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Hello, I am submitting this speech , delivered by Howard Myers during his service as Mayor of Strathbogie Shire , to the VLGA conference, sorry date not recorded.
thankyou, Helen Keighery

I am going to talk on the difficulties of small rural Shires.

Rates are the most inequitable way of financing the functions of the third tier of Government that you could imagine.

Designed as a wealth tax in the 19th century, the principles on which it was planned no longer hold true. We have outlived its usefulness and equitable function in our modern, sophisticated and diverse society.

However this remains the principal mechanism by which we raise revenue to service the needs of our ratepayers, and the fellow ratepayers of the State.

How quickly things change, and the results have become distorted since Kennets' Amalgamations of 1993, when you would have thought that viability of the small rural shires would have been considered.

Effectively now in the bush if you don't have a large commercial hub, it is extremely difficult to generate a 'reasonable' rate level to meet the communities' growing needs.

Australia collects somewhere between 3-5% of its taxes from rates, but if you own land , you pay it, you can't minimize it, you may defer it but it will be paid in the end.

The government of the day, and the opposition did not do ratepayers a service when they exempted rates from the GST tax take, a growth tax.

Maybe another reason for the third tier of government to be recognized in the constitution, as it may have been an impediment at the time to that sharing in that growth tax.

What does Strathbogie Shire look like. A population of just on ten thousand people, with 2230 kilometres of council managed roads, 135 Bridges, and 372 major culverts and fords and 170 public buildings which range from libraries to a multitude of toilets.

We also have the 3rd fastest aging population in the State.

Strathbogie Shire is the gateway to the North East of Victoria,, and is the Horse Capital of Victoria. It has a total area of 3500 square kilometers, basically from the Broken River in the North south to Avenal and the Goulbourn river in the West, east to Strathbogie and Ruffy townships .

A richly diversified farming community, moderate to high rainfall, and a range of topography from undulating flat lands in the west to granite outcrop hills, which occasionally see snow in the east.

A great and welcoming place to live.

The current council consists of 7 councillors, 6 of whom were newly elected, the seventh is a perennial returner and is now our Mayor, Mick Williams.

While at the time of this councils formation, 2008 we didn't see ourselves as a 'reform council', it is probably what we have welded ourselves into, and to lead an agenda which will make a difference. To aid this forward thinking, the run of dry years stopped, allowing farmers to regain some hope, only to be flooded this year.

Prior to the election I think that all of our councilors had been to a presentation given by our CEO, Kevin Hannigan about our plight in not being able to service our infrastructure backlog by about 3 million dollars per year. Year on year. That is three million in a rate budget of 10-11 million, roughly thirty percent deficient. So the

entrenched backlog story had been told to us as newcomers to local government.

We explored and expanded upon the shortfall when we convened for our council plan, inviting a larger audience to share the picture, involving over a hundred local ratepayers to sit with us to develop a more community oriented council plan, previously only the province of council officers, and councilors..

Obviously the group which sat in on the Infrastructure think tank table came out of it perturbed to say the least. The rate rise for the first year of our term was 5.5%. In our assembly of council meetings afterwards, the discussion focused more on our infrastructure shortfall and what we may be able to do about it.

In late November '09 the VLGA held a forum in Wodonga, which was streamed to the rest of the world, a VLGA first, and in this forum the infrastructure shortfall problems were raised by both the Gunnawarra and Strathbogie CEOs, in what was one of the first wider public airings.

At the same time Strathbogie, Central Goldfields and Stawell Shires were working with Merv Wheelan and his son, who were doing a report exploring the social issues involved in their councils unsustainability.

This is not the same as the Treasury or the Auditor General looking for misappropriation (or mismanagement) rather than the underfunding of small shires from a combination of large area, many roads and bridges, and a small agricultural population.

It must always be kept in mind that we don't spend our money unwisely, we just don't have enough.

For some time the issue failed to get much traction until it fell off the back of a truck; the Whelan report, probably one of our fleet of vehicles sent it to our local member, Bill Sykes. Jannette Powell who is the member for Shepparton and the then shadow minister for Local government at the time, was very quick to add it to her arsenal , attacking the labour government for failing to prop up the rural poor.

Our infrastructure continued to fall apart. Engineering reports on Kirwins Bridge recommended its closure, thus separating the 600 residents of Kerwins Bridge from the township of Nagambie ,necessitating a 14 k longer round about trip to access doctors, schools or shopping .The estimated cost of an upgrade, which would last maybe 5 years was 1-1.5 million dollars, cost of a new bridge; 4-7 million. Age of bridge; 120 years.

We couldn't afford any of the solutions, so we closed it.

This was not only essential for safety, but we were also able to use the hue and cry to publicize our plight, our situation, our shortfall, none of which were of our own making.

At the end of the day, these assets belong to all Victorians, but the maintenance bill is still ours. We got a strong local committee to push the case at every opportunity, employed Socom, the advocacy support group to work with them to get bigger and better outcomes. This resulted in public meetings highlighting the crisis.

A webpage was generated, creating more momentum and a wider audience. In the end though, it wasn't able to effect the situation as we may have liked to imagine, I guess it's not sexy enough as an issue.

