Friday 10 April

The Hon. Jaala Pulford

MP Minister for Regional Development

1 Spring Street

Melbourne VIC 3000

Dear Minister

# RE: Input to the Review of DEDJTR Regional Service Delivery Model and Strategic Directions for Regional Policy

Thank you for the opportunity to provide input into this important review. Indigo Shire Council is pleased to contribute to the issues under consideration.

Indigo Shire Council is committed to growing the economy and capacity of our shire through a range of different measures. Critical to this approach has been the benefits of the current regional service delivery model, principally through RDV.

You will see below that there are unique aspects to our shire that the Council believes can drive innovation and growth and which have particularly benefited from the current regional services delivery model.

Indigo is well placed on a major transport corridor between Melbourne and the cities of Albury Wodonga on the Victoria/NSW border. There is scope to further tap into the wide range of attributes in our region – agriculture, tourism, manufacturing, food, wine, dairy and recreation. However, this will require additional funding through the current service delivery model, which, being regionally based, can tap into local knowledge and expertise to inform decision making, Council will struggle to achieve growth and job creation without this assistance via the current model.

## Key Issues

Implications of the current funding context

Indigo Shire Council asks that in undertaking this review, you take into account the combined and compounding efforts of the Federal government’s decision to suspend the indexation of Financial Assistance Grants, and the State Government’s proposed Local Government rate capping policy. Together, these policies will greatly impact the budgets of rural councils, and will have significant implications for our capacity to deliver essential services to our communities.

In addition, there is uncertainty around the continuation and/or extent of future State fund to assist rural local governments in:

* maintaining rural road networks;
* controlling roadside weeds and pests; and
* meeting our obligations under the Planning and Environment Act 1987, including planning strategically for the future of rural communities.

Maintaining at lease current levels of funding to each of these areas will be critical to key aspects of the economic and jobs prospects of our communities.

You may be aware that over recent months, rural Councils Victoria has initiated an investigation into the Sustainability of Rural councils, based on a review by rural councils that there is work councils can do themselves to streamline their operations. It also responds to VAGO’s 2013 findings that as the most vulnerable, with small ratepayer bases and high dependency on government funding to maintain their operations, rural councils are more exposed to the potential for higher financial risks in the future.

VAGO found that 18 of the most vulnerable (i.e. rural) councils had a combined operating deficit of $34 million, which is a small amount in the context of the State economy, but a very substantial deficit being carried by small and vulnerable councils and their communities.

## Regional/Rural differentiation

We ask that your external advisory board recognises the clear distinction between the major economic, social and demographic issues facing rural councils and those of regional cities. That said, it is also hoped that the important, mutual opportunities and benefits of constructive relationships and collaborations between regional cities, as the hubs of regional economies, and their neighbouring rural (hinterland) councils are given due consideration by the panel, particularly with regard to investment decision making and service planning.

## Building on existing research

The review occurs in a context of significant existing research and information - work that has been undertaken by local governments and up to Federal levels. This work provides a wealth of information relevant to the issues identified in the terms of reference for the review. It includes, for example, the Hume Strategy for Sustainable Communities 2010-2020, the Hume Regional Growth Plan, and the Hume Regional Transport Strategy, prepared with RDV funding and in partnership between local government and state agencies and authorities. The terms of reference for your review focus on sustainable regional growth and job creation. The Hume Regional Growth Plan synchronises with these terms with a focus on developing a more diverse regional economy, building on the reality that the region is not dominated by one single city but has three large interdependent regional cities and smaller centres, alpine resorts, rural residential areas and farming areas. This diversity allows for greater opportunity for innovation, and hence growth and job creation.

Key facts in the Hume Regional Growth Plan underpin the value of this diversity:

* Manufacturing and Agriculture, Forestry and Fishing provide three-quarters of the Hume Region's exports. Manufacturing exports alone were approximately $4.5 billion in 2011.
* In 2011, Manufacturing comprised 57 per cent of the total inter-regional imports while 20 per cent of inter-regional imports were from the agriculture sector. Almost half (47 per cent) of the manufacturing imports were from the food product manufacturing subsector.
* The three sectors with the highest rates of growth between 2001 and 2011were Construction, Administrative and Support Services and Mining.
* Against the trend in the national, state and other Victorian regional economies, manufacturing in the Hume Region experienced positive growth between 2001 and 2011.

On a more local level, in 2013 Indigo Shire Council received RDV funding for the commissioning of a number of reports to inform its economic development work and strategies.

