

Heart of the Stirlings
SHIRE OF GNOWANGERUP

YOUR REF

OUR REF FBL.MJS/4.1.27

19 July 2002

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

Submission No: 33

Date Received: 24/7/02

Secretary: Burdell

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

Dear Sir/Madam

RE: INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING


I refer to your letter dated 13 June 2002 and advise that Council discussed this matter at its 10 July 2002 meeting.

Council welcomes the inquiry and believes that the Committee will find significant evidence of cost shifting to Local Governments from State and Federal authorities.

Attached are our comments for your consideration.

If you have any queries, please contact me.

Yours faithfully


F B LUDOVICO
CHIEF EXECUTIVE OFFICER

SHIRE OF GNOWANGERUP SUBMISSION

The Shire of Gnowangerup has identified the following issues, which would be appropriate to submit to the Standing Committee on Economics, Finance and Public Administration. These are:

1. Roads

Both State and Federal Governments have not allocated Local Governments sufficient funding from the various taxes, excises etc that they collect to undertake road maintenance and capital improvements. This lack of funding has in effect, shifted the cost of the provision of these services to Local Governments.

2. Department of Agriculture WA Services

The Department of Agriculture WA has been involved with cost shifting the provision of officers to regional areas through the establishment of Community Agricultural Centres. This Program requires Local Governments to partially fund the provision of Agriculture WA officers in regional areas. Unless Local Governments were prepared to support the Program, Agriculture WA officers were not established in those towns.

Cost shifting has also occurred in the Agricultural Protection side of the Agriculture Department. Previously, Agricultural Protection Officers were able to locate and treat pest plants and vermin. This has changed and Agriculture Protection Officers now simply instruct landholders to undertake the control of these pests, without any assistance from State Government. This is an additional cost that landholders have had to bear, which was previously undertaken by the Western Australian State Government.

The issue for Local Governments is that we manage various lands on behalf of the Crown and the control of vermin and pests is no longer paid for by the Crown but by Local Governments.

The other area of concern regarding control of vermin and pests are the various levies and fees that agricultural producers need to pay to State and Federal authorities for the control of these species. It appears that these funds are not being utilised by these authorities for the purpose for which they are collected. We are therefore concerned that Local Government is bearing costs for pest and vermin control, with no funding being passed to Local Government from State and Federal authorities, who are actually collecting levies and fees from farmers to control these species.

3. Water Deficiency

The current requirements for declaring water deficiencies within Western Australian involves Local Governments collating information regarding water usage, possible locations of water storage points and other information, so the Office of Water Regulation can make a declaration. We believe that the Department of Agriculture clearly has the ability to identify stock numbers and facilities for water storage.

This aside, it should be the responsibility of the State through the Department of Agriculture, Office of Water Regulation and the Water Corporation to undertake the investigation and declaration of water deficiency in a Local Government area.

4. Health

It is becoming increasingly apparent that the Health Department is shifting the cost of the provision of health services to Local Government. This Council has been requested to provide financial assistance into the capital upgrade of the Gnowangerup Hospital (\$40,000). This is a State Government responsibility and financial support from the community should not be required.

Also in the area of health is the increasing large amounts of financial assistance put together by Local Governments to locate, attract and retain Doctors in rural areas. These packages can be substantial. The Shire of Gnowangerup is contributing almost \$85,000 to this process. Health is a State Government responsibility and these costs should not be borne by Local Governments.

5. Environmental Health

Cost cutting by State Governments mean that not all communities have access to infill sewerage programs. If you have a small community located within the Shire and effluent problems become apparent, the State Government will not install infill sewerage. The Local Government is required to obtain funds and install and administer waste treatment facilities. This was the case for this Shire regarding Borden, when the capital costs were approximately \$250,000 with an ongoing maintenance cost of \$10,000 per year.

6. Telecommunications

Telecommunications is either Federal or State Government responsibility. When the Gnowangerup Shire and surrounding Shires petitioned both Governments to install mobile phone telecommunications in our region it fell upon deaf ears. These Councils then joined together and obtained funding through the Networking the Nation Fund to make this happen. The respective Local Governments also contributed \$340,000 in cash towards the installation of the mobile phones into our region.

Additionally, when the Western Australian Government Wireless West Program was instituted for the installation in Shires of additional mobile telephone coverage, each Shire was required to make a co-payment for the installation of these services. Without the co-payment additional mobile telephone coverage would not be installed.

