



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON ECONOMICS, FINANCE
AND PUBLIC ADMINISTRATION

Reference: Local government and cost shifting

TUESDAY, 6 AUGUST 2002

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC
ADMINISTRATION

Tuesday, 6 August 2002

Members: Mr Hawker (*Chair*), Ms Burke (*Deputy Chair*), Mr Albanese, Ms Gambaro, Mr Griffin, Mr Latham, Mr Nairn, Mr King, Mr Somlyay and Dr Southcott

Members in attendance: Mr Albanese and Ms Burke

Terms of reference for the inquiry:

To inquire into and report on:

Cost shifting onto local government by state governments and the financial position of local government.
This will include an examination of:

1. Local government's current roles and responsibilities.
2. Current funding arrangements for local government, including allocation of funding from other levels of government and utilisation of alternative funding sources by local government.
3. The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for councils to work with other councils and pool funding to achieve regional outcomes.
4. Local government expenditure and the impact on local government's financial capacity as a result of changes in the powers, functions and responsibilities between state and local governments.
5. The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities.
6. The findings of the Commonwealth Grants Commission <http://www.cgc.gov.au> Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee. The inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.

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Subcommittee met at 2.05 p.m.

CHAIR—I declare open this public hearing of the subcommittee of the House of Representatives Economics, Finance and Public Administration Committee and welcome representatives of local government, the public and the media. The issue of local government and cost shifting is clearly of great interest to local councils and communities in all parts of Australia. We have received, so far, around 200 submissions to this inquiry from all over Australia and we expect many more. In this inquiry, we are looking at local government roles and responsibilities, current and alternative funding arrangements and the scope for achieving a rationalisation of roles and responsibilities between the levels of government. We are interested in achieving better use of resources and delivering better quality services to local communities.

Today is the first public hearing and we are pleased to be able to hear the views of local government representatives during this Local Government Week convention in Perth. We also plan to take evidence in a public fashion in all other states and territories. Today we will hear some of the representatives of local government in Western Australia who have provided submissions to us already. Later, other local government representatives will have the opportunity to make a 15-minute presentation to the committee. To begin, I call the representatives of the Western Australian Local Government Association.

[2.06 p.m.]

SCHEGGIA, Mr Wayne Francis, Director of Policy, Western Australian Local Government Association

WITTBER, Mr Bruce Humphris, Policy Manager Governance, Western Australian Local Government Association

CHAIR—Welcome. I remind you that although the committee does not require you to give evidence under oath, the hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of the House. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. Would you like to make a statement before we proceed to questions?

Mr Scheggia—With your indulgence, I will read from our prepared statement and then take questions. The association is the peak body for local governments in WA and represents 143 member councils. The association welcomes the inquiry and the opportunity to have input on the role of local government and the issues for consideration within the context and scope of the inquiry. We have made a preliminary submission and a more detailed supplementary submission will be presented to the committee after the conclusion of our consultation with member councils. We believe it is important to take proper time for the opportunity to consult with our members and obtain the relevant information for your inquiry, to ensure that the comments prior to the completion of a more detailed submission are full.

Considerable change to the role and the expectations of local government in the community has taken place over the last decade complemented by new legislation—the Local Government Act of 1995 in WA—which has resulted in the modernising of the accountability and responsiveness of this sphere of government. It is highly capable, efficient and effective at meeting the needs of the community providing it has access to adequate resources. Like any sphere of government, there are ongoing actions that can be taken and, in the case of local government, at the federal and state levels, to enhance the performance of local government as a sector and as a partner in delivering required social, environmental and economic outcomes.

I would like to deal with each of the terms of reference in order. The first one refers to the current role and responsibilities of local government. With a general competence power under the Local Government Act of 1995, WA local government provides a diverse range of functions and services—and we have included a table of those functions and services in our main submission. Each community is faced with increasing expectations. This is more evident in rural areas where this has dramatically increased recently due to the withdrawal of many services by both government and business. Local government has been forced to step in to support services such as medical services, schools, postal and banking services, retail fuel outlets, television, mobile phone and radio services that are not seen as traditional local government services. In short, these matters are falling to local government because of a lack of service by other tiers of government and the lack of a robust private sector in many of these rural communities to meet those expectations. This, in part, is evidenced in the current insurance indemnity crisis where many groups that are facing forced closure turn to local government for an immediate solution. Faced with this challenge, many councils have taken on

services that clearly have been always the responsibility of other community organisations and, whilst often supported by local government, were not run or managed by the local council.

The second term of reference refers to current funding arrangements for local government, including the allocation of funding from other levels of government and the utilisation of alternative funding sources. This year the WA Local Government Grants Commission has distributed over \$98 million in general purpose funds and \$67 million in local road funding from the Commonwealth to local government. At this point we note that the terms of reference are net of Commonwealth funding sources to local government. The major source of state government funding to local government comes in the form of local roads funding. Since 1995, the WA state government and local governments have operated under a significant road funding partnership agreement which is referred to as the State Road Funds to Local Government Agreement. This agreement committed the state and local government to a number of principles in relation to road funding, including the concept of hypothecation requiring 25 per cent of state road funds to be committed to local government. During the last state election, both major political parties committed to this agreement and, post election, the new government wrote to the association to restate this commitment to the continuation of the agreement. On the afternoon of the announcement of the 2002-03 state budget, the associations advised that the new government had honoured its election commitment in this budget with an allocation of \$92.8 million to local road funding. However, it was also revealed that the next three years of forward estimates contained a reduction of some \$18 million per annum in local government road funding. The state also provides small amounts of project and program funding for things such as public amenity construction, disability access, community security and the like. Local government's own major source of revenue is in the form of property rates, service charges and user fees.

The third term of reference refers to the capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level. Local government in Western Australia is incredibly diverse in terms of its human, capital and material resource capacity. These can vary significantly from one council to the next. The size and geographic circumstances and the impact on needs and hence service priorities cover an extreme range. Western Australia has not only the largest local government area, the Shire of East Pilbara with 378,000 square kilometres, but also the smallest area, the Shire of Peppermint Grove with only 1.5 square kilometres. In terms of population, the smallest council in Australia is also in WA, being the Shire of Murchison, with only 140 residents. The largest local government in WA is the City of Stirling, with a population approaching 180,000. Rating continues to be the primary funding source for councils and the City of Stirling raises over \$51 million in rates; at the other end of the scale, the Shire of Cocos Islands raises around \$30,000. On the mainland, the smallest rate income is received by the Shire of Ngaanyatjarraku—around \$40,000.

These differences in geographic and demographic characteristics underline the need for a flexible and responsive system of local government in WA. The changes brought about by the Local Government Act 1995 provide the opportunity to address the issues of accountability and responsiveness while ensuring that a strong and accountable local government sector is maintained. Improvements in management performance and the recognition of the increasing needs of the community through a customer service philosophy has been an underlying feature of local governments in the more strategic approach that they are taking to service delivery. This

approach is underpinned by the development of strategic and principle activity plans that create the opportunity to develop long-term planing and fiscal responsibility.

Asset management and quality assurance measures also now feature in the management systems of many local governments with many business reforms being driven by these initiatives, as well as principles like national competition policy. Under the Networking the Nation program being implemented through the association in the form of the Linking Councils and Communities program, the online business capacity of local government throughout the state will be greatly enhanced. Regional cooperation is already a strong feature of local government in WA and it is a concept our members are comfortable with and use regularly to ensure an increase in the scope and range of their service delivery to local communities.

The next term of reference refers to local government expenditure and the impact on local government's financial capacity as a result of changes in powers, functions and responsibilities between state and local government. In addressing this term of reference, we would like to highlight how we interpret the term 'cost shifting'. In our view, cost shifting occurs when local government is required to provide services that have been previously provided by the other spheres of government; when other spheres of government require provision of concessions and rebates with no compensating payment; when services are formerly referred to and/or are assigned to local government through legislative and other state and/or Commonwealth instruments; when local government is required to be the sole provider of essential important local services that clearly contribute to local, regional, state and national public good; when local government is required to be the sole provider of new and innovative services that have no historic or funding precedent; when local government is required to pick up services as a result of the direct transfer of ownership of infrastructure from another sphere of government; when the level of fees that are charged by local government for some services have maximum amounts set by state government and there is no mechanism for a regular or indexed review; and, when local government is required to adhere to impose compliance regimes such as national competition policy without funding assistance. The matter of compliance issues in regard to native title has also been raised by our councils as something that significantly impacts on their costs of operating. In our formal submission, we have referred to examples that represent those types of cost shifts.

Due to the diversity of the circumstances in which cost shifting occurs, the complexity of accurately identifying all occurrences and the lack of adequate data, quantification of the full cost of cost shifting to local government is extremely difficult. The purpose of the survey I referred to earlier is an attempt to document anecdotal evidence from our members, providing some quantification to the value of cost shifting that has occurred, as well as establishing the range of activities. For example, in WA many councils are involved in assisting in the undergrounding of overhead power lines. The estimated contribution from local government each year is around \$10 million. The infrastructure that results from this project is then the property of the electricity carrier, which is owned by the state government.

Irrespective of the ability to quantify the detailed costs, it is clear that cost shifting over several decades has placed considerable pressure on local government finances. It has also resulted in a number of undesirable outcomes, including declining levels of infrastructure maintenance and replacement and increased levels of user charges. The state and Commonwealth government's use of special purpose funding, SPPs, has on many occasions required matching funding and/or other conditionality which causes local government to jointly

fund these programs. The use of SPPs also enables the respective government to fund programs that reflect their own priorities and use them as a vehicle to influence the priorities of local government.

The use of such mechanisms, which require cost sharing, are in themselves a form of cost shifting. As one would expect, the level of government that wishes to achieve the particular objective of policy might actually fund the entire program. This requirement means that local government in effect must use its own resources for activities that may be considered to be outside of their normal purview or their direct traditional area of responsibility. This has placed significant pressures on local government budgets and forms a direct cost shift, particularly if governments decrease their contribution in real terms over time or do not increase levels of funding to meet increased demand. The failure of SPPs to maintain parity with the growth rate of local government owned source revenue or other payments to local government represents a significant transfer of responsibility to local government from the states.

