

## Scope of the Inquiry

- 1.1 On 30 May 2002, the Minister for Regional Services, Territories and Local Government, the Hon. Wilson Tuckey MP, wrote to the House of Representative Economics, Finance and Public Administration Committee asking it to inquire into the issue of 'local government and cost shifting'.
- 1.2 Following the acceptance of this reference, the Committee examined a diverse range of matters relevant to the issue of local government and cost shifting including local government funding, its roles and responsibilities in society, capacity building and regional approaches to service delivery and cooperation. Moreover, the Committee has also investigated a number of other areas relevant to this Inquiry including infrastructure requirements, local government amalgamations and a whole of government approach to service delivery.
- 1.3 The terms of reference also charged the Committee with inquiring into the findings of the Commonwealth Grants Commission's review of the *Local Government (Financial Assistance) Act 1995* which was released in June 2001. The Inquiry was to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.
- 1.4 The main objective of this Inquiry has been to tackle the serious problem of cost shifting onto local government and in doing so ensure that this sphere of government is appropriately financed to more effectively and efficiently serve the community.

## Conduct of the Inquiry

- 1.5 On 30 May 2002 the Inquiry was first advertised in the media. Following the initial media release, letters were sent to all local government bodies, as well as to numerous relevant parties across Australia, inviting them to contribute to this Inquiry by addressing the six terms of reference set out by the Minister.
- 1.6 Subsequent to this initial request for input, the Committee released a discussion paper entitled *At the Crossroads: Inquiry into Local Government and Cost Shifting* which sought further input via a questionnaire encompassing several key issues. The Committee received 128 responses to the questionnaire.
- 1.7 The Committee received over 400 submissions from a wide range of sources including councils, private citizens, Local Government Associations (LGA) and State and Federal government departments. The Committee was disappointed by the lack of input by State governments. A list of submissions received is at Appendix A.
- 1.8 The Committee also conducted 17 public hearings, which involved visits to each State and Territory. The Committee heard from a diverse range of witnesses representing a number of interests including local government, unions, private organisations, grants commissions and Federal government departments. A list of witnesses who appeared before the Committee is at Appendix B.
- 1.9 Submissions received and transcripts of evidence can be found on the Committee's web site:  
[www.apf.gov.au/house/committee/efpa/localgovt](http://www.apf.gov.au/house/committee/efpa/localgovt)

## Structure of the Report

- 1.10 The report is structured in the following way:
- Chapter 2 examines the roles and responsibilities of local government including the growth in functions of councils, the management of expectations and the possibilities of rationalising the functions of the different spheres of government.
  - Chapter 3 encompasses the key area of cost shifting including its impact on councils as well as possible solutions to combat it.

- Chapter 4 deals with one of the major affects of cost shifting – the decline in the maintenance of local government infrastructure.
- Chapter 5 considers capacity building in our regions, and in doing so examines performance monitoring and structural reform.
- Chapter 6 examines the funding of local government, in particular, the Federal financial assistance grants (FAGs) system, as well as alternative funding models.
- Chapter 7 discusses the way forward on inter-governmental financial relations and calls for a Summit.