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25th June 2003

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

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

Submission No: 404

Date Received: 29/7/03

Secretary:

Re: Inquiry into Cost Shifting and Local Government

The following is a final, short submission made by the Northern Sydney Regional Organisation of Councils with respect to this Inquiry. A reading of the transcripts of various hearings of the Committee leads us to make our submission on two points as follows:

1. Who will speak on behalf of Local Government in any tripartite agreement/s that may be established as a result of this Inquiry?

This issue came up a number of times. It was addressed briefly during the Sydney hearings of the Committee held on 28th April (see pages 716 to 717). The Deputy Chair of the Inquiry, on page 717, stated, "There are over 700 councils and there are at least six more peak bodies of those councils. We have been a little frustrated in this process by the inability of the peak bodies to speak on behalf of all the councils – and we are politicians, we understand politics. So if you say you are going to be there, who is going to be there? You are at COAG but as a nominal voice, in some respects, I would argue. I think it is laudable, but you have to think through who speaks on behalf of 700 very diverse bodies".

This was followed by a variety of comments on this point by participants. Having considered this issue we suggest the following two options be considered:

**Comprising the Councils of:
Hornsby, Hunter's Hill, Ku-ring-gai, Lane Cove
North Sydney, Ryde and Willoughby**

Option 1.

That Local Government be treated precisely the same as State Governments who participate as of right. The State Governments do not have to rationalize their numbers to participate and, regardless of what they may say do not represent Local Government interests, they represent their own. The State Local Government bodies are representative of their constituents; they are elected from them and act on their behalf in an entirely democratic process.

With respect to NSW which has two bodies we submit that they be required to address the question of representation as a condition of participation in the process.

If this whole process is, in part, about proposing reforms to relationships between the three spheres of government then the management of the politics of engagements between those spheres should not be beyond satisfactory resolution.

Option 2

It should be noted that this option is very much not our preferred option however it needs to be put.

The Committee could as part of its recommendations include one that provided numerically limited representation for Local Government to participate in the tripartite process. As an example representation could consist of the ALGA (after being appropriately empowered by its State based constituents) plus two or 3 of the State based organisations with selection being left to Local Government to determine.

Both of these options have their difficulties but it is imperative that options be explored if the maximum advantage is to be obtained from this process and we commend their consideration to you.

Yours sincerely



Ross Jones
Executive Director
NSROC

Attachment1
Attachment2

Attachment 1

Further to our recent submissions to the inquiry NSROC has updated the data attached to its original submission comparing the distribution of the Financial Assistance Grant.

The analysis, we believe demonstrates the following:

- The minimum grant must be maintained
- Fifteen Councils spread across the entire Sydney region currently receive the Minimum grant. This reflects the impacts of high property values in those areas, combined with the regressive nature of rate-pegging. A reduction in the minimum grant would be extremely deleterious to those Councils, as they have no way of replacing the potential lost revenue while the current NSW State Government regressive rate revenue policy prevails.
- In real terms there has been no increase in the proportion of revenue distributed to New South Wales, notwithstanding that it is the State that has the highest population increase **2002/03 32.39% 1997/98 32.38%**

INCREASE IN FAG 02/03:97/98	2002/03			1997/98			Total Increase
	Gen	Road	Total	Gen	Road	Total	
ROC TOTAL	81,074,716	20,912,434	101,987,150	68,180,732	17,594,292	85,775,024	16,212,126
STATE TOTAL	340,161,401	129,216,452	469,377,853	284,579,261	108,155,989	392,735,250	76,642,603
ROC PROPORTION	23.83%	16.18%	21.73%	23.96%	16.27%	21.84%	
NATIONAL TOTAL	1,003,702,209	445,372,208	1,449,074,417	840,112,874	372,782,806	1,212,895,680	236,178,737
STATE:NATIONAL	33.89%	29.01%	32.39%	33.87%	29.01%	32.38%	
ROC:NATIONAL	8.08%	4.70%	7.04%	8.12%	4.72%	7.07%	

- In real terms there has been no increase in the proportion of revenue distributed to Sydney Councils **2002/03 21.73% 1997/98 21.84%**

Comprising the Councils of:
Hornsby, Hunter's Hill, Ku-ring-gai, Lane Cove
North Sydney, Ryde and Willoughby