The Indigo Know and Grow Project included:

* economic profile for the Indigo Shire
* township profiles for Beechworth, Chiltern, Rutherglen, and Yackandandah
* retail report
* business survey and Business Development Revue

The Economic profile provides the context for potential growth and jobs creation in this area. The shire’s economy is based on value-adding to local primary produce of the region, especially milk, cereals and grapes, and providing services to people, including tourism. Tourism is also important to the Rutherglen wine producing area and the historic townships of Beechworth, Chiltern, and Yackandandah attract thousands of visitors. The main industries include flour mill and cereal food manufacturing, agriculture, other food manufacturing, beverage and malt manufacturing. Residents also commute to Albury and Wodonga and Wangaratta for employment. Forecasts of population made by the then Victorian Department of Planning and Community Development IDPCD for Indigo Shire’s population was that it would increase steadily at about 0.9% per annum from 2012, reaching 18,210 people by 2031.

The Know and Grow Individual town profiles outlined further scope for their unique attributes to add to the economic vibrancy of the region, particularly in relation to industry, retail, tourism, and service industries. RDV funding was a critical factor in the creation of these reports and also in the funding of a number of projects that have arisen out of these reports. Two most recent projects were the funding for the internal development of the Beechworth Tourist Information Centre and the funding for signage for the Murray to Mountains Rail Trail, a project auspiced by Indigo Shire.

The RDV Funding has allowed the information from the Know and Grow reports to inform Council’s economic development activity and strategy development. The information has been of significant use in informing and supporting new investors, and has been used by other community groups in various grant applications. The Know and Grow reports will also inform Council’s new place-making strategy.

## Benefits of Regional Development Funding

The funding Indigo Shire Council has received through Regional Development Victoria over recent years has been critical to our council’s ability to improve infrastructure, promote and invigorate retail and industry growth, and develop community capacity and resilience.

It has enabled us to undertake projects and programs that we would not have had capacity for otherwise, and the flow-on-benefits have delivered important economic and social outcomes from our communities.

I provide below examples of community projects that have been funded through RDV over recent years that have positively impacted our local communities and economy.

These examples add to the ‘liveability ‘ of these areas and are an incentive for people, particularly families, looking to move to regional areas.

Barnawartha Recreation Reserve Multi-Purpose Facility –project budget $1.36 million, constructed 2013-2014

Economic Benefits:

* Employment of local tradespeople for the duration of construction
* Increased maintenance requirements for larger facility
* Catering services for increased community functions in a new function hall

Community Benefits:

* Integrated centre for community activities
* Increased community cohesion
* Appropriate meeting rooms for community groups including CFA
* Consulting rooms for GPs and allied health providers.

Wahgunyah Recreation Reserve Multi-Purpose Facility –project budget $610,000, to be constructed 2015-16

Economic Benefits:

* Employment of local trades people for duration of construction
* Increased maintenance requirements for larger facility
* Catering services for increased community functions in new function hall.

Community Benefits:

* Integrated centre for community activities
* Increased community connectedness
* Appropriate meeting rooms for community groups including CFA.

Yackandandah Hall Upgrade - project budget $1.2 million – constructed 2010-11

Economic Benefits:

* 30 jobs created during construction
* 3 new jobs created through increased tourism and social activities
* Enabled the expansion of existing events and introduction of new events

Community Benefits:

* Improvement in meeting facilities
* Community emergency recovery centre
* Increased community connectedness through cinema, theatre and dance programs.

These projects would have been severely limited in scope, or impossible, without funding via the current regional service delivery model.

## Future Priorities

The key issues and priorities that Indigo Shire Council has identified for the future are:

Infrastructure and Planning:

Barkly Park Recreation Reserve multi-purpose facility -project budget $500,000

Chiltern Recreation Reserve upgrade - project budget $400,000

Transport:

Upriver Road upgrade for new B-Double route - (not yet costed).

Grant funding has or will be sought for these future projects via the current regional service delivery model.

It is an economic reality that small rural councils rely on additional financial support to achieve desired success in building infrastructure and community resilience and capacity. Historically the support from the current regional service delivery model has underpinned our success in these areas. It is critical that this model is referenced in your review, as a prime example of an effective and efficient model of service delivery.

Minister, I warmly invite you to contact me for further information on any of the projects listed above or for any further comment regarding the upcoming review.

Yours faithfully,

Gerry Smith

Chief Executive Officer

**Indigo Shire Council**