

MAV Sector Submission

Proposed Local Government

Fair Jobs Code & Regulator



July 2026



Climate volatility, social fragmentation, digital disruption and rising costs are reshaping the way we live, work, and connect. Local government is where these global challenges turn into local responses – strengthening trust and resilience through the places, services and experiences people rely on every day.

The Municipal Association of Victoria (MAV) is the legislated peak body for local government in Victoria, advocating for all 79 councils across the state.

MAV works closely with councils, state and federal governments and global experts across industry and academia to deliver services and solutions grounded in local knowledge and community needs across metropolitan, rural and regional Victoria.

MAV offers sector-specific, not-for-profit procurement and insurance services, a local government innovation lab and statewide annual learning, convening programs designed to support Victorian local government to meet the challenges of a fast-changing future.



ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the traditional custodians of the land on which we live. We recognise their continuing connection to land, waters and culture and pay our respects to their Elders past, present and emerging.

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1 Executive Summary

The Victorian Government has introduced proposed amendments to the Local Government Act 2020, including provisions to establish a Fair Jobs Code Regulator.

This proposal aligns with the 2026-27 Victoria State Budget commitment of \$5.4m to support development and implementation of a Local Government Fair Jobs Code, aimed at '*minimising insecure work in the local government sector.*'

The MAV and the broader Local Government sector support secure, fair and well-managed employment practices. However, the MAV has significant concerns about the proposed Fair Jobs Code and that the proposed reforms will not be evidence-based, practical and developed in genuine partnership with the sector.

The central concern is that the Bill asks Parliament to approve a compliance and public enforcement framework before Parliament has seen the standards against which compliance will be assessed. The Bill would make CEOs responsible for complying with an as-yet unpublished Fair Jobs Code, require annual compliance assessments, empower regulatory investigations and information requests, and permit findings of non-compliance to be publicly reported. This places the regulatory framework ahead of the policy it is intended to enforce, preventing Parliament and the sector from properly assessing the implications of the proposed reforms.

The proposed Bill represents a significant expansion of State Government oversight into workforce management decisions that are the legislated responsibility of Council CEOs.

The MAV is concerned that the proposed measures will create unnecessary compliance burdens, reduce local decision-making and have unintended consequences for Council's ability to deliver financially sustainable and high-quality essential services.

Councils oppose the creation of a regulator without clarity about the obligations to be regulated. This is particularly critical given those obligations may constrain councils' capacity to design operating models that meet local community needs, achieve best value for ratepayers and protect long-term financial sustainability.

The sector seeks that Part 3 – Fair Jobs Code, comprising clauses 38-44 of the Local Government Legislation (Stronger Communities) Bill 2026 be omitted from the Bill and brought back to Parliament only after the proposed Code, evidence base and impact assessment have been released and consulted upon.

2 MAV Position

The local government sector supports secure employment, fair working conditions and the delivery of high-quality public services. Councils also have a responsibility to ratepayers and residents to deliver services efficiently, sustainably and in ways that reflect local needs.

These objectives are not mutually exclusive. They require a balanced, evidence-based and collaborative approach that recognises the legitimate role of councils in workforce design and service delivery decisions.

The MAV respectfully seeks support for the following recommendations.

Recommendations

That the Local Government Fair Jobs Code part of the *Local Government Legislation Amendment (Stronger Communities) Bill 2026* be removed from the Bill.

That the Department of Government Services provides the proposed scope, policy rationale, evidence base and implementation for the Fair Jobs Code before the Bill is passed

That the MAV and Local Government sector representatives are meaningfully consulted on the co-design of any Code, including through release of an exposure draft and sufficient time for sector feedback.

That a transparent assessment of financial, workforce, procurement and service delivery impacts and risks for Councils and communities is undertaken prior to the adoption of any Fair Jobs Code

That the ability of councils and CEOs to make local decisions about workforce structure, service delivery models and the responsible use of contingent labour, contractors and outsourced services are protected.

3 Background

The 2026–27 Victorian State Budget included a commitment of approximately \$5.4 million to deliver a ‘minimising insecure work in the local government sector’ initiative.

This funding is intended to support development and implementation of a Local Government Fair Jobs Code and establish a new regulatory body within the Department of Government Services to monitor compliance.

The *Local Government Legislation Amendment (Stronger Communities) Bill 2026* was introduced in June 2026 and has progressed to second reading.

The Bill establishes a Regulator for the Fair Jobs Code, while leaving the substantive content of the Code to be developed later. This sequencing creates material uncertainty for councils, CEOs, workforces and communities.

The Bill also provides for Part 3 to commence no later than 1 July 2027 if not proclaimed earlier. However, the Fair Jobs Code, exemptions, reporting requirements and complaints framework have not yet been developed or publicly released. This sequencing means Parliament is being asked to legislate the regulatory framework before the obligations to be regulated have been determined or consulted upon.

The MAV have been advised that consultation on the Code may commence from July 2026 and that development may occur over approximately 12 months. However, no draft scope, exposure draft or evidence-base for the need for a Code has been provided to the sector.

While a voluntary Fair Jobs Code was explored through a limited pilot working group in 2023-24, no agreement was reached and there has been no subsequent consultation with the broader local government sector on the proposed mandatory Code.

In the absence of clarity, speculation based on the initial exploration and the inclusion of mandatory annual reporting for Councils on a range of workforce metrics and service delivery model suggests that the Code will focus on individual Council workforce and service delivery design decisions.

