Inquiry into the Challenges for Rural and Regional Councils

City of Whittlesea Submission

26 September 2016
Introduction

The City of Whittlesea (CoW) welcomes the opportunity to respond to the Inquiry into the Sustainability and Operational Challenges of Victoria’s Rural and Regional Councils. This submission includes the CoW’s response to the inquiry terms of reference as received from the Legislative Council on 6 May 2015.

The CoW commends the Victorian Government’s Environment, Natural Resources and Regional Development Committee for pursuing this Inquiry which attempts to address the great extent of sustainability and operational challenges of rural and regional Councils.

Context

The City of Whittlesea is located on Melbourne’s metropolitan fringe, approximately 20km north of the central business district. Covering 490 square kilometres, it is a large municipality with established urban, growth and rural areas.
Whittlesea is the third fastest and largest growing municipality in Victoria and the fifth largest in Australia.\(^1\) It has been endorsed by the Victorian Government as a growth area of metropolitan significance. In 2016, the City’s population is approximately 202,700 and is expected to grow by 65% over the next 20 years to approximately 333,700.\(^2\) Population growth is concentrated in the developing precincts of Mernda, Doreen, Epping North, Wollert and Donnybrook. Established suburbs in the south of the municipality will also be redeveloped over time and increase in density. Despite the City’s rapid growth, over half of the land mass of the City of Whittlesea is rural at some 31,730 hectares.

As one of Melbourne’s ten interface Councils, Whittlesea faces the challenges of balancing community needs in urban and rural areas, rapid population growth and protection of the City’s natural environment, where urban development continues to take place on once rural land. In understanding our position in response to this inquiry, it is important to note the historical under-investment and lack of timely infrastructure delivery in growth municipalities.

This was evidenced in two Parliamentary Inquiries: Growing the Suburbs 2013; and Liveability Options for Outer Metropolitan Melbourne 2012, as well as the Victorian Auditor General’s August 2013 Report *Developing Transport Infrastructure and Services for Population Growth Areas*. Findings of this report included:

- The State has failed to deliver the transport infrastructure and services needed to support rapidly growing communities and that urgent action is required to fix the problem
- The time taken to fund growth areas from first identifying the transport need is usually more than 30 years
- Growth areas such as Whittlesea have less frequent and less direct public transport services compared to the metropolitan Melbourne average
- $36 billion will be needed over the next 30 years to provide all of the infrastructure needs of greenfield sites
- A $9.8 billion lag in infrastructure provision
- $10 billion is required to complete proposed rail and road works
- 40% of health care services are located in inner Melbourne where only 20% of Melbourne’s population lives

Further evidence of the underinvestment in growth areas is demonstrated in a report undertaken by the Victorian Interface Council group. The *One Melbourne or Two* report undertaken by Essential Economics and released in February 2013, identifies service and infrastructure deficiencies for the growing population in Melbourne’s outer suburbs. The report recommended immediate action from


the Victorian Government for the 1.3 million Melbournians it says are being forced to live like
‘second class citizens’ compared to the rest of Victoria’s residents.

As one of the outer metropolitan interface councils, the CoW helped develop the report, which
highlights how shortfalls in government funding mean Victoria’s transport, jobs, education, medical,
age care and community facilities aren’t coping with the population boom. Key findings include:

- Public transport in the Interface areas falls well below minimum service levels. There is half the
  number of public transport options for interface residents as there are for workers living closer
  to the Central Business District, amounting to a heavy reliance on cars that causes billions of
dollars in social costs and productivity through congestion (business and private time costs, the
costs of operating additional vehicles and air pollution costs).

- Trains are crowded and buses are non-existent in many areas. In the areas that buses do run,
  the frequency is appalling and the connectivity to trains is not synchronised. This results in:

  - a reliance on private transport
  - forced car ownership creating significant economic disadvantage when compared to
    metropolitan Melbourne
  - with the growth in cars commuting to work on arterial roads, the freight industry has
    raised concerns that their operations will be virtually gridlocked by 2021.

