



FEDERAL BUDGET SUBMISSION

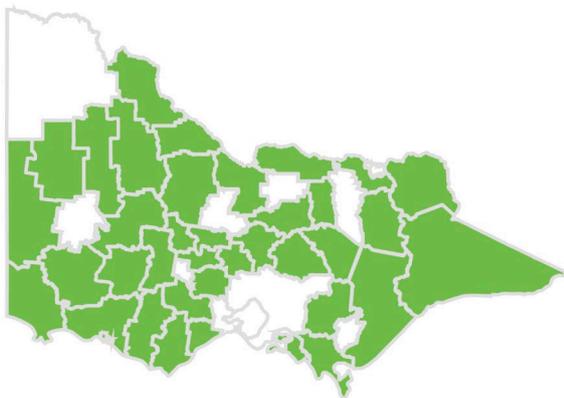
2019-20

Rural Councils Victoria

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Australia's continuing economic and population growth is masking a serious issue - while major cities are increasing in size and wealth, rural communities are falling behind.

Jobs growth is stagnant, health and education outcomes are below average, and many towns are struggling to retain young families. Businesses are increasingly moving to major cities, taking jobs and investment with them and increasing the economic divide.

This widening inequality issue isn't going away. Urgent investment is required to give rural communities a fair go and give all communities the same opportunities and living standards as Australians living in cities.

Working together on a range of capital and service projects, rural councils have demonstrated significant value as investment partners for the Federal Government. In cooperation with community groups, local businesses and our 37 member councils, Rural Councils Victoria has produced five priorities for the 2019/20 Budget that get to the heart of what rural communities need - liveability, sustainability, economic growth and effective service delivery.

We're committed to delivering better outcomes for rural communities. Let's give them a Federal Budget to be excited about.



Roads to recovery

Key ask:

Increase Roads to Recovery funding to \$800 million per annum

\$1.2 billion

Road infrastructure backlog in rural Australia.

With small ratepayer populations, limited sources of revenue and thousands of kilometres of roads to maintain, rural councils are struggling to maintain the key road links that keep Australia's produce and resource economy going.

\$20 billion

Of council-owned infrastructure assets in need of urgent maintenance or replacement.

For rural councils, the gap between revenue and infrastructure expenditure is growing. Councils like West Wimmera Shire on the South Australian border, which has just over 4,500 people yet manages nearly 3,000km of roads, are facing an insurmountable challenge of maintaining an extensive road network on a shoestring budget.

76%

Of Australia's road network length is managed by local government.

With demand for infrastructure maintenance growing while revenues shrink, local road maintenance now faces a backlog of \$1.2 billion. The only way to close this gap is by ensuring councils have the funding required to meet the needs of rural communities. Increasing the Roads to Recovery Program funding to \$800 million per annum would allow councils to plan for the long-term while also delivering much-needed maintenance.

AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION

Rural economies need roads

Regional Victoria produces a third of the state's exports, and the regional road network is the link holding these economies together. When rural road links break down, so do rural businesses, adding thousands of dollars in fleet maintenance and overheads.

In Gippsland, dairy producer Murray Goulburn's logistics team estimates poor quality local roads add up to 20% in additional maintenance costs compared with other regions. Nearby, vegetable producer Select Produce has had to invest in sturdier packaging to prevent products being destroyed in transit on rough roads, adding up to 10% in packaging costs.

Increasing investment in critical road links will allow producers to reduce unnecessary overheads, improve freight efficiency, and support the tens of thousands of export jobs rural Australians rely on.

