

Bundaberg City Council

MJC:VA

26th July, 2002

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

Submission No: 156

Date Received: 26/7/02

Secretary: *Byrdell*

All Enquiries to:
Mr J Clerke

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

BY E-MAIL: EFPA.REPS@APH.GOV.AU

Dear Secretary

Re: Inquiry into Local Government and Cost Shifting

I am writing to you regarding the above inquiry and enclose Bundaberg City Council's submission.

Bundaberg City Council welcomes the opportunity to make such a submission and should you require any further information or clarification of points in the submission, please do not hesitate to contact the undersigned or Mr John Clerke, Manager Corporate Services.

Yours faithfully

signed.

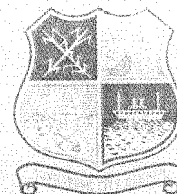
(P. J. Byrne)
Chief Executive Officer

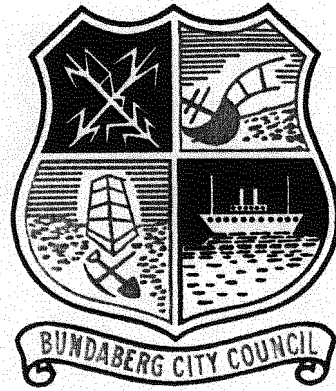
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All communications to be addressed to the Chief Executive Officer

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Bundaberg City Council

Submission to
Inquiry into
Local Government
and Cost Shifting



<i>Corporate Governance</i>	Governance; Community Consultation; Strategic Planning; Pensioner Concessions; Public Facilities; Agency Services; Law Making; Fiscal Management; Inter-Government Relations; Public Buildings; Public Awareness.
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2. Current Funding Arrangements

Council faces the ongoing challenge of meeting increased community expectations for both infrastructure and services. Also, the matter of new legislation at both State and Federal Level and the increased requirements in current legislation is impacting on Council's resources and ability to raise funding to address these matters.

Being a large Regional Council, there is a need to provide a range of services to meet this Regional role and whilst our Community receives the economic development associated with being a Regional Centre which, in part is passed onto Council, the direct impact of the wider services and to cater for the regional role is directly borne by the ratepayers of the City.

From a funding perspective, Council is able to access grants for capital purposes, however, the burden of the recurrent expenditure remains with the ratepayer.

Council's funding sources are as follows:-

- General Rates;
- Service Charges;
- Government Grants;
- Fees and Charges;
- Fines and Penalties;
- Borrowings.

3. Capacity to meet Existing Obligations and take on Enhanced Role in Developing Opportunities at a Regional Level

The expectations of the community for the delivery of services, particularly from Local Government, has been growing significantly over the past decades. In the past, the community was prepared to accept that Local Government's core functions were 'roads, rates and rubbish' (the three "r" of Local Government). As demonstrated in Item 1 of this submission, Local Government's role has significantly expanded.

Costs are growing disproportionately higher with Communities expectations than Local Government's capacity to raise revenue and the ratepayers capacity to pay rates and charges.

The capacity for ratepayers to meet their obligations including the payment of rates, is strongly linked to the local economy. Whilst the Nation's GDP grows and overall Australia's economy is strong, the micro-economic situation dictates the capacity of a community to meet its financial obligations.



