

ENVIRONMENT, NATURAL RESOURCES AND REGIONAL DEVELOPMENT COMMITTEE

Inquiry into the sustainability and operational challenges of Victoria's rural and regional councils

Colac — 10 November 2017

Members

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Witness

Mr Leigh Barrett.

The CHAIR — Good morning and welcome to the Environment, Natural Resources and Regional Development Committee's public hearing in relation to the inquiry into the sustainability and operational challenges of Victoria's rural and regional councils. I would like to extend a welcome to members of the public and members of the media, if present.

The committee is hearing evidence today in relation to the inquiry into the sustainability and operational challenges of Victoria's rural and regional councils, and the evidence is being recorded. All evidence taken today is protected by parliamentary privilege, therefore you are protected for what you say here today, but if you go outside and repeat those same things, those comments may not be protected by this privilege.

I would now like to welcome Mr Leigh Barrett. Today's evidence is being recorded. You will be provided with proof versions of the transcript at the earliest opportunity. Transcripts will ultimately be made public and posted on the committee's website. I now invite you, Leigh, to proceed with a five-minute opening statement, which will be followed by questions from members of the committee. First I will have you state your name and role for the record, and then if you could proceed with your opening statement.

Mr BARRETT — Leigh Barrett. What the parliamentary committee is looking at are our rural and regional councils. Are our rural and regional councils sustainable? The Colac Otway shire? In a word, no.

This is a quick overview of annual income, expenditure and productivity: income — around \$24 million, mostly from rates but a couple of million from fees and charges; expenses, salaries and entitlements — \$19.5 million, which is over 81.5 per cent of income; consultancies — about \$1.5 million. That leaves a balance of about \$3 million to cover the rubbish and the library. Our annual report tells us that in 12 months we have had a 23.7 per cent staff turnover. The cost of that and the resultant loss of productivity and morale would cripple a private business.

An example of financial decision-making: the unnecessary replacement of 8000 green waste bins at a cost \$386 000, which is literally money thrown in the rubbish. There was no increase in productivity as a result of this capital expenditure. The existing ones would have lasted another 10–20 years or longer. We do not have a hard waste collection. They are looking to find money for it. We actually pay people to make decisions like this on a salary of \$150 000–\$200 000.

Of course there is a chokehold on local government democracy. It is not reasonable to have the CEO as the only person who can be held publicly accountable for the performance of the corporation. It is not reasonable to have seven part-time individual councillors, mostly well-meaning citizens that are not a team, trying to match their wits against full-time intelligent, well-educated council officers who are well versed in local government bureaucracy and are part of a well-coordinated corporation that has extraordinary power and is well resourced with public money. Councillors and the community have not got a hope.

The present structure, given to us by the Kennett government, has been a proven failure in far too many shires in the more than two decades that it has been inflicted upon us. It is too susceptible to human frailty and a lack of accountability, with our shire corporation run like a private company using public money.

A relatively easy but temporary help would be to have the level of disclosure for councils to be the same as publicly listed companies. The Woolworths and Masters disaster was extensively written up in the mainstream media. We read of the motives and extraordinary incompetence of directors: they chose sites rejected by Bunnings; their sales plans were based on northern hemisphere seasons. Not surprisingly, they lost billions, were sacked but got paid millions, but at least it was in the public arena and we deserve the same of our local government. This would mean that the internal report on the pitiful performance of the Bluewater fitness centre redevelopment would have to be released.

As a conversation starter, I would like to suggest that we have the full-time elected councillors running our local government on a \$100 000 salary and the mayor, \$150 000. The first benefit would be that they would save about \$1 million on salaries; second, they would be on a four-year term with further terms if re-elected; third, they would have a commitment to the shire in that they would live in it; fourth — local knowledge; fifth — a greater incentive to listen to public opinion; and sixth, it would not be possible for them to do a worse job.

