

ENVIRONMENT, NATURAL RESOURCES AND REGIONAL DEVELOPMENT COMMITTEE

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

Traralgon — 9 October 2017

Members

Ms 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 Graeme O'Hara, President, and

Mr Bill Cawcatt, Vice-President, Latrobe City Farm Ratepayers Association.

The CHAIR — Good afternoon. 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. Can I extend a welcome to the members of the public and 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. 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 comments, you may not be protected by this privilege. I would like to welcome you both here. 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 ask you to state your name and job title, please?

Mr O'HARA — My name is Graeme O'Hara, and I am the president of our Latrobe City Farm Ratepayers Association — until I am voted out.

The CHAIR — It happens to us all eventually.

Mr CAWCATT — My name is Bill Cawcatt. I am vice-president of the city ratepayers association.

The CHAIR — Thanks, Bill. I will now invite you to address the committee. We have allowed 30 minutes in today's agenda for this session. I will ask you to make a 5 to 10-minute opening statement, and then that will be followed by questions from committee members. Thank you once again for being here. Over to you.

Mr O'HARA — That is grand; we were informed it was 5 minutes. We even brought a lot of notes.

The CHAIR — Five minutes is fine. We will have plenty of questions.

Mr O'HARA — Basically the Latrobe City Farm Ratepayers Association is probably 150–160 within Latrobe city's boundaries, and that is diminishing at a fair rate because farms are amalgamating and some farmers are leaving the industry. However, we are fairly vibrant. We submit each year a submission to council for the retention — we have a farm rate differential, which is 75 per cent of the general rate, which we are grateful to retain. We have a good working relationship, along with the Yinnar branch of the Victorian Farmers Federation — most of us are members of both. We have a good working relationship with Latrobe city. We debate with them. We meet with them three times a year with a working group, and we just swap notes, and we find it beneficial to both of us.

With regard to our differential, you could go on forever really, but we feel that there is an inequity there without a differential. Farming is a land-based activity. Let me explain Latrobe city. We are basically smaller entities, not like northern Victoria, where you have got the big grain operations and where there are 200, 300 or 400-acre properties. It is not unusual for us to have a couple of titles next door or across the road. Most of the farming in Latrobe city is dairying and beef cattle. There are a few sheep, but basically the majority is dairy and beef cattle.

With the inequity I am talking about, what we feel is that as we improve our productivity — that is, our pastures, our layout, our farm sheds and everything — our capital improved value, our CIV, is rising. It is a productivity thing. That is why we do improve our properties, especially pastures with dairying and beef cattle. We feel that the differential is in some way squaring up the inequity, as opposed to a commercial operation in town — big building, big shared office complex inside. Their productivity going on within that building, we would have and council would have no idea what is going on there. The building is rated and their activity within that. We are exposed. Basically, logistically we are low users of council's facilities because we do live out of town. We are not, you know, in at the library and all the other facilities that council provides these days.

I will just move onto a couple of other things that affect us greatly. Land valuations have a big bearing on our operations. The valuations are every two years now; it used to be three. There is some talk that that is not enough. We believe it is far too much. We are comfortable with every three years. We see that as being at less cost to council because valuers are independently employed by council. There is not a lot of movement in Latrobe city every three years. There is not a lot of bouncing with our land valuations; they have plateaued for the moment.

Zoning: we are very sensitive to zoning changes. For example, living on the boundaries of the town and the residential area, I think, as I understand it, council has to have up-front planning in place, so they might need

some more rural or residential zones, for example. If there is a zoning change, that affects us dramatically. If it moves from a farm rate to rural residential, that allows a 5 or 10-acre block to come in. They will invoke a potential rate, which we feel strongly about. Without any planned subdivision being in place, as soon as that zoning change is put in place, the potential rate comes in, and more or less your economies of scale are gone. We are strong on that one, Bill?

Mr CAWCATT — Yes.

