

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

### Inquiry into Local Government Funding and Services

Melbourne – Tuesday 8 October 2024

#### MEMBERS

Georgie Purcell – Chair

David Davis – Deputy Chair

John Berger

Katherine Copsey

Moira Deeming

Bev McArthur

Tom McIntosh

Evan Mulholland

Sonja Terpstra

#### PARTICIPATING MEMBERS

Gaelle Broad

Georgie Crozier

David Ettershank

Michael Galea

Renee Heath

Sarah Mansfield

Rachel Payne

Richard Welch

**WITNESSES**

Tash Wark, Branch Secretary, and

Phillipa Balk, Industrial Officer, Australian Services Union.

**The CHAIR:** I declare open the Legislative Council Economy and Infrastructure Committee's public hearing for the Inquiry into Local Government Funding and Services. Please ensure that mobile phones have been switched to silent and that background noise is minimised.

I would like to begin this hearing by respectfully acknowledging the Aboriginal peoples, the traditional custodians of the land we gathered on today, and pay my respects to their ancestors, elders and families. I particularly welcome any elders or community members who are here today to impart their knowledge of this issue to the committee or who are watching the broadcast of these proceedings. I also welcome any other members of the public watching via the live broadcast.

Before we kick off I will get committee members to introduce themselves to you, starting with Ms Broad.

**Gaëlle BROAD:** Hi. I am Gaëlle Broad, Member for Northern Victoria

**Bev McARTHUR:** Bev McArthur, Western Victoria Region

**The CHAIR:** Georgie Purcell, Northern Victoria Region.

**John BERGER:** John Berger, Southern Metro.

**The CHAIR:** Thanks very much for appearing before us today. All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during this hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Then transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record, please state your full name and the organisation you are appearing on behalf of.

**Tash WARK:** My name is Tash Wark, and I am appearing on behalf of the Australian Services Union, Victorian and Tasmanian Authorities and Services Branch.

**Phillipa BALK:** My name is Phillipa Balk, and I am also appearing on behalf of the Australian Services Union.

**The CHAIR:** Wonderful. Thank you. We now welcome your opening comments, but we ask they are kept to around 10 to 15 minutes to ensure plenty of time for discussion and questions.

**Tash WARK:** No worries. Good morning and thank you very much for the opportunity to address you all and to discuss the very important matters of local government and some of what our members' views are about working in local government. As I said, my name is Tash. I am Secretary of our union, and we are really pleased to join you all here today.

The ASU is a local government union that has members at each of the 79 councils across our state, and members of our union work in almost every single role at council. Our submission is very much grounded in our members' experiences, and we have done some surveys of our members to try and get a bit more information from them about their experiences, particularly on the matters within the terms of reference around cost shifting, underfunding and rate capping. Responding to this inquiry is one of those occasions where it seems like us as a union and management generally agree. We have reviewed quite a lot of the other submissions. There is a serious issue with council funding and the sustainability of local government, and all of

those three factors that I named before have real implications for councils. Together they affect councils trying to deliver the services councils are trying to deliver and the infrastructure that councils are trying to maintain.

We are also conscious, as obviously we represent workers' interests, that cost shifting also impacts local government workers' ability to negotiate fair wages and conditions. It is a cause of staff shortages and puts pressure on workers as vacant positions at councils go unfilled, which is a fairly frequent thing that we see at multiple councils of every single size and structure across the state. Staff shortages directly impact the amount of work that workers can obviously do and perform, but they also create really unhealthy workload pressures on workers – you know, stress and what have you – which then create risk for them. Compounded by lower wages and conditions, this also leads to burnout and turnover, which again reduce the retention, skills and knowledge in that really important workforce. An overworked and underpaid workforce ultimately hurts the productivity of local government and the kinds of services that communities use and rely on every single day.

The big losers from cost shifting, rate capping and underfunding, we say, are workers and communities. The impacts of those three factors are really clear, and it seems like that is generally agreed across the industry and across many of the submissions that you no doubt will have heard and read. We say that smaller councils are some of the hardest hit, but cost shifting, rate capping and underfunding affect all councils. It affects the ability to deliver the services that we need now and reduces the investment into the infrastructure that we need to see into the future.

Many council submissions into this inquiry – and obviously there is a concurrent federal inquiry that is also running – have set out council concerns about long-term sustainability, and we have referred to some of them in our submission. As I said earlier, we have really strongly drawn on the views of our members as well. We had about 480 local government workers respond to our survey across the state – and again that is quite different functions across the industry and different sized councils and locations – to tell us about the impacts on them and to try and get their point of view and what they are saying about those infrastructure and service impacts. Many of those observations will be unsurprising, and I think with us being last on the list, you are probably going to have heard some of these before. But infrastructure is deteriorating, maintenance and repairs are delayed and services have been reduced.

