the first question, if I may. You mentioned rates, and I notice in a couple of the submissions the disparity, if you like, between city and country in terms of what is charged. Are you and your committee in favour of rate capping?

**Mr McCONVILLE** — Rate capping. I believe that there should be a rate capping — that we do not pay over the top.

**The CHAIR** — Anybody else want to elaborate on that?

**Mr CAMPBELL** — I would like to say just on rates — and John brought up a good point about Melbourne house rates and the rating up here on land. I regard our land as a tax. It is not a rate, because that is our means of making an income. I am the fourth generation on our particular bit of land, and our son is the fifth. It is a means of carrying on that particular family run, and it seems to be the milking cow at present. I am glad to see Simon here, because the VFF tried to go down this line some years ago, that it should be a distinguishing between what you call a rate and what I call a tax, and that is a big handicap for a lot of farming in this area.

**The CHAIR** — Just by way of a supplementary question. I notice in a couple of the submissions, those things that have been cut back, and I believe off the top of my head, I do not have it handy, something like 700 kilometres of road were taken away as a result of not being able to pay for them, and youth services were completely cut, which I think as a relatively — I say ‘relatively’ — young member of Parliament that particularly concerns me. We have got some great young people here today. I just wanted to ask: are there core responsibilities or services that you believe the shire needs to maintain and, if so, what are they?

**Mr McCONVILLE** — The core ones are rates and rubbish, and that is what we keep quoting. Rates, obviously, that is something that we are all concerned about. But you have driven up from Melbourne to here. You would have come down the Calder, and the Calder is a relatively good road. Now — this is VicRoads, obviously, state and federal — when you get out on the smaller arterials you would be really surprised how rough they are and how bad and deteriorated they are. So you bring up a good point of 700 kilometres being decommissioned or brought back to gravel or back to dirt. It is most important for us. We are in the middle of nowhere, and we have got to travel a long way, so the roads have to be good, the fuel has to be cheaper and they are our main costs.

**Mr RAMSAY** — Thank you, Trevor, John and Graham for your time this morning. I actually came up to Sunraysia this morning from Ballarat, and the road is fantastic until St Arnaud, and then the wheels fall off, literally almost. So I have sympathy with some of the issues around roads.

We are charged with trying to recommend to government a longer term sustainable and viable mechanism to fund local government. As Trevor indicated, I have had a long association with the VFF, where we have been advocating for a change in methodology in the rating system. The current policy is a house and curtilage, and no land tax on production land, but that really is short term as well. So I do invite you to, perhaps if you could, find some recommendations that we could consider that will provide long-term viability for the Buloke shire and other small rural councils that are dependent on, basically, farmers' rate revenue — which is totally inequitable, and I agree on that for the comparisons you have already outlined. We are hearing that everywhere we go in regional Victoria. We have not hit Ararat yet. I cannot wait for that, because I am sure we are going to hear similar stories as well.

At the end of the day this is a once-in-a-lifetime opportunity as far as I am concerned for us to make some quite robust recommendations to the government in relation to long-term funding models for local government. So I invite the three of you, or one of you perhaps, to give us some guidance in that.

**Mr McCONVILLE** — Important to us in Donald is industry. Industry employs people, and so the flow-on effect is housing, education, doctors and sporting facilities, and it is something that all of us are very passionate about, especially Graham Harris. We have got an industrial estate that employs 200 people, but we need incentive to get industry from Melbourne, or wherever, out into the bush. We are not sure what that is, but we have got a lot of good ideas. Graham is a good one to spruik on that; he has got some ideas and has been doing this for a long, long time. But decentralisation has to work. We need some businesses to come to the bush and prop us up. With population a lot of these problems that we have will be alleviated. Graham, have you got something to add to that?

**Mr HARRIS** — Yes, I have. Probably as you all know, Buloke shire population is losing businesses, losing skilled employees and losing professional services. There is a decline in quality housing, business premises and school enrolments are declining. There are vacant shops in the main street, disappearing sporting bodies and house values are falling. So there are a number of things that are declining in the Buloke shire, and right across small towns all across Victoria.