Growth areas, like Whittlesea, play an integral role in accommodating the nation’s population
growth. Whittlesea’s rapidly growing communities need adequate road connections, public
transport, and health and education facilities that generate jobs and contribute to quality of life.
Whilst rapid population growth brings significant challenges and liveability issues, it also brings
the opportunity to invest in creating strong, healthy and resilient communities and environment.

The current Victorian Government has acknowledged the challenges experienced by growth councils
and has established the Growing Suburbs Fund, which provides a pool of $50 million to growth
councils to support the funding of community facilities. The City of Whittlesea welcomes this funding
initiative and supports its ongoing continuation and for the funding pool to be increased from $50
million to $100 million per annum to assist growth councils in addressing infrastructure lag and
meeting future needs. The City of Whittlesea believes a dedicated infrastructure fund for growth
areas at the national level should also be established.

Consideration should also be given to funding the backlog of road and public transport needs in
interface councils and establish an infrastructure and funding plan to ensure the provision of arterial
roads, declaration and upgrading of rural roads and provision of public transport is delivered to
coincide with future growth and not play catch up.

It is also recommended that the Victorian government work with councils and regional bodies to
deliver more investment and location of industries that create local job opportunities, which will
boost economic growth in interface regions and contribute significantly to reducing traffic
congestion and improving community wellbeing.
Key Recommendations

The City of Whittlesea recommends the State government:

1. Continue the *Growing Suburbs Fund* and increase the funding pool from $50 million to $100 million per annum to assist growth councils addressing infrastructure lag and meeting future needs.

2. Consider a planning and funding framework to address the backlog of road and public transport needs in interface councils.

3. Consider reviewing state grants to councils for service delivery and increasing grant contributions at a rate that reflects the actual cost of delivering the service rather than a notional CPI increase.

4. Continue supporting councils to invest in innovative approaches to service and infrastructure delivery that enables integrated service provision and strengthens community development.

5. Work with all levels of government to develop a strategic approach to rate subsidies for the rural sector to support the future viability of agribusiness. This is particularly important for interface councils where rural land within the urban growth boundary experiences significant rises in land value.

6. Provide greater access to flood related data sets available from the Bureau of Meteorology and Melbourne Water to support flood-risk-based land use planning processes, and resource Councils to undertake this modelling.

7. Continue providing the Outer Suburban Arterial Road Network fund and develop an appropriate planning and funding framework to bring the highest priority and high volume rural roads onto the arterial road network.

8. Develop clear processes and thresholds for the declaration of arterial roads where rural roads are functioning as arterial roads due to their traffic volumes.

9. Uphold its responsibility to eradicate State Prohibited Weeds and provide the necessary funding and programs and consider providing rural councils with funding to assist in the eradication of noxious and prohibited weeds in partnership with land owners.

10. Work collaboratively with councils and regional bodies to deliver more investment and location of industries that create local job opportunities, which will boost economic growth in interface regions and contribute significantly to reducing traffic congestion and improving community wellbeing.
Response to Inquiry Terms of Reference

(a) Local government funding and budgetary pressures; (c) Impact of rate-capping policies

The increased demand for services and infrastructure due to population growth puts significant pressure on Council’s resources. Budgetary pressures are further compounded by growing funding gaps for grant funded services such as aged and disability services, maternal and child health services (MCH), library services and school crossing supervisors. Grant funding for these services and others has not kept pace with the actual cost of delivery. In the past Council has been able to absorb these additional costs at the expense of other priorities. However, in a rate capped environment, difficult decisions around prioritising services and service levels will need to be made.

For example grant funding contributions from the State government for MCH services is contracted at a rate of 50% of the service. However the rapid birth rate in Whittlesea, population growth and a higher proportion of vulnerable communities has resulted in a higher cost of service which has not been matched by the State. Currently, funding from the State equates to approximately 33-35%, with Council absorbing the additional cost.

