

ENVIRONMENT, NATURAL RESOURCES AND REGIONAL DEVELOPMENT COMMITTEE

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

Melbourne — 15 August 2017

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Mr David Jochinke, President, Victorian Farmers Federation.

The CHAIR — I welcome David Jochinke from the Victorian Farmers Federation. Today's evidence is being recorded. You will be provided with a proof version of the transcript within the next week. Transcripts will ultimately be made public and posted on the committee's website. Once again, thank you for being here and for taking the time to present to the committee. I ask you to state your name and your title, please.

Mr JOCHINKE — David Jochinke, president of the Victorian Farmers Federation.

The CHAIR — Thank you. I now invite you to address the committee. You will be given 45 minutes in today's presentation. If you can proceed with a brief opening statement of somewhere between 5 and 10 minutes, we will then ask questions.

Mr JOCHINKE — No worries. Thanks for that, Chair. As you may well be aware, the rating system of local government on farms, let alone the wider community, has been a key issue for the VFF over a very long period of time. I note that back in 2014 we did put in a petition with Paul Weller to the Victorian Legislative Assembly with over 3000 signatures. I guess in many ways there are two aspects to this. There is the sustainability of those regional and rural councils especially, then also the effect that has on the rural farmers within that, making sure that the rating system not only addresses the community expectations of local government to maintain and build local infrastructure but also how farmers in many cases feel like they are carrying a lot of the load under the current rating systems.

As a key principle at the VFF we believe that farmland that is used for agricultural production should not be rateable. We believe the house and curtilage is the rateable asset, because just like other businesses that are out there that do not have their primary source of income rated, we believe agriculture should be in the same boat. We see land as the key productive infrastructure that farmers need — you need land to grow crops and you need land to graze animals. However, unlike other businesses, like dentists or mechanics, where the tools of the trade are not rated every year, agriculture's are. So we believe that is a clear distinction between agriculture and other commercial businesses in regional areas.

However, to get to that stage, we also acknowledge that we are currently using a rating system that has been around since local governments have been required to be funded, and there are numerous aspects to that where we would like to see some changes made to get to any transition to house and curtilage only for agriculture. Two of those aspects are the use of differential rates, which I believe we will probably touch on a bit further in conversation later, and making sure that local councils use that as an appropriate tool to ensure that there is a fair and equitable system put across to all ratepayers, but then also the use of a municipal charge and having that as a tool to make the rating system fairer and also to ensure that everybody contributes to the public assets that are available to each of the residents within a council area.

Another aspect, too, that we would like to touch on is the capping system and how that has affected farmers, especially the fact that the capping system has not stuck to the category. It has just been put as the total pool, and even though the capping system has restricted the amount of income councils can generate through the rating system, we are seeing farmers still having an increase greater than the CPI percentage of the cap that has been put in place purely because it has not been capped to the category. We believe that needs to be admitted and addressed because the capital improved value system that the rating is calculated from does not take into account the overall pool of rates that are being collected.

We do support the continual roadside management schemes that local governments have got. We believe that landholders, in conjunction with rural councils, are in the best place to manage that. However, assistance is needed, not only through legislation, to ensure that when roadsides are being managed by landholders there are no liabilities incurred by them for doing good works in conjunction with local government, but then also local government, which is under a statutory requirement to carry out those works, should also be supported, especially by the state, who gave them that responsibility. We believe that the current funding arrangements need to be adjusted to reflect the amount of roads and the amount of work that needs to be done to maintain them to a level which is of an acceptable standard, especially when you talk about roadside weeds and also management of vegetation along roadsides.

Then finally, talking about roads funding and bridges and roads infrastructure that we use as a community on a daily basis, we do see that our C-class roads are in dire need of improvement — that is, the roads to market and roads to destinations are terrible, which is definitely a state issue. But when you peel that back and come off those roads onto local roads, the road funding hierarchy that councils have got is very limited. They have to pick and choose which are the priority roads. Even in my own circumstances I have roads that do not get graded for numerous years at a time, and those roads give us access to land that we are rated on and that we contribute to the whole community for. We believe there needs to be more assistance for those roads and that road management in particular.

