

Submission No: 289

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**SUBMISSION BY LATROBE COUNCIL TO THE INQUIRY INTO  
LOCAL GOVERNMENT AND COST SHIFTING.**

The Latrobe Council is a small rural Municipality on the North West of Tasmania with a population of 8100 people. In recent years the Council has had a growth increase higher than most Tasmanian Councils.

The Council has had input into submissions prepared for the Inquiry by the Local Government Association of Tasmania and the Cradle Coast Authority.

This submission follows the sequence of the terms of reference No's 1 to 6.

**NO.1 – CURRENT ROLES AND RESPONSIBILITIES**

In recent years the role of local government has undergone considerable change and Councils are now performing a number of duties outside the traditional roles.

Some of these new roles have resulted from a transfer of state government responsibilities to local Councils and some purely from Community driven demand for additional services.

The Councils are often required to meet a need within the community that is not being adequately met by other tiers of government.

For some time the Council has supported a review of the roles and functions between the tiers of government but in particular between State and Local Government.

Over the years enquiries have commenced to define the roles of each tier, an agreed outcome has not been reached.

There would be an obvious cost benefit if consensus could be reached specifically outlining roles and responsibilities of each tier of Government.

**NO. 2 – FUNDING ARRANGEMENTS**

Like all Councils, Latrobe Council mainly derives its revenue from rates, fees and charges, grants and bank interest. The rates are the main revenue source being 73% of total revenue.

There is a limit however, on how much further rates can be increased with many ratepayers already finding it difficult to meet their annual rate demand. Rates are levied annually to cover the Councils operating costs and do not provide a margin to pick up additional tasks that may be passed onto the Council.

In recent years the Council has improved its work performance and output to the extent it has been able to absorb many additional roles but this has now been maximised.

The Council is unable, from its current revenue base, to undertake additional responsibilities.

The Council derives 13% of its revenue from charges, fees and interest and there appears little opportunity to increase this source of revenue.

The Commonwealth general purpose grants equate to 13% of the Councils revenue which is significant. The Council has always found the State Grants Commission to be responsible and is supportive of the current format for the distribution of funds.

State Government Grants and other Commonwealth Grants make up less than 2% of remaining Council revenue.

If the Council is to continue taking on increased community responsibilities there will need to be increases in State and Commonwealth funding to help meet the cost of these additional and expanding services.

It is particularly noticeable and a concern that over the past 10-15 years the State Government has reduced its funding to local Councils but *has actively pursued the transfer of many community responsibilities and roles to local Councils.*

### **NO. 3 – CAPACITY OF LOCAL GOVERNMENT TO MEET EXISTING OBLIGATIONS**

The Council currently has difficulties in meeting its Local Government obligations due to its limited financial resources.

Where the opportunity arises the Council has joined with State Government and other Authorities to provide services on a joint and more economical basis.

The following services are currently provided on a regional basis: waste disposal, bulk water supply, burial grounds, regional economic development, regional tourism and dogs home.

The Council is also in the process of committing to a number of partnership agreements with the State Government. It is believed all of these regional and partnership agreements allow for economies of scale and a reduction in unit cost.

The Council has been a great supporter of the new Cradle Coast Authority which has nine member Councils and decision making autonomy on designated functions.

### **NO. 4 – LOCAL GOVERNMENT EXPENDITURE**

As previously mentioned there has been a transfer of services to Local Government from the State Government. Often this has been of a regulatory nature or where services have been discontinued by the State Government but local community demand has required Councils to become involved. Some examples of these types of service have included

traffic lights, road signage, policing, weed management, statutory planning, environmental and health controls.

There has also been additional onus placed on local Councils from the signing of International treaties by the Commonwealth Government. These treaties have resulted in the flow through of policies and guidelines to Councils.

An issue that needs to be addressed is the Councils requirement to comply with National Competition Policies. In doing so Council does not receive an allocation from the State Government from the funds the State receives from meeting its commitment to the Commonwealth. As the Council is required to meet the National Competition Policy guidelines *it is reasonable to expect it should be partner to the direct benefits.*

It is also annoying that Tasmanian Councils do not receive a share of GST revenue unlike some other States which apparently provide a portion of this funding to the local Councils.

One major shift of State costs to Councils, which occurred eight years ago was the transferring of responsibility for bridges to Councils. This has been a major impact on Council expenditure particularly those rural Councils with numerous bridges and small non growth revenue bases.

#### **NO. 5 – RATIONALISATION OF ROLES**

As mentioned in No. 1 this Council would support the redefining and clarifying of Local Government responsibilities. However it needs to be understood that any transfer of State or Commonwealth responsibilities to local Councils *should be accompanied by commensurate levels of funding.*

If funding is not provided the cost to the traditional ratepayer increases and the current heavy burden on the ratepayer becomes even more unbearable.

Our Council will continue to support any inquiry that might result in a better clarification of the roles of the three tiers of Government and how funding of services can be more equitable.

Although smaller Councils may not have the rate base of larger urban Councils they are still required to provide a high level of services.

#### **NO. 6 – COMMONWEALTH GRANTS COMMISSION REVIEW**

Whilst the Council appreciates the manner in which the State Grant Commission operates, it would not be opposed to funds being distributed by a Commonwealth Grants Commission providing safeguards are in place to see that smaller Councils are not disadvantaged.

This Council would be opposed to any distribution system that resulted in a lesser grant than it already receives.

The Council believes there should be a fixed amount of Commonwealth funding from the annual budget set aside for Local Governments. The provision of funds to Regional Australia by Government is essential if a vibrant National structure is to be retained.

Funds should be distributed on the same basis across the States but certainly not with any higher emphasis on population than currently exists. In general the Council supports the recommendations of the Commonwealth Grants Commission Review.

Local Government should continue to pursue formal recognition in the Australian Constitution as the third sphere of Government.



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