



# **OPPORTUNITIES FOR THE 2022 STATE BUDGET**

**PRE BUDGET SUBMISSION**

**November 2021**

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## 1 Introduction

The resurgence of the COVID-19 pandemic through much of 2021 presents many challenges for communities across Victoria. The tentative re-opening during the first part of the year was lost through the impacts of another extended period of living with significant public health directions.

Prepared by the Municipal Association of Victoria (MAV), this position paper draws upon the experiences of councils responding to the impacts of COVID-19 and the associated lockdowns on their communities. It presents a range of financial opportunities for State and local governments to come together and support communities and local businesses as they navigate life living with COVID.

MAV is the statutory peak body for local government in Victoria. Established in 1879, we are the voice for Victoria's 79 councils.

We advocate on councils' behalf, represent their interests and building their capacity. We also deliver important services to the sector including insurance, collaborative procurement, training and professional development.

### Community recovery at the local level.

Victoria's 79 councils continue to provide critical local infrastructure and services for their communities and this connection has been heightened during the past two years. During this period, they have focussed on service continuity across important functions like maternal and child health, childhood immunisations, community care, waste and recycling, and public health inspections.

A range of council facilities, including libraries, recreation centres and playgrounds, are now starting to re-open in line with the Victorian Chief Health Officer orders. Councils have adapted and innovated service delivery models in response to this direction. Councils are committed to helping communities stay connected and supported, while keeping safe. From delivery of online library, community and family support services to the development of campaigns and platforms to share stories of positivity, resilience, community spirit and kindness, councils remain committed to working with and looking after their communities.

Recognising the likely economic impacts of the pandemic on businesses and households, councils have led the way in offering fee waivers, refunds and reductions, relaxing enforcement of infringements, reducing or waiving rent for council facility tenants, and promoting financial hardship policies.

Across Victoria, councils have announced multi-million dollar support packages for local businesses alongside the implementation of a range of practical support measures including facilitation of online training and networking opportunities and development of "shop / support local" campaigns. Councils have worked to streamline regulatory activities and fast-track

approval processes.

### Local government financial independence a key to community recovery

As is the case with all levels of government, local government has and will continue to experience significant negative financial impacts as a result of the COVID-19 pandemic. All Victorian councils have suffered sizeable loss of revenue through the mandated closure of facilities. The Victorian local government sector is anticipating sustained financial challenges as their local residents and businesses seek to recover from the pandemic.

While the Commonwealth's additional financial support through the Local Roads and Community Infrastructure program brought welcome relief, we anticipate councils will have difficult decisions to make in terms of service reduction and capital project deferral. It is important to note that councils do not have the same revenue raising capacity as the State or Federal governments. Nationally, local government rates account for around 3.6 per cent of tax collected in Australia.

The pernicious impact of rate capping is starting to have significant consequences for communities. The ability for councils to support community in COVID-recovery is being constrained by the rate cap. The combined impact of the rate cap and pronounced cost shifts from State Government programs for social housing and waste service reforms eats into the discretionary financial capacity of councils. As a result, crucial local infrastructure and community services cannot be funded to meet community needs.

This lack of financial independence is leading to an unhealthy reliance on grant programs from other levels of government. It may force local needs to take a backseat for the priorities for State government. MAV is calling on the State Government to objectively review the rate cap with the objective of restoring greater financial independence to local government.

### Need for greater strategic engagement with local government

There are significant opportunities for closer collaboration and coordination between the State Government and Victoria's councils. Over the past two years we have seen significant collaboration and cooperation between State and local government in areas of public health response and emergency management.

Unfortunately, this professional engagement and respect has not been replicated in several other key reform areas. State Government reforms in waste management, planning, and social and affordable housing are being rolled out with little or no meaningful engagement with local government. In some unfortunate situations, the first real look local government gets at the detail of reforms is when a bill is introduced to the Parliament.

There remain many opportunities for local government to contribute their community insight and operational expertise to the State's plans. We believe increased engagement with councils, at both councillor and administration level, would ensure better outcomes for communities and local businesses. This will be especially important in tackling the projected increases in the number of vulnerable and at-risk community members over coming years.

This paper is divided into two parts. The first part provides a broad overview of the financial impact of COVID-19 on councils. The second part outlines the medium to longer term opportunities for councils in supporting their community and local businesses to re-establish and renew following the impacts of the pandemic. It also identifies a range of priority funding opportunities for the State Government to consider over future budget cycles.

## 2 Financial settings for Victoria's councils

Increasingly, recovery from disasters such as bushfire, drought and flood has utilised a mix of targeted programs and untied grants to local councils. This allows councils to allocate resources that address local needs and be accountable to their communities for delivery.

A similar approach is required in response to COVID-19 to advance shared government objectives in driving economic and social recovery. The COVID-19 pandemic has emphasised the importance of local communities using their unique knowledge of their area in contributing to the recovery of the state as a whole.

Victorians are using council parks and services in unprecedented numbers. At the same time, lockdown has meant residents have looked more closely at their local environments. They are supporting local businesses and regional Victoria has become the holiday destination for all Victorians.

The impacts of COVID-19 also need to be examined from the lens of local communities and the people who live and work within them. A successful plan for recovery needs to be centred around the fact that the pandemic has affected individual communities in different ways. A purely infrastructure-led recovery has the potential to leave many Victorians behind.