Other impacts that may not be so visible to the public but are part of the worker's experience are that more than 70 per cent of respondents to our survey reported that there are skills shortages at their council, 92 per cent reported that they often see that when workers leave their organisation the role is not promptly filled, and more than 60 per cent believe that rate capping is limiting their council's ability to offer competitive salaries and benefits. In a cost-of-living strain that many workers are experiencing currently, this is compounded, that councils cannot compete.

We do want to spend a bit of time going over rate capping in particular. We commissioned a report back in 2021 about all sorts of economic and social impacts of rate capping on the industry. We wanted to spend some time sharing it with you because we thought it is something that might just set apart some of what we have to say compared to maybe what others have to offer.

Far from protecting ratepayers and residents, rate capping actually hurts them in several different ways. It compromises service delivery through lower levels of employment and wages amongst residents employed in the sector. It results in higher fees collected through other revenue tools, so that is user fees, it can be fines and things like that, and through lower expenditure flowing back into the private sector. The cost of suppressed revenues and corresponding austerity in the delivery of local government services will only continue to grow if this policy is maintained as it is. We note that the figures that we rely on in this were published in late 2021. We are now three years on from that, so anything that we are talking about here, we say will be worse.

The policy has inhibited a normal trend of expanding and improving on local government services in line with population growth – we are a growing state, we want to attract new people and we want to keep growing – and rising living standards and economic expansion. We have calculated that rate caps reduced employment in Victoria, which is counting both direct local government jobs and indirect private sector jobs, by up to 7425 jobs in 2021–22 and also reduced GDP by up to \$890 million. Again, that is back in 2021–22. Local government employment and the wages paid to local government workers translate into vital income and spending power in local regions and businesses, and we think that is going to have differential impacts in metro

and regional areas and rural areas, all the more so for smaller areas. Local government should be a role model employer everywhere, but in small communities it has really, really big impacts.

Given the stimulating effect of local government expenditure, it has been pretty puzzling to us – as that research shows – and it is concerning that the state government continues to impose restrictive and arbitrary caps on the overall rates revenue of local government in Victoria. This seems perverse I guess in that the Victorian government itself does not save any money through the imposition of that policy, and rate caps are imposed in aggregate across the whole local government area and do not ensure that any given ratepayer will actually have their rates held to the same growth rate as implied by the cap. So it is delivering a false sense of economy to a lot of people, and what we say is councils find a way around it. They need to raise revenue, and that is now happening in a whole lot of less equitable kinds of ways, without being super clear to ratepayers in the ways that they perceive they might benefit from it.

Rates are the largest single source of revenue to local governments in Victoria. Again, back in 2019–20, of total revenue of \$11.7 billion, rates accounted for \$5.6 billion, or almost half. So the imposition of the rate cap amounts to a fiscal straitjacket, impinging on the ability of local governments to employ workers and deliver needed services. It is economically and socially counterproductive for governments to impose measures that arbitrarily restrict the scope of services that governments deliver, in their breadth and their capability and their performance. We say that rate caps operate in similar ways to various other forms of austerity measures that have been imposed over time, including staffing caps, wage caps or caps on overall costs, and that generally they are based on the simplistic assumption that smaller government or smaller deficits will translate into improved economic performance. So whilst rate caps are a little bit different in form, they perform a similar kind of function in embedding a dynamic of self-fulfilling fiscal restraint and even austerity, but they apply brakes to recovery and to growth, and I think, particularly post pandemic, that is important.

We know the arguments – we hear them across the bargaining table, we hear them in council meetings, we see them when services are being outsourced and when jobs are being cut – that are used to justify rate capping, that services will somehow be improved and delivered more efficiently if local governments are fiscally disciplined by the state government, but this lacks credibility for us. It is contradicted by the empirical evidence of shortfalls in service delivery when rate caps were previously employed in Victoria in the 1990s. And there is clear evidence that residents lose in several ways, whether that is through compromised service delivery, through lower levels of employment and/or wages amongst residents employed in the local government sector, through higher costs of other forms of local government revenue, like user fees or fines, as I mentioned earlier, and through reduced economic activity in the private sector due to upstream and downstream changes. So rate caps do not deliver; they simply mask issues, and organisations find other ways to raise revenue.

