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Senate Standing Committees
on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

To Whom It May Concern

SUBMISSION - THE INDICATORS OF, AND IMPACT OF, REGIONAL INEQUALITY IN AUSTRALIA

Greater Shepparton City Council writes this submission into the enquiry pertaining to 'the indicators of, and impact of, regional inequality in Australia'.

Greater Shepparton has for many years been disadvantaged in relation to the level of funding issued by both State and Federal Governments to support the development of infrastructure. Reasons for this can only be envisaged as political as Greater Shepparton has been a safe Federal and State seat for many years until recently, when the State seat changed to an independent.

Greater Shepparton, like all regional centres has a number of challenges however infrastructure upgrades continue to be a major stumbling block for Greater Shepparton and the local economy. Ultimately, in order for the region to witness significant growth to its full potential, major infrastructure upgrades are required. Passenger rail in particular has been disappointingly under supported in relation to Greater Shepparton.

It is Council's view that an unsatisfactory passenger rail service has limited the region's population growth, impacted the ability to keep youth within the region who often depart from Shepparton to study away in other cities and also the potential to attract people to the region to live, work and invest.

The below table highlights how Shepparton's growth rate has lagged behind other Local Government Areas and regions between 2011-2016.

| LGA/Region | 2011 | 2016 | Growth (persons) | Growth (%) |
|---------------------------|---------------|---------------|------------------|--------------|
| Greater Melbourne | 4,108,837 | 4,653,078 | 544,241 | 12.94% |
| Greater Geelong | 215,837 | 238,603 | 22,766 | 10.39% |
| Greater Bendigo | 101,995 | 111,783 | 9,788 | 9.43% |
| Ballarat | 95,185 | 103,407 | 8,222 | 8.50% |
| Latrobe | 73,788 | 74,329 | 541 | 0.73% |
| Greater Shepparton | 61,744 | 65,076 | 3,332 | 5.32% |
| Regional Victoria - Other | 879,662 | 932,086 | 52,424 | 5.89% |
| Total (VIC) | 5,537,048 | 6,178,362 | 641,314 | 11.58% |

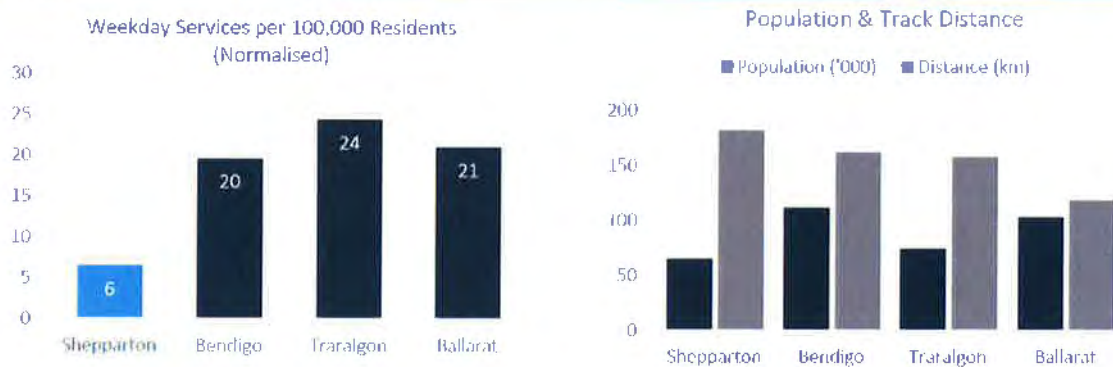
ABS Census 2016

The 'Intercity: How Regional Rail can Re-Balance population growth and create a "state of cities" in Victoria' report outlines that with improved rail access, Greater Shepparton could have a population approaching 150,000. The report refers to Shepparton as 'today's poor rail relation' and confirms that the trip from Shepparton to Melbourne is now slower than what it was in 1992.

Greater Shepparton continues to apply great effort towards enhancing the region's diverse tourism offering. Construction of the new Shepparton Art Museum (SAM) will commence in 2018. SAM will present a unique offering that aims to attract visitations from throughout Australia and internationally. The region also presents an enviable major events calendar that offers locals and visitors with the opportunity to experience Greater Shepparton's various major event offerings which includes but isn't limited to sport, art, music, culture, food and history. The region's extensive tourism offering however is currently undermined by a below average passenger rail service.