I will conclude my opening remarks with that, thanks, Josh. That just gives you a bit of a flavour of what is in our presentation.

The CHAIR — Great. Thank you very much for that, David. I will start with the opening question. What are the key interactions that the VFF has with councils, and what do your members expect from their local municipalities?

Mr JOCHINKE — As you may be aware a lot of our members have a very keen interest in not only council procedures and operations but also the outputs that the community expect from them, and with that keen eye we see that there are a lot of legislative requirements of councils to carry out. They can be regulatory for the state but then also they can have overlays that they are abiding by for different requirements.

So in having a look at the essential services that they are chartered to do versus the community expectations, we see the capabilities financially of local government to meet both of those. When I talk about this I talk about it in a rural sense and I talk about it especially in the sense of numerous local government agencies that are struggling to finance themselves. We see that in the Whelan report, both reports there. We see the financial struggle they have to provide those services and that they are very limited.

We constantly ask the question around budget time: what are the priorities of each council? We encourage our members to make submissions on rating strategies, but also we ask that the councils produce documentation to prove or demonstrate where funds have gone to different services, to demonstrate what their priorities have been.

The CHAIR — Do you think there is a problem with those community expectations and community awareness around the programs that are delivered? Do you think there is a great enough understanding from your members and from the communities that they live in as to what those municipalities do?

Mr JOCHINKE — I guess from an agricultural perspective it does come down to the resources that we use on a daily basis versus what the community uses. We understand that you need to have facilities within townships, not only to attract and retain the people who work there but also to give them the standard of living that we all enjoy. However, that needs to be funded appropriately and for the right reasons. A lot of my members believe that that balance is not necessarily the same when you get out of those townships and into the rural areas — that the same degree of standards and expectations are not met when you leave those town boundaries.

We believe that the legislative requirements of council and the standard of living components that local governments spend their money on are not fully understood by the wider community. However, the obligation to maintain roads and pick up the rubbish, even though they are not the sexiest items, are the bread and butter of what councils need to achieve first before going on to the next level of service provision.

Mr RAMSAY — Thank you, David, for your time this afternoon. I have a couple of questions. I am very familiar with the policy you have in relation to rating methodology; it has been a policy position of the VFF for a number of years. Unfortunately successive governments have been reluctant to take on the house and curtilage model advocated by the VFF for a range of reasons.

I note you talked about the tools that local councils have — differential rates, municipal charges — to try to create that balance, or equity, for ratepayers. If I can turn to the Ararat Rural City Council fiasco, for want of a better word, the dilemma that councils have is that, yes, they understand that farmers are paying a disproportionate amount of rates. I think that 24 per cent of the total ratepayer base was farmers and they were paying somewhere around 34 per cent of total rate revenue. The differential was quite low, or high, whichever way you look at it — 55 per cent for farmers — but they were in a quandary about providing fairness and equity for the other ratepayer base. So if you actually shift the revenue from what the farming community were generating away, council would then have to find that loss of revenue somewhere else in its ratepayer base. Being a very low socio-economic base it was difficult for council to make a decision about potentially lumping more rates onto that part of the community.

I guess, notwithstanding your policy position, you have not really identified how councils can have more sustainable and viable funding. I mean, that is our role really. We know your policy position in relation to house and curtilage, but you have not really told us where we might look for long-term sustainable funding for local government to enable those equity issues on the ratepayer base to be addressed.

Do you see a GST component being perhaps a long-term funding solution, more federal assistance grants in a different form, Victoria Grants Commission funding perhaps being more than it is now, the reintroduction of the country roads and bridges program et cetera — you get the drift? Do you have a policy position on that?

Mr JOCHINKE — It basically comes into three different areas there, Simon. It comes from the direct funding model, which is potentially a GST revenue; the granting revenue — readjusting how funds can be redistributed back for discretionary spending or project spending within local government so that they then have the ability to maintain that key asset infrastructure that we spoke about earlier; and then freeing them up if they have excess or excess capacity to carry out other functions within the municipality. So the first one is the direct funding model.