We need change. The lack of respect for local government should seriously trouble you. It depresses and angers us. There are 76 CEOs of local government in Victoria. About three-quarters are on a salary of \$300 000–

\$400 000. This, along with other senior council staff, is a massive lobby group for the local government industry and the monolith that is the Municipal Association of Victoria. This arrangement does not represent democracy but self-interest.

We want and need real democracy back in local government, not the veneer that we have had for the last quarter of a century. This is in the interests of us all. So do you have the courage and political will to bring about the substantial change needed in our local government so it can once again earn the respect and trust of the community it is meant to serve? Thank you.

The CHAIR — Thank you very much, Leigh. Thank you for being here today. I am just having a look through both your submission and some copies of letters that I can see extend back a number of years. It is quite clear that you have been passionate about local government reform for quite a long time. Can you give me your thoughts on rate capping? We had some discussion this morning around the impact on local communities. Where do you think that is best placed for Colac?

Mr BARRETT — Regarding rate capping?

The CHAIR — Correct.

Mr BARRETT — We would not want to be without it. I think the council needs to prove that it can spend money properly. That is probably the greatest problem.

The CHAIR — Sure. By way of a supplementary, this committee is given the somewhat difficult task of finding recommendations and presenting recommendations, if you like, to make rural and regional councils more sustainable by reducing some of those operational burdens. You talked quite extensively both in your submission and just previously in your opening statement about the number of council officers reporting to the one CEO and the CEO working with and reporting to, in various ways, the elected representatives of the council — whatever number they are made up of; they vary across the state. If I put it to you that what we are hearing from many of the municipalities is that the workload, the ever-increasing expectation from communities, is quite high and if we were to proceed with your model, would there not be a risk of removing some of the opportunities in the work that gets done to deliver some of the programs that are in existence, some of the programs that are needed by the community? Is it for you a matter of them just not being efficient or that there are too many in there? Which one would you land on?

Mr BARRETT — Productivity — Ross Gittins wrote an article talking about the GDP in the country; he said that there is no way of measuring productivity in local government. I mean, it is a huge industry. I think the biggest disappointment in our shire is the lack of productivity.

The CHAIR — How do you measure that lack of productivity?

Mr BARRETT — I will give you an example. The Pirron Yallock Recreation Reserve clubrooms. They had some clubrooms that were really run-down. Council officers estimated it would cost \$600 000 to refurbish them, or \$750 000 to put up new clubrooms. I took out an architect, an engineer and two builders. We looked at the building and we thought it would be around \$120 000–\$150 000 and it could be done in 12 months. What the council did was get a consultant, which ultimately condemned the building, then they got two second-hand relocatable buildings and refurbished those. It ended up costing \$350 000 over three years. They would have been able to build really good, brand-new clubrooms for \$350 000. You can build a house in Colac — four bedrooms, ensuite, double garage — for \$250 000. So they are three times as expensive as the private sector. Everything seems to be difficult. I went and met with the general manager for infrastructure and the building coordinator, and everything was difficult. It was really hard and expensive. When I took the builder through — a very experienced builder — all he saw were solutions. So it is a complete mindset and culture.

Mr RIORDAN — I would just firstly like to acknowledge Leigh, for the record, as a very committed and conscientious community campaigner on these issues. Thank you, Leigh. You have done yourself proud, as usual, with good preparation and by putting plenty of thought into your presentation today. Thank you.

In the summary that we have been provided, one of the more interesting ideas, which has not yet been raised, is one that I think has some merit — and you might like to elaborate. That is the concept of local council budgets being separated out in a more transparent way from local rates — you know, the money that is generated at the

local level — versus state and federal funds that are supplied for various specific commitments. I was just wondering whether you have had much discussion or have read about that working elsewhere or what transparency you believe that might deliver to local government and to ratepayer organisations like your own, where for councils, rather than all the money being thrown into a big pit and people like yourself having to try and pick it all apart, this seems to have some potential, perhaps, to make everyone more accountable but also for the community to better understand how things are paid for.

