



RATEPAYERS VICTORIA

Lower Rates, Less Waste, More Accountability

Submission on behalf of Ratepayers Victoria - Proposed Determination of Allowances for Mayors, Deputy Mayors and Councillors

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On behalf of the Volunteer Committee:

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Contents

Introduction	3
Financial Impact on Victorian Residents	3
Ratepayers' Ability to Manage the Financial Impact of Rates	6
Before Rate Notices are Issued	6
After Rate Notices are Issued	7
Councillors Representing the Community	8
Mayors	9
Deputy Mayors	10
Councillors- Role and Performance	10
Role	10
Performance	11
Integrity	12
Special Mention of Superannuation	12
Transparency	13
Accountability	13
Councillors and the CEO Representing Community Interest	14
Issues Raised in Support of Allowance Increase	15
Brief responses relating to various issues in documents presented to the Tribunal.	15
Local Government Inspectorate Survey	15
Letter to the Tribunal from Local Government Minister Shaun Leane	16
Remuneration Tribunal Discussion Paper	16
Submission Summary and Requests	17
Appendix A: email from LGV regarding hardship data	19
Appendix B: MaRRG (Maribyrnong Residents and Ratepayers Association) Budget submission 18062020	19

Introduction

The timing of this Determination, being sought by Local Government Minister Shaun Leane while ordinary people remain locked down, losing jobs and closing small businesses demonstrates starkly how easily we, the non-government people are overlooked in public service processes.

The documents and surveys cited by the Tribunal in its Consultation Paper for this Determination also suggest Councillors and some public servants fall a long way short of the skills and compassion required to represent residents with integrity.

This submission seeks to bring to the attention of the Tribunal, the impact on ordinary Victorians, of the additional cost of an increase in allowances for Mayors, Deputy Mayors and Councillors along with annual indexation.

Ratepayers Victoria argues that Councillor allowances should be frozen at their current dollar value, until all pandemic restrictions are lifted, and all Victorians are free to live, work and travel and have some certainty about their financial future.

In addition, Ratepayers Victoria requests the Tribunal determine that Councils stop paying superannuation to Councillors.

Financial Impact on Victorian Residents

There are more than three million ratepayers in Victoria and 76.3% of rate revenue comes from residential households.¹

There is no readily available data to determine the impact of rates and rate increases on residential households in Victoria.

There is only disparate data from different agencies, that gives a rough idea of what the impact might be by providing some averages on employment, household wealth, household demographics and taxation.

The Know Your Council website says the average cost of running Council in Victoria is about \$3,400 per household per year and the average rates bill is \$1,777.²

The most current ABS data on household income is for Australians in general in 2019 and estimates average weekly household income at \$2349 per week.³

The Australian Taxation Office (ATO) is similarly unhelpful. National ATO figures from FY2019⁴ reveal the average taxable income was \$62,549 and the average net tax was \$19,344. But this relates to individuals, not households.

¹ Essential Services Commission Report on the Outcomes of Ratecapping – May 2021.p10

² <https://knowyourcouncil.vic.gov.au/councils/maribyrnong/reports/summary>

³ <https://www.abs.gov.au/statistics/economy/finance/household-financial-resources/dec-2020>

⁴ https://data.gov.au/data/dataset/taxation-statistics-2018-19/resource/d6f6266c-7ad2-461a-9552-f5736cc0d30f?inner_span=True

Census data from 2016 (when there were 2.5m private dwellings) showed the median weekly household income was \$1419⁵ but this data is so old, it's not helpful.

The purpose of this plethora of paragraphs is to demonstrate that no sector of the public sector has made any effort to research, quantify or model, the effect of Council rates on Victorian households.

Tribunal members will be well aware the current Covid pandemic is creating financial uncertainty for households and governments.

The August 16th announcement of new curfews and continuing lockdowns⁶ indicates there is unlikely to be any certainty before 18 December, when the Tribunal's Determination is supposed to take effect.

One insight to the Determination's possible impact can be found in the Victorian Ombudsman's recent report into the way Councils respond to residents experiencing financial hardship.⁷

Local Government Victoria gathers no data on hardship applications to Councils⁸ and even the Ombudsman's office was unable to get information from Councils to quantify how many ratepayers are already suffering hardship or would suffer hardship if rates rose.

However, the Ombudsman provides some guidance about the numbers of, and types of, households that could be impacted by an increase in Mayor, Deputy Mayor and Councillor allowances, on page 13 of the Investigation:

5

https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/2?opendocument

⁶ <https://www.premier.vic.gov.au/extended-melbourne-lockdown-keep-victorians-safe-0>

⁷ <https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/investigation-into-how-local-councils-respond-to-ratepayers-in-financial-hardship/>

⁸ Email response from DJPR to Verity Webb (attached at Appendix A)

The extent of financial hardship

22. Before the pandemic, studies suggested that around one in 10 Victorians experienced some form of financial difficulty.
23. Studies define and measure financial difficulty in different ways, so their exact findings vary. For example:
 - A 2017 report from the National Centre for Social and Economic Modelling calculated that 13.2 per cent of Victorians were living in poverty. It defined poverty as having less than \$353.45 a week after paying for housing.
 - A 2018 Centre for Social Impact report said 11.3 per cent of adult Victorians were experiencing severe or high financial stress. It said 4.2 per cent of respondents to a national survey indicated they had more debts than they could pay back, while 15.8 per cent were 'just managing to keep up'.
 - A December 2019 survey by Roy Morgan and the ANZ Bank classed 9.5 per cent of Victorians as 'struggling'. It said most people in this group described their financial situation as 'bad', reported little or no savings, and found it a 'constant struggle' to meet bills and credit payments.²

Who is affected

24. According to research, some parts of the community are more vulnerable to financial problems. Financial difficulty is more common amongst people who are unemployed or under-employed (working but looking for more hours). Research also shows higher levels of financial difficulty amongst single parent families, people with a disability, Aboriginal and Torres Strait Islander people and people in public housing or the private rental market.³
25. However, having a job or owning a home does not protect people from financial worries. NATSEM's 2017 report on poverty in Victoria reported that nine per cent of Victorians who owned their home were living in poverty, along with 10 per cent of Victorians who were paying off a mortgage.⁴ In 2015, Melbourne Law School's Financial Hardship Project ('Project') surveyed 1,100 people who had been unable to pay a debt when it fell due. It said a 'sizeable minority' were people who would traditionally be considered 'middle-class' – people with university degrees, people who owned or were paying off homes, and people with higher incomes.⁵

The Investigation also provides many detailed case studies that help Tribunal members imagine what might happen in different homes around Victoria, if Mayor, Deputy Mayor and Councillors receive allowance increases.

