

21 May 2026



By your side

Councillors

Merri-bek City Council

Submitted via Merri-bek City Council Budget Feedback Form

Dear Councillors,

RE: Budget Submission – Merri-bek City Council Proposed Budget 2026-2030

The Australian Services Union Victorian & Tasmanian Authorities and Services Branch (ASU) provides this submission on behalf of the Merri-bek City Council workforce. We welcome the opportunity to provide further information and meet with Councillors in advance of the consideration and voting on this budget.

This submission is made in the context of active enterprise bargaining negotiations, ongoing protected industrial action by ASU members, and a prolonged period of real wage decline across local government.

The draft budget allocates approximately \$124.1 million to employee costs, representing an increase of 4.4% on the previous financial year. While this reflects Council's reliance on its workforce, the ASU notes that this increase:

- Does not address the cumulative erosion of real wages experienced by employees over successive enterprise agreements, and
- Largely reflects on-cost pressures, leave provisions, and service delivery requirements rather than any meaningful wage catch-up.

The draft budget also projects a decline in total FTE from 968.2 to 957.9 in FY26/27, representing a net decrease of approximately 10 FTE positions across Merri-bek City Council. This is concerning as the rate of service demand continues to increase, and the number of employees is stagnating or decreasing. The same services need to be delivered meaning that this workload will be redistributed across remaining employees. Ultimately, this leads to workload intensification for those staff, and wage increases that do not reflect the increasing cost-of-living costs, or the value of their work.

Council employees, like all local government workers across Victoria, have experienced a sustained fall in real wages over successive enterprise agreements due to rate capping. Wage outcomes have consistently lagged CPI while workloads, complexity, and regulatory obligations have increased. The ASU is concerned about the inadequate funding allocated in employee costs to meet reasonable wage claims from Merri-bek City Council workers.

As Councillors will be aware, the Merri-bek City Council enterprise agreement expired mid-2025. The ASU's wage claim for FY25/26 is 10% to 'catch-up' and partially remedy the fall in real wages in the

previous enterprise agreements which provided for wage increases of 2.6% - 2% per year, during years of high inflation. The wage claim for FY26/27 is 4% and 4% thereafter for a further two years. If the ASU's wage claim is to be met, the Council would need to allocate sufficient funds to meet the FY25/26 wage increase, in the 26/27 financial year. The 4.4% budget increase in employee costs for FY26/27 is wholly inadequate to meet anything close to the ASU's wage claim.

Forward estimates within the draft budget show low growth in subsequent years, a budgeted increase of just 1.2% in FY27/28 and 2.2% in FY28/29 for employee costs, despite ongoing service growth. This results in substantial real wage decline continuing once CPI, workforce growth, and on costs are accounted for. Ultimately, these forward estimates effectively lock in future wage suppression for Council workers. The draft budget does not explicitly recognise this context or provide transparency about how Council intends to resolve bargaining without further wage suppression.

The draft budget includes a capital works program exceeding \$91 million in FY26/27, a significant 33% increase on previous years. This program includes:

- Major investments in buildings, parks, and infrastructure,
- Roads, drainage, and transport works,
- Upgrades to community and early years facilities.

The ASU supports investment in public infrastructure projects. However, each new or upgraded asset creates ongoing operational, maintenance, and compliance requirements that fall directly on Council employees. The draft budget shows that Council is maintaining significant capital programs while managing recurrent expenditure within constrained parameters, including a moderate growth in employee expenditure and a projected reduction in overall FTE.

The result is that ongoing operational and service delivery pressures created by new and upgraded assets are increasingly absorbed within existing staffing levels. This approach places pressure on Council employees to sustain service standards, maintain assets, and respond to community demand without commensurate growth in workforce capacity.

The draft budget demonstrates that Council is willing to commit to significant resources to capital delivery and long-term infrastructure obligations, while continuing to exercise restraint in relation to wages for its directly employed workforce. This imbalance places permanent employees at a disadvantage and undermines claims that a first-year wage increase of 10 per cent, sought to partially remedy cumulative real wage loss, is unaffordable within Council's budget.

Sustainable infrastructure investment requires sustainable staffing levels and fair wages to ensure that assets can be operated, maintained, and serviced safely and effectively over their lifecycle.

