



# Cambooya Shire Council

Council Chambers, Hodgson Street, Greenmount  
0200  
PO Box 21 Greenmount, Qld, 4359

ADF029 1/02  
Telephone: (07) 4697

Facsimile: (07) 4697 0290  
Email: [info@cambooya.qld.gov.au](mailto:info@cambooya.qld.gov.au)

## **SUBMISSION TO THE COMMONWEALTH INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING**

### **1.0 Background**

Cambooya Shire Council is situated on the Darling Downs in Queensland and is a member of the Eastern Downs Regional Organisation of Councils (EDROC) which is centred on Toowoomba. Over the past decade, Cambooya Shire has consistently been the fastest growing Local Government on the Darling Downs with a population of approximately 5000 people.

In considering industry strengths, Local Government is a strong organization in most communities. Ratepayers receive better value for their rate dollar than from the tax dollar. Each organization in the industry genuinely supports the others, with little competition existing between organizations. Councils have traditionally specialized in the delivery of physical services, roads, rates, rubbish, water, parks, recreation and other infrastructure to meet social and community needs.

Most Council's are management thin, overheads are kept to a minimum and the voluntary work of Mayor and Councillors support the management role of the CEO. The thin structure provides opportunity for faster decision making and referrals. Officers work in open environments, sharing tasks, and are openly visible to the public, often as a member of the community organizations, giving their time and support.

Other noteworthy strengths include:

- By Act of Parliament a degree of monopoly is enjoyed;
- Substantial skills are kept in-house;
- Staff are enthusiastically committed to fulfilling a socially worthwhile function; and
- There is support provided by other organizations and government agencies.

Current industry weaknesses include an uneasy tension between State and Local Governments resulting from the autonomy afforded to Local Government by the Act. Some Councils state that they had much greater freedom under the *Local Government Act 1936* (Mallett 1997, p 46). A similar weakness is becoming more prominent through State Government with Federal Government, from both a reducing funding perspective and implications of national policies.

From a legislative perspective alone, the past decade has seen notable changes which have impacted on Local Government. For example:

<b>Year</b>	<b>Key Changes in the 90's</b>	<b>Impact</b>
1991	<ul style="list-style-type: none"> <li>• <i>Judicial Review Act</i></li> <li>• <i>Anti-discrimination Act</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased accountability</li> <li>• Changes in management practices</li> </ul>
1992	<ul style="list-style-type: none"> <li>• <i>Freedom of Information Act</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased accountability &amp; transparency</li> </ul>
1993	<ul style="list-style-type: none"> <li>• <i>Local Government Act</i></li> <li>• <i>Native Title (Queensland) Act</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased accountability &amp; changed management responsibilities</li> <li>• Changed land management practices</li> </ul>
1994	<ul style="list-style-type: none"> <li>• <i>Environmental Protection Act</i></li> <li>• <i>Transport Infrastructure Act</i></li> <li>• <i>Transport Planning &amp; Coordination Act</i></li> <li>• <i>Workers Compensation Amendment Act</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased regulatory responsibility</li> <li>• Changed management practices</li> </ul>
1995	<ul style="list-style-type: none"> <li>• <i>Workplace Health &amp; Safety Act</i></li> </ul>	<ul style="list-style-type: none"> <li>• Changed management practices &amp; increased responsibilities</li> </ul>
1996	<ul style="list-style-type: none"> <li>• <i>Local Government Legislation Amendment Act</i></li> <li>• <i>Competition Policy Reform (Queensland) Act</i></li> <li>• <i>Workcover Queensland Act</i></li> </ul>	<ul style="list-style-type: none"> <li>• Changed management practices &amp; increased responsibilities</li> <li>• Increased accountability &amp; transparency</li> </ul>
1997	<ul style="list-style-type: none"> <li>• <i>Integrated Planning Act</i></li> <li>• <i>Workplace Relations Act</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased regulatory requirements</li> <li>• Changed management practices</li> </ul>
1999	<ul style="list-style-type: none"> <li>• <i>Vegetation Management Bill</i></li> <li>• <i>Water Resources Regulation</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased accountability, regulatory requirements &amp; changed land and water management practices</li> </ul>
2000	<ul style="list-style-type: none"> <li>• <i>GST &amp; Related Matters Act</i></li> <li>• <i>Water Bill</i></li> <li>• <i>Waste Management Bill</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased administration</li> <li>• Increased accountability, regulatory requirements &amp; changed land and water management practices</li> </ul>

