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Sustainability and Operational Challenges of Rural and Regional Councils

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This submission presents the views of thousands of Victorian people, is not influenced by persons within the system it refers to.

Since amalgamation in the mid 1990s councils have taken on an ever-expanding number of activities. The once clear set of responsibilities between the three levels of government has become confused and inequitable to the ratepayers taxed to support this.

The system is no longer democratic with inept or self-serving councillors controlled by senior staff in deliberations closed to the public. The CEOs through their influence over councillors and their membership of the Municipal Association (MAV) have been legislated far too much power.

Councillors are now gagged to confidentiality by law to any matter so deemed by a CEO. Codes of conduct are now required to be signed by councillors who face threats of gaol or major fines if they speak out on matters which they believe the public has a right to know.

This system is increasingly open to corruption – those councillors who support the CEO benefit, and in return his remuneration as well as that of senior managers rises to greater heights. (Bonuses are a part of this.) Entrenched liaisons can occur when councillors serve numerous terms. (As with the President of the USA, councillors should be restricted to two consecutive terms of office.)

Operational matters are the province of the CEO but council approves the budgets on which the entire system runs. This is a system in which abuses are developing. Audit processes are inadequate prior to the proposed budget presented for Council approval. An audit committee may have been selectively appointed and the members expected not to rock the boat. Senior staff can become adept at presenting incomplete or delayed material and the audit committee's terms of reference may be weak. There may be an insufficient Procurement Policy to pick up serious breaches. Millions of dollars are involved.

The major weakness in Local Government is its lack of independent scrutiny. At State and at Federal Government level there is always an active Opposition and major media continually scrutinizing. Now most deliberation of council is closed to the public - deemed confidential by the CEO. In most councils I understand that a secret set of minutes is kept of motions taken 'in camera' (once these had to be tabled in the public minutes.) This means that our elected representatives are not able to be scrutinized.

Local media has little to report from the Ordinary Council meetings as there is little debate as matters have already been decided in the Briefing Sessions controlled by the CEO. Local papers are also reluctant to print critical things of council as they can be warned ('reminded') of the amount of business provided by the shire (in one area approx. \$1500 a week.) Spin has become a significant aspect of local government, the ratepayers' money being used to justify expenditure.

Local Government is out of control. There needs to a major review of its role within Australia's three tiers of government. If it is to be all things to all people then its revenue should come from Federal and State taxation. As it is, the people who own property are assumed to be wealthy enough to support a whole range of 'services' across the whole community. A veritable army of employees are employed to do this and an increasingly expensive layer of bureaucrats to manage this.

Cost shifting is being driven by senior bureaucrats with vested interests in expanding the scope of local government. This also suits other levels of government as an opportunity to off load costly areas of social responsibility - health, education, disadvantage and so on. At the end of the Guillard Government there was an attempt to amend the Constitution, supposedly to give local government more autonomy but to enable the Federal Government to not only fund projects directly but be involved on any matter Federal Parliament wished. Using grants as bait to shift responsibility, the agenda of Federal Government was to bypass the States using local govt. to increase the balance of its influence. Council CEOs and mayors were enthusiastic, no doubt expecting even higher salaries as they took expensive trips to the nation's capital.

East Gippsland which despite its low socio economic demographic suffers under one of the highest rate levels in the State. In the 20 years since amalgamation the bureaucracy has grown exponentially. We have a range of 'services' that are not essential. The Health and Wellbeing plan adopted about 12 years ago is unrealistically open-ended - 'physical, cultural, spiritual.' Meanwhile CEOs complain about cost of infrastructure maintenance across this second-largest shire area in the State. A huge amount of money is spent on consultants, spin and litigation, often used to cover flawed management. Bungles in planning and infrastructure projects have cost millions. The audit processes are inadequate to say the least.

When the State government put a cap on rate hikes, ratepayers applauded. The sad thing was that it had not been set by their own representatives. Local government must begin to live within its (our) means. Homelessness is growing and home ownership is almost out of reach for young people. Rates are part of this - to pay for a level of government no longer operating democratically. The CEOs complained bitterly at rate capping ('We'll all be ruin'd'). They said that we wouldn't be able to maintain essential infrastructure - all those roads and wooden bridges in our big shire, but they never mentioned a cut in staff or administration costs, pulling in their belts as to conferences or amenities, reviewing the massive car fleet and generous terms of use.

Outlying people feel particularly robbed by rates. When the three levels of government were established it was deemed fair that the local tier of government would tax for provision of services incurred by those properties - such as road access and rubbish removal. Now our rates have little relation to property but if we don't pay we will lose that property. A farmer may own a large tract of land but have a very low income. All his life he may be paying for the potential sale value of the property he needs to make a living. (Further impost is attached to shire rates in the so-called fire levy: when the bushfires are coming the police always tell us we are on our own - 'it's the more populated areas must be protected as priority'.)

Rural councils must be mandated back to basics, to open their secret meetings, be more accountable in the auditing and administration of finances. The CEOs and their supporters are in control, it's beyond even well-intentioned councillors, needs serious and independent supervision from the State. (Not from within: internal audits or MAV.)

I believe that local government has lost its way. It would be better to reduce its responsibilities, let another authority tackle weeds, pests, flood planning, roads and bridges while legislating more serious capping of rates. The present system is unsustainable. It is grossly inefficient, closed to scrutiny with growing corruption. It is no longer the tier of government closest to the people.

The structure of democratic government in Australia needs revision. The third tier is no longer viable.

Lynette C. Treasurer

