



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ECONOMICS, FINANCE AND
PUBLIC ADMINISTRATION

Reference: Local government and cost shifting

ROUNDTABLE

TUESDAY, 18 FEBRUARY 2003

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION
Tuesday, 18 February 2003

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

Members in attendance: Ms Burke, Ms Gambaro, Mr Griffin, Mr Hawker, Mr Nairn and Mr Somlyay

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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Committee met at 1.31 p.m.**GARCIA, Mr Allan Michael, Manager, Policy, Local Government Association of Tasmania****INCHES, Mr Brian Maxwell, General Manager, Sorell Council****JAENSCH, Mr Roger, Executive Chairman, Cradle Coast Authority****MACKEY, Mr Stephen Sinclair, General Manager, Derwent Valley Council****MASON, Councillor Norma Lynn, President, Local Government Association of Tasmania****McCRINDLE, Ms Ngaire Anne, General Manager, George Town Council****PEARCE, Mr Frank Charles, General Manager, Glenorchy City Council****RANDALL, Mr Gary, Manager, Strategic and Executive Support, Hobart City Council****SALES, Mr David Edwin, General Manager, Devonport City Council**

CHAIR—I declare open this afternoon's roundtable hearing on local government and cost shifting. The committee is delighted to be here in Hobart. As you are probably aware, last week the committee released a discussion paper intended to stimulate debate and fresh thinking on effective solutions to cost shifting onto local government. Today we will discuss many of the issues and options in the discussion paper as well as the submissions you will put in. We would like this roundtable hearing to be a free-flowing discussion involving committee and all panel participants. I encourage you all to be full and frank with your responses to the questions today. Most importantly, we want to try to focus on solutions and we hope that people will have every opportunity to come up with some of those.

I would like to advise all participants 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. Thank you, everyone, for coming along.

To begin our discussion we will look at the issue of rationalising the roles and responsibilities of local government. Start off by telling us what you see as your rightful roles and responsibilities. Maybe you would like to tell the committee what you see as the optimum role for local government. Who would like to kick off with that one?

Councillor Mason—I will kick off in the most basic way. I think local government sees itself as the most responsive level of government. It accepts responsibility for its traditional roles in waste disposal. Eighty per cent of Australia's roads are looked after by local government. Local government takes responsibility for all of those aspects; however, it is taking on an increasing role in environmental management and there has been an enormous growth in its social and community responsibilities. Whether or not local government is able to take on any more, or even expand the areas in which it is currently working, is the issue that we need to be discussing.

CHAIR—Does anyone else want to add something to that?

Mr Garcia—Pages 5 to 8 of our submission detail what we consider fundamentally to be our functions, our roles and the activities that we currently perform and have traditionally performed. As my president has indicated, our issue lately is that we have had the door opening on things like environment issues. We have traditionally dealt with the small scale, small ‘e’ environment, but, having accepted a certain role or function, the slide begins. Once you are doing a component of a particular responsibility, it is easily layered and built upon. Those are the issues that we face now, rather than adding new responsibilities.

CHAIR—The small ‘e’ environment—what is that?

Mr Garcia—The public health aspects. We used to look after litter, but now we are out there consolidating ground force activity—Landcare activity. Councils are beginning to take on more of that role. Traditionally that has not been a role of ours at all. So that smaller ‘e’ environment is really where we are doing more work.

CHAIR—You mentioned the Department of Primary Industries, Water and Environment and Mineral Resources Tasmania withdrawing services in agriculture and land stability. What has been the reason for withdrawing their services? It seems to go beyond the bounds of each council.

Mr Garcia—I can comment specifically in relation to that one. They have deemed at a point in time that they have various statutory functions that they need to perform and they have certain levels of resources to be able to capably do that. At a point in time they make determinations as to what they can and cannot do any more. In effect, they say, ‘We are not going to do this any more and, if you still want that done, that is up to you.’ It is as simple as that. It is almost a carte blanche withdrawal of services.

CHAIR—Why do you feel obliged to take it on? I am just playing the devil’s advocate here.

Mr Garcia—I suppose we feel obliged to take it on because there are certain aspects—community safety, public safety—that relate to some of these issues. When there is a problem with land stability, it is the community that gets disaffected. Councils pick up the pieces and have various responsibilities associated with that. We were the ones who made certain approvals in the first place based on advice and records existing at the time. In the context of ‘ongoing’, clearly we have some responsibility, some concern, about what might happen to our community.

CHAIR—I want to draw this out a bit more. If you said, ‘Look, we are not doing it’, would it not put the pressure back on the state government?

Mr Garcia—Potentially.

CHAIR—Are they assuming you are all good people and therefore you will do it anyway, or what?

Mr Garcia—The point is that most of the time they have just withdrawn from it. It is not a question of whether we would do it or continue to do it. They just withdraw: ‘We are not going to do this.’

Ms BURKE—Why do you pick up the void? I suppose that is what David is asking.

Mr Garcia—I can understand what he is asking . I haven't given you the answer yet.

Ms BURKE—Your submission stated, 'Communities today demand more of their local councils than previously.' Communities today demand more of their state and federal governments as well. I would love to give my communities everything they want, but there is this finite resource. At a federal level, this lot—because they are in government; I am in opposition, so it is a different stake—make a determination not to provide that service. I would like a lot more funding to go to universities, but there has been a determination not to do it. So I am getting around the country this increasing sense of frustration from local government that you must keep doing it because community demands it. That is very nice; that is all well and good—don't have a dispute—but the bucket is never going to be full enough to provide everything that your local community wants. That is one of the things we have been grappling with.

Councillor Mason—One of the issues is that there is probably insufficient recognition given to the number of things that local government does refuse to do. I come from a very small council, but I am sure it is equally applicable to some of the larger councils that are represented around this table. There are community issues that come before you every single year at this table. There are community issues which come before you every single year on which you say, 'No, I cannot do it.' What local government tries to do is to sort out the ones that it absolutely must do. That is probably the burden of the cost shifts that are enumerated in this document and in individual council papers. The ones we have taken up are the ones that we felt we had to take up, either because they had been about a direct imposition by state governments or, possibly, because there are implications through other jurisdictions—for example the courts—that, if we do not take them up, we are going to be held responsible anyway. We have to establish grounds for having attempted to show due diligence in the performance of our community duties.

