



HUNTER COUNCILS INC¹
(Formerly Hunter Region Organisation of Councils)

STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION

INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

FURTHER SUBMISSION IN RESPONSE TO

**‘AT THE CROSSROADS
A discussion paper’**

February 2003, Canberra

¹ Representing the Councils of Cessnock, Dungog, Gloucester, Great Lakes, Lake Macquarie, Maitland, Merriwa, Murrurundi, Muswellbrook, Newcastle, Port Stephens, Scone and Singleton.

Hunter Councils Inc has made a substantive response to the Inquiry into Local Government and Cost Shifting, including a supplementary report that provided detailed quantification and amplification of the issues raised in the Synopsis. However, in acknowledging the release of 'At the Crossroads' we wish to support the principle tenets of the Inquiry and submit a considered and detailed response.

Without wishing to cloud the initial focus by submitting further extensive detail, Hunter Councils Inc has identified within the Discussion paper some key issues which we believe warrant endorsement.

We are pleased to note in the discussion paper that the Committee supports the view that Local Government is under increasing pressure for a range of reason including:

- a) A lack of clarification of the boundaries of its operations

Increasing community expectations for the provision of services and amenities continues to increase particularly the anticipation that all services provided in a metropolitan area will be replicated in less densely populated communities with commensurate lack of opportunities to fund.

- b) Overlapping of roles with some state agencies.

Some examples may be identified in such areas as community services and environmental management.

- c) Cost shifting from other spheres of government with subsequent reduced capacity to raise revenue

- d) Rate capping not correlating with increasing pressure on roles and responsibilities.

With the desire to make positive contribution to the Inquiry, Hunter Councils Inc strongly supports the principle that Local Government's financial base should be supported by a revenue stream which reflects the growth of the economy. One option which has been canvassed is to set a realistic percentage figure of a growth based tax such as the Goods and Services Tax.

FINANCE AND COST SHIFTING

Hunter Councils Inc is pleased to note that the Inquiry has been provided with the evidence to support the view that Local Government is coming under increasing financial pressure which cannot be sustained and therefore must be reviewed.

1. Member Councils support the contention that Local Government should have access to a revenue stream which reflects the growth in the economy, for example a percentage of a growth based tax such as the Goods and Services Tax.
2. We believe that Local Government must be efficient and accountable and would support appropriate performance standards although these would need to be developed in concert with Local Government to ensure that any such standards are transparent and can accommodate the variable nature of councils.

3. We support the desire to clarify roles and responsibilities so there can be a broader appreciation of the limits of community expectations. We seek an Agreement from other spheres of government that where local government is required to deliver services that this is contingent upon access to realistic financial resources.
4. Hunter Councils Inc also takes the opportunity to reinforce our concern that there is not adequate recognition nor quantification of the level of the decay of national infrastructure that is occurring and that the level of support toward maintenance does not keep up with the task of maintenance let alone upgrades or replacement.

REGIONAL ORGANISATION OF COUNCILS (ROC)

Hunter Councils Inc (HROC) has a long history which can be traced back to 1955. It can be acknowledged that the good will between member councils leads to a high level of co operation and resource sharing.

The extent of this relationship has now been demonstrated by the new corporate model for the ROC itself which has led to the creation of a corporate entity, the membership of which is the thirteen councils. The aim is that the commercial opportunities identified by councils can be captured, established and managed with the aim of providing a revenue stream to support the ROC and other community activities of the councils.

This project serves to demonstrate the initiative resident within the political and administrative arms of the councils particularly in the face of reduced council resources.

With a committed Board, comprised of Mayors and nominated council representatives and a General Manager's group which is strong and meets frequently, the communication links within the ROC is such that the organisation is ready to take on an enhanced role in regional affairs. As such, Hunter Councils would fully endorse the utilisation of the ROC's as a conduit to the Federal Government and State Government for participation in programs. Indeed, we have responded to the Auslink proposal in a positive fashion recommending that Hunter Councils is the appropriate body to serve as the regional forum.

Again, however the administrative needs of any such project adoption would require the recognition that a financial cost is involved in managing projects. In taking on such a regional role, the implications of the costs and the source of the resources would need to be identified.

PUBLIC INQUIRY

Hunter Councils would be pleased to make representation available to any of the Public Hearings of the Inquiry to expand upon our concerns or suggestions.