The introduction of many new programs through SPPs leads to an increase in community expectation which makes it very difficult, if not impossible, for services to be withdrawn. An example of this was a decision some years ago to phase out subsidies for recreation officers. The scheme had been funded by the state in WA; they paid for the employment costs of an officer and the local government met the other operating costs. With the withdrawal of the employment costs subsidy, the officer, who had been built into the structure and operations of many councils as well as the community infrastructure, could not easily be removed or withdrawn. Thereby, we create a cost shift.

The next term of reference is about the scope for rationalising roles and responsibilities between levels of government, better use of resources and better quality services for local government. Such ambitions depend on the capacity for all spheres of government to negotiate on an equal basis with a desire for a strategic, non-political outcome. The lack of recognition of local government within the federal constitutional framework diminishes its status as a sphere of government and, therefore, its authority in the debate. The potential for local government to engage effectively is limited not by its willingness to do so but perhaps by the capacity of other spheres of government to set aside political and jurisdictional differences for the benefit of this debate. It would seem apparent that there is scope for better use of resources and a clearer allocation of responsibilities between the layers of government. To do so will require an era of cooperative federalism which has yet to be realised, but which local government is more than ready to participate in. Concerning the final term of reference relating to the Grants Commission review, at this stage we would defer to the Australian Local Government Association submission, as it addresses that term of reference.

CHAIR—Thank you for that very thorough introduction. As a very broad question, what do you think the fundamental responsibility of local government is? Can we quantify it to begin with? I am going to ask everybody this. Is there something that is distinctly local government's prerogative?

Mr Scheggia—Historically, you might gain evidence of a particular role or responsibility for local government, but in the context of 21st-century Australia, communities look to local government because they can touch it. Therefore, they expect to be able to take issues that arise to local government for action in the first instance. The issue for local government is: how does it treat with that? Within the context of treating with it, I think there needs to be an expansion

of the general competence concept for local government. Local government should perhaps have a role in all aspects of the government of the community. But what it does with a particular issue—whether it simply facilitates debate on an issue or acts as an advocate to other levels of government for action; whether it should be a direct service provider or a strategic planner of a service—probably depends on the specific issue. We think that what is important is the capacity for local government to be engaged.

Mr Wittber—The other issue, which was alluded to in the presentation earlier about things like public liability insurance, is that 12 months ago we would not have seen local governments taking on some of those responsibilities. Also, there is the concept in some councils in WA that, if it happens in their town or community, it is their responsibility, even though it may well be seen as a state government or Commonwealth government responsibility. They have to take a role in creating an avenue for many in their community because, as Wayne said, the community can touch them.

CHAIR—Do you think there are certain issues that local government should not be involved in?

Mr Scheggia—Perhaps there are not certain issues; principally, the resource or funding question is the big question. Local government can be a capable service provider and it is an important participant in the planning and strategic development of programs, issues and services. What it does not have is the capacity to fund many of these things. When you look at the government taxing structure, the major revenue capacity lies with the federal and state governments; it does not lie with local government. If local government does not have the capacity to develop the revenue to support the services, I think there is a reasonable argument that it should not be the service provider.

CHAIR—With many of those you are talking about, in a broad sense, do we get into a situation where we have too many hands in the one pot and double handling of things by state, federal and local government? Do you think we need divides or not? What I am getting at is whether there is too much double handling and double dipping and therefore the money gets a bit thinner and thinner, as opposed to saying, ‘This is federal, this is state and this is local.’

Mr Scheggia—I think that is true. What you need are efficiencies in the system and you need appropriate accountabilities, not layers and layers of accountabilities. For all the legal and jurisdictional issues, you still ask why the Commonwealth should collect money, hand it to the state, have an administrative process by the state and then transfer it to local government. A far more direct relationship would be more efficient and more effective if we can solve the jurisdictional and political argument that goes with that.

CHAIR—Leaving aside the terms of reference that says this is cost neutral—and I realise I am asking a question outside the terms of reference just to get a feel—are you submitting that the funding levels from all spheres at the moment are insufficient?

Mr Scheggia—Absolutely. The capacity for local government to source many of what might be deemed newer expectations of local government—and I guess we are particularly talking about environmental initiatives in many of the community development areas—is very difficult for particularly smaller local governments. Without a growth revenue base such as the GST arrangement with the state, without being a direct partner in that, it is very difficult for local

government to continue to source funding to meet growing community expectations. As I said before, it is the community that comes to local government in the first instance where it has an expectation that the government it can touch can solve their problems.

Mr Wittber—I think it is also important to say that there are a number of roles that local government can deal with more effectively than at the Commonwealth or state level. However, as Wayne also commented, the layers of administrative bureaucracy to achieve some of those outcomes and the compliance requirements make it, in some cases, not worthwhile doing.

CHAIR—Would you be able to cite a program where counsellors have come to you and said, ‘We’d like to do it but it is way too hard?’

Mr Wittber—I could not necessarily cite that sort of program but we could talk about national competition policy as a classic example, where we are led to believe that the Commonwealth passes to the states funds which may be earmarked for local government but which do not reach local government. Yet there are some councils that have perhaps been able to quantify the cost of simply complying with that and the bureaucracy involved is predominantly the cost of it.

Mr Scheggia—It is a point in case, and I acknowledge that it is somewhat historical at this point in time. But the fact that local government is not party to that state and federal agreement, that it is bilateral not trilateral, is an issue for local government.

If we are asking in the context of this review what things need to be addressed so that a more effective form of federalism is developed so we have a better split of roles, responsibilities and funding, it is important that local government is at the table and is part of the negotiation of those agreements, not just offered a signatory status at the end of it, or in fact, as in the case of the NCP agreement, is told to comply with it and then to argue with the state as to whether or not it is going to get any recompense for that compliance regime. What became frustrating for local government in that debate, particularly, was an acknowledgment by the federal government at the time that, yes, local government should have access to the dividend that was coming back to the state but that it should have that debate with the state and then an acknowledgment by the state that if there were an obligation for anyone to be paying local government, it needed to be negotiated with the federal government. So we had this bilateral argument with the state, with local government in the middle, and it was not particularly effective.

Mr ALBANESE—This committee had an previous inquiry into national competition policy, and we oversee the NCC and the ACCC at a federal level. Have you got any examples whereby increased costs have been borne by local government because of the implementation of national competition policy?

Mr Scheggia—We could certainly source those.

Mr Wittber—Many by-laws had to be rewritten to take account of NCP principles. That, in itself, is a costly exercise. You had to go through the public benefit test. The council that I was working with at that time did engage somebody full-time for the best part of six months to get the council on the right track, examine the principles and adopt the public benefit test et cetera. You then had a compliance regime to supplement that process.

Mr ALBANESE—On a longer-term level, there was some evidence before a previous inquiry that what occurred in local government was that, for example, ‘council X’ sold off its garbage service or road maintenance by contracting it out to a private operator for a cheap price up front. There was concern that what that would lead to, when it came to renegotiating contracts three or four years down the track and the council had lost that infrastructure, was that the cost burden would be increased. Is there evidence here that that is happening?

Mr Wittber—As Wayne said, we could source that.

Mr Scheggia—You may get evidence to that effect from other presenters here today. Certainly, we will be making sure that we can provide that evidence to you.

CHAIR—I will be up front: I am from Victoria which may put my question on economies of scale into context. You have got 142 councils of varying sizes, which is one of the difficulties we have had in grappling with a lot of the concepts behind this. With councils, apples ain’t apples, as you have pointed out in your submission. Is there a need for economies of scale? When we talk about funding per capita equalisation, do the councils in Western Australia have a view about the need for that? Is it size? Is it population numbers? What is the issue? Is there an issue, or isn’t there an answer?

Mr Scheggia—Does size matter?

CHAIR—Does size matter—yes.

Mr Scheggia—I will be up front and honest with you—I am from Victoria.

Mr Wittber—We are knocking him into shape slowly.

Mr Scheggia—From an association perspective in the first instance, certainly the metropolitan constituency of our organisation has been of the view that, if there were to be changes to structure, there would need to be a global view of the metropolitan area so that any structural change that took place would not be to a council in isolation but towards a more efficient system. I could not say the same is true of the rural constituency. I guess the question needs to be asked whether it is a forced structural change, as was the case in Victoria, or whether the same benefits and outcomes that might be perceived from that change can be achieved on a voluntary basis. I alluded earlier to the fact that the notion of regional cooperation and cooperation between councils is something I think many WA councils embrace almost as a matter of nature, particularly in rural WA where, because of the geographic size and the population dispersion, there is an issue about resourcing initiatives. They do recognise the benefits of cooperation in order to service that dispersed population and cover that vast geography. Regional cooperation and the promotion of service cooperation between councils is not a new concept in WA. I think there are many efficiencies already being gained as a consequence of those initiatives. In terms of a Commonwealth Grants Commission distribution model based around some alternative structure, it would take a lot more research and concept development before you could draw conclusions about that.

CHAIR—Do you think we need to be having that discussion—how the actual money is allocated and how it is divvyed up? Is that one of the fundamental problems that is there?

Mr Scheggia—The biggest problem is the fact that the funding pool itself is not big enough. As you would be aware, when you go through the model for funding distribution, regardless of what the model is at the end of the day the funding pool can accommodate only approximately 50 per cent of what the formula deems would be necessary to adequately support local government in a revenue sense.

Mr Wittber—Going back to the point about the amalgamation, one of the issues that needs to be considered, particularly in some of the smaller communities, is the social impact that that may have. We have already seen the banks closing and all of those sorts of things, and a comment was passed to me just the other day to the effect that if the shire went then the school would go and the pub would close—it would be the end of the town. I suppose there is a social issue that needs to be considered as well as the pure dry economic issues.

CHAIR—I like people who say things like that.

Mr ALBANESE—You spoke about the need for a direct relationship between the federal government and local government. Some of the publicity about this inquiry has been rather grand and has spoken about the need, perhaps, to move to a two-tier government system rather than the current three-tier one. Does the association have a view on that? Abolish the states!

Mr Wittber—I am glad you clarified that.

Mr Scheggia—No, the association does not have a policy view on whether the states should be abolished. In the context of our constitutional framework, the political and indeed the jurisdictional reality of being able to achieve that is so remote and so impossible that it honestly does not even bear discussion. My reference to a direct relationship with the federal government needs to be considered as an option that needs exploring rather than as a preference of local government or the association. The key, as the deputy chair pointed out, is about the efficiency of a relationship and a funding distribution rather than a process that looks at political structure as the basis for its operations rather than its efficiency.