Mr Sales—I want to add another thing to that. It is in your paper, but new local government acts have been enacted in pretty well all states, and Tasmania is one of the states that virtually has a general competence power. Part of our local government act was an increased role for community consultation, and we are required to prepare strategic plans after community consultation and a whole range of things. Many councils have gone into search conferences and those sorts of things, and we are trying to evaluate what our community wants. In actual fact, these are the sorts of things where we get 100 or 150 community members over a weekend and we have facilitators. They are the sorts of things they are identifying that we should be doing. What Lynn said is right: we are dropping a lot of things out. The fact that our infrastructure is starting to lag behind is a factor, which is in your report. We are picking up the things that the community—not the councillors or the staff, but the community—is telling us it wants us to do. That is part of the reason that these sorts of things are happening. They are used to a certain standard and if there is the prospect of it disappearing, they are saying, 'No, you've got to do it.'

Mr SOMLYAY—Are they prepared to pay for them?

Mr Sales—Yes, presumably so. They are identifying it as being more important than something else is, so they also are giving us an indication of the sorts of things that we can drop off. Realistically, if we do not maintain roads or infrastructure to its highest standard—especially underground infrastructure, which we do in Tasmania—they do not see it. It is not

until we have a major problem that it is a couple of million dollars to fix up that they are worried about the fact that the sewerage infrastructure is deteriorating. If there is rubbish around streets, or whatever it is that we might be taking up, it is there and visible. They are the sorts of things that we are saying we should get into.

The other thing that has not been mentioned also relates to the first question. The one other thing that is coming through is economic development. It may be because we are regional—and I think all Tasmania is regarded as regional—that councils in Tasmania are being pressed to get into economic development. We have Roger from the Cradle Coast Authority, and he is far more able to speak on that. Again, in your paper, you are talking about groupings of councils, but that is one of the areas that no doubt will come up later on.

Mr SOMLYAY—You said before that most states had rewritten their acts. What is the big difference in Tasmania between the old act and the new act?

Mr Sales—The old act was very prescriptive. It told you how you did everything. There were about 1,000 sections. The new one is not so thick; it has got 280 sections, and half of them are on how to run an election. Section 22 just says ‘and anything else for the benefit of the good government of the area’. Basically, we can do anything.

Mr SOMLYAY—But the old act also told you what you could not do.

Mr Sales—Yes, it precluded things. This one does not do that.

Ms GAMBARO—I had a look at local governance in your submission where you basically talk about King Island and the lighthouse, and being given unsustainable assets to manage that that provide you with absolutely no return. In your submission you also talk about crown land and that there are no rates or anything you can claim on that. If the state government is giving you management of things like King Island, are you working on a way that you can say, ‘Look, we need to look at this whole crown land issue and you have to pay some sort of rates or provide us some sort of revenue.’ How far have you got in those sorts of negotiations? Have you commenced any of those?

Councillor Mason—Yes, we have. That was a very good question. Thank you for that one. We have been through the Premier’s Local Government Council. We entered into discussions on financial reform—having adopted the principle of revenue neutrality—approximately 18 months ago. We are nearing the end of the tunnel, if you like.

Mr Garcia—No, you can’t.

Ms GAMBARO—What was that about?

Councillor Mason—The drought has reached home. That is all right; I will struggle on. What we have done is put some extremely intensive work into discussions of financial reform, with the aims of increased transparency and greater equity between local and state government and, in a major way, recognition of the differences in abilities of each sector to pay for what it is doing and recognition of what it is doing.

Having said that, there are still some difficulties to be encountered. At the moment, the issues paper has just been released to councils. Discussions are taking place during this month and next month. The process still has to go to a general meeting of councils to be ticked off. The initial findings indicate that, of the 29 councils in Tasmania, 24 will initially be either the same or better off than they were before and five will suffer a loss of revenue or income—and this includes things like the rating of crown lands and various other pieces of infrastructure, such as state government infrastructure and so forth. But, reciprocally, it also deals with our having to pay land tax, payroll duties and that sort of stuff. From local government's point of view, it is projected that, of those five councils, two will gain a positive effect fairly soon after that, but three will remain in a negative situation. The total picture indicates that state government revenue will go slightly down. It started off being revenue neutral but, in fact, state government is prepared to wear an approximately \$2 million pushover to local government.

As far as the Australian states and territories go, we are probably more advanced in trying to address this issue than anywhere else in the country. But, having said that, there are, obviously, difficulties for the larger councils. The two major losers are Glenorchy and Devonport. In the end, the third council, Hobart, might say, 'I think we can manage'—hint, hint. The other two councils are obviously not going to be too chuffed about it. It is a very serious problem for them, and we have to work through those issues before we get any further. The whole issue of revenue neutrality is a difficult one, because it has meant that the possible rating of the hydro-electric authority infrastructure in Tasmania has not been brought into the equation. That is causing some disquiet, particularly among those councils who would have stood to get great benefit had that been brought in. It was left out because the inequities that would have occurred within local government had that been brought in were so severe. It has not been introduced at this time.

Ms GAMBARO—In one of your submissions you mentioned that you have been instrumental in complying and helping the state government to comply with the national competition policy, but you have gained very little benefit from that. Can you expand on why you have had to persist to the degree you have? In what ways have you had to ensure that the councils have become very active in the compliance side of things? Do you see that as your role? In what ways have you had to assist the state government?

Ms BURKE—By the way, anybody can jump in.

Councillor Mason—That is definitely a question to general managers. There are probably a few general managers who would like to answer that one.

Ms GAMBARO—The question is for anyone.

Mr Garcia—There is a range of areas and activities that have probably come under scrutiny. There are the significant business activities of councils, in terms of whether you are running an operation that could arguably be deemed to be competitive and therefore come under some degree of scrutiny in terms of costing. We have gone through that process and identified those. Some councils in that process said, 'What we'll do is we'll even go further than that. Rather than separating them out—because we don't think they can be—we will apply full cost attribution to certain activities so that we understand how efficiently and effectively they are working vis-a-vis competition elsewhere or vis-a-vis inside the council.' In some respects, that has been a good internal measure. There have been other aspects. We have had to go through

our water and sewerage systems and assess those in terms of public benefits tests: are we doing the right thing and are we charging at the appropriate rates? Councils have been through the heartaches of two-part water pricing. I will allow my good colleague Mr Sales to tell you all his heartaches of two-part water pricing.

