

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Melbourne – 24 October 2001

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Witnesses

Cr J. Hansen, President; and
Cr A. Rowe, Member, Victorian Local Governance Association.

The CHAIRMAN — I declare open this meeting of the Economic Development Committee. This committee is an all-party investigatory committee of the Legislative Council. Today we are hearing evidence in relation to our inquiry into structural changes in the Victorian economy.

I advise all present at this hearing that all evidence taken by this committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act.

We welcome Cr Julie Hansen and Cr Andrew Rowe from the Victorian Local Governance Association (VLGA). Cr Hansen is president of that association.

Would you like to make an opening statement and then we will ask you some questions? Would you like to identify which councils are associated with the association and which councils you have been involved with? Then you might like to make some comments regarding our reference, of which you have a copy.

Cr HANSEN — We welcome the opportunity. I will start with a little bit about the Victorian Local Governance Association to refresh your memories. The Victorian Local Governance Association was born out of the chaos of 1994 when all democratically elected councils were sacked in Victoria. Initially we were established to restore democracy, then we moved into rebuilding democracy and now we are into an era of sustaining local democracy.

We are a unique organisation in Australia. We are recognised as a peak local government body — one of the two in Victoria. We have 38 member councils as our members, plus 600 community groups and individuals. We have a committee made up of councillors and individuals as well. We operate at a policy level with a very strong strategic focus.

We have been involved in many issues. We take up many issues which are at the cutting edge to do with new opportunities in local government. We will speak about those later on. We have maintained a healthy relationship with the other peak local government body — the Municipal Association of Victoria. As the president of the MAV says himself, it is important to the sector to make sure that there are complementarities, that we work together on some issues which we identify; on others we do not. MAV would run with roads. We do not. We run with local drug policy action plans. On others we have different points of view. We believe it adds a real vibrancy to the sector to operate in this way.

Andrew Rowe is a councillor with the republic of Moreland. Is that right, Andrew? He has been with us at the VLGA for over a year in his councillor support and development role. We identified that one of the main issues in terms of the future of local government was giving support and encouraging councillors to operate at good governance principle level.

I am a councillor with the Surf Coast Shire, which takes in the areas of Torquay to Lorne and back into the hinterland of Winchelsea. I am now in my seventh year as a councillor, and we are the fastest growing non-urban shire in Victoria, with many challenges in terms of the way we are growing in that coastal area.

If we could, we have decided to address the questions that you sent out. In reference to the efficiencies of councils under the previous and present structures, the VLGA believes that prior to amalgamation it was largely accepted that many local governments were not really of a size or did not contain the diversity of economic activity to be wholly viable in an economic sense. We also argue that prior to amalgamation many local governments were inefficient in terms of balancing their books, and some would say in terms of their delivery of services, and that efficiencies of scale would result from amalgamation. Some of you may live in particular local government areas where you have seen that.

The boundary alignments of that amalgamation, we believe, owed much to the synergies of natural boundaries and also those communities of interest. Where I come from in Surf Coast, the community of interest that was generally created has been of enormous benefit to the future strategic direction of that area. We have become involved in areas like tourism, to name one. We work well with the tourism industry there.

Economic viability was not used as a criterion for those boundary realignments. Some of you probably know that in a few cases the politics really got the better of the situation, and the VLGA has been closely involved with a few councils where there has been continual unsettlement. Delatite would be one that is going through a process now. We think it is going to be a bit of a case study in terms of the way they have done that and followed the processes.

Mr CRAIGE — I wish the case study would hurry up.

Cr HANSEN — I think you would have lots of agreement there. The arguments for the efficiencies largely fell in the areas of scale and went to notions of comparison between the government sector versus the private sector. Some local government areas are now without an appropriate balance and mix of what we could call economic players. When you have been touring around rural areas, you may have spoken to local councils and their communities and this may have arisen as an issue.

Mr CRAIGE — Could you name some?

