



Leading the Way . . .

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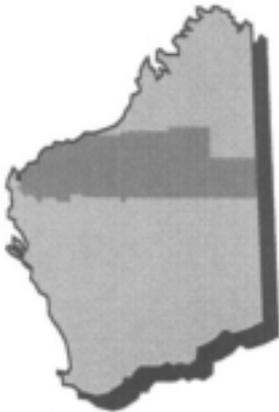
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ASHBURTON

EAST PILBARA

PORT HEDLAND

ROEBOURNE

*Pilbara Wealth
Sustaining the Nation*

AL/3/10
Amanda Hutchins

26 July 2002

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

INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

Thank you for the opportunity to provide a submission into this Inquiry.

Time and lack of resources has regrettably not permitted a full response to this Inquiry addressing in detail the terms of reference provided. Nevertheless, I would like to make some general observations on behalf of the Pilbara Regional Council, which represents the four Pilbara local governments of the Shires of Ashburton, East Pilbara and Roebourne and the Town of Port Hedland.

1. Local government's current roles and responsibilities

Local governments around the country are progressively assuming responsibilities for a wider range of community services and initiatives than has traditionally been the case. These additional areas of service provision include regional economic development, air transport, community and aged care, family services, Aboriginal environmental health and community security.

2. Current funding arrangements for local government, including allocation of funding from other levels of government and the utilisation of alternative funding sources by local government

Each year, the WA Local Government Grants Commission assesses the need for financial assistance to enable local governments to provide an 'adequate' level of community services. Each year the amount available is considerably less than the assessed need for the majority of local governments, particularly those in regional areas. A significant cause of this problem is the 'minimum grant' provisions of the Commonwealth *Local Government (Financial Assistance) Act 1995*, which effectively provides substantial grant funding to affluent inner metropolitan local governments which do not need financial assistance.

Specific purpose grant funding from State Government is available; however they typically comprise a relatively minor portion of the cost of the project or service to be provided and are almost always capital funding with the local government left to fund the ongoing operational costs. Accessing these funds is also becoming more difficult, with increasingly detailed information requirements on applications being required. Some local governments have employed Grants Officers to improve their ability to attract these grants; the smaller local governments, which typically have the most need for these grants, are therefore doubly disadvantaged.

3. *The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for Councils to work with other councils and pool funding to achieve regional outcomes.*

The four Pilbara local governments have formed the Pilbara Regional Council to explore opportunities for resource sharing and improved regional outcomes. However, this is necessarily limited with respect to resource sharing as the main population centres are between 245 km and 450 km apart, while the Region covers an area of over 500,000 square km.

4. *Local government expenditure and the impact on local government's financial capacity as a result of changes in the powers, functions and responsibilities between state and local governments.*

Local governments, particularly in regional areas, are being drawn into new areas of service provision, often without access to additional funding, as the State Government reduces service levels in a range of areas. Community pressure to improve these services impacts far more on the local government than on the remote State Government. This situation will further deteriorate with the current State Government's intention to significantly decrease the representation of country areas in the State Parliament.

An example of the consequences of State Government policy that is formulated to suit metropolitan areas is the competitive tendering of some government services to the private sector. Private and community organisations in regional locations tender for the services, often with the lowest tender being awarded the service. However, a problem arises when the provider claims that they no longer have the required funds to carry on the service. With no flexibility in their contract, Council is pressured to meet any shortfall, or watch the organisation and its service cease.

Examples from the Shire of Roebourne include:

Yaandina Family Centre – Yaandina Family Centre is an incorporated association that receives its funding from the State Government. Yaandina is based in the town of Roebourne and provides a very important service to its residents. There are a number of 'arms' to Yaandina which include ; Frail Aged Care Hostel, HACCC, Day Care, Family Support and Support Housing Assistance Program.

The Roebourne Council recently received an application from the group requesting \$101,000 to meet their shortfall for their 2002/2003 projections. This is a glaring example of State Government providing insufficient funding and Local Government being asked to cover the difference.

Job Futures – is an incorporated association that has State/Commonwealth contracts to be a job provider. However, Council is required to provide subsidised accommodation to ensure the operation is financially viable, at a cost of \$16,000 commercial rent per year foregone.

Mission Employment – another non-profit organisation which has been awarded a contract to be a job provider. However, again Council provides accommodation at a peppercorn rental and forgoes commercial rent in the vicinity of \$10,000 per year.

Similar examples can be provided from the other Pilbara local governments.

5. *The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities*

The Shire of Roebourne recently funded a local consultant to undertake a Strategic Plan to look at the feasibility of uniting the various Human Service providers in its District, in order to secure State and Commonwealth funding, improve efficiencies and promote resource sharing initiatives.

Council felt that this was an important initiative to undertake given that a number of community organisation, the majority of which receive funding from State and Commonwealth Governments, are struggling to provide their respective services mainly due to the fact that they receive insufficient funding to operate in a regional and remote area with significantly greater overhead costs than in near city areas.

It is the view of the Pilbara Regional Council that State Government services could be provided much more effectively and efficiently through regional local governments in country areas. The structure of most State Government agencies is based on a metropolitan model of compartmentalisation and specialisation, which does not work well in regional areas. Typical problems encountered are a lack of synergy and co-ordination between agencies operating in similar fields, high staff turnover leading to service discontinuities and inefficiencies, limited opportunities for staff development through placement in different fields, oversight of agency operations which is remote in terms of geography (and often interest), and indifferent commitment to the local community by many State agency employees.

6. *The findings of the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee. The inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.*

The primary inequity arising from the *Local Government (Financial Assistance) Act 1995* for regional and fringe metropolitan areas is the continuation of the 'minimum grant' principle. An expansion of the position of the Pilbara Regional Council is available from its submission to the Commonwealth Grants Commissions Review of the Act.

Thank you for the opportunity to contribute to this Inquiry. I look forward to the outcomes.

T Ford

Tony Ford
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