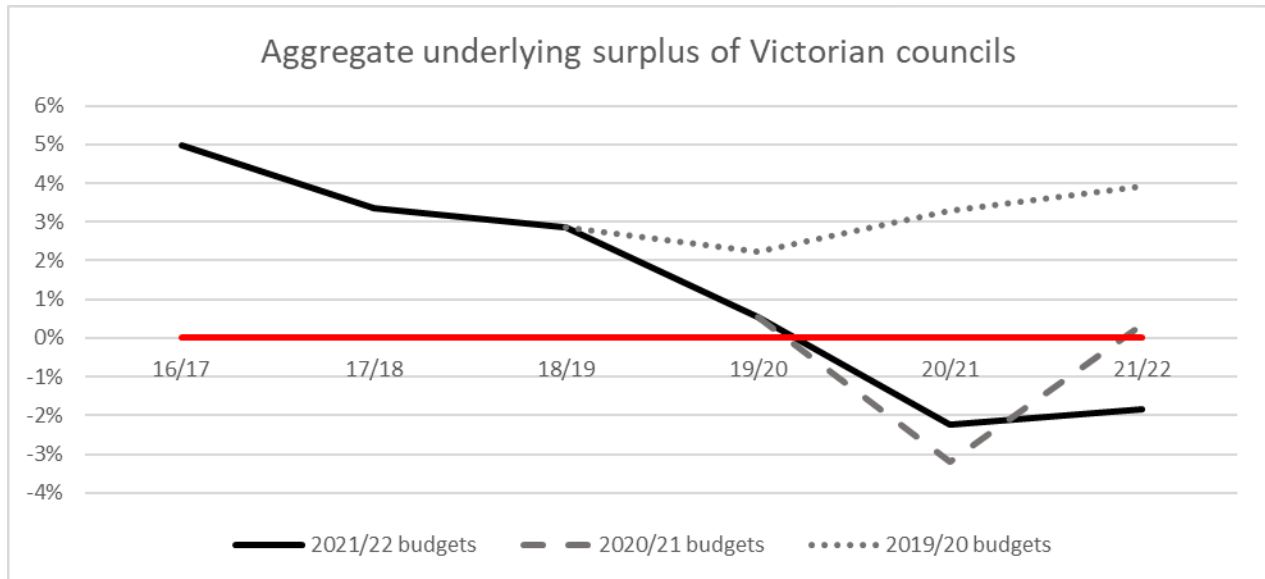
Councils are uniquely placed to support local-led recovery. As the level of government closest to the community, we understand how COVID-19 has affected our municipalities and regions, and what assistance is most needed.

Every Victorian council has taken significant steps to support their communities. This includes financial and mentoring support for local businesses, expanded hardship provisions for ratepayers and expanding eligibility criteria for support services. Drawing on their local knowledge and connections, councils have been able to target their response to what their community needs most.

Forgone income and the provision of additional support services have significantly affected council finances. Without additional support, councils will not be able to deliver the scale of support that is needed to recover from the pandemic.

Coming into 2019/20, councils forecasted ongoing underlying surpluses in aggregate across Victoria. 2019/20 resulted in largely a break-even position. Original projections from the first budgets endorsed after the pandemic forecast a return to break-even in 2021/22. This has since been revised to a longer (although slightly shallower) period in deficit.

Figures vary significantly between individual councils. Some councils predict deficits greater than 20 per cent. Even these figures may be optimistic, as 2021/22 budgets pre-date the sixth Victorian lockdown that began in August 2021. These differences also highlight the ongoing challenges rural and regional councils face, with regional cities, large shires, and small shires projecting underlying deficits out to 2024/25.



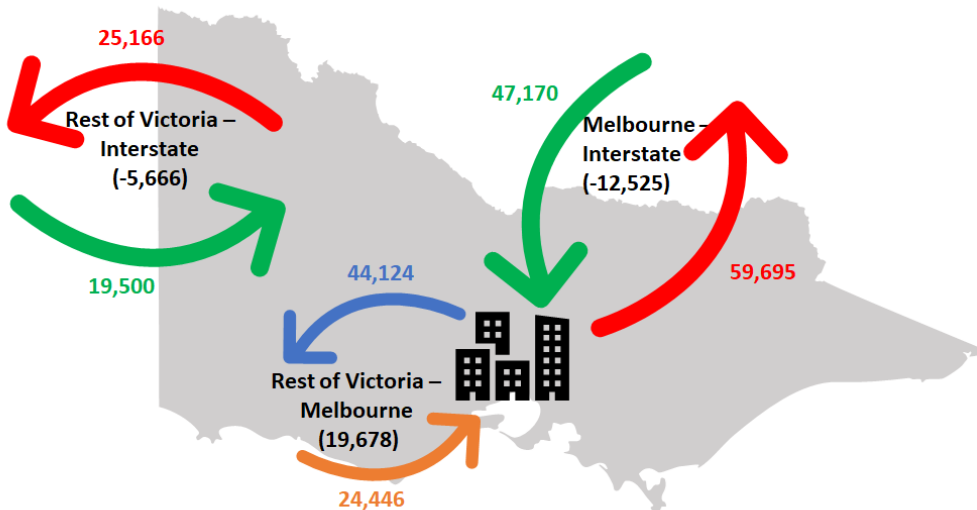
Population decline in the short-term is also expected to impact funding allocations coming to Victorian councils through the Commonwealth Financial Assistance Grants program. In 2021/22, Victorian councils will receive a total of \$646.8 million in financial assistance grants (\$478.4 million in general purpose grants and \$168.4 million in local roads grants).

Due to projected population declines relative to other states, it is possible Victoria's share of these grants will be less than anticipated based on population growth expectations prior to COVID-19.

Many councils have also been particularly impacted by Victoria's less-than-anticipated population increases as a result of the sudden drop in overseas and interstate migration. The Federal Budget anticipates that Net Overseas Migration will fall from 194,000 people in 2019-20 to -97,000 in 2020-21, and then -77,000 people in 2021-22. The forecast for net emigration across 20-21 and 21-22 has increased since the previous Federal Budget.