Mr O'HARA — The other important thing, and there are so many other things of course, is regional roads — their surface condition, drainage and culverts, and trees impeding vision. Everybody is so sensitive about trees today, but roads are meant to be for the traffic. If we have got a leaning tree, we normally get in touch with council, and that is a sensitive area, to knock off that leaning tree. The birds will be implicated, or parrots or whatever, but it can be quite life-threatening if you have got a tree that is not looking too flash.

We have another situation here where we quite often need to move cattle across roads — certainly not big freeways and things, but we do have a lot of underpasses, which is a great thing. The state has partly funded cattle underpasses. In our council boundaries we have got smaller properties, so you might have a paddock across the road, 30 or 40 acres, and it is not practical to put in an underpass — an \$80 000 cost — so we require a permit to cross the road these days. As time goes by, that is going to become a little more sensitive, as we understand, so that is something we debate with council.

The CHAIR — I think that well and truly covers the opening statement. Thanks, Graeme. I will take the opening question. Early on you mentioned your organisation represents 150 to 160 different groups. You said that there are a number of farms that are amalgamating. Is that due to cost? What is the trigger for the amalgamation of those farms?

Mr CAWCATT — It is due to running costs and prices — sale prices — particularly for dairy.

The CHAIR — Rezoning as well? You mentioned rezoning. Is that linked to some of those sales being priced out?

Mr CAWCATT — No, I would not say so. It was just farms becoming big.

The CHAIR — The committee has heard evidence from the VFF, and the VFF have proposed not rating land use for farm production. We know that in some communities 74 per cent of rates revenue is generated from farms and rural communities. In Latrobe farms contribute around 5 per cent of total rates revenue. What do you think of the VFF's proposal to not rate land use for farm production?

Mr O'HARA — Are we answering that for the whole of state?

The CHAIR — For Latrobe.

Mr O'HARA — I think we have got a responsibility to pay council an amount of money for our roads. Our access roads have got to be built, and they have got to be maintained. Maybe you have got to go 5 or 6 kilometres and at the end of that there might only be two or three properties. I think we are comfortable paying a rate, yes.

Mr RAMSAY — In fact that was a question I was going to ask myself. Welcome, Bill and Graeme. You talk about equity in your opening statement. All you want is equity in how the rate distribution is across the different groups or demographics. You said you are comfortable with the 20 per cent — was it 20 per cent or 25 per cent —

The CHAIR — Twenty five.

Mr RAMSAY — differential for farmers, as defined in the Local Government Act. I must congratulate Latrobe city for having a farmers ratepayers association, because we see what has happened in Ararat, where 25 per cent of the farmers were paying 34 per cent of the rate revenue. The lack of engagement with local councils obviously caused the sacking of the council and the imposing of monitors. So it has become a serious situation up there — about the inequity of that system, that differential.

The Chair has led to the VFF's position about a more equitable system of having house and curtilage and not rating the farm land. You seem to be in contradiction of that policy, saying that, no, you believe it is fair and equitable to have a full-value rating methodology on all of the farm land. I am trying to get a sense. You are satisfied as long as Latrobe city holds a 25 per cent differential rate for farming? You think that is fair and equitable?

Mr O'HARA — Yes, we have discussed this within our committee a number of times, and we really do feel that differential is an absolutely essential part of our rate situation with farming. If we were to pay the extra 25 per cent — most of us pay more than \$5000 a year, so that is \$1000 extra that we would pay without that differential — we might be here banging on the wall saying, 'Just house and curtilage'. But yes, regarding the VFF, I think we are fairly comfortable as a committee. So long as our differential — 75-25 — is maintained, I think we are pretty satisfied. We have got three massive power stations here, and it does push up prices around us. It is sort of a unique council, Latrobe city. Not a lot of other shires have got such a lot of mining within their boundaries.

Mr RAMSAY — Thank you. I might reserve the right to my second question later and hold it over, Chair.

The CHAIR — Not a problem, Deputy Chair.

Mr O'SULLIVAN — The question I want to ask is in relation to the regional roads in not only your particular council area but also in some of the other council areas as well. We have got a proposition from the current state government with some councils to trial the prospect of having speed limits on gravel roads reduced down to 70 kilometres an hour. I am not sure exactly what the basis behind that is, but that is something that is going to be used. It would mean they would have to grade the roads less to save money. Is that something you think would be a reasonable proposition?