Cr HANSEN — That are not economically viable?

Mr CRAIGE — Yes.

Cr HANSEN — A lot in the Western District.

Mr CRAIGE — You are saying that they are. We are taking evidence. It is really important for us.

Cr HANSEN — If you look at the infrastructure renewal study that was done, you can see that many local governments, in terms of their ability to provide infrastructure, are severely restricted even in maintaining infrastructure. Many of them are below the 50 percentile mark of being able to do that.

Mr CRAIGE — You are relying on the Department of Infrastructure work that was done and the information they put out in respect of that?

Cr HANSEN — In terms of funding, et cetera, we use that quite a bit as a recognised benchmark. While local government areas are larger now than they were beforehand, they are not necessarily more viable. If you are a small shire like Yarriambiack where you have an enormous area to cover, an enormous road network and a limited rate base, it becomes a real challenge. You have to be very innovative, form new partnerships, look at new ways of doing things, lobby government even harder in order to meet the challenges that lie in front of you.

The major issues are rate base, infrastructure spending, cost shifting — which I am sure the MAV will speak to you about at length — and rate equity as well. The cutting of council rates by 20 per cent in 1995 followed by a rate cap created two impacts: firstly, the rate cut and cap caused many local governments to cut back or slow down their capital works and infrastructure spending. At Surf Coast, the fastest growing non-urban shire, that has been a major challenge for us. We have had to put our rates up, since we have been allowed to, by over 30 per cent, and that is still not enough in terms of providing for the strategic future.

The infrastructure report speaks about local government's capacity to fund long-term infrastructure replacement and upgrade. It identified significant issues for councils, largely claiming that the majority of Victorian councils were ill prepared for those long-term infrastructure demands. The infrastructure report cautiously avoided looking at the impacts of the rate cut and cap. This omission was quite obvious and we believe was a major inadequacy in the report for local governments. Local governments have also had to grapple with those emerging infrastructure demands for renewal and upgrades. Once you build the infrastructure, you have the maintenance of having to keep that infrastructure up to a certain standard. That is the first impact.

The second impact of the rate cut and cap was the pressure to downsize. Many of you who have known people who have worked in local government would have known of the horrific time that many of them went through prior and during compulsory competitive tendering. We believe most of the downsizing of council staff happened prior to CCT in preparation for the first CCT round. Downsizing took 15 000 jobs out of local government in Victoria, which is quite a substantial amount.

Our ability to respond to community demands are also affected by those cost shifts to local government from federal and state governments over many years. As I said, the MAV will speak about them. We believe that to keep up with the demand local government must be able to rate appropriately all commercial operators within local government areas.

You may have spoken to Latrobe council, which has significant issues in terms of the way some of the coal industry operations are rated down there. There have been changes in the presence, resourcing and delivery of council services. We are continually balancing increasing pressures to renew and upgrade again the infrastructure alongside increasing demands for human services and age services. Home and community care (HACC) programs are an example. I was speaking to the mayor of Maroondah yesterday who said that he is trying to organise with

peak local government bodies to get every mayor in Victoria on the steps of Parliament House to make a real point about HACC service funding and the imposts that is putting on local government because of the gap that exists there at the moment.

There are new opportunities which the VLGA really encourages local government to take up. As they are taken up by some councils, like Port Philip, we find local governments are increasing the size of their administrations rather than their parks or roads crews. So some local governments, particularly in the urban areas, have drug officers, community development officers and social planners — things that prior to amalgamation local governments were not into at all. As local governments have taken those opportunities in terms of engaging in those issues which really impact on their communities — global, complex issues — and taken on that role of working with their communities to find those local solutions, we have local governments going into new areas where they have had new office positions being created.

Mr BEST — Do you think that is a role for local government?