**Figure 1: Internal migration, four quarters to March 2021**



Source: Australia Bureau of Statistics

The June 2020 quarter saw the first net interstate migration from Victoria since June 2008. The four quarters to March 2021 total to a net interstate migration of -18,191. This same period saw a net migration of 19,678 from Greater Melbourne to the rest of Victoria.

Councils with projects already underway and with committed funding based on previous expectations of new ratepayers will be significantly impacted by the loss of anticipated revenue. Infrastructure renewal in the future is also likely to be adversely impacted.

Council costs are largely driven by wages for the tens of thousands of staff they employ. Enterprise agreements negotiated prior to COVID-19 have locked in wage rate increases that will need to continue to be funded in future years.

The immediate and urgent roll-out of significant infrastructure builds by the State Government is expected to drive up the cost for local infrastructure projects and programs. Councils are already reporting significant increases in prices quoted during tender processes for capital projects, and in some cases are not receiving responses at all.

Many agencies are competing for the same skillsets and supplies at the same time. Rural and regional councils are disproportionately impacted by the sudden escalation in infrastructure costs. Many are anecdotally reporting challenges with increases of 30-40% on requests for quote. Impacts seem to be greater for design and construct projects.

### 3 Medium to Longer Term Opportunities

#### **Built and Natural Environment**

MAV's Built and Natural Environment portfolio covers policy and program activities across statutory and strategic planning, building, waste and resource recovery, the environment and climate change.

#### Climate Change

The Victorian Government has committed to introducing a state-wide baseline requirement for Environmentally Sustainable Development (ESD) in 2021. We welcome this commitment and are actively engaging with the State, including to advocate for a suitably ambitious baseline. ESD is important because it can act both as a climate change mitigation and adaptation response, with a carbon positive built environment needed to avoid extreme climate change. While many councils continue to advance policies to address climate change through the planning system, not all councils have the capacity or capability to do so. For those councils still at an earlier stage in implementing ESD policies, additional resourcing, support and training is needed.

Climate change impacts on coastal areas are evident across Victoria. As the intensity and frequency of extreme weather events increase, there is a strong sense of urgency for significant strategic investment in coastal climate change adaptation measures. We must move beyond the current fix-on-fail approach. In recognition of these challenges, the Victorian Government established the Victorian Resilient Coasts program. Funding is now needed for the program to deliver on its objective to support councils to plan and implement long-term coastal hazard resilience and adaptation.

There is a significant opportunity and need for COVID-19 recovery economic stimulus to support and accelerate the transition to a zero emissions future, in the process supporting Victoria to become a leader in new approaches and technologies. Victorian councils will be a key partner in this, having long led the way in climate change mitigation and adaptation. Funding for energy efficiency upgrades of major road lighting is one outstanding opportunity that the State must prioritise in this next budget. Upgrades to LED lighting can improve energy efficiency by 60-70 per cent. With some 80,000 of these lights cost-shared by the Department of Transport (DOT) and councils, the energy savings and emissions reductions achievable are significant. Councils are willing and committed to proceeding with these works as soon as DOT contributes its share of funding.

#### Planning support

The Regional Planning Hub program supports rural and regional councils plan and develop their municipalities. The program provides support that assists councils with peak workloads and priority developments, builds land use planning capacity and capability within councils, and improves planning schemes to streamline. It also simplifies processes and approvals and assists with significant regional planning projects. Rural councils' planning departments are

busier than ever as more Victorians seize the opportunity to live in regional areas. Additional funding is needed to help councils support the growing needs of their municipalities.

Heritage planning is a time and resource intensive undertaking for councils, with community members often divided on the conflicting objectives of conservation and new development. Planning scheme amendments are frequently delayed, undermining protection for heritage places and creating uncertainty in the community as to how local heritage will be conserved and enhanced. Extra support for councils is needed to research as well as prepare planning scheme amendments that seek to manage heritage places for future communities.

VicSmart was introduced in 2014 as a streamlined assessment pathway for low-risk planning applications. Alongside it, local VicSmart provisions were introduced to the Geelong and Ballarat planning schemes. Since then, only one additional set of local VicSmart provisions has been introduced. We believe this represents a missed opportunity. We would encourage DELWP to provide funding to councils ready to implement local VicSmart provisions. These could respond to specific local issues or act as pilots for future state-wide VicSmart applications.

As part of the 2020/21 budget, the Victorian Government announced funding for the Women Building Surveyors program. This program was oversubscribed with interest from both councils and applicants. An additional round of funding should be provided as a number of councils identified multiple candidates within their organisation that were eager and suitable to participate in the program. Not only will this increase involvement of women in building surveying it will also help address shortages of this key profession within local government.

#### Waste and resource recovery

The Recycling Victoria policy and the environment protection reforms have significantly increased the regulatory, asset and service burden on councils. Negligible funding support has been provided by the State to help councils comply with these new State Government requirements. Additional funding is needed to assist councils with the costs of changing bin lid colours, introducing separate services for glass recycling and food and organic waste recycling, upgrades of transfer stations, and for community education and behaviour change programs.

