



THEME 1

Economically sound councils

KEY ISSUES: COVID-19 RECOVERY FOR COMMUNITIES AND COUNCILS; FINANCIAL CAPACITY



COVID-19 RECOVERY FOR COMMUNITIES AND COUNCILS

CURRENT SITUATION

The longer-term impacts of the last two years of the pandemic are becoming evident – there's joy as communities re-connect with others and get out and about. Serious economic and social impacts are also coming into sharp focus. Many shopfronts in local precincts still closed and those businesses which are open struggling to source skilled staff.

It is clear the mental health and wellbeing of some in the community has declined. Left untreated, demands on health services will increase in coming years.

Throughout this period Victoria's 79 councils have provided trusted and reliable essential local services. Local leadership by mayors, councillors and council staff have and continue to be vital to assisting the State's pandemic response and vaccine roll-out.

As has been the case with all levels of government, councils have suffered sizeable losses of revenue through the mandated closure of facilities, significant fee waivers and rates deferrals to local businesses and struggling community members. Infrastructure contract prices are also escalating due to supply pressures and competition from other state infrastructure projects.

As a significant employer across so many diverse roles and functions, councils significantly impact the state's economy. They provide a valuable pipeline and career opportunities for many occupations and industries. Currently their workforces are stretched, with critical shortages emerging in a range of skillsets, from planning and building to environmental health, IT and project management.

Increased local participation and more people working from home mean the services and work of councils supporting community health and wellbeing are more important than ever before.

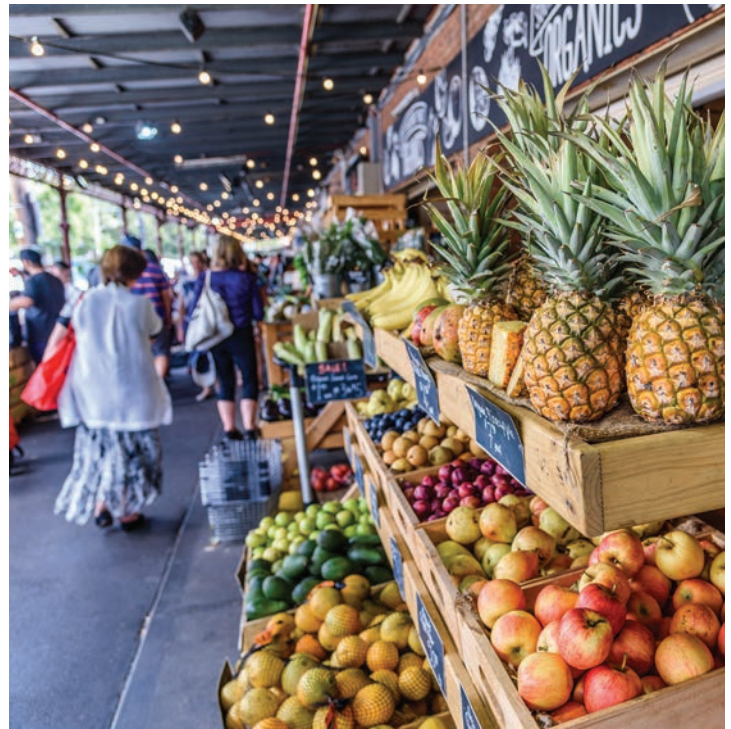
Utilising existing social infrastructure provided by councils is a smart way for the state to save on its own service delivery costs – healthy communities need less state services, not more. People with disabilities need to be able to participate fully in community and professional life. Councils collaborating closely with Victoria's Traditional Owners to support truth-telling will deepen and enrich local communities for all.

Victoria's arts and creative industries have been particularly hit hard by the pandemic. The Creative State 2025 Strategy provides a solid framework for recovery, however greater investment in some of the place-based initiatives is required to realise its vision.



WHAT WE NEED FROM THE STATE GOVERNMENT

- A local government-specific workforce development program generating local employment opportunities and addressing key local government workforce skill deficits
- Reduce duplication by using existing local government conduits to generate increased economic development and innovations which benefit local businesses
- Immediate rollout of the Local Community Collectives recommended by the Victorian Royal Commission into Mental Health to support for people with mental health needs connect with people and organisations close to where they live and work
- Support for reconciliation and strong constructive relationships between councils and local Aboriginal communities, including a capacity building program for councillors to partner with Victorian Traditional Owners
- An investment in new local, place-based creative industries strategies, which support collaboration and identify local priorities for investment; and an expansion of Creative Victoria's Regional Partnerships program to enable new entrants from regional and outer-suburban areas
- Restore funding to the Building Inclusive Communities program to local government to support the State Government's delivery of the Victorian Disability Plan through place-based approaches and involvement of local people, groups, businesses and services.



BENEFITS FOR OUR COMMUNITY

- Vital skilled workforces are in place to support local service delivery and economic development
- Service efficiencies and less duplication from multiple agencies will assist local businesses navigate government programs and better tap into available supports and networks
- Less illness and demands being placed on stretched health systems
- More people connected in community activities and civic life
- Councillors and communities are prepared for and supportive of the outcomes of the Yoorrook truth-telling and Treaty process.



CURRENT SITUATION

Rising expenses and the ongoing rate capping system pose an increasing challenge to the financial sustainability of councils. In turn, this negatively impacts the vital services and infrastructure delivered on behalf of the community.

Councils manage many of the services and infrastructure used by communities every day. Compared to their revenue, councils are an asset-heavy level of government. In 2020-21, Victorian councils managed \$123B in community infrastructure and assets with a revenue base of \$11.9B, a ratio of almost ten to one.

The Victorian and Australian Governments manage non-financial assets of \$200B and \$248B, with ratios of 2.75:1 and 0.45:1 respectively. This carries both a large maintenance burden and an expectation from communities to expand and improve those assets. This expectation for councils to do more also extends to services.

Increasingly the state government expects councils to shoulder additional costs on top of this. Arrangements for many co-funded services such as libraries, maternal and child health and school crossing supervisors have shifted in favour of the state. New responsibilities are also put on councils, or transferred from existing state agencies, without sustainable resourcing.

The Royal Commission into National Natural Disaster Arrangements aptly noted that where a state government delegates responsibilities to local government, councils must be resourced and supported to perform them. Unfortunately, this is too often not borne out in practice.

Regulatory change also has a financial impact on councils.

We do not support unilateral freezing of regulatory charges. Businesses adversely impacting communities should rightfully contribute to the cost of that regulation.

Ultimately this has a severe impact on local autonomy as councils are unable to pursue the infrastructure and service priorities of their communities. This risks reducing councils to mere service delivery agencies of the state government and diminishes the democratic voice and self-determination of communities.

WHAT WE NEED FROM THE STATE GOVERNMENT

- No shifting of new or additional costs and responsibilities to local government without ensuring adequate and ongoing resources to meet them
- Reform the rate capping system to support rather than hinder the ongoing financial sustainability of councils
- Renegotiate agreements for co-funded services that over time have shifted an increasing burden to councils.

BENEFITS FOR OUR COMMUNITY

- Councils will be better able to respond to the needs and priorities of their communities
- Greater capacity to explore innovation at an individual council level which can provide a blueprint for state-wide best practice
- Improved quality of local services and infrastructure across Victoria.