While Cambooya Shire Council acknowledges that there is merit in legislative changes, the issues are that these changes are not being made with a full assessment of the impact and amendments being made to the funding amounts to support the implementation and ongoing increased costs.

Further, it has been suggested that the new requirements (eg for accrual accounting and other business practices) are much steeper for Local Government than for private companies. This begs the question – to who is Local Government accountable? Is there the right balance of accountability rather than control (which could stifle innovation and impede good decision making)? Hence, the objectives of changes imposed on Local Government are not always clear. Local Government's role in the government of Australia has advanced well beyond the origins of delivering road construction services. This raises the need to clarify the current and future role through constitutional recognition.

As with all other Local Governments throughout Australia, Cambooya Shire Council have been subject to changes in cost sharing over recent decades, and all indications are that this will continue in the future. This raises concern for Local Government to achieve a more equitable method of accepting and assuming additional roles and responsibilities in delivery of services to the community.

This submission has been compiled with support from neighbouring members of the Western Regional Organisation of Council (WESROC) and the Local Government Association of Queensland (LGAQ) and is intended to supplement their submissions.

## **2.0 Focus of Submission**

Changes in cost sharing in Australian governments have occurred for many years. However, it is evident that the declining financial support from other levels of government, in combination with the increasing roles and responsibilities in government services, is proving the situation untenable.

The challenges result from five (5) different types of events, being:

1. Additional functional responsibility transferred to Local Government;
2. A portion of responsibilities transferred to Local Government;
3. Modification of conditions of operation of Local Government;
4. Changes in operating arrangements with social implications; and
5. Lack of removal of inhibitors of appropriate transfers.

This submission will address each of these aspects and suggest ways of addressing the issues identified.

## **3.0 Implications of Changes**

### **3.1 Transfer of Responsibility**

There have been many studies undertaken through Australia that demonstrate the growing list of functions undertaken by Local Government. What these studies have not considered is the consequential funding implications and whether they have been adequately addressed.

At its most basic, this is reflected in the operations of Financial Assistance Grants to Local Governments. Cambooya Shire Council has been affected by the extent of functional changes of the past decade but more importantly by the methodology employed in the distribution of grants that disadvantages growing Shires to assist declining Shires. Most evident is the disproportionate return of tax revenue to the locality where it was collected resulting in a greater need for local taxes and charges. While Cambooya Shire Council recognizes the need to support declining communities this should not be at the detriment of growing communities.

A second form of transfer of responsibility, which is less apparent, has been the bias location of services and removal of local services directly operated by the State, resulting in a reduced number of combined service delivery arrangements being put in place. Cambooya Shire Council notes that State and Commonwealth services have been limited in the Shire resulting in a reliance on travel to Toowoomba. As services have declined in Toowoomba, services have relocated to Brisbane extending costs to the user and/or the need to change from a face-to-face service provision to telephone and internet. The closure of the Australian Taxation Office in Toowoomba is an example, as is the need for the introduction of QGAP arrangements. Cambooya Shire Council continually receives requests to provide public transport to these services as no transport is provided by the

State. This demonstrates that no assessment has been made about the local impacts of these decisions nor the implementation of alternatives that do not burden the user. For example, internet equipment and access is not free, nor are there opportunities for skill development, leaving large portions of the community unable to receive the same services they once had.

