

**SHIRE OF MANJIMUP, PO BOX 1, MANJIMUP WA 6258**



Our Ref: DEP11/1  
Enquiries: Vern McKay

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

Email: [efps.reps@aph.gov.au](mailto:efps.reps@aph.gov.au)

Dear Sir

### **INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING**

*I refer to the above and enclose a formal submission to the inquiry on behalf of the Shire of Manjimup.*

*The Shire of Manjimup initially responded to a survey on this matter conducted by the Western Australian Local Government Association (WALGA) and at WALGA's suggestion now enclose that survey response as the basis of our formal submission to the Inquiry. I trust that the late lodgement of this will not preclude its consideration by the Standing Committee.*

*Like local governments across Australia, the Shire of Manjimup has experienced significant cost shifting and devolution of responsibilities from successive State Governments. The many examples and estimated costs are included in the attachment. However, Manjimup has experienced significant adverse impacts from State Government decisions over recent years.*

*Timber and agriculture/horticulture have been the economic pillars of the Shire. Over the last 3 and one half years successive State Governments have been restructuring the timber industry with significant impact on the community, its*

*workforce and confidence. Already 300 jobs have been lost and over the next 12 months this could go as high as 1000 jobs (25% of our workforce).*

*Approximately \$4m in Federal funds has been allocated to job creation projects with one new project (call centre) employing 50 part-time workers. The State Government has allocated \$60m to fund redundancies and business buy-outs but (3 years on) has not yet created one new job.*

*From the time that the RFA was first announced in May 1999, the Shire of Manjimup took a leadership role in lobbying Government to ensure that we could retain a viable native timber industry. Following the Court Government's back flip on the RFA, the Council appointed an officer to work on economic development issues and coordinate between Federal and State Governments as well as the business and wider Manjimup community. While this was a discretionary decision of the Council, an economic development officer would not have otherwise been appointed.*

*In addition to this officer, the Shire President and executive have allocated enormous amounts of effort and time in dealing with the State Government on the impacts of its policies on this community. This has taken our focus away from our routine service delivery function and occasionally to the detriment of the good governance normally expected.*

*It is conservatively estimated that the Shire of Manjimup has spent \$125,000 per annum over the last two and a half years as a direct result of the RFA and current State Governments implementation of its "Old Growth Forests Policy".*

*The Shire is also concerned at the inequitable per capita basis allocation of Federal Assistance Grants to local councils which results in many wealthy and cashed up councils receiving millions of dollars that would be better allocated to rural and regional councils with small rate bases and limited other revenue sources. The allocation of minimum grants levels should be reviewed and levels of cash reserves held by Council also factored into the grant assessment process. Further clarification of our concerns over the FAG grant allocation process can be provided if required.*

*The Shire is pleased to have had the opportunity to make this submission.*

*Yours sincerely*

**VERN McKAY**  
**CHIEF EXECUTIVE OFFICER**

*7 August 2002*

**SURVEY OF WESTERN AUSTRALIAN LOCAL GOVERNMENT  
ON  
COMMONWEALTH INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING**

<b>COUNCIL NAME</b>	Shire of Manjimup	
<b>CONTACT NAME</b>	Vern McKay	
<b>POPULATION SIZE</b>	10,030	(ABS 2001)
<b>GEOGRAPHIC SIZE</b>	7,028 square km	
<b>CURRENT BUDGET</b>	\$11,547,000 (Operating Expenditure) \$11,064,000 (Capital Expenditure)	

**OVERVIEW**

The Shire of Manjimup covers an area of over 7,000 square kilometres and is the largest municipality within the South West region but not the most populated. The Shire comprises four main towns and five other settlements. The towns and privately owned rural lands comprise only 15% of the Shire. The remaining 85% is non-rated Crown lands comprising national parks, forests and other Crown reserves.

This mix of 8 separate towns or settlements spread across an area 27% larger than Metropolitan Perth and a very low rate base presents unique and significant problems in coordinating and funding service delivery. The current method of allocation of FAGS grants with a significant per capita emphasis does not recognise the unique problems of Manjimup (or indeed many other rural shires).

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### Q.1 REGIONAL ARRANGEMENTS (TOR 3)

Is your Council a member of a regional organization of Councils?