Policies of fiscal austerity like local council rate caps make our economy and our society less resilient and delay or prevent the expansion of social and physical infrastructure. The sector was really the backbone of local community responses during lockdowns and other impacts of COVID. It kept our communities safe and clean. We saw all sorts of responses like delivering library books to isolated people, becoming RAT distribution centres and so much. Local government really contributed a lot – kept our parks clean, all of that kind of stuff when people were flocking to them – so we know that local government is regularly called upon in those sorts of times and in times of emergency and natural disasters, and this is only going to be an ever-increasing need. So arbitrarily restricting council revenue is actually quite dangerous.

There is some information in that report also about the operation of the rate cap. Again, that report says it is a blunt instrument which fails to account for several important considerations, including the different kinds of budgetary starting positions that councils were in when the policy was first applied in 2016–17, all of which has been just compounded over time, so any shortfall in subsequent years has just been compounded by the impact of the rate cap, the backlog of infrastructure needs experienced in many councils and the need for funding for new projects and expansions to service offerings.

Councils seeking an exemption to apply above the cap are a rarity; I think you can probably count them on one hand since the policy has been introduced. Previous Victorian parliamentary committees have noted that the variance approval process is really cumbersome, and there is significant evidence that it is not working satisfactorily. There were recommendations released in a Legislative Council report in 2017 that remain unenacted, including the timing of the rate cap decision being before 31 December, and some of those impacts for smaller councils, amongst others.

We are not the only ones that think this. I think, again, you have probably heard from quite a few people with similar points of view. We do note the MAV in previous years have done some of their own research into rate capping and have named it as anti-democratic, that local governments constitute an elected tier of government whose autonomy in identifying their own priorities and setting their own budgets should be respected by other levels of government. In the 1990s rate capping resulted in ongoing investment and maintenance shortfalls for local governments, producing compromised community safety, inconvenience and economic inefficiency, which we are really at risk of repeating now. Underinvestment in services and infrastructure just hampers the ability of councils to deliver new projects and initiatives, to the detriment of the communities in which those local councils operate. These consequences are clearly emerging under this current policy as well. Again, MAV reported back then about a worrying shortfall in capital investments by local councils and councils opting out of community services due to budget constraints. The inevitable result of this arbitrary restriction on the ability of local governments to provide needed services and infrastructure and mobilise the resources required to pay for them will be the continued degradation of local infrastructure, services and quality of life, just given the breadth again of what local government tends to deliver.

There is a bunch of information in there as well about the impact on revenue and tax system comparisons. Maybe rather than going into a lot of that, I will just say that rates prior to the policy being introduced were running at about 7.5 per cent annually for the 10 years before that and since that time have dropped to an average of just 4 per cent per year. Again, those are 2021 figures. We have had some years of significantly lower rate caps since then. This crucial source of revenue to fund local government services has not kept up with the combination of population growth and ongoing inflation in Victoria. So in real per capita terms, the revenue base of local government has been frozen. It had been frozen at that point in 2021 for four years under that policy, but in fact real per capita rate revenue has declined since 2015–16, the last year before imposition of the caps. Freezing the most important source of local government revenue has made matters far worse, as attested by the congestion, the decay and the inadequacy of services so visible in many of our communities across Victoria. I am sure many of you experience these with constituents coming to you. Whether they are issues about things like potholes, the state of roads, library services being cut, services being narrowed or slashed, or in-home aged care being handed back, there are a multitude of examples of these things. Residents I think are really left to wonder why this sudden imposition of fiscal restraint was implemented and what the implications will be overall for local services and infrastructure and the fairness of the tax system as well.

As I mentioned earlier, the policy has caused local government to look at other forms of revenue away from rates, and many of these are less efficient and less fair. They include user fees for service, some of which have increased over time; fines; interest income; and grants from other levels of government, which have all grown by about 6 per cent per year, again at 2021, when the policy came into effect, which is more than twice as fast as the growth in all those other forms of revenue before the cap. The imposed restrictions on rate revenue have resulted in a growing reliance on those other revenue sources. It is not that Victorians are paying less for local government; it is that they are paying through alternative channels, which in many cases are less efficient and fair. If you have got to pay someone to go out and collect fines, it is very different from applying a formula across the value of property.

The report also noted that state funding patterns at the same time, so state transfers to local government, have not expanded to fill the revenue void created by the restrictions on rates revenue. Current and capital transfers from other levels of government, mostly the state level, fluctuate considerably from year to year based on specific events – again, natural disasters, announcements like major infrastructure. Nevertheless, the longer term trend over time has been stagnant or declining. Even though local government's revenue capacities have been hamstrung by an arbitrary cap imposed by the state government, the state level has not assisted local councils in addressing the resulting revenue ramifications. Meanwhile, at a state and Commonwealth level tax revenues continue to increase relative to GSP or GDP over the subsequent years of the rate-capping policy being introduced in Victoria. The tax base of all levels of government in Australia was increasing steadily relative to the underlying economy before 2015.

