

BELYANDO SHIRE COUNCIL

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Please address all communications to
The Chief Executive Officer

Your Ref. Refer to Footer

Our Ref. _____

25 July 2002

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

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	67
Date Received:	26/7/02
Secretary:	Budell

Dear Sir/Madam,

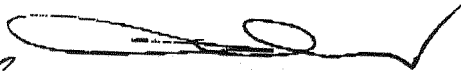
Re: Response to Inquiry into Local Government and Cost Shifting

Reference is made to your letter dated 13 June 2002 inviting Council to make a submission on the above Inquiry.

Please find Council's Submission attached and in any future correspondence please quote the footer details listed below as the reference details.

If you have any queries in relation to this matter, please contact John Torpy, Chief Executive Officer on 4941 7254.

Yours faithfully


John Torpy - Chief Executive Officer

ENCL

Correspondent/36994

RESPONSE TO INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

Response to item 6 of the terms of reference

The following is a response to some of the recommendations included in Review of The Operation of the Local Government Act 1995.

Other Grant Support

Belyando Council does not support the proposal to treat all other grants and subsidies as simply another source of revenue (Page 19). This proposal undermines the intent of State and Commonwealth Government grants that already fail to address existing funding shortfalls and are essentially a catch up for historical underfunding.

The majority of road grants are for capital expenditure that is not included in the road funding assessment. Our shire is in real need of funding for augmentation purposes but it is a specific recommendation of the above Review that these augmentation needs not be taken into account. Therefore, it is not only inequitable but illogical that augmentation funding should be included.

Further, in smaller communities, the council often acts as the sponsoring agency for community groups, receiving and administering the grants on behalf of the community. This is a safe and convenient practice that would be jeopardized under the proposed Commonwealth suggestion.

If the Commonwealth imposes this change, we suggest that grants that are provided to councils as compensation for complying with legislation that has been thrust upon us should receive special treatment. Examples of such grants are National Competition Policy Grants, National Disaster Mitigation Plans and some other planning grants. Such grants are provided in line with priorities of other levels of government, and would not be a spending priority of our council if we were given a choice.

Certainty of Funding

Council considers it is essential that the Commission is able to provide some stability and predictability of grant outcomes, particularly in respect of limitations in decreases that can be the equivalent of a very large percentage of a Councils own rate raising capacity.

A limitation of 5% of a Councils current general rate per annum is considered a reasonable decrease level that allows a council opportunity to plan and maintain necessary service levels without impacting too severely on rates to be levied in the forthcoming financial year.

Distribution of the Relative Needs Pool

It is understood the Federal Commission has proposed the adoption of a model for distribution of the (shortfall) funds based on the funding shortfall being allocated on a per capita basis throughout the state. Council would support the adoption of this model if there were to be any change.

The use of an equal proportion of the deficit distribution methodology as utilised in some other states and Territories would significantly disadvantage those shires with a large deficit and benefit those who are most capable of self-sufficiency. This would compromise the equalisation concept of the grants. Council therefore wishes to record its strong objection to this proposal.