Cr HANSEN — Absolutely. If I can use the drug issue as an example, the VLGA coordinated a forum about two years ago. David Penington came and spoke, plus Margaret Hamilton from Turning the Tide and other people well versed in the field. Their message was that the federal government does not know what the solution is and the state government does not know what the solution is. In terms of local communities and local governments, local communities and local governments really cannot react in the learned helplessness mode any more. For people who live in Warrnambool, Mildura or Mansfield the issues that local government and communities can have an effect on and are part of the solution at a local level to drug issues. The infrastructure that, say, Mansfield builds in terms of providing for its local youth is part of the foundation of working towards a local solution to drug problems. We at local level must be involved with it.

Mr BEST — So you see yourself being the leader in that?

Cr HANSEN — We are a partner in that.

Mr BEST — Where are the partnerships?

Cr HANSEN — It is only by partnerships, by local governments at the local level and state and federal governments working together in an integrated way that we believe there will be real headway made. Everyone has a role to play. At Surf Coast we are just about to put \$50 000, which is quite an amount of money for us, into a new skate park for our major town of Torquay where the youth population is going to double in 10 years. We have some state government funding. We see that as an integral part of working with young people, being young men at the moment, encouraging them to be involved in healthy activities. That is part of their social engagement — kids on skateboards down our way. Young women are another challenge. We would identify young woman down our way as an area where those traditional areas like netball et cetera do not encompass a lot of them. Music is probably the overarching issue for young people down our way.

Mr BEST — I did not want to divert you from the opening submission. There are a number of questions I want to ask.

The CHAIRMAN — We have a timing issue here. Have you nearly finished your submission?

Cr ROWE — Maybe if I very quickly pick up a couple of issues we want to leave with you, and Julie wants to briefly touch of community banking.

Cr HANSEN — Yes, that is right.

Cr ROWE — Can I, being aware of the time, rattle through a couple of other points, and I will pick up the pace. If we look at the fact that the rate cut and the cap in 1995 has left many local governments only now just catching up to where they were then, because there has been a backlog and the backlog has left a gap in infrastructure spending. It is obvious that the only way to deal with that cut was to downsize.

The larger amalgamated councils now have significant pressures. It was part of the whole rationale of the amalgamations to say that the big local councils could pick up and deal with the larger issues. Brunswick was a minor player in economic development but Moreland could be a player with much more regional significance. Instead of having one person on economic development it now has a unit — it has education staff and a whole range of people. After amalgamation local government picked up on the very aspect of amalgamation that was positive — the extra things a council could do.

An additional problem is that councils are still stuck with rates as their major income source. Local government taxation across the nation is less than 4 per cent of total national taxation. Local government rates are less than 2.5 per cent of average annual incomes, so that is good value for money in what people get for their rates. Although they get it in their annual bill, it does not always appear as value for money because of the way it is delivered. GST will provide growth taxes to the states, but local government's share of revenue will still depend every year on whether it can put its rates up. Because its rates go up in a very public, transparent way every year — the local papers are quick to say the rates in this or that council have gone up 2 per cent or 5 per cent — it is very public. Councils have an in-built conservatism to make sure that they do it in a responsible and transparent manner because it is very public and open, and it will certainly be evident the next time councillors face the ballot box that they have to justify those increases. At the same time they have only just caught up, after six years, with the pre-1995 situation.

One of the arguments the Victorian Local Governance Association would make is that local government needs stronger partnerships with the state in resolving questions of infrastructure spending because the rate base itself will not support that. It is not helpful when the state, whichever government is in power, puts out in May an annual rating framework about what it expects councils to do and not to do with rates. That is paternalistic and not in the spirit of a partnership to jointly work out how to manage the increased infrastructure demands identified by the infrastructure report. Regardless of any faults in the report, its general thrust — and this is supported in the sector — is to be a true indicator of what we will be facing if we do not grapple with these problems now. These include demands to keep our social infrastructure intact and increasing demands from ageing communities to put more money into things like home and community care programs, and balancing that human infrastructure program against the physical infrastructure programs with a rate base that is continuously put under subtle pressure by the state with annual rating framework arguments. We are looking for a greater partnership in resolving some of those infrastructure and human resource issues. That is a quick snapshot to catch up in time.