There is no evidence in this history, though, that local government rates were somehow out of control and needed some external supervision to stop them from increasing further. In proportional terms the tax base of the state government was expanding even faster, and the tax base of the Commonwealth was also growing. For one level of government in the constellation of Australian democracy to arbitrarily restrict the capacity of another level of government to raise sufficient revenue to fulfil its duties, while those other levels of government continue to increase their own tax collections, is seen as counterproductive and somewhat hypocritical to us and

to our members. Those alternative sources are less progressive and in many cases more costly to collect and administer. Local rates are in effect a wealth tax, collecting a larger share of revenue from households with more valuable properties. In fact rate payments on property owners are one of the only forms of wealth taxation remaining in Australia. The principle of progressive taxation, including property-based local government rates, is intended to ensure that wealthier Australians contribute more fulsomely to public services, and the rate cap policy interferes with this potentially progressive outcome.

I think I mentioned before some of the alternative sources that councils are looking to as revenue in terms of fines. They require the engagement of local government workers to monitor and penalise infractions. They are not a particularly efficient way of achieving increased revenue. Our research indicates that local governments have responded to rate caps by mobilising these alternative sources of revenue to offset the decline in relative rate revenue from the caps and the costs of service provision have shifted towards other revenue sources that tend to be less fair, collected without reference to each taxpayer's ability to pay.

I do want to talk a bit about the impact on workforce, which is obviously something else that we are strongly here to represent. Local government in Victoria is a really significant employer in its own right. It directly employs about 50,000 staff doing essential work keeping communities safe, functional and livable. The number of local government staff, however, in Victoria has been stagnating and even slightly declining despite the expanding state population and its growing need for service. There were about 3000 fewer local government workers in 2019–20 than eight years prior. There is a significant economic impact in the direct local government workforce and also upstream and downstream jobs.

The report that we commissioned estimated that there were over 7600 additional jobs in 2017–18 that depended on the purchases of all of the inputs required to deliver local government services to Victorian residents, so through upstream suppliers et cetera. That is 7600. The wages and salaries paid to the workers who directly deliver local government services totalled about \$3 billion in 2017–18, and in 2017–18 roughly \$475 million in additional wages and salaries was paid to the over 7600 workers I mentioned previously. This means that as a total more than 70,000 positions are supported directly and indirectly by the Victorian local government sector. For every 10 jobs that are in the Victorian local government sector there are another four jobs supported in private businesses through the combination of upstream and downstream linkages described above. I think the downstream figures are around 12,000. This means that tinkering with something like rate capping does not just impact on local government workers; it impacts on all of those other people and all of the economic contributions that they make, the money that they spend in their communities or the money that does not go out into those communities.

The trend towards fewer local government workers in both absolute and per capita terms is also concerning in light of strong population growth over this period. Our population in Victoria grew by about 20 per cent between 2010–11 and the next 10 years, while local government employment declined by 5.3 per cent. There was considerable volatility in staffing levels over that decade in part because of the rate cap policy's negative impact on local government's capacity and ability to plan ahead. Staffing levels declined in six of those years and exceeded population growth in only three, and there is a bit more information about that in our rate cap report, which we can provide as well to you all. What we would note is that typically, as a society becomes more well off and complex, one expects government service offerings to expand in line with that and the need for public sector employment to increase, so it is concerning that the opposite has occurred here.

In terms of impacts on individual workers, we also note that wage rises per worker have declined since the rate cap policy was introduced. Prior to the introduction of rate caps they averaged about 4.7 per cent per year; since the introduction of rate caps they have averaged 2.9 per cent, and local government wages lagged behind CPI in both 2017–18 and 2018–19. In other words, local government workers' spending power has gone backwards in real terms. This is evidence that employee costs were not out of control prior to the introduction of rate capping, and following the introduction of wage capping, from 2016–17 onwards, growth in the sector's employee cost per person fell still lower, trending close to CPI. Annual increases under enterprise agreements have also trended closer to CPI and well below the Victorian state public sector wage price index.

It will be unsurprising that we argue that rate capping should be abolished altogether. I think we do name in our submission that if it is not, things like the local government index are worth exploring, but it is causing just so much damage in so many ways. There are a range of other ways that it is affecting workers. Quite specifically, I think we have not really touched on things like outsourcing and some of the job insecurity impacts. I think that

is another way that councils are trying to get around rate capping and save money. Again, it is a bit of a false economy, because outsourced services are often more expensive. If you bring in labour hire, it is usually only filling and lining the pockets of labour hire providers; it is not necessarily going to workers. But it sits in another budget line, so it is a nice easy way of tucking away something that does not appear in an annual report anymore in the same kind of way. That has certainly been the experience of our members: just seeing increased casualisation, the use of labour hiring agencies and more and more services and jobs disappearing directly. I will pause there because I cannot tell how long I have been talking for.