Additionally, the draft budget shows that Merri-bek City Council is facing cost increases in waste management, fuel, and external service delivery, all of which are often associated with outsourcing. These service costs are rising faster than revenue, while rates remain capped at 2.75%. This shows that Council has the ability to explicitly acknowledge their capacity to absorb rising costs in areas such as waste services, but continues to exercise unnecessary restraint in employee costs.

For example:

- Waste expenditure is increasing significantly due to higher landfill levies and service delivery costs, and
- Materials and services expenditure is projected to increase by over \$5 million (6.5%), driven by external cost pressures.

Significantly, the proposed budget shows a remarkable increase in expenditure on consultants and professional services of 27%, representing an additional \$1.7 million in externally delivered programs. This level of growth substantially exceeds the increase in employee costs and demonstrates a clear willingness by Council to absorb rising expenditure on external labour and project delivery. While the ASU acknowledges that some specialist advice may be required, the scale of increase raises deep concerns about the growing reliance on externally delivered services rather than investing in and building the capability of Council's directly employed workforce. It also reinforces a structural imbalance in the budget, where significant funding is made available for external consultants while wage growth for permanent staff remains constrained.

Council workers are also residents of Merri-bek. The draft budget proposes:

- A 2.75% increase in general rates in line with the rate cap, and
- Significant increases in waste charges, totalling \$29.5 million (+12%), with many individual charges increasing by 15% or more.

Flat charges and fee increases disproportionately impact lower-paid workers, including many Council employees, and compound cost-of-living pressures at a time when real wages have declined across local government. For Council workers, these pressures are experienced both as employees and as members of the community they serve.

Furthermore, according to Council's own estimates, the Merri-bek population is estimated to grow to 222,733 by 2036. This reflects continued and sustained community growth across the municipality. This population increase will drive higher demand for Council services, infrastructure, compliance activity, and community programs over the coming decade. As the population grows, the workload associated with maintaining public assets, delivering frontline services, and responding to community needs will also increase significantly. However, the draft budget does not demonstrate a commensurate strategy for growing workforce capacity to meet this demand. Without proportional investment in staffing and sustainable workforce planning, the impact of population growth will be absorbed by existing employees through increased workloads and service pressure. This reinforces the need to ensure workforce capacity, job security, and fair wages are treated as critical components of Council's long-term planning, rather than as areas of ongoing restraint.

This position is reinforced by Council's own acknowledgment of community expectations. Council's own engagement indicates that the community expects a Council that is transparent, effective, and manages its budget responsibly, while delivering projects that provide genuine long-term value. These expectations align directly with the concerns raised in this submission, namely, that a budget which prioritises capital investment while constraining wages and reducing workforce capacity risks undermining both effectiveness and long-term value. Ensuring fair wages, adequate staffing, and

sustainable workloads is essential not only for supporting Council employees, but for delivering the high-quality, accountable services that the Merri-bek community expects and deserves.

The proposed budget 2026-2030 reflects strategic choices that prioritise capital expansion while placing increased pressure on Council's workforce. In the context of ongoing enterprise bargaining and industrial action, the budget's failure to directly address real wage decline, workload sustainability, and job security is a significant concern.

Council's workforce is not a discretionary cost. Secure employment, fair wages, and manageable workloads are foundational to effective service delivery and community outcomes. The ASU urges Councillors to reconsider the proposed budget to ensure it supports fair employee outcomes and recognises that Council's workers are its most critical asset.

The concerns identified in this submission reveal deep and flawed budget estimates in Merri-bek City Council's most significant expense – employee costs. The Merri-bek City Council workforce is currently participating in lawful protected industrial action in support of a modest and reasonable wage claim that seeks pay increases that just keep pace with cost-of-living pressures. The proposed budget does not provide for adequate funds to meet these modest wage claims. The ASU calls on Councillors to invest in its people and provide funds to ensure that wages keep pace with cost-of-living increases.

Thank you for your consideration of the above issues.

If you would like to discuss these matters further, please contact me at zedwards@asuvictas.com.au

Regards,



Zoe Edwards
ASU Vic/Tas Deputy Branch Secretary