Mr BARRETT — I think it is probably a common complaint. The state government starts things and then withdraws funding, and then the councils are left to try and pick it up and keep running with it. I did talk to Phil Corluka a bit about that. I said, ‘Why don’t you push back?’, and he sort of agreed. What happens at the moment is there is a big pile of money, which has not been used, but they just use it to make the balance look good. Because I suggested it, I guess it is a good idea to have a separation. Then if you had just one general manager negotiating with the state government, that would be a better idea. That would be the focus of their department.

Mr RIORDAN — As a separate question, your group, like others we have heard from around the state, has had an underlying beef with transparency in local government. Your graph and demonstration up here I think highlights quite neatly what you call the chokehold. I think lots of ratepayer groups around the state like yours would agree with your complaint of that model. It has also been said to us in other groups, and I think your group would agree, that the method that local council uses for inquiry, question time at council meetings and other things seems constantly to be complicated and made complex to have the air of maintaining or controlling debate. Your model of having councils more responsible for employing the next rung of council officers, how do you see that being of advantage with your experience of interacting with councillors in trying to resolve issues or finding out answers to questions?

Mr BARRETT — One councillor said that once upon a time there were good relationships between council and council officers, but it has been the last two CEOs who have closed that down. So it is really about a culture within the organisation.

Mr RIORDAN — How does that problem play out for groups such as yours who, in taking the concerns of the broader community to councillors, find councillors just do not know the answers, or do they relay back to you that they are unable to get answers?

Mr BARRETT — I am not sure how I am able to answer that. Can you rephrase it?

Mr RIORDAN — Do you find that the system at the moment is designed to keep the elected representatives, who are responsible to the community, at arms-length from what seems to be happening at council?

Mr BARRETT — I think the council officers have too much control. I have put in a complaint that I sent to the Ombudsman about the oath of office. I felt that they interfered with that formal process. There was a declaration of poll. They were going to say the oath of office. Council officers stopped them saying that because they said if they did that they would not sign the code of conduct, which is nonsense. So here we have this public setting, and then they made them say the oath of office behind closed doors in front of council officers. I think that was a deliberate, premeditated, political act to intimidate and publicly humiliate our newly elected councillors.

If you go on to the next one, which is the code of conduct, you will see that the conditions are almost ludicrous. The code of conduct says 37 times that you must show respect. The MAV template says it once. The MAV template is a very good document that is easily read and easily understood.

Then if you go to the one about parliamentary privilege, the code of conduct was assisted by four council officers. This is a quote from the code of conduct:

All councillors commit to:

accepting forthright professional advice from qualified staff ...

The Oxford dictionary says that ‘forthright’ means outspoken, unswerving and decisive. I have put here that it could be interpreted as being aggressive, uncompromising, intimidating and workplace bullying. It says that councillors must treat all council staff:

with dignity, courtesy, respect, and ensuring that neither offence nor embarrassment are caused.

I mean, it is pathetic, and this is the sort of culture within the organisation.

Mr O’SULLIVAN — Thank you, Mr Barrett, for coming in. I just want to pick up on something that you alluded to earlier in terms of obviously the cost shifting from the state government, where they fund something for a period of time or part-fund it, and then withdraw their funding and it is left to council to continue on with that service. Do you think that councils are overservicing their communities? Councils are providing somewhere around a hundred or so services. Is that too many? Is one of the problems with the sustainability of councils that they are trying to do too much in that sense? An example of that is we heard from the Surf Coast shire that they are getting involved in climate change. Now I would argue that is probably not something that local councils need to be involved with at all. Do you think councils are overservicing their communities?

Mr BARRETT — I think the general opinion would be that we want a simpler council, or that we want councils to do less — to stick with the basics and do it well.