**The CHAIR:** We might move to questions just to ensure we get through everyone. We will start with Mrs McArthur.

**Bev McARTHUR:** Thank you. You say you represent 50,000 workers across Victoria, and there are 79 local councils. How many members have you got?

**Tash WARK:** Our membership is really healthy; we have members in every single council across the state. Our density varies from council to council –

**Bev McARTHUR:** Number? What is the total number of members of the ASU –

**Tash WARK:** Our total number –

**The CHAIR:** It is okay to take that on notice if you like.

**Bev McARTHUR:** If you have got it on the top of your head, we will have it now.

**Tash WARK:** Yes, I do know the total number. I guess it is not something we usually share publicly like this. I was trying to give you some context for how our membership is laid out.

**Bev McARTHUR:** No, I just want to know how many of the 50,000 are members.

**Tash WARK:** Yes. There are at least 20 per cent that are members.

**Bev McARTHUR:** All right. This might go to my next question. Can you confirm that you sent a letter to the CFMEU national secretary Zach Smith alleging that the CFMEU delegates at some council depots have verbally abused ASU delegates?

**Tash WARK:** I am not sure what that has to do with the scope of this inquiry.

**The CHAIR:** I think that is pushing the terms of reference, Mrs McArthur.

**Bev McARTHUR:** You are saying you are here to represent the workers in local government. Are your workers being abused on worksites by other union representatives?

**John BERGER:** On a point of order, Chair, I do not think that is relevant to this inquiry.

**The CHAIR:** Yes, I tend to agree. I think that it is outside the terms of reference, Mrs McArthur. Do you have another question?

**Bev McARTHUR:** We have heard half an hour on how you are here to represent workers, and I am concerned that they might be being intimidated by another union.

**Tash WARK:** Then maybe you can take it up with WorkSafe or somebody else, but it is not within the scope of this committee.

**Bev McARTHUR:** Have you taken it up with WorkSafe?

**The CHAIR:** Mrs McArthur, that is absolutely outside the terms of reference. Do you have a question in relation to funding and services?

**Bev McARTHUR:** Yes, absolutely. You say that rate capping is a problem, when rate capping at the moment is the only brake that ratepayers have on an out-of-control government spending local government sector. Are ratepayers not important to you in that regard?

**Tash WARK:** I guess what we see is that ratepayers are community members, and most community members want reliable, quality services. When we have engaged on particular issues – if I use something like the provision of in-home aged care as an example – ratepayers and community members usually dearly love and value those sorts of services, and they want them to be reliable, they want them to be consistent and they want to know that they have good quality of care when somebody in their life needs something like aged care in the home. When we are in those sorts of circumstances looking at the loss of those kinds of services, then yes, we do generally find that carers and family members and other people in communities want to see those sorts of services continue. But those are the kinds of services that tend to get cut in this kind of environment. We have seen an increased number of exits in that kind of service delivery in things like early years and early childhood. I guess that has been our experience: we often have a similar kind of aligned interest with community members who are accessing those kinds of services

**Bev McARTHUR:** You are also calling on your union members to support the Palestinian rally, aren't you?

**The CHAIR:** Mrs McArthur, that is outside the terms of reference.

**Bev McARTHUR:** Well, if they are concerned about the workers, we need to know if they are being encouraged to attend protest rallies.

**The CHAIR:** Mrs McArthur, that is absolutely out of order.

**Bev McARTHUR:** We have heard about the cost shifting in local government, and it is a significant issue. We have just heard from Local Government Victoria that it is outside their bailiwick really in terms of advocating to government about the problems associated with this. What do you say to the government – you are obviously in touch with government representatives and departments – when all of the sudden a council that will have done their budget gets an email from the government saying 'We'll now impose a cost on vaccination', for example, a \$6000 fee for administration and a \$2 per jab fee, which previously was funded fully by the state government? What would your union be saying to government about this sort of thing.

**Tash WARK:** We have got recommendations that cover some of this. What we say is that our recommendation 1 is:

The Victorian Government to immediately provide ongoing funding to co-funded local government services at originally agreed proportions.

Recommendation 2 is:

The Victorian Government to fully fund councils to deliver state-mandated functions.

So I think that is covered in our submission.