#### Priority funding opportunities in the built and natural environment portfolio.

Request	Funding	Timing	Portfolio
Energy efficient major road lighting upgrades	\$60million	4 years	DOT
Training and resource support for implementation of environmentally sustainable development (ESD) in the planning system	\$4 million	2 years	DELWP
Victorian Resilient Coasts program – investment in climate adaptation planning and works to manage strategic risk	\$16 million	3 years	DELWP

Continuation and expansions of Regional Planning Hubs program	\$10 million	4 years	DELWP
Heritage protection – funding to support councils to progress and improve heritage protection	\$4 million	2 years	DELWP
Support for councils to develop local VicSmart provisions that enable streamlined planning decisions	\$5 million	3 years	DELWP
Expansion of the women building surveyors program	\$6.3 million	2 years	DJPR
Recycling reforms – funding support for councils to implement reforms provided for in the Recycling Victoria policy, including bin lid changes, planning for FOGO and glass services, CDS preparation, community education	\$80 million	3 years	DELWP

## Community Services

MAV's Community Services portfolio covers policy and program activities across maternal and child health, early years, youth services and senior Victorians.

### Maternal and Child Health:

The COVID-19 pandemic has continued to impact and highlight the significant role of local government-delivered community services. Victoria's Maternal and Child Health (MCH) sector was required to pivot to provide face-to-face services to clients, including COVID-positive families and children isolating at home. The universality of the service has remained crucial as more families experience changing levels of disadvantage as a result of the pandemic.

To guarantee the Victorian MCH service remains one of the key pillars of our preventative health system, adequate, flexible, and sustained funding is critical. With the deeply felt impacts of the pandemic and elongated lockdowns, particularly for metro Melbourne, the role MCH services will be vital in supporting Victorian families to recover. To ensure the sustainability of this essential service, it needs the State Government's commitment to the 50:50 partnership with local government for ongoing funding. We encourage the State to continue working with MAV to develop a funding model, reporting framework, and flexible models of service delivery.

Ongoing Enhanced MCH Child Development Information System (CDIS) training is required to improve data collection for reporting, place-based needs identification, and governance of the service. Ongoing educational support will embed practice changes of the important current and anticipated government reforms including MARAM (Multi Agency Risk Assessment Management), Information Sharing and Child Link.

### Early Years Services

MAV and Victorian councils are partners in the ten-year State Government Kindergarten Expansion Reform announced in 2018. In addition, MAV and the Department of Education and Training have a formal Partnership Agreement which has been in place for over 10 years, with the current agreement running until 2023. The impact of COVID-19, particularly on vulnerable families, is and remains a high priority for local and State Government.

MAV and Department of Education and Training (DET) Culturally and Linguistically Diverse (CALD) Outreach Project has been operating since March 2021, and the project now has nine councils involved. This project has successfully increased the uptake of Early Start Kindergarten Enrolments, showing a significant uplift in a short amount of time. MAV provides an unfunded Project Management and Coordination role to support these specialist workers and councils, utilising a communities of practice approach.

The need for a place-based worker located in council is critical in supporting children and families to access two years of kindergarten. It also provides a connection into a range of other services including MCH and Supported Playgroups provided by councils. The CALD Outreach

workers highlight why local government is best placed to support these families. This often extends beyond the child to supporting the family with a range of other needs. The evidence of changing and improving lifelong outcomes for children starts with accessing these universal services all Victorians are entitled to.

The Central Registration and Enrolment (CRES) project continues to be a successful MAV/DET Partnership. MAV estimates the work still to be undertaken as part of the joint project plan is unlikely to be completed until June 2023. Increasingly DET is reliant on the data that CRES provides and MAV collects from councils regarding enrolment of children in two years of kindergarten. This data is critical to understanding the demand issues for councils' planning including service delivery, infrastructure planning, and DET Kindergarten expansion reform. Further work will continue the future of CRES and MAV is already embarking on a joint project with MAV Procurement that will go beyond the current funding arrangements.

The MAV/DET partnership has also identified a need for a joined-up place-based approach at the community level, to provide innovative and sustainable solutions to a range of issues with a focus on vulnerable families. The introduction of Local Government Early Childhood Access and Engagement Officers would fill this identified gap. These roles would work in with the Early Years Compact, the work of the Out of Home Care Agreement, Kindergarten Expansion Reform, the DET Early Childhood Improvement Branches, and across other Departments such as the Department of Families Fairness and Housing (DFFH) and the DH. MAV advocates these roles are trialled in 10 local government areas.

#### Youth Services:

As the largest provider of youth services, local government's role in supporting the Victorian Government to achieve a better life for all young Victorians must be recognised and harnessed.

With the release of the Child Health and Wellbeing Plan and the expected release of the Victorian Youth Strategy, there is a renewed need to ensure that all Victorian councils are supported to implement place-based policies and programs supporting children and young peoples' health, wellbeing, and employment.

Through MAV's involvement as an expert partner in VicHealth's Local Government Partnership (VLGP), we have developed robust connections across youth services in some of Victoria's most disadvantaged local government areas and the agencies working in them. As an increasing number of state-wide policies, programs and players enter the child and young person health and wellbeing space, it will be essential to develop a cohesive and responsive approach.

Funding for a youth policy adviser based at MAV would achieve this connection. It would support the implementation of key recommendations from the Royal Commission into Victoria's Mental Health System, community collectives, and ensure cohesion between policy and programs.

This position would also specifically harness existing connections and expertise to improve support for young people in Victoria. MAV is well-positioned to work across departments (DFFH & DH) and key agencies promote the health and wellbeing of young people.

### Ageing and Aged Care Services

The Victorian local government sector continues to plan and coordinate vibrant, accessible local communities for older people, with a goal of keeping them at home and connected to their local communities for as long as possible.

The Ageing Well in a Changing World report outlines eight key attributes of ageing well. Many local government projects address a number of these attributes by keeping older Victorians 'connected', 'respected', and 'able to get around' their communities.

Many areas of rural Victoria currently have no community transport options available. This makes it increasingly difficult for older people who wish to remain living independently in their homes and communities when they can no longer drive. Researching, co-designing, and establishing local community transport options for older people in three rural municipalities will see accessible and responsive transport solutions developed. The funding will result in innovative, viable and long-term local community transport options being explored including community shared transport, community buses and commercial rideshare. MAV would coordinate, manage, evaluate, and share the learnings from the project with the sector.