YES  No  If Yes Name of VROC Warren Blackwood Economic Alliance

Could you please provide details of your financial contribution to activities carried out through regional arrangements (including annual subscriptions, if any).

Type of Regional Arrangement	2000/01	2001/02	2002/03
VROC		\$10,000	\$3,000
Regional Waste Council			
Regional Tourism Association	\$715	\$1,588	\$3,100
Other			
<ul style="list-style-type: none"> <li>• Warren Blackwood Regional Council Study</li> <li>• Warren Blackwood Structural Reform Study</li> <li>• Regional Waste Site Study</li> </ul>	\$3,000  \$5,000		
		\$20,000	

### Q.2 CONTRACT WORKS

Outline any contract works Council has undertaken for any State, Federal or other government agency during 2001/02.

Agency	Nature of Activities	Value of Contracts (01/02)
Conservation and land Management	Road Works	\$9,562
Education	Car Park Construction	\$10,000

### Q.3 DISCRETIONARY ACTIVITIES

Could you please identify below, specific functions and activities (and value in 2001/02) undertaken by your council, which would not normally be regarded as an activity of local government, or would typically be provided by a State or Federal agency (including corporatised/privatised organisations) elsewhere in Australia. The reason for involvement could be inadequate or non-existent services.

<b>Function</b>	<b>Nature of Activity</b>	<b>Expenditure (01/02)</b>	<b>Income (01/02 – if any)</b>
<i>Law &amp; Order</i>	Increased security patrols on Shire property only due to reduced police presence out of hours	\$15,000	Nil
<i>Health (eg support for rural doctor, hospital funding)</i>			
<i>Education (eg support to some aspect of primary/secondary education)</i>	<i>Car park Construction for school specifically</i>	\$25,000	\$10,000
<i>Welfare (eg aged care)</i>	Youth Worker	\$55,000	\$50,000
	Crisis Accommodation Service and Worker	\$81,000	\$76,000
<i>Community Housing (not staff housing)</i>	Low Income Housing	\$4,000	\$6,000
<i>Communications (eg television/radio)</i>	TV Retransmission	\$10,000	
	Mobile Telephone Service	\$10,000	
<i>Roads/Transport (not Council roads or MRWA contract works)</i>			
<i>Environment Health/Protection (eg cleanup of chemical spills)</i>			
<i>Other (specify)</i>			

#### **Q.4 DEVOLUTION OF RESPONSIBILITIES (TOR 4)**

The following question seeks to identify both costs imposed on Local government through transfer from Federal or State Governments [part (a)] as well as costs resulting from increased compliance or administrative requirements of other spheres of government [part (b)].

- (a) *Do you consider that devolution of responsibilities (ie functions transferred from the Federal or State to Local Government) over the last ten years to your Council have placed an increased financial burden on your council, after allowing for any increased revenues resulting?*

Yes

No

If “Yes”, please identify below those functions or activities that you consider have been devolved from the State or Federal in the last ten years and have resulted in increased financial burdens (eg environmental responsibilities, emergency services, etc).

<b>Activity/Function</b>	<b>Estimated annual cost</b>	<b>Estimated annual income (fees, user charges or special purpose grants)</b>
Proposed Waste Board and imposition on LG	\$5,000 est	Nil
DEP Noise complaints	\$7,500	Nil
Dog Act- Dangerous Dogs	\$2,000	Nil
Smoking legislation	\$2,000	Nil
FESA Levy	\$60,000	\$13,000
Heritage Requirements on Public Buildings	\$1,000	Nil
Introduction of Seniors Discount with major software upgrade/cost	\$6,000	Nil
HACC 3 year contract shifts risks from State to LG, increased reporting and SMS software costs	\$4,000	Nil
Withdrawal of State support for Tourist bureaus (4 in Manjimup) requiring additional direct and indirect support from LG	\$20,000	Nil
Consolidated Food Standard/Hygiene proposal to be passed onto LG	\$5,000 est	Nil
General shift in State grants to prevent recoup of administration costs	\$10,000 est	Nil
Westrail moved its presence from town and abandoned its former marshalling yards leaving an industrial wasteland in the centre of the CBD. The Shire has to contribute \$400,000 to a \$1.6m project to improve the area.	\$20,000pa \$40,000 annual mtce	Nil
MRWA proposing that LG collect rubbish from rest stops	\$25,000	Nil (unknown)