**The CHAIR:** Mrs McArthur, that is all we have time for. We will move to Mr Berger.

**John BERGER:** Thank you, Chair. Thank you, both, for your appearance this morning. I have been asking a lot of questions in this inquiry in relation to skills gaps around the place, and it seems to be quite evident in the rural setting that there is a distinct lack of engineers around in those particular settings. I am wondering if you have any ideas as to how you could attract people to that industry, if you like, through TAFEs or through universities or perhaps even some partnerships with the councils and the universities to attract those skills into that area.

**Tash WARK:** I am not sure if we are the best people to ask about engineers specifically, but I think there are ongoing skill gaps that have been documented. ALGA and MAV look at this periodically, and there are the same kinds of skill shortages. I think what we would note is that there is an absence of a coordinated effort to look at how they should be addressed across the industry and in some of those areas where maybe the gaps are more profound – so attracting and retaining in regional and rural areas. I know when we talk to our members in some of those areas, it is things like competing with other places that pay more – frankly. Whether that is infrastructure projects or whether it is state government, other levels of government, private sector or what have



you, I think that that is a challenge for some areas of local government and for some roles in particular. Did you want to add something?

**Phillipa BALK:** Yes. The skills gap is an interesting one because I do not think it is confined to just those higher paid jobs, like engineering.

**John BERGER:** I just used that as an example because it seems to be a common theme.

**Phillipa BALK:** Yes, and it is a really good one because it comes up a lot at the bargaining table, but the reality is that even for the lower paid jobs in local government now there is a big transition to the private workforce because the wages in local government cannot compete because of the restrictions on the ability to negotiate higher outcomes. At the bargaining table there are ongoing conversations all the time about this particular discussion and ways to incentivise workers to those areas. Certainly wages and conditions are going to be a big part of that. I know that the younger generations are looking at those sorts of things. They are starting lives and they are buying houses, and to be able to afford a house it is better to have a higher income.

**Bev McARTHUR:** A bit hard when 50 per cent of the cost is made up in taxes.

**Phillipa BALK:** Yes, in terms of that, I think there is a broad concern for all areas of local government and retaining them as well once they have got a hold of them. They are often getting them at the entry level, and then once they progress they might depart from that council as well. It is also about retention. Certainly I think partnerships are a good idea. We have had a lot of conversations about pathways and succession planning, and we have talked to different councils about those sorts of ideas. But I would just agree in terms of a coordinated approach to it.

**John BERGER:** In your submission you talked about outsourcing. That is, I suppose, one of the most contentious issues ever in terms of what you pay for an outsourced position and in terms of what it would cost for an in-house position doing that role. Is there a lot of that going on simply because it is an easy option to do that, or is there such a shortage of people to fill roles that they just simply cannot be found?

**Tash WARK:** It is not the latter. Maybe I can use a couple of examples. Someone like Citywide is an interesting example. It is owned by the City of Melbourne. You have got a CEO there who is being paid in excess of any CEO across the state, being paid more than the Premier and I think being paid more than the Prime Minister possibly. I think it is approximately \$800,000. But you have got workers working in that organisation, some of whom are on an enterprise agreement and some of whom are on an award. They contract out to various councils and across the industry. We frequently have members who will move from Citywide over to other parts of local government. They want to get into council jobs generally –

**Bev McARTHUR:** Because they come under the local government award – the other jobs?

**Tash WARK:** Sorry, I am not sure of the order here and whether I –

**John BERGER:** Yes, this is my question, thank you.

**Bev McARTHUR:** Yes. Well, do they?

**Tash WARK:** There is a combination. As I said, some of them are covered by enterprise agreements and some of them are covered by the award. They work for the same employer, the employer being Citywide, who is owned by the City of Melbourne. Anyone who works for the City of Melbourne is on the City of Melbourne enterprise agreement. They contract out to other councils, who also have enterprise agreements. But they are always being paid less, and generally their terms and conditions are lower as well. That is just one example, and we would say Citywide is probably not the worst provider. There are a bunch of other providers that would not even be directly on the local government award necessarily but on other awards and generally on less secure forms of employment. It means if they are on the award, they do not have access to things like proper arbitration. Trying to resolve disputes is really difficult, so then you get a lot more churn. People do not hang around; they tend to be less unionised then and so on and so on and so on, meaning just that the whole –

**John BERGER:** And typically what positions would they be?

**Tash WARK:** A lot of the outdoor positions have gone that way. Citywide is all outdoors, so it is waste, cleansing, parks and gardens, transfer stations, asphalt and so forth. We have had other areas move. With in-home aged care, as I mentioned earlier, a lot of that funding was either handed back or has gone to not-for-profit providers, whose staff again tend to be on lower pay and conditions, or it has become a bit uberised.