- Nick in Maroondah on p46
- Teresa in Brimbank on p51
- Amal in Melbourne's northern suburbs on p61

Conclusion regarding Financial Impact on Ratepayers from higher allowances

Ratepayers Victoria believes shelter is a basic human right and purchasing a home or owning a family home does not indicate wealth and certainly is no indication of disposable income.

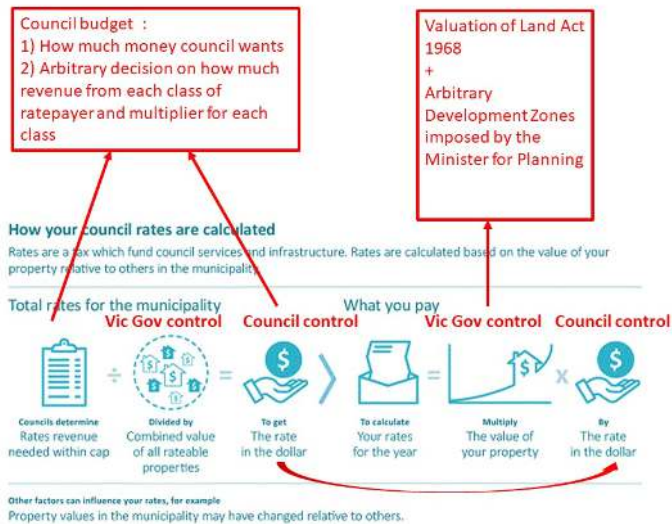
We have little control over the income we need to cover the cost of rates on top of other taxes and charges. We have one income and three governments to serve. We have no ability to refuse to pay rates even if Council's rate costs are unaffordable.

Given there is no reliable data to predict the financial impact of a rise in Mayor, Deputy Mayor and *Councillor* allowances on Victorian households, Ratepayers Victoria feels it would be unwise for the Tribunal to make such a determination.

Ratepayers' Ability to Manage the Financial Impact of Rates

Before Rate Notices are Issued

This basic illustration below explains the inputs to Council rate bills and where residents can influence the amount of rates they're charged, before rate notices are issued.



In this annual process, we the residents have only one opportunity to influence one input to this process: the Council budget.

The Victorian Auditor-General's 2017 audit into Local Government Community Engagement noted:

"Section 127 of the Local Government Act 1989 (the Act) requires councils to prepare a budget each financial year. Councils' budgets must detail the services and initiatives to be funded in the budget and outline how they will contribute to councils' strategic objectives.

*We found that the community consultation conducted as part of developing councils' budgets was generally more of a compliance exercise than an opportunity for the community to meaningfully engage with the budget."*⁹

From personal experience we can attest residents are still effectively ignored in the budgeting process.

Councils do invite public submissions and hold a meeting to hear those submissions.

There is little debate. Most Councils simply publish a summary of submissions made and whether they were successful. They do not have to provide any reasons.

⁹ <https://www.audit.vic.gov.au/report/public-participation-and-community-engagement-local-government-sector?section=32078--3-local-government-victoria-&show-sections=1#32078--3-local-government-victoria->

Participating in these sessions as a resident seeking to remove *pet projects* from Council budgets, or cut budget allocations for favourite consulting firms, or simply try to get a straight answer about why employee costs are rising 6.7% is a time-consuming, stressful and disheartening experience. (Appendix B)

Anecdotal evidence suggests we fail most of the time.

In the case of the submission referenced here, Councillors voted for a 0% rate increase instead of the 2% originally sought – and yet none of the savings suggested were adopted.

In Maribyrnong Council when we ask Council for savings, Councillors routinely sneer “what services would you like us to cut.” And then ignore the suggestions we make in Budget submissions.

According to the Local Government Act Governance Principles 9(b)

(b) priority is to be given to achieving the best outcomes for the municipal community, including future generations.

Ratepayers Victoria contends that because we are the municipal community, we are best placed to provide suggestions on expenditure we’re prepared for Council to forego. Practice proves otherwise.

This discussion about our ability to influence budgets is particularly pertinent, because the Tribunal’s own consultation paper suggests Councils can shuffle spending to accommodate higher Mayor, Deputy Mayor and Councillor allowances.

Hopefully the Tribunal now understands the Budget process from our point of view and what type of ‘shuffling’ will occur if Councils feel they need to shuffle budgets to pay for any increase in allowances.

After Rate Notices are Issued

If Ratepayers are unable to pay their Rate bills, or feel paying their rate bills would cause financial distress, there are two avenues available:

1. Object to the Valuation
2. Apply for Hardship Relief

1. Object to the Valuation

The Local Government Act 2020 provides no right for Ratepayers to object to their Rate Bill and no responsibility for Councils to provide a simple and efficient complaints procedure for this purpose.

However, the Land Valuation Act does provide for objections to the Land Value portion of Rates Notices only and the Department of Land, Environment Water and Planning does provide access to a pro-forma for this purpose.¹⁰ Ratepayers have to submit it to their *local* Council.

¹⁰ <https://www.land.vic.gov.au/valuations/valuations-for-rate-and-land-tax/objecting-to-a-rating-valuation>

There is no data available from each Council or via the 'Know Your Council' website on how many ratepayers object to their Rates Notices each year, how many are successful and how many fail.

If ratepayers are unhappy with the result of their objection, they can go further to the Victorian Civil and Administrative Tribunal (VCAT) at a cost of \$663.00.

VCAT's annual report FY20¹¹ notes there were 193 claims. The Report provides no summary of the outcomes.

We note there has been no interest from Councillors, Council staff or Local Government Victoria in collating this data and presenting it publicly despite continuing pledges to serve residents with integrity, transparency and accountability.

This provides yet another example of the selective nature of Council's attention to transparency and accountability. Public data is provided on swimming pool visits, and council liquidity levels but *not rate objections*.