The second one is relieving councils of either management or maintenance of assets, be that swimming pools or be that certain roads that you can identify that are of the higher hierarchy perhaps — so that is, actually taking some of the responsibility of maintaining those assets and either maintaining or building them, such as the road funding that we saw from the state government, and taking direct management of those assets so that the council does not have to have those maintenance costs on their books.

Then the third one is, I guess, the blending of the two, of saying that we acknowledge that bridges are an issue, or certain areas, or certain municipalities, and giving them access to funding based on the amount of infrastructure that they do need to maintain — still keeping it within their jurisdiction but giving them direct funding to ensure that it meets a certain standard. And it is not necessarily having it as a pool that they have to apply for, but giving it to them as a right to maintain a bridge, to upgrade the bridge, or to allow them to meet a certain standard. I have to say, when you travel the state you see a lot of those standards are not being met.

To give the solution — I think in many ways we are here to talk about and identify what some of the key issues are. The solution is sometimes purely money, and sometimes it can also be legislative requirements of the council being progressively increased. As you quite rightly pointed out, for a smaller rate base to support it, it needs more assistance from outside. We are open to all options in that sense; however, what we do want to make quite clear is that going forward the current model is not sustainable and something does need to change.

Mr RAMSAY — What about the user-pays principle for services historically provided by the council — that to get under the cap principally, whether it is environmental works, drainage works, septic tank works, wastewater or whatever, it is done on a user-pays principle by many councils? Does the VFF support the greater use of user-pays services within council?

Mr JOCHINKE — We believe that there is a place for user-pays. However, we are also quite cognisant that a lot of the services that are provided are there for social benefit. We want to make sure that

people do have access to it. However, we do believe that there needs to be a component there of user-pays. In many circumstances it needs to come down to ensuring that the entity or facility is still affordable but that the burden created by the people that use it the most needs to be carried by them.

Mr RICHARDSON — Thank you, David, for popping in. Just to add to Simon's point, some local councils, some small rural councils, are heavily reliant on farming rate revenue, and losing that would drastically undermine their viability. Where does the VFF stand on amalgamations and mergers of councils longer term, given that if there was a policy that we had no rates for farming use of land, effectively we would see councils in financial ruin? So where does the VFF stand on that position with mergers and amalgamations, and has that been thought out as a policy position and in terms of what that means for those rural councils?

Mr JOCHINKE — I should probably highlight, before you go too far down the sustainability and mergers path, that we are not suggesting that farmers should not pay rates. They should definitely contribute to the rate base, and that would definitely change if we went to a house and curtilage model. The actual percentage, the actual amount, would definitely reflect, then, their fair contribution. The discussion around house and curtilage is about: are you charging it as an income-generating asset, or are you charging it as a land tax, which in many ways it currently is. We feel that that is very discriminatory because agriculture requires land.

So on the premise that for local councils there would be a gap or a shortfall, it may not necessarily all come from agriculture, but agriculture would definitely be part of the componentry of giving the rateable funds back to the municipality.

Coming to the discussion around amalgamations and mergers, when you talk about that, you talk about administration, you talk about cost sharing between potentially councils that are there, but you still do not change the fundamentals of what is the problem. The problem is you have large amounts of roads, you have a small population and you have, to be quite frank, a very low capability to generate large revenue from the areas.

So if you do talk about or have discussions around that, and I must firmly say that we do not have a policy on any council amalgamations or mergers, we believe that you have to change fundamental drivers before that would be a success; otherwise you are not actually changing the problem, you are just making it more condensed. So once again you would want to make sure that you have a discussion not only about long-term funding but also about what your objectives are if you go down that path.

Mr RICHARDSON — So what would be the economic benefit for your 10 000 members and 6000 farm businesses if that was a change in policy? What would be the bottom line for your members if that was a change in policy in the rates, the curtilage and —

Mr JOCHINKE — The house and curtilage?

Mr RICHARDSON — Yes.

Mr JOCHINKE — We believe, as we stated earlier with the Ararat example, that agriculture does bear in many cases over its fair share of the burden, and we just want that to come back to a balanced scenario. We believe that, yes, we should be paying rates, but it should be proportional to what we contribute not only to the economy but also to the community, and that would be a fair and equitable place to start from, other than looking at an asset and trying to reverse engineer it by determining that is either a wealth or a capacity-to-pay indicator.

