



**S
H
I
R
E

O
F

I
R
W
I
N**

Inquiries:
Our Ref:
Date

John Merrick
JM/jl
25 June 2002

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

Dear Sir

Inquiry into Local Government and Cost Shifting

Please find attached submission from the Shire of Irwin in response to the above Inquiry.

Please feel free to contact the undersigned for clarification on any issue.

Yours faithfully,

JOHN MERRICK
Chief Executive Officer

Attachment

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

Submission No: 4

Date Received: 2/7/02

Secretary: Sardell

PMB 21
Dongara WA 6525

Administration:
Ph: (08) 9927 2068
Fax: (08) 9927 1453

**Building / Health /
Town Planning:**
Ph: (08) 9927 2648

Operations Division:
Ph: (08) 9927 2268
Fax: (08) 9927 2453

Library / Licensing:
Ph: (08) 9927 1859
Fax: (08) 9927 2785

Tourist Centre:
Ph: (08) 9927 1404
Fax: (08) 9927 2785

Recreation Centre:
Ph: 0427 296 802

Ranger:
Ph: 0427 110 237

"Dongara - Lobster Capital"

**INQUIRY INTO
LOCAL GOVERNMENT AND
COST SHIFTING**

SUBMISSION BY

**SHIRE OF IRWIN
13 WALDECK STREET
DONGARA WA 6525**

June 2002

INTRODUCTION

The Shire of Irwin is a progressive Shire on the Mid West Coast.

It has no issue whatsoever with accepting greater responsibility or increased roles in the delivery of services to the public.

It does, however, hold concerns that the State continues to delegate additional roles and responsibilities to Local Government without providing sufficient resources to cover the cost of these services.

The Shire of Irwin believes that there has been significant cost shifting onto Local Government in recent years.

There have been occasions where threats of withdrawal of a current service were made to encourage the Local Government to bear the costs to ensure the service was maintained for the local Community.

1. LOCAL GOVERNMENT ROLES AND RESPONSIBILITIES

The Shire of Irwin would accept expanded roles and increased responsibilities, where these services were deemed important for the local Community, or were at risk of being removed by the State Government.

There are several instances in the following submission where Local Government has been threatened with the withdrawal of a service from the Community, if the Local Government did not accept it, and the associated cost of delivery.

2. CURRENT FUNDING ARRANGEMENTS

The Shire of Irwin recognises that changing the formula for the distribution of FAGS would not necessarily be equitable.

We do, however, feel that the current criteria does not adequately compensate those rural communities which are growing, as opposed to the trend in rural areas where populations are declining.

Growing communities have a far greater "disability" which emanates from higher expectations for the provisions of services, facilities, and infrastructure, without a corresponding increase in rates revenue.

State Governments make no contribution to Shires for land under its control, and in the case of the Shire of Irwin, almost one quarter (25%) of the land is unrateable. Add to this the fact that CALM expects the Shire to assist it control fires on that land (for absolutely no contribution), that land therefore becomes an enormous liability.

RECOMMENDATIONS:

1. That "growing" rural Local Governments be compensated through the disability provisions of FAGS distribution, by an amount of 10% of total annual expenditure on capital works.
2. That Local Governments be given authority to rate all State Government owned and/or controlled land.

3. REGIONAL INITIATIVES

Local Governments are their own worst enemy when it comes to inter Council co-operation, because the smaller Local Government sees the larger one as a threat to its individuality.

Parochialism is still rife in Local Government, and continues to stifle economic development between adjoining and/or regional organisations, and until a courageous State Government introduces forced amalgamations, Local Government in WA will continue to be financially inefficient.

The State Government backed Mid West Regional Development Commission continues to be an absolute waste of time, effort and money for any town in the Mid West, except Geraldton, and I am unable to name one single project or assistance provided to the Shire of Irwin by the Commission over the last five years.

RECOMMENDATIONS:

1. That State Governments be reminded that they have a role to play in the effectiveness and financial efficiency of Local Governments, and that at the very least, they should implement mandatory performance levels to be achieved by Local Governments, to avoid amalgamation.
2. The Regional Development Commissions be scrapped and the cash savings be directed to a grants pool for distribution to economic development initiatives undertaken by local business and Local Governments.

4. CHANGES TO POWERS, FUNCTIONS AND RESPONSIBILITIES BY STATE GOVERNMENTS

The following changes to State Government Policy and procedures has had an enormous affect on Local Government expenditure in the recent past.

(a) **LICENSING**

The State Government has abrogated its responsibilities in the area of motor vehicle licensing, by threatening to withdraw the service from Dongara and relocate it to Geraldton if the Shire did not pick it up and manage it at a significant cost.

This has occurred in several rural communities that I know of.

- (b) The State Government has recently withdrawn from its obligation to provide street lighting, and now demands that the Local Government pays all costs associated with what is primarily “infill lighting” of inadequately lit streets.
- (c) Water Corporation now requires a significant cash contribution which it liberally claims to be “headworks charges” for Local Government initiated development, including such things as aged accommodation and recreation reserves and parks.
- (d) Western Power has also entered the arena of “cost recovery” for the provision of power to community based projects, such as ablution facilities, security lighting, and underground power.
- (e) The Department of Transport neglected a public jetty in the Port Denison Harbour for over 20 years, which resulted in its deterioration to the point that it was closed to the public, and had to be demolished. The replacement jetty was on the basis of 50/50 contribution, and which cost the Shire of Irwin over \$300,000.
If the Jetty had been adequately maintained, it would still be in use today.

5. RATIONALISATION OF ROLES

Local Government is best placed to deliver services to its Community, but there must be recognition by the State that adequate resourcing of these services must be equitable.

We all agree that services must be cost efficient, and we also hopefully agree, that some services must be provided, regardless of cost, with due consideration given to how best to continue that service.

The occurrences that have occurred under **4** above should not happen without proper consultation with the communities affected, and a better way negotiated to ensure that the service remains.

6. GRANTS COMMISSION REVIEW

We have no comment to make as the findings of the review reflect our viewpoint, in-so-much-as we recommend a disability be introduced for growing rural communities.