SHIRE OF CHAPMAN VALLEY

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The Secretary
House Economics Committee
Parliament House
Canberra ACT 2600

Dear Sir/Madam

INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

At a recent meeting Council resolved to provide the following comments in regards to the discussion paper released on the inquiry into Local Government and Cost Shifting: -

1. *Question 3 – Is there a need in some regions for restructuring to improve the viability of Councils?*

   It is noted in point 3.7 on page 11 of the discussion paper where several States have already moved to implement, or encourage, amalgamation of smaller Councils in both rural and metropolitan areas.

   The Shire of Chapman Valley believes that amalgamation is not the only answer to improving the viability of small Local Government Authorities and the enquiry should embrace the VROC concept (Voluntary Regional Organization of Councils) being an alternative method of improving efficiencies and effectiveness of Local Government Authorities whilst allowing Local Government Authorities to retain their entity.

2. *Question 4 – Is Cost Shifting a growing problem?*

   At the initial stage comments were sought, the Shire of Chapman Valley identified numerous areas where cost shifting is a growing problem and now reiterate those areas: -

   - Contaminated Sites Bill
   - Unexploded Ordinance
   - Department of Transport Transactions
   - Fire and Emergency Services
   - Noxious Weeds/Vermin Control/GMO's
   - Education
   - Administration/Financial Requirements
   - Telecommunication
   - Health
   - Coastal Management
   - Law Enforcement
   - Landcare

- Rate Exemptions
- Road Works

The above areas were expanded upon in Council's initial comments and can be made available again if required.

3. *Question 10 – Is there a case for reducing or abolishing the minimum grant?*

   The Shire of Chapman Valley has continually argued that the minimum grant concept in the Financial Assistance Grants criteria is ridiculous and removes funds away from areas of need.

   Council wishes to re-iterate its opposition to the minimum grant concept and believe this cost shifting enquiry should recommend strongly the abolition of the minimum grant concept through the Financial Assistance Grants Program.

4. *Question 13 – What is the scope for specific measures to enhance Local Governments revenue base to meet infrastructure needs – for example, infrastructure levies and increased borrowings?*
   Option 5 – Maintain Roads to Recovery into the longer term, either in its current form or as a component of AusLink.

   Mention is made of the Roads to Recovery Program by the Local Government Associate of South Australia, which the Shire of Chapman Valley offers its support. However, it must be clearly understood by the State Governments that Commonwealth assistance paid directly to the Local Government Authorities cannot be used as a vehicle to reduce State Government assistance to Local Governments.

   Local Governments in Western Australia have had their Road Grants significantly reduced. The State Government state as the Local Government Authorities are receiving Roads to Recovery Funding direct from the Commonwealth this is a valid enough reason for them to reduce Local Government Grants to roads.

   This is a situation where the Local Government Authorities are being caught between State and Commonwealth finance issues, with Local Government Authorities continually being the tier of Government that misses out.

   It is imperative that the Commonwealth and State Government do not jeopardize Local Government funding as a result of financial issues between each other.

5. *Question 19 – Is there sufficient exchange of information between States on "Best Practice" inter government relationships? If not, how could such exchange be improved?*

   The existing practice of providing Local Government Authorities with documentation on "Best Practice" Local Government Authorities do not always reach out to all involved in Local Government Authorities.

   The concept of funding "Best Practice" tours from one Local Government Authority to another may be considered another medium available to improve the exchange of information in this area.

6. *Question 21 – Should capacity building for Local Government be approached on a National basis? If so what are the priorities for a National Program.*

Capacity building should be considered on a National basis. However, any legislation, guidelines or policies developed from this approach should not be treated as all encompass, as has been a trend in the past by both State and Federal Governments.

Any legislation, guidelines, policies, etc, that may be derived from a national approach to capacity building should take into consideration the uniqueness of each individual group of Local Government Authorities (i.e. Metropolitan, Large Regional Centre, Rural and Remote, etc.)

7. *Option 1(b) – Treat FAG's simply as a Tax transfer with a simplified distribution system and formula, administered Nationally.*

   The only concern Council may have with this option is that if the formula is simplified too much it may jeopardize actual areas of need (e.g. disability factors for unique areas should always be considered).

8. *Option 1(d) – FAG's to be delivered as tied grants.*

   Council would disagree with this option and believe it will only create additional administrative burdens upon Local Government Authorities.

   The trend for increased administrative burdens upon Local Government Authorities has been evident in recent years in regards to financial reporting, new Local Government Acts and Regulations, etc. and needs to be reversed.

9. *Option 9 – Use a "Top Slice" of FAG's (perhaps 0.5%) to fund a National Capacity Building Agency along the lines of UK Improvement and Development Agency (IdeA).*

   - *Give the Capacity Building Agency responsibility for accrediting Council's and Regional Organizations of council wishing to become agents for the delivery of Commonwealth Grants.*

   Council is concerned with the ever increasing suggestions by the Commonwealth Government for FAG's to be utilised as a source of funding to implement new concepts.

   FAG's are essential to the operations of Local Governments and should be quarantined for that purpose only.

   The implementation of items under both the AusLink Green Paper and the enquiry into Local Government Cost Shifting should be funded from a totally separate source and not from the FAG's area.

Council trusts these comments will be given serious consideration and look forward to your response.

Yours sincerely

MAURICE BATTILANA
CHIEF EXECUTIVE OFFICER

21 March 2003

cc: Jane Keefe, Secretary, North Country Zone, PO Box 24, Mullewa WA 6630.
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