

PLEASE QUOTE

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BURNIE
CITY COUNCIL

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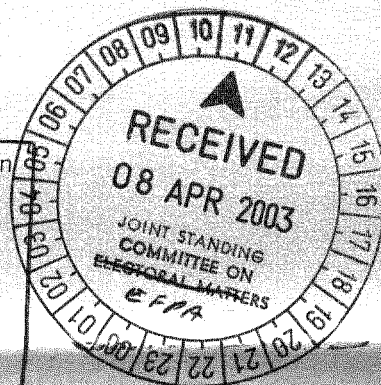
The Secretary
Standing Committee on Economics, Finance and Public Administration
House of Representatives
Parliament House
CANBERRA ACT 2600

House of representatives Standing Committee on
Economics, Finance and Public Administration

Submission No: 361

Date Received: 8/4/03

Secretary:



Dear Secretary

COST SHIFTING ENQUIRY

I write in response to the House of Representatives Economics, Finance and Public Administration Committee's request for submissions from Councils to comment on the inquiry requested by The Hon. Wilson Tuckey MP into the shifting of costs onto Local Government by State Governments and the financial position of local government generally.

It is my Council's view that this Inquiry is the first real opportunity in almost two (2) decades where local government has been given the opportunity to have input into the debate about the roles and responsibilities of all spheres of Government.

A detailed response has been prepared by the Local Government Association of Tasmania on behalf of its member Councils and therefore the comments provided herewith are deliberately brief and do not include any financial comparative data.

In relation to the shifting of roles and responsibilities to local government by the States it is our belief that demonstrable evidence of the costs incurred by Councils for the burdening of extra or new responsibilities will be difficult to quantify. Progressively over a number of years local government in Tasmania has been expected to increase/improve the level of services it provides to the community.

The jurisdictional dimensions of each level of government remains dynamic. There is little doubt that local government is now doing things and providing services that it did not provide 10 years ago. However, in the majority of cases these are not things the State was doing either.

Changes in scope and level of responsibility of functions is a reflection of changes in scientific knowledge, social and economic circumstances and community need, and community expectation.

Involvement in environmental management could be said to be a new function for local government and one the State exercised up until approximately 10 years ago. However, it is also fair to say that if the standards and responses then applying were compared to contemporary obligations and expectations today, it is apparent that both State and local governments have a considerably higher standard to meet. The State may redefine the responsibilities of local government by legislative change however, this does not equally equate to a simple translation of responsibility.

Having said this we would contend that local government is now expected to be more professional and perform against higher standards and a more comprehensive range of responsibilities than perhaps it did in the past.

If it is expected to be a front-line provider of environmental and land-use management, community health and safety, recreational and social support services, and the like, then it must be equipped to properly undertake these roles. Unless the other levels of government (Commonwealth and State) recognise and compensate local government the roles and functions then it is my view that local government must demand that its level of responsibilities be capped and appropriately defined.

An alternative method in our opinion is for a more realistic redistribution of Commonwealth funding directly to local government, together with a more defined recognition of local government as a legitimate and equal partner in delivering the broader agendas currently set by Commonwealth and State Governments and then imposed upon local government.

While the Commonwealth and State Grants Commission distribute Financial Assistance Grants on a predetermined formula with attributed disability factors, there is no recognition of the roles and responsibilities that local government provides. More importantly, there is no reward or punitive measures based on performance measurement. We believe local government must be provided grants based on performance measurement.

The Burnie City Council is a typical example of a regional council that has had its Financial Assistance Grants reduced dramatically over the last six years as a result of population decline. However, the issues and services which the Council has had to address have risen dramatically.

Distribution of Financial Assistance Grants based primarily on population reflects the outdated methodology being applied by existing arrangements. Moreover, each State Commission is determining differing methods of distribution which results in like communities receiving totally different levels of support.

It is time that a full review of Roles and Responsibilities of the three levels of government occurred. This could be carried out in an orderly manner through a Constitutional recognition of Local Government. There are some services that are now being provided and funded by all three tiers. This outcome has to be grossly inefficient and a poor use of limited resources.

While Constitutional recognition is still some time off, there is a desperate need to review Financial Assistance Grants. Council Infrastructure in many areas is in a parlous condition and likely to contribute to unsustainable Councils. It is argued that the Roads to Recovery initiative has, in fact, saved many councils from extinction. When the Roads to Recovery program concludes, significant pressure will again build on Councils to manage failing infrastructure.

We believe that there are still too many Councils across the nation. Many are not managed well and are unsustainable by any measure. There is a reluctance for State Governments to intervene due to political and self interest. In many cases, Financial Assistance Grants are supporting such unviable entities. It could be argued that the existing distribution is therefore evaporated in inefficient and poorly managed councils.

Council therefore makes the following recommendations for the Committee's Consideration:

- That the Financial Assistance Grants be substantially increased (possibly through an identified share of GST);
- That new Council Management Performance Measures are introduced to apply to all Councils;
- That increases in Financial Assistance Grants only be distributed to Councils that meet the new Performance Standards;
- That the Financial Assistance Grants are linked to a growth tax such as GST;
- That Constitutional Recognition of Local Government is seriously pursued;
- That States Grants Commissions be abolished in favour of a new distribution formula;
- That the principle of minimum grants be abandoned;
- That the new distribution formula have components that recognise the nature and requirement of services now being delivered by Local Government;
- That the new distribution formula have a substantial needs based test, such as SES;
- That Identified Local Road components be separately maintained and distributed based on need and Council management performance;
- That a review of the services and cost shifting effects on local government by Commonwealth and State be carried out each decade, with appropriate adjustment to Financial Assistance Grants;
- That a pool of funds be set aside from the National Pool to be applied to those councils and communities to voluntarily amalgamate.

We trust that the information provided will be of assistance to your Committee during its deliberations and we sincerely look forward to a genuine recognition of the responsibilities placed upon local government in delivering services to its communities.

Yours sincerely



Paul Arnold
GENERAL MANAGER