

State Budget Submission 2013 - 2014

Migration from Melbourne will be the main contributor to the change in regional Victoria's population.

Victoria in Future, DPCD 2012



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The Challenge

The challenge for Rural Councils Victoria (RCV), Victoria's 38 rural councils, is to create sustainable and thriving communities.

To achieve this goal, rural councils are seeking ways to:

- retain and/or have return those in the community who may be forced to leave their region to find work and education; and
- attract new people to make their home in rural Victoria.

'Migration from Melbourne will be the main contributor to the change in regional Victoria's population.'

(Victoria in Future, DPCD 2012)

Growing communities mean enhanced opportunities to invest, live and work.

The prime barrier to achieving the desired migration to rural areas is the gap in infrastructure and community services to meet the expectations of people moving from urban areas to the country.

'The major disadvantage of living in a regional area was poor services / facilities / infrastructure (33% of respondents).'

(Provincial Victoria Relocated Residents Survey 2009)

RCV is attacking the issue of infrastructure as a priority.

After all, attracting service providers and new community members to rural areas will be much easier with suitable facilities in place.

In addition, this investment would provide more equity between the infrastructure and services city and country people can access.

RCV believes this is the ideal time for the government to begin increasing support to rural councils with funding for infrastructure. It would be a 'win-win' situation.

Migration to rural areas will:

- reduce urban pressures faced by a growing Melbourne – 6.5million people by 2051 (Victoria in Future, population projections – DPCD 2012)
- boost rural populations and enhance council sustainability through increased rates revenue.



The Request

Improved rural liveability

This budget submission makes one request for the 2013 - 2014 financial year. It seeks funding for key infrastructure projects which will increase the liveability, and therefore appeal of life in country Victoria.

The following are the main planks to RCV's 2013 - 2014 Budget submission to improve rural liveability:

- a.** **Child care and kindergarten facilities**
– financial support for construction of new and replacement facilities
- b.** **Planning issues involving potable water**
– resources for planning requirements
- c.** **Infrastructure gap**
– continued and additional funding
- d.** **Sewerage schemes and wastewater projects**
– funding for schemes
- e.** **Access to natural gas**
– continued funding



a. Child care and kindergarten facilities – financial support for construction of new and replacement facilities

Research has identified that young families wanting to bring their children up in a safe environment are moving to the country.

The Provincial Victoria Relocated Residents survey (2009) found that 42% of those who relocated were people in child-rearing age groups (35-44 years (24%), followed by 25-34 years (18%)) and more than half still had their children living at home (53%).

‘There is a peak for persons aged 25 – 39 and for children, indicating the movement of younger families...’

Internal Migration in Victoria – intrastate movement (Victoria in Future, DPCD 2012)

These families seek an established child care centre because they are moving to a community where they know few people and are unlikely to have relatives nearby. In addition, migrants and refugees being placed in the rural communities have no family support structure.

It should also be remembered this is a high priority for the people already living in rural communities as many families do not have access to child care.

The development of child care centres also has important social benefits for rural communities. These include:

- Child care offers an opportunity for a career path in rural towns.
- Child care reduces the risk to children who might otherwise be taken to farm work sites by their parents.
- Child care provides an opportunity for young children to have social interaction with children their own age.
- It provides for early childhood intervention on childhood developmental issues.
- Family Day Carers providing services in some rural towns are inundated and require relief or support.

RCV member councils face a number of issues with regard to the provision of child care and kindergarten facilities. There is no single source of funding for the construction of facilities, which means a multiple agency approach with varied and time consuming paperwork is required. Local councils find themselves project managing major construction projects. This may be a significant burden on council resources in terms of staff and time. In some rural councils, child care centres are required in more than one town or district, so the issues are multiplied.



The Request:

1. A review into options for the provision of equal and equitable child care and kindergarten infrastructure and services for country children.
2. RCV and the Victorian government work together to seek further federal government funding for child care and kindergarten buildings. This to include a request that the federal government revisit its promise to provide 200 child care centres across Australia (as per its 2007 program).
3. RCV and the Victorian government work together to lobby federal government for the re-instatement of the occasional child care system.