Mr RICHARDSON — Do you have a sense of what cost-benefit that would derive for your members?

Mr JOCHINKE — In general terms we believe in the trickle-down economy. We do believe that by providing agriculture with a fair and balanced system it does give them the capacity to drive local communities more — if you would like to see more employment, if you would like to see more use of services within those rural areas — and agriculture is one of the key economic drivers in those

communities. You actually then provide more education opportunities because you have more families and then you have got more service utilisation. It is the trickle-down theory. You get more people in the communities. However, if you do go to the suggestion of what Ararat was proposing to do and tax farmers at a very high rate, that capacity, that ability to employ — and have people then come to the communities, use those amenities and bring families to the area — decreases.

Looking at the larger picture and seeing what the potential is for a rural and regional area, one job is as important as what 100 jobs may be down in the city because it has the same effect. You keep either the school open or you keep that hospital or other amenity there. One job in the rural areas is equivalent to multiple jobs in densely populated areas purely because that one job is a larger percentage. So if we can keep those jobs, maintain the community or give that opportunity to agriculture to be the main economic driver to employ people, we see that as a bigger benefit — not just for agriculture itself but for the individual landowner.

Mr O’SULLIVAN — Thank you, Mr Jochinke, for coming in today. I want to run you through a story and get you to elaborate to give us more of an indication of how farms actually operate in terms of the rates that they do contribute, because I remember earlier this year I was talking to a farmer from Hopetoun, which I know is up your way, and this farmer was telling me that his most recent rate notice was \$50 000. I said, ‘That’s a lot of money’, and I said, ‘What do you get for that?’. He said that for his \$50 000 his rubbish does not get collected. There is a gravel road that runs past one of his paddocks and up past his house, and he said that the only thing that happens is that once a year the gravel road gets graded. Essentially that was the only direct benefit he got from the \$50 000 that he has to pay each year to not even get his rubbish collected.

I would imagine that that is probably not an isolated story in terms of what farmers have to pay for rates. Can you give me an example across your membership, if that is consistent right across the spectrum?

Mr JOCHINKE — Thanks, Luke. I have a very similar story, but it is tenfold. I have a member who pays over \$100 000 worth of rates, and he jokingly asked me, ‘Do you know what colour a grader is?’, because he does not know. The feeling is not necessarily the fact that the council does not have the desire to look after them or give them the ability to grade every road around their property. It is that they do not have the capacity within the current system, being once again the fact that they have got legislative requirements and community expectations to meet, as well as grading every road outside of the city limits. So there is a feeling of frustration. There is a feeling of inequity there purely based on economics, let alone understanding that when you do scratch the surface most people understand that those other amenities are important so that you have got a doctor, so you have got a school. People do enjoy that standard of living, but it is the balance between the two that is not being met. That balance once again on a purely economic basis is very frustrating.

I know in many circumstances farmers have asked the council, ‘Can we please then grade this road?’ or cut down that tree or mow that grass. To which the council has said, ‘Actually because of the amount of risk that is involved in there we cannot allow you to touch the native vegetation because you might be in contravention of one of the three acts of native vegetation’, or ‘If you slip over when you’re slashing the grass or start a fire’, it is on their backside, and/or if you are trying to crown up a road and you make the road dangerous, you may actually harm a lot of people other than yourself. But the ability then for farmers to help with that roadside management, for farmers to be able to assist in trying to improve the lot of everybody is quite limited, and that frustration about purely paying and not getting a service is felt in many areas.

Mr O’SULLIVAN — In terms of a rates notice that a farmer would get, do they just get the one rate notice or do they get a rate notice for each separate block that they have? Because farmers, as we know, are increasing in size to stay viable and have purchased properties around the place to add to their freehold. Do they have to pay one rate notice or do they pay rate notices for every lot?