Mr O'HARA — Do you want to handle that?

Mr CAWCATT — As you say, we do not know the full story of it, but I think just in our area, in Latrobe city, our gravel roads are not very long anyway, so it is not going to affect us. I would be quite happy with it at 70 kilometres. But up north where the roads go for miles and miles, it could be entirely different.

Mr O'HARA — I would agree with that. Bill lives on the north side of Latrobe city shire, and I am at the other end, the south side. I agree that most of our unsealed roads are not terribly long, so I would be comfortable with 70 kilometres. There would be less stones and dust. Dust is the biggest issue; it floats off the road from the traffic onto your pastures, and it has an effect.

Mr CAWCATT — Particularly for dairy farms where the milking shed is right on the road.

Mr O'SULLIVAN — I am from up in northern Victoria, where they have gravel roads that are a bit longer. At 70 kilometres it would take you a month to get anywhere.

Mr O'HARA — We can appreciate that.

Mr O'SULLIVAN — Out where my farm is, I have got 15 kilometres of gravel road before I even get to the bitumen to get into the town. It is a different proposition, I guess.

Mr CAWCATT — You would have a good excuse to be late for work.

Mr O'SULLIVAN — I think I am going to leave my questions there.

Mr RIORDAN — I just want to touch on one of the points that you raised, which I think is a really good one, about what makes farming different to other businesses in the townships. That is around the fact that you put effort into making your farm productive and looking good. I just wonder, from your perspective in this neck of the woods: if you have got an active, progressive farmer there who has got good fencing, the laneways are good, he has got nice plantations and looks after his properties and his pastures and so on, what do you think that adds to the value of a property compared to the old guy next door that has given up on life, the fences are falling down and everything looks as though it has gone to hell in a handbasket? What do you think that penalty is to the good farmer in terms of the extra value he gets and as a consequence pays in rates? What do you think it would be around?

Mr O'HARA — It would absolutely apply to his capital improved value. The valuer comes in and he values the old fella whose fences are falling down.

Mr RIORDAN — What are you paid for a premium here for a new farm over a run down one? Is it just 20 per cent?

Mr O'HARA — Twenty-five or 30 per cent.

Mr CAWCATT — Yes, it would be.

Mr RIORDAN — It is significant.

Mr CAWCATT — Yes, it is significant, absolutely.

Mr RIORDAN — So it is a real decision — well, you do not really have a choice in farming in this day and age, but it is quite a penalty to pay for looking after your farm, isn't it?

Mr CAWCATT — Yes, definitely.

Mr O'HARA — Because you are listing your capital improved value, as you are trying to lift your productivity, they are both going up together, and the valuer is independent from Latrobe city. We argue at the rates office and they tell us, 'They're independently employed'. It can be an issue. The potential rate is when there is a zoning change. We have had two of our members affected badly by a zoning change out of their control, living a little closer. One is in residential, but it is sort of —

Mr RIORDAN — So still operating a farm, but the zoning has changed to residential and doubled the value of the land?

Mr O'HARA — It was rural residential in these two cases, and it affected them greatly. They had no intention of putting in a plan for subdivision. They just want to continue farming, but the zoning has changed and alters their situation totally.

Mr RIORDAN — So when we saw the statistics earlier on the farm rate, under that circumstance there are viable operating farms in Latrobe city that will actually be appearing under the residential rate collection rather than the farm rate. Is that what is happening? So there are people operating farms that are not on the farm rate?

Mr O'HARA — Once their zoning has changed, yes. That would be the case.

Mr CAWCATT — And it is normally only a proportion of their farm to start with, and they have got to cease operating because they cannot afford to pay for the rates.

Mr RIORDAN — So it is not done after the land use changes?

Mr CAWCATT — And there is no — what is the word? It is just bang and it happens. There is no notice at all that it is going to happen.

The CHAIR — Can I thank you both for being here today, for presenting to the committee and for answering questions from committee members. We greatly appreciate it.

Witnesses withdrew.