Mr ALBANESE—How important is constitutional recognition, which you mention in your submission, in sending a political message that local government is indeed considered to be a form of government, which at the moment it is not.

Mr Scheggia—My personal view is that it is a vital issue for local government. The idea of a reference to local government within the federal constitutional framework adds a status to local government and legitimises it as a form of government as opposed to a state agency. That is critical in legitimising us in the debate.

Mr ALBANESE—I used to work for Tom Uren at the time of the referendum; perhaps I should declare that as an interest.

CHAIR—We have to proceed with the other people who want to submit. Is there anything else you would like covered or put on the record for us today? Are there any other issues we have not gone into that you thought we might have?

Mr ALBANESE—I have one further question. What implications are you finding with the ageing of the population? Are the practical realities of particular communities—ageing is not

uniform in terms of regions where people live—placing particular stress on some of your affiliates? What way forward is there in promoting the argument that there is a need for increased Commonwealth responsibility there?

Mr Scheggia—I have to preface this by saying this is anecdotal and is a matter of personal opinion rather than a researched position from the association. Perhaps the community security debate in this state lends itself to the issue to which you are referring. We are finding that as councils are drawn further and further into a community security role—some of them voluntarily, some of them as a response necessarily because of the actions of their neighbouring councils and some of them as a result of perceived pressure perhaps from the state—issues such as the fear of crime in ageing communities start to come out as something that local governments particularly look to address.

Statistically, the elderly are actually less at risk in regard to crime than young people. However, because some local governments are servicing elderly communities whose perception and fear of crime is high, local governments are providing services, creating initiatives or responding to those concerns that, from a purely objective and rational view, may not be necessary. Crime prevention, we would argue, is not a traditional local government jurisdictional responsibility; it is very much an issue that needs to sit with the state, particularly in a funding context. Yet when you look at the amount of funds that local governments are spending on crime prevention initiatives versus the amount of funds that the state is making available to local governments specifically for those initiatives there is a substantial revenue and expenditure difference. I think that is one of the issues that needs to be addressed in any review of funding and responsibility redistribution.

CHAIR—Do you think the traditional areas that local government is therefore held accountable for are suffering because you are trying to meet the demands that are there all the time?

Mr Scheggia—I think that is definitely the case. Traditional areas of operation such as the maintenance of public buildings may well be neglected or completed to a lesser standard or less regularly as local government's fight within their own budgeting processes to try and address this expanding range of community expectations. It also gets back to the fact that as the population ages, they are expressing these desires for services—broader services than in the property sense—and they are being expressed at the local level and the councils have to respond.

CHAIR—How do you manage community expectations? If someone has the magic wand, congratulations. You also mentioned filling the breach not only where you are cost shifting from government but also picking up from private enterprise, for example, banking—a particularly easy one to pick up. I was surprised to see that local governments in WA are picking up telecommunications. There is one council running a television network and a radio station. To be honest, I thought that was pretty remarkable. Is there a need for some greater partnerships with private enterprise where they should also be meeting their public responsibilities—not to have abandoned the field?

Mr Scheggia—When the inquiry into banking was being held—

CHAIR—We did that one too.

Mr Scheggia—one of the comments we made to that inquiry was that banks as substantial community institutions had an obligation, if not real at least a moral obligation, to the communities that they had been involved with and from which they had taken considerable returns on their investment over time. We were at that stage criticised by some members of the inquiry panel about the notion that business could have some sort of community responsibility. We would still stick to that argument and we say it is real not only in terms of banking—

Mr ALBANESE—Some in the government have seen the light on that one.

CHAIR—You are not going to get an argument out of the two of us on this one so you are talking to the converted, I hate to tell you.

Mr Scheggia—I am happy to take that as given.

Mr Wittber—The issue about telecommunications is real and I think that typifies the attitude: everyone else has it, we want it. The only way you are going to get it is by somebody putting the money up who is not the communications carrier.

CHAIR—I hate to end this discussion because we could keep going but I do not want everyone else to miss out. Thank you very much for your presentation.

[2.45 p.m.]

JENNINGS, Ms Noelene Rae, Director Corporate Services, City of Perth

CHAIR—Thank you very much. Would you like to start with an opening statement before we ask you some questions?

Ms Jennings—I would like to start with an apology from the Lord Mayor, Dr Peter Nattrass. He had intended to be here, but he has been held up at another meeting, so he sends his apologies. The City of Perth is pleased to make a submission to the committee and is very keen to participate in the discussion regarding the future of local government. As such, we would like to give a capital city perspective to the debate.

A report was done by the capital cities and the Property Council of Australia a couple of years ago called *The capital cities and Australia's future*. I am not sure whether the committee is aware of that publication. It goes into the special role of capital cities; in particular, it recognises their role in commercial activities, cost competitiveness, innovation and cultural tourism on top of the normal role that all local governments have of maintaining the local community. It is felt that the capital city role is worthy of special consideration, and it is hoped that some of the other information that I provide to you will clarify the issues which justify this special consideration. I will not go over some of the same things that the association has gone over; I will try to complement what they have said. Under the particular terms of reference on current roles and responsibilities, I will raise some of the things that are slightly different about capital cities.

At the City of Perth, 20 per cent of our local government area is not under our planning control; it is under state planning control, which requires double handling of all planning. Therefore, a question of efficiency is raised. We have some services that are normal for local government, but some of them are different. Our library service is a successful model of the relationship between state and local government; however, there has been some difficulty for the City of Perth in recent times, particularly given our membership, which is mostly made up of our daytime population. We have a daytime population of 90,000, a night-time population of 8,000 and a library membership of over 30,000. The state government library services were planning to change our book stock based on our night-time population, which would have killed our library. It required some significant work by the city to have that rectified.

Community services was mentioned as an area where there is an increasing expectation for local government to fill the gap. Local government undertakes compliance roles, both for its own local laws and also for some state laws, such as parts of the Health Act, and no funds are forwarded to the local government to cover those costs. The City of Perth has some other services which are core to us but generally are not recognised as core local government services. They include off-street parking services and city marketing. The City of Perth also chooses to take its civic role as the capital city very seriously, and entertains visiting ambassadors and dignitaries on behalf of the state government.

The second point with regard to funding is that the City of Perth currently relies on 46 per cent of its operating revenue coming from rates and 47 per cent coming from fees and charges. Grants and subsidies from other levels of government amount to about one per cent of the

operating revenue. The City of Perth is the capital of the state; however, city based businesses in particular foot the bill for the ongoing development and maintenance of the area. The city does receive some road funding similar to that received by other local governments.

Some of the funding that has come forward has sometimes been on a per capita basis, which causes us some difficulty. Again, we have to fight to have that changed. An example of where I can add to what the association was also raising is in regard to the national competition policy payments. The federal government paid the state government, who then paid some of the money to the local government. In the first year, 1999, the city received \$24,000, which I think was similar to that received by most local governments. In the year 2000, we received \$1,500, because it was totally based on our per capita. However, had it been based on what was required for the city to undertake in its competitive neutrality work and had recognition been given to the number of commercial services actually undertaken by a capital city, different funding would have been forwarded. Certainly, our protests did result in some more funding in 2001 of \$13,000. However, our actual costs for doing our competitive neutrality were closer to \$200,000.

The third point is about the capacity of local government to meet existing obligations. The main concern of the City of Perth in relation to capacity is the fact that major works and projects within the city require support, including some financial support, from the state government of the day. It is therefore imperative that the city has a clear understanding of roles and ongoing responsibilities relating to the development of the capital city, including its social fabric. To this end, the city has proposed a city charter to clarify the relationship with the state government. I have provided the committee with a copy of that prospectus.

City infrastructure costs are significant. For example, structural refurbishment of major facilities such as the concert hall, a facility that is available to everyone in the state, is in the tens of millions of dollars just to bring it up to its expected current form, let alone any refurbishment costs. Urban improvements for the next five years are over \$40 million and, including infrastructure assets, are in the vicinity of \$200 million. The city's rate base can only accommodate so much of these capital city requirements. The city feels that, without some clarity of roles, the ongoing management of the city will be less than effective or efficient.

The fourth point is about local government expenditure. I will not go over ones that the association have mentioned, but I will mention where there are some specific costs. In the area of youth services, youth do congregate in the city, it is an exciting place to come to, but again local government and the City of Perth, in particular, are required to source funding for the gap in services. We also try to search for alternative funding sources. There are some grants available for youth services. In this year's budget, over \$100,000 in new funds are required to service new youth programs within the city of Perth.

Homelessness issues have become a major problem for the city in recent times—again, work that needs to be discussed with the state government. The cost of this is hard to quantify, because it changes from day to day. However, at least one officer is spending the major part of his time working on homelessness issues, so we would be looking at close to \$100,000 in new money again this year. Combating graffiti is an example of where the state used to fund the City of Perth and other local governments. In the last year, all that funding has been taken away. However, the expectation is still there for the graffiti to be taken care of. You may have read in

the paper this week that the city has taken on this task and, again, another \$80,000 has been put in the budget for that. Funds had previously come from the state.

Safety and security issues were mentioned by the association. I can give you some specific costs that relate to the city costs. We have \$122,000 per year just for Noongar patrol to help us within the city and over \$800,000 per annum for our security camera surveillance system. Again, a lot of this is expected by the community and, where there is a shortfall in police services, local government needs to foot the bill. An example of a service that no-one else wants to look after, so it comes to us, is a television black spot in East Perth. Residents just do not know where to turn, so they come to us. We are actually working on trying to fix their television black spot in East Perth. Street lighting is a responsibility of the state government. However, when it comes to a safety issue, the city needs to also take a role. State government used to inspect street lights on a regular basis. They no longer do that, so the City of Perth now needs to inspect the lighting to make sure that it is working and is adequate for the city. That is estimated at another \$60,000 per year in an area that used to be looked after by the state government.

The federal Telecommunications Act has also had an impact on local government. Telecommunication companies have a right to lay cables in the street without necessarily talking to local government. Unfortunately, their reinstatement work is not always up to the expectation of the community, so, again, the local government needs to make good the pavements. Based on the last couple of years, that is about an extra \$110,000 per annum that the city has footed. Underground power was mentioned by the Western Australia Local Government Association. In the City of Perth that costs \$500,000 per annum. Again, it is not an asset that becomes the local government's asset; that is an operating cost.