Mr O’SULLIVAN — I tend to agree with that. For instance, if you look at the disparity — and it says in the notes that you are originally from the city but moved to a country area — one of the big differences that is very obvious is the amount of roads that a local council has to maintain compared to a city, where they have very few roads by comparison. We heard of one little council, Buloke, that has got roads that would take them essentially from Melbourne to Darwin — 5500 kilometres worth of roads. How can councils look after that sort of infrastructure with the budgets they really have got to work with?

Mr BARRETT — This is unfortunate. One of the members of the ratepayers association laments the days when one of the local shires here made all its own roads. It had all its own equipment, and when the amalgamation came in, they just got sold off. Somehow there has to be a way of measuring productivity, and I think in the time I have been here anything that the council has tried to manage in terms of project management really has not gone well. That is not their expertise. Even with Bluewater, which is a big fitness centre project that went over budget and over time, I think if council had just stayed out of it and let the builders and contractors do it and be responsible for it, there would not have been any problem. At least it would not have been our problem; it would have been the contractor’s problem. I just do not think councils have a good way of measuring productivity, and they are not accountable. I have just been in a small business. If we do not deliver, we do not get paid; it is that simple. I think the government has talked about paid on performance. Have you heard of paid on performance?

Mr O’SULLIVAN — Yes.

Mr BARRETT — If there is some way of measuring council’s productivity — and I know about bureaucracy. The thing about our local government is I could put up with it being, say, overbudget if they did a really good job. I could put up with quite a lot if they just treated the community really well. But they do not, and that is a real problem.

The CHAIR — Thank you very much. I think we will have time for one more very quick question, and I will make mine incredibly short. I just want to go back to the comments around the elected councillors versus the CEO and various directors. In my local municipality I get a sense that when things need to be fixed — and this is often information or advice that I give to local residents should it ever be a council issue — that you go and contact your councillor, you have a meeting, you send an email, and that councillor is there to represent your interests, to go into bat effectively with the CEO. Why is that breaking down, what are the mechanisms we can implement to fix it, and have you ever considered running for council?

Mr BARRETT — Yes, I have thought about it in the last fight. I did not think I was up to it. There were plenty of candidates. It was more from a health point of view. I have had the experience of the council being very helpful, and we got the job done. One of the general managers has been in touch with me and said, ‘Any matter, get in touch’, which we will do. It is really a power base, and this is the culture within the organisation. It seems to be that the culture thinks that the corporation is the council. But it is not; it is a separate legal entity.

I will give you the example of a general manager and offsider who go out to see someone about a local hall business. It has been badly maintained over the years, which is the shire corporation's responsibility. They have shut it up and locked it all up, so the community cannot use it. It has been two and a half years. The community feels powerless. It has come to a stage where they are offering it to the community to take over. The council offers to get in touch. It says, 'Hurry, hurry. You've got to get this. We want a decision straightaway, and you need legal advice'. The shire corporation and the council officers come out; they are on salary paid by the ratepayers. Any legal advice they have is paid by the ratepayers. The ratepayers turn up; they are on their own time. If they get legal advice, they have to pay for it for themselves.

The job description for the council, which was given about six weeks ago by the local government minister, is that the council is to work in the interest of ratepayers. It is that simple. We just do not see that happening. I mean, this has dragged out for two and a half years. I said to the mayor — we had a conversation a few weeks ago — that I felt there was a conspiracy in the shire corporation to break the will of the people. They just make it so hard; there is this disempowerment of the community. But we are going to start pushing back. One, we have got the right to, but I think we can make a reasonable case. In this case what I will do is ask the council officers about the way it has taken two and a half years to go through this process. They have pulled the ceiling down. They have got insurance money to fix it. They have taken the powerline down. It has to go underground, so that has added expense. I am going to ask, 'Can you demonstrate to us how you have worked in the interests of ratepayers in this way?'.

The CHAIR — Mr Barrett, thank you for your time this morning, for your submission and for presenting to the committee. We greatly appreciate it.

Mr BARRETT — Thank you for the opportunity.

Witness withdrew.