- The overall increase in revenue has not been shared equally with Sydney Councils receiving less than the overall State and National proportionate increase

	Grant \$	%
ROC TOTAL	16,212,126	18.90
STATE TOTAL	76,642,603	19.52
NATIONAL TOTAL	236,178,737	19.47

- There has been redistribution of revenue to Sydney Councils but only at the expense of each other

	2002/03	2002/03	2002/03	2002/03	1997/98	1997/98	1997/98	1997/98	
	Pop'n	Gen	Roads	Total	Pop'n	Gen	Roads	Total	
PROP'N OF FAG RECEIVED	%	%	%	%	%	%	%	%	% Var'n
NSROC	16.41	10.17	15.42	11.25	16.86	10.08	15.71	11.23	0.02
SHOROC	8.09	5.01	7.52	5.53	8.26	4.94	7.50	5.46	0.07
WESROC	47.90	63.53	54.63	61.70	47.16	61.51	54.25	60.02	1.68
SSROC	27.60	21.29	22.43	21.52	27.72	23.47	22.55	23.29	-1.76
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	0.00

- There appears to be a correlation between population increases and distribution of revenue with Western Sydney Councils receiving 61.70% of the total increase in revenue

INCREASE 02/03 over 97/98	Pop'n	%	Grant \$	%
NSROC	25,471	10.77	1,837,450	11.25
SHOROC	13,945	5.90	952,300	5.53
WESROC	135,513	57.31	11,446,788	61.70
SSROC	61,512	26.02	1,975,588	21.52
Total	236,441	100.00	16,212,126	100.00

Attachment 2

**Comprising the Councils of:
Hornsby, Hunter's Hill, Ku-ring-gai, Lane Cove
North Sydney, Ryde and Willoughby**

	2002/03	2002/03	2002/03	2002/03	1997/98	1997/98	1997/98	1997/98
	Pop'n	General	Roads	Total	Pop'n	General	Roads	Total
NSROC (7)								
Hornsby	151,198	2,362,196	981,312	3,343,508	144,750	1,979,448	862,048	2,841,496
Hunter's Hill	14,029	219,180	97,930	317,110	13,050	178,460	81,580	260,040
Ku-ring-gai	109,255	1,706,912	722,560	2,429,472	107,450	1,469,368	611,948	2,081,316
Lane Cove	32,024	500,320	180,016	680,336	30,450	416,404	160,144	576,548
North Sydney	59,298	926,424	294,728	1,221,152	53,400	730,244	242,724	972,968
Ryde	98,447	1,538,060	577,384	2,115,444	96,500	1,319,628	501,820	1,821,448
Willoughby	63,620	993,948	370,008	1,363,956	56,800	776,736	302,976	1,079,712
Total	527,871	8,247,040	3,223,938	11,470,978	502,400	6,870,288	2,763,240	9,633,528
Per capita Average	75,410	15.62	6.11	21.73	71,771	13.67	5.50	19.18
SHOROC (4)								
Manly	39,162	612,308	202,564	814,872	36,750	502,552	173,076	675,628
Mosman	28,768	449,448	157,288	606,736	27,400	374,696	133,568	508,264
Pittwater	56,476	882,336	390,948	1,273,284	52,500	717,932	324,900	1,042,832
Warringah	135,789	2,121,460	822,148	2,943,608	129,600	1,772,272	687,204	2,459,476
Total	260,195	4,065,552	1,572,948	5,638,500	246,250	3,367,452	1,318,748	4,686,200
Per capita Average	65,049	15.63	6.05	21.67	61,563	13.67	5.36	19.03
WSROC (11)								
Auburn	59,179	1,446,436	345,224	1,791,660	50,100	984,952	314,616	1,299,568
Bankstown	174,114	3,952,640	1,006,720	4,959,360	163,650	2,971,072	832,024	3,803,096
Baulkham Hills	144,532	2,258,052	1,084,284	3,342,336	130,550	1,785,264	902,024	2,687,288
Blacktown	261,260	10,341,280	1,785,104	12,126,384	236,050	8,258,784	1,571,152	9,829,936
Blue Mountains	76,913	5,134,192	903,920	6,038,112	75,550	4,791,544	754,320	5,545,864
Fairfield	192,163	7,276,192	1,120,908	8,397,100	188,200	6,186,448	1,022,416	7,208,864
Hawkesbury	62,953	2,745,340	1,113,392	3,858,732	57,450	2,222,304	904,716	3,127,020
Holroyd	90,119	2,339,888	565,116	2,905,004	82,100	1,650,968	463,972	2,114,940
Liverpool	155,059	5,210,004	1,158,216	6,368,220	114,350	3,803,636	790,152	4,593,788
Parramatta	148,440	3,610,568	944,684	4,555,252	138,850	3,050,292	817,940	3,868,232
Penrith	176,081	7,189,296	1,397,816	8,587,112	168,450	6,232,528	1,171,360	7,403,888
Total	1,540,813	51,503,888	11,425,384	62,929,272	1,405,300	41,937,792	9,544,692	51,482,484