Have we got benefit out of this? At the end of the day, the argument goes that the ratepayer is getting a benefit from it because we are more effective and efficient and that the state has gained great revenue from putting this regime in place. However, the government in this state has chosen not to offer some of that benefit in return for the pain that some of the councils have gone through. What happens if we do not comply? It is a bit of a stick and a carrot. There is no carrot. The stick is that the government says, 'Thou shalt,' and I suppose we dutifully follow and do the right thing. What happens if we do not do it? There is ostracism and hate, but there is no non-compliance penalty or compliance reward.

Mr Sales—There is, actually.

Ms GAMBARO—Are you doing it because you are good corporate councils?

CHAIR—What is the penalty?

Mr Sales—I forget the exact name of the act, but the government can declare the council in default—or whatever the word is—and take over the price fixing powers of the council.

Mr SOMLYAY—Who picks up the cost of compliance?

Mr Sales—Councils do. The difference is that councils in Queensland and Tasmania still provide water and sewerage services. That was predominantly the biggest change with the states. The councils in Queensland and Tasmania had a bigger proportion of the burden to pick up. I understand that the Queensland Local Government Association has negotiated with the state and receives quite a substantial revenue stream back. Here, we get nothing back. That is the big difference. We do water and sewerage, as does Queensland. Some of country New South Wales does it, but everywhere else they are separate bodies.

Mr NAIRN—A number of things regarding services have been raised, and we should get to them, but could we just get back to the first part. On page 7 of LGAT's submission, you detail a number of services provided by Tasmanian councils. Presumably, you put together that range of services from the results of the survey you sent out. Is it possible for us to get the full results of that survey? I know that you have incorporated in your submission what you got back, but it might be interesting for the committee to have the raw information. Whether you want to provide that or not would be up to you, but it might be useful.

Mr Garcia—We are more than happy to give it to you; then you can do with it what you will. I hope you can do better with it than I was able to do with it. It is patchy. Clearly, some councils put a lot of effort into this; other councils put less effort in. Some councils were able to quantify some of the costings in some detail; others were not. Councils that were side by side and seemingly offered a similar service, which you might have anticipated similar costings from, were significantly different. I am more than happy to give you the raw data, and you can do with it as you will.

Mr NAIRN—Do any of the councils represented here feel that any of the things set out in that table are things that local government should not be doing? Or is that too simplistic? Is it more a case of how some of these services need to be provided now? Each of the headings on the left side of the table tends to fall into a general area of local government services. Could we have some comment from various people?

Ms McCrindle—It is too simplistic to say, ‘Local government should do this, state government should do that, and the Commonwealth should do that.’ In a lot of ways, we all have very similar goals and objectives; we are just fulfilling them in our local, state or national areas. For example, a council will get involved in some welfare issue in a local community because it is their community and it is of concern to their community. It might also have some implications for state and federal government, but you need to be very careful to separate the role, the service delivery, the responsibility and the funding. At times, local government is probably the best organisation to put out some service, but is it necessarily local government’s responsibility to fund it—or has it got an adequate income stream to do so? I will give you an example. My council runs a community car service for frail aged and disabled under the Home and Community Care program—although, personally, I would rather not run it.

Mr NAIRN—Do you tender for that?

Ms McCrindle—No. The community needs it because we have quite a number of elderly and handicapped people. We have no public transport system, so the only alternative is a taxi. Except for the local doctors, almost every medical service is in Launceston, 40 minutes away. We have had this service for about 12 to 15 years. The service receives funds of \$39,500 per year, plus \$7,000 that the council puts in to run the second car, which is essential. It effectively only pays for a 20-hour per week coordinator and one car. For that, we are running a car service to the various hospitals and around the town for 365 days a year, including Christmas Day. Even our computer work is being done by an expert—who is, thankfully, a volunteer—who has set up an Access database program to put in the information. If the service was not run by the volunteers and if it were not for the coordinator doing a great deal of unpaid work at home and the council putting in a lot more money, it never would happen. But who else will deliver that service? It does not work bureaucratically. It could be delivered out of a small community centre or, if the hospital were set up as a community health facility, it could be delivered out of that. But how else could it be delivered? Should council necessarily fund it? That is the question.

Mr NAIRN—Presumably you all have a copy of the LGA submission.

Ms McCrindle—Yes.

Mr NAIRN—Is there anything there that you think ought to be crossed off? It does not matter whether it is only one council in Tasmania or all of them. Is there anything which you think should not be yours and should be crossed off?

Councillor Mason—The airports, since you ask. Taking off my presidential hat for the moment and putting on my council hat, my council was forced into owning the local airport under the local airport ownership program. The program has never been reviewed, despite the fact that it has been running for about 13 years. I am sure a review of this program undertaken objectively by the federal government would indicate just how much grief it is causing to other

councils across Australia in a similar situation to mine. I see the airport as an essential service. We are on an island in the middle of Bass Strait. Approximately 20 per cent of our rates every year go towards keeping the airport functioning. We have no alternative to flying, unless you count a weekly boat service that carries 12 passengers in extreme discomfort. I definitely suggest that airports should not be on there.

Mr SOMLYAY—For those who are not familiar with the geography, which airport are we talking about?

Councillor Mason—Flinders Island, at the eastern end of Bass Strait.

CHAIR—Wasn't that funded until 1996 or 1997?

Councillor Mason—No. When we were compelled to take over the ownership of the airport we were given a cash advance, some of which was tied. We had to rebuild the airport terminal. We were given \$250,000 to do that, but the actual cost was \$450,000, so that took care of another \$200,000 straight away. Some of it was tied to things like putting in pilot activated lights and the various safety infrastructure facilities, if I can broaden it that way. We ended up with approximately \$750,000. The interest accrued on that was used to offset the expenses of running the airport. Indeed, I took that into account when I said that we are still spending 20 per cent of our rates on maintaining the airport. Of that \$750,000 or so that we had left, we have since spent another \$250,000 on sealing a runway, which we had to do so that we can move out of Chieftains, which we will have to do sooner or later because, sooner or later, CASA is going to ban Chieftains from flying and there are no other aircraft available which can land on an unsealed strip. Our reserve is now down to about \$350,000. We have another runway that we need to seal that will cost us \$3 million. We have a rate base of 650 people.