I also mentioned before the civic duties of the city. The city has over \$400,000 per annum set aside for civic ceremonies on behalf of the state government. When this was previously raised with the state government for consideration for future grants, it was considered not to be a core duty of local government and therefore did not need to be considered. However, the City of Perth cannot really turn away ambassadors because it is not a core service. Some of the other issues have been mentioned by the association, so I will not go over those.

Landscaping and maintenance around main roads and freeways is one area that is normally catered for by state government. Unfortunately, there seems to have been a change in state government policy as to the level of landscaping that they undertake, so the City of Perth then has to bring it up to the standard that is expected for the city. That is another \$50,000 per annum that used to be catered for by the state. Some of these issues have only happened in the last couple of years.

Point five refers to the scope for achieving rationalisation. There are a number of other issues about capital cities in general that the city would like to place on the table for consideration. Some of them are questions and some pose ideas, such as whether capital cities should have representation and funding from the state at large. The capital city local government is unique in that it deals with issues which are for the benefit of all in the state. Given the capital city's wider role, it is questioned why a small group of ratepayers should carry the financial burden of supplying this wider role. With the acknowledgment of the wider role also comes a question of representation. Decisions on this wider role may need some representation from the wider community.

The issue of the capital city electoral roll is still unresolved. Residents are automatically enrolled. However, the owners and occupiers who contribute to the majority of rates and who play a major role in the city's vibrancy must enrol before they can go on the electoral roll. They then have to re-enrol every two elections. The process is resource intensive for the City of Perth. Once again, this is a case for special consideration. Whether the capital city should also have a boundary that is more appropriate to its role is something you have already raised, as well as its viability. This would include considering efficiencies of scale, plus ensuring the governance is for the good of all. The boundary of a capital city local government should be such that the issues of the capital city are able to be well planned and managed. Elected members of a government requiring significant decision making, such as a capital city government, should be remunerated appropriately. There is a lot of effort required in the governance of a capital city. Appropriate remuneration would enable far greater interest and recognition, to provide the best possible service to the community. There is a question also of whether all organisations receiving services should contribute to the running of the services. For example, various moneymaking government entities, such as Alinta Gas and that kind of organisation, are still exempt under their acts from the payment of rates.

We want to recognise that any funding calculations—whatever is worked out—are really aligned with the purpose of the grant and do not take the easy course of going by per capita funding. In summary, the City of Perth believes that there is scope for achieving a rationalisation of roles and responsibilities between the levels of government, which will give the outcome of a benefit not only to the local community but to the whole state and therefore the country. It is logical that the level of government closest to the people is the provider of local services and that the role agreed to for the local government allows these services to be of the highest standard. Further, the City of Perth would like the special role of the capital city local government recognised and supported by appropriate agreement, funding and legislative support. Thank you for the opportunity to speak.

CHAIR—Thank you for your very thorough submission that you have provided to the committee. I will ask the standard question I am going to ask everybody: what do you think is the fundamental role of local government?

Ms Jennings—It is a bit like the statement I started with. The role of local government is really about our heart and our home, but I have added that the capital city is more than that—it is also commercial, it is creative and it is culture, and business on top.

CHAIR—Everything and then something in between.

Mr ALBANESE—You have gone through a whole lot of items that you provide, some of which you say you provide because of the withdrawal of Commonwealth or state funding that was previously there. Isn't a decision, for example, about providing black spot funding, or TV reception, a political one rather than a financial one? I would prefer to ask this of the Mayor—I do not want to put you on spot. It just seems to me that some of those services that you noted—TV reception was one, the other one was receptions for ambassadors; that is political largesse surely—are discretionary upon local government rather than core functions.

Ms Jennings—The black spot funding issue was actually raised by the community on numerous occasions. The answer is yes, of course it was a political decision to go with that, but then so are many of the others in filling the gap between what is provided by other levels of

government. That is why I still use it as an example because there was no one else that was able to provide that help to the community. The capital city role in terms of the civic area we do see as core. The City of Perth does see its civic role as core. I understand what you are saying in that, yes, you would not find it written down in the local government act or something like that but the vision and mission of the City of Perth very much sees its civic role as core.

Mr ALBANESE—That is the expenditure side but there is also the revenue side—that is, advantages to capital cities, by their very nature, such as businesses paying tax and paying rates. The fact that you have the finances—I assume the fact that you are here means that you are not bankrupt—means you provide an enormous number of services. The money does come from somewhere and perhaps a shire in the Pilbara would not have access to the same sort of revenue possibilities that you do. Do you acknowledge that is a double sided—

Ms Jennings—I do acknowledge that, but I would also acknowledge that they would not have the same level of expenditure that we would have as well.

CHAIR—You also mentioned issues like the graffiti task force. I accept that the state government was doing that but would you not have said that was actually a local government responsibility? Is this one of those things where there is a blurring of who should, at the end of the day, actually be responsible and be footing the bill? Personally, I would have thought that graffiti was one of those areas that is actually a local government prerogative.

Ms Jennings—Yes, and it was really joint. We did do it together but it was a withdrawal without discussion so then it became totally ours.

CHAIR—Subsequent to that, had there been discussion about why, where and how or did you accept the withdrawal and fill the gap? Do you think there was a level of robust debate to try to rectify some of those withdrawals?

Ms Jennings—Yes, some of those are still ongoing.

CHAIR—Have you had any success is what I am getting at?

Ms Jennings—Not just at the moment. We will keep trying.

CHAIR—I will keep my fingers crossed. You mentioned the area of special purpose payments or special purpose grants and said there were areas where it would be better to fund that program. Is the current SPP working or are there better ways of doing it? Have you got any views of how the current SPP should proceed?

Ms Jennings—Do you mean the youth ones that I mentioned?

CHAIR—Yes, where the youth worker was originally funded and was then withdrawn. There are a lot of programs that are specifically funded. There are also programs for which councils put in a tender to provide a service to their local area. Some of these things you have inherited because you have sought to, like home-care visitation for the aged—HACC funding. Councils are in the game of tendering for those against other service providers. Is there a basis where it is better to say ‘program funding’ or ‘special specific payments for issues’ as opposed to ‘universal funding’?

Ms Jennings—Yes, I think there is. That is what I was getting at about making sure that any funding is related to the program that it is for, rather than coming up with a formula that is just related to the number of people that you have. Perhaps you could relate it to the issue that you are funding—I think that would be a better way of doing it.

CHAIR—Do you think there would be too much say, from any sphere of government, about the way you are to do it or the issues you will be funded for? There was an argument when the Roads to Recovery money came along that said, ‘Here’s money for roads. It is just for roads,’ as opposed to, ‘Here’s money to local government. You know what you are doing. You go spend it.’ What I am getting at is, do you know best how to spend the money in your city or do you want to be told by various levels of government—not just state or federal—where to spend that and how?

Ms Jennings—I would hope there was discussion on that because we plan where we want to spend the money, so it would be best if we had that discussion rather than being told.

CHAIR—The homelessness issue is a major one in cities. Is there a solution? Have you had questions about how to fund it, what to do for it or is it a housing issue? Is it caused by people coming into the city? Is it a question of funding or service? What is it that will provide the answer for assistance?

Ms Jennings—I think it is such a complex issue that coordination is really the answer to it. There is not just one answer; there are a whole lot of factors that contribute to why someone is homeless and it is imperative that all people involved in providing at least some part of the service are working together because otherwise it is very difficult to solve. The issue must be discussed at different levels of government, and that has been happening.

CHAIR—Besides providing an officer to go around and see where people are congregating—and I assume part of your security aspect involves moving through some of these people who are congregating in areas where people are not happy with them—what other aspects of funding shortfall has the council picked up?

Ms Jennings—It is early days yet. We have only been working on it for a year or so. The capital cities as a whole have taken up the issue so you will get the discussion as you go to each capital city. Some of the work that we have been doing with the state government has been on areas where they are interested and able to provide services like housing. However, it is not always to do with housing; sometimes it is to do with mental health and sometimes it is to do with other problems that are causing the issue. Our work is a coordination role so, at this point, quantifying it is a bit difficult.

CHAIR—It is a matter of filtering through where the answer is and where the support for that individual might be to help the situation. I am fascinated that everybody has said that there is an issue about security. Do you think you exacerbate the situation by offering a security service that might not be needed? Is it real or perceived? Is it a community expectation? Is it based on fear? Is it based on reality? Are we sometimes offering things that are not needed or warranted just because the community says, ‘I feel unsafe,’ but that, if you look at the statistics, you actually cannot quantify that they are unsafe? Has local government created its own problem by providing something that raises community expectation? I should imagine that, in a capital city, by offering various things you are creating some of those expectations.

Ms Jennings—I cannot speak for the local area patrols, but with what we are providing in the two that I mentioned—the surveillance cameras and the Noongar patrol—we have statistics to show they have been effective in the interactions that have been undertaken or the police reports that have followed through from that. There is no doubt in our minds that those particular services have proven that they were needed and have been effective, so I am happy to supply any of those statistics if you are interested in them.

CHAIR—Is there anything else that we have not touched on?

Ms Jennings—Nothing further at the moment except we are more than happy to help if you have any more inquiries or you require any more information for the committee.

[3.11 p.m.]

LUDOVICO, Mr Franco Basso, Chief Executive Officer, Shire of Gnowangerup

PECH, Councillor Kenneth Ernest, AM, JP, Councillor, Shire of Gnowangerup

SAVAGE, Councillor Janet Patricia, JP, Shire President, Shire of Gnowangerup

CHAIR—Welcome. Would you like to make an opening statement before we begin questions?

Councillor Savage—Thank you for the opportunity of coming before you this afternoon. I would like to set the scene very quickly and tell you that the Shire of Gnowangerup is a rural agricultural area. It is 350 to 400 kilometres south east of Perth, it covers an area of 5,000 square kilometres and has a population of approximately 1,800 people. The economy is based on mixed agriculture and services allied to the rural sector. Tourism is also beginning to play a part. Our council's annual operating budget is approximately \$3 million. With a capital component included, it equates to approximately \$5 million. Therefore, our situation is vastly different to that of the City of Perth and other large metropolitan councils. I believe that we have a responsibility to provide the best environment and quality of life for constituents in our area.

Any downloading of responsibility or cost shifting to rural councils like ours has a significant impact. State governments and their departments provide assistance to establish services in our areas. When the community becomes used to this service, the state government reduces the level of funding or withdraws it completely, leaving local government to pick up the tab. I would like to give you a few practical examples. Yesterday our premier, in his speech to our conference, referred to the discretion of state and local governments to enter into partnership. Sometimes we have no option; the discretion is not ours. Our constituents are demanding a similar level of services to those enjoyed by people in cities and large regional areas and the only way that those services can be supplied is for councils to become involved.

