



WEST WIMMERA SHIRE COUNCIL

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

The Environment, Natural Resources and Regional Development Committee (ENRRDC), is undertaking an inquiry into the sustainability and operational challenges of rural and regional councils.

A number of specific topics are listed for comment on and the inquiry is asking all rural and regional councils for input into the process. The listed topics include, but are not limited to;

- a) Local Government funding and budgetary pressures
- b) Fairness equity and adequacy of rating systems
- c) Impact of rate-capping policies
- d) Capacity for rural and regional councils to meet responsibilities for flood planning and preparation, and maintenance of flood mitigation infrastructure
- e) Maintenance of local road and bridge networks
- f) Weed and pest animal control.

The following commentary provides some basic points on the level of sustainability for this rural Council. The various points were discussed with Councillors at a forum meeting on 3 August 2016.

Local Government Funding & Budgetary Pressures

With such a sparse population (approximately 4,500 people), spread across a large area of 9,200 square kilometres, it is difficult to raise sufficient revenue from the rate base that exists in the Shire.

An example is the road network of the Shire which is a critical link for both the agricultural industry and to ensure that communities remain connected, struggles to compete for funding when pitted against high traffic volume urban roads in large centres. It is also extremely difficult to successfully attain funds in a competitive funding environment, when competing with large population centres.

West Wimmera has always endeavoured to keep rates at a level that does not create a major financial impost on its residents. Low rates in the dollar combined with moderate valuations have meant that a reliance on external funds is the reality that rural Shires operate in.

A history of responsible financial management over a long period has ensured that the cash position of the Shire on a year by year basis is reasonably good. To ensure that this cash position has remained strong, entrepreneurial activities have been very conservative.



WEST WIMMERA SHIRE COUNCIL

Benefits derived from periodic external funding rounds have been maximised at every opportunity. Some of these include, Local Government Infrastructure Program, Country Roads and Bridges, Putting Locals First and Country Football Netball Program. West Wimmera was also recently been fortunate enough to receive federal funds from a Drought Communities fund which will enable some long term project proposals associated with public infrastructure to come to fruition.

The loss of programs such as Local Government Infrastructure Program and Country Roads and Bridges, coupled with the freeze on indexation of Federal Assistance Grants has had the greatest detrimental effect on the Shires finances.

Whilst the capital programs within the budget can be made modest to try and cater for the reduced income, the loss of the aforementioned programs ultimately results in job losses.

As a number of external funding rounds require competitive applications to be lodged, it is necessary to ensure that the standard of the application compares with Local Governments that are better resourced to complete high quality applications in detail.

West Wimmera will never be in a position to employ a resource specifically to chase external funds, which places us in a position of disadvantage. In order to ensure that we are operating on a fair playing field, there needs to be funding rounds that target small rural Shires specifically.

The funding and budgetary pressures will continue to dominate the financial landscape for small rural Shires and will ultimately lead to reductions in service levels, consolidation of assets and reduction in employee numbers. It could also lead to some services not being delivered by Local Government at all.

Currently small rural Shires enter the budget process on the premise that there will be no new positions, staff development programs are eliminated, renewals are prioritised over new works and long term financial forecasts are extremely conservative. Also due to the short time period available to communicate the service level modifications to the community, the Shire can suffer from a negative public image.

Due largely to financial constraints, West Wimmera Shire does not have a dedicated Human Resource function and has been required to have its main Governance function included in the workload of the executive support area. In addition to this there has been an under resourcing in other professional areas such as planning, building, engineering & contract management.



WEST WIMMERA SHIRE COUNCIL

All of the aforementioned functions are standard positions that are suitably resourced within most Local Government Authorities.

A positive to draw from the lack of professional personnel in these functions has been that it has enabled a broader skill base to be achieved within the Shire and necessitated a very flexible workforce.

Fairness, Equity & Adequacy of Rating Systems

As mentioned previously the fairness of the rating system is not the biggest financial restraint on small Shires. If the rate base does not exist (as per the West Wimmera Shire population stats) the revenue cannot be raised. Currently 1% of rates equates to less than \$60K.