	Per capita Average	154,081	33.43	7.42	40.84	140,530	29.84	6.79	36.63
SSROC (10)									
Botany Bay		36,730	785,204	182,944	968,148	36,000	806,156	157,888	964,044
Hurstville		74,226	1,159,648	397,304	1,556,952	68,400	935,364	331,732	1,267,096
Kogarah		54,254	847,624	304,596	1,152,220	48,450	662,552	260,152	922,704
Marrickville		79,387	3,028,516	393,252	3,421,768	77,900	3,174,016	347,060	3,521,076
Randwick		127,437	1,990,976	601,876	2,592,852	119,700	1,636,892	524,480	2,161,372
Rockdale		92,551	1,538,172	506,380	2,044,552	87,800	1,473,600	424,684	1,898,284
South Sydney		88,530	2,284,280	434,556	2,718,836	73,800	2,239,648	340,540	2,580,188
Sutherland		214,601	3,352,752	1,313,476	4,666,228	203,400	2,781,480	1,103,732	3,885,212
Waverley		64,924	1,410,660	280,052	1,690,712	60,200	1,604,228	231,560	1,835,788
Woolhara		55,072	860,404	275,728	1,136,132	50,550	691,264	245,784	937,048
Total		887,712	17,258,236	4,690,164	21,948,400	826,200	16,005,200	3,967,612	19,972,812
Per capita Average		88,771	19.44	5.28	24.72	82,620	19.37	4.80	24.17

	2002/03	2002/03	2002/03	2002/03	1997/98	1997/98	1997/98	1997/98
TOTAL FAG RECEIVED	Pop'n	Gen	Road	Total	Pop'n	Gen	Road	Total
NSROC	527,871	8,247,040	3,223,938	11,470,978	502,400	6,870,288	2,763,240	9,633,528
SHOROC	260,195	4,065,552	1,572,948	5,638,500	246,250	3,367,452	1,318,748	4,686,200
WSROC	1,540,813	51,503,888	11,425,384	62,929,272	1,405,300	41,937,792	9,544,692	51,482,484
SSROC	887,712	17,258,236	4,690,164	21,948,400	826,200	16,005,200	3,967,612	19,972,812
Total	3,216,591	81,074,716	20,912,434	101,987,150	2,980,150	68,180,732	17,594,292	85,775,024

PROP'N OF FAG RECEIVED	%	%	%	%	%	%	%	%	% Var'n
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Total	236,441	100.00	16,212,126	100.00
%	7.35		27.57%	

INCREASE IN FAG 02/03:97/98

	2002/03	2002/03	2002/03	1997/98	1997/98	1997/98	Total
	Gen	Road	Total	Gen	Road	Total	Increase
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ROC PROPORTION %	23.83	16.18	21.73	23.96	16.27	21.84	
NATIONAL TOTAL	1,003,702,209	445,372,208	1,449,074,417	840,112,874	372,782,806	#####	236,178,737
STATE : NATIONAL	33.89	29.01	32.39	33.87	29.01	32.38	
ROC : NATIONAL	8.08	4.70	7.04	8.12	4.72	7.07	

	Grant \$	%	
ROC TOTAL	16,212,126	18.90	
STATE TOTAL	76,642,603	19.52	21.15
NATIONAL TOTAL	236,178,737	19.47	