Bad roads cost lives

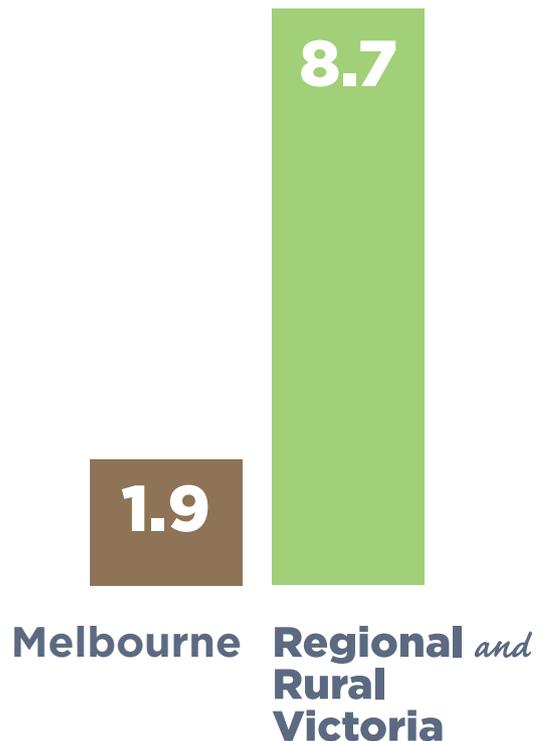
Long distance travel is a part of life in rural communities, but it shouldn't cost your life to live here. Despite our smaller population, more than half of all Victoria's road fatalities occur in rural and regional areas, making regional people more than four times more likely to die on their roads than those living in capital cities.

Worst of all, this ratio is getting worse. Rural and regional fatalities have risen dramatically, with 20 more Victorians dying on our roads in the year to March 2017 than in the year before – well above the five-year average. Of the 15 local government areas with the highest five-year average fatalities, 11 are located fully or partially in regional Victoria, and this measure doesn't even account for population.

Unmaintained roads are dangerous roads, and the continued decline of road quality in rural Victoria is putting families at risk.



Road fatality location per 100,000 population



Redeveloping main streets

Key ask:

A Main Street Redevelopment Fund of \$50 million per year for four years

370,000

Victorian jobs supported by main street precincts.

50%

Of main street tenants are small, independent business – five times higher than in shopping malls.

38%

Of Victoria's main street centres are in regional and rural Victoria, almost double the number per person than in Melbourne.

Small businesses are the backbone of rural economies, and the heritage shopping strips they occupy are part of rural Australia's character. When main streets are attractive, they increase visitor numbers, boost average spend and create spaces for community events. But when they don't get the attention they need, especially in small councils with funding shortages, small businesses and the jobs they create are at risk.

A main street redevelopment fund of \$50m per year over four years would support jobs growth, maintain vibrant economic centres and increase the potential for tourism in rural Australia.

Similar programs have had significant success in other jurisdictions. Main Street America, which coordinates a similar program in the United States, completed a recent project in Shakopee, Minnesota, that saw local retailers increase sales by more than 22% following an investment of just \$110,000. Australia is well-placed to follow this example closer to home with an investment program of our own.

It's worked before

STAWELL MAIN STREET REDEVELOPMENT

Despite being a major economic hub in the Grampians region, Stawell's main street had become tired and aged. With a lack of pedestrian amenity and few open and dining spaces, visitors and locals found the strip uninviting.

Thanks to co-investment from the Federal and Victorian Governments, Northern Grampians Shire has been able to completely redevelop the main street in Stawell, adding new paved footpaths, outdoor seating, trees and plants, and safety measures. The main street now features more accessible facilities, has restored heritage features and created a space that encourages the community and visitors to shop in the small businesses along Stawell's commercial shopping strip.

The project also sourced local construction labour and materials, ensuring that every dollar spent had a significant return for the local community, and delivering well-paying jobs for local workers. The redevelopment of Stawell's main street has been a benefit to everyone, from local businesses, to workers, to shoppers and visitors.

Today, Stawell's main street is busier, encouraging more tourists to stop and residents to shop locally. The cost to the Federal Government for the project came in at just \$800,000, and will deliver long-term economic benefits to the town.

Stawell's example shows how effective a Main Street Redevelopment Fund could be at securing the future of small businesses in heritage shopping strips throughout rural Australia. At a small cost, this program is an opportunity to support thousands of jobs and maintain the uniquely Australian heritage of our rural communities.



“It’ll be attractive to prospective business owners. It’ll be a real benefit to the whole community.”

– Llewlyn Clark
Clark’s Furniture, Stawell

“We’re going to have more turnover... it’s going to be great for summer, having outdoor seating.”