2. Apply for Hardship Relief

As mentioned earlier the Ombudsman's Investigation of May 2021 provides excellent evidence regarding the impact on ratepayers of seeking financial hardship relief from their local Councils.

Conclusion Regarding Ratepayers' Ability to Manage Financial Impacts of Higher Mayor, Deputy Mayor and Councillor Allowances.

Ratepayers Victoria believes ratepayers need to possess above average knowledge of the law and public processes, or access to skilled resources and money, in order to confidently object to unaffordable rate notices. *We have lobbied unsuccessfully so far, to ensure more residents are able to object to their rate bills.*

Councillors Representing the Community

This section will provide community perspectives on some of the issues raised in the Tribunal's Consultation paper.

At the outset, we note that there should be little or no difference between the way Councillors and residents see the role of Councillors – since theoretically councillors come from the community. Sadly, this is not the case in practice.

¹¹ <https://vcat.vic.gov.au>

Mayors

Mayors bear additional responsibilities and duties get much higher allowances than Councillors in recognition of this.

Because of the higher allowance some Councils rotate the role of Mayor every year, so more Councillors share in the more lucrative remuneration.

Ratepayers Victoria contends all incumbents should provide leadership to Councillors and the community with exemplary behaviour. Sadly, this is not the case.

Famously, Casey Council is now in administration and is still the subject of Operation Sandon because of the activities of Mayor Sam Aziz.¹²

News items of Mayors behaving badly used to regularly pepper local papers and now more often appear on Facebook.

This excerpt is an example from Maribyrnong's Council meeting last December where Mayor Michael Clarke announced the Council won't grant waivers to residents in hardship because they might win the lottery the day after the waiver is granted.¹³

Resident reaction ranged from outrage to embarrassment.

Under the Local Government Act, Governance Policies and Council Code of Conduct this undignified speech warrants no fine or disciplinary action.

Not one Councillor has spoken up to chastise the Mayor, nor defend residents.

There is not even a requirement for the Mayor to apologise and he's refused to do so, in spite of numerous requests.

Residents can complain to the Inspectorate or the Ombudsman about the behaviour of Mayors if they wish but the Local Government Act and various codes are so weak, that government bodies have virtually no power to take action, except in cases of potential corruption and misuse of public funds.

There's a very large scope of poor performance that we, the residents, have to endure.

And we do not deserve the lack of respect we endure from our lead Municipal public servants.

Conclusion Regarding Allowances for Mayors

Ratepayers Victoria will not accept any increase in the allowances for Mayors until there are simple and effective ways for residents to make complaints about Mayoral behaviour and performance, followed by prompt and honest investigations and public responses.

¹² <https://www.ibac.vic.gov.au/investigating-corruption/IBAC-examinations/operation-sandon>

¹³ Video can be found here:

<https://www.facebook.com/groups/MRGrp/posts/1730469660470776>

Deputy Mayors

This is another example of the way in which residents are financially punished with no prior warning and no prior consultation. Until the Local Government Act 2020 there was no legal entitlement to a separate allowance for Deputy Mayor.

It was slipped into the Act with little or no debate and no attempt by Councils or state elected representatives to ensure residents were aware of the change.

Conclusions Regarding Allowances for Deputy Mayor

Ratepayers Victoria will not accept the introduction of a separate allowances for Deputy Mayors until there are simple and effective ways for residents to make complaints about Councillor behaviour and performance, followed by prompt and honest investigations and public responses.

Councillors- Role and Performance

The Tribunal refers to both the Role and Responsibilities of Councillors.

Role

According to the the Local Government Act 2020:

Role of a Councillor

(1) The role of every Councillor is—

(a) to participate in the decision making of the Council; and

(b) to represent the interests of the municipal community in that decision making; and

(c) to contribute to the strategic direction of the Council through the development and review of key strategic documents of the Council, including the Council Plan.

This paper only discusses (a) and (b).

(a) to participate in the decision making of the Council;

Decision-making happens in open Council meetings, closed-door briefings, and now, thanks to the Local Government Act, Councillors acting as delegates to joint Council committees can make decisions without any consultation with their local residents.

Participating in decision-making means reading material, asking questions and voting. That's it.

The actual work of the Council: garbage collection, fixing potholes, registering pets, processing development applications etc have nothing to do with Councillors. They don't actually do any work.

(b) to represent the interests of the municipal community in that decision making

Decision-making regarding budgets has been dealt with earlier and there are many other decisions Councillors participate in.

Planning decisions for example. Councillors also attend planning meetings ostensibly to support community objections to various proposals. However, Councillors and residents are equally powerless. Most planning decisions are ruled by State legislation, so residents have little if any, ability to change the outcome. Staff do all the work.

And again, unfortunately there are many community examples of Councillor votes that have not represented our interests.

Footscray Park

One particularly high-profile issue was the long-running saga regarding Maribyrnong Council's vote to proceed with a soccer stadium at Footscray Park, on recommendation from Council officers. It took nine months of concerted picketing, fund-raising and Council meeting attendances for residents to be heard. Council officers and Councillors joined forces against residents to the point where a public meeting on the issue had to be moved to Footscray University and security guards employed because Councillors were concerned for their safety.

Ratepayers Victoria believes residents who feel heard, understood and valued don't pose any threat to Councillors or staff.

Eventually, Council decided to form a taskforce of community members. (Does the Tribunal understand the irony of this?) The task force recommended against the Proposal and Councillors eventually voted against it.

██
██

A quote:

"....I don't feel like the community itself was represented equally and I realise that we (Council) set the rules and you guys played by them but it is very notable that all 5 members were part of the Save Footscray Group....."¹⁴

This Councillor was quite entitled to vote against the Proposal, but we all found it quite entertaining and ironic to have a Councillor complain that Council rules were used against them.

Because mostly, it's us, the residents who are rendered powerless by Councillor's policies and Officer procedures.

Performance

The Local Government Act has a few words on how Councillors should perform their Role but there are no references to Integrity, Transparency or Accountability. ¹⁵

We also note that there are no Key Performance Indicators for Councillors.

¹⁴ Councillor Megan Bridger-Darling Maribyrnong City Council Special Development Special committee meeting 26/11/2019

¹⁵ Local Government Act 2020 Section 28(a)

Integrity

Ratepayers Victoria believes the overall standard of integrity among Councillors falls far short of what should be required in a modern democracy.