The CHAIRMAN — You mentioned in your evidence the cut in the cap. Were any saving achieved as a result of amalgamations?

Cr ROWE — I can only look at published research. All research on the amalgamations and the cost savings have suggested that the only savings were in things like roads, garbage and parks deliveries, the traditional outdoor areas. But if you look closely you will find that most of those were downsized prior to amalgamation to create the appropriate environment for compulsory competitive tendering and those units have stayed the same.

You asked about employment. Local government has seen a growth in administration bureaucracies but not in numbers of people on the ground in parks, road crews or waste services — the only savings were generally in those areas — against huge costs for councils to manage a complicated and difficult process. Some required cutting councils in half and having purchase and provider groups that could not talk to each other. Those things were just as inefficient as any pre-amalgamation process.

Mr BEST — You said 1500 jobs were taken out of local government?

Cr HANSEN — No, 15 000.

Mr BEST — I am sorry, 15 000; that is what I have written here. You said 15 000 jobs were taken out of local government. Do you have the employment figures pre-amalgamation and the figures now?

Cr ROWE — We can get them. The state has published them. We have not arrived at these figures; we got them from state sources.

Mr BEST — Have those 15 000 jobs that were lost in 1995 or 1994 when amalgamations took place gone back into local government, or would it be more or less?

Cr ROWE — It certainly would not have picked up. The number of jobs that went out of the sector have certainly not returned to it.

The CHAIRMAN — I assume that some of them would have been taken up by contractors?

Cr ROWE — Some were taken up by the most inefficient contractors, such as a staff person with 20 years valuable experience on \$60 000 who was let go and paid out on redundancy and then brought back the next week on \$1500 a day to tell the council the things that it no longer had the information on. That evidence is all around the state.

The CHAIRMAN — Some of them might have also been replaced by more efficient contractors?

Cr ROWE — At \$1500 a day, yes.

The CHAIRMAN — Not necessarily.

Cr HANSEN — About one-third of the Surf Coast staff went and we had a provider-client split so we did not outsource any of our services outside our council staff. We downsized by about a third. As Andrew said, that local knowledge, history, and gathering capacity went.

Cr ROWE — It is a point we cannot avoid mentioning here. When we talk about a balance of economic players in a city, we are talking about a balance of employers and groups that pay large parts of a rate base. Councils do not pay rates. Councils generally would be the largest employer in most municipalities. When you reduce those jobs you make a huge impact on local economics. I am a councillor of the City of Moreland. We are clearly the biggest employer in Moreland. The other big one, Kodak, does not come anywhere near us.

Mr BEST — You have a very big argument to convince me, because what we achieved in Bendigo has been one of the best examples of local government amalgamations — five and a half councils into one with less of a work force than the previous Bendigo City Council. Ratepayers judge on performance and I would have to say that the councillors who were elected have been re-elected. I am concerned that some of the evidence you are providing today is looking at rate increases, and that concerns me.

Cr ROWE — I am not talking about rate increases.

The CHAIRMAN — I would love to have an argument about some of the issues that our witnesses are raising, but we are not here to do that. It is important that we retain our professionalism here and get the evidence from our witnesses on the issues we are keen to get.

Cr ROWE — I should clarify that. The position is that local government is an elected and democratically elected sphere of government that still acknowledges that its legitimacy comes out of the state act. It is a democratic, legislative sphere of government that requires a level of autonomy in making some decisions and a level of partnership with the state. We are not saying wholesale rate increases; we are saying that the infrastructure report that was commissioned under the Kennett government and released under the Bracks government — so everybody has a hand in it — clearly states that local government's next 15 years will present real problems if we do not now start grappling with how to manage infrastructure spending. We keep saying to the state we need to develop some partnerships and ways to address this because if the only way to address it is to put up rates, it is not sustainable.

