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

Baw Baw Shire Council (BBSC) welcomes the opportunity to provide comment on the inquiry into the sustainability and operational challenges of Victorian's rural and regional Councils.

Warragul/Drouin is our city centre. We are 100kms East of Melbourne. The Baw Baw municipality offers a tree change, fresh water rivers and catchments lifestyle opportunity. It is also home to some of Victoria's most valued agricultural land with abundant rainfall each year. We are the largest peri-urban council (land mass) in Australia and one of the fastest growing in Victoria.

Our current population of just over 47,000 will balloon to just under 68,000 by 2031 (an average annual change of 2.8%) requiring an estimated 30000 households (compared with today's 17,000) that's 13,000 new homes over the next 15 years. Families with children will be the largest population increase (7,000 to just under 12,000 families by 2031). We are currently seeing birth rates rise above 1,000 births each year at the Warragul hospital.

Our biggest challenge is managing growth whilst protecting our thriving villages and inspiring landscape.

BBSC is committed to managing communities in a sustainable way, that encourages population growth and employment opportunities while protecting and respecting our local character, in particular our natural environment which includes our quality agricultural land.

*Terms of Reference for Inquiry into sustainability and operational challenges of Victoria's rural and regional Councils:*

### **a) Local Government funding and budgetary pressures**

Population growth will continue to apply financial challenges associated with funding current and future infrastructure needs. Unlike the metropolitan councils, BBSC has a small residential and industrial rate base to draw upon and has previously relied on its ability to set a rate increase to manage asset renewal and investment required for a growing community and come part of the way in delivering a financially responsible and sustainable budget.

Gippsland's unique dispersed population profile also contributes to our challenges to adequately fund what others would consider unnecessary infrastructure and investment duplication.

In addition, renewal and maintenance of infrastructure is a financial challenge on a number of fronts when you consider our land mass is just over 4000 square kilometres, which is ten times the size of Casey Council and nearly four times the size of Cardinia Shire (and 100 times the size of metropolitan councils) that in itself means a higher cost to renew and maintain assets such as roads; drainage and buildings.

Our community's expectations are consistent with those living in metropolitan councils. The real difference comes into play when you consider economies of scale that can be leveraged by the metropolitan council's with their proportionately larger income base and obvious cost advantages.

Household income of regional and rural councils is generally lower than the average household income of metropolitan council's. Residents of regional and rural councils are often required to allocate a greater proportion of their disposable income to their annual rates bill.

Revenue sources for regional and rural councils do not have the annual income streams such as parking fees and fines that is typically a significant revenue stream for metropolitan councils. Whilst data would indicate that regional and rural councils receive a higher level of revenue from the Victorian Grants Commission, this does not always adequately compensate for this income imbalance.

## **b) Fairness, equity and adequacy of rating systems**

BBSC believes the current rating system without additional policy consideration to cater for regional and rural Councils will be detrimental and Council will find it harder in its current form to meet the growing expectations of its residents.

Each Council's rating strategy defines how the 'rate burden' is distributed to ratepayers. Individual rates are allocated according to the Capital Improved Value of each property, and possibly, within differential rating categories such as residential; farm properties; commercial and industrial properties and vacant land.

The total 'rate burden' is determined by Council during its annual budget process and in the context of the state government's rate capping.

Therefore while the Rating Strategy of regional and rural Councils are designed to fairly and equitably distribute the rate burden, what is not fair or equitable is the total rates that regional and rural councils are required to raise due to the matters highlighted in section a (as above).

Metropolitan councils typically have large population bases made up of residential and commercial rate payers and are rich in cash to pay for infrastructure, services, resources and maintenance which is in stark contrast to the regional and rural councils.

### **c) Impact of rate-capping policies**

It is too early to know the likely impact of this policy however what has been a constant at BBSC is a commitment to continuous improvement identifying efficiencies to reduce our cost base.

In preparation for operating in a rate capped environment, BBSC undertook a major organisational restructure aimed at consolidating its resources and driving costs down. However it is reasonable to expect additional resources will be required to meet the needs of the projected population growth and increased service delivery responsibility.

Rate capping may provide some relief to residents by restricting the level of annual rate income and, in turn, the total rates that each council can raise and therefore allocate to individual ratepayers pursuant to their respective Rating Strategy.

Such rates relief, and corresponding subsequent limiting of regional and rural councils major income source, requires an equivalent reduction to Council expenditure in particular expenditure available for capital works and service delivery. The impact of rate capping is therefore placing an external restriction on the rate revenue regional and rural councils may wish to raise for the renewal and maintenance of its capital infrastructure and services required for growing communities.