Mr JOCHINKE — In a lot of circumstances we see that farmers have multiple rate notices. Traditionally it has been put down to the selection size, be it mile by mile or mile by half mile in many

areas, and therein lies a great issue of not only councils understanding how many farmers are actually ratepayers but then also when we look at the statistics to talk about who the farmers are, how much is their average landholding aggregate, how they can be better serviced, what is the return on investment per se for those individuals — it is very hard to identify. Then you straddle that with many farmers having landholdings in two if not three or four council areas. So in a lot of areas we are seeing multiple rate notices being put out within the council to the one enterprise.

We also see that not all councils offer a quarterly payment or an annual payment adjustment. Especially in the cropping areas, where your main income is post-Christmas, to be paying quarterly instalments without having the option to do a lump sum generally around the middle of February does make it very hard for those businesses to, A, manage cash flow and — coming back to the rate notices — B, for the councils to know who the actual farmers are and then, C, for them eventually to say, 'If we are developing a rating strategy and want to understand who is paying rates, how much are they contributing and how many farmers are actually out there?'. It makes it really difficult if we are not collecting the right data.

Mr RIORDAN — David, it is probably fair to say that the system of shires and rate collections is a very ancient process and no doubt it was formulated at a time when agriculture was the main wealth creator and the main source of employment and everything else in our economy, and that is not the case today. So the legacy we have is that we still rely heavily on the farmer's back, and that would be my view on why that is perhaps there. On page 8 I think it is of your submission you refer to the comparison of the City of Whitehorse, with \$1.68 per every \$1000, compared to \$5.22, \$4.82 and \$4.69 for similar country areas. Have you done similar work on the business case that would exist when you compare businesses? Take your country town with a doctors clinic with five doctors in it. They would have a turnover of \$3 million or \$4 million — perhaps even more — for an old converted weatherboard house in a side street somewhere near the hospital in the country town. I would imagine that is vastly greater income than what many of the farms in the district would have, but the rate revenue for an old weatherboard house in a country town is probably \$1600 to \$2000. If you are saying we should not be rating farming land because that in itself is not the wealth generator, what is your proposal on how you would differentiate that in the shires? Do you do it off tax returns, are you suggesting you do it by industry class or how are you suggesting that it might be done?

Mr JOCHINKE — We are suggesting that you need to take into account capacity to pay. A lot of the times your income generation and your actual taxable income is a really good indication of what that is. To take it another step — —

Mr RIORDAN — Sometimes it is not.

Mr JOCHINKE — Compared to somebody who is paying \$50 000 or \$100 000 in rates, that might be an argument to be had another day. But you take it to another extreme, a plumber who is working on a mobile site out of a ute, who basically only pays for a shed to house their ute, versus the agricultural land. We have not done any modelling on what the difference would look like between the two, but we have had a lot of discussions from different sectors of income generation or income turnover versus the amount of rates that they do pay. We are seeing that those commercial businesses do have a lot higher turnovers, do have a lot higher employment, but pay significantly less in rates versus agriculture, which pays significantly more in rates and has less capacity to employ the number of people, purely because their turnover is less, because of the fact that they rely quite heavily on capital. That capital intensity is where their focus is to make sure that they can even maintain the capital or invest in more capital so that they can have an income generator. The bottom line is: no, we have not done the difference between commercial properties. However, we have got a lot of incidental stories about what that would look like and where we are seeing some ratios put into place between those two types of commercial areas.

I must also state that when we are talking about the rating system and rebalancing, it is not about shifting the burden onto residents, it is about balancing it between the commercial drivers, the businesses within the councils.

Mr RIORDAN — I get that. I was just seeing whether you have done that work. The other thing is you refer in your submission to the UK having abandoned farmland ratings. Can you explain what their model looks like?

Mr JOCHINKE — Well, our rating system appears to be completely based on the UK rating model prior to them abandoning the farmland. Their model is based on house and curtilage. It is based on looking at the primary asset that the landholder owns, which is then comparable to the dentist's or the doctor's residence — their house and clinic. To my understanding, they look at the net income drivers of that business. I am not sure if that is based on income, as far as income taxes or income receipts, but they try to balance it out by the amount of income generated by the individuals. So it does rely on understanding data. It comes back to Luke's question of understanding who the actual rate base is and understanding the protocols. Under the current system it is near impossible because of the multiple rate notices provided, let alone them not having the right data and the statistics to analyse it.

