

Council Ref : 80/002
Customer Ref :
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City of Belmont

FROM THE OFFICE OF THE MAYOR

28th June 2002

The Secretary
House of Representatives Economics, Finance
And Public Administration Committee
Parliament House
CANBERRA ACT 2601

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	12
Date Received:	5/7/02
Secretary:	Bardell

Dear Sir/Madam

Submission - Inquiry Into Local Government and Cost Shifting

I write in response to the call for submissions to the Committee resolved to inquire into local government "cost shifting", as referred by the Hon. Wilson Tuckey MP, Minister for Regional Services, Territories and Local Government.

Please find enclosed a summary of issues which I believe warrant examination in the course of this inquiry.

Yours sincerely

PETER PASSERI, JP
MAYOR

Encl.

cc. Minister for Regional Services, Territories and Local Government
Western Australian Local Government Association
Local Government Managers Australia (WA Division)



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Submission - Inquiry Into Local Government and Cost Shifting

- **Donations/grants to community groups and welfare groups** – Local governments are coming under increased pressure to sponsor and subsidise the operations of local community and welfare groups.
- **Rate reductions for “religious” organisations** – The definition of a “religious” organisation is controlled by the State Government and yet it is the local government that is forced to provide the municipal rate relief (100%) to these groups with no subsidy or support from the organisation that has the privilege of ruling on the definition.
- **Fire Service Levy** – The WA State Government has recently introduced a requirement on local government to collect a Fire Services Levy (to replace the levy previously charged by insurance companies).
- **FOI – State Government exempt in some circumstances** – The State Records Act provides for an exemption for State Politicians and Cabinet discussions, but local government Councillors are not exempt. Further, it is illegal for a local government to have a meeting where decisions are made, that is not open to the public (and subject to FOI).
- **State Records Act - State Government exempt in some circumstances** – The State Records Act provides for an exemption for State Politicians, but not for Local Government Councillors.
- **Security Patrols and loss of State Government grant** – Local Governments have been “forced” to introduce security patrols to provide an adequate level of security for their community, as the State Government’s Police commitment is insufficient to provide an adequate level of service. The State Government had in previous years, provided a small subsidy to local governments operating security patrols, however this has now ceased.
- **Neighbourhood Watch** – The State Government manages the Neighbourhood Watch program, however due to lack of funding and commitment, Local Governments have been forced to provide either “top-up” funding or staff resources to provide an adequate level of security for their community.
- **Youth Programs** – A number of aged services are provided/funded by State Government, yet their commitment to youth is very under resourced. Local Governments are required to provide considerable resources to fund, coordinate and manage youth programs in order that (in particular) “at-risk youth” can be given the best possible chance to develop and contribute to the community. Youth programs are seen as the key to minimising a range of antisocial issues and Local Governments are bearing a disproportionate share of responsibility in this area.
- **Graffiti programs** – Graffiti is an offence and the police have the authority to prosecute. Local Governments however, have been left to introduce community programs to remove graffiti, as the State Government’s Police commitment is insufficient to provide an adequate level of service. Some state government organisations are now advising that due to budget restrictions, they will no longer be able to promptly remove graffiti from their buildings/other assets, leaving this task to local governments.

- **State Acts of Parliament (dog control/fire breaks/litter etc.)** – There are a number of items of state legislation that require local governments to manage, police and fund their control. Some are historic and others are new. There are occasions where no, or only limited consultation occurs prior to this transfer of responsibility. It can also occur that no funding is forthcoming for the transfer of that responsibility.
- **Library** – Historically, the association between State and Local Governments was one of “partnership”. In recent years, Local Governments are funding a significant proportion of the total expense of running library services with the current share of costs being Councils bearing over 75% and the State paying less than 25%. There is only a limited prospect of the State increasing their contribution, and almost none of a 50:50 share, yet the Act does not allow libraries to recover costs by way of a “user pays” charge.
- **Pre-schools** – Some Local Governments still provide pre-school centres for State Government use through their education system.
- **Building** - Mandatory fees were set by the State government in 1991 for building licence approvals, with the only amendment to the fee structure being the increase of the minimum fee from \$25 to \$40 in 1995.

