



**Greater  
Hume  
Council**

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***Greater Hume Council Submission to the Inquiry  
into Local Government Funding and Fiscal  
Sustainability House of Representatives Standing  
Committee on Regional Development  
Infrastructure and Transport***

**Executive Summary**

This submission will describe Greater Hume Council and illustrate that its financial position is impacted upon through rate pegging, reliance on grants, cost shifting and inability to levy significant fees and charges. To improve Councils financial position the following recommendations are made:

- ☐ On an ongoing basis increase the level of the rate peg.
- ☐ For infrastructure renewal provide Councils with access to yearly noncompetitive grant funding.
- ☐ Provide Councils with access to low interest loans.

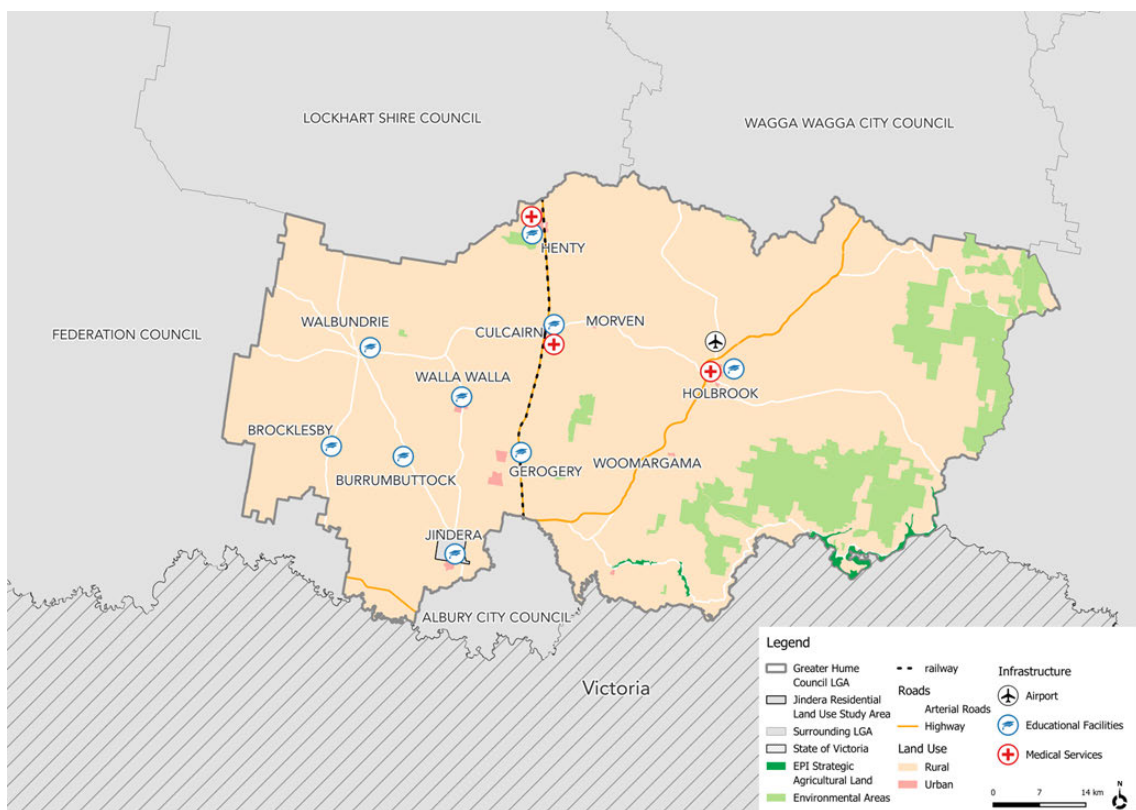
**About Greater Hume Council**

Greater Hume is located within the broader Riverina Murray Region of New South Wales. It benefits from excellent connectivity through major highways, including the Hume Highway (which links Sydney to Melbourne) and the Olympic Highway (which links Greater Hume with the adjacent regional cities of Albury and Wagga Wagga). Spanning approximately 8,000 square kilometres, Greater Hume's landscape is characterized by flat to gently undulating terrain, with fertile soils that support its agricultural activities. The region has five main towns being Culcairn, Henty, Holbrook, Jindera, and Walla Walla, alongside smaller villages of Brocklesby, Burrumbuttock, Gerogery, Gerogery West, Morven, Walbundrie, and Woomargama (see **Map 1**).