The transfer of responsibility is another challenge, as are those concerns that relate to the implications of non-action by other levels of government, such as water supply planning and management. In a Shire that is dependant on good water supplies for its economy, it is concerning that the restrictions placed by the State, while they determine future demand and supply, is excessive and limits the ability for farmers, developers and Councils to meet demand and supply now and in the future. The current prolonged drought is stressing the situation, although the State does not appear to be working towards any relief.

### 3.2 Partial Transfer of Responsibility

Problems have arisen from agency decisions being made in isolation of both the whole of government position and that of the specific local community needs. It would appear that rationalization and/or delegation of services are undertaken to reduce State costs without any measures being taken support Local Government in assuming the delegations on a long term basis.

Many examples exist such as the requirements under the *Integrated Planning Act (IPA)* for Planning Schemes to accommodate the planning needs of the region and State. There has been a substantial increase in costs for Local Government with absolutely no funding support from the State. Surely if the instrument is now also a State planning instrument (with State rights) then State Government should be contributing to the increased cost of development, management and implementation of the same. The IPA has increased many aspects from simple matters, such as extensively increasing advertising and consultation costs, mapping, administration, assessment, liaison, etc, through to purchasing new computer equipment and employing additional staff. To date Cambooya Shire Council has had to accommodate increased costs in the order of \$150,000 per annum (4% of revenue) just to meet IPA requirements.

### 3.3 Delegation without Transfer of Control

This form of cost sharing is the most contentious. State and Commonwealth Governments react to public demand to expansions of services (either regulatory or delivery). However, the desire to maintain low levels of taxation leads to an inability or unwillingness to physically provide such services through their existing structures, which are commonly downsizing. The consequence is an unwillingness to abandon control over a function, leading to the search for alternative mechanisms.

One such mechanism is legislative and regulatory powers which State Government can exercise over Local Governments. Another is the financial incentives available to the Commonwealth Government through both budgetary and increasingly non-budgetary means using contractual processes.

The result is most evident in the growth sector or environmental protection and natural resource management during the past decade. By 1999-2000 the ABS indicated that Queensland Local

Governments spent \$1.64 billion on this sector, while the State Budget for 2002-2003 only provided its two primary agencies in this sector – the Environmental Protection Agency and the aspects of the Department of Natural Resources and Mines addressing the “Valuing the Environment” policy priority – with \$661 million.

This disparity reflects cost sharing forced on Local Governments in earlier periods, and which has been built on in recent times. Only six percent of revenue to provide Local Government environmental protection and natural resources management services came from State or Commonwealth Government sources, with the remainder raised from local sources. Despite this, close control is exercised by the State Government using legislated power. This is most clear in the regulation of open ended commitments, relating to standards of waste treatment and rehabilitation, where Councils have been required to carry out the services without any assurance of State acceptance of partial liability.

There is a lack of State expenditure on acquisition of land for conservation purposes. While the region has only 16 percent of its terrain in State controlled protected areas (compared with 45 percent in the Sydney region), virtually all acquisition is by Local Government, who are then taxed by the State for helping it meet its objectives and targets contracted with the Commonwealth Government.

Clearly, there is potential for rationalization in this situation. The State’s desire to keep control leads to overhead costs in the provision of services to the community that require justification, especially in circumstances where Local Governments have shown that they can carry out a wide range of services more efficiently, usually more effectively and almost always in ways more appropriate to the receiving community than standardized provision by State bureaucracies.

### 3.4 Inappropriate Rationalization of Services

In the current environment agencies are more and more looking at ways of increasing the efficiency of their operations, which are measured in terms of financial cost. The Queensland State Government imposes an “equity return” on its Departments to force them to look for such savings.

Consequently there have been moves to reduce regional and local services, with increased use of call centres and telecommunications instead of local staff. This is not a recent change to some areas of government service, with patterns of supply developed that have been subject to further change in recent years.

A clear example of this is the provision for road works for State controlled roads, which evolved from a State employment system to one where Local Governments are contracted for construction and maintenance work. This has played a significant role in sustaining local employment in many rural areas. During the 1990s the Department of Main Roads changed its contracting basis with the result that much of this socially important work was let to commercial providers, usually based in major urban areas, with consequent loss of local employment.

