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Subject: New Submission to Inquiry into the Sustainability and Operational Challenges of Victoria's Rural and Regional Councils
Date: Monday, 12 September 2016 6:36:00 PM

Inquiry Name: Inquiry into the Sustainability and Operational Challenges of Victoria's Rural and Regional Councils

Mr Jim Nolan
[REDACTED]

Chief Executive Officer
Pyrenees Shire Council

5 Lawrence Street

BEAUFORT
3373

SUBMISSION CONTENT:

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Thank you for the opportunity to make a submission to this inquiry, and I make these comments on behalf of Pyrenees Shire Council:

(a) local government funding and budgetary pressures;

With a population of less than 7000 people, Pyrenees derives 49% of its total income from government grants, and rates comprising 39%, with service and user charges and other income comprising the remaining 12%. Council has very little ability to raise any income except through rates, and any negative changes to government grant income has the potential to impact significantly on service delivery.

Council is responsible for the maintenance and renewal of over 2000 kilometres of road and other assets valued in the order of \$285M. Approximately half of Council's expenditure is on road related infrastructure.

The freeze on indexation of federal assistance grants has had a compounding impact on Pyrenees of around \$577,000 over 10 years. Council appreciates however efforts to review and adjust the Victorian Grants Commission distribution formula to ensure a fairer distribution to smaller rural municipalities which are disadvantaged due to their remoteness, small and dispersed population, large asset responsibilities, and with limited income raising capability.

Federal Roads to Recovery is a critical component of Council's revenue, without which our road network could not be renewed. Expansion of the base level funding to include the return of fuel excise has been welcome, and will be necessary ongoing for Pyrenees to meet future road and bridge renewal demands.

While, one off grant funding programs (such as first kilometre-last kilometre) are welcome, and address specific needs, these do little to address the fundamental

problem of road asset renewal.

Pyrenees calls for increased as of right formula based funding in order for small rural councils to meet the future service needs of our communities.

(b) fairness, equity and adequacy of rating systems;

While rates has been one of the very few tools available to small rural councils to raise revenue, many of our communities are disadvantaged and have limited capacity to pay higher rates. While default on rate payment is relatively low, the level of disadvantage in the Pyrenees is significant with 51% of the population earning income of less than \$400 per week compared with the state average of 39% (health.vic Dec 2014.)

In addition many of our communities have much reduced access to services when compared with their urban counterparts.

(c) impact of rate-capping policies;

Council has previously provided input into the Victorian Parliamentary Inquiry into rate capping, and has held the view that the discretion to determine rates should remain with councils.

(d) capacity for rural and regional councils to meet responsibilities for flood planning and preparation, and maintenance of flood mitigation infrastructure;

State government funding to LGAs to provide resources to assist in emergency planning and preparation is essential ongoing and to ensure continuity.

It is also necessary to ensure that SES and CMAs are adequately funded by government and the burden of their responsibilities is not shifted to councils.

(e) maintenance of local road and bridge networks; and

In addition to the comments in (a) above, in order to ensure road and bridge assets are efficiently and effectively managed, it is important to renew these assets at an optimum renewal rate. This stitch in time approach ensures assets don't deteriorate to the point that they become a maintenance burden. The additional rate revenue to be raised by Pyrenees in 2016-17 (as a result of its successful higher cap application) will raise almost \$100,000 annually which is quarantined to increase the rate of resealing (from one in 24 years) closer to an optimum rate (of one in 17years).

(f) weed and pest animal control;

Council maintains that the responsibility for control of regionally controlled weeds on local roadsides is a state responsibility, and seeks that adequate funding be allocated ongoing. The current level of funding to local government is significantly below what is required for Pyrenees to provide an adequate level of control on the 4000 kilometres of local roadside in the Pyrenees Shire.

Yours faithfully

Jim Nolan

CEO

Pyrenees Shire Council

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File1:

File2:

File3: