

Griffith City Council - Submission to the House of Representatives Economics Committee Inquiry into Cost Shifting onto Local Government

Griffith City Council welcomes the inquiry into the issue of Cost Shifting onto Local Government and the financial position of Local Government.

Griffith City Council is a growing dynamic community located in southwest NSW and has recently been described by KPMG as “the fastest growing inland city in Australia.” Our population is currently 25,000 and is expected to grow to 35,000 by the year 2030. The Council area constitutes some 1600m² kilometres and is located in the middle of the Murrumbidgee Irrigation area, producing high value horticultural and agricultural products benefiting the Australian economy.

The current budget of Council is some \$25 million per annum. The community is further identified by the large number of Multicultural communities within Griffith city including members of the Indian, Fijian, South African and Italian communities.

Council is a member of the Riverina Regional Organisation of Councils (RIVROC), other members of which are; Leeton, Narrandera, Carrathool, Hay, Murrumbidgee and Jerilderie Shire Councils.

At the outset, Council expresses its disappointment that the terms of reference include the fact that the outcomes of the inquiry will be budget neutral for the Commonwealth.

The broader issue from this Council's perspective is that whilst Local Government is widely applauded by both State and Federal Governments as being relevant and efficient in its delivery of services to its communities, the lack of constitutional recognition and continued delegation of functions to Councils by both State and Federal Governments diminishes our capacity to implement meaningful projects on behalf of our communities.

Whilst it is recognized that there is a limited “bucket of money” available to Federal, State and Local Governments, the share of funds being distributed to Local Government are by the admission of both State and Federal Governments not sufficient for Local Government to properly administer the functions as conferred upon them by the charter of the Local Government Act 1993.

Griffith City Council has in the past attempted to engage member Councils of RIVROC in regional initiatives with limited success. Council would welcome funding opportunities provided by the State and Federal Governments, which encourage regional collaboration to achieve regional outcomes. From Council's perspective the opportunity for Local Government to develop a closer working relationship with both State and Federal Governments could be undertaken in the following areas;

- Health
- Education
- Natural Resources and Environment
- Border Security/Immigration/Defence/Policing

Local Government could perform upgraded roles in each of these areas if we were compensated accordingly by the Commonwealth. Examples include, aged care; health centres; citizen security; regional and economic development; environmental management; disadvantaged youth and so forth.

The question from Council's point of view is, how can resources be secured for these initiatives if the inquiry stipulates that the recommendations must be budget neutral.

In discussion of this budget neutrality concept, the following comments are made;

- Local Government could assume an upgraded role and deliver cost savings to the Commonwealth in terms of delivering Commonwealth programmes on a fee for service basis. Examples include, land care, river care initiatives, road maintenance and construction projects.
- Creative “cocktails” of program assistance across the three levels of Government could be developed which would provide Local Government the opportunity to leverage into various existing Commonwealth programs – such as the Regional Solutions Program; the RTC program, black spot lacks funding and roads to recovery.

Additionally, Council supports the following suggestion made by Rod Brown of the Consultancy Group Australian Projects Development Pty Ltd, which appears in Local Government Focus in the July 2002 edition.

“Federal elections are generally won or lost in the marginal seats in the outer suburbs and regional cities.

What if, as a result of the inquiry recommendations, the Howard Government decided three months out from the next election to announce a \$1 billion New Deal for 15 – 20 electorates over three to four years?

It could be portrayed as a set of policy trials, with each trial relating to a different area of opportunity for Local Government – perhaps a trial of one or two economic development zones, health services in remote areas, community policing, infrastructure development and tax breaks to facilitate new migrant communities in regional areas, improved public schooling and so forth.

Now before the bean counters come down on me – a \$1 billion package might mean a cost to budget of only \$200 million – the balance could come from leveraging into the big program portfolios such as environment, health, education, defence – taking a bit here and a bit there. I call them cocktails.

If the anticipated efficiency savings can be documented, even Treasury and Finance would take an interest, and when the sums are spread over three to four years they become manageable.

There is one last option. The inquiry is scheduled to run until mid 2003.

This means that the Howard Government would be looking at budgetary implications of the recommendations in the autumn of 2004 – and the Federal Budget follows later that year. The inquiry thus provides a platform for a New Deal.

However it would probably require the Commonwealth to have an almighty stoush with the States, and to use the inquiry to justify changes to the Commonwealth – States grants formulae, and then channel funds direct to Local Government for specified purposes.

This has a nice statesman like ring to it in the lead up to a Federal election, and the Commonwealth has oodles of power in this area.”

Griffith City Council believes that the devolution of services over the past ten years has placed additional financial pressure on Council particularly in the areas of road maintenance, bush fire control, animal control and natural resource management. To deliver these additional services, Council has added some five employees over the past ten years in order to meet the administrative requirements of these positions.

In conclusion, Council would state that the real solution in terms of providing services to Australians involves a restructure of the three existing levels of Government so that two levels of Government are created; namely federal and regional.

Whilst recognizing the constitutional issues that are associated with this suggestion, Council believes that for the long-term future of Australia, substantial work should be put into this issue.

Council looks forward to expanding on the issues raised in this submission at the public hearing to be held in the coming months.