

ASU Presentation

Re ENRRD Committee inquiry into
Sustainability and Operational
Challenges of Victoria's Rural and
Regional Councils



The Australian Services Union

- Members ranging from general managers to entry level casuals.
- Participates in staff consultative committees across the State
- Includes staff with recent experience in local government
- Has access to information not filtered through a Council / CEO

The ASU's original submission - 9 Sept 2016

- Local Government funding and budgetary pressures in rural and regional councils—
 - Narrow income base
 - Funding sources distort local decision making
 - Capability and capacity issues in attracting external funding
 - Wages growth is not a significant source of budgetary pressure



The ASU's original submission - 9 Sept 2016

- Fairness, equity and adequacy of rating systems
 - Our members are rate and taxpayers
 - Money spent locally saves money at the State and national level
 - Ageing rural populations, falling populations
 - Council rates are a tiny share of household taxation
 - Need for reliable growing sources of funding to address vertical fiscal imbalance



Impact of Rate Capping Policies in NSW

- Unrealistic expectations in the community (and on the part of some councillors) that somehow rates should be contained indefinitely, even though other household expenditures are rising
- Excessive cuts in expenditure on infrastructure maintenance and renewal, leading to a mounting infrastructure backlog
- Under-utilisation of borrowing due (in part) to uncertainty that increases in rates needed to repay loans will be granted
- Reluctance to apply for Special Rate Variations (SRVs) even when clearly necessary, because exceeding the rate peg is considered politically risky, or because the process is seen as too complex and requiring a disproportionate effort for an uncertain gain.
- In 2013 only 23 of 152 councils applied for SRVs. Yet figures for the 2011/12 financial year show that 83 councils would have needed to increase rates and annual charges by more than 5% to achieve a break-even operating result.

Impact of Rate Capping in Victoria

- Councillors have stop taking wasteful junkets
- Council fat cats have had their pay rises reined in
- Household incomes are greatly improved and everyone notices and thanks the government for it
- Pet projects of councillors are no funded
- Fake News



The real story on rate capping

- In year 1 the low hanging fruit were taken to avoid difficult decisions
 - Staff training cut back
 - Delays in filling positions
 - Reduction in low profile service areas
 - Projects deferred
 - Maintenance deferred



The real story on rate capping

- In Year 2
 - Staff not being replaced
 - 0% pay increases or pay below CPI
 - Pressure to contract jobs out to cut price operators – Momentum One
 - Services cut
 - The Kennett years infrastructure gap will be replicated
 - Plenty of money for consultants, lawyers, Senior executives
 - Rate capping did not stop the Ararat fiasco
 - 2nd class citizens in rural and regional Victoria now becoming 3rd class citizens



What is needed

- Let local democracy be local – return rate setting to those elected to do so
- A reliable and growing income stream is needed for recurrent funding in rural and regional councils.
- Service standard guarantee for a Victorians
- Some reforms in governance and accountability – staff and customer satisfaction are critical to good government