The table below highlights the distances from Melbourne for Bendigo, Ballarat, Traralgon and Shepparton and highlights the poor average speed of Greater Shepparton's rail service and also the suboptimal average weekday services available to Greater Shepparton.

| Rail Terminal | Distance (km) | Average weekday services (to SC) | Shortest trip time | Average Speed (Km/h) |
|---------------|---------------|----------------------------------|--------------------|----------------------|
| Bendigo | 162.2 | 20 | 1 h 52 min | 87 |
| Ballarat | 118.8 | 20 | 1 h 13 min | 98 |
| Traralgon | 158.1 | 18 | 1 h 41 min | 94 |
| Shepparton | 181.8 | 4 | 2 h 32 min | 72 |



A recent report commissioned by the Committee for Greater Shepparton titled 'Shepparton Rail Study – Comparative Analysis' outlined that based on the data within the table below which provides a summary of Major Regional Rail Capital Projects 2002-2017, when excluding expenditure on periodical maintenance and operations, there has been no investment to materially improve rail services to Shepparton.

| Program | Projects | Benefiting Lines | Total Investment |
|---|---|--|------------------|
| Regional Fast Rail Project 2002 - 2006 | Track and signalling upgrades to allow VLocity trains to travel at speeds of up to 160km/h, included the construction of new passing loops, line duplication and passenger facilities | Ballarat Bendigo Geelong Traralgon | \$750,000,000 |
| Regional Rail Link 2009 - 2015 | Construction of a major new line running through metropolitan Melbourne to increase capacity and reliability for Geelong, Ballarat and Bendigo services | Ballarat Bendigo Geelong | \$3,650,000,000 |
| Regional Rail Connectivity Project 2017 - 2018 | Regional Rail Connectivity Project will significantly improve mobile coverage and connectivity for commuters along the Geelong, Ballarat, Bendigo, Traralgon and Seymour rail lines | Geelong Ballarat Bendigo Traralgon Seymour | \$18,000,000 |
| Total - Completed Projects | | | \$4.42b |

Greater Shepparton continues to advocate towards:

- a maximum 2 hour journey time between Shepparton and Melbourne;
- eight services per day, with frequent services at peak times; and
- operating speeds of 130km/h.

In order to achieve this, infrastructure improvements required to deliver the service plan include:

- upgrading and protecting level crossings;
- line strengthening;
- securing an appropriate crossing loop
- automated signals;
- new secure stabling and servicing facilities at Shepparton; and
- suitable VLocity rolling stock.

A modern, high quality and reliable passenger rail service would be a significant economic game changer for Greater Shepparton. It would also assist in placing Greater Shepparton on a level playing field with other regional centres in providing superior passenger rail access to and from Melbourne.

As you would be aware, in 2015, the Victorian Government introduced rate capping legislation in the form of its "Fair Go Rates System" (FGRS). The FGRS or rate capping introduces an annual rate cap set by the Minister for Local Government which controls general rate increases for all councils during that financial year. The introduction of rate capping aims to provide an assurance that ratepayers are receiving maximum value for money. Whilst rate capping in theory aims to create efficiencies and places a set cap on rate increases per annum, it also places Councils under incredible pressure and what is often underestimated as a result of rate capping is the significant impact on economic growth. In particular, a major concern as a result of the introduction of rate capping is Council's inability to apply for State and Federal funds to support infrastructure projects due to local government contributions required.

It is more often than not a funding requirement that Councils contribute finances towards large infrastructure funding applications. Whilst this may seem more appropriate in a non-rate capping environment, the ability to apply for funds in the current rate capping environment is significantly compromised.

As an example, federal funding programs such as Building Better Regions Fund Infrastructure Projects Stream and also the 2018 Regional Growth Fund require a financial contribution of 1:1. Council has also been unable to apply for funding at times via State Government streams such as 2017/18 Community Sports Infrastructure Fund which also requires a significant financial contribution.

In March 2018, the Environment, Natural Resources and Regional Development Committee (the Committee) tabled a report to the Victorian Parliament titled 'Inquiry into the sustainability and operational challenges of Victoria's rural and regional councils'. This report confirmed that councils have been required to fulfil an increasing number of responsibilities in recent years compounded with pressures related to demographic changes and growing community expectations. This has ultimately resulted in an increase in annual expenditure.

The report also confirms that changes to funding arrangements, such as the freeze on indexing Federal Financial Assistance Grants and changes in funding for jointly funded responsibilities, has seen many regional councils experience a decline in their overall revenue from grants in recent years.

This has been further impacted by the Victorian State Government introducing the FGRS cap on council rate increases. For Greater Shepparton City Council specifically, modelling of historical rate increases versus those post the introduction of the FGRS suggest lost revenue of over \$100 million over a 10 year period.

The Committee noted that the combination of increased expenditure and changes to revenue has "made it more challenging for many of Victoria's regional councils to be financially sustainable". Furthermore, it was highlighted that the Victorian Auditor-General's defined regional councils' finances as 'medium-risk' in the context of financial sustainability into the future.

If you wish to discuss this submission further please do not hesitate to contact Director Sustainable Development, Geraldine Christou on [REDACTED] or email [REDACTED]

Yours sincerely

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Cr Kim O'Keeffe
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