



Inquiry into local government responsibilities and funding

The House of Representatives Economics Committee is to examine the issue of cost-shifting onto local government, and the financial position of local government in Australia.

The Inquiry has been initiated in response to concerns that local government is increasingly having to provide a range of services to communities, such as health centres, aged care facilities, employment programs and security guards, without being provided financial resources to do so.

The Inquiry has been referred by the Minister for Regional Services, Territories and Local Government, Wilson Tuckey, with the support of the Prime Minister and Treasurer.

The Minister has asked the committee to examine “ways forward for service provision”, including reviewing overseas models and examples.

The Chair of the House Economics Committee, Mr David Hawker, said: “This is an extremely important inquiry and will have a major impact on future funding for local government.

“It is important to note that the committee will look at funding arrangements from all levels of government.”

It is expected that the committee will consult and travel widely to gather views from stakeholders and the community.

The Inquiry is to examine:

Cost shifting onto local government by state governments and the financial position of local government. This will include an examination of:

- 1. Local government’s current roles and responsibilities.*
- 2. Current funding arrangements for local government, including allocation of funding from other levels of government and utilisation of alternative funding sources by local government.*
- 3. The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for councils to work with other councils and pool funding to achieve regional outcomes.*
- 4. Local government expenditure and the impact on local government’s financial capacity as a result of changes in the powers, functions and responsibilities between State and local governments.*
- 5. The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities.*

...more follows

2. (continued)

6. *The findings of the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee.*

The Inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.

The Committee expects to report to Government by mid-2003. The Government will wait the Committee's report before considering the recommendations of the Commonwealth Grant's Commission's review of the Local Government (Financial Assistance Act) 1995.

For comment: please contact David Hawker on (02) 6277 4837

For further information:

Trevor Rowe, Secretary, House Economics Committee

tel: 02 6277 4564

email: EFPA.Reps@aph.gov.au

House Economics Committee:

Chairman: Mr David Hawker MP (02) 6277 4837 Parl House

Deputy Chair: Ms Anna Burke MP

Members:

Mr Anthony Albanese MP	Mr Gary Nairn MP
Ms Teresa Gambaro MP	Mr Christopher Pyne MP
Mr Alan Griffin MP	Hon Alex Somlyay MP
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