Agriculture and forestry, along with key sectors such as healthcare and social assistance, education and training, and construction, are significant contributors to the local economy, supporting the region's growth and economic diversification.

**Population**

The Greater Hume Local Strategic Planning Statement 2020 (Greater Hume LSPS) initially projected a population increase from 10,686 to 11,765 by 2036. However, the actual growth rate has exceeded expectations, with an estimated population of 11,445 residents already in 2023. Greater Hume currently has a diverse household population, comprised of a mix of couples with and without children and lone person households. However, housing stock is primarily dominated by detached dwellings, limiting housing choice for residents.



**Map 1 – Greater Hume Region**

Over the 2024 to 2046 period, Greater Hume is projected to accommodate an additional 4,159 persons (increase from 11,582 to 15,741 persons). This represents an average increase of ~180 persons per annum.

### **Services and Infrastructure and Disaster and Emergency Response Provided by Greater Hume Council**

Regional Councils such as Greater Hume Councils typically provide extensive services and infrastructure to residents. Responding to Disasters and Emergencies is also an area requiring an expanded role from Council.

Council provides infrastructure including roads, water and sewerage, stormwater, flood mitigation, waste management, parks and recreational facilities (such as halls and swimming pools) facilities for provision of health services.

Services that Council provide include libraries, economic development, tourism, childcare (including long day care, family day care and out of school hours care) regulatory services (planning and building approvals, environmental management and animal management).

### **Interactions between Governments**

NSW Councils primarily interacts with the agencies of the state government. Our interactions with the Federal Government are less common mainly through applying for grants. Greater Hume has extensive interactions with adjacent Councils particularly via our participation with the Riverina Eastern Regional Organisation of Councils.

### **Identification of All Funding Sources**

#### **Rates and Other Sources of Revenue**

Like all NSW Councils rate increases are limited by IPART which set a rate peg for each Council, which is the maximum percentage Council can increase its general income from rates. Council must apply to IPART for a 'special variation' if it wishes to increase its general income by more than the applicable rate peg.

Increasing the rate base through rezoning and subdivision of land for residential, industrial, and commercial use is a means that Councils can increase their general rate base and Council does pursue this avenue.

Council is satisfied with the existing arrangement for reimbursement of pensioner concession rate charges.

Greater Hume Council, with its large area and dispersed population, has limited ability to generate additional income through fees and charges. Increases in fees and charges are required for the ongoing operation of water and sewerage schemes and the waste service. Residents and ratepayers holistically view the costs of Councils services inclusive of rates, fees and charges and required increases in fees and charges impact upon Council ability to seek 'special variation' to rates.



### **Disaster Payments**

In recent years Greater Hume has experienced several declared natural disasters including fire and storm events. Council has received funding under the Disaster Recovery Funding Arrangements. The timing of the payments can be an issue, however the amount of funding received is typically adequate.

Council would like to note that the process of assessing damage and calculating funding does not always account for damage that can occur well after the event but is still associated with the event. For example, the Green Valley fires in 2019 burnt extensive areas of land including large areas of pine plantation. After the fire recovering burnt logs from the pine plantations occurred at an unprecedented rate and the haulage of the logs on the Council road network extensively damaged Councils Road infrastructure. Disaster payments did not compensate Council for this damage.

### **Grant Funding**

As a large rural Council Greater Hume is very dependent on grant funding as a source of income and our consolidated income statement for 25/26 shows that grants for operational and capital purposes being approximately 40% of Councils income. For 25/26 Council received \$7,543,885 in Federal Assistance Grants, which is 49% of grant funding received for operating purposes.

Sources of income for Greater Hume Council are fixed. Councils rate income and received grants for operating purposes are almost completely taken up in employee costs and the cost of materials and services. Council is very dependent on pursuing tied or specific purpose grants and competitive grants in order to provide services and infrastructure.

The reliance on tied or specific purpose grants and competitive grants presents challenges for Council which are:

- Other levels of government control the availability of grants. This means that grants are often not available when required by Council for example despite improvements in asset management there will be situations where a key asset fails before the period of its nominated lifecycle.