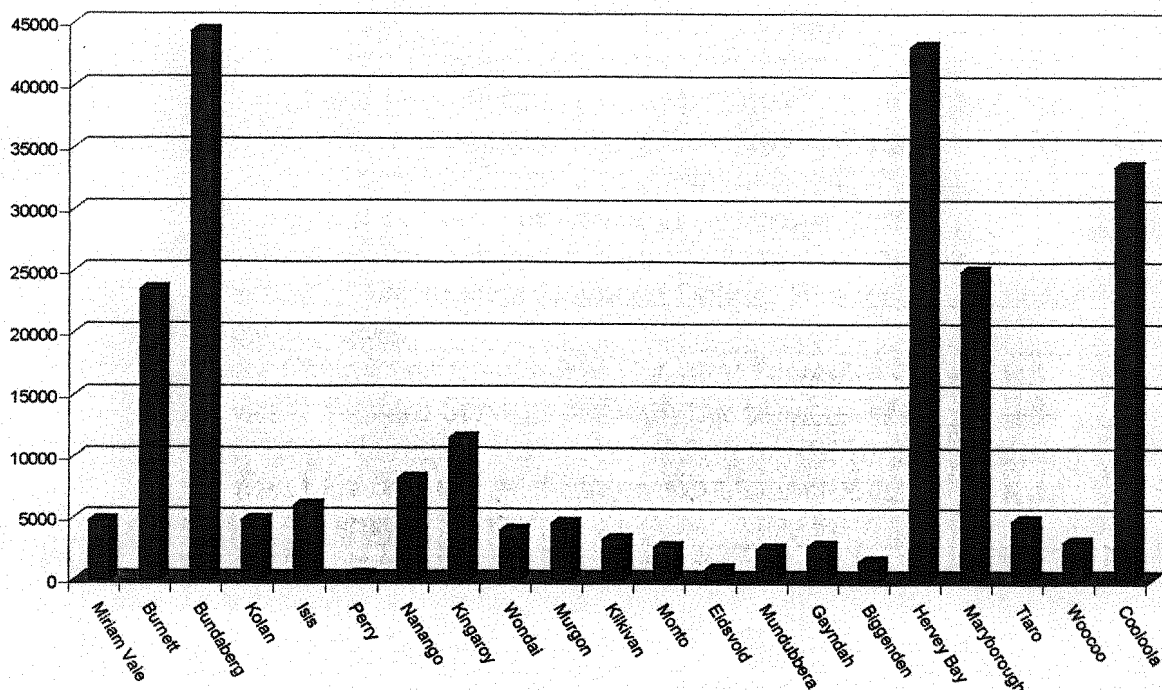
Factors which impact Bundaberg's community to meet Council's charges are as follows:-

- High levels of unemployment;
- Low income base;
- Rural Production;
- Economic relationship with sugar production;
- World Markets for primary production;
- Availability of water storages;
- Weather conditions, ie. drought.

In terms of Council's development opportunities at a Regional level to work together and pool funding to achieve regional outcomes, it is important to recognise that Queensland is the most de-centralised State in the Nation. Furthermore, Queensland Local Governments are traditionally larger than other State counterparts due to the expansive role of services provided (as outlined in Item 1,) including the provision of water, sewerage and waste facilities.

Bundaberg City Council is an active member of the Wide Bay Burnett Regional Organisation of Councils (WBBROC) and is supportive of the Regional Outcomes. WBBROC covers twenty-two (22) Councils with a population of 234,751 and an area of 52,405 square kilometres.

Populations of Local Governments in Wide Bay/Burnett



Bundaberg City Council, whilst supportive of Regional Co-Operation and Regional Solutions, is of the view that the funding for Regional Outcomes is the responsibility of the State and Federal Governments and that Local Government source revenue should not be re-directed to other Local Government areas.



<i>Corporate Governance</i>	Revised Local Government Act Standards; Local Government Reporting Standards; Reviews of Local Laws; National Competition Policy and Reforms; COAG Water Reforms; Greater Accountability of Corporate Governance.
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5. Scope for Rationalisation of Roles and Responsibilities between Levels of Government; Better Uses of Resources and Services to Local Communities

To consider the concept of rationalisation of Government services, then it must be assumed that more than one Government agency is undertaking that service and that efficiencies would be gained where only one agency undertakes that function. As demonstrated above, through the various tables, the functions and responsibilities of Local Government has significantly grown and this has been achieved by the devolution of responsibilities and activities from the others spheres of Government.

There is little duplication of services delivered by the other spheres of Government, as once the service is undertaken by a Local Government (whether this is achieved through legislation or seed funding) the State or Federal Government agencies quickly withdraw from that service.

Of considerable concern to Local Government, are the requirements of other levels of Governments for Local Government to enter into partnerships with community groups to achieve an outcome. These community groups are often specific interest organisations that have been formed to achieve either specific goals or longer term results. These community groups are either self appointed or have been appointed by State or Federal Government.