The funding gap for Home and Community Care (HACC) services has also increased steadily over time. Council commissioned an investigation into Output and Financial Projections for Aged and Disability Services in 2013. Based on these projections the cost of delivering the service is increasing at a greater rate than State government grant contributions to provide HACC services which will result in further funding shortfall.

Figure 1. Actual and Projected Council and State Government Contribution to HACC 2004/2005 – 2020/2021
Limited State funding for Meals on Wheels services also presents a significant budgetary challenge for Council. The projected cost of delivering Meals on Wheels versus the State Government grant funding presented in the below chart demonstrates a funding gap of approximately $600,000 per annum.²

Figure 2. Meals on Wheels Service Cost Vs State Government Grant Funding

Council recommend the State government address these growing funding gaps for services that are delivered by Councils on behalf of State government, by increasing subsidies at a rate that reflects the actual cost of delivering the service rather than a notional CPI increase.

Council has always considered our residents’ capacity to pay rates as a priority and has kept rate increases to modest levels. Prior to the rate cap, the five year (2011/12 - 2015/16) average rate increase was 4.4%. As an interface council, rate revenue is one of the few revenue streams available, unlike inner city councils, where parking fees as an example, generate significant income. Council’s ability to control the main source of income is now restricted and as such our ability to maintain services and assets at current levels has the potential to be compromised. This is compounded by a trend to transition service delivery responsibilities from the state and federal governments to local government.

Council recognises the need for governments at all levels to improve service efficiencies. In a positive response to rate capping, the CoW is proactively seeking new ways to deliver key community infrastructure for example, Public Private Partnerships (PPPs) for co-located community facilities. Recently, Council has partnered with YMCA to co-deliver a state-of-the-art multipurpose community

²The slight reduction between 15/16 and 16/17 reflect efficiencies as a result of relocating the service.
facility in Doreen – the Ashley Park Community Centre. Under this partnership the YMCA will be responsible for constructing and managing the facility for 25 years, after which ownership and management will revert to Council. The facility will cost approximately $7 million however by partnering with YMCA the cost to Council will be significantly reduced, saving rate payers approximately $4 million. Council will also save ongoing management and maintenance costs for this facility. The State government is contributing $1.6 million for the kindergarten component of this centre which contributes to this facility being a key community hub, bringing together a range of services for residents.

The model of delivery being explored with this pilot project is one of a number of innovations that could allow Council to economically meet the needs of both growth areas and existing communities with similar high quality, multifunction centres. Current modelling shows more than 20 similar-scale new community facilities will be required in Epping North, Wollert and Donnybrook in the coming years. Council needs to balance the delivery of these new community facilities for growth areas, with the need to renew and upgrade a multitude of existing community facilities in established areas.

Council commend the State government’s support for projects like this and recommends the State continue supporting local governments to invest in innovative approaches to service and infrastructure delivery that enables integrated service provision and strengthens community development.
(b) Fairness, equity and adequacy of rating systems

Council holds the position that a priority based rating system is the fairest system of raising municipal rates within a local government jurisdiction. However in municipalities where there is a significant proportion of rural properties consideration needs to be given by both state and federal grants to assist local government in providing rate assistance programs.

This is particularly important for interface councils where rural land within the urban growth boundary experiences significant rises in land value, however, the income potential does not change. There is an increasing need to encourage farming land to continue to remain viable as a farming business for many years. This can prove difficult when land values and in turn, the rate burden of farming land increases significantly.

Despite being one of the fastest growing municipalities in Australia in terms of population growth, almost 70% of the City of Whittlesea is rural land, where agriculture is the primary use. The impact of Council rates on commercial farming enterprises has been increasing considerably as the value of local farming properties has increased. This is of particular concern to those properties within the realigned urban growth boundary, which have seen extraordinary increases in value due to developer interest. Although the land has increased in value, farming as a business faces similar levels of profitability. An increasing rate burden in the context of unchanged profitability places significant financial constraints on the farming community.