Where rural Shires miss out is alternative revenue streams such as user fees for facilities, parking charges, income from building fees and development applications. Most urban and semi urban councils have significantly higher incomes from their fees and charges.

Small Rural Shires are required to balance the need to increase revenue by raising fees for services such as, access to a community bus, against a drop in use and therefore drop in revenue from the service as groups reduce their use of such facilities.

The distribution of funds by the Victorian Grants Commission is undertaken in the most fair and equitable way possible. West Wimmera Shire receives the highest contribution per capita in the state, which is considered to be fair and the clearest demonstration of how the Shire is so dependent on external funds.

Regular information sessions provided by the Victoria Grants Commission are greatly appreciated by the Shire and provide an easy to understand explanation of funds are distributed.



WEST WIMMERA SHIRE COUNCIL

Impact of Rate Capping

The impact of rate capping on West Wimmera Shire has been kept to a minimum. Efforts through the budget process to ensure that expenditure is controlled and efficiencies identified has kept the operating deficit as low as possible.

It appears that the rate capping regime was created to prevent larger councils with suitable revenue streams from raising excessive amounts through higher than necessary rate rises. It was also highlighted through media statements that some in Local Government were seen as wasteful with the public's money. This can certainly not be said of small rural Shires who have, for many years been required to be as frugal as possible.

As stated previously, the West Wimmera Shire entered the budgetary process for the 2016/17 financial with a very strict set of parameters under which to operate. This included, renewals taking precedence over new, no new positions, reductions in the fleet numbers and seasonal casual positions minimised. In addition, a number of short term intern or cadet positions that were previously provided to local young people undertaking tertiary study, were halved.

Rate Capping is not directly responsible for the above mentioned measures that were taken through the budget process, but it was one of the contributing factors. The information is provided to demonstrate the responsible financial management approach that the Shire took during the budget period.

Capacity to meet Responsibilities for Flood Mitigation Infrastructure

The ability for municipalities to cope with meeting their respective commitments to flood mitigation infrastructure will vary greatly.

West Wimmera Shire is not impacted as severely as some, the wetlands and small streams in the Shire, welcome large flows to guarantee their health. Any efforts to combat what may be seen as a severe flood event would rely heavily on selected local knowledge and the impact on population centres is considered to be minimal.

The largest problem faced in the Shire is the low lying areas of Harrow, which is along the banks of the Glenelg River. Any vulnerable properties can be protected at reasonably short notice and would not require excessive resources to complete.



WEST WIMMERA SHIRE COUNCIL

Maintenance of Local Roads and Bridges.

Provided the level of funding allocated through the Roads to Recovery Program can continue to be increased via the fuel excise, the road network within the Shire will be maintained suitably.

The biggest problem faced is access to suitable materials in areas of the Shire. The cost to haul material is the biggest variable and once the distance becomes too great the various projects will inevitably be reprioritised. This has an effect of providing a service across the Shire that is not equal.

An agreed model to manage the arterial network in partnership with Vicroads will hopefully enable a superior renewal to sections of key routes while managing other sections in a less resource hungry way.

West Wimmera Shire considers its road and transport network to be well maintained and the extensive local knowledge that the Shire possesses enables the works program to be suited to the conditions.

The loss of the Country Roads and Bridges program was covered in the short term by the doubling of Roads to Recovery allocations, but this is not a permanent arrangement and will ultimately result in job losses from the work force. Any job loss in a small population like West Wimmera is significant and should be prevented.

Weed and Pest Animal Control

With in excess of 3,000km's x 2 of roadside exposed to the transfer of weeds, the management of the entire network is not possible. The current practice of undertaking small projects with funds that trickle down from state government is not a sustainable solution.

Small rural Shires do not have the luxury of employing natural resource management officers to facilitate these programs. It would be a better proposition if roadside weeds and pest animals were managed by the state in partnership with landowners. This process operates successfully in other states and Victoria should follow suit.

The above points are provided as an agreed point of view from the West Wimmera Shire Council and if any further information is required, please contact the CEO – David Leahy on [REDACTED]