– Tony French
Mokepilly Café, Stawell

Improving financial assistance grants

Key ask:

Restore the value of Financial Assistance Grants to 1 per cent of Commonwealth taxation revenue

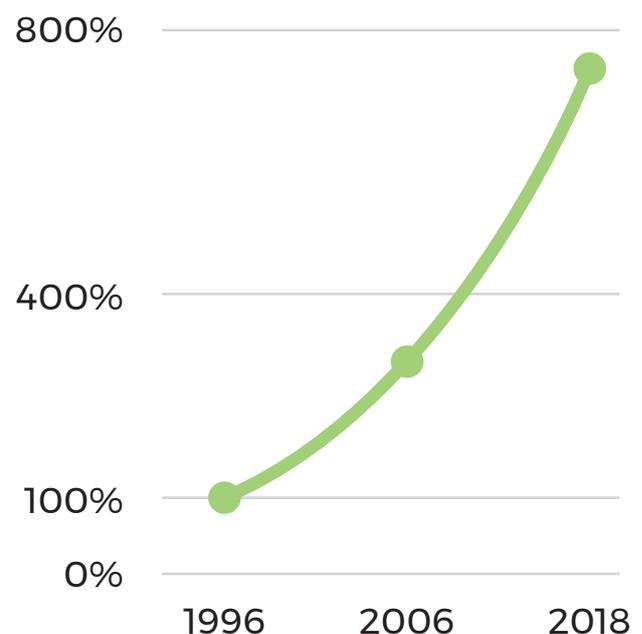
Australia is growing, and so is the demand for council services. In fact, since 1996, Local Government costs have increased more than 400%. Yet over that same period of time, the value of Financial Assistance Grants from the Federal Government has fallen dramatically, from 1% of Commonwealth tax revenue to just 0.55% this year. This is creating a gap, and it's becoming harder for councils to close that gap on their own.

Particularly in rural areas, where ratepayers have lower incomes yet demand for infrastructure spending is higher per person, decreasing relative funding is forcing councils to choose between delivering the services their residents rely on or financial sustainability.

Restoring the value to Financial Assistance Grant funding to 1996 levels, in which funding was equal to 1% of Commonwealth taxation revenue, will go a long way to giving rural councils, and their residents, the stability they need to thrive.

RELATIVE GAP BETWEEN INCREASING COUNCIL EXPENSES AND DECREASING FAG FUNDING SINCE 1996

AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION



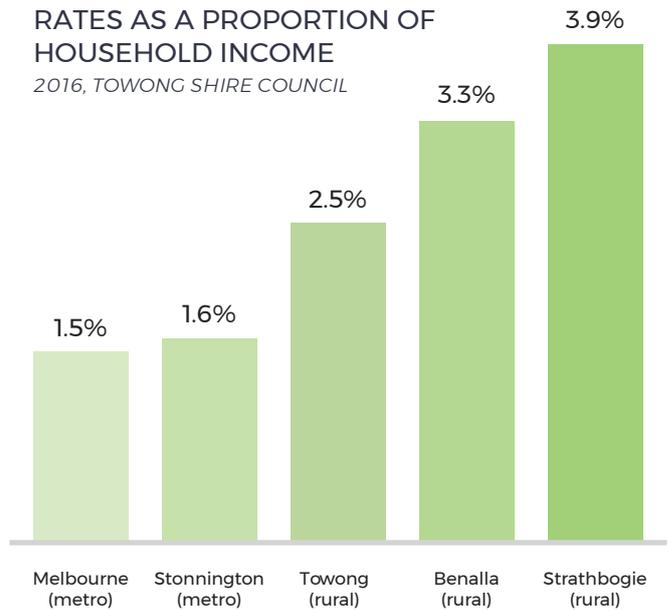
Reducing the burden on disadvantaged rural ratepayers

The average resident in Victoria’s rural councils has a lower income and less capacity to pay high rates than residents in metropolitan areas. This severely limits the ability of rural councils to raise revenue without putting residents into financial stress.

For Stonnington, an inner-Melbourne council on the minimum grant, residents spend an average of 1.6% of household income on council rates. In Strathbogie Shire, where residents have less than half the average household income, residents spend more than double the proportion of income on rates, with 3.9% of median household incomes going to rates.

This situation puts rural councils in a bind – they can either put residents in financial difficulty, or struggle to meet their own financial commitments.

Increasing the value of Financial Assistance Grant funding would resolve this problem. By ensuring more funding is available to rural councils with lower-income residents, local governments would be able to meet their obligations without putting residents into financial distress.



