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DES/PEG

25th July, 2002

Dear Sir,

I wish on behalf of the City of Devonport to make a preliminary submission in respect of the Inquiry into Local Government and Cost Shifting. I would advise that Devonport City Council is participating in the preparation of information in respect of two other submissions to the Inquiry and is at the present time gathering statistical data to support those submissions which will be from the Local Government Association of Tasmania and the Cradle Coast Authority (regional organisation for North West Tasmania).

This Council would like to prepare a more detailed submission when the statistical data has been collected and also to have the opportunity to give evidence to the Committee when it has its public hearings in Tasmania.

Briefly in regard to the Terms of Reference, we would like to make the following comments:

1. Local Government in Tasmania has for many years been urging the State Government to properly examine the roles and responsibilities of those two levels of government to ensure that areas of overlap can be identified and eliminated, and areas which are not covered by either level of government can be addressed. Local Government generally and this Council in particular believes there is scope for a lot more effective use of existing funding if the duplication which presently exists in the roles of State and Local Governments could be eliminated. Any Inquiries which have taken place up to date have been entirely superficial and usually looked only at the flow of funds between these two levels of government. Although there is probably little likelihood of the role of Local Government overlapping the role of the Federal Government, some consideration should be given to ensure that this perception is in fact correct.

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The Secretary,
Standing Committee on Economics, Finance and Public
Administration,
House of Representatives,
Parliament House,
CANBERRA. ACT. 2600

2. There appears to have been over the last 10-15 years a gradual diminution of the role of State Government as a service provider. Although this Council has not been affected to the extent that many others have been, in that it has not been necessary for us to become involved in the provisions of Doctors, Dentists, Medical Services, or Security Services, it is noted that many of the service facilities have been rationalised with users having to travel far greater distances at their own cost. This has not resulted in additional payments for community service obligations being made in respect of transport or other related matters and very little change has taken place to the funding arrangements between Local Government and the State in the past 10 years. As a result of National Competition Policy, Local Government has certainly moved far more to a user pays system and the percentage of income raised from property taxes has declined and will probably continue to decline over the next few years.

3. I am sure that most Councils will say that their revenue raising levels have reached maximum saturation point and Local Government could not afford to fund any further services. The reality of the situation is again over the past 10-15 years that productivity levels have risen dramatically in Local Government, just as they have in the State and Federal bureaucracies and similar or greater levels of services are being provided for the same or less costs. This means that Local Government has been able to fund additional services without a dramatic increase in the real level of revenue raising. This improved productivity is obviously finite and it is difficult to estimate what level of improvement could be anticipated to occur in the future.

Many Local Governments are recognising that economies of scale can be achieved by working with other Councils and pooling funding to achieve regional outcomes. The North West Coast of Tasmania has established as a Joint Authority under the Local Government Act the Cradle Coast Authority whose primary role is to carry out on a regional basis a number of activities that previously were carried out by individual Councils. These include tourist promotion, economic development and a range of other specific services. Councils are finding that the unit cost when activities are carried out in this manner can be reduced.

In this area another joint authority has been established to provide a regional landfill for four Councils and this particular project has resulted in a dramatic decrease in the cost of providing that landfill for each of the four Councils.

4. As indicated previously State Governments appear to be retreating from being a service provider to becoming more of a regulatory provider. This means that many services are withdrawn and often there is no legal requirement for them to be undertaken by Local Government. The community demand, however, is for the services to be provided, and as a consequence many Local Government units have decided to provide services on a voluntary basis that were previously provided by the State Government. In addition, there are many instances where regulatory changes have meant that there has been a legislative transfer of responsibility for cost to Local Government from the State. These include such things as traffic lights, roads, signage, statutory planning and a range of other activities, the actual cost of which is being researched by Councils and will form part of the submission from the Local

Government Association of Tasmania. In addition, there are regulatory requirements which emanate from a Federal level. Some of the international treaties that the Federal Government has signed, regarding the environment have a significant effect on the way Local Government carries out its activities, and in many cases has increased the cost of providing services and particularly sewerage services. If for instance in the future an international agreement was entered in to by which no emissions could be placed in to the ocean, this Council would be particularly adversely financially affected with sewage after treatment is dispersed by pipeline in to Bass Strait. The cost of providing equivalent land based treatment would be absolutely prohibitive for this particular community.

5. As indicated under point 1, Local Government in Tasmania has for many years sought an examination of the roles and responsibilities of Local Government and State Governments with a view to the rationalisation of those roles and responsibilities between the levels of government, better use of resources and better quality services to local communities. We would support any efforts that would achieve this objective.
6. Without going in to specifics, the Council in general supports the findings of the Commonwealth Grants Commission Review of the Local Government Financial Assistance Act 1995 of June 2001.

As indicated at the beginning of this submission this Council is participating in the gathering of information for two larger more substantial submissions and at a later date when that information is available, would like the opportunity to present a more detailed submission of its own, and at the appropriate time appear before the Committee in its Public Hearings in Tasmania.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'Sales', written over a large, hand-drawn oval shape.

David Sales
GENERAL MANAGER
DEVONPORT CITY COUNCIL