Local Governments should not be required to provide these services for local communities. If the Federal and State Governments and telecommunication carriers are unresponsive to the demands of their constituents or customers, some mechanism should exist to ensure the delivery of these services.

7. Heritage of WA Act 1990

The Heritage of WA Act 1990 indicates that Local Governments shall provide and maintain an inventory of buildings within its district that is of cultural significance. Heritage is a Western Australian State Government responsibility and the provision of the Heritage of WA Act 1990 clearly shifts the cost of developing inventories to Local Governments.

8. Roadside Advertising

Main Roads WA has attempted to shift the responsibility for the maintenance of the control of roadside advertising to WA Local Governments. Whilst there are many benefits associated with Local Governments controlling the standard of roadside advertising within its Local Government boundaries, the activity has not been supported with additional funding to undertake this increased management role.

9. Motor Vehicle Licensing

In 1999 State Government reviewed the way it would process motor vehicle licensing. In effect, it reduced the number of data processors which it employed and asked Local Governments to process all motor vehicle licensing on line. In the process the commissions available to Local Governments were reviewed. Only minor changes to those commissions that were payable prior to the change.

The State Government uses an on line processing system, which means that telephone calls into the central computer are charged at STD rates, therefore making it unviable for most rural Local Governments to be permanently connected to the Police Department computer. This is opposed to accessing police licensing through the world wide web, which can be accessed all day for the cost of one local telephone call.

In effect, State Government has shifted the responsibility of data processing to Local Governments, not substantially increased commissions payable to Local Governments and has increased their costs by forcing them to use an expensive on line system.

This cost shifting has further been increased by the responsible now imposed on Local Government for the processing of Learners Permit Testing and also undertaking eye testing, previously the responsibility of the Police Department.

The State Government revenue collection processes are significant and are not being adequately compensated by the commission payable by the Government. The level of responsibility has also increased and once again, this has not been compensated for the State Government.

10. Collection of Revenues

Building

The State Government has mandated that Local Governments will collect the Building and Construction Industry Training Fund (BCITF) and Builders Registration Board (BRB) levies with the issues of Building Licences.

These levies were imposed without any regard for compensation for the cost of collecting these funds.

FESA Levy

It is also proposing that Local Governments collect the FESA Levy. The Government is proposing to use the Local Government rating system to collect the levy and it will pay a commission for the use of the system. We are concerned that issues such as bad debts, revenue collection of defaulting ratepayers will be a cost that will be borne by Local Governments and not the State Government.

It also shifts the public perception of who is imposing the Levy and therefore any negative attitude from the public will be directed at the Local Government and not at the Western Australian State Government.

11. Refuse Removal

The WA State Government has imposed a number of levies in respect to refuse removal and imposed a licensing regime for refuse site management. It indicated that these additional funds would be used to assist in issues such as recycling and improvements in refuse site management.

It appears that these funds are not being directed back to Local Governments to physically utilise in the improved management of their refuse sites.

12. Smoking in Restaurants

Whilst not a big issue in the Shire of Gnowangerup many Local Governments were required to police regulations regarding smoking in restaurants. This requirement was mandated to Local Government without any funding support.

11. Provision of Housing for State Government Officers

Once again not an issue for this Council, but I am aware that other Councils have been asked to provide housing for teachers and police officers. If they are able to provide housing, an officer will be transferred into the town.

Conclusion

The above issues identify the various responsibilities that have been 'shifted' to Local Government. They have not been supported with funding to undertake the activities.

There is clearly a need to review the role of Local Government within Australia's Governance landscape. Communities expect their Local Governments to be able to solve their problems even if they don't fall within its legal jurisdiction (ie. Crime, Health) and whilst it involves a lobbying process Local Governments actively participate. The difficulty arises when expenditures are involved.

Local Government is essentially funded for Roads, Refuse and Recreation but increasing pressure from the other tiers of Government and communities necessitate its involvement in activities that are essentially unfunded. Therefore it severely affects our capacity to undertake our own work, in the very much needed areas of Roads, Refuse and Recreation.

Shire of Gnowangerup Submission

A remedy to this could be a guaranteed percentage of the tax collection by the Commonwealth and/or State Government or returning of the fuel excise collected to Local Governments for roadworks.

Both initiatives will enable us to maintain and improve our communities infrastructure and free up resources to deal with the unfunded mandates imposed on Local Governments.

F B LUDOVICO
CHIEF EXECUTIVE OFFICER