Managing financial risk in rural councils

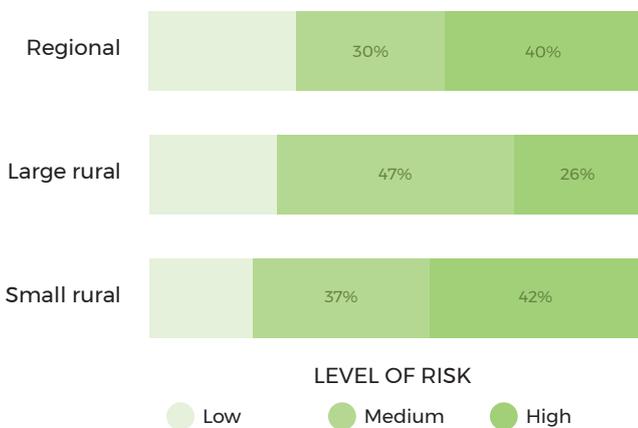
With increasing demand for infrastructure spending but declining ratepayer revenues, rural councils are struggling to develop long-term financial sustainability.

As part of the Victorian Parliamentary *Inquiry into the sustainability and operational challenges of Victoria’s rural and regional councils*, data from the Victorian Auditor-General’s Office found that councils in rural and regional areas showed disproportionately high levels of financial risk. In rural Victoria, more than 80% of small shires were identified as being at medium or high risk of not being able to fund essential services.

Rural Victorians depend on their councils to provide basic infrastructure and services, but there is increasing concern among rural councils that an economic downturn would place them at a serious risk of being unable to perform these basic functions.

A return to 1996 relative funding levels would allow councils to plan for the future, saving money over the long term and delivering better value for government at all levels.

FINANCIAL RISK OF LOCAL GOVERNMENTS BY REGION
VICTORIAN AUDITOR-GENERAL’S OFFICE



Removing mobile black spots

Key ask:

Renew the \$220 million Black Spot Removal program

Quality mobile phone connectivity isn't just about convenience – it's essential for small businesses, emergency services and visitor economies to thrive. Unfortunately, far too many parts of rural Victoria still lack effective mobile phone access, cutting entire communities off from an essential service that most Victorians living in cities take for granted.

Too much of rural Victoria is still not connected to mobile reception, and while initial funding for black spot removal is welcome, it's just not enough to cover everywhere it's needed.

The current round of black spot removal funding expires at the end of this financial year, and without a commitment to a new round of funding, work will cease, and the ongoing engagement councils have had with the program will come to an end.

Work removing rural Australia's mobile black spots is far from over – we shouldn't stop work before the work is done.



Black spots on the Great Ocean Road

The Great Ocean Road is more than just a national icon – it's the lifeblood of nearby communities. For these towns to thrive, the road needs to get visitors, goods and locals safely to their destination.

Yet despite its critical importance, large sections of the Great Ocean Road lack mobile coverage. Corangamite Shire has rated the removal of these spots Priority 1A. This means that a major catastrophic fire event is highly probable. With thousands of visitors every day, an emergency without the ability to call for help could be deadly.

Communities like those along the Great Ocean Road need reliable mobile coverage to be safe.

Continuing the building better regions fund

Key ask:

Continue the Building Better Regions Fund

Keeping Australia's rural communities thriving during an age of increasing competition from cities requires continuous investment. Families and business in rural communities expect services and infrastructure that reasonably matches what can be found in Australia's capitals – without meeting that expectation, rural areas face increasing population stagnation.

The Building Better Regions Fund has allowed rural areas to plan growth and improvement on a large scale, delivering the infrastructure and community-building projects that rural areas need to thrive. Investment has supported a range of projects, from community facilities to essential infrastructure, to agricultural developments.

Renewing the Building Better Regions Fund and building on the \$641.6 million program will generate a long-term source of investment in rural Australians that attracts new businesses and residents.



Hamilton Regional Livestock Exchange

The HRLX is the second-largest sheep selling centre in Victoria and South Australia. Agricultural businesses across the region depend on the HRLX, but the age of the exchange was threatening its viability.

With under \$2 million in government investment, including BBRF funds, the facility was modernised, and made safer and more efficient. The final project is expected to deliver significant economic returns of \$4 - 8 million in the region. Projects like these, and the BBRF that funds them, are vital for the long-term success of rural Australian communities and residents.