Ratepayers' Victoria notes key areas subject to Councillor misuse such as reimbursements, credit card use and travel expenses which were raised in the Victorian Auditor General's report of 2019 into fraud and corruption in Local Government ¹⁶ are also raised in the LGI Survey conducted for this Determination.¹⁷

Claims not applied for in writing, but petty cash form used instead	High
Claims not clear on how the expenses were incurred while performing duties as a councillor	High
Claim forms include space for signature of authorising officer, but do not include space for their name or position	High
CEO's corporate credit card used for purchases by the Mayor	Very high
Incorrect rate for kilometre reimbursement for private vehicle use applied	Very high

Figure 12: Risk ratings of some common issues in audited councils.

Misuse of public funds is not acceptable and until audits demonstrate integrity in these areas, there should be no increase in allowances.

Special Mention of Superannuation

While on the subject of integrity we wish to raise discussion about the issue of Councillor Superannuation.

Councillors are not employees and therefore are not entitled to superannuation. Yet the Tribunal's own Consultation Paper reveals that Council staff have gone above and beyond normal procedure to ensure Councillors are paid superannuation. Councils have found ways under either the Taxation Act or the Superannuation Guarantee Act, to ensure they can pay Councillors superannuation they are not entitled to under the Local Government Act.

This is obvious legal but that doesn't make it honest.

Conclusion on Superannuation

Ratepayers Victoria maintains Councillor superannuation illustrates the collusion that can occur between Councillors and Officers to deliver excessive outcomes for either party against the best interests of residents. We ask the Tribunals' Determination to recommend the practice end.

¹⁶ <https://www.audit.vic.gov.au/report/fraud-and-corruption-control-local-government>

¹⁷ P32.

Transparency

The Victorian Ombudsman's 'Report into the Transparency of Local Government Decision Making' in 2016 provides detailed evidence of how many decisions are made out of public view and how little time and attention residents are afforded.¹⁸

Residents who are not actively engaged in Council activities would be unaware of the amount of time Councillors spend in closed briefings and closed meetings. In particular, they would be unaware that it is common practice for Councillors to have a 'meeting' before the ordinary monthly Council meeting where all the main items are discussed and decided on before the public meeting.

It is unacceptable and also unnecessary.

Accountability

The most common way Councils determine accountability for Councillors is by keeping attendance records for meetings. Yet non-attendance incurs no penalties.

One Monash Councillor was absent for 11 meetings out of 12 with no action because of support from the Mayor (who is responsible for Councillor discipline.)

Political party allegiances also allow Councillors to miss meetings without jeopardising the outcome of Council votes on issues or policies.

In 2017 the Auditor General audited Local Government Victoria with regards community engagement practices in local councils.¹⁹

To paraphrase the Findings, most Councils had policies for community engagement but failed to actually implement them or review whether they worked.

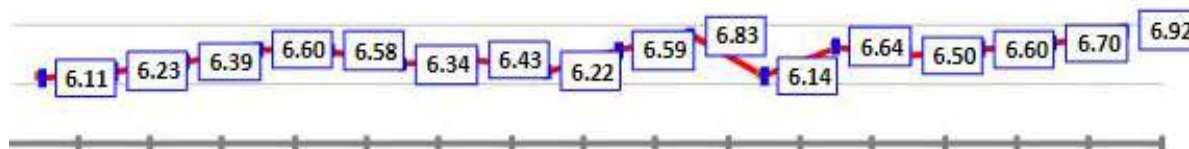
All Councils are required to conduct an annual Community Satisfaction survey. Many Councils use Metropolis Consultants (at an average cost of about \$30,000) to conduct this survey. The questions are standardized and the results are mostly bland.

As an example, this graph demonstrates static performance levels over a period of 15 years.

¹⁸ <https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/investigation-into-the-transparency-of-local-government-decision-making/>

¹⁹ <https://www.audit.vic.gov.au/report/public-participation-and-community-engagement-local-government-sector?section=32078--3-local-government-victoria-&show-sections=1#32078--3-local-government-victoria->

Satisfaction with Council's overall performance
Maribyrnong City Council - 2019 Annual Community Survey
scale from 0 (very dissatisfied) to 10 (very satisfied)



There are six issues that have consistently been the most commonly raised by respondents in the City of Maribyrnong in recent years; traffic management, car parking, building / housing / planning and development, road maintenance and repairs, safety / policing and crime, and parks / gardens and open spaces.

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

This year's report trumpets an all time high of 6.99.²⁰ Given satisfaction levels range from 0-10, residents think an increase of less than one per cent is not really anything to be proud of.

Councillors and the CEO Representing Community Interest

Under the Local Government Act 2020 the Council CEO is solely responsible and accountable for all operations, including Budgets and staff performance.

Therefore the only practical way Councillors can demonstrate good outcomes from their performance, is through their performance management of the CEO.

Councillors are responsible for hiring and firing CEO's, reviewing and setting their CEO wage and managing CEO performance.

This is all done behind closed doors.

The 2019 report from the Local Government Inspectorate indicates an ad-hoc, and unskilled approach from Councillors across Victoria regarding CEO management.²¹

Various reports by government bodies demonstrate how poorly Councils perform their public responsibilities, indicating poor management of Council operations and staff by the CEO and poor management of the CEO performance by Councillors.

²⁰ <https://www.maribyrnong.vic.gov.au/News/Maribyrnong-community-satisfaction-at-an-all-time-high?BestBetMatch=community%20satisfaction%20survey|d13b95b2-5146-4b00-9e3e-a80c73739a64|4f05f368-ecaa-4a93-b749-7ad6c4867c1f|en-AU>

²¹ <https://www.lgi.vic.gov.au/managing-employment-cycle-council-ceo>

2021

- Victorian Auditor-General's report on how well Councils are managing local roads indicates many areas require improvement, most notably how Councils keep track of road conditions and maintenance schedules.²²

2020

- Ombudsman's report into Outsourcing of Local Government Parking Fines. And the recent follow-up shows several Councils have failed to make improvements.²³
- VAGO report into sexual harassment in Councils found Councils were failing to provide workplaces safe from sexual harassment.²⁴

2019

- Ombudsman's follow-up on Council management of complaints described glacial improvements from the initial 2015 report. The Ombudsman has now issued guides for Councils on how to manage complaints.²⁵
- Victoria Auditor-General Audit of Councils' Asset Management found:

The audited councils do not have enough comprehensive and accurate information to support asset planning²⁶

Issues Raised in Support of Allowance Increase

Brief responses relating to various issues in documents presented to the Tribunal.