What we seem to think is we need industry, we need people and of course we need the hospital services and the services of education, but they will only be sustainable if we get people living here. My thoughts on it were to have a zoning and a genuine decentralised policy. We should be treated differently to Melbourne councils and larger regional cities. We need them, but we also need to survive — the quality of life in our towns needs to survive. What we are suggesting as a solution is zoning, we call it a 5000-200, 5-2, zoning. Towns under 5000 people and over 200 kilometres from Melbourne, there should be special incentives for them, a genuine decentralised policy. Some of the things we could add to it would be — you know Dan's current government has reduced the payroll tax. They are not very big industries outside that, but a number of them need to survive, so reduce the payroll tax to zero for that zoning. That would be a terrible thing for government to do, but what an incentive for industries, the larger type industry, that pays payroll tax.

This is a decentralisation policy. For anybody relocating a business from Melbourne, pay their relocation costs; reimburse local planning fees for anybody building, pay connections to gas and electrical power, water and other services; and assist with the cost of getting goods to market. Freights is an impost up in these areas. For any business moving out of Melbourne, pay the council rates for one year. There are a number of other things. The essential thing for small towns is to keep growing the housing. I have got a theory: if you have got housing, you get people; if you have not got housing, you do not get people. Affordable housing should be on everybody's agenda. In small country towns — on affordable housing — we have got cheap blocks, and Dan's government has increased the new home build from \$10 000 to \$20 000. They get \$40 000 for the 5000 towns 200 kilometres from the CBD. Give them an incentive to build. Unless we keep building quality houses, we are gone. We have gone backwards.

On aged-care housing, you take the people going into aged care, and that releases a good low-priced house, usually for a first home buyer. For aged-care housing units and villages, pay the cost on planning and building permits. We can develop our caravan parks for low-cost, affordable housing. It is a state government legislative act that requires them to move out of a caravan park after six months. That should not apply. We are separate;

we are different to the bayside caravan parks. We previously had a village of probably 50 people living in a caravan park in Donald — not good quality, and they have rectified that now. But surely there should be some feature in the legislation that allows people to make that caravan park their house. That would help solve the affordable housing issue, and it would also help solve the congestion and other problems that Melbourne are having.

Just to finish on what I am saying, all these are associated with zoning of towns under 5000 people and over 200 kilometres from Melbourne. So it is just a thought that it might solve quite a lot of problems. There are possibly a few votes in it, especially for Liberal and Labor Party governments based in cities — or that is where you get your votes from. But have a look at the value. Most of the people in the Melbourne areas, they have come from the country and they recognise that the country is losing population and losing services. They would be happy to support these types of things. They are some ideas I have.

**The CHAIR** — Terrific. Thank you. That is very comprehensive.

**Mr RAMSAY** — I appreciate that Graham. I was going to ask, if you would not mind, if you could provide that paper to the committee as part of its deliberations.

**Mr HARRIS** — I sent it to Jaala Pulford

**Mr RAMSAY** — No, send it to us.

**Mr HARRIS** — And to be even-handed I sent it to Louise Staley too.

**Mr RAMSAY** — Okay. So you are happy to give that to the committee?

**Mr HARRIS** — Yes, sure.

**Mr RAMSAY** — Thank you. A supplementary, very quickly: we had quite a successful country roads and bridges program, which was designed specifically for local roads and bridges, given directly to disadvantaged rural councils like Buloke. That was well received by local council and the ratepayers. Are there similar-type programs you can think of that would help and assist with the issues around the funding of the shire for doing its upgrade and maintenance of assets, other than that program which we have to see again with a change of government?

**Mr McCONVILLE** — That is totally related to roads, is it, Simon?

**Mr RAMSAY** — That program was — roads and bridges — but I am just wondering are there similar-type programs you could foresee that could be implemented to assist councils in the funding of the ongoing need for upgrading of their assets?

**Mr McCONVILLE** — We have been talking primarily about roads and rates, but there are other factors. One of the things that just sprung to mind then is our local kindergartens. The local councils fund the buildings and the running of them. I am thinking that should be a state — education and health is state, and maybe state could contribute towards that. Child care is very important to us; we were talking about it on the way over. The wives have to work as well to support the family. What do they do with the children? Child care is very important to us. It is important everywhere; it is a big issue. We believe that maybe there should be some funding coming from state for that as well. Obviously it is a big cost. If you take in the costs, it is not viable for the wife to go to work normally and it is better off that the wife stays at home and looks after the children.

As far as the roads, Simon, look, it is going to be a constant battle. Because we have so many roads in the Buloke shire, where do you start and where do you stop? The main arterials are obviously important to us with the trucking of grain and with general transport. I would focus on those first. The minor arterials — by all means maintenance, but who funds it? VicRoads seems like they have got no money all the time. They do the main arterial, and the shire is responsible for the minors. So we need to change that equity a little bit too, I think.