Currently, when local government wishes to provide a rate subsidy to the rural sector the reduction in rate income is transferred to the urban/residential property owner within that municipality. Such assistance programs should not be individualised by each Council but as an overall strategic approach with financial assistance provided from both state and federal governments.

There is significant community and economic benefit to be derived from maintaining productive farm land on the city’s fringe. Incentive programs at the state and federal level can help sustain interface farming communities and deliver benefits including:

- Promote and encourage agricultural investment, business development and local employment
- Preserve rural amenity
- Support sustainable and productive use of farming land on the city’s fringe
- Encourage land diversification
- Improve food security.
(d) Capacity for rural and regional councils to meet responsibilities for flood planning and Preparation maintenance of flood mitigation infrastructure

In Australia, strategies for floodplain management to reduce and control flooding are best implemented at the land use planning stage. Flood-risk-based land use planning results in sustainable land management activities, including floodplain management. Various strategies, plans, and acts of Parliament guide flood-risk-based land use planning in Australia, and multiple stakeholders with varying interests are involved.

Flood-risk-based land use planning is largely dependent on flood behaviour across the land development areas, which can be documented in the form of planning zones that warn land use planners about the flood-threatened area. However, flood-related data becomes outdated when land use patterns change. This is particularly challenging for peri-urban areas like the City of Whittlesea where waterways intersect with significant urban development.

To improve our understanding of flood planning and flood mitigation infrastructure, more detailed modelling is required to understand the impact of built assets on stormwater overland flow paths. To achieve this, Council needs greater access to relevant data sets available from the Bureau of Meteorology (rainfall data) and Melbourne Water (hydrological data) to support flood-risk-based land use planning processes, as well as resources to undertake this modelling. This would assist in minimising future flooding in general within the municipality, by eliminating unnecessary land filling and obstructions in the flood plain and for Planning and Building controls for future developments. This should be a continuous process as flood levels need to be updated frequently to keep up with developments. Adopting this approach would improve accuracy and efficiency of updating data, and would reduce costs for local government.
(e) Maintenance of local road and bridge networks

Being an interface municipality Whittlesea Council needs to be prepared to deal with significant growth in the quantity of road and bridge network assets as the State government releases more rural land for residential development.

The trend towards urbanisation increases population growth and therefore traffic volumes which impacts Council’s road maintenance obligations. Rural roads designed and constructed for rural use are now being exposed to traffic volumes above their design capacity, and as a consequence, are requiring unsustainable levels of maintenance in order to provide trafficable surfaces. These are also functioning as arterial roads. While ultimately these roads are upgraded via development contributions or Council funds (typically from gravel surface to fully constructed sealed surfaces) the lag in ultimate upgrade by the State creates major disruptions and inconvenience to residents and road users alike.

Changing road standards and additional intersections mean more traffic safety issues, worsened by substantial speed differences between through traffic and local turning traffic.

The cost to maintain these new urbanised assets (both road and bridge) is significantly higher than that for servicing traditional rural versions of these asset classes. The trend towards urbanisation places significant financial pressures on maintenance budgets, particularly within a rate capping environment.

Case Study Example: O’Herns Road, Epping North

O’Herns Road was originally built to service semi-rural traffic. Over time it has been urbanised however the western section remains a rural standard road. The road is a main access point for residents living in the Aurora Estate and surrounding area. The population in Epping North has grown from 8,460 to 23,300 in the last five years, an increase of 14,800 people, and will continue to grow to 52,900 by 2031.

Residential development has put strain on O’Herns Road with increased traffic from construction vehicles, local motorists and large trucks from commercial businesses that have been established to service this urban growth. These businesses include construction material manufacturing that re-process rock material excavated from surrounding land developments to produce asphalt, crushed rock and ready mixed concrete for the construction of roads, housing and infrastructure. It is estimated that up to 200 rock trucks travel along O’Herns Road per day at peak times.