Donald Kindergarten, Buloke Shire Council

The Donald Kindergarten building is 50 years old and no longer meets current regulations.

The building houses the kindergarten and maternal and child health nurse.

Buloke Shire Council has been working with a community project steering group and determined 40 child care places are needed in the town of 1700 and 20 to 25 kindergarten places will be needed annually.

The cost of a new building is \$2.6m, with the price affected by strict early childhood building regulations. Council has taken responsibility for architecture costs and with working drawings in place, the project is 'shovel ready'. From a low rate base, council allocated \$800,000 toward the building but given current funding arrangements, can only attract 40% funding under the Children's Facilities Capital grants program, once they have 60% of the total cost.

This means the community continues to go without child care services, kinder and maternal and child health are provided in a building which does not meet current regulations and the inequity between city and country residents continues.

Quotes from the Why we need the Donald Family Services Centre survey from parents:

"My mother travels 20km into Donald to look after my children one day a week. I don't like having to lock her into care. It is also unreliable if she gets sick or goes away. I also have the kids in care one day a week at Warracknabeal, a 45 minute drive, it is a long way to go and I have no local back-up over there."

"Accessing child care through private arrangements is burdensome. New people to town would have a very difficult time. Private child care is not subsidised so very expensive."

"Limited with family and friends as you often don't want to ask again on weekends etc as they are already doing so much for you while you work."

And from a council CEO:

"It's (child care) the first thing young people ask about when they come to town."

Stephen Cornish, CEO Pyrenees Shire Council

b. Planning issues involving potable water – resources for planning requirements

Twenty-seven RCV member councils are affected, either in part or completely, by Special Water Supply Catchment Area designations.

The DPCD guidelines of May 2009 – Planning permit applications in open, potable water supply catchment areas – and the draft guidelines of 2012 outline requirements for ‘Special Water Supply Catchment Areas’.

Under these guidelines, these areas require a catchment management plan or similar (Domestic Waste Water Management Plan), which considers the cumulative effect of septic tanks and planning issues in the area.

When council receives a planning application it must be referred to relevant authorities, including water authorities who are able to restrict development when the above mentioned plans are not in place.

Many of the 27 impacted councils do not have the funds to put toward developing these plans.

This situation adds more complexity to assessing planning permit applications and also has landowners (ratepayers) questioning the value of buying property in these areas as the land’s development opportunities are less straightforward. This lack of certainty is also seen to be reducing the value of the land, which impacts on a council’s rate base.

This argument has also been covered by letters from RCV member councils and in particular from the Moorabool Shire Council to the Minister for Water, the Hon Peter Walsh dated 28 September, 2012.

Firstly, the proposed approach centres on water authorities prohibiting land use and development activities – unless certain ill-defined but certainly very costly strategies and/or plans are prepared and managed over the long term.

This approach negates net community benefit. The benefit accrues to the water authorities, as they do not need to fund higher grade water treatment facilities, and to the end water user through lower water charges. The costs accrue to the land owner who have their land use and development rights reduced to the wider community who experience reduced economic development opportunities.

Given the water authorities pay a dividend to the government, RCV suggests this revenue stream be used to pay for the development of the plans and to fund priority projects in Special Water Supply Catchment areas.

RCV would also like to acknowledge the government’s support of this issue through the Mansfield pilot project announced in November 2012, which will produce a model Domestic Waste Water Management Plan.



The Request:

1. The government provide resources to prepare the required plans and resources for the implementation, monitoring and enforcement of the plans by councils. The cost of preparing a plan is about \$100,000 x 27 councils = \$2.7m + \$2m for the 27 councils to implement the plans – total ask \$4.7million.

(Note: the development of the Domestic Wastewater Management Plan will help identify priority towns for the sewerage and wastewater project request as part D of this submission.)

2. Alternatively, provide resource to have the plans prepared (\$2.7m) and then use the information in the plans to prioritise towns and allocate resources to the priority areas for implementation first.

Hepburn Shire Council

In recent months Hepburn Shire Council has refused nearly 20 applications for planning permits to build houses on land zoned Rural Living due to the Ministerial guidelines on potable water.