*(b) Could you please identify other functions and activities where requirements of Federal or state legislation have resulted in increased compliance / administrative costs for Local Government over the last ten years. Could you also estimate the additional annual compliance costs you believe are associated with each activity identified.*

<b>Activity / Function</b>	<b>Additional Compliance (estimate)</b>	<b>Annual cost</b>
DEP Imposed conditions on landfill sites requiring conversion to transfer stations, and Waste Management Officer	\$105,000	
Department of Planning & Infrastructure requirement for Local Planning Strategy prior to new TP Scheme at cost of \$110,000. Need to review in 7-8years	\$15,000	
Annual environmental reporting requiring large amount of manual effort	\$2,500	
Statutory Compliance reporting and audit	\$2,600	
Compulsory conversion of Libraries to electronic systems	\$7,500	
BCITF and BRP Levy do not cover costs	\$4,000	
Swimming Pool Inspection - Fees capped	\$1,000	
Administration of several fixed term grant funded positions on behalf of various state government agencies. While these have brought benefit to the wider community it has come at a cost to the Shire.	\$10,000	
Disability Services Plan and implementation of action	\$10,000	
Withdrawal by State of 50% subsidy on compulsory rate valuations	\$18,000	

(c) *In relation to both the devolution of responsibilities [part (a) above] or the additional compliance and administrative costs [part (b) above], could you please estimate the number of additional staff required (if any) to meet these additional responsibilities over the last ten years.*

*Estimated annual additional staff requirements for (a) and (b) above and at what cost: No 2 overall \$100,000*

#### **Q. 5 RATIONALISATION OF ROLES (TOR 5)**

(a) *Are there specific areas of service provision in your local area which are currently undertaken by State or Federal Government departments or agencies which you feel could be better undertaken by your Council in terms of better use of resources and better service outcomes?*

Yes  No

*If "yes" could you please identify the specific services or functions you are referring to*

<b>Function /Service</b>	<b>Why Better Outcome?</b>
MRWA Bridge Maintenance	Shire has maintenance crew and expertise – currently maintaining 60 bridges under our control
Traffic Control Signs Replacement	More prompt replacement of signs as MRWA does not have a permanent presence in area.

(b) Are there any specific roles of Local government that you consider would be better undertaken by the State or Commonwealth Governments?

Yes  No

If "yes" could you please identify the specific services or functions you are referring to.

<b>Function /Service</b>	<b>Why Better Outcome?</b>
Library Services	Currently heavily regulated by State
Noise Control	State legislation and DEP has access to greater qualified expertise to monitor noise
Administer Smoking Legislation	A wider state issue – greater consistency across State if administered by HDWA
Collect FESA levy	No benefit to Shire of Manjimup as Shire has been proactive and replaced major fire fighting equipment over recent years.
Tourist Bureau support	State Department (WATC) should fund and resource this industry which contributes enormously to state economy.
BCITF & BRB Levy collection	State imposed levies which do not return any benefit to LG

#### **Q. 6 EROSION OF INCOME**

Does your Council believe that income has eroded over the last ten years through the introduction by State/Federal Governments of limits on fees that can be charged for services provided by Local Government (eg Town Planning fees), failure by State/Federal Governments to effectively and regularly increase fees set by statute and also the level of subsidies/grants not being increased adequately (eg Swimming pool subsidy).

Yes  No

If "yes" could you please identify the specific services/functions/charges/subsidy/grant you are referring to.

<b>Function / Service/ Charge / Subsidy / Grant</b>	<b>Estimated Lost Income (2001/02)</b>
Capping of Building Licence Fees – should be on cost recovery basis	\$75,000
Capping of Town planning Fees – should be on cost recovery basis	\$25,000
Swimming Pool Subsidy of \$3,000 is laughable	\$50,000
Dog Licence Fees have not been reviewed for several years	\$12,000
Health Act Fees not reviewed for several years	\$9,500
Capping of Swimming pool Inspection Fees	\$500
50% Statutory limit on number of properties on Minimum Rate results in the Shire having a very low minimum compared to neighbouring shires. Estimate \$100 x 2100	\$210,000