This has resulted in a significant increase in Council’s maintenance requirements from $5,000 to $90,000 per annum with service visits increasing from one or two to approximately 36 per annum. Financial contributions towards this maintenance were included in planning approvals for the rock-crushing plants but have represented less than 25% of the overall maintenance costs.

The State government has acknowledged the urgent need to upgrade O’Herns Road as part of constructing a new Hume Freeway interchange. The State has developed a detailed business case...
and has budgeted $77.75 million towards the interchange project subject to equal funding from the Federal government. Council will continue advocating to the Federal government for this project. In the meantime, the maintenance costs for O’Herns Road places increasing burden on Council resources.

This is just one example of the significant impact of residential development on rural standard roads in growth areas in the north of the municipality. Other examples include Bridge Inn Road, Mernda/Doreen and Yan Yean Road, Doreen.

Council welcomes the creation of the Outer Suburban Arterial Road Network fund being established by the State Government. It is essential that such a fund deliver the appropriate framework to bring the highest priority and high volume rural roads onto the arterial road network.

We also recommend that a very clear process and threshold be developed for the declaration of arterial roads where rural roads are functioning as arterial roads due to their traffic volumes.
(f) Weed and pest animal control

The City of Whittlesea is responsible for weed control on approximately 600km of rural roadsides and 1,638 hectares of parks and open space. In addition to this Council has a Pest Plant Local Law and employs a 0.6 EFT officer to implement an education and compliance program on private land.

Approximately $84,000 is spent managing weeds on roadsides ($8,000 a year is funded by the State Government) and $220,000 in conservation reserves. Council’s main parks contractor spent $78,000 on herbicides (staff costs not included) in the last financial year. Implementation of the Pest Plant Local Law program costs $47,000 per annum. The collective financial cost to private landowners is not known, and neither is the loss of agricultural productivity due to weed invasion. Nationally the cost to agricultural productivity is estimated to be $2.5 billion per annum.

In addition to implementing the Pest Plant Local Law Education and Compliance program on private land, the City of Whittlesea encourages weed control on private land with a financial incentive in the form of a rate rebate. The Sustainable Land Management Rebate Scheme cost Council $173,000 in the 15/16 financial year. Weed control is a mandatory commitment to receive the rebate in addition to at least one other sustainable land management activity.

The main legislation governing weeds and pest animals in Victoria is the Catchment and Land Protection Act 1994 (CaLP Act). The CaLP act is administered by the Department of Economic Development, Jobs Transport and Resources. Under this legislation, 118 species of plants are listed as noxious weeds and are required to be either controlled or prevented from spreading. Currently, DEDJTR only enforce one species of weed in the City of Whittlesea, Serrated Tussock Nassella trichotoma. As no other species is targeted by the State government, enforcement and engagement activities related to weeds falls largely to Council’s Land Management & Biodiversity Team.

DEDJTR is legally responsible eradication of plants listed as State Prohibited Weeds under the CaLP Act. Lobed Needle Grass, Nassella charruana, is a State Prohibited Weed and subsequently DEDJTR are responsible for its control. The City of Whittlesea has 94% of known infestations of Lobed Needle Grass but there is no longer any resources invested by the State government to attempt to eradicate or control this plant. There is no legal requirement for land owners to control this plant and its continued spread will impact on local agricultural productivity as the plant is unpalatable to livestock. Without input from the State government the financial and material burden of control will be left to Council and local landowners. Council estimates it will cost each landowner around $2,000-3,000 every year to manage Lobed Needle Grass. An eradication program would cost between $50K-200K per year. This figure will increase exponentially the longer the weed is left uncontrolled.

Council requests the State Government uphold its responsibility to eradicate State Prohibited Weeds and provide funding and programs. The State may also consider providing rural councils with funding to assist in the eradication of noxious and prohibited weeds in partnership with land owners, all of which contributes to the sustainable and productive use of agricultural land and supports local food supply and local jobs.
Further Information

For further information regarding this submission please contact Sean McManus, Manager Advocacy and Communications on http://www.environment.gov.au/biodiversity/invasive/weeds/weeds/why/impact.html