

MUNICIPAL ASSOCIATION OF VICTORIA

28 May 2020

Senate Select Committee on COVID-19
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To the Senate Select Committee on COVID-19

Commonwealth Government's response to the COVID-19 pandemic

Thank you for the opportunity to provide a submission to the Committee's inquiry into the Commonwealth's response to the COVID-19 pandemic.

The Municipal Association of Victoria (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, build their capacity, and deliver important services including insurance, workers' compensation, collaborative procurement, training and professional development.

The MAV team has been working around the clock to support councils through the coronavirus pandemic. We are actively engaging with our members and advocating on their behalf. One of our main roles is operating as the key information and intelligence conduit between councils and the Victorian Government and councils and the Commonwealth, via the Australian Local Government Association.

COVID-19 and local government

When confirmed COVID-19 cases started to climb in Victoria, councils were quick to activate their municipal emergency management and pandemic plans. This saw councils working with State agencies and local services to coordinate activities, including providing relief services to those members of our community most in need. Throughout the pandemic councils have continued to provide critical services focussed on community health and safety, including maternal and child health, childhood immunisations, community care, waste and recycling, and public health inspections.

In accordance with the Victorian Chief Health Officer's directions, a range of council facilities, including libraries, recreation centres and playgrounds, galleries and youth centres, have been closed for some time. Councils have displayed innovation and agility to modify service delivery models in response to these mandated closures. 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 are committed to helping communities stay connected and supported.

Recognising the likely economic impacts of the pandemic on businesses and households, councils 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. Councils also continue implementing a range of practical support measures including facilitation of online training and networking opportunities and development of “shop / support local” campaigns. Where possible, councils have also fast-tracked development permit approvals.

Economic impacts of COVID-19

As is the case with many industry sectors, local government has, and will continue to, experience significant negative financial impacts as a result of the coronavirus pandemic. All Victorian councils have suffered sizeable loss of revenue through the mandated closure of facilities. Councils are preparing for ongoing financial challenges as their residents and businesses seek to recover from the pandemic.

The MAV is currently collecting detailed data on the financial impacts of COVID-19. The early indications are that the pandemic will have a substantial negative impact on council finances. Data from 54 of Victoria’s 79 councils’ highlights:

- The immediate response to COVID-19 has seen councils spend in excess of \$107 million to date in 2019-20 with projected spending of more than \$145 million in 2020-21.
- Waiver or refund of fees and charges to the value of more than \$82 million this financial year with a similar amount projected for next financial year
- Provided interest waivers and time extensions on outstanding debt, forgoing interest penalties with the impact of increasing local government debtors to a projected \$60 million in 2019-20. This is forecast to grow to \$137 million in 2020-21.

Local government employs more than 50,000 Victorians, including around 8000 casuals. As a result of mandatory facility closures, around 5000 casuals are now without work, and around 700 full-time and part-time staff have been stood down.

It is frustrating that councils have been deemed ineligible for assistance through the Commonwealth’s JobKeeper program. It appears illogical and punitive that frontline workers such as sports and recreation officers employed by a private or not-for-profit organisation can access JobKeeper payments, whereas those performing identical roles for councils in commercial units are ineligible.

It is important to remember that councils do not have the same revenue raising capacity as State or Federal governments. Nationally, local government rates account for around 3.6 per cent of tax collected in Australia. Rate capping limits Victorian councils’ ability to raise funds to cover increased costs or loss of income.

In the absence of significant State or Federal Government financial assistance, we anticipate councils will have to make very difficult decisions in terms of service reduction and capital project deferral over the coming years.

Commonwealth-Funded Early Childhood Education and Care Services

Around 60 of Victoria's 79 councils provide one or more Commonwealth-funded early childhood education and care (ECEC) service in their municipality:

- 28 councils provide family day care schemes and are often the only provider in the municipality;
- 35 councils deliver long day care services and in some rural areas are the only provider in the municipality; and
- 21 councils deliver outside school hours care.

Local government is the largest single owner of ECEC infrastructure in Victoria and the largest investor. Councils own 1150 facilities from which ECEC services are delivered (excluding maternal and child health services), comprising 44 per cent of the ECEC infrastructure in Victoria. Councils also employ a significant number of staff in ECEC services.

Impacts of the Early Childhood Education and Care Relief Package

The Commonwealth Government's early childhood funding package was a welcome initiative for children and families. It meant access to "free" ECEC at a time when uncertainty and unemployment were increasing. However, the Commonwealth Government's decision to exclude local government from accessing the full ECEC Relief Package has created significant inequality in the ECEC sector.

Councils are working hard to continue to provide ECEC services through COVID-19. The Commonwealth's decision to exclude local government from access to the same financial support as other parts of the ECEC sector has meant that Victorian councils are faced with significant financial losses. This has led to reduction in some services, the standing down of staff or a reduction in employees' hours, and the introduction of capped places for attendance.

Local government in Victoria has a long-standing history of direct investment and service provision for children and family services to their local communities. Local government's contribution is enhanced by the connected and whole-of-community perspective and practice it brings, including the provision and maintenance of fit-for-purpose infrastructure, as well as attraction, retention and development of a well-trained, supported and engaged workforce.

Licensed children's services delivered by councils in Victoria have been consistently rated as high quality. Councils have amply demonstrated an enhanced capacity to support families who may be experiencing vulnerabilities by providing a strong web of support through a coordinated and connected approach to other services both within council and across the broader service sector. This capability is required now more than ever.

Throughout the pandemic councils have found themselves in the very difficult situation of having to support and respond to the needs of local children and families while also having to deal with a significant reduction in funding for their ECEC services. This reduction is resulting in significant financial losses to the affected councils each week and causing some councils to reconsider their future as ECEC providers.