Local Government Inspectorate Survey

Issue: A large majority of Mayors and Councillors said balancing work/family and Councillor role was the most challenging aspect of their role.

Response: Every volunteer faces the same challenge. It is the responsibility of Councillors to manage their time and if they can't, they have to make the same decisions as other volunteers.

Issue: Level of reimbursement reduces the amount of people who might run for Council.

²² <https://www.audit.vic.gov.au/report/maintaining-local-roads?section=>

²³ <https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/outsourcing-of-parking-fine-internal-reviews-a-follow-up-report/>

²⁴ <https://www.audit.vic.gov.au/report/sexual-harassment-local-government?section=>

²⁵ https://www.parliament.vic.gov.au/file_uploads/Revisiting_councils_and_complaints_-_Victorian_Ombudsman_enquiry_LH9ZNnM8.pdf

²⁶ <https://www.audit.vic.gov.au/report/local-government-assets-asset-management-and-compliance?section=>

Response: According to the Victorian Electoral Commission (VEC)'s report on the 2020 Local Government elections there were 2,135 candidates – 135 more than the previous election.

Issue: Councillors with full-time jobs required to take leave without pay and suggesting Council allowances should cover loss of revenue.

Response: As described above, Councillors make decisions and others do the work. The only requirement is for Councillors to attend monthly council meetings. Residents continue to be exasperated by Councillors who will accept responsibility for managing CEO performance and voting on budgets which determine our rates, and then complain about not getting paid enough, for taking on a role they volunteered for. The obvious option is to resign. It is, after all, their second job!

Letter to the Tribunal from Local Government Minister Shaun Leane

Issue: Representation of women on Councils

Response: Women have to nominate and then be elected before they become Councillors. If there are barriers to women becoming Councillors those barriers lie within party procedures for candidate nominations, election campaigning requirements and voting processes and procedures.

We don't care about Councillors' gender, sexual preferences, physical abilities, religion or political party. Residents place far higher value on Councillors with common sense and community compassion.

Issue: Ministerial statement on the role of Councils during economic recovery from the Covid pandemic.

Response: Council staff do the work, not Councillors.

Remuneration Tribunal Discussion Paper

Issue: Changes in the role of Councils

Response: These changes are not resident-driven, are implemented with no consultation with residents, are not not endorsed by residents and we resent having to keep paying for them through rates. Many added Council duties result from cost-shifting from state government departments to local Councils, without commensurate funding. And Councillors don't do the work, staff do.

Issue: Governance changes for Councils.

Response: Many new procedures resulted from the Local Government Act 2020. MPs gave little thought to the paperwork requirements when they voted in favour of these clauses. Liberal MP Bev McArthur spoke passionately during debate on the Bill about the onerous compliance requirements on regional Councils. Yet she voted in favour of the Bill, along party lines. And again, staff do the work, not Councillors.

Issue: Population changes within Council areas

Response: This is irrelevant except that more residents may lead the VEC to decide we need more Councillors and costs to residents will rise again.

Issue: Increased use of social media

Response: Council staff run the official Council social media. If Councillors choose to interact with individual residents via social media, that's their choice. It's up to them to manage.

Issue Trends in Allowances: Quoting from your paper

"Since 2008, Council member allowances have been adjusted annually in line with the 'annual adjustment guideline rate' set by the Premier for public sector executives and board members in Victoria. For 2020-21, the annual adjustment rate was zero and no changes were made to allowances."

Response: We note the Tribunal has sourced this information from Ministerial notices published in the Government Gazette and we ask you to check Council budgets. The FY2021 Budget for Maribyrnong City Council shows Councillor allowances increased 4.3%.

Submission Summary and Requests

You, the members of the Tribunal are free to make any Determination you choose.

Local Government Minister Shaun Leane has already given you written permission to ignore government policies and regulations. Reports from VAGO and the Ombudsman show Councillors and Officers regularly fall short of standards expected in the Local Government Act as well as Codes and Guidelines, all of which exist to promote integrity and efficiency.

This submission shows the real impact of any Determination on residents cannot be modelled or estimated because there is no data available on the current impact of the current rates.

It also shows that Councillors and Officers believe their spending priorities for our income (via rates) are more important than our own.

In their own words, Councillors (and some public servants) regard more money as an automatic solution to almost every problem they encounter.

Therefore Ratepayers Victoria concludes the only way to provoke the necessary improvements in Council performance is to apply swift and meaningful financial consequences for Councillors.

Ratepayers Victoria makes the following requests for the Tribunal's Determination:

1. Councillor positions are voluntary and not to be equated with full-time employment since they carry no risk and no responsibilities.
2. Disappointment that Councils subverted the Local Government Act to provide superannuation to Councillors.
3. Expectation that Councils will stop providing superannuation and that allowances will not be increased to make up for the loss of superannuation.

3. There will be no increase in allowances for Councillors or Mayors until after the next general round of Local Government Elections in 2024.

4. There will be no separate, stipulated allowance for Deputy Mayors.

5. Councils should engage meaningfully with residents and agree on simple, effective performance indicators for Councillors, as well as any appropriate consequences.

5. Any indexation will be based on the current level and be set at the prevailing ABS CPI (not the Victorian Treasury forecast.)

6. In the intervening period between the Determination and the next Council elections, residents be made aware of, and given the opportunity to debate whether Councillor allowances should be more appropriately determined by their local Council.

And as you decide we ask you to remember that we, not Councillors, are the community you pledge to serve as public servants.

We thank you for considering this Submission,

Ratepayers Victoria

Appendix A: email from LGV regarding hardship data

RE: Seeking data on ratepayer payments

Julie A Reid (DJPR) <julie.reid@ecodev.vic.gov.au>
To: Verity Webb
Cc: Dean Hurlston; Kelvin Granger; Karen Castellas (DJPR)

Reply Reply All Forward ...
Mon 16/08/2021 10:27 AM

Dear Verity,
Thank you for your enquiry. I have consulted with my team and unfortunately LGV does not hold this data to be able to assist you. I believe the Ombudsman's office may have collected this type of information as part of their recent work into financial hardship however unsure whether this is accessible. You may wish to contact them to see if they have this available.