Mr THEOPHANOUS — I am trying to understand what your evidence is, Andrew. Are you saying that in the case of Brunswick and Coburg, to use your example, if you had your choice you would you go back to a Brunswick-Coburg council?

Cr ROWE — No, I made that clear at the start. I said the benefits of amalgamation have been the ability of councils to pick up issues on which they were small players in the past, and I used economic development as an example. Brunswick, as an influence on economic development in its region, was a minnow. Moreland, as an influence on economic development in its region, has a much greater capacity to be influential.

Mr THEOPHANOUS — And that is a good thing, isn't it?

Cr ROWE — Of course it is.

Mr THEOPHANOUS — You have mentioned some efficiency gains. We have talked about 15 000 jobs, and that is an important parameter, but you have also said that at least some of those jobs involved efficiency gains directly as a result of amalgamations in the areas of what you call the outdoor staff activities. Is that right?

Cr ROWE — It is hard to balance. I know people have a glossy, rose-coloured view of the past. I guess if you — and we always do — surveyed our communities and asked were parks better maintained five years ago, people would probably say yes.

Mr THEOPHANOUS — I am trying to disentangle the actual amalgamations, which many people have said were not a bad thing, from the rate cut that took place and the effect of that. You could have had a 20 per cent

rate cut and not had the amalgamations and you would have had the same effect in infrastructure development and so forth. Is that what you are saying?

Cr ROWE — No, the infrastructure issue is 100 years old. In the political domain when councils and every other sphere of government has pressures from communities to build and create new things, sometimes councils do not put back into the existing infrastructure appropriate funds for upgrading, renewal and replacement, so it is the roads, the footpaths, the bridges, the buildings we already own.

In any year a council's budget will be impacted upon by community demands for a new tennis facility or for an extension to the leisure facility or to the library, and councils do that and they spend those capital dollars. Over 100 years or whatever, councils have not been making the commonsense accounting provisions to reinvest appropriate amounts into existing infrastructure to ensure that when it falls down they can rebuild it, that as it needs fixing they can maintain it. That infrastructure issue has been there forever.

The amalgamation process did not have anything to do with it. The rate cap simply caused a hiccup in the process, but it did not make the process happen. It did not suddenly make the infrastructure issue arise where it had not arisen before. It just caused a hiccup in the process.

Mr THEOPHANOUS — Okay, it aggravated it?

Cr ROWE — It aggravated it.

Cr HANSEN — And to different degrees. Some of the urban councils had electricity companies they were able to sell, and they were fine. Others inherited debt. Some councils, particularly the rurals that inherited debt, were left in a very serious situation. They were put back again, and they have been just clawing back. No way does the VLGA want to say that amalgamation was not a good idea. We think amalgamation was a good idea. It encouraged local government to be more strategic in its focus and to take the opportunities that being bigger produced. We had compulsory competitive tendering, which was about cost.

Mr THEOPHANOUS — That is my other question. What was the impact of CCT? Overall did it have a positive impact? It was designed to improve efficiencies in local government. Is that what it achieved, or is it something else?

Cr ROWE — It achieved a number of things. Like most things, what it achieved is not black and white. There are positives and negatives. The positives are that it caused local government to focus better on service delivery, to make sure there was less duplication and to focus on the outcomes, so that various business units had to identify what they were doing in life, what their role was and what their fundamental objective was. That certainly caused advantages and efficiencies in making sure that people focused on what they had to do.

The disadvantage of CCT was its timing. It came in just after the rate reduction and the rate cap, so, although it was said on the one hand to be about efficiencies, it was used much more fiercely to create savings because of its timing. Had it come in at a different time to the rate cap, it might have been used much more constructively in both cutting costs and making sure services improved. Generally it came down on the side of attempting to cut costs in service, but it ended up adding costs because of the process of structural change it had been made to go through.

Mr THEOPHANOUS — Do you support the change to the new CCT system?