Mr NAIRN—You have said airports. Why would you not include jetties as well? If you do not want responsibility for the airport that people use to fly in, surely people coming by boat should be somebody else's responsibility as well? If you say that, then what about roads? The question is: where do you stop?

Councillor Mason—If we got any assistance for our airport that compared with the assistance that we get for roads from the federal government, I would not be on my soapbox about this one. But we do not get any assistance at all. We have tried very hard to make our airport recognised as our essential road infrastructure, if you like, and to get some kind of commensurate recognition of the amount that it actually costs us, but it is not covered under the federal assistance grants.

CHAIR—Following up from what Mr Nairn said—not knowing Flinders Island—is the road funding all necessary for the roads or could you actually save something in the road funding and put it across to the airport? I am trying to think sideways.

Councillor Mason—What we can allocate from the road funding, yes. Actually, after some years it was recognised that the short strip—the one that is sealed—can be treated, if you like, as a road. But given the depth of the seal required, the fact that it is about six times the width of an ordinary road, et cetera, and the fact that it is still only being recognised as if it were a normal rural road, the amount of funding that we have actually diverted from one to the other is nowhere near commensurate with the actual cost of running it.

As for jetties, our main port is in fact looked after by the Port of Launceston Authority in combination with a local Flinders Island Ports Authority. I have to say we are very heavily subsidised by the Port of Launceston Authority for the maintenance of that. All the council does there is collect rates, which did not make them too happy but that is what we do to try to recover the costs of actually maintaining the road in to that. But I am sure there are other councils here—

Mr SOMLYAY—Did you put in a submission to the AusLINK inquiry?

Councillor Mason—Yes, we did. In fact, as part of that we said we would have liked a bit more concentration on those services which are essential in recognising transport in areas where the actual road-rail link is nowhere near as critical as either sea or air links.

Mr Mackey—My only comment was in relation to jetties. Quite frankly, we have some that we have to maintain because MAST has decided that if we want to continue to have those jetties then it will be our responsibility to continue the maintenance thereof.

CHAIR—Who decided that?

Mr Mackey—MAST—Marine and Safety Tasmania.

CHAIR—Thanks.

Ms GAMBARO—We thought you were being funny there.

Mr Sales—That was an authority established by the state to take over jetties and marine things without funding them appropriately, and it cut them off from the mainstream. Previously, it was done by a department. Which department, Allan?

Mr Garcia—The Department of Infrastructure, Energy and Resources.

CHAIR—Can I look at an overview here? Has the state government loaded you up in Tasmania with more costs than similar councils in other parts of Australia or are these just particular areas you are focusing on?

Ms McCrindle—Speaking as someone who was in Queensland local government for 11 years, yes.

CHAIR—Has that happened over 10 years or 15 years?

Ms McCrindle—I think it is partly the small town mentality. It is a small community. There is much more getting involved with each other's patch in Tasmania. You would be ex elsewhere too, wouldn't you, Mr Jaensch?

Mr Jaensch—Yes.

Ms McCrindle—There is much more getting involved with each other's patch in Tasmania and blurring the lines of who is doing what than there is in, say, a state like Queensland, where

the state government very much lets council get on and do their own thing with minimal interference other than the basic rules in the act, et cetera. In Tasmania, you acquire a lot of crown land that you do not want, you acquire jetties that you do not want and you incur anything else they do not want that you do not want. I am being a little bit facetious and over the top there, but that is the impression I have got after three years here.

Ms BURKE—Just going to the example of the lighthouse, it says in your submission that King Island council was recently compelled to accept responsibility for the lighthouse. You could have said no, couldn't you? Couldn't somebody have actually said no? It would have been an interesting exercise to have said, 'No, we don't want it.' I know you really could not say no to the airports.

CHAIR—Is that lighthouse still operating?

Mr Garcia—As I understand it, yes. It is a necessary piece of infrastructure. You do not want boats to run into your island. How often do you have a lighthouse and a business running it?

Ms BURKE—Yes, but if council did not pick it up they could have put it out to public tender.

Councillor Mason—It is quite possible that they faced the same issue that we did in the airport debate, which was to keep saying, 'No, no, no,' and then eventually the option was put: 'Okay, we'll put it out to public tender.' But, when you have a piece of essential infrastructure, the tendency is to pick it up with another government organisation so that you get all the benefits that flow from that. I am not confident of why King Island took the position it did, but that certainly had some bearing on it.

Mr Jaensch—King Island is one of the members of the Cradle Coast Authority. Whilst I am not across all the detail of that transaction, one of the things that led to us putting in our submission is that, where there is a transfer of an asset—or of a liability, for that matter—we see that there have been enough examples of it not working well. We have suggested that the federal government and the state governments should consider some duty-of-care basis for assessing that sort of transaction and making the recipient of that infrastructure fully aware of all the costs, projected out to the longer term, of picking it up.

I think that there may be some circumstances where local communities put their councils under pressure to save something, keep something, get something or own something. The councils then need to sit down, do their figures, and try to work out something which is going to satisfy their community and not send them broke. Maybe not all councils have the ability to project all of those potential costs and liabilities well. I think there needs to be a shared responsibility for those transactions working for both parties, particularly for the grantor or giver of an asset. It is just something we raise. It is a tricky one, because it happens a bit around the patch.

CHAIR—Ms McCrindle, you were saying, pertaining to Queensland, that you get loaded up with things that basically no-one really wants because it is costing them—things like crown land or whatever. From your experience, can you quantify the additional costs this is likely to be putting on local government in Tasmania that would not apply in other parts of Australia? Do you have a ballpark figure?