Cambooya Shire Council acknowledges the need to ensure competitive neutrality in appropriate circumstances and further notes that the Department of Main Roads is cognizant of the local

employment issues. However these changes have occurred without considering the original intent and without a long term view of the future direction of what was considered a funding source.

A side effect for many Council's was that their road works equipment provision required State supplement to be sustainable. Consequently there have been losses of capacity in local areas, leading to further contracting out of local work and even less local employment. The cost implications of maintaining equipment for road projects have not been considered against the benefits of competitive neutrality. Remembering that road construction was the main reason Local Government was deployed by the other levels of government, this change in direction needs to be transparent and consequences accommodated.

Alternatively Councils have had to engage in contracting their roadwork gangs and equipment to other users and locations, to the social detriment of the local areas, or share skills and equipment to keep some services locally. The narrow implementation of the National Competition Policy has aggravated this situation.

Other examples of poorly considered rationalization, include the closure of Court Houses across the State, is the reduction of serviced rail stations and the redirection of funding away from rail services supporting the unsustainable growth in road use.

At a general level, changes in administrative practices have also meant that access to existing local facilities of State agencies (such as schools) is often restricted in scope or level with the result that previous degrees of availability of facilities (often paid for by local communities) can only be met through Councils supplementing or duplicating provisions.

These practices mean that, for a local community, access to services can be variable across and even within State agencies. Council resources are having to be provided to duplicate or replace facilities and services that do not meet local needs, especially driving out multi-functionalism. The need is acknowledged, with efforts towards “place management”, but this is over ridden by what are believed to be economic and centralist imperatives.

Contrary to the high growth and strong statistics of youth in the Shire, Cambooya is also suffering from the State’s apparent desire to reduce the number of local schools, with local children being educated in the adjoining Local Governments of Toowoomba City and Clifton. This has implications for the social fabric of the local community as children establish friendships outside their local community.

Cambooya Shire Council is particularly concerned about the provision of education and the associated transport subsidy arrangements. At this point in time, the State in its forward planning, is projecting a decline in students at our local schools against our consistently growing population trends. Instead the school bus services take our students past the front door of local schools to over crowded schools in Toowoomba with significant social and economic consequences. It would appear the bigger is better for Education Queensland even if it is at the detriment of local schools and communities.

### 3.5 Other Inhibitors of Seamless Service Delivery

Local Government's are just as able to employ and deploy the relevant expertise for any local service and are considered to be more able to tailor those services to community needs. It is therefore necessary to dispel the unfounded State and Commonwealth Government's fallacy that Local Government is less capable than other spheres of government.

The changes in roles and responsibilities of each sphere of government suggest that public servants with relevant expertise could also transfer their employment. However, penalties arise to individuals who currently consider transferring between State and Local Government. Transfer between Local Governments mean that leave balances can be maintained, however State arrangements have not been established to support transfers between State and Local Governments, this results in the individual having to forfeit accrued leave entitlements. Such a disincentive only discourages redeployment to other spheres of government and increases problems with changes in roles and responsibilities.

## 4.0 The Way Forward

The State Government has ultimate responsibility for the provision of most services to the community, and, over time, has developed a distribution of executive authority, which it shares with Local Governments. The main problem in recent times has been that State financial resources are limited, both by the economic situation and policy, while its aspirations and the demands for services continue to grow.

Further, in its drive to make its agencies more efficient, it has encouraged them to engage in cost shedding and streamlining of service delivery. However this has been from an agency perspective and not a community one (need or benefit). Increasingly, the State has failed to meet multi-faceted and integrated community needs.

The basis for part of the solution is recognized by the Sate Government, but inadequately implemented, as the priority is Departmental efficiency without consideration of service provision standards.

One component is the call for greater use of place management in identification and delivery of community requirements. Several agencies incorporate this approach as a component of their operations, but it remains minor.