Cr HANSEN — Yes, we do. At the time CCT made many councils benchmark their services; it made them look around to see what assets they had; it encouraged them to develop systems and processes. But it was heavily focused on the bottom dollar. Best value — you know the six principles of best value — is about the evolution of ensuring that services are delivered for the benefit of the community in an efficient and effective way.

Mrs COOTE — Julie, you talked about the cap and you said that for the Surf Coast a 30 per cent increase in rates was not enough. Across the board of the councils you are dealing with, has an audit been done on what the current spending is and what the recurrent spending will be on maintenance and those sorts of issues? You have spoken about benchmarks and where we are with CCT, following on from Mr Theophanous's question. Is it just an open-ended chequebook, and what is the direction councils will take? What in your opinion will be enough of a rate increase across the spectrum if 30 per cent was not enough, admittedly from your own example?

Cr HANSEN — It is very important. Local governments generally have infrastructure plans which over at least 10 years identify what new infrastructure and maintenance requirements will be. So any allocations of money must be done on a long-term plan, and how much that money will be varies from council to council. When a

council goes through its budget process it makes decisions, as I am sure you do in government, about which requirements it will tackle, because if it does not the social ramifications in the community will be enormous. Sometimes political expediency comes into it as well.

Since I have been a councillor the methods for prioritising infrastructure have become much more systems based. They are probably less subject to the politics of the situation, because the processes and systems now available and the criteria — everything is benchmarked — give a clear indication to councillors about the big infrastructure plan and the budget priorities, about what should be next. Things do not creep up on you.

Mrs COOTE — So you feel confident, then? You said before that you felt amalgamation made people have a closer look. Do you have greater confidence because people are aware of their assets and debts because of that process? Would that be a fair enough assessment?

Cr HANSEN — I think it was more that the CCT, coupled with the bigger size of the councils, made it more logical to look at those sorts of things. CCT was a definite trigger in benchmarking, et cetera.

Cr ROWE — But we are not about saying what is an appropriate rate rise. We are not saying we want an open chequebook. We are saying the GST seems to be able to provide states over the next few years with increasingly positive income streams. We understand exactly local government income streams; they are based on rates and on the capacity to raise them just with, or above or below, CPI. That is generally the way this goes. If we all believe that the state's infrastructure needs rebuilding, maintaining and growing, we need partnerships to help do that. We cannot just throw it to the ratepayers to grapple with; it needs local, state and federal partnerships to resolve these infrastructure issues.

Mr CRAIGE — Julie, I have two questions. You have both mentioned the need for a strong partnership on infrastructure between local and state governments. I acknowledge and accept all that. But to go back, one of the greatest difficulties I encountered was trying to get local government to identify its priorities in road infrastructure — not only in getting local government to try to prioritise from 1 through to 10, but also in getting regional local government and districts where major roads run through four or five councils — for instance, the Princes Highway — to develop that as a strategy.

You say the councils have a strategy, but in my view there would have to have been a significant 180-degree turn by local government to get that united priority listing so those things could be accomplished. That was the biggest single issue when we were trying to prioritise road infrastructure, and it was a difficult job.

Cr ROWE — Councils have done that.

Mr CRAIGE — They have?

Cr ROWE — The outcome of the infrastructure report has been that most councils have had to look very carefully at the basis on which they fund any of their infrastructure, including roads. They have had to look much more carefully at their hierarchies of need to determine on what basis they want to spend their funding. For example, I am on a council that has now put out a 10-year program for roads. Each year that program has to go through the budget process to see what it can get funded, but the council has put out a very serious 10-year program for roads. The reality is that we are a council with a \$70 million capital budget, and to completely rebuild an 800-metre stretch of road — Victoria Street — is a million bucks!

Mr CRAIGE — I accept that, and I accept that Moreland council has done it, but — —

Cr ROWE — I am saying that is an example of what the sector has done.