Ms McCrindle—No. George Town, where I am, is at the top of the Tamar, and we have certainly acquired some jetties and pontoons. In conjunction with the port of Launceston—with some help, I will admit, from the state government and some help from private citizens—we had to do a beach reclamation process on a beach that was eroding, because it was starting to get into houses. We found that we were left very much on our own in that. We had to source an expert, who evidently had done Gold Coast sand shifting. It cost us \$95,000 for 10 houses. But if it was not done, the problem was just going to compound. So you get all those things that are happening. Are they necessarily the council's problem? I do not know. We will be rationalising the jetties and pontoons gradually.

CHAIR—I am just talking in general terms.

Ms McCrindle—It is hard to say.

Mr Garcia—It is fairly hard to quantify whether we or anybody else in the country is worse off. We have had slides and they have had slides; they have had amalgamations for efficiency and we have had amalgamations for efficiency. We may have got some pontoons; they have copped some other responsibilities. I do not really think we would be in a position to say that we are worse off or any better off than any other jurisdiction in the country. I do not know that our progressive state governments over the last 10 to 15 years have taken the spoon to us more than to anybody else. As I think I said before, we have had gradual slides. You asked whether or not anything should be taken off the list. The chances are that, apart from airports, it is probably aspects of those things contained in there where the slides occurred.

For example, we are currently discussing noise policy with the state. In the past the state government has, through its environment areas, had certain responsibilities for issue of permits, monitoring and complaint processes—ensuring that the general health of the community is well and good. Under this policy there is now a shift to saying, 'You guys are certainly responsible for certain levels of activity in your community. Residential stuff, that's yours. No longer are we going to worry about monitoring whether a guy has got a chainsaw out on a Sunday morning. You guys do that in the normal domestic environment; you can do it from now on. But in addition to that, whereas we used to have a little regime over here that was quite simple, what we want you to do is actually measure the decibels to see if it is a problem or not, because when there is a complaint and it goes to court, we want you to be absolutely certain that you're on solid ground.' There is a whole new bunch of rules. Do not worry about the detail, but that is the sort of thing that we are facing more of, and there is a new responsibility. It is more at the margins: it is a change of expectation of the community; it is changing technology; it is changing awareness. We cannot put our heads in the sand and say, 'Well, we didn't do it before; therefore we shouldn't do it now,' but there are limits to the extent that you can continue to do it. It is not so much 'Here is another thing to do that is a brand new identity'; it is more reinventing what was into something that might be.

Mr Sales—In that case, up until a couple of years ago the department of the environment would do the sound monitoring for you at no fee. Now, each time that we have a complaint we have to get a sound monitoring specialist in from somewhere—not from Devonport—and it costs us \$5,000 every time we want sound monitoring done. It may be some minor infraction, but if we want to prosecute it—and there is a legislative base that says we shall—we have got to do that. A similar one that has not as yet gone through is the smoke emissions legislation. In my view, the legislation that the state government was proposing last year was draconian. Councils

were going to be responsible; we were going to have smoke police. They said if a fire had smoke for more than five minutes at a go or a total of 10 minutes out of 15 or whatever, that was an offence.

Mr Garcia—And smoke of a certain density.

Mr Sales—Yes, and we were going to have to have people sit and watch when we got complaints. Most councils—certainly our council—were looking at two additional staff members if we were going to do the job that was prescribed for us in the legislation, which would cost us something like \$200,000 a year.

Mr NAIRN—You could probably make a lot of money suing the national parks for their fires.

Mr Sales—We are talking about domestic situations, basically heaters.

CHAIR—Do you mean someone with just their ordinary fire?

Councillor Mason—Yes, and this is Tasmania.

Mr Mackey—An ordinary open fire or backyard incinerator.

Mr Sales—That legislation has stalled. I do not quite know where it is, but that was the proposal that came out last year. I would say that the major councils were certainly looking at something like a couple of hundred thousand dollars each.

CHAIR—Has that gone through or not?

Mr Sales—Allan would know where it is.

Mr Garcia—It has not gone; it has not been forgotten. It is still in the flux of policy development. But we are very fortunate we do not live in a cold state, of course; people do not need fires down here! In reality, that is the type of thing that I referred to; it is a slide of traditional responsibilities into something new but very onerous, very expensive and very resource intensive. Very logical, perhaps, but—

Mr Sales—A similar example is in relation to environmental nuisances. There are schedules—schedules 1, 2 and 3—at different levels. The state is responsible for level 1 schedule premises. They have just removed a great pile of premises from level 1. Suddenly it has become local government's responsibility to monitor the environmental nuisance—this is smells and whatever else. Again, the monitoring equipment for a single infraction is expensive, especially if you are a rural council and you have got to bring in specialists from Hobart.

Mr SOMLYAY—Can you give us a couple of examples of what types of things they removed from schedule 1?

Mr Sales—We had one; I am just trying to think what it was. It was an abattoir, a rendering plant or something like that. It was something along those lines. We have probably got four or

five premises in Devonport that are level 1, and they took one of them out. One of them became a level 2, but obviously at the top end of those levels they are more likely to cause serious problems than level 3 premises.

Mr Mackey—I want to make a quick point that goes a bit further than that in regard to our waste disposal sites. The issues are now expanding on the things we have got to sample and test for and the number of times we need to do that at our waste water treatment plants. We are just going through a licensing requirement now for a new licence for our waste water treatment plant; the things we have to monitor for and the amount of samples we need to take are just getting bigger and bigger. We had to make a bore go down 30-odd metres to make sure that we had no leachate coming out of our tip site. They found that there was nothing coming out of that bore, so they wanted us to do another one closer to the river. If they did not get water in that, I would be amazed; that would have meant that the Derwent was dry. The requirements they are forcing on us in the licence conditions are becoming more onerous.

CHAIR—Won't you be able to charge the users for the waste water?

Mr Mackey—Out of our sewage treatment plant?

CHAIR—Yes.

Mr Mackey—I suppose we could.

CHAIR—Why wouldn't you?

Mr Mackey—At this stage we have only just started to do that, so we do not have a handle on exactly what those costs are going to be. They still have not given us a licence so we do not know whether they will apply more conditions.

CHAIR—But you would expect to be able to recover the costs?

Mr Mackey—We would like to be able to recover some of those costs, yes.

Mr Garcia—You certainly can do it through rates.