If suitable grants are not available at the time of an asset failure, then Councils like Greater Hume are faced with the issue of how to fund the asset replacement through its own means. As mentioned, unless it can obtain a 'special variation' to general rates Council income is tied, Council will likely not have sufficient funds in reserve and there is very limited means to take on debt. Residents will

be aggrieved when they cannot utilise an asset that they have become accustomed to having access too such as public swimming pools.

- ☐ Council cannot reserve cash to offset the depreciation of assets and so effective management of assets is contingent on the availability of grant funding being available.
- ☐ Ongoing grant funding is utilised by Council to continue to operate services such as childcare and gaps in the availability of this type of grant funding will affect Council's ability to provide employment of essential staff.
- ☐ Applying for grants and effectively managing grants is a significant administration function.
- ☐ Grant programs often advertise the availability of large amounts of funding, however there is extreme competition for funding, particularly for programs that are available nationally. As mentioned, pursuing grants is a significant administrative function and a regional Council such as Greater Hume cannot dedicate the level of resources of larger Councils.

### **Cost Shifting to Council**

Frequently Council is required to assume the responsibility for new regulatory functions and responsibilities that were performed by higher levels of Government. Typically, Council is unable to fully fund the new responsibility and the cost shifting adversely affects Council financial position.

### **Impacts and Effectiveness**

To meet the demand for services and infrastructure Greater Hume Council must run a balanced budget and therefore funding arrangements impact upon every facet of Councils operations. Council does not have the financial capacity to support deficit budgets by accessing reserves or taking on debt. As shown above Council has no real ability to raise income through fees and charges, general rates have been capped for 40 years, and Council is dependent on grants for operational and tied and specific purposes.

The above issues with funding arrangements severely impact upon Councils ability to undertake long term planning particularly concerning replacement and enhancement of significant infrastructure and expansion of services. Councils integrated planning and reporting regime showed the demand for substantial amounts of infrastructure to

support population growth which include water and sewerage infrastructure, recreational infrastructure, and expansion to services. Many of these projects have been shown in Council long term financial plan with no sources of revenue being available for the project.

### **Evolving responsibilities of local government**

There is continued evolution in the services and infrastructure that Greater Hume Council provides, for example Greater Hume has become almost the sole provider of childcare services in the area. There is demand for Council to provide housing for aged and disadvantaged, youth services, support health care (through providing facilities), residential and industrial land development, and economic development. The pegging of rates and reliance on grants impedes Council ability to respond to these challenges.

### **Barriers to infrastructure service delivery and workforce issues**

As mentioned, a barrier to infrastructure service delivery is the availability of funding. Councils long term financial plan identifies numerous infrastructure projects that are unfunded. These projects include the expansion of water and sewerage systems, transport, and development of recreational facilities. The projects are essential to support the growing population. It is Council belief that these projects particularly water and sewerage projects should be funded by the Federal Government.

Being a regional Council Greater Hume has issues attracting and retaining the work force that it needs and there is competition with adjacent Councils for skilled staff. These pressures impact upon the ability of Council to meet the expectations of its residents and increases Council expenditure on wages and salaries.

### **Explore opportunities to improve productivity and coordination of local government.**

Funding improvements for Councils would result in greater productivity and this could occur in following ways:

- Increases in the level of the rate peg. In recent years to consider the impacts of population growth in a local government area IPART has changed the process whereby the rate peg is set. Due to population growth Greater Hume has benefited from a higher rate peg. The higher rate peg has certainly helped with the funding of Council. It is considered that higher rate pegs should be maintained irrespective of population growth. The basis for this argument is due to the infrastructure back log faced by Councils, and it is considered that



moderately higher rate pegs over the long term is better for households than being faced with significant increases via 'special variation' to rates.

- ☐ Council being able to access a yearly amount of noncompetitive grant funding for infrastructure. This would enable Council to better forward plan for the delivery of infrastructure.
- ☐ Fund infrastructure by providing Councils access to low interest loans thereby reducing loan repayments. Councils would also use low interest loans for economic development purposes such as land development that has shown to be profitable for Council and provide additional housing opportunities.

## **Conclusion**

Council is grateful for the opportunity to provide information to the inquiry. The financial sustainability of local governments such as Greater Hume is under pressure due to meeting increasing demands for service and infrastructure whilst being constrained with limited ability to generate the necessary income.