**John BERGER:** Okay.

**The CHAIR:** Thanks, Mr Berger.

**John BERGER:** Thanks, Chair.

**The CHAIR:** I have a question that is quite niche, but I feel like you might be able to answer it for me. Something that I have spoken to a few councils about throughout this inquiry has been how we are seeing the stripping away of a lot of funding in certain areas and services, and we are hearing a lot about maternal and child health and libraries and things like that. But a big issue that often comes to me is animal shelters, particularly in regional areas, where there is a huge need for them because of the geographical size of areas and distances travelled. We are seeing more and more regional animal shelters close down, with contracts either disappearing altogether or volunteers picking up the pieces or moving to inner-city areas, where pet owners will have to travel hours in order to reclaim their pets. One council in particular that has recently made the decision, following many others, is Campaspe. This is not just impacting animal welfare but also staff. Can you talk to us a little bit about the impact that it has when these regional animal shelters are closing down? I know that some of them are your members.

**Phillipa BALK:** That is such a good question. I have been working with the members at Campaspe more recently with respect to this. That is one instance where the animal shelter element of their pound services is closing down, and the workers themselves at Campaspe are expressing a lot of distress in terms of the psychosocial impacts of having to deal with higher numbers of animals being impounded and unable to be rehomed. But this is not just an issue at Campaspe, it is going to have a flow-on effect for other council workers in other council areas, such as Bendigo and Shepparton, where there are other pound services. We know that at pound services in those areas the animal officers are already under stress. I have talked to them about their workplace conditions, for example, at Shepparton, where their services are full – and consistently full – and the conditions that they are working in are really hot, inclement, difficult conditions. Then to add the psychosocial element of the inability to rehome and the inability to find animal rescue organisations with capacity to take on fosters or to collect animals from these shelters is huge. So the staff themselves are reporting significant psychosocial impacts from the changes, particularly at Campaspe. The flow-on effects are enormous, and it is not just an issue at Campaspe and in that region.

**The CHAIR:** Yes, as you said, there is a flow-on impact in surrounding areas, and there have been recent decisions prior to this one; Wangaratta has recently done the same thing as well. Can you tell us what your members say to you about the importance of providing these services, not just for staff roles but for the community?

**Phillipa BALK:** Yes. ASU members at Campaspe in particular got straight up and conducted a petition with respect to the closure of the Campaspe animal shelter. Over 2000 people in the community area have signed this petition because they do not want these services to close down. These services provide essential relief for any animal owners in the area – so, if their dog is impounded, then it often is transferred through these services. But additionally, knowing that the impact on animals will be profound and the impact on workers will be profound, the impact on the community is profound as well, and it is broadly supported that this service should continue in that local area.

**The CHAIR:** We actually get data on these pounds and shelters now and the amount of animals that are rehomed, and in the last few years Campaspe has actually rehomed a significant amount of animals. For committee members who are not aware, that is a service that will not be provided anymore. What do you think the impact will be on these animals now that there is no longer a rehoming element to the animal services?

**Phillipa BALK:** I think distressingly, and distressingly in particular for the workers impacted, it is going to result in a higher euthanasia rate. Local government workers who work in these services are responsible for performing euthanasia of a lot of animals and the impact of these services and this act is profound, and I know from firsthand experience talking with these workers that they really rely on the ability to work with rescue

organisations and animal shelters such as the one at Campaspe to rehome. That obviously is a preferred outcome for the animals, but also for the workers involved.

**The CHAIR:** Thank you.

**Tash WARK:** We would anticipate then we are going to see more incident reports, a higher level of distress amongst workers and stress and that kind of occupational impact, as well as job loss, potentially.

**Bev McArthur** interjected.

**The CHAIR:** Mrs McArthur! Ms Broad.

**Gaëlle BROAD:** Thank you very much for appearing today. Your submission does outline a number of services of local councils. What is your view? Should the state government have more of a defining role of what core services are within the remit of local councils?

**Tash WARK:** I mean, I guess our view is that for the services that are there, they should be maintained and they should continue. There is a reason why they are there in the first instance. In some instances we would say that they should be expanded, and we have seen some services contract or be outsourced over time. Things like that should be brought back in-house. Otherwise we say that there is a democratic function to be performed there and it is part of that process of local communities being consulted through things like council plans and budget activities and that sort of stuff but also through the democratic process of electing councillors. There are definitely some factors that hamper transparency to voters and ratepayers about how their councillors are making decisions because of the structure of council meetings and an over-reliance on things like commercial-in-confidence, which means that decisions are being made in a really non-transparent way. So things like the decision to sell off part of Citywide, which is already an outsourced service owned by council, to Cleanaway – we have no idea who voted what way in that decision. I mean, that is unconscionable. If people are making those sorts of decisions, all of you would have to be making those decisions openly, and we are talking about millions of dollars at stake and jobs and livelihoods. Those sorts of decisions should be transparent.