Mr Inches—I work for the Sorell council, which is just east of the airport. I would like to comment on something that Steve just said. The fact that we can recover a fee by increasing taxation to our residents does not necessarily mean that the fee is justified or that it should exist. I think Allan has mentioned on a number of occasions that in Tasmania we get less support from our government in terms of competition payments, infrastructure funding and support than states like New South Wales. I do not think you can ignore the overall taxing implications of anything that a state government may wish to impose on a local government. I have a presentation I would like to give at 4 o'clock or 4.30 about infrastructure, with one example. I agree that in a competition society you pass on costs, but when it is a tax on a community that may already be feeling the costs of its local government rates it is not always the solution. It is certainly not an effective solution.

Ms GAMBARO—My question is about the example you gave about the decibels and the testing that cost you \$5,000. Was there a particular offender who was causing the problem? I notice that in your submission there is an example, national heavy vehicle licensing, where the state gets 85 per cent from the total licensing receipts and you get 15 per cent. Are there any more opportunities for you to come to some sort of a cost sharing arrangement with the state government? When they ask you to do environment testing—which you do not have expertise in—have you ever tried sending them the bill to see how you go? I would be interested to know.

Mr Sales—We have had three in the last 12 months, so I can verify it.

Ms GAMBARO—It is building up, isn't it?

Mr Sales—That is right. They have changed the legislation. The legislation is now that we are required to do it.

Ms GAMBARO—I notice you have some partnership agreements where the three levels of government are now talking about some of these issues. Are you saying that you just have them imposed on you with no discussion? Do they say, 'You shall do this environmental testing,' and that is it?

Mr Sales—In the last two or three years there has been significant progress in communications. The Premier has set up a number of working parties to look at areas of common interest to local government and the state. One is communications, and we are getting some protocols in place which will give us the opportunity to comment on all legislation that affects local government, while it is in process. That certainly will be a significant improvement to these others, which have just arrived out of the blue; they were introduced into the lower house, and that was the first, in many cases, that we knew about it. But I think those changes are under way. I think partnerships have enabled us to identify a lot of specific matters in particular areas and do exactly what was mentioned before—try and project forward to get some certainty about how things will be funded.

I agree with Allan. I do not think the problem has been as bad in the last three or four years. I think we have had these environmental things, but historically what you have to look at in Tasmania is this. In about 1990, the Tasmanian government was virtually bankrupt. At that particular point in time, probably before it happened in other states, there was this great redundancy program—I think the Commonwealth funded it—within the state bureaucracy. That is the point in time when services suddenly started disappearing. We had a period of three or four years from about 1990 to about 1994. A local government levy was introduced whereby councils pay a levy to pay for the local government office. The fire levy which we pay to keep the fire services going was changed; suddenly, we paid a far greater proportion of the total cost than was the case previously. Changes were made to the library levy; we pay a higher amount towards the state library service. In many other states, that is a council run service, so perhaps we should not whinge, because the state does put something into that and I know that does not happen in some other states. There is a range of those sorts of things that happened in the early 1990s.

More recently, there have been the incremental things that Allan has outlined. There are tightened environmental requirements. I think we all accept the need for those, but, when the legislation goes through parliament, there is a requirement that local government does things. If

they fail to do it and something goes wrong, we are the ones who get the insurance claim or whatever else it is—not the state government. We are spending a fortune on risk management, as I would imagine all levels of government are. We are trying to identify all areas where we are potentially liable. Fortunately, we have got a mutual insurance scheme. We have not got a lot of the problems that other places have had with insurance, but again each year a review is done at each council's risk. Our insurers are saying, 'You shall do such and such and such and such.' These sorts of things are costing a lot more. They are the sorts of things.

A lot of the stuff that we are doing that is costing more is in fact self-inflicted, but it is self-inflicted in the sense that the state has withdrawn the service and the community is saying, 'We want it.' That is what I said earlier on. We are having these search conferences, and they are identifying what that want.

CHAIR—These levies that you had imposed in 1991—are they still in place?

Mr Sales—Yes.

Ms GAMBARO—And you have got a proportionally greater share of those levies than any other councils that you are aware of?

Mr Sales—That is right.

Ms GAMBARO—I have just one other question on the state itself. In your submission you said you had a declining population and that the average income was \$13,200-odd. When you were talking earlier, Mr Garcia and Ms McCrindle, you mentioned that you do not think at the fringes you do more than any other councils in terms of performing duties. Let us look at the overall funding, though, with FAGs and everything else, and how local government in Tasmania is funded. In one of your submissions, you mentioned that that there should be more accountability of small councils and the funding that goes into smaller councils. Do you have any ideas that you can offer the committee as to what you would like to see? I think you mentioned GST and percentage payments in terms of the GST factor—that you could not rely on private investors or private enterprises to assist you and that, even though the majority of people in Tasmania own their own homes, the ability of the ratepayers to pay their rates is declining considerably over time. What would you like to see happen in terms of the way you are funded at the moment, and what changes do you think would be beneficial to your state? You do have some demographic disadvantages.

Mr Garcia—I think there is a whole bunch of questions there.

Ms GAMBARO—Let us just say the overall funding model.

Mr Garcia—How do we save the world?

Ms GAMBARO—How would you like Tasmania to thrive?

Mr Garcia—I think that there is a fairly common approach by local government across the country that obviously links to some form of growth tax. We think that is a fundamental key. Whether that is a GST or just a percentage of the overall net tax base of the country does not really matter. The FAG stuff is pretty stagnant. In Tasmania, we have a declining population.

You might say, 'If you have declining population, you therefore have declining services. What is the problem?' But within that declining population we also have the fastest growing ageing population in the country. We will be the first state in the country to hit the mark of having more elderly people than others. Our brick wall is going to come a lot earlier.

Those increased demands for services for aged people will be significant for us in the future. Guess who is going to cop a lot of that. Just because you have fewer people and declining numbers of people does not mean you can shut down your infrastructure. You still need the same volume of infrastructure, marginally. If you lose half your population, you can probably turn off a few taps, a few toilets or whatever, but you probably still have the same roads and water treatment requirements—all those same things. It is fantastic that we have a declining population, an ageing population, and people who own their own homes, but we do have problems. How do we solve it all? I do not know. That is why we have you guys here. As I have said, our strong position has been that there should be some linkage to a growth tax rather than—

Ms GAMBARO—And that has been pretty common with most submissions that we have had.

