



*Our Ref: GM: C,M 10/35/17*

*Contact: Gerard McConnell*

19 December 2003

Mr David Hawker MP  
Chairman  
House of Representatives Standing Committee  
On Economics, Finance and Public Administration  
Parliament House  
CANBERRA ACT 2601

Dear Mr Hawker

**Ke: Inquiry into Local Government Cost Shifting**

I refer to the cost shift inquiry report and recommendations into local Government and cost shifting that was recently released. Council at its 9 December 2003 Ordinary was provided with a report that discussed the findings and recommendations within this report and would like to provide the following comments for your consideration.

The report recommends a major review of Federal - State - Local Government relations. It is not surprising that this unanimous report finds Local Government has been short changed, particularly by State Governments with more functions expected of Local Government but no or insufficient funds provided to undertake them.

As you would be aware this Council and Local Government in general sought three (3) principal outcomes of the inquiry:

- (a) An **acknowledgement** that cost shifting, the transfer of more and more unfunded tasks to councils, was causing substantial hardship for local government and impeding its ability to deliver services and maintain infrastructure; and
- (b) An **acknowledgement** that fixing cost shifting, while critically important, will not in itself resolve the overall financial crisis facing Local Government;
- (c) The need for a new funding system for local government based on access to a fair share of national taxation revenue, backed by an inter government agreement and effective compliance mechanisms to stop cost shifting.

It would seem that the report goes some way to meeting these outcomes by calling for:

1. A strong inter governmental agreement:
2. Formal recognition of local government by the Federal Parliament

3. A COAG summit in 2005 covering which level of government does what best and the need for appropriate funding;
4. A process for the renegotiation of roles, responsibilities and funding arrangements between the three spheres of Government.

Council would like to congratulate the Committee and its work and welcomes the findings, together with providing in-principle support to the recommendations, however it would like to seek further information on the impact of the proposed change in methodology for FAG Grants distribution on all Local Governments across Australia.

Yours faithfully



**K M Murphy**  
**General Manager**