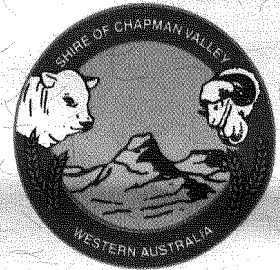


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House of representatives Standing Committee on
Economics, Finance and Public Administration

Submission No: 49

Date Received: 24/7/02

Secretary: Bardsell

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

Dear Sir/Madam

INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

The Shire of Chapman Valley wishes to thank your committee for the opportunity to comment on the inquiry into local government and cost shifting.

Attached to this letter please find a copy of Council's comments on areas where this local government authority has experienced difficulties with both State and Federal Government Cost Shifting for your consideration.

Council looks forward to the outcome of this inquiry.

Yours sincerely

MAURICE BATTILANA
CHIEF EXECUTIVE OFFICER

19 July 2002

SHIRE OF CHAPMAN VALLEY SUBMISSION

INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

Contaminated Sites Bill

Proposed Contaminated Sites Bill indicates that the costs and responsibility to rehabilitate refuse sites is to be borne and undertaken by the local government authorities.

A majority of refuse sites have developed due to historical consequence and not by way of design by the individual local government authorities (i.e. inherited).

For the Federal Government to structure legislation, which will insist that individual local government authorities cover the costs to rehabilitate contaminated refuse sites, is both undemocratic and unrealistic.

The Federal and State Governments also have a responsibility for contaminated sites and should participate in the cost sharing arrangement for rehabilitation of such sites.

Unexploded Ordinance (UXO)

Ironically the contamination of both crown and privately owned land by the Federal Governments Defence Forces in leaving areas uncleared of UXO's has not been accepted by the Commonwealth Government as there responsibility to undertake such clearances at their cost.

A total reversal and hypocritical approach when compared to the Contaminated Sites Bill.

It is important that the Federal and State Governments cover fully the cost of any UXO clearances on all land as it was contaminated by them.

Department of Transport Transactions

The shift in the operational tasks for items such as traffic licensing, vehicle inspections, motor driver licence testing requirements, etc from the State Government to local government authorities as agencies has created an anomaly where such services are being undertaken at a cost to the community.

It is important that the State recognises full cost recovery for a local government authority providing State services, which is not the case with this agency.

An example of the Shire of Chapman Valley is where the cost to administer approximately \$250,000 worth of police agencies transactions is approximately \$20,000 per annum, where the commission received for the services is in the vicinity of \$4,500.

Fire and Emergency Services

Emergency Services Levy

The recent decision by the Western Australian State Government to introduce the Emergency Services Levy (ESL) without taking into consideration any of the concerns raised by local government authorities (and WALGA) is a typical example of a cost shifting exercise from the State Government to local government without consideration for adequate or full recompense for providing such a service.

Though Council agree the ESL is a more equitable manner in collecting funds for the Fire and Emergency Services Requirements, it is a manner in which the collection is to undertake which is of concern.

The argument of local government authorities having the "best land valuation database" should be an excuse to tap into such a database for indirect taxation of the Shire's constituents without full recompense being given.

Bush Fire Services

The historical voluntary contribution made by the members of the community towards bush fire services within local government districts is jeopardised with the introduction of a compulsory levy as the perception may be that now the constituents have paid through their rates system there is no need for them to provide these voluntary services (i.e. service for payment).

Unfortunately if this does occur I doubt very much whether the levy being proposed will be adequate enough to cover the contribution which may be lost through lack of voluntary services being offered.

Noxious Weeds/Vermin Control/GMO's

The increase in cost imposition upon local government authorities for noxious weed and vermin control on reserves and land under their management is not being matched by most State and Commonwealth Crown controlled land.

An example is unallocated crown land is not adequately resourced by the Department of Land Administration in Western Australia for vermin and noxious weed control, which makes the task of such controls on neighbouring land (either Shire or private) almost impossible.

This is considered an indirect cost shift by the State who are ignoring their responsibilities of noxious weeds and vermin control on land under their jurisdiction.

In relation to Genetically Modified crops being considered in the agricultural region, it is believed that with the introduction of such crops it will be impossible for them to be contained within a specific zone, due specifically to the transport issues, which will result in road verges being contaminated by GM plants, therefore contaminating neighbouring land.