We used to have representatives of the Department of Agriculture in our shire; we now have a community agriculture centre. That was a program put in place by the Department of Agriculture where it was supposed to be a partnership between state ag, the council and the community. We had no option; we were told that if we did not commit ongoing funding to this from the outset, we would not receive it and it would go somewhere else. Our current funding to this is \$7,000 a year. Each of these amounts may seem to be fairly small, but when I have said that our operating budget is \$3 million, they do tend to add up. We used to have a Agriculture Protection Board person in our shire who controlled vermin and declared weeds on state owned lands. We are quite happy to accept responsibility for exterminating vermin and other pests on our own land—and the APB used to do those on state owned lands. Now they provide the advice, they do not provide the action and councils are expected to undertake and pay for that control. We continue to contribute to Landcare and towards the cost of covering our Landcare coordinators, and their future is currently in jeopardy. Our contribution to Landcare and conservation in our shire is approximately \$14,000 a year.

You have mentioned your interest in telecommunications. I would now like to move on to that area. People in the cities take the availability of mobile phones for granted. In our area, we were told that it would not be viable and there was no way we would have mobile phones unless our council submitted considerable moneys to that project. We got together with four other rural local councils and we applied for funding from Networking the Nation. We were very fortunate because we received \$760,000 towards that project; however, it still required each contributing council to provide a reasonable amount of money, and in our case it was \$100,000—\$100,000 for a shire that has a \$3 million budget is a significant amount. We actually suggested to Telstra that if we were contributing \$100,000 perhaps we could get some sort of commission and it should be a two-way process—it did not work.

CHAIR—Good try!

Councillor Savage—I thought so. When it was put in place two years ago, one of the sites that was determined to be most appropriate for a base station was actually an A-class reserve in one of our national parks. Telstra determined that it would take too long to get all the necessary approvals and they went for a compromise site. They have now decided the service that is being provided probably is not as good as it should be and they would like to pursue the original site. It is going to be funded now through the Wireless West program which is a joint federal-state project and funded by the state from funds from Alinta Gas. However, they expect a copayment from all local governments who were part of the project. So having already paid \$100,000 they want another \$20,000 from us, even though we felt that the first site was most appropriate at the time. It looks like it will cost us \$120,000 to provide mobile phones for people in our area. It is not a luxury; it is not because somebody else has it and we think we should have it; it has become a necessity. But it does not happen in the city so why does the state government expect small rural shires to contribute towards a service that most other people take for granted—our community is demanding this service.

We have also become involved in relaying TV services via satellite, not because it was a luxury and somebody else had it but because we did not have a reliable TV service. We now have three satellites and transmission to our three towns. Our people now have access to the ABC, SBS, GWN and WIN TV. The ongoing maintenance costs for this service equates to approximately two and half thousand dollars per annum per site or \$7,500 total. The state government recently imposed the requirement on local governments to comply with the Pensioners and Seniors Rebate Scheme. This required us to upgrade our computer system at a cost of \$3,000 with no compensation from the state. This may seem insignificant but it adds up.

As rural councils we have to commit considerable funds to attract medical practitioners and other professional people. We have just been through that exercise following our doctor's announcement earlier this year that after 10 years he was going to Tasmania. We talked to WACRRM, the WA Centre for Remote and Rural Medicine, to the AMA and to other doctor recruiting agencies who all gave us very little hope of getting anybody other than a succession of overseas trained locums.

I have to say that we are extremely fortunate because we have a new doctor starting a month after our incumbent leaves. The doctor is female, she is Australian, she will be there for three weeks and then she will go on maternity leave—but at least we have a doctor! Councils pick up advertising costs and then when you are fortunate enough to obtain a doctor you have to provide free housing, free surgery and some councils provide vehicles and salary guarantees. Our

council is currently getting plans to spend \$80,000 to \$100,000 to upgrade an existing house to make it suitable for our incoming doctor, which will we then give her rent free.

Our council was recently requested to seal the car park at the local hospital at a cost of nearly \$40,000. We were asked to provide fencing and install playground equipment at the community health centre. It was about \$5,000 for the fencing. We were asked to provide funding for a literacy program run jointly by the education department and the health department. They were both going to organise the program but neither of them had the resources to fund it and thought that local government was the obvious choice. Our council did not agree to fund this program and we have received considerable criticism for our decision.

We undertake the licensing of vehicles for the transport department. We do receive a commission per transaction, but this does not cover the whole cost. The department will not go with a continuous online system which can be done with a local call like you use for your Internet banking. They say that that would not be a secure site, even though banks seem to manage, so we have to dial up on an STD call for every single transaction. Council believes that it is very important that we have this facility available locally for our people. It is difficult to quantify the actual cost. It should be on a cost recovery basis but it is not.

We also do statutory vehicle inspections because there is no department of transport or police licensing available locally. We offered this to local mechanical dealers but they did not take up the option because they did not believe it was viable. Once again the service is required by the community so the council provides it. The state government has imposed other regulatory functions on local government, such as policing smoking in restaurants, and swimming pool fences. These may not require huge resources to be expended by our council—although for other councils it is a much greater cost—but it all adds up, and there is no contributory funding from the state. It is all relevant. They all require a different level of resources from different councils.

Often we have to provide the infrastructure which is normally provided by the state in larger centres. We have applied to become a part of the infill sewerage program. We have three towns in our shire. One is sewered and two were considered too small to qualify for the infill sewerage program. We have provided a basic sewerage scheme in the township of Ongerup, which we maintain. We receive no assistance from the state except that they impose licensing requirements and tell us how to do it, but they do not provide any compensation for that.

We are required to collect and collate information and data for other state departments. About 18 months ago our shire was in the grip of a drought. We applied to become declared 'water deficient'. The agriculture department told us that it was necessary for us to collect data for both them and the Office of Water Regulation to use. It was information that we would not normally even need to know. For example, my CEO was filling in the form, which said, 'How many DSE do you have in your shire?' He asked me, 'What's a DSE?' and I said, 'I haven't got a clue, Frank.' I found out that it was a dry sheep equivalent. Then he said to me, 'How much does one drink?' I said, 'I haven't got a clue, Frank.' He is a CEO, I am a business person. Why do either of us need to know what a DSE is? Surely it is better for the agriculture department or the Office of Water Regulation, who are the ones who are responding to this need, to collate the information. It did not take a lot of resources, but it certainly took some time and it caused us a fair amount of stress—and there was no recognition.

CHAIR—So how much does a sheep drink? Sorry!

Councillor Savage—It depends on the day.

Councillor Pech—About a gallon.

CHAIR—Thank you.

Councillor Savage—I accept that some of these examples are relatively minor but when they are taken collectively they do add up and they drain the resources of small rural councils. Thank you.

CHAIR—Thank you. Your submission goes to this, but what do you think is the role of local government or, in your case, the local shire?

Councillor Savage—I believe that our role as local government is to provide the best possible environment and the best quality of life that we can practically provide for the people in our area. Obviously, we cannot provide them with the same facilities that they would get in the city. Today, on a field trip that I went on we went and inspected the most magnificent leisure and aquatic centre. I would absolutely adore to have it in my shire—dream on; I am not going to get it, but we do need to provide the best quality of life that we can practically afford because our people are citizens and they are not second class citizens. They should be given some credit and some quality of life.

Councillor Pech—In my view, it is to provide the people down there with something towards what would be considered to be a normal lifestyle in other areas. We are never going to be 100 per cent good at that but we can get pretty close. Even though they might have an hour to drive into town or might not be able to get a TV reception, we do our best to try and provide a good road and a better TV. Two of those rebroadcasting systems were in townships with a population of 150 in one and probably 70 or 80 in the other, so it is not an insignificant little community that needs something—and there was absolutely no service there before.

CHAIR—Are there initial economies of scale when you are dealing with such a small rate base to begin with and a small populace but a very large area—which is going to be, I suppose, the dichotomy always? Is there an issue about how you actually provide it, given your ability to raise revenue, at one level, and also the tyranny of distance, at the other.

Councillor Savage—It is a huge problem, and I do not confess to have the answers to that except that someone has to live in our rural areas. Someone has to be out there in agriculture. I am not in agriculture, although Ken is, but I am a business person that provides services to those people and so I need them and they need me. Surely we need some quality of life?

Councillor Pech—What Jan says is quite right. Also it should be remembered that while we might be sparsely populated we do provide in a reasonable year a very good tax rate to the federal government, and to the state government in various things, too. All we are asking for is some recognition of that and to get a little bit back. In my view, we do not seem to be seeing any result of the GST coming back to local government, for whatever reason, and that was one of the strong promises that was made—that there would be that flow through. Maybe it is there.

Mr ALBANESE—Just after they said, ‘never, ever’!

CHAIR—Have you seen any cost imposed by the introduction of the GST onto the local government? Are you actually bearing a cost by the introduction of it?

Councillor Pech—There has got to be accounting.

Mr Ludovico—It is mainly administrative. It takes us an extra couple of days to do. We do our GST returns monthly. That is the only way to keep a track on it. It takes us a couple of days to go through that process.

CHAIR—So it takes extra staff and a couple of resources to actually keep track of the GST?

Mr Ludovico—Yes.

CHAIR—And, as you say, none of the actual windfall back that you were supposedly meant to be seeing?

Councillor Pech—Yes. And I was a supporter of the GST.

CHAIR—If you haven’t worked it out, we weren’t!

Mr ALBANESE—The government does not have anyone here.

CHAIR—The government doesn’t have anyone here, so we can just play Rafferty’s rules!

Councillor Pech—I was hoping that they would actually abolish, that everyone would know what they were being taxed on. That is the theory of it.

Mr ALBANESE—What would you say to an argument from someone in my electorate, an inner city electorate, who said, ‘Well, the taxpayer has provided \$760,000 through Networking the Nation, according to evidence, for a population of 1,800. That is \$425 a head for phone service. What do they do for me? What do they do for the people of the city of Perth—\$425 for the homeless person who is on St George’s Crescent?’ I am not advocating that. I am just providing you with the opportunity to comment.

Councillor Savage—It is a fair question. Then again, no-one would ever suggest to the ratepayers of the city of Perth that they should put in a similar amount per capita towards the provision of mobile phones that my people put in.