Mr CRAIGE — A lot of rural councils may not have because it is beyond their capacity to do it in the foreseeable future, even with a rate revenue increase. That is acknowledged, and it should be acknowledged.

You are to be commended on the issue of drugs. However, it is the most difficult thing being a rural member when one council does not see drugs as an issue or a priority at all, then the council next door sees economic development as a priority and that then becomes the next council's priority because it wants to compete in the area of economic development, and as a result drugs often get left behind in a lot of our rural and regional areas.

You are telling me about the Surf Coast, and there are other councils I could give you examples of, and that is fine; but it is not happening in a structured and organised way across a wide area because there is so much competition. I appreciate that Moreland council is probably different and that it has economic development, as do Melton council

and others, but drugs seem to get forgotten by a lot of these councils and the issue is further down the list. The issue of prioritising by councils in this new era is positive, but sometimes things fall through the gap.

Cr HANSEN — Having had drugs identified as a major issue by our membership of councils and communities, the VLGA held a meeting 18 months or nearly two years ago at which people spoke very passionately about their own experiences, whether in rural areas or in the city, with illicit drugs and alcohol as well. One of the roles the VLGA has taken on is to get these new issues out in the open and to champion them. Many of our member local councils have taken up the issue of drugs and recognised that it starts at grassroots and that they can make a contribution at grassroots. The kid from Kaniva can end up in St Kilda as a statistic.

Mrs COOTE — And does!

Cr HANSEN — We just don't know the kid has come from Kaniva. We are trying to get those connections. VLGA now has a drug policy officer who has been funded by the state government. That person works with local governments and communities to develop strategies and action plans. We are continually holding forums to open up that sphere to other people. So we agree with you, but it is these complex opportunities and issues at grassroots that we at VLGA believe we have to continually encourage local governments to get involved with.

The way I see councils working is that when one of their councillors has an experience with illicit drugs — when it really touches their own lives — that is when they start to think about the issue. What we have identified in the rural communities through this drug action plan is that alcohol is a major issue, too.

The CHAIRMAN — We are getting away from the terms of reference a bit there.

Ms DARVENIZA — I have a quick question. You have talked about the 15 000 jobs that were lost and you also talked about the history and knowledge that gets lost with those jobs and about the impact that has on the local community. Can you tell us a bit about the impact on the council of that drain of knowledge and history and also about the impact on the local community?

Cr ROWE — When jobs are lost from a community, especially when it involves a larger employer like a council, it has a multiplier effect, which we all know about. Lost jobs also mean that the butcher, the baker, the pub and every other business in town take a hit and it leaves some towns quite scarred, especially in the compulsory competitive tendering area, when other major towns are bidding for some of the work done by the crews of the smaller cities.

Interestingly, in a lot of rural local governments it has left smaller, tighter teams of officers, but sometimes below the CEO level there is not substantial depth or experience. Urban local government is very specialist now — there are specialist jobs all over the place — and it is difficult for rural councils to attract large teams of applicants for important positions. There are some significant issues in rural local government areas about the depth and numbers of applicants for positions because the positions are not as highly paid as they are in the city and because rural life has not been seen to be as attractive as it used to be. Also, we as members of the state and local government sectors have not done enough in building up local government as a legitimate career path.

The CHAIRMAN — I thank Crs Hansen and Rowe for coming along today. We appreciate the time you have given us. We will send a copy of the *Hansard* record of our discussions for you to look at. We appreciate very much the Victorian Local Governance Association's submission to us today.

Cr HANSEN — We will also forward some of our 'Resource guide to community banking' leaflets, which I did not get time to talk about.

The CHAIRMAN — That will be great. Do not think we are not interested in community banking; in fact, we are extremely interested and we have taken a lot of evidence in that area, particularly in country Victoria, so we are up with that issue, and if that is a bit more information we would appreciate it.

Mr CRAIGE — We are especially interested where local governments use their local community banks.

Committee adjourned.