Although the fee structure is based on a percentage of the value of works, there have been significant operating costs increases for Local Government since 1991. The fee structure cannot be altered by Local Government to offset the operating costs.

The swimming pool inspection fee set in 1993 was only increased in September 2000 to include the GST component.

- **Building Fee Levies to be Remitted to State Government** - In July 1991, the Local Government became the collection agency for the Building Industry Training Levy Fund. In August 2001 again the requirement of being a collection agency for another State Department, the Builders Registration Board, was imposed on Local Government.

Consideration with the proposed Building Act, is for the Local Government to collect fees for the State Government to cover the administrative and auditing costs of the State Government.

- **Health** - Some Health related activities are confined by set fees and charges, for example, licensing/registration of offensive trades, lodging houses and septic tank applications/approvals. Inspection fees have not been taken into consideration in cases of offensive trades and lodging houses.
- **Planning** - The State Government requires Local Government to carry out detailed assessments of development applications, for reference to the State Government, without having the ability to levy a fee from the applicants.
- **Pool Inspection Requirements** - As of March 2002 there is a requirement on property transfer, to ensure (within three months of the sale) that the barriers of a swimming pool comply with varying forms of regulations. The implication on Local Government, is that there is now a necessity to carry out an inspection as part of a property settlement (additional to current the four-yearly mandatory inspection) to determine compliance.
- **Septic Tank Approvals** - These were carried out by the Health Department of Western Australia (HDWA) after the Local Government undertook the initial

investigation. Now Local government carries out all the domestic approvals, whilst HDWA still carries out commercial and industrial.

- **Landfill Levy** - Local government is required to be the collector of this levy, which was created to be an initiative to reduce waste to landfill. Local government is then required to carry out programmes to reduce the waste to landfill in order to recover some of this money.
- **Swan River Trust** - Land controlled by the Swan River Trust, which is subject to mosquito related problems, is monitored and treated by local government without any assistance or compensation by any government agency.
- **Environmental Protection Act 1986** - Because of the lack of Department of Environmental Protection (DEP) field officers required to police the Act, local government has been required to take up the many field investigation tasks involving pollution related matters.

The most onerous Environmental Protection Act task placed on local government is that of noise abatement. Local government was forced to take up this role because of the lack of response by the DEP and the effect noise was having on the community. Local government officers have been given authority by reference in the Environmental Protection Act.

No compensation is given to local government for taking up these field activities.

The WA State Government has recently announced "*...new penalties and controls to stamp out illegal clearing and improved environmental regulation under major reforms to the Environmental Protection Act. The new offence of environmental harm will arm Government with new prosecution powers...*". Local Government is not presently aware of any responsibility it may have in regard to this new state government initiative.

- **Public Buildings** - Where Public Building Regulation requirements were previously assessed (at the building planning stage) by the Health Department of Western Australia, this function is now carried out by Local Government.
- **Erection of Statutory Road Signs v's Income** - The State is attempting to shift the responsibility for the installation of certain statutory road signs away from itself and to Local Government without clearly defining how funding will be provided to compensate for this.
- **Road Grants v's Fuel Tax** - It has long been recognised that road infrastructure is of great importance to the economic vitality of the nation and the State.

Fuel tax collections are only partially returned to fund the maintenance and upgrading of the road network, despite being collected exclusively from road users.

- **Volunteer Emergency Service Costs** - Volunteer Emergency Services provide a service to the whole of the community, however they are generally funded by Councils and community fundraising.
- **BCITF Levy** - Education is not the role of Local Government, nor is "tax" collection for third parties. The BCITF levy is to provide an education service that should arguably be provided by the State. Local Governments are the collectors of these funds.