It is envisaged that such a situation may result in a significant cost imposition upon local government authorities to control the spread of GM plants and road reserves and the introduction of any GM crop should take this into consideration.

Education

The Shire of Chapman Valley has a specific instance where the Education Department of Western Australia has opted to lease a Shire building to accommodate their pre primary aged students rather than undertaking building improvements within their own land for such needs.

Though the Shire has reached a lease agreement with the Education Department it is believed this is a direct cost shift from the State to the Local Government in this instance.

This may be an isolated incident however, there may be evidence of similar occurrences throughout the State.

Administration/Financial Requirements

With the introduction of the requirements for local government to adhere to the AAS27 Financial Regulations most local government authorities (specifically rural and remote small authorities) have been required to obtain external contractual services to appease this accounting requirement.

Though not considered a cost shift situation it is an imposition upon these local government authorities who now need to run two sets of accounts (i.e. one to appease the requirements of government and another for the local government authority and community to understand).

ASS27 (specifically infrastructure assets) are in most cases totally insignificant and should be considered optional rather than compulsory.

Telecommunications

Telecommunications is not a role of local government. However, in several instances local government's have used their own revenue base to install mobile telephone services in their district.

An example with the Wireless West Program where local government authorities are being requested to contribute up to \$20,000 to Greenfield Sites is yet another instance of local governments having to tap into their own rate revenue base to supply services which are the responsibility of the Federal and State Government.

Health

ANZFA Food Legislation

The proposed ANZFA Food Legislation has highlighted the situation where the policing and control of this new legislation is going to place an additional cost burden (both human resources and revenue) upon local government authorities.

One example of this cost shift is a situation where community groups may be required to prepare food in a specifically approved facility, therefore requiring local government authorities to improve halls, sporting centres, etc and Environmental Health Officers having to undertake additional inspections to ensure such foods are prepared in these locations prior to sale.

It appears the "country corner cake stall" is now going to become far less practicable and achievable.

Doctors – Rural Areas

There are numerous instances where local government authorities have had to utilise their own revenue basis to attract doctors to their towns. This is a blatant example of where the State and Commonwealth have ignored their responsibility in the area of health, specifically in the rural areas.

Swimming Pool Inspections

This is an example of where the State Government has introduced legislation without providing the local government authorities with any additional and adequate resources to undertake swimming pool inspections on a regular basis.

This has resulted in an additional cost to Council in its public liabilities increase because they have been brought into the loop of litigation, which may occur due to faulty swimming pool fences.

Coastal Management

The onus of Coastal Management being forced down upon local government authorities for both restoration and control of activities has increased in latter years.

This should not be solely a local government authority problem and is one where both the State and Commonwealth governments should address.

Law Enforcement

In latter years there appears to be a shift in law enforcement in the areas of making the streets safer with security guards, street cameras etc.

In addition to this the most recent amendments to the Dog Act were passed down to local government without any consideration for additional costs and resources required to implement this legislation (dangerous dog and restricted breed identifications).

Landcare

Incidents have occurred where local governments have had to contribute towards landcare officers due to neither the State or Federal government being able, or willing, to contribute.

Again this is a situation where all tiers of governments have some form of responsibility.

Rate Exemptions

An indirect cost shift where State or Commonwealth owned land is exempt from rates should be addressed.

An example of State Agreements being struck between a proponent/developer and the State, which exempts them from paying rates, is an impost upon the local government authority concerned and should be addressed immediately as this becomes an indirect tax upon the balance of the community.

It is ironical how the local government authorities land was not made exempt from the FESA Emergency Services Levy, yet State and Commonwealth owned land is exempt from rate payments.

It is important that both State and Commonwealth government do contribute towards a local government district by way of paying rates in the similar manner to the private landowners.

Road Works

The most significant example of cost shift from both Commonwealth and State government to the local government authorities is the lack of adequate road funding being made available for the upgrade and maintenance of local roads.

Figures clearly indicate that in "real terms" local governments have had significant reductions in road grants over many years where the costs have increased significantly due to the nature and type of vehicles traversing local roads.

Local governments have always been considered the "poor cousins" when compared to state and national highways. However, in recent times Main Roads standards have been passed down onto local government authorities through the Regional Road Group network, which results in far more expenditure and less roads being covered.