A second component is cross agency (and cross government) integration of service provision on a place basis. For many years concepts and pilots have arisen (eg Goodna Service Integration Project) but they remain concepts and pilots. It would appear that the agreed directions from the regional integrated planning between Local Government and State Government have little strength and only guide the actions (at times) of State agencies.

These structures and approaches can facilitate better operations but do not strike at the heart of the problem. That is, State and Local Government need to be recognized as equal partners in addressing the needs of the community. This would be supported by formal recognition of Local Government's

status constitutionally. As partners in delivering services to the community, the spheres of government could then assess the relative roles of each partner in policy development, service delivery, monitoring and evaluation, etc, across a range of functions as they apply in each geographical area.

Efficiency, effectiveness and appropriateness should be the criteria used for services to the community across all spheres of government. The mix of management autonomy that results will vary across the State, as circumstances vary. The legislative, regulatory and standards driven approach characteristic of State Government activity with the need to proceed as far as possible in step across the State, proves to be in cases, detrimental to meeting local needs.

Clearly approaches to policy development and service delivery in the Gulf province of western Queensland, etc, have to vary. Not to do so is to impede the development of each area and impact on their potential standard of living and quality of life.

## **5.0 Conclusion**

Traditionally the State Government has been the front line provider of services, to a scattered low density population with limited financial and human resources. This circumstance no longer applies. The State has pulled back from this role in some sectors, but there has not been any integrated approach to the issue. In general, such restructuring has often led to increased imposts on Local Government without commensurate transfer of revenue or policy responsibility.

The vehicles for planning appropriate transfers of responsibility, control and resources have been established. The Local Government Association of Queensland (LGAQ) provides an effective peak body service that can be utilized to facilitate renegotiation at a macro level. The experience in the main development areas of the State with a co-operative partnership approach to planning at regional level through the Regional Planning Advisory Committees (RPAC), provide a basis for expanding such activity to address varied local situations.

The Eastern Downs Regional Organisation of Councils (EDROC) and the associated Eastern Downs RPAC is well equipped and experienced to represent our Local Government views and the State has an articulated (if under developed) system of Regional Manager forums that also operate at a similar level. Many of the EDROC activities have been nationally and internationally recognized and continue to pave the way in demonstrating co-operative decision making among Local Governments.

As such, there is no need for additional levels of governance as these existing groups provide the basis for co-operative co-ordination of services using procedures which directly involve the local communities which have developed in the region.

In the interim basic changes in approach which can be implemented would involve the conduct of independent social, economic and environmental impact assessments whenever a change in policy or service delivery that has implications for Local Government, is proposed by the State Government. The RPACs have legislative recognition in the *Integrated Planning Act* to provide advice in response to questions of the State and yet remain under utilized by both parties.



The Commonwealth Government similarly needs to assess the appropriate mix of implementation mechanisms for achieving its goals in local communities and could easily capitalize on these established mechanisms by dealing directly with Local Governments.

Where a Commonwealth program for local services has no policy input or service delivery component being made by the State Government, the funding should be direct to Local Governments or established Local Government groups. The EDROC, as an incorporate body, could easily facilitate co-ordination with local State service delivery where benefits could be gained from a combined effort.

Without doubt Local Government is a large and critical player in the provision of government services and as such current collective arrangements across the spheres of government need to be improved. With the urgency of this in mind, it is recommended that:

1. Local Government gains recognition within the Constitution to allow equal partnership and ensure collective discussion and agreement in service delivery arrangements with appropriate funding solutions.
2. A review of functions, clarification of roles and responsibilities is urgently undertaken to optimize service delivery among the spheres of government.
3. Government service delivery be recognized as a seamless framework with appropriate transfer mechanisms agreed and established not only for the transfer of roles and responsibilities but to support transfer of personnel between governments.
4. Acknowledgement of already established regional bodies of Local Government be made by State and Commonwealth Government more readily and upon consideration, recommendations be made regarding their structure and co-operative mechanism to ensure they act as a vehicle for regional co-ordination thereby meeting all governments' needs.