Mr ALBANESE—What do you mean?

Councillor Savage—We put in \$100,000 for 1,800 people. Did the constituents of your electorate contribute similar amounts per head to be allowed to use mobile phones in their electorate?

Mr ALBANESE—Fair enough; that is a useful point.

Councillor Savage—And if they want to come to Gnowangerup they can use our phones for free!

CHAIR—I am surprised in some respects, not at the issue of getting a local doctor, but the government has been claiming success in assisting with rural GPs and providing money and sources. It is one of their great catchcries. So I was a bit stunned, to be honest, that you as local government are completely picking up that cost of attracting someone in. You have had not had any success with the federal arena on rural doctors?

Councillor Savage—There is some assistance out there and certainly there is assistance for rural GPs in sole practices. There are practice incentive payments and there is paid locum time when they go on leave. My council moved a motion on Sunday afternoon calling on UWA to increase their intake of students to medicine because at this stage there are simply not enough doctors out there. While there are some incentives, people still prefer life on the coast or life in large cities, and it is hard to get doctors to come to sole practices where the next nearest doctor is 60, 70 or even 100 kilometres away. Okay, we do have fairly good telecommunications now, but it is still not as though they can say, 'I've got this patient, what do you think?' So it is daunting for them.

Councillor Pech—The country shires some 10 years ago set up a scholarship system and they called for donations from around the state, from all local authorities. We finished up with something towards three-quarters of a million dollars to use as a corpus of funds. We wanted to give rural medical students a scholarship so they would come back into the country. That worked extremely well, except we are now starting to run out of funds. We do not have enough. In fact, I would go so far as to say that that spurred the federal government into setting up a couple of those other scholarship areas. We have been able to make more rural places available in UWA but we are still not getting enough doctors coming through. Whether it is a culture in the medical profession or whatever that is keeping the base low, I do not know. But why don't we use our bright young people who are academic and allow them to train, give them the opportunity? I see that as being one of the big inequities, that a lot of kids who want to get into medicine cannot because there are not the spaces. We have even had a couple of students from our area go interstate. I know there is one starting in Queensland because he could not get into UWA. Another Aboriginal girl studied at a university in New South Wales; I am not sure which one. So there is a real issue there. In other words, we are funding not only the infrastructure but also a fair bit of the training already. I would hazard a guess that there would not be too many metropolitan councils that would be doing that.

Councillor Savage—Can I say that if we did not get out there actively looking for a doctor we would not get one.

CHAIR—Given that you seem to be doing everything already, and I do not mean that in a facetious way at all, do you think there are other services that should be within your bailiwick or should be your responsibility, like housing per se? Or do you think you have got enough and you really do not want to take on any more?

Councillor Savage—Housing for doctors is important to us and there has been just recently, last week, a scheme announced where councils can apply for grants of up to \$50,000 to attract professionals. That is only for new houses. We actually want to upgrade an existing house because that will cost us \$80,000 to \$100,000. If we get a grant for \$50,000, we have still got to

spend another \$150,000 or so anyway. Our local Homeswest and GEHA, Government Employees Housing Authority, are no longer keen to build houses in country towns. They say, 'You build them and we will lease them back.' We have not gone down that path yet. We are reluctant to do so. However, we have just been told that one of the reasons that hardly anybody applied for the sergeant's position as the OIC at the police station at Gnowangerup is because the house is lousy.

CHAIR—Where do you see the answer being for some of this? Is it extra funding? Is it how the funding is provided? Is it the responsibility issue about recognition? Is there a simple answer?

Councillor Savage—No. There is no simple answer. I guess the first thing is we would like some recognition that we are picking up these things which formerly were picked up by either state departments and agencies or federal. I do not know that we specifically want to be told, in answer to a question you put to someone else, 'This is your housing money and this is your TV money.' I think that we, the people on the ground, do make political decisions. We are politicians too, you know, and so we respond to the needs of our community.

Mr ALBANESE—Some local government people pretend, sometimes, they are not!

Councillor Savage—I am realistic.

Mr ALBANESE—That is very good.

Councillor Savage—We are the people on the ground who can see the needs of our community and are best able to respond, but we are being continually asked to do more with less.

Councillor Pech—The other issue is—and I do not know whether you, Madam Chair, come from the metropolitan or country area—

CHAIR—I am burbsville, Victoria, sorry.

Councillor Pech—Okay. It is an issue that per capita funding in a place like Australia really does not work. It would be great to have our population in a little place the size of Peppermint Grove, where you could walk around it.

CHAIR—Everybody knows Peppermint Grove, Australia wide. It must be the tiniest little bit of land anywhere to call itself local government.

Councillor Pech—I have not actually taken a close look at it. I understand people that live there reckon it is a little bit of heaven, but I do not know; I can't say. But the per capita funding really does not work, unfortunately.

Councillor Savage—Can I just pick up here on community service obligations and things like that. I mentioned about our towns being too small for the sewage infill program. We have also had issues with Western Power and the provision of power to our towns. Someone actually wanted to set up a wire manufacturing industry in our town, and there was insufficient power on

the grid. Western Power said, 'We will only upgrade the line if you pay us a copayment of \$1 million.' That was out of the ballpark. If they had just proceeded, every time they turned on the switch the whole region would have lost power, so they then put in a huge generator of their own.

There are people now who are leaving our smaller areas and going to city areas because there is insufficient support by government departments such as Water Corp and Western Power. Please don't get me started on Water Corp, because you will be here forever. Those agencies do not seem to have a customer universal service obligation that extends to people in rural areas. There has to be some way that that can be clarified. If we all move to Perth, Perth already has its own problems; it does not need us as well.

CHAIR—I hate to end it there, because it has been very informative, but we are running behind. Thank you very much.

[3.39 p.m.]

ANDERSON, Councillor Donald Edward, Shire President, Shire of Yalgoo

OLSEN, Mr Warren Keith, Chief Executive Officer, Shire of Yalgoo

CHAIR—Welcome. Would you like to make a statement before I invite members to proceed with questions?

Mr Olsen—Yes, I would. You have a copy of the submission so I will not take up time reading it because I am sure you can do that for yourselves. I would like to stress a few themes and I will start with the first one in my submission. In terms of revenue for local councils, there is nothing which quite beats general purpose revenue. Among the diverse local governments of Western Australia we are probably near the bottom of the food chain. We are located in a fairly remote, sparsely populated area. We have a very modest rating base. We are certainly not the smallest—we actually border 10 other local governments.

Mr ALBANESE—Excuse our ignorance, but even from reading the submission I still cannot work out where you are.

Mr Olsen—It is in the mining and pastoral region about 220 kilometres inland from Geraldton.

Mr ALBANESE—Thank you.

Mr Olsen—We have a very small rating base. The other problem that the local governments in our region have is the volatility of the rating base because we are reliant largely on the mining industry for rates. It is a very cyclical industry: the mines tend to keep going but they relinquish exploration prospecting titles. A couple of years ago our rating base in one year shrank by 21 per cent, which is significant if you were to put that into a similar situation like in the city of Vincent or Perth. We do not have a lot of other revenue opportunities. It is true that we do not provide off-street parking et cetera, but we also do not get the revenues that come from those sources. We have halls to maintain as well and the cost of maintaining them exceeds the revenue we generate from doing it. In Yalgoo, for example, anybody in Western Australia can come to the Yalgoo hall as well and we do get bookings from out of town for various events.

The problem with specific purpose grants is that they fall into programs that are usually designed by someone somewhere else, largely in Canberra or Perth, many of whom probably could not point to Yalgoo on the map. Occasionally, a program comes along that we take advantage of and when it fulfils our needs it is really wonderful—a lot of the time it does not. For example, we have a small community in the southern end of our shire, Payne's Find, which has very poor water. The supply for the water has been there for 90 years; the plant is at the end of its economic life and the water is rich in faecal coliforms and also in arsenic.

There is a community water program, which I was told on inquiring about it that it is meant primarily for farming communities and not for mining communities. The majority of people

there are very small miners; it is not a big company. Presumably whoever designed the program thought that arsenic was better for miners than for farmers. That is the sort of problem that we face. Now and then we can get some money for something from a specific program but in terms of meeting the needs of your community there is nothing that really beats general purpose revenue. I will leave it there and let you ask some questions.

CHAIR—Your submission was very good; it covered a lot of the areas we are looking at. What do you think is the fundamental responsibility of local government?

Councillor Anderson—Our council is one of the local governments referred to by the association: we think that everything that happens in our shire is our business. Because of that we have been involved in recruiting staff for the school. A few years ago the school was totally dysfunctional, so we had a meeting and tried to work with state government agencies to see what each of us could contribute to resolving a solution. We identified the problem: basically, nobody was applying to come there. We put in some strategies for dealing with that, which included some investment on behalf of the shire in the way that the positions were advertised and so forth. That has been reasonably successful. At the time people said, ‘What’s running the school got to do with the shire?’ But if your school is not working properly your community is not going to be working properly. Whilst we would like people to come out into our region and establish industries and job opportunities, we do not expect anybody to sacrifice their children’s education to do that.

We have been involved in police and security issues. If you were to ask me how much this costs, I could not say. We were encouraged at one time by the state government, ‘Don’t worry about police; we will give you a grant to employ some security patrols.’ The nearest security firm would be 220 kilometres away, so it is really not practical. We do not believe it is our role. I believe that some very basic things are the responsibility of government, and providing the police is one of them. We have a police presence in Yalgoo—we are more fortunate than some of our neighbouring shires—but that has only been through continual political effort, both at the level of the police command and through the government and the ministers. I would say that, in the last six years, the effort we have put into keeping a police presence has filled files that would stand very thick. That is a cost shift, because I suspect that the chief executive officer of the City of Perth does not spend that much time convincing the police to maintain a presence within the city.

CHAIR—She could be disagreeing with you, by the way!

Mr Olsen—Another form of cost shifting comes from the downgrading of resources put into government departments and so forth. There was a time when I could ring a government department and say, ‘Listen, I need to do such and such a transaction; can you send me out the form?’ These days they could even email it. But often we get, ‘There’s a copy of that on our web site, sir.’ So you spend an hour and a half shagging around on the web site. The next day you ring them up to say that you have finally found the form, but it would not download, and they say, ‘We’re having a bit of a problem with our site at the moment.’ That is cost shifting. If you call some government department you are put in a queue, and they say, ‘Press 1 for this option and 2 for that option.’ Eight minutes later you are finally through to where you think you ought to be, and they say, ‘Sorry, sir, that’s the wrong division.’ That is cost shifting—back to local government, I guess.