The Ageing Well in a Changing World report identified that “older people want to participate in seniors’ activities but, at the same time, there was a strong view that intergenerational and cross generational programs and activities are vitally important.” Funding to councils to co-design with community organisations in this space would provide an opportunity for four council projects to be supported over two years. A funding round starting in 2022 would provide local intergenerational outcomes as well as valuable information and learnings to be shared with the local government sector through project management and evaluation by MAV.

Community registers provide a valuable safeguard for older people who do not have family or others to support them in their daily lives or in times of need. A regular call from a trained person to those electing to be on a register can be an essential connection for them to feel safe, supported, connected, and engaged. Funding for Community Registers in each local government area will enable councils to continue existing or start new locally appropriate registers in conjunction with relevant community agencies and organisations.

Priority funding opportunities in the community services portfolio.

Request	Funding	Timing	Portfolio
Maternal and child health unit cost funding – in line with the MCH partnership between State and local government, MCH unit prices increases to reflect cost increases.	Unit price increase from \$123.85 to \$142.79 per annum + indexation	July 2022.	DH
Local Government CALD Outreach Program funding	\$125,000 per council per annum ongoing funding for the eight existing councils and funding for a further 10 councils based on identified CALD populations and children.  \$80,000 per annum for MAV to undertake coordination and support role of the CALD Outreach Project	March 2022- June 2025 (extension of existing projects and inclusion of new councils and MAV role)	DET
Continuation of MAV funding for Central Registration and Enrolment (CRES) project	Extension of current project \$160,000 for 1 year to complete the outstanding work of the existing CRES Project Partnership with DET.  Funding to support an innovative systems approach through MAV Procurement \$80,000 for 12 months	July 2022- June 2023	DET
Local Government Early Childhood Access and Engagement Officers	2-year project \$250,000 per council for 10 councils to engage an officer to work across a dedicated region.	July 2022 – June 2024	DET
Funding for MAV to establish a Youth Policy Adviser role	\$450,000 for a 3-year position to provide coordination and support for local government youth policy and services to promote innovative practice and inform youth services and policy implementation	July 2022 - 2024	DFFH/DH
Local Transport Innovations for Older People in Rural Communities Project	\$1.98M over 3 years to deliver 3 council projects	July 2022 – June 2025	DFFH/DoT



Clubs in Hubs Project	\$875,000 for funding of total of 4 council projects	July 2022 – June 2024	DFFH
Re-establishment of Community Registers to support older residents in local areas	\$2.37M over 3 years – grant of \$30,000 for each council	July 2022 – June 2025	DFFH

## Health and Local Economies

MAV's Health and Local Economies portfolio covers policy and program activities in the areas of public health and well-being, disability access and inclusion, social and affordable housing, and public libraries.

### Community mental health and well-being

MAV strongly encourages the Victorian Government to bring forward its Royal Commission into Victoria's Mental Health System recommendation to establish Local Community Collectives in each municipality. The Royal Commission identified local government as a key stakeholder in addressing local level risk and improving protective factors such as social cohesion and social connectedness to mitigate isolation. Although this recommendation was identified in the 2021 Victorian budget as medium term for implementation, the recent extended public health lockdowns have exacerbated the deep sense of fatigue and increased mental stress health in the community. This distress is particularly acute for young people and those most vulnerable in the community.

Councils have well-established pathways for providing relief and support to people most impacted by the restrictions through the pandemic. They have also identified declining mental health, particularly in younger cohorts and have harnessed partnerships in responding. It is imperative that these networks are strengthened and maintained when there is an opportunity to cement positive outcomes.

The pandemic has also demonstrated the value of councils as a partner working closely with the State for the benefit of local communities. Councils are a reliable and trusted source of community information in times of stress and have demonstrated their agility in responding at short notice to provide practical responses to particular issues.

Harnessing these attributes can deliver tangible benefits to the Victorian Government if flexibility for local situations is built into the rollout of its initiatives.

### Social and affordable housing

The local government sector is deeply concerned about the unintended consequences of more than 85,000 social housing dwellings, owned and operated by Homes Victoria and community housing providers, being unilaterally made rate-exempt as part of the Big Housing Build announcement. This is expected to collectively cost Victorian councils more than \$136 million per year, year-on-year. In just ten years, this would blow out to a staggering \$1.6 billion in lost investment in local infrastructure and services.

The great pity is that this rate exemption proposal alienates the very councils the state is seeking to encourage to be active in supporting more social and affordable housing being available across the state. There may be a range of situations where councils may wish to exempt some social housing from the need to pay rates – the key point is that these discussions

are best taken up locally. There will be a range of benefits and issues to be considered dependent on the scale and profitability of the developments incorporating social and affordable housing options.

We note that the Victorian Government also receives substantial funding from the Commonwealth Government for social housing via the National Affordable Housing Agreement. It is appropriate for these funds to be used to support those needing social and affordable housing.

Many councils have well-developed local land use policies and plans to support social and affordable housing, including in new land and development packages. At the same time, some councils, especially rural councils, require additional support to:

- Identify local council and state-owned land
- Complete required local planning scheme amendments
- Develop municipal social and affordable housing plans
- Scope potential social and affordable housing development projects

A program similar in scope to the successful SHIP grants would provide grants of up to \$200,000 to at least 30 councils in high need areas to undertake these activities. This initiative also supports delivery of Victoria's [30 Year Infrastructure Strategy](#) which recommended that the Victorian government partner with local government to update structure plans in key areas, deliver very low-income housing with inclusionary zoning, and support more homes in priority established places.