Yours sincerely
Julie

Julie Reid
Executive Director
Local Government Victoria | Local Government and Suburban Development
Department of Jobs, Precincts and Regions

M: 0428 350 176 E: julie.reid@ecodev.vic.gov.au
Working Remotely

Executive Assistant: Etta Biondo | M: 0436 646 153 | E: etta.biondo@ecodev.vic.gov.au

www.djpr.vic.gov.au/



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Appendix B: MaRRG (Maribyrnong Residents and Ratepayers Association) Budget submission 18062020

on following page



Budget submission FY21 from Maribyrnong Residents and Ratepayers Group

Introduction

The Maribyrnong City Council Draft Budget for 20/21FY follows the same pattern of revenue raising and spending from the previous year, despite the fact the Australian people and the national economy have been subjected to major adverse impacts from the Covid-19 pandemic.

Council's own Budget says "Councils should engage with communities to determine how to prioritise resources and balance service provision against other responsibilities such as asset maintenance and capital works."

Seeking a full 2% rate rise, allocating only \$1.9m to 'rate relief' and adding only 2% to pensioner rate discounts demonstrates Council staff and Councillors have so far failed to prioritise resources towards residents at a time of extreme and widespread personal hardship.

High increases in compliance costs, media and PR and maintaining \$1m expense on a theoretical arts centre adds insult to the neglect of local residents by allocating spending on Council-focussed activities rather than resident needs.

The document below outlines the people's budget for the FY21, with no rate rise and more relief for pensioners and residents.

Residents and Ratepayers look forward to discussing these issues at the public budget meeting in June and to a sympathetic vote on the Budget in July.

Regards,
the committee of the Maribyrnong Residents and Ratepayers' Group:
Arthur Bregiannis, Jo Canny, Stephen Hansby, Maria Stogiannis, Verity Webb and Robert Wiatrowski.

Main Priorities for Budget Changes to be Approved by Councillors

Expenses:

1. 0% rate rise this year :cost = \$1.9m
2. Pensioner concession increase to \$500 = additional \$1.2m
3. Waste charge at last year's rate (\$157.65) or only slightly higher because Govt landfill levy increase being delayed. No cost because waste charge only covers cost of service and since levy is not going up, then no extra cost.

4. Municipal charge to increase to \$200. Revenue raised to be offset with corresponding decrease in the cents in the dollar for residential rates calculations.

Savings:

5. Staff pay rises restricted to the ABS Australian average of 2.1%= (\$2m)
6. Directors and managers pay cut 10%= (\$700,000-which may be included in the above \$2m figure)
7. No allowance increase for councillors =(included in 6. above)
8. Savings in Materials and services = (\$700,000)
9. Savings in Capital works budget =(\$3m)
10. Cancellation of the Major Projects and Strategic Relationships service =(\$709,000)

In addition there's a further \$3m at least Council proposes to pull from the Contributions funds (previous rates) which should not be expended. These are identified in brackets in the capital works detailed explanation below.

STAFF

General Staff - Savings \$2,000,000

Council will re-negotiate pay rises to reflect the ABS Australian wage average of 2.1% P48

4.1.7 Employee Costs

1. What increases comprise the other 4.2%?? This is due to a number of factors. Although the Enterprise Agreement is 2.25%, most staff are on a banded salary and if they meet their KPI's they move up a band. This movement adds to the cost of salaries. There are also some vacancies that need to be filled, and these are likely to be recruited for during 2020/21. Budget and in the general community wage increases are-

Q and A	Forecast Actual 2019/20	Budget 2020/21	Change	%	
	\$'000	\$'000	\$'000	%	
Wages and salaries	44,956	47,977	3,021	6.72%	
WorkCover	603	720	117	19.32%	
Superannuation	4,107	4,485	378	9.20%	
Fringe Benefit Tax (FBT) cars- Budget Q and A	250	293	43	17.20%	
Other	970	1,141	171	17.59%	
Total employee costs	50,886	54,616	3,730	7.33%	2.1%

(Please note that Council is paying nearly \$300,000 in FBT on cars for senior staff. Private enterprise can figure out how to provide cars without FBT - but apparently the Council cannot.)

Also note that MaRRG is not recommending freezing staff pay, unlike the Federal Government, which has directed a pay freeze for all federal public servants until April 2021.

Council's official Q and A response on the 6.72% increase in salaries for staff is not credible. "This is due to a number of factors. Although the Enterprise Agreement is 2.25%, most staff are on a banded salary and if they meet their KPI's they move up a band. This movement adds to the cost of salaries. There are also some vacancies that need to be filled, and these are likely to be recruited for during 2020/21."

- a) Staff do not have independent performance reviews - they self-report, so all staff automatically meet their KPIs.
- b) The banded agreements have always existed and staff salaries only increased 3.4% last year.

- c) It is likely the remainder of the increase is from new staff or factors Council is unwilling to disclose. In either case, ratepayers should not be funding new staff, or secret expenditure.
- d) Staffing costs now comprise more than 50% of rate revenue. This is financially unsustainable and therefore Council must address systemic problems with staffing structure and numbers to remain fiscally viable.

In response to Council's automated response of 'we're a service organisation' The majority of staff are not providing services to residents, so restricting the increase in staff pay rises will not unduly harm or change services to residents.

Community services staff comprise only \$18.4m of total staff budget of \$52.4m

Clips below from Budget p36 also shows Community Services has the lowest number of full-time staff and the highest number of temporary staff, so the pay rise will benefit more staff performing managerial and administrative roles than staff who are actually working in, and for, the community.