In the final analysis the answer to your question is that we are quite passionate about local government out in our region. It is very grassroots. Our accountability is not really a function of all the reports we file to the government; it is the fact that we have a small community and every move we make is probably debated all through the town. Our role is really to make a difference in people's lives in our community. At the end of the day, if all we have done is file the necessary returns and get the big tick from the auditor and the department of local government, we might as well not have existed.

CHAIR—In your submission you talk about problems with roads. That is obviously a big issue in your neck of the woods because there is a lot of area. What responsibility do you feel the mining industry has to contribute towards some of that maintenance? Obviously, it is pretty much to their benefit to have a better system out there. Are there any private-public partnerships? Should the mining companies wear any responsibility?

Mr Olsen—I am happy to report that some of the mining companies in our area do contribute. The shire sealed 50 kilometres of road to one of the bigger mines in the area and the mining company put up all the capital. The problem is that we are a little bit dependent on their goodwill and some contribute and some do not. They definitely put a lot of wear on the roads and they have some kind of obligation. You were asking earlier about the Roads to Recovery program. I think that was one of the best specific purpose grant programs I have ever personally seen in that they said, 'You can spend it on the roads.' We are happy to spend it on the roads. They did not tell us how to spend it on the roads, they did not tell us, 'Don't seal your roads because we do not think it warrants it.' At least we had the freedom there to determine some local priorities. We believe we are spending it more efficiently probably than is the case with the state road funds where there has to be a lot of detail in order to compete and if, in their view, a road does not warrant sealing then it will never happen.

CHAIR—Have you had any of your Roads to Recovery money withheld or held back? Because some of it has not been forthcoming, has it been an issue for you that you have done some program maintenance into the future and you are not actually going to realise that money?

Mr Olsen—That has not been a problem for us.

CHAIR—It has been for some others. I have seen some nods.

Mr Olsen—Yes, it probably has been for others.

CHAIR—This is an example of a reverse of the usual rural/city divide: the metropolitan areas are actually the ones who are suffering more at the moment. You think that was one of the better programs you have seen?

Mr Olsen—One of the problems is that the more the other tiers of government tend to specify things, the less efficiently we can spend the money locally: we are in the best position to know what the community needs, what the community wants and how it can best be provided. Two years ago when our post office, which had previously provided a banking agency, closed we ended up taking over and we now provide that service—a community post office. Because it is a community post office we are not permitted to sell money orders.

CHAIR—Did you explore the RTC, the rural transaction centre option?

Mr Olsen—We are formulating an application now to look at that but the problem is that there is a shortage of cash in the town. I suppose the same amount keeps going round and round being recycled and we stepped into that. People still needed a way to pay their bills—traditionally they had paid their electricity accounts, water accounts et cetera at the post office. What we do now is sell them shire cheques. It is the next best thing to a postal order. How else can they do it? We have no banking licence or anything like that but we are providing EFTPOS facilities and so forth.

CHAIR—I do not think you should be telling us that, just quietly, seeing as we are the committee that regulates the banks!

Mr Olsen—We are providing a solution to enable the thing to continue.

Mr ALBANESE—Congratulations on your submission and congratulations on possibly being the first person to get ‘shagging around’ into *Hansard*! I think they missed that back there but I didn’t. Lucky Speaker Andrew is not here; he is a very moral man about these things! In terms of the role of the shire and the employment you provide, what are the numbers of people you employ in globo, directly and indirectly?

Mr Olsen—We employ about 13 people directly. Traditionally, most of those have been the outside work force—road crew and so forth—which has been a very stable situation. We are blessed with a very good works crew. The difficulty traditionally has been in keeping a stable work force in the office. I have now been there almost six years, which makes me really long serving. A couple of years ago we created some traineeships, because the problem had been that, whilst a lot of the people in my good, stable outside work force were born in the town and we have that stability, traditionally people working in the office had always been brought in, and they stayed for 12 or maybe 18 months. So we have been trying to recruit local people into the office, into a traineeship, to rectify that situation. The shire is the largest employer in the town, followed by the primary school, and after that it falls away very quickly.

Mr ALBANESE—We heard about national competition policy earlier today. Is that having an impact on you?

Mr Olsen—It did in the early days, when we were attempting to comply. It really is a problem in remote areas like ours. Competition policy is a wonderful thing when you have a robust private sector. Quite frankly, local government in our region is the last man standing. The federal government is not represented there at all. We hope to rectify that in some way through an RTC. Very few state government departments venture into our territory, so if anything is going to happen it will be through the local government. The community has to help itself. We had a few problems in terms of compliance with some of it. We reviewed all our legislation as required—that was the first and obvious thing to do. We were doing quite well at that until some of the amendments to bring it into compliance with national competition policy started falling at the level of the Joint Standing Committee on Delegated Legislation.

It is very important for us to get on with those things that really make a difference in our community. It is a small community with a population that is 80 per cent Aboriginal. To be perfectly honest, the wording of some obscure local law that dates back to the 1950s is not affecting most of their lives terribly much one way or the other. We have some bigger things on. Obviously, we had a problem when we took over the fuel station, because we were effectively

nationalising what had previously been a private sector thing. I rang the department for some advice on whether we needed a consultant to prepare a report on this and they said they would get back to me. No doubt one day they will. There are problems that you get from regulation. In our act, for example, the council's fees and charges must be set by an absolute majority of the council, and you must advertise it and so forth. When we took on the fuel business, I rang the department to say we were getting a delivery of fuel—of course the price changes every week—and did they want me to organise a special council meeting each week so that they could set the price of the fuel. They said they would get back to me on that one as well.

Mr ALBANESE—Don't worry—national competition policy looks a bit mad in inner Sydney as well.

Mr Olsen—We did make a submission to the earlier inquiry into that and also to the Commonwealth Grants Commission. One of the difficulties for us is that we have a low resource base; there is not much development going on. As we said in the submission, we are contributing a huge sum to the economy in terms of primary production. Millions of dollars each year go directly into the consolidated account. The worrying thing about that is that the mining resources do not last forever and, unless we can organise some kind of development while they are there or otherwise somehow invest the royalties for the future, the future is looking fairly bleak.

We have, essentially, a Third World economy and, unless resources are being put in to provide the services that would enable our development, we are being treated just like the Third World. We were very pleased that, at last year's conference, the Premier said he was interested in negotiating regional agreements between state and local government. We think that is a wonderful idea, because we are there and we can do things. Housing is a critical issue, both in terms of our community and of recruiting professionals—teachers, police et cetera—to our community. Often the management of those is given to another agency. A few years ago, we had a school principal who had no hot water in her house for a couple of weeks until the management agency sent out an electrician—and she has gas hot water! We see these things all the time. We are here, prepared to put our hand up and say, 'Listen, let us into an agreement. We will manage these things for you and, in return, we would like the state government to do these things for us.' I believe the Premier and the government are very sincere in their desire to do that but, unfortunately, the Public Service does not seem to understand what it means or where to start. I have been following it up with a number of departments, saying, 'Hey, how about this regional agreement?' and nobody knows where to start.

CHAIR—Maybe one of the outcomes of this will be some move on that. Thank you very much for that wonderful input.

Subcommittee suspended from 4.02 p.m. to 4.21 p.m.

HARTLEY, Mr Neil Philip, Deputy Chief Executive Officer, City of Belmont

CHAIR—During the break we had a brief discussion. Is there something you would like to say on the record about the State Records Act, Mr Hartley?

Mr Hartley—Yes, thank you. There are a number of examples in the submission. The State Records Act, for example, requires local government councillors to keep their local government records—their councillor records. That is not an unfair request except that state politicians do not have to do that. One would think that has got to be cost shifting by way of excluding the state parliamentarians from that requirement. What would you like me to tell you about that other than it is grossly unfair? But when you sit on the bottom of the food chain, as somebody mentioned, you have difficulty influencing the state in those areas particularly when sometimes you do not find out about the act until after it has come in.

The Freedom of Information Act is another example where state parliamentarians and cabinet are specifically exempt as opposed to local government councillors and council meetings which are specifically not exempt. We have to meet the cost of FOI applications, not a terribly high cost in many cases but it is more than what the state government has to meet because they just say, ‘We are exempt; we make the act.’ Of course they are exempt! What would you like to know about those sorts of things? Once again, that is written in the submission.

I can highlight a couple of those things if people would like. I am happy with a general discussion but you did ask the question earlier about why local governments provide security patrols? I think the reason is they are not satisfied with the police force—or the community isn’t and probably the local governments aren’t either. I think that most people accept that security patrols provide limited value. The problem is that you cannot get the state government to provide more police to soak up that problem. People wait too long for a response. There is more crime happening at certain times of the day than there are police to resolve it. It takes too long to get a police officer to come to your house for something minor like, ‘I think I hear something in the backyard.’ Whereas in the city where I work there would be somebody there within a few minutes because they have a couple of security patrols racing around. They do not have to worry about burglaries, rapes and those sort of things—things the police should be and are dealing with.

When I have travelled with the police at night—I have hopped in a police car and been driven around with them—they are not slacking off out there; they have all sorts of problems to resolve; they have got long lists of things to do; they have all the legislation that they have to comply with and they are no doubt up against the odds, because if you did not know it criminals do not abide by the statutes, they go round the corners when the police have to wait for the red light.

Mr ALBANESE—On law and order policing issues and from a New South Wales perspective, if you were to door knock someone at random in Sydney and ask them, ‘Are there more armed burglaries going on? Are there more now than in the past?’ every single person would answer, ‘Yes.’ If you look at the figures, they do not tell you yes at all for a whole lot of reasons, and that is not a popular thing. You do not have politicians going out there—federal, state, local, Labor, Liberal, One Nation, Greens—saying there is less crime because it is just not

a popular thing to do. Is there a possibility that because local government is closer to the people and is therefore, in many respects, more open to populist assertions, then local government perhaps is responding to that? I find it extraordinary local government funding security guards. Surely there is a counter argument to that which is putting pressure upon the state government to provide the police and if that is not happening then you vote against them. That is the system we live in.

Interjector—We have done that, too!