The creation of a shared data portal to identify emerging housing needs from the Victorian Government's Housing Register, available properties, and monitor progress on social and affordable housing will support implementation of the Victorian Government's 10 year Social and Affordable Housing Strategy due to be finalised shortly. At present, critical demand, development and planning data is held by state and councils in different systems making sharing resources extremely difficult.

#### Local jobs and the role of councils

Workforce skills deficits in building, environmental health, and infrastructure are becoming acute, particularly for rural councils. The expansion of the Department of Health's public health function and the creation of local public health units is putting pressure on the supply of qualified environmental health officers available to councils. There is a clear and urgent need for investment in pathways to skill-up graduates with suitable under-graduate degrees to meet this demand. In addition, an environmental health officer recruitment and retention program should be supported to ensure workforce growth can be maintained.

#### Regulation innovation

A number of red-tape reduction reforms have assisted businesses to recover and thrive through COVID restrictions. Councils have willingly embraced these reforms and in some cases have initiated locally. Deregulation doesn't happen in a vacuum. Careful regard needs to be given for

unintended consequences, particularly where longer term outcomes and community safety may be jeopardized.

Partnership approaches between state and local government in the design of regulatory reform remain critical for seamless introduction of reforms. We welcome the Department of Treasury and Finance working with councils on its proposals for as-of-right use of footpath trading before setting state-wide policy. Critical to the success of these proposals is councils having an opportunity to opt into these reforms, rather than having them unilaterally imposed. There will continue to be a range of highly profitable locations where businesses should appropriately contribute to the regulatory frameworks that are necessary to provide for safety and amenity of the community.

New technologies are also enabling new and smarter ways to achieve outcomes. It is vital that the new Services Victoria programs and investment that involved local government consider the statutory roles and functions councils need to deliver. We would welcome a high-level series of roundtables to explore innovation options for more seamless integration of state and local regulation and data capture.

#### Onsite wastewater management (septic tanks)

Councils also require the tools and capability to deliver statutory roles assigned to them. The Victorian Government's dependence on councils to regulate onsite wastewater systems with sewage flow of 5000 litres or less per day poses serious health and environmental risks. Pollution from leaking septic tanks is a serious threat if regulators are not provided with the necessary tools and resources to deliver the regulatory functions assigned to them. Despite the local government sector advocating strongly for the need for renewal permits to systemize ongoing regular monitoring, this did not eventuate. This is despite reticulated sewerage systems regulated and serviced by water authorities having detailed regulations and monitoring systems in place

Many issues identified by VAGO in 2018 continue to require attention. Funding for rural and regional councils will also be required to review domestic wastewater management plans in light of the cessation of statutory environmental policies, with the lapsing of the relevant clauses in the SEPP Waters 2018 in 2023.

#### Access and inclusion in local communities

Disability access is vital for people with disabilities flourishing in local communities. There are many new plans and approaches on the horizon for people living with disability with the Commonwealth government and State Government soon to release their strategic plans and the Victorian Government's current review of the Disability Act. For more than 15 years, the Victorian Local Government Disability Planners Network (VLGDP) has provided a platform for council disability planners and advisers to come together to respond to initiatives, advocate for change, and share good practice. This network has also been a go-to place for other levels of government to inform and liaise with experts in community responses to supporting people living with disability.

During the transition to the National Disability Insurance Scheme, key resources and funding programs were lost to Victoria, including the Building Inclusive Communities program and transition support programs, which assisted MAV to provide communication to the sector. A position for a disability policy adviser to be based at MAV will support the implementation of the Victorian disability plan and continue to provide a platform and network support for the VLGDP network which achieves real improvements in access to community services and infrastructure for people with disabilities across the state.

### Victorian Aboriginal and Local Government Strategy

Local Government Victoria has consulted on a revised Victorian Aboriginal and Local Government Strategy to support the Victorian Government's approach to self-determination and the development of a Treaty with Aboriginal Victorians. Successful implementation of the many actions outlined in the strategy will require partnerships with councils and local Aboriginal communities.

Request	Funding	Timing	Portfolio
Cease consideration of unilateral rate exemptions for state-owned and funded social housing	+ \$136 million not taken from councils	Immediately	DFFH/Homes Victoria
Establishment of Local Community Collectives to provide funding to councils to provide local connections and community support for people with mental health needs	\$10 million	2022	DH/DFFH
Social Housing Investment Planning (SHIP) grants program to support policy development and planning amendments to facilitate more social and affordable housing options being locally available	\$10 million	2022-24	DELWP/DFFH/ Homes Victoria
Shared state/local data system to support implementation of the Victorian Government's 10 Year Affordable Housing Strategy and delivery of a State/Local Social and Affordable Housing Compact	\$5 million	2022	DFFH/Homes Victoria
Onsite wastewater (septic tanks) planning and response to protect public health – funding for rural and regional councils to revise their domestic wastewater management plans ahead of the cessation of the SEPP Waters transitional clauses and support the Victorian Government's response to VAGO recommendations	\$12 million	2022-24	DELWP/EPA

Local government jobs program – funding for an MAV employment broker to collate local data and develop policy responses for state and federal governments to address key local government workforce skill deficits, particularly in environmental health	\$600,000	3 year project 2022-2024	DJPR
Victorian Aboriginal and Local Government Strategy – support for councils to implement the new strategy via an Aboriginal engagement senior adviser employed by MAV	\$200,000	2022	DJPR/LGV
Disability access and inclusion – funding for a policy adviser to connect councils so mainstream services provide infrastructure and policy responses which help people living with a disability participate in community life	\$540,000	3-year project 2022-2024	DFFH
Public library initiatives, including funding to enable libraries to support and respond to the mental health needs of their communities, increase to recurrent funding is also required to address the state’s contribution levels and Living Libraries Infrastructure program for facilities to community wellbeing and to bridge the digital divide.	\$30 million	2-years 2022-23	DJPR/LGV

## Infrastructure and Community Strengthening

MAV's Infrastructure and Community Strengthening portfolio covers transport, asset management, emergency management, gender equity, arts and culture, and sport and recreation.