The CHAIR — We have got time for one more question from each committee member, should they wish to take the opportunity. My question is an add-on somewhat to Luke's. It is around multiple rates notices. In your submission you mention that there are a number of farmers who receive 10 or more rates notices. Would you like to put an estimate on that figure for us and what percentage would receive 10 or more? More so, I think you said the mile-by-mile or mile-by-half-mile model. Can you elaborate on that for me?

Mr JOCHINKE — We will start with that one first; that is the easy one. When the surveyors first came through, a lot of the Wimmera and a lot of broadacre areas, I should suggest, were surveyed out by 1 mile by half a mile, which was 320 acres. Then the alternative, when you go to the larger acreage holding, was mile by mile, which was 640 acres. It is just a unit of measurement that the old-timers used when they were plotting everything out. You will find that most of the time they got it pretty accurate. Then you get down to roods and —

Mr RIORDAN — Perches.

Mr JOCHINKE — perches, yes, to make it all fit quite neatly, but generally that was the unit of measurement that they used to measure out blocks of land. I personally have nine rate notices over two municipalities, and my enterprise is not what I would call significant compared to some other landholders when you get out to the larger regions. Saying that, though, we were at a meeting last week talking to some Werribee farmers who all had 25-acre blocks, and they had individual rate notices for all of the blocks that they had in that system. So I would suggest that the number that have 10 or more would not be that high; however, multiple, and I am talking three to eight, would be quite significant.

Mr RAMSAY — This one is a bit out of left field, David. I am just thinking that given the services that local councils provide, the expectations of the local community and what those services might be, the relationship with land is getting lost over time. We talked about the UK model, which dates back, I think, to the early 1800s. What about the VFF advocating not a land tax but a people tax to fund local government, given that land now is becoming almost obsolete in relation to services provided?

Margaret Thatcher, I know, heralded potentially a poll tax to fund local government. I do not think it was received that warmly, from memory — not that I was around, I do not think. But I think we have come to a point now where we actually need to think seriously about whether land tax is an appropriate form of funding and maybe, given everyone benefits — all of the community benefits from local government services — everyone should pay in a different tax form. That is perhaps what I would like to see the VFF think about in the future.

Mr JOCHINKE — You are quite right on the poll tax, Margaret Thatcher and the backlash that was received when she mooted it. I believe it needs to be a component, which is where we see having a base municipal charge in place. We believe in one way or another that is where everybody does get to contribute who is an asset holder within the community and who has decided to invest in the council area.

However, I am not really sure, but I do not think that could be the sole mechanism of funding. We would be interested in ensuring that it balances out per person by a fairer system than it currently is. We agree that the land model is antiquated and does not actually reflect the services that the council provides and what the key drivers are of what we are trying to achieve in the community. I will have to do some more homework if I think that that is the only option. In this discussion the solution will come from numerous sources — not just more funding and not just different segments that are funding it but actually the service provision, who provides it and what the standards are.

Mr RICHARDSON — What, some coalition policy announcement? No? We will see. I am interested, David, particularly in the differences in commercial assessments versus farm business rate assessments. Are there any small regional councils that stand out that have got a model that is more favourable than other municipalities in how they are dealing with farming businesses and members, or is it a widespread systemic issue in how they are rating? A table in *Inequities in Rural Rating*, from March 2015, has a colour scheme showing the differentiations between commercial and farming rate bills. Some of the councils out west have a significant difference, but then parts of Gippsland and out east do not have that level of inequity. Are there councils that stand out that are getting that balance right that we should take examples or references from in better informing our inquiry?

Mr JOCHINKE — Good question. I would suggest that, just like in previous comments about what the key economic drivers for areas are, there are areas — and unfortunately they are probably the councils that are at greatest risk of being unsustainable into the future, once again identified by the Whelan report — that are more heavily reliant on agriculture than most of the other councils, which have more commercial attributes around them.