Mr Garcia—I do not know if there is a silver bullet solution to all that. Do we deserve it? You guys raise the idea of local governments getting off their backsides, rating the backsides off their ratepayers and extending borrowings to reasonable limits—rather than being a zero debt council.

CHAIR—We said you may consider those things.

Mr Garcia—'May' being the operative word.

Ms GAMBARO—Under consideration.

Mr Garcia—Okay. They are not unreasonable perceptions, but, again, how much can a bear bear in the whole process?

Mr GRIFFIN—We are the only ones who like to have zero debt.

Ms BURKE—Would there be any council in Tasmania that was on the minimum grant from FAGs?

Ms McCrindle—There are two.

Mr Garcia—There are two and they are both here today.

Ms BURKE—So the notion of getting rid of a minimum grants—

Mr Garcia—There are 27 councils that say it is a wonderful thing, but perhaps it is best that those that have got minimum grants speak for themselves.

Ms McCrindle—But it would not have that much of an impact on the rest of the councils in Tasmania if Hobart and Glenorchy did not get their shares.

Ms BURKE—So it would not make a huge dent in it?

Ms McCrindle—It would not make a huge dent in the rest of it. It is the size of the pie that is the problem.

Ms BURKE—I know you have already had council amalgamations, but when you look at the Cradle Coast Authority submission in terms of declining population you have to think, ‘Well, why don’t you just amalgamate?’ I say that, coming from Victoria and being an ALP member—which is really bad! When you read that submission, the issue of economies of scale jumps out at you. There are only 29 councils, so compared to some of the other states you are doing quite well. There has to be some level where you say, ‘Can we keep having infrastructure for a declining population base?’

Ms McCrindle—How do you have economies of scale when you have a council with a number of small townships with little water supplies? There is no economy of scale for those, no matter what. You cannot just put two together and have a multiplicity of small townships with their little water supplies and their little sewerage schemes. To some extent you can transfer garbage, but we are doing that cooperatively now in Tasmania. Unless you close down these water supplies and sewerage systems in the small townships completely and turn them into ghost towns, you have no hope for economies of scale. That is the stark reality.

Ms BURKE—There are no actual economies of scale in finding those resources.

Ms McCrindle—No, it is just not there.

Mr NAIRN—Isn’t the forming of an authority like the Cradle Coast Authority an admission that some sort of amalgamation is a good thing? You might argue that it is for particular types of services. Mr Jaensch has not really spoken about their role, and perhaps he should. How do you determine it? My experience, not only here in Tasmania but in other parts of Australia as well, is that those sorts of organisations, councils or authorities—whatever you want to call them—seem to jump up because of a perceived need for working with adjoining organisations. They say, ‘We’ll create a bureaucracy to do that particular bit of economic development which all the region has in common.’ But then gradually it takes on another role and another role, and then it has its own sort of impetus.

Mr Jaensch—Empire.

Mr NAIRN—I have to agree with Anna. In reading the submission, you started to think, ‘Hang on: we’ve got all these councils but then the councils are admitting that we need this other body to sort of represent all of us as well.’ Would you like to defend it?

Mr Jaensch—I will have a go. In terms of a lot of the infrastructure and service provision issues that people from individual councils and LGAT have spoken to, I do not think that there is any one sure-fire model for it. The issue raised about the geography really has to apply. An example in our region recently is the swimming pool argument. I am sure that most councils, most areas, have the swimming pool argument at some stage or other. It has been a bit of a

favourite since I arrived. Every six months or so, someone comes up and says we need a regional aquatics facility because we are all trying to maintain swimming pools designed for much larger populations and rate bases than we currently have and we need to replace them soon.

We commissioned some work from someone who, believe it or not, is an expert in regional aquatic centres and found that, because we have 70,000 people who live in a two-kilometre wide strip along the coast, there is no such thing as a viable regional, centralised, cost-shared, one-hit piece of infrastructure. You would be better off with four little ones working at 90 per cent of capacity instead of a great big one operating at 40 per cent. There are a lot of those sorts of factors which come into play with infrastructure issues.

We have found that our very dispersed population, with lots of small centres—in our corner of Tassie, there is no hub with concentric patterns hanging around it, possibly similar to other rural areas—does not lend itself so easily to first principles resource sharing and rationalisation issues.

The other issue is that when this discussion is held the ‘A’ -word slips out far too early in discussion. I think it puts a curse on things. Everybody twitches when you say ‘amalgamation’ and it might—

CHAIR—That is always the case. That is where the other states have acted on this. They have had to go down a certain path to make it happen, which is not in the short run going to be accepted in each local community. It is only in the longer term when they see it work that they will come to accept it.

Mr Jaensch—I think the political consequence of the term, though, might actually stop a lot of other good things from happening. We have an example of that in our region at the moment. After the failure of a merger push, it is going to be interesting to see if they are actually talking to each other enough still to achieve some economies of scale in the sharing of other resources.

The other thing that we have observed in the three years the authority has been running is that there is a need for local representation of small communities. When people talk about amalgamation and say that all the councils should be one big council and all the rest, whatever the structure is, before we head down any rash rationalisation process—by whatever means—we do need to consider the changing world. We have a lot of communities which are isolated and have lost the critical mass to retain their bank, the policeman, the school and other things. But people still live there, and those people have needs.

One of the things that we have done over the last couple of years is a review of health and human and community services delivered across our region. We did this under a partnership with the state government to try and see what scope there was for regional coordination and management of delivery of those services. What we found is that there is very little scope for regional coordination but there is a great need for local level coordination—not necessarily funding or delivery, but customising a range of services and coordinating them to make sure that the things that local people need are available to them in the right sorts of ways.

Whereas the discussion so far has been about responsibilities for infrastructure and service delivery—and I am not a local government person, so these people are better to speak about

that—I think it is worth considering something that we do raise in our submission: that there is perhaps an increasingly important role at local level and regional level for coordination and management of the delivery of services by others.

One of the things that we threw into our submission for discussion was the consideration of something like a funder-purchaser-provider model. I think those terms have become dirty words in some areas. For example, small and isolated councils may be bombarded with about 20 different health and community services from several different agencies, half of which are funded by the Commonwealth through the state and do not know that each other exist. Local people who have breast cancer, are suicidal, have a men's health issue or whatever have Buckley's hope of finding the service they need, although these things may be around them. There needs to be some facility where you can find out about these things, such as a directory service and a coordinating service at local level.