While relief from rate capping would provide more flexibility for regional and rural councils to raise much needed revenue for capital works and services, regional and rural ratepayers are sometimes less able to afford a higher rate budget due to their, on average lower household income relative to residents of metropolitan councils (as per above). And why do they have to pay a premium, because of where they live, to get the same services and access to infrastructure which is taken for granted in metropolitan areas?

### **d) Capacity for rural and regional councils to meet responsibilities for flood planning and preparation, and maintenance of flood mitigation infrastructure**

Council's expertise centres around land use planning and putting in place the appropriate planning schemes which articulate policies and provisions for use, development and protection of land.

Regional and rural councils would rely on the expertise of the responsible referral authorities to assist with informing flood planning.

BBSC already has significant financial pressures as disclosed earlier and to take responsibility for the maintenance of flood mitigation infrastructure would present a significant financial burden that would not be sustainable under the current resource and financial parameters.

Council's primary concerns include:

- The formal handover of decision-making around flood mitigation infrastructure (including levees) and the associated liability, capital, maintenance and management costs;

- The responsibility of council to pay for the cost of maintaining river gauges used for flood warning; and
- The need to address barriers to planning scheme amendments.

We have concerns that local government would bear most of the decision-making responsibility for flood mitigation infrastructure, and with it comes cost and risk burden and associated liabilities that they just cannot afford.

BBSC is very concerned in terms of what it would inherit from an infrastructure perspective, not having the relevant expertise in terms of maintenance, upgrades and decommissioning.

#### **e) Maintenance of local road and bridge networks**

BBSC is responsible for 1,982 kilometres of Victoria's regional and rural road network. Our road network is 26 per cent larger than neighbouring council, Casey and reaches across more than 4,000 square kilometres.

Our dispersed, and in relative terms (to metropolitan), small population along with a matching budget means investment into rural roads and bridge networks has not kept pace with the growing demands from users and the rapidly changing transport and logistics needs.

Baw Baw shire has a high volume of rainfall each year which impacts road integrity, placing further financial burden on Council's budget.

Significant investment for new (and maintained) road and bridge network is being driven by the following:

- Rural roads – Our shire consists of a combination of rural and unsealed roads. These are an ongoing maintenance burden and a significant cause of resident dissatisfaction as reflected in the customer satisfaction survey 2016.
- Population growth – Baw Baw shire is expected to grow by more than 20,000 by 2031. Investment in roads and bridges to support this growth needs to be funded now with sound investment from government (investment now will ensure roads don't go into disrepair further burdening regional and rural councils).
- Last Mile – BBSC is the home to a number of key businesses where transport is paramount in the delivery of product to market. Baw Baw Shire is home to businesses such as: Longwarry Food Park; Fonterra; Flavorite; Radford meats etc. These businesses depend heavily on effective routes to market.

#### **f) Weed and pest animal control**

BBSC has limited resources and budget for the management of weeds and invasive pests but we are proud of our state-wide reputation for our Roadside Weed Control program with other Councils coming to us for ideas and advice on a regular basis.

We are responsible for roadside weed control across approximately 1,600 kilometres of rural roads.

Council achieves a significant footprint of coverage each year on a very limited budget of approximately \$87,000 (excluding council resources) which includes a state government Roadside Weed and Pest Fund of \$44,500.

With current funding, we are able to treat some new and emerging weeds, and identify areas with pest animal problems along with approximately 350 kilometres of roadsides for blackberries annually. With follow up control programed at 2 - 3 year intervals. But there still remains lots to do and with the current level of funding we are only every just in maintenance mode rather than truly eradicating the problem.

The use of experienced and reliable local weed contractors ensures that we get value for money. Roadside treatment is highly visible therefore we require contractors who do a good job and respect the local environment.

Improved controls would encourage adjoining landowners to treat noxious weeds on their own properties. In terms of community education we rely on community leaders however with additional funding this could be better supported by Council.

With Baw Baw Shire known for its 'Clean Green' image, it is important that our roadsides are attractive and not heavily infested with noxious weeds. Council achieves significant results on a very limited budget, the ability to do more would rely on a number of factors including growth in the following areas: Community Education; Council Resources; Re-current state funding.

BBSC does not have sufficient funding and resources to control invasive animals. Opportunities to support the State Government in the delivery of invasive animal programs will require additional funding and resourcing to deliver an effective crown land management outcome.

BBSC has limited resources and is unable to comprehensively manage weeds or invasive pests this has been the case before rate capping which will further exacerbate the problem.

We also recommend an improved control program with clear guidelines and regulations which will help Council and qualified professionals manage weeds and cull invasive pests safely.

Should you require additional information, please contact Jane Oakley Executive Manager

[REDACTED]

Council appreciates the opportunity provided to make a submission to this inquiry.

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**Helen Anstis**  
**Chief Executive Officer**