Mr ALBANESE—And you have done that very well. But it can become like the argument about does building more roads just attract more cars and create more gridlock. Does providing more security guards enhance this perception that there is a great deal more crime than there was previously? I am not advocating this, but I am just concerned that it is a possibility that local government gets sucked into providing things, particularly if you have shires with wards of 500 people electing them. I can honestly say, on the record, there are some people who have been elected on some loopy platforms into state parliament, but that is nothing compared with some of the platforms in local government. In my area—I live in inner-city Sydney—people are elected on platforms of ‘I am going to give you a green space and environment the likes of some of the shires around here.’ It is nonsense. They know it is nonsense, but they get elected on it: you want a national park in the middle of Leichhardt in Sydney and people vote for it. Is that part of the problem that is happening with the scope of services being provided?

Mr Hartley—It might be. If I can quickly give you a history of why the City of Belmont put its security patrols in, and you can make a judgment about whether the answer is yes or no. We had people consistently coming to our council saying that there were not enough police, the police station was not open, they were too slow, they were irresponsible. People were scared of the potential of antisocial activity mostly, not so much criminal—if I dare draw a difference. We are talking about graffiti and home burglaries and minor acts of an antisocial nature. They expect the police to handle the more major things, and they do as best they can within the resources that they have. But local government is very responsive and it finds it difficult to say no in many cases. It is much closer to the people. Generally, I think it is fair to say, the more distant you are from the people who elect you, the easier it is for you to make a more rational decision—certainly a decision that you can escape from once you have made it. Sitting in Canberra and making decisions about Yalgoo is, I expect, probably much easier than doing it if you are sitting in Yalgoo.

Interjector—It is nice to see they are nodding!

CHAIR—Absolutely! I am not disputing that, and I will put that on the record. I think one of the difficulties is, and I will say this to anybody, this is our full-time job. We do this full time. We get paid very well to do this full time—regardless of what some of our colleagues say; we get remunerated. You are doing this—those elected representatives in the room—in a part-time capacity for a pittance, in a remuneration sense, considering what you are actually putting in. I will get strung up and quartered for saying that, but it is true. I am not going to dispute that. Other people might, but I am not. It is a truism and there is no escaping it.

Mr Hartley—That is good. We wrote letter after letter, we had representations to the police, they came to us, we went to them but nothing changed. The hierarchy of the government and the police kept saying, ‘If you have got a problem talk to us, make sure you put in your

complaints. We will respond to you.’ But in reality it just does not happen. There is something in the police force that between the top and the bottom there is a change in the rules. It does not happen like the top brass thinks it does. The guys on the street have a very different way of working than the people who are ultimately their supervisors believe they do. The people on the street are not doing the wrong thing, they are just under-resourced and the expectations of them are much higher than people think. At the end of the day we got nowhere. We spent years trying and the only course of action available to us seemed to be to provide this security patrol service. The people love it.

In reality, crime has probably not dropped in Belmont. In reality, it is safer to walk at night than in the daytime but we have more patrols at night than in the daytime because that is when people fear for their safety the most. The facts do not match up with the perceptions, but in politics you will be very aware that perception is a very powerful tool. We react to what the community wants. We provide a minimal level of service in providing security patrols, people driving round in cars with lights flashing, except you have got regulations that you cannot have certain coloured lights. We provide complementary services that do make a difference—youth programs, family programs and those sorts of things—because that is where the progress can be made. You could argue all day whether that is state, federal or local government responsibility.

Mr ALBANESE—I have no problem with that at all. One of the submissions said that they were worried about the development of US style security developed with municipal police forces running around.

Mr Hartley—That is why most local governments got into it because once a couple of councils start you cannot stop it from going on.

CHAIR—If the municipality next door has got it why haven’t we?

Mr Hartley—Exactly and the councillors are responsive to those needs and whether you call that political or whether you call that conscience decision making or community awareness, depends on the individual councillor. There are no rules out there when it comes to how people vote. All I know is that in the places I have generally worked, luckily, there have not been politics and I am thankful for that, it is mostly conscience type voting.

You asked earlier what local government is. Everybody will have a different view of that depending on where they live. My personal view is—and I will read out what I wrote otherwise I will not get it exactly right—to provide a service to a particular local government’s community because they have definitive boundaries, as I guess do state and federal governments, that is best delivered locally to their community, often in partnership with other levels of government, which helps to cloud the issue of exactly what we are.

Conversely, there are some things which definitely are not in our role which are things like international relations, which sits fairly with federal and, to a degree, state governments. There is a vital role for all three levels, I think. I have visited countries with two levels of government, they are generally smaller than Australia. I think it would be foolish to even contemplate a different system to what we have now. All we have to do is make it more efficient and stop people from trying to protect their positions in the various parts of the governments whether that be local, state or federal and equalise things so that we can get people a reasonable level of quality of life—not necessarily equal; you cannot make somebody in the Northern Territory

equal to somebody in the heart of Sydney because there are different levels of services. But they all need, I would have thought, reasonable access to medical services and a reasonable level of drinking water, which might be very expensive to provide in some places but it is generally quite necessary to have a drink from time to time. Meeting basic needs, I would have thought, would have been the requirement and to varying degrees each level of government provides that.

There is one more example I would like to give you which was in the submission. In terms of libraries in Western Australia, which were historically provided by way of partnership agreement—they are different in various states—the state provides the books and the local government provides the buildings and the people to distribute those books in the community.

The share now is about 75 per cent of cost to local government and 25 per cent to state government. It was no doubt different in the past, but getting a fifty-fifty share from the state government is nigh on impossible. That is a consistent arrangement that you see where state—and federal, no doubt—governments develop a platform, policy or project. They start it—with its youth officers, mentioned by WALGA earlier on—then the mood of the government changes, they pull out and the local government finds it extremely difficult to say, ‘Well, we’re out too.’ There has been a program set, there have been services delivered and the local community would not be happy for their local government not to continue with that service, so the local council picks up the tab. It is a well-worn path—it works very well too, I might add—and some councils do not get involved because they do not like what they think will be the end result, which is the state or federal government pulling away and leaving them with the financial responsibility. As a system, it works extremely well and has been carried on by federal and state governments for many years. No doubt they will continue to do so until local government eventually cannot do any more and has to say, ‘Bar lease, we can’t be involved.’ I will leave it for somebody else to say. I am happy to answer questions if you would like.

CHAIR—No, thank you, that is all right. Janet wanted to put in a supplementary.

Councillor Savage—Thank you. Very briefly, this follows on from what Neil has just been saying about community expectations and perceptions. Often that community expectation has been generated. The community may not have actually known that they needed a Landcare officer, for example, or a security patrol until the state government said, ‘We have come in with this idea of maybe a partnership or a state funded service.’ The community gets very used to that, and that is when, as Neil says, you cannot withdraw from it. It may not have been a real expectation, but it was one generated by a state or federal department. What I am trying to say now is that, when we withdraw from that, we get our financial assistance grants, as you know, and they are not increasing—every time we turn around, they decrease. In real terms they are decreasing even more because we are now using our FAGS to make up the shortfall and prop up those programs which were being funded by state agencies and which have now been withdrawn. I am sure that Neil, Warren and most of these other guys agree with me that now our FAGS are not the discretionary funding that they used to be. They are now propping up other things that have been withdrawn.

[4.38 p.m.]

HUNT, Mr Garry George, Chairman, Governance Systems Management Pty Ltd

Mr Hunt—I am now a private consultant and was formerly a CEO in local government and, more recently, the City of Perth. There are a couple of points that I would like to draw to the attention of the committee. The focus at the moment has been on government-to-government or sphere-to-sphere shift—you said ‘level’; I say ‘sphere’—but there is another shift occurring as well that has to do with a societal shift as we move into new ways, and that is the community shifting away from providing for itself to expecting the local authority to do it. Things that the community used to do are now expected to be provided by the local authority. With two income families and more single income families, the ability of the community and community organisations to do things has drifted from what it used to be. Then again, you have new groups like Landcare and the like which create the expectations. When the funding disappears again, in comes a new organisation and a new expectation—and it goes to local government.

Another impact of shifting of income—I am picking up the Yalgoo exercise—is that, in a sense, some of the city local authorities are subsidising the state government so that they can leave the policemen in Yalgoo. I live in a community where I pay \$30 a year to have security cars go around. I do not know what they do, but it makes my family feel good because we have had a home invasion by four guys. It took the police 3½ hours to come and see that someone had invaded the house. The \$30 a year per property across the community provides for a security service, which means that the pressure comes off the police because people feel better. Ultimately, the police person can stay in Yalgoo, and I admit that they probably need them more than we do. But, in my community of 100,000 people, there is one police car from mid-evening until about 7 a.m., when the next morning’s shift begins. Another comment was, ‘Why is local government so reactive to issues?’ I would put it to you that, although we have four-year election cycles, they come in two-year rotations. That means that, if the local authority does not address the issue, you are gone; half your council disappears.

Mr ALBANESE—Do you mean that you have half-term elections throughout WA?

Mr Hunt—Yes, that is throughout WA. So, if you do not address that security issue, I have to tell you, Mr MP, that you are gone. They will not wait. Unlike parliament, where there is question time, in local council there is not questioning by each other but by the community. Most local authorities in the metro area, for example, meet either fortnightly or monthly. That means that, when an issue explodes, you move quickly or you are on the front page. The perception that there might be greater security risks is a front page story. Then it is not a perception any more; it is real.

CHAIR—Is there anybody else before we adjourn?

Mr Wittber—What is the program from here? Will you be back in Western Australia next year some time, or is this the only hearing we are going to get?

CHAIR—To be honest, I do not know. It was our intention to come once and hook in, but—given the interest, the level of submissions and the short amount of time we have available—I

think we will probably have to review it as we go along. We would not want to say that this is the end of it. I do not want to sound pessimistic, but this is not going to be resolved overnight; you all know that. We have had inquiries before. At least we can have the dialogue and, in some respects, that is a good thing because it is something to just share some ideas amongst ourselves. I think we will have to keep playing it by ear and see how we go.

Mr ALBANESE—We will be having hearings in conjunction with the Australian Local Government Association conference in Alice Springs. I am not sure when that is, but there will be hearings there as well.

Mr Wittber—That is in early November—Melbourne Cup Day.

Mr ALBANESE—And you have tried to argue that local government is in touch!

CHAIR—To all the participants today, thank you very much for your time; it was really worthwhile.

Resolved (on motion by **Mr Albanese**):

That this subcommittee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

Subcommittee adjourned at 4.44 p.m.