### Transport Infrastructure

There are a number of lower-scale investment opportunities with the potential to make a significant difference to Victorians' safety, health and wellbeing, all while increasing productivity and stimulating local economies.

Infrastructure Victoria's 30-year Strategy (2021) highlights how Victoria can make the most of existing infrastructure, implement smarter approaches and deliver significant reforms without needing to commit to significantly increased infrastructure spending. MAV supports the implementation of 'smaller ticket' items flagged in the Strategy. This includes support for councils to maintain and improve local roads and investment in social infrastructure – such as sporting and recreation facilities – in growth areas.

Councils manage 87% of Victoria's road network, spending almost \$900m or 10% of their total revenue in the process. The maintenance of an expansive local network requires the lion's share of rural councils' annual budgets and the asset renewal gap is growing. At this point, removal of the rate capping policy will not plug the black hole. Small rural councils do not have the rates bases available to them.

Six years of rate capping, and the State and Federal Government's preference for inflexible, time-limited grants programs, has fuelled the looming crisis for the regional and rural local roads network. Many grant programs require shovel-ready projects to be delivered within a two-year timeframe. Compounding factors, such as Victoria's Big Build and supply shortages, have seen the cost and availability of materials and contractors go up and timelines for capital works blow out. Current grant programs also overlook the need to maintain and renew existing infrastructure. This has the potential to affect the safety of road users and the efficiency of the freight network as key local roads and bridges are assessed and found to be unsuitable for heavy vehicle access.

A road safety blackspot treatment and prevention program would aim to reduce pain, loss and suffering through the prevention of future road crashes by investing in safety improvements to the transport network. Councils would identify sites and initiatives to resolve safety issues through traditional blackspot metrics, as well as proactively address sites with the potential to become crash sites. The proactively identified sites may not yet have the volume of traffic or crashes to formally qualify as a blackspot under existing funding programs. However, a safe system analysis would identify improvements that could be implemented to prevent future crashes consistent with the objective of a blackspot program.

Targeted funding to enhance councils' capacity to improve asset management data capture, storage, analysis, and retrieval aligns with State Government reforms to improve asset management. Through the new Victorian Local Government Act provisions, councils are required to develop ten-year asset management plans by June 2022. Recent changes to the Commonwealth and State Disaster Recovery Funding Arrangements (DRFA) requiring increased evidence of pre-disaster asset condition remain a significant risk for the sector. There is a strong case for State Government support to assist the sector to further mature and refine asset management capacity and capability.

Earlier this year we welcomed the Local Government Victoria (LGV) project through the Rural Roads Support Package to work with 11 rural councils to improve local roads data, but this initiative is a drop in the ocean. Improved asset management capability and performance is not enough to overcome fundamental gaps between income and asset expenditure for some small rural councils due to financial imbalances. A modest and targeted 'black hole' funding program could see grant funding available for asset renewal based on local priorities, ensuring safe access is maintained for remote communities.

The MAV proposes a funding program of \$1m for each of the 11 high-needs councils benefiting from the Rural Roads Support Package to be spent over two years (to allow optimisation of investment). This funding will capitalise on the improved data capture and analysis gained through the current program. The MAV also recommends an extension of the project to improve roads data in the next ten priority councils, including, in the second year, a further \$1 million for each of these ten councils for to support implementation.

Many people increased their walking and riding during periods of COVID-based restriction in 2020 and 2021. In the process, they discovered more of their local neighbourhood. There is still an opportunity to capitalise on this through investment in active transport infrastructure across the state and further targeted funding for strategic bicycle links in inner and middle suburbs of Melbourne.

Every kilometre walked or cycled has an economic benefit by reducing traffic congestion and vehicle operating costs, improving health and the environment, and saving on infrastructure spending. It is estimated every dollar invested in cycling infrastructure reaps up to five dollars' worth of benefits. Smaller scale infrastructure investment can create local jobs and help stimulate local economies. Investment in active transport infrastructure would help deliver State Government commitments to increase active transport to 25 per cent mode share by 2030. It also helps deliver Plan Melbourne objectives, particularly the key theme of 20-minute neighbourhoods.

Ensuring safe access to schools is a shared responsibility between local and State governments. In addition to the maintenance of the current 50:50 funding split for school crossing supervisors, local government would welcome the opportunity to work with communities to provide safer active transport access around school precincts. Department of Transport-led reforms, currently underway to the school crossing program, involve a safe system assessment of the school crossing environment. Funding is required to deliver on safety



measures identified through this process. It can potentially reduce the need for supervisors while providing a safer street environment.

### Emergency management

MAV continues to be concerned about the growing expectation of councils in emergency management. Our advocacy on this matter has been running for many years and was key in the commencement of the Local Government Victoria (LGV) Councils and Emergencies Project (CEP) in 2016.

Unfortunately, after five years, the CEP has made no material difference to the sector. Councils enthusiastically participated in each round of consultation and undertook the self-evaluation in 2019. However, there has been no significant investment in sector training and development, nor increase in funding commensurate with their expanding role. We are concerned that at least another year will go by without appropriate funding of a critical segment of Victoria's emergency management sector. This is likely to result in burn-out and workforce attrition, which will ultimately affect communities.