As the year progressed we looked more seriously at how we might make change.

Bearing in mind, we already had the sixth highest rate base shire in the State, we opted for a statement of the actual realities of the shortfall to be reflected in the 2010 rates ; **a 15% rate rise made of 11% dedicated infrastructure rate, and 4% back of house increase.**

Our target was a 30% revenue increase, not achievable in one year, but maybe over 3=4 years. Four public meetings to trot out the power point presentation to what were only small audiences.

Before bringing in the budget we had raised it publicly in each of the major towns in the Shire.

One of the complicating issues which caused angst was the rural land rebate. This was a 13.5 % rebate which landholders could apply for to get rate relief. Not all landholders applied, and if they did, their property could be inspected for weeds and vermin. This in effect is a rate differential, but not automatic, and its administration was clumsy. So for farmers, under the new proposal, there was a rate increase and the loss of their access to this rebate, making a 28.5% increase in one hit. Did the local VFF arc up about that!

So the budgets was released, Gunnawarra; 12%,Stratbobie; 15%, Shepparton; 5.7%, Benalla; 5.5%,Mitchell; 7.95%, Moira;6.9%.

During this period we held 2 public meetings to explain our position and why we had taken this path. The complicated issue here is trying to explain that you don't have enough money, not that you are not spending it well.

It was always raised that we should be spending the money that we had, the CEO was overpaid, and we had too many staff.

I think that many Shires get flack about the number of employees. We have about 110 eft.

Prior to the public meetings the officers cobbled together a short report/chart explaining in layman's terms our budget expenditure areas.

Three areas stood out as comparatively non-essential to the rate payers; Tourism, Events, and Economic Development.

People were asked to indicate where we could- should make savings.

Of course we were also engaged in exploring the effects of cuts.

Outsourcing was another option.

We investigated and implemented changes in the areas of Compliance, Health Inspection, Waterway Management, as well as tourism and economic development.

This led to in-house savings of \$500,000 being made, and this contributed over and above to our 11% infrastructure budget, yielding in total \$1.6 million; some going to redundancies, and natural attrition allowing us some leeway by way of redeployments.

This caused an enormous amount of media, and we took advantage of this to plead our case, not only for our Shire but all of the other councils in a similar plight.

We contacted the Weekly Times, who were working with the VFF , to keep the profiles of the small shires on the agenda and in the public domain, the aim was 1 article every week up until the election.

The MAV; an interesting creature, they have many bosses; the government, Melbourne-centric councils, rural cities, large rurals and seemingly only last on the list; small rural shires. They didn't want to

know about the Wheelan report, taking no part in its formulation, subsequently disowning it. They also wouldn't talk to nor meet with the VFF , how strange , the States largest organized rate payer group.

We talked to the VFF in Melbourne, explained our plight, which they were aware of, and they offered to help in any way possible, clearly the Weekly Times was an option they were well aware of.

Some things were hard to understand. The Wheelan report identified 18 shires which were vulnerable, but very few came on board the campaign, to get a body of momentum. I would have thought this would have pressured the government and the MAV into action.

Golden Plains and Indigo decided that they were viable, and went to great lengths to prove this. I was disappointed by the VLGAs response in the Presidents weekly reports on the e-mail, as I thought it was mentioned only fleetingly, in retrospect, a bit ordinary.

Our budget was proposed, passed and adopted.

What we have got;

For the major reconstruction jobs, we have had signs made which state; 'Your infrastructure levy at work'. The roads we have delivered on so far have had a great response from the locals. There have been no more complaints at the rate desk at 15% than at 5.5 in '09/'10.

Finally we had a meeting where we invited the 18 small rurals, the VFF, VLGA the Weekly Times and the MAV. Rob Spence from the MAV at the end of this day offered to act on our behalf to further the case ,advocating on our behalf with the State, to the commonwealth.

We got a motion up at the State conference to support our case, even though the minutes and explanation notes look pretty thin to me.

Nagambie and Avenel, who belonged to the previous Seymour and Goulburn Shires, want to go to Shepparton. What we did was give them information about our infrastructure backlog, our unavailability, and our low rate base numbers. Does Shepparton want them? No.

They would also have to carry their backlog with them.

To the future;

We recently meet with the VFF and talk about a proper rural rate for genuine farmers. Something you don't need to apply for, nor can be disqualified from.

We will stick to our rate plan, incrementals of; 9%, 9% 7% and achieve a 120% differential on commercial in the next 3 years.

We will look at a loading on vacant urban land , especially since levee works have seen the release of new building blocks from a flood overlay.

So for Strathbogie Shire the ducks lined up. The Wheelan report confirmed that we weren't the only shire, Wheelan identified 18 out of 79, the opposition through the shadow local govt. minister, Janet Powell, took that piece of work and demonstrated that the govt. of the day was out of touch with the small rurals. To this end the new govt. has promised not only \$1 million dollars for each of the rural councils, but a pool of money which we could bid for to make capital improvements which would be normally be out of our reach. So Kirwins Bridge may be able to be replaced yet.