One of the key themes in that comment is that if you have a large or moderately large urban or regional town or city within your council, you have the ability to be more favourable. If you have got a Mildura, a Shepparton or a Portland, even to the size of Horsham, in your catchment, you have got more capacity than you have got in West Wimmera, Buloke or Yarriambiack. They are councils that do not have a large population. In fact they are under 6000 or 7000 people, yet they are still having to deliver the same amount of services — admittedly to a smaller population — of hopefully the same quality, because we do not want to have children missing out on that early childhood care. We are seeing that the councils that have those regional towns and regional cities being able to deliver that better.

So the question is not necessarily about how you can get the balance right; it is about how either state, federal or external funding can close that gap more, because a lot of those councils do not have any other capacity than the agricultural drivers within their catchment.

Mr O’SULLIVAN — Just a quick one off the back of the comment that you made just then, Mr Jochinke: in terms of some of those smaller councils, like your West Wimmeras, your Yarriambiacks and your Bulokes — the ones you mentioned — is there an appetite within the VFF that some of those small ones do actually get amalgamated into some of the bigger councils so you can bring about having a larger mass centre from a township that would take a bit of the pressure off?

Mr JOCHINKE — In many ways when you have that discussion, you are trying to dilute the problem, but you have not got much to dilute it with. By amalgamating an area, in our eyes you are not actually addressing the key issue, and that is population and utilities that you are trying to maintain. I would suggest that if you discuss anything it be not primarily about the administration of an area, even though we are very keen and very focused and we encourage our members to ensure that councils are doing the most efficient job they can and we encourage them to work collectively with other councils. But reducing the cost of providing administration, which is essentially what you are talking about with amalgamation, versus the fact that you have still got a massive amount of assets that you are maintaining does not fix that equation.

For me, if there is any talk about amalgamation and if there is any talk about making huge regional areas, it does not detract from the fact that you do not have the population and you have got a massive amount of infrastructure.

Mr RIORDAN — I think you touched on this midway through your initial presentation. There was traditionally the culture in rural communities of farmers often just maintaining the roadside without too much drama and often being actively involved in the local footy club — and people just did things. Local government has increasingly made that difficult. I know, for example, local small festivals now become an absolute sea of occupational health and safety dramas. Having spent my entire life in a country community, I cannot recall anyone ever getting food poisoning or sick from eating some little old lady's sponge, but now absolutely every single food, every single festival, everything that happens in a country community costs thousands and thousands more to do. You have to hire public toilets, you have to put up safety fencing — do all sorts of stuff that people never had to do before.

I just wonder what the VFF's view is, particularly when you get into these smaller shires, where sometimes that annual festival or get-together or just community activity that makes the community happen has been stifled by state government regulation and sort of the onus put on by shires so that people just go, 'Oh, it's too hard. I can't be bothered anymore'. What are your thoughts on some of that?

Mr JOCHINKE — I have got a very strong thought on that one, thanks, Richard. Common sense is the price. That is called over-regulation. Unfortunately that has been the demise of a lot of community events and activities. Admittedly it is good to talk about risk and it is good to manage risk, but it is also good to be practical and pragmatic as well. Bringing it back to the roadside management, in many circumstances farmers were trying to either maintain their property or protect their property from fire, protect it from damage, but then ultimately trying just to get access to a lot of their blocks. Not being able to work with local government or local government not being able to absolve themselves of responsibilities even if the farmer is quite willing to take it on themselves, does go against the natural way things used to occur.

Saying that, we do acknowledge that safety is paramount and we want to make sure that everyone is doing it the right way. However, there are things, like slashing of roadsides, that are beneficial to everybody if done correctly. We do encourage that there is a framework or mechanism where the landholder can work with council to achieve the same outcomes. However, at the moment as far as the pendulum goes, we have gone quite heavily down the regulation pathway and less down the commonsense pathway.

Mr RIORDAN — Would you say that is adding considerable cost to some of the smaller shires?

Mr JOCHINKE — Yes, absolutely. I can only hope that we come back to a more middle ground where we can work together to achieve the same outcomes without needing reams of paper to sign off on the correct process — just get down to doing the job that is meant to be done.

The CHAIR — David, can we thank you for your time this afternoon and thank the VFF for their submission.

Witness withdrew.