The potential long-term impacts of the Commonwealth and the Victorian Governments' collective failure to date to support local government ECEC providers should not be underestimated.

ECEC staff have endured much over the last two months as services have tried to remain viable and support families while also maintaining ECEC regulations and ACECQA compliance. Staff feel the ECEC sector, in particular services operated by councils, have been unfairly singled out and overlooked by the Commonwealth Government when other providers have

received access to additional financial support. Trust and ongoing professional commitment to the sector may take many years to recover.

By way of example, a rural council that provides long day care has reported:

- An estimated financial deficit of \$200,000 for the relief package period (6 April – 28 June)
- Attendance at their service has remained high due to a high proportion of essential worker parents
- Staff impacts include reduced hours for 12 casuals, 9 part-time and 12 full-time staff
- The cost impact is not only 50 per cent reduction in revenue compared to April 2020, but also no support for additional costs such as cleaning, supporting vulnerable families and maintaining a healthy and supported workforce
- The deficit will impact future service planning, including possibly reconsidering council's future as an ECEC provider

On 13 May 2020, the MAV participated in a teleconference with the Commonwealth Department of Education, Skills and Training. This meeting provided us with an opportunity to raise several key points including:

- Any transition package or process the Commonwealth is considering post the ECEC Relief Package (due to expire in late June) should place children and families at the centre.
- Funding and any transitional arrangements must be sufficient to ensure ongoing delivery of responsive and high-quality services including greater equity across the sector.
- Over the coming months it is likely that we will see more families experiencing vulnerability across many domains of their lives. Continued access to affordable, high quality, supportive and connected ECEC services will play a critical role in their individual recovery and that of the community.
- Providers need to be informed about Commonwealth ECEC decisions before the media and community.
- The Commonwealth's decision to change arrangements in the COVID-19 response without considering the feedback from the Victorian state and local governments has created significant challenges and financial losses.
- Local government has been singled out and not offered the same business continuity package as other ECEC services.
- A 50 percent reduction in the childcare subsidy (CCS) with no capacity to charge fees or access the full ECEC relief package put councils in a very critical financial situation very quickly. Councils need to be permitted to charge fees - or receive 100 percent of the CCS
- Legislative requirement for competitive neutrality means that councils may not be able to lawfully use ratepayer funds to make up the deficits they're incurring
- We are still in a very unstable environment- the transition needs to be considered and deliberate to support the ongoing sustainability of services over time
- Any transition plan needs to allow for responsive, unique and nuanced responses
- Modelling and planning are needed to address a possible second wave of COVID-19 / local community impact

We believe the Commonwealth should recognise that in Victoria, councils are a critical part of the early childhood education sector. Indeed, in some areas, particularly in rural Victoria, councils are the only early childhood education provider in the local market. Without access to the JobKeeper package or other funding support, councils will need to reconsider their future role as a provider of early years services and programs.

Aged Care Workers in the Commonwealth Home Support Program (CHSP)

Victoria's 79 councils have a long history of delivering aged and community care services to people with disabilities and older people in their communities. The service commenced following the Second World War, and then continued through the Home and Community Care (HACC) Program and since 2015 via the Commonwealth Home Support Program (CHSP) and the Home Care Packages Program (HCP).

In 2017-18, Victorian councils augmented Commonwealth funding of aged care by approximately \$200 million and employed 7,000 people to deliver services in the areas of assessment, domestic support, meals, transport, personal care and social support to the vast majority of Victoria's 224,910 CHSP and some HCP recipients.

The initial announcement of \$235 million for a COVID-19 retention bonus to assist residential and home aged care providers to keep staff was welcomed by the MAV. Disappointingly, it has become apparent that employees delivering services to recipients of the CHSP are not currently covered by the scheme.

CHSP workers are providing the same services to recipients as those of the HCP. They are on the frontline delivering essential care and support and carrying the same risk and responsibility for infection prevention and control. It is inequitable for workers to be ineligible for the retention bonus simply because of program funding paradigms.

We have written to the Minister for Aged Care and Senior Australians urging him to consider expanding the bonus to cover the CHSP. This is critical to ensure the entire aged care workforce is recognised and rewarded equitably for the essential services they perform to enhance the health and wellbeing of older Australians.

Economic stimulus opportunities

There is significant opportunity for the Commonwealth to work with Victorian councils and councils across Australia to deliver economic stimulus at a local level. To date this opportunity has not been taken up. Local government has the knowledge and expertise to deliver programs and works that assist those most affected by COVID-19 and to also maximise long-term public benefits.

In a recent MAV survey of councils, the 54 respondents identified a total \$627 million worth of projects that could be brought forward if funding was available. Of this as at April 2020 \$39.2 million could be initiated in 2019/20 and the balance of \$587.8 million in 2020/21.

To date two opportunities have been presented to Victorian councils to partner and work with the State and Federal Government. The first is the Victorian Government's \$500 million Working for Victoria fund. While this is significant support offered by the State Government, its scope and application are limited. There remains significant opportunity for the Commonwealth to work with local government to drive economic recovery and growth. Councils are committed to supporting their communities and would welcome the opportunity to work more closely with the Commonwealth.

More recently, the Deputy Prime Minister announced the \$500m Local Roads and Community Infrastructure Program for local government, with the aim of protecting and creating additional jobs following COVID-19. This is a welcome announcement. At this early stage, detailed program guidance is not yet available. The MAV understands the program will run to 30 June 2021. We certainly look forward to receiving further advice on the program.

I look forward to reading the Senate Committee's final report. The MAV would welcome the opportunity to provide clarification or further detail on any issues raised in our submission.

Yours sincerely

A handwritten signature in cursive script that reads "Coral Ross".

Cr Coral Ross
MAV President