Department	Budget 2020/21 \$'000	Permanent		Casual \$'000	Temporary \$'000
		Full Time \$'000	Part time \$'000		
Community Services	18,438	8,236	4,574	1,994	3,634
Corporate Services	10,857	8,733	1,287	163	674
Infrastructure Services	10,390	9,490	355	25	520
Planning Services	12,755	9,801	1,335	585	1,034
Total permanent staff expenditure	52,440	36,260	7,551	2,767	5,862
Other Expenditure	2,175				
Capitalised labour costs	2,297				
Total expenditure	56,912				

A summary of the number of full time equivalent (FTE) Council staff in relation to the above expenditure is included below: **PAYROLL NUMBERS 20/05/2020 = 643. SW**

Department	Budget 2020/21	Comprises			
		Permanent Full Time	Part time	Casual	Temporary
Community Services	172.94	69.46	43.71	19.62	40.15
Corporate Services	91.36	70.45	13.33	1.53	6.05
Infrastructure Services	104.70	96.81	2.79	-	5.10
Planning Services	111.67	82.34	11.89	7.95	9.49
Total permanent staff expenditure	480.67	319.06	71.72	29.10	60.79
Capitalised labour costs	20.70				
Total staff	501.37				

Directors and Managers -Savings approximately \$700,000.

Directors and Managers will demonstrate courage, leadership and integrity by volunteering to take a 10% pay cut on their current pay as at June 29th, 2020. At this particular time when

Australia is in recession, it is imperative that those in charge at Council demonstrate leadership to their own staff and empathy with their community.

The pay cut may also serve as a reminder to Directors and Managers of their poor prioritisation of Council's spending priorities and poor effectiveness of overall Council management.

The savings could possibly be higher than estimated here, because salaries are not outlined in the Budget; only in the Financial Year statement. The amounts below are from June 2019.

24 MANAGERS = \$5M and 13 senior officers = \$2m

The number of Senior Officers are shown below in their relevant income bands:

\$148,000 - \$149,999	2	5
\$150,000 - \$159,999	2	3
\$160,000 - \$169,999	6	9
\$170,000 - \$179,999	11	7
\$180,000 - \$189,999	3	-
	<u>24</u>	<u>24</u>
Total Remuneration for the reporting year for Senior Officers included above amounted to:	\$ '000 5,063	\$ '000 5,009

Total remuneration of key management personnel was as follows:

Short-term benefits	1,601	1,684
Long-term benefits	450	322
Total	<u>2,051</u>	<u>2,006</u>

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

\$10,000 - \$19,999	No. 2	No. -
\$20,000 - \$29,999	4	5
\$40,000 - \$49,999	1	1
\$70,000 - \$79,999	1	-
\$160,000 - \$169,999	-	1
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	1	2
\$260,000 - \$269,999	2	1
\$310,000 - \$319,999	-	1
\$320,000 - \$329,999	-	1
\$330,000 - \$339,999	1	-
	<u>13</u>	<u>13</u>

MATERIALS AND SERVICES -savings \$700,000

This is non-staff costs, mostly comprising contracts, overheads and consumables. Overview below from p48 of budget.

4.1.8 Material and Services = Non-staff costs

	Forecast	Budget	Change	
	Actual 2019/20 \$'000	2020/21 \$'000	\$'000	%
Waste Management	5,916	6,617	701	11.84%
Civil Works & Amenity	5,474	5,351	-123	-2.25%
Parking & Local Laws	2,920	3,446	526	18.02%
Parks and Open Space	3,574	3,334	-240	-6.72%
Information Technology Services	3,516	3,584	68	1.93%
Environmental Services	2,364	2,329	-35	-1.50%
Facility Management	1,754	1,757	3	0.17%
Asset Management	1,580	1,434	-146	-9.24%
Activation & Festivals	1,195	1,081	-114	-9.52%
Maribyrnong Aquatic Centre	990	826	-164	-16.52%
Risk Management	1,084	1,056	-28	-2.55%
Strategic Planning	751	690	-61	-8.15%
Revenue & Valuations	770	651	-119	-15.47%
Library Services	752	642	-110	-14.56%
Community Care	3,102	3,064	-38	-1.25%
Compliance Regulatory Services	448	574	126	28.10%
Media & Communications	378	517	139	36.54%
Sport and Recreation	452	427	-25	-5.49%
Arts & Culture	446	753	307	69.00%
Major Projects & Strategic Relationships	90	281	191	211.66%

Annual Budget and Strategic Resource Plan 2020/2021

Page 48 of 156

Compliance, media, arts and culture, major projects savings = \$763,000

None of these four areas are worthy of being prioritised for higher expenses at any time - definitely not in the current economic climate.

Not itemised but hidden somewhere in materials and services (possibly in the four areas already outlined for savings are:

\$30,000 for membership to the Western Tourism Board, which has so far hosted a lunch for journalists.

Also \$7,000 for membership to the Intercultural Cities Program (headquartered in Belgium) and associated on costs for staff training and "An Intercultural Maribyrnong Symbol of Recognition, reflecting local context" which will probably turn up in the Capital Works budget at some point.

Materials and services is a very vague area of the budget. Residents and Councillors have no idea what these costs are for, contracts are not itemised and it's impossible to tell which materials and services are for staff, and which are for residents. (for example there's \$1.4m in the capital works program for IT for Council, but there could be further IT costs in materials and services.)

Note: Any items in materials above that are subject to contract should have 'force majeure' clauses in the contracts, which allow for contracts to be cancelled under extraordinary circumstances.

If Council is negotiating and signing contracts that force public funds to be expended on projects and services that are no longer necessary, are not fit for purpose or are unable to

be cancelled in extreme circumstances, residents could view this as irresponsible management of public funding.

CAPITAL WORKS- savings \$3m

p52 onwards

Any items in capital works below which are subject to contract should have 'force majeure' clauses in the contracts, which allow for contracts to be cancelled under extraordinary circumstances.

If Council is negotiating and signing contracts that force public funds to be expended on projects and services no longer necessary, or fit for purpose or unable to be cancelled in extreme circumstances, residents could deem this to be irresponsible management of public funding.

If Councillors read the Capital works section of the Budget, keeping in mind the many and separate staffed Council areas, it becomes clear there is significant cost duplication. There are some overlapping work areas - and in other areas, it's clear there are staff with administrative capabilities only so ratepayers are forced to pay extra to receive the actual service.

Staffing areas with duplicate capital works costs

Strategic Planning \$2.1m

- preparing framework and precinct plans for activity centres and strategic redevelopment sites

City Design \$662,000

- Developing masterplans for activity centres, precincts and streetscape projects.

