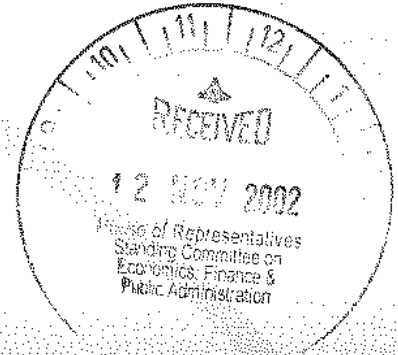




LOCAL GOVERNMENT MANAGERS AUSTRALIA
QUEENSLAND INC.

06th November, 2002
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The Secretary
House of Representatives
Standing Committee on Economics, Finance and
Public Administration
Parliament House
Canberra ACT 2600



Inquiry Into Local Government Cost Shifting

On behalf of Local Government Managers Australia (QLD) Inc, I am pleased to make this submission to the Committee on a review that could have a major impact on all levels of government in Australia. This submission is in general terms only and is not backed by analytical data. Such data is available in many other submissions, including those by the Department of Transport and Regional Services and the Local Government Association of Queensland.

Over many years it is quite evident that local government has been left to carry the can with respect to the devolution of responsibilities from both the State and Federal Governments, without the corresponding financial resources to adequately provide the service. In many cases initial funding is granted, however this is slowly clawed back over a period of time, leaving the local government concerned responsible for the continuation of the service.

In addition, local government has also found itself supporting or in some cases fully providing services which were once the domain of the State and/or Federal Governments. These services include public housing, schools, hospitals, banking services, postal services, security services, welfare services, as well as increased support for community groups whose revenue raising capacities are shrinking while their costs are rising, particularly in the area of insurance.

The community expects these services and also expects that they will be provided to a high standard. Traditionally these services were not provided by local government but community expectation does not differentiate between particular service providers.

Local Government has, to date, responded to the decline in funding by improving their productivity, however this has now reached its limit and in some cases Councils are become financially unstable as a result.

In addition, a reduction in real terms funding, from roads through to specific services, has also placed a financial burden on local governments. As you are well aware, the main revenue source for councils is their rate base, which is continually overstretched. In many cases this restricted revenue base has its own limitations, particularly in times of severe drought as we are currently experiencing.

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Leading Professionals in Local Government

The main thrust of the Cost Shifting Inquiry is to look at the current roles and responsibilities of the Federal, State and Local Governments and to determine if there is a "better" way to deliver the numerous services provided by the three levels. I believe that this review is welcomed by most, however it can only be beneficial to local government if any new responsibilities come hand in hand with permanent, irrevocable finances to provide the services.

This could be achieved by constitutional recognition of local government and the allocation of a fixed percentage share of all taxation revenue, with built in mechanism to ensure that this funding is maintained in real terms.

In Queensland, regional cooperation between local governments has provided opportunities to enhance service provision through the sharing of expertise and resources for the benefit of the communities in the region and this opportunity should be further examined, with the view to achieving productivity gains through economies of scale.

In conclusion, we believe that the resources of local government to provide services at the expected level are stretched to breaking point, in many cases as a result in the devolution of responsibilities without the corresponding financial resources. Local Government is now undertaking the provision of services which were once the domain of Federal and State Governments. Constitutional recognition of local government and further examination of regional cooperation are two areas that should receive further attention.

Yours faithfully,



Tony Wehlow FLGMA
Executive Director