MAV understands a State Budget bid is being prepared to fund implementation of some of the strategies identified through the most recent round CEP consultation. It will be critical these strategies are funded and implemented, to ensure councils are appropriately resourced and trained to support their communities to prepare for and recover from emergencies.

The Municipal Emergency Resourcing Program (MERP), which was put in place after the Victorian Bushfires Royal Commission, is currently the main funding source for the 64 eligible rural, regional and interface councils. This program provides an annual share of \$4.9 million to eligible councils and is based on a formula devised in 2012. In the November 2020 State Budget, a one-off boost of \$1m to this program was provided, acknowledging the additional workload throughout the pandemic. Split between 64 councils, this averages \$15,625 per council – with some councils receiving more and others less, according to the formula.

Ahead of this summer season, we called for another immediate boost in funding for councils to support their emergency management role. Through the State Budget, we also request an expansion of MERP to cover all 79 councils followed by a consultative review of the formula, to better reflect emergency risk and local government's role in supporting municipal emergency planning and building community resilience.

### Prevention of Family Violence and all forms of Violence Against Women

The prevention of family violence and all forms of violence against women is an ongoing priority issue for local and State governments. MAV has worked with the Department of Families Fairness and Housing (DFFH) and the local government sector to co-design the Local Government Guide for Preventing Family Violence and all forms of Violence Against Women (The Guide). Commencing in 2022, we look forward to continuing this work through the three-year pilot program with up to fifteen councils funded by the State.

We acknowledge that this is a significant investment in local government. It recognises the role councils play in preventing family violence and all forms of violence against women. It builds on the historic Free from Violence funding provided to councils in 2018. We hope this commitment continues and grows in the coming years to support broad implementation and uptake of The Guide across the local government sector.

#### Sexual harassment in the workplace

MAV and Victorian councils support the State Government's commitment to addressing sexual harassment in the workplace. Our CEO was a member of the Ministerial Taskforce on Workplace Sexual Harassment, whose recommendations are awaiting Ministerial endorsement. MAV also supported the Victorian Auditor General's Office (VAGO) to undertake its 2020 sexual harassment in local government survey of Victorian council employees. MAV wishes to see this commitment continue with budgetary support for the Ministerial Taskforce's recommendations, once approved by the Minister, along with support to assist councils understand and implement the recommendations of the VAGO report.

#### Gender Equality Act Implementation – GIA training

MAV continues to be concerned about the lack of funding to directly support councils in the implementation of their obligations under the Gender Equality Act (2020). The introduction of this new legislation was welcomed by councils and they have worked hard to understand and meet their obligations. The new requirements do create immense pressure on existing resources and time.

Councils represent more than a quarter of the public entities covered by the Gender Equality Act (2020). Investment in a tailored program for our sector would ensure that high quality GIA processes are developed in Victoria, with the program also adaptable to the needs of other public entities. Without such a program councils will do their best to meet their obligations but do not currently have the expertise within their workforces or training available to ensure the impact or quality of this work.

An investment of \$500,000 to develop and deliver a comprehensive gender impact assessment training program for councils is required in the next State budget. This program should be practical, tailored specifically for councils, accessible and adaptable for different council contexts and business areas.

Priority funding opportunities in the infrastructure and community strengthening portfolio.

Request	Funding	Timing	Portfolio
Local road blackspot treatment and prevention program – funding of a modest \$10m program targeting local intersections, places, road segments or users to reduce risk and improve safety outcomes plus \$10m funding for proactive treatment of sites identified as potential future priorities through safe system assessments, with an emphasis on rural and regional locations.	\$20 million	Annually	DOT (TAC)
Asset management and renewal gap – expand the current Rural Roads Support package to include support to the next 10 high-need councils.	\$1 million	1 year	DJPR
Black hole funding program – Targeted support for asset intensive and low-income councils to close asset renewal gap, particularly to maintain vital local access.	\$11 million	2 years	DoT
Local walking and riding infrastructure – delivery funding for priority walking and cycling projects in all Victorian councils and additional, targeted funds for strategic bicycle links in inner and middle suburbs of Melbourne.	\$230 million	4 years	DOT
Safe school access (including school crossing supervisors) – provision of indexed annual funding to match local government contributions plus \$10m funding to deliver safe system works to reduce need for supervisors and encourage safe active school transport.	\$29.3 million	Annually	DOT
Municipal Emergency Resourcing Program – review and expand the current \$4.9m MERP program to cover all 79 councils. As an immediate step, an additional \$2.8m to fund 1 FTE in each of the 64 councils covered by CFA Act. A further \$1.05m to be shared by the remaining 15 metropolitan councils.	\$3.85 million	1 year	DJCS/EMV
Gender Equality Act obligations – one-off grant of \$500,000 to MAV to develop and deliver a comprehensive gender impact assessment training program for councils	\$500,000	1 year	DFFH

## 4 Conclusion

Through our suite of activity outlined within this document, MAV continues to support and advocate for the entire local government sector of Victoria. We do so with great pride and passion for the services and infrastructure councils across the state provide their individual communities.

This document not only outlines the opportunities to support the local government sector in the upcoming State budget. It also seeks to align this investment with existing State government policy and recommendations to highlight our desire for governments at all levels to work together for positive community outcomes.

MAV would welcome the opportunity for enhanced cooperation with the State Government on priority reform projects. This would ensure all funding provided to councils is targeted, effective, and implemented appropriately.

As communities and local economies recover from the impacts of the COVID-19 pandemic, the State government's support – through the channels outlined in this document – will be vital for the local government sector. If supported correctly, councils across the state will emerge from the pandemic to continue to provide the critical services and infrastructure our communities expect.