In addition, Hepburn Shire planning staff are aware that some land owners are not lodging applications because, based on precedent, they fear their application will also be refused.

Both the refusal of planning permission and the delay in lodging applications is having an immediate impact on individuals by disrupting their life plans and it is expected that if the guidelines are not altered, it will soon also lead to an impact on property values.

Council is also refusing applications for extensions to planning permits which it had already granted, based on the direction in the guidelines.



C. Infrastructure gap – continued and additional funding

RCV member councils have all welcomed the government's commitment of \$160million over four years, provided to councils to help with their infrastructure programs.

The infrastructure gap is a significant issue for all rural councils, and as identified by the Whelan Report of 2010, at least 18 councils do not have the capacity to adequately service their communities.

Communities which are not adequately serviced will find it harder to attract new residents, which links back into the argument presented in The Request section of this submission.

In addition to the specific requests outlined in this submission, the continued funding of the infrastructure gap to enable councils to maintain and develop roads, drains, bridges, footpaths, buildings and other facilities cannot be overstated. These are the basic requirements of an Australian community.

'The Local Government Act 1989 requires councils to "...work in partnership with the Governments of Victoria and Australia..." to "...achieve the best outcomes for the local community..." and "...improve the quality of life of the people of the municipal district..."

The State Government therefore has a responsibility to ensure that councils have adequate financial resources available to achieve these purposes.'

The Whelan Report, 2010

The Whelan Report calls for the provision of guaranteed long term operating entitlements, stating they are "essential to the future sustainability of these councils".



The Request:

1. Provide a long term financial commitment to the 18 councils named in the Whelan Report's recommendation on operating entitlements, where the Report found \$27.29m was required in 2010.

This was equal to 6.9% of the total Grants Commission allocation for 2006/07 of \$396m or 5.38% of the 2011-2012 allocation of \$506.812m; and would have covered approximately 80% of the total underlying annual operating deficits of \$34m incurred by the councils.

2. Review the Grants Commission formula to make this more applicable to rural councils' projects.
3. Provide an additional four year funding program for small councils' infrastructure needs when the current Roads and Bridges funding program ends.

Road sealing, Hindmarsh Shire Council

As the shire with the oldest population in the state and one where total population has been steadily declining at about 1% per annum over recent years to a current population of less than 6000 people, Hindmarsh Shire is just one example of a municipality that can't raise more revenue from rates. While rate revenue is stagnant, infrastructure renewal work must still be done, and the cost of this continues to increase.

In order for Council to maintain existing levels of service, it has to renew its infrastructure assets as they end their useful life. When infrastructure assets aren't renewed this often leads to an increase in costs which are far greater than the initial renewal cost. Take the example of a sealed road.

When the seal on a sealed road reaches the end of its useful life and is not replaced a number of issues occur including:

1. The wearing course is lost, reducing the grip between the car tyre and the road. This may result in accidents and, on top of the obvious potential tragic consequence, Council will have claims that it will need to defend.
2. Patching requirements increase and thus annual maintenance costs increase.
3. Water will enter the pavement (gravel) and subgrade (soil under the pavement) which will then fail early. A full reconstruction will then be required much earlier than if the seal only was renewed as required.
4. Council will receive an increase in complaints, which are often time consuming to resolve.
5. Resources will be redirected to the above, away from planning and repairing other works, reducing Council's capability to move forward.



d. Sewerage and wastewater projects – funding for schemes

Lack of sewerage or waste water infrastructure has been shown to have public health, economic and environmental impacts.

An example is the contamination of water supplies, including those used for recreational purposes through pathogens or surface water run-offs contributing to algal blooms.

Lack of sewerage systems can deter new investment in a town, commercially, industrially and from a residential development view point.

Residents moving to the country do have an expectation of basic services being available.

The Small Town Water Quality Fund expires at the end of the current financial year (2012-13) and RCV believes a similar fund should continue.

The fund does not provide for a per property contribution cap (contribution to the cost of the scheme) as its predecessor, the Country Towns Water Septic and Sewerage Program did.