For example, as part of the process in the construction of a new water storage facility, a catchment management group is established. Individuals are appointed to the group representing various interest sectors ie. environment, local land owner, landcare, conservation council etc. The group does not have the accountability to the electorate like Local Government. Furthermore the Local Government is often required to give financial and administrative support. The establishment and partnerships with interest groups are creating further levels of bureaucracy and rather than rationalising resources and services.

6. Review of Local Government (Financial Assistance Act)

Bundaberg City Council has made submissions to the Queensland Local Government Grant Commission and a copy of that can be made available if required.

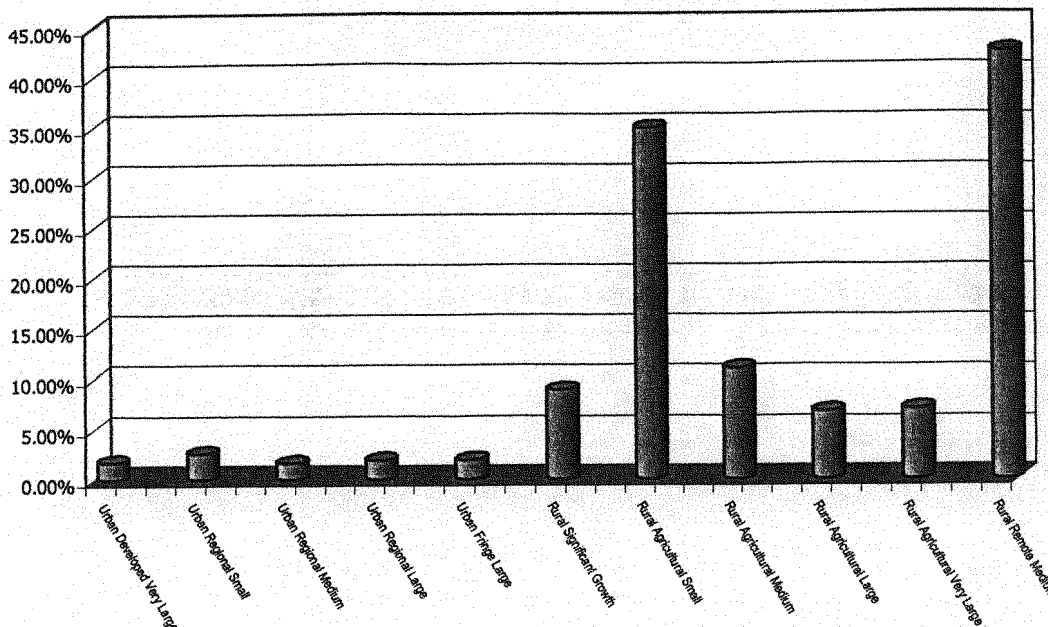
Notwithstanding the principles of horizontal fiscal equalisation, the graph below clearly demonstrates the reliance some Councils have on grant support. There has been a significant expansion of services by Local Government and yet external funding through grants, particularly for the urban and regional centres, is representing only a small proportion of Councils total revenue.

Bundaberg City Council Submission on Inquiry into Cost Shifting onto Local Government



In other words, the ratepayers of centres such as Bundaberg are bearing the costs of services being demanded by the community or being thrust upon it through delegation from Federal and State Government either through legislation or cost shifting.

% of Grants against Rates Revenue - Selected Queensland Councils



Whilst it is acknowledged that the Grants Commission monies to Bundaberg represents a small percentage of rate revenue, nevertheless, any reduction in grants would impact upon Councils services and revenue raising capacity. Bundaberg City Council is extremely concerned that the proposed changes in the methodology for distribution of grants in Queensland, in accordance with the Commonwealth's Grants Commissions recommendations, would result in a 40% reduction in the Grant which is equivalent to \$600,000.

CONCLUSION

Local Governments are increasingly bearing the costs for the shifting of powers from other spheres of Government with little or no financial assistance from those levels of Government. Local Government is at the cutting edge for the delivery of services and is said to be the level of Government accountable at the grass roots.

Bundaberg City Council expresses its appreciation for the opportunity to make this submission and should you require any further information, please do not hesitate to contact Council.