Open Space Planning \$739,000

- manage and develop masterplans to improve public open space.
- leads the acquisition of land for new open space
- manages expenditure from the Open Space Contributions reserve
- plans and designs all open space projects in the capital works program.

Building Service Compliance \$500,000

- regulates and enforces building controls, ensuring building sites are safe.
- conducting inspections to ensure compliance with building permits
- enforcing the Building Act 1993, Public Health and Wellbeing Act 2008, and the National Construction Code 2016.

Arboriculture \$1.6m

- manage and maintain trees in parks and reserves.

- deliver street and park tree planting programs????? At a council meeting in May Councillors approved a \$2.4m contract for an outside company to plant trees, \$1.2m 20/21 which is somewhere in the cap works.)

The Civil Works team \$3.4m

- maintains Council's roads, reserve, footpaths and drainage infrastructure.
- implement the Road Management Plan
- Implement asset protection system,
- maintain Council's Road Register.
- The team also plans and delivers an annual road maintenance program.

Capital Projects Delivery 587,000

- building refurbishments and new buildings,
- constructing roads, laneways, carparks, footpaths and drainage systems.
- manages all urban space projects including both design and constructions of wharves, pontoons, parks and open space.

Itemised Capital Works Budget savings

Blue comments are 'official' answers from Council Qand A

Council says	Residents Say	Saving '000 (contributions-money from earlier rates being pulled out this year)
Cap8 NEXT hub	Pet project for library, arts and theatre where library is in Paisley st- at design stage still	(1,000,000)
Town Hall	Staff benefit- still at design stage	(1,200,000)
CAP16 Building Compliance Audits Throughout the year, Council utilises specialist contractors and consultants to maintain Building Compliance elements, including Fire Panels and Fire Services, and Emergency Exits.	Use our own staff, or get the state to pay. This is a duplicated cost.	100,000
Cap 17 : CAP17 refers to building Bi-Locks, which is the installation and ongoing upgrade of Bi-Lock systems across all Council building.	Can wait	15,000
Cap 18CAP18 refers to the Building Anchor Points Program, which is an ongoing	State government compliance. Use staff or get the state to pay.	70,000

allocation to conduct Annual Roof Access Certification. This is inclusive of remediation works		
Cap45 single view of customer Single View of Customer is a project that, once completed, will allow the community to engage with Council and interact with Council services via a portal.	Can wait. Also vague project description but actual dollar estimate.	(1,400,000)
Cap 154 - Smart Cities community to council assets. The Footscray Smart City for Social Cohesion (SC2) includes a Federal Government \$400,000 grant and technical support from Victoria University. The project uses technology to improve city performance and citizen experience, including instalment of smart lighting, digital kiosks that promote information in the city, air quality sensors, traffic counting devices and an expansion of the free public WiFi network. The project is a partnership with Council and Victoria University.	The grant has been used already - no further funding.	270,000
Cap29 Griffith & Baird Waterside Artworks	Luxury item-there's also a lot of 'includes 1% for public art' on other Cap works projects.	55,000
Cap205 artwork renewal program		30,000
Cap183 Industrial Precinct amenity (MEIDS) The Maribyrnong Employment Industrial Land Use Strategy identifies industrial areas that require improved amenity - particularly local streetscape improvements these improvements will include working with businesses to	'Identifies' - so it's a planning/policy thing that can wait. OR use the staff we're already paying for.	135,000

<p>prevent trucks accessing footpath areas, protecting existing trees and providing improved pedestrian and bike connections among other requirements.</p>		
<p>Cap 189, climate emergency works - Council is committed to addressing the Climate Emergency, and the Climate Emergency Advisory Group is currently developing Council's Climate Emergency Plan. Council will then use this Plan to develop a dedicated Action Plan, which will outline a range of measurable and achievable outcomes that Council will implement to transition to zero emissions and tackle climate change, while preventing further contribution to climate issues. Some of these actions are expected to support improved efficiencies for construction and current buildings, and energy programs to continue to support residents. The 20/21 proposed budget outlines \$243,000 (section 4.5.2, CAP189) for Climate Emergency Works, so Council can deliver outcomes listed in the Action Plan within the 2020/21 financial year.</p>	<p>This is a very long-winded way of saying it's policy development. Use staff or don't do it.</p>	<p>243,000</p>
<p>Cap 216 financial models This financial modelling identifies the whole of life costs, such as ongoing maintenance and staffing requirements, of works that have been discussed but not approved for commencement such as the NeXT project and upgrade to RecWest Footscray.</p>	<p>Use staff or don't do it. NOTE the reference to works discussed BUT NOT YET APPROVED. So ratepayers are being asked to fund works, NOT YET APPROVED.</p>	<p>162,000</p>
<p>Cap219 Street Tree Planting & Urban</p>	<p>Gold-plated trees?? What are our staff doing?</p>	<p>\$950,000</p>

Forest Strategies	How much is trees and how much is 'strategies"	
Cap230 various facility designs CAP 230 refers to multiple projects of varying scale. Council staff will be leading some design where applicable, however external resources are required for more complex design projects.	Vague description of work, but somehow has a 'cost' associated with it. Duplicates staffing costs.	324,000
Cap233 road infrastructure assessment	Staff can do it	190,000
Cap 234 LATM	We have staff for this(local area traffic management-designs and plans-paperwork)	540,000
Savings from cash		\$3,000,000
SAVINGS FROM CONTRIBUTIONS		(\$3,600,000)

Cancel the Major Projects and Strategic Relationships Service. Savings = 709,000

Official QandA response

The Major Projects and Strategic Relationship service involves Council representing the interests of the community on State and Federal Government projects such as the West Gate Tunnel Project, Melbourne Metro and Defence Site Maribyrnong redevelopment project. This involves facilitating Council comments on these projects, liaison with State led project partners and stakeholders to negotiate best outcomes for the City of Maribyrnong.

The official description of the service and official responses from the QandA fail to confirm whether this 'service' is staff or contractors, or specialised lobbyists. (Or, heaven forbid, 'bribe money'.)

Regardless, the 'service' essentially describes an overarching responsibility of Council and Councillors, together with community advocacy. Requiring extra spending on a vague service indicates Councils' senior officers and Councillors are incapable of conducting proper advocacy on behalf of their community.

Ratepayers should not pay extra because Council staff or Councillors are incapable or unwilling, to perform competently.

-ends-