The removal of the per property contribution cap has added significant financial hardship on the affected residents.

Currently a major inequity exists between similar waste water projects in the same water authority area, where one property owner is required to pay \$800 (under the former capped scheme) while the other, under the current fund, is required to pay \$4500.



The Request:

1. The government fund a new Small Town Water Quality Fund.
2. This fund is available for allocation starting 1 July 2013.
3. This fund has a cap per landholder contribution of \$800 as with the Country Towns Water Supply and Sewerage Scheme.
4. Water authorities are funded to undertake these works.

Loch Sport reticulated sewerage service and Alberton pressure sewerage system – both in the Wellington Shire

Extensive studies by Gippsland Water, Wellington Shire Council and independent consultants found that the town of Loch Sport's existing wastewater systems demonstrated a public health and environmental risk and that this was having a significant impact on the capacity for the community to grow, in addition to affecting its liveability and tourism capacity.

A new reticulated sewerage service will be developed in the town in 2013, servicing 2700 properties.

The total cost of the project is \$40.3m and the Victorian government contributed \$9.3m from the Country Towns Water Supply and Sewerage Scheme program, with the user contribution capped at \$800 per property. Without this level of government funding, the community would not have had the capacity to fund the project.

In the town of Alberton, serviced by South Gippsland Water, funding of \$1m has been received for the \$2m pressure sewerage system project. Owners of 200 properties will each pay \$10,000 for full connection which includes a receiving tank on each property plus the cost of the sewer pipeline.

In this example, the disparity between the two towns within the same municipality, are clear to see.



e. Access to natural gas – continued funding

RCV welcomed the Energy for the Regions program commitment of \$100m over four years. So far, this has been spent on research, preparation and the development of a procurement model for the distribution businesses.

RCV values the work undertaken in these early stages of the project and requests that the program continue to be funded and this funding be used to further develop options for locating gas supply tanks on the outskirts of small towns as a way of addressing access issues.

RCV supports the Victorian government in its investigation and costing of compressed natural gas (CNG) delivery by truck. RCV believes these CNG tanks present an exciting opportunity for small towns and the government should cost this as an option for more rural communities.



The Request:

1. Extend the Energy for the Regions \$100m commitment for the another four years.
2. Investigate an alternative natural gas supply mechanism for those communities that find themselves beyond the end of the existing supply lines.
3. Provide financial support to the pilot project communities to enable them to prepare and capitalise on new opportunities presented by their connection to a natural gas supply.

St Arnaud, Northern Grampians Shire Council

St Arnaud, with a population of 2620 and located 240km north west of Melbourne, is a regional service centre for surrounding agricultural enterprises. As such it supports several secondary industries including a stock food manufacturer, agricultural machinery manufacturing, turkey farming, professional services, mining and large scale piggeries, olive groves and vineyards.

Several council surveys and community development processes have identified a high need for natural gas among the industries in town.

The stockfeed manufacturing company alone uses more than one million litres of gas per year in its current operations. Its manager believes that natural gas would reduce the site's cost per ton to manufacture, allowing the business to be more competitive in the regional market.

Other benefits named in one of the surveys include:

- Expansion of product lines
- Workshop expansions
- New buildings
- Increase in business infrastructure
- Improved productivity
- Equipment upgrades

In addition to the business case for natural gas in St Arnaud, it would also be a selling point when attracting new people to live in the town.



The Request Summary

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Other requests

The government provide education outreach program such as those offered through neighbourhood houses/centres and TAFE colleges.

The government continue to improve public transport infrastructure and include rural Victoria in these plans. RCV notes that the Victorian Infrastructure Plan does not consider rural Victoria.



Consultation

RCV began gathering information for this submission at its May 2012 Mayors, Councillors and CEOs Forum where delegates developed a list of priorities for rural councils by state government boundaries.

In September 2012 CEOs were asked to prioritise the list and advise of any new requests they had for government.

The RCV Executive Committee then reviewed, and prioritised the issues, took account of the rural council CEO contributions and voted to pursue the main request of funding for infrastructure to support liveability in Victoria's 38 rural municipalities.

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