**Gaëlle BROAD:** So have you seen an increase in that lack of transparency? Are members reporting that?

**Tash WARK:** Yes, definitely. I think that there could be better, stronger legislative provisions around that in the *Local Government Act*, and I think that is part of what is used as an argument to sort of work around that. Our members are really distressed by that, because some of them live in their communities as well. They are interacting with councillors as part of that community and they do not know how the decisions are being made about their jobs or how council officers are advising them either, because that may also not be shared with them in that way.

**Gaëlle BROAD:** I hear what you are saying about local council having a role in working with the community to work out priorities, but in this list, are there any of these services that you think should be managed by the state government rather than local council?

**Tash WARK:** I do not think we would be supporting that, no.

**Gaëlle BROAD:** Okay, so you are comfortable with local council delivering all of these services?

**Tash WARK:** Yes. I think our position is that services that are currently provided by local government should be maintained that way. I mean, there are some here that obviously are provided from multiple providers, so a thing like road maintenance is a shared responsibility depending on the road. Putting that to one side, these sorts of services should be maintained.

**Gaëlle BROAD:** Seeing in your submission ‘50,000 local council workers’ – and when I look at 79 councils, that is about 633 staff each – is that council-employed workers? What is the average, and what is a reasonable number of staff to be employed by a local council?

**Tash WARK:** It is very variable. I mean, take somewhere like the City of Greater Geelong: it is massive compared to some of our really regional and rural councils that are obviously pretty tiny.

**Gaelle BROAD:** What is the difference in the numbers? What are you aware of from your research? You are not sure?

**Tash WARK:** I would need to take that on notice – what the range of workplace sizes is. Sorry, your question was about the numbers. Do you mind just repeating it?

**Gaelle BROAD:** I guess just when you talk about local council workers, are you saying there are 50,000 employed directly by local councils?

**Tash WARK:** Yes. What is not mapped in that is workers who may come in on a labour-hire or agency kind of arrangement – so any kind of third-party arrangement will not be mapped in that, and there is no obligation for councils to report on that currently on a workforce, like in a head count or EFT kind of manner, which we say there should be. If you have got people who are part of delivering services to communities, then they should be counted. If people are working in jobs that are outsourced, there is no compulsion for councils to report on, again, the headcount or the EFT that is involved.

**Bev McARTHUR:** Well, why would there be if they are outsourced?

**The CHAIR:** Mrs McArthur!

**Gaelle BROAD:** Actually, yes, there have definitely been reports done at the state government level that show a significant increase in the number of jobs outsourced and consultants. Even though there was a decision to reduce, it has actually expanded. Just on that, I guess in local councils like the Yarra Ranges shire, finding planners is a struggle. They have a shortage of workers and so they are partnering with a company, MyLot, which is kind of an AI-generated model. Do you see a role for that type of activity, where councils can perhaps work together to create more efficient sources that they perhaps would not have the skills in-house to do?

**Tash WARK:** There is provision in the legislation at the moment to do things like beneficial enterprises. I think our main concern is that it is not going to undermine workers' conditions and pay. Workers should still be engaged on council terms, so what we object to is when you have organisations that want to set up something that is a separate entity that is specifically designed to undermine wages and conditions so that you end up with workers doing essentially the same work and the same function, but if I am employed, for argument's sake, by Merri-Bek in the north, then I am going to be employed on an enterprise agreement, but if I am employed in the south, then I am going to be on a city-wide agreement or award. That is wrong.

**Gaelle BROAD:** Okay.

**The CHAIR:** Just a final question, Mrs Broad.

**Gaelle BROAD:** No worries. Okay. Your submission states that the union has longstanding views on cost shifting and the financial constraints imposed on councils by the levels of government. I am just wondering: have you raised these concerns directly with the Minister for Local Government? What concerns were raised, and what has been the response to that?

**Tash WARK:** I think we have raised them in other forums like this. I do not know that it has been in the form of ongoing dialogue with the minister.

**Gaelle BROAD:** Not directly.

**Tash WARK:** Yes.

**The CHAIR:** Thank you, Mrs Broad. That is all we have got time for today. Thanks very much for taking the time to appear before us and the effort you have put into your submission and responses. You might get some questions on notice from members of the committee. That concludes the public hearing.

**Witnesses withdrew.**