This has the potential for a critical impact on Councils’ ability to continue delivering services effectively for their community and operates in a context where existing industrial relations legislation already provide safeguards for contingent labour.

4 Sector Concerns

4.1 Councils need flexibility to deliver essential services

Councils operate in diverse geographic, demographic and financial circumstances.

In the context of both State and Federal inquiries into the funding, services and the financial sustainability of the local government sector, individual Councils require the flexibility to make local decisions about service delivery and workforce planning.

Each council must be able to determine the workforce and service delivery model that best serves its community, including when contingent labour, specialist contractors, labour hire, fixed-term arrangements or outsourced services are necessary due to funding requirements and to maintain essential services.

Victorian councils overwhelmingly deliver services through secure, directly employed workforces. However, some services require access to specialist expertise, seasonal workforces, temporary backfill or surge capacity that cannot always be sustainably maintained within a permanent workforce. Appropriate use of contractors, labour hire and fixed-term employment complements, not replaces, a council's permanent workforce and enables councils to maintain essential community services, respond to local needs and achieve value for ratepayers.

Outsourced service providers play an important role for local government in ensuring continuity of service and financially sustainable outcomes. The operational and financial reality of the sector drives the need for financial, operational and asset management efficiencies. This, alongside rural and regional workforce shortages, requires tailored operating models to deliver critical community services and minimise impacts to rate payers.

Existing industrial relations legislation already provides safeguards for contingent labour and a Code that restricts councils from using lawful and appropriate workforce arrangements could reduce service flexibility, increase costs, undermine value for ratepayers and place additional pressure on already constrained council budgets.

“Without substantial changes, the financial sustainability of council operations is at risk, with some services already being reduced or discontinued entirely”

*Finding 3 – Legislative Council Economy and Infrastructure Committee -
Local government funding and services inquiry – November 2024*

4.2 Policy must be evidence-based and proportionate

The Victorian Government has cited stakeholder survey findings regarding workers' perceptions of increasing insecure work in the local government sector. However, no independent, sector-wide and disaggregated evidence has been released identifying the prevalence, location, causes or impacts of insecure work across Victoria's 79 councils. Nor has evidence been presented demonstrating that existing workplace laws are inadequate, or that establishing a new local government-specific regulator is the most proportionate response to any identified issues.

Among the 54 councils responding to the MAV survey, the responses presented the following:

- **Permanent ongoing employees represented an average of 75 per cent of the workforce.**
- **92 per cent also reported that their proportion of employees with more than 10 years' service exceeded the comparable national benchmark** *(Feb 2025 ABS Data)*

Councils are already subject to extensive workplace, procurement, financial, governance and industrial obligations. Any additional regulatory framework should complement existing laws rather than duplicate, conflict with or override the legislated responsibility of council CEOs to manage organisational structure and staff.

The proposed Bill represents a significant expansion of State Government oversight into workforce management decisions in Local Government without a clear evidence-base for the requirement to do so.

4.3 Meaningful consultation must occur before obligations are legislated

The 2023-25 initial exploration of a voluntary and pilot Code with representatives across State Government, Councils and Unions ceased without agreement or outcome.

There has been no subsequent consultation with councils on the development of the proposed Local Government Fair Jobs Code.

It is not appropriate to establish a regulator before Parliament, councils and communities understand the obligations the regulator will oversee. The MAV and the broader sector should be provided with the intended scope of the Code, a genuine co-design process, and sufficient time to assess operational, workforce, legal and financial impacts.

4.4 The proposed Regulator creates uncertainty and risk

The proposed Regulator would be empowered to monitor, assess and report on CEO compliance, provide guidance, publish reports and refer suspected breaches.

Even if framed as educative or oversight-focused, the creation of a dedicated regulator is a significant intervention into council workforce governance.

The State Government commitment of \$5.4 million to fund this work appears to be a disproportionate response to a problem that has not been established, with a funding stream that could be more effectively used to support the local government sector during a time of financial instability and increasing community needs.

In the absence of a known Code, this approach risks creating compliance uncertainty, reputational consequences, increased administrative burden and unintended service delivery impacts.

It may also discourage councils from using lawful and practical workforce arrangements even where those arrangements are the best means of meeting community needs.

5 Conclusion

The MAV and Local Government sector is ready to work constructively with the Victorian Government to support secure and fair employment in local government. However, the current approach places the regulatory framework ahead of the policy detail and creates avoidable uncertainty for councils, CEOs, workers, ratepayers and communities.

We respectfully urge Members of Parliament to omit Part 3—Fair Jobs Code, comprising clauses 38–44 of the Local Government Legislation Amendment (Stronger Communities) Bill 2026, from the Bill. We also seek that any further Bill to legislate the Fair Jobs Code Regulator is not introduced to Parliament until the proposed Code, evidence base and impact assessment have been released and consulted upon.

Victoria's 79 councils who are most impacted by this proposed Code seek the clarity, evidence and meaningful consultation before it can support provisions that would establish a new regulator over obligations that have not yet been defined. A collaborative co-design process will produce a better outcome for workers, councils and the communities they serve.

MAV would be pleased to provide clarification on any information in this submission. For further information, please contact Kelly Gillies, Strategic Advisor at kgillies@mav.asn.au

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