**Mr YOUNG** — Just a quick one if I may. John, you made one statement in your opening that when state legislation is forced upon you, the government should pay, not the councils. What was that in reference to?

**Mr McCONVILLE** — Which legislation was that, Daniel?

**Mr YOUNG** — You said that in your opening statement. You said when state legislation is forced upon you, the state should pay. Are there any particular examples of that?

**Mr McCONVILLE** — I will check my notes.

**Mr YOUNG** — I am happy for you to take that on notice.

**Mr McCONVILLE** — Some of the state legislation that comes to mind with me is I am obviously in the building game; with the building codes the way they are, they change every second week — and that is an exaggeration. As an example, if I build a hay shed over 200 square metres — and you can correct me on the 200 square metres — by legislation it has to have a disabled toilet in it. Now, this is lunacy; it is absolute lunacy. The shire employ building inspectors to come around and make sure all this happens. I think that people are forgetting where we are and who we are; one cap does not fit all. I have lost a job over that very thing. The shed was built over 200 square metres, so there had to be a disabled toilet in it. Then there had to be fire services and there had to be an extremely huge tank with a diesel-powered pump on it, and it had to be inspected by the CFA every three months. They are forgetting that this is just a machinery shed; it is not the Eiffel Tower. That type of legislation really gets my goat because I am in that situation, but that is just the tip of the iceberg. With the building game, we have the VBA, and they are coming around and expecting everything and making sure everything is done to the nth degree. And not only is that an insult but what a huge impost cost-wise on everyone. I do not believe we need that. I think they are forgetting where we are.

**Mr O'SULLIVAN** — Thank you, gentlemen, for coming in today. I just want to follow up on Mr Harris's comments in relation to decentralisation and population, because I think it is critically important to regional areas. I am pleased to say that my boss, Peter Walsh, who you would all know quite well, has just taken on the role of being the shadow minister for decentralisation. It is something that we are certainly very keen to see undertaken into the future, because we see that as a critical step forward. If you look at just the town of Wycheproof, which we are in now, we have just seen that the bakery has opened up in recent times, and I think it is something like 12 or 14 jobs that have been created as a result of that. We have got a new butcher in town, who is going pretty well also. It does show if you can have those incentives in place to get some of those business to either move here or start here and take up residence and create jobs, it does make a big difference. The flow-on effect of that is that bakery is obviously paying rates and so forth that go into the council, which helps the council with additional rate revenue.

I guess mine is more of a comment than a question, but I absolutely think that is critical in terms of getting more people to come out and live in these regional areas. The statistics you mentioned in relation to the schooling at Donald is terrific, because that is important as well — to give a reason for parents and young people to ensure that their students do actually stay locally, because if they do stay locally, they are more likely to stay around and try and get a job if they can, rather than move away to a larger centre and in most cases never come back to the country. I absolutely endorse your comments in relation to having incentives for businesses to locate here, start here and get the people out here. It is critically important to these small communities.

**Mr HARRIS** — So I would like to ask a question of you, then. What is the ideology of zoning? Are we allowed to ask a question?

**The CHAIR** — No.

**Mr HARRIS** — It is too late, because I have asked it.

**The CHAIR** — We are pushed for time.

**Mr HARRIS** — No worries; that is all right.

**The CHAIR** — We are pushed for time, Graham.

**Mr HARRIS** — No, that is fine.

**Mr O'SULLIVAN** — But, Graham, just let me reassure you, I will talk to Peter Walsh about those issues that you have raised.

**Mr YOUNG** — We are not meant to make lengthy statements either.

**The CHAIR** — Correct. We will take Mr O’Sullivan’s question as more of a comment rather than a question. Can we take the opportunity, Trevor, John and Graham, to say thank you very much for presenting to the committee. I think you have raised some excellent points. Certainly the committee will be considering those on the basis within the report. Thank you for all of the work that you do for your community.

**Mr CAMPBELL** — Do you mind if I just ask Luke if he can pass on our thanks to his boss. Peter gave us \$1 million for flood mitigation in 2011. We have actually started on that, so tell him: six years later we are actually moving; by seven years we might even complete it.

**Mr HARRIS** — The shire was responsible.

**Witnesses withdrew.**