I am not saying that this is a responsibility that local government should necessarily take on, but it is one of the sorts of things that a local representative body—an administrative hub like local government—could do if that role was recognised as important, if there was investment in building the capacity and resources of local government to do that and if local communities were put on top of these pyramids as customers rather than at the periphery of very complex delivery services run from Hobart or Canberra.

This is the sort of role that the authority has found it most important to move in and, so far, has found most profitable for our region. Working on things like the Sustainable Regions Program and the regional delivery of Natural Heritage Trust funds, some of the concepts we have put to AusLink, in terms of regional coordination of that, include intercepting and packaging federal programs to suit local needs and circumstances and providing federal programs with accountability and longer-term management of investment than would happen if the program were delivered remotely—where you lob money from Canberra and hope it hits the right bit of ground in a little region like ours. That is the area where we are building our capacity.

CHAIR—Let us go back a step. What did it cost to set up the Cradle Coast Authority? Can you identify savings from setting it up?

Mr Jaensch—The Cradle Coast Authority costs its nine member councils a total of about \$650,000 a year, which they share on a population based proportional rate. That is what it costs to run our core. We have designed our business model. We believe that our annual costs of operation will grow only at about CPI from year to year, because we have set up our partnership arrangements to do most of our work externally. Before I get on to the savings, regarding the benefits that come the other way, our budget of about \$650,000 to \$660,000 for this financial year manages about \$10 million in external resources for major regional projects. These are from a combination of federal and state government sources and, increasingly, they are going to be private sector shared partnership projects. At this stage, the council is more about giving the region as a block a greater ability to secure appropriate resources and investment rather than about creating savings between councils.

That said, however, there have been a few examples where we have been able to coordinate joint projects where several councils can share costs. We have been able to leverage in other investment and save councils chunks of money. An example is that aquatics facility study,

where the full job would cost a council about \$30,000. We put six councils together and put in half the money from a partnership we had with the Office of Sport and Recreation. Six councils shared \$15,000 worth of work and all had current information that was useful to them.

Another example is down at Strahan on the west coast. Strahan has a population of about 600 or 800 people, with an influx of 60,000 to 100,000 tourists annually. It got to a point where the plumbing was not up to it. The council had to impose a development moratorium, because the sewerage system could not cope with new developments. Council was not in a position to upgrade the sewerage by itself, but it was the only part of our region where we had \$10 million worth of investment from tourism developers waiting to happen but held back because of this planning requirement. We brokered a deal with the state government for them to invest, in partnership with local and federal government, in upgrading the sewerage system in Strahan based on its regional benefits. We were able to play an advocacy role and construct a regional benefit case which gave the state and federal governments confidence to assist in a major infrastructure upgrade for one small part of our region without necessarily being exposed to eight other councils saying, 'We also have sewerage problems.'

CHAIR—You mentioned \$10 million. How much of that is state money and how much is federal money?

Mr Jaensch—It would be about half and half at the moment, coming from different projects and sources.

CHAIR—We did not really get to savings. Do you not see the savings as quantifiable at this stage?

Mr Jaensch—At this stage we have not, for example, created regional positions that provide services that councils no longer have to provide, saving them money. We are investigating those things, but we are yet to find very clear examples where we will get those benefits—for the sorts of geographic reasons that we talked about earlier.

Ms BURKE—Would other councils have the ability to spend the time and energy to win the sort of financial grants that the authority has obviously won for the region? Doing all those funding applications is fundamentally a full-time job. Trust me, guys; go to the Northern Territory if you want to talk about the dramas of getting and supplying the information about the money when you are accountable for it. We heard that up there they fundamentally employ somebody to fill in all the returns to say where the money has gone. It is virtually a full-time job for councils, and most of the Northern Territory's councils are staffed by 1½ people. Would any of the other councils be able to do that?

Mr Jaensch—The distinction is also that the state government and, increasingly, the federal government—very definitely the federal government—are more and more talking regionally. They are talking about regional delivery, regional natural resource management and regional solutions. It is regional everything at the moment. They are talking about working direct to regions, sometimes bypassing states. That is a niche that we are exploiting, and that is where our organisation fits. It is the right thing for the time. Local councils still have full access to funding and do go about accessing their own funding for their own purposes. But where there is an opportunity for a regional delivery arrangement, our member councils own a machine that

can do that for them and, importantly, provide a way to funnel some of those programs into ways that are more sensible for local councils to access through that.

Ms BURKE—And it meets the badge of the funding model, doesn't it?

Mr Jaensch—Yes. It matches the rhetoric.

Mr NAIRN—There are two councils here that are members of that. Do your councils feel that you get good value out of whatever it costs you each year?

Mr Jaensch—There is only one.

Mr NAIRN—There is only one, is there? I am sorry, I thought Devonport—

Ms McCrindle—No, they are on a different basis.

Mr Sales—Again, going back to your discussion paper, you talk about regional organisations of councils. I think probably you should just go back a bit. Cradle Coast Authority did actually have its genesis as the north-west regional organisation of councils. Our new local government act which I referred to earlier enabled us to incorporate organisations or groupings of councils, which we did not have the power to do previously. Cradle Coast Authority is in fact just like a council within the local government act.

There are five or six other joint authorities in the state. I am chair of one that comprises four councils that has a landfill operation. In that particular case, the savings were enormous. We were all looking at establishing a new landfill to comply with these regulations. We now only have one. At Devonport we estimate that we are spending only 40 per cent of what we would have on a new landfill. We are spending something like \$200,000-\$300,000, but we reckon it would have cost about \$800,000 a year had we gone alone. So that was an economic necessity.

Mr NAIRN—Why did you need a body to do that? Why couldn't the four councils just work cooperatively without creating another body?

Mr Sales—Partially, national competition policy. It was set up as a business to pay dividends to the councils, and it does pay dividends to the councils. The three bulk water suppliers are also set up under that act. Again, you have got economies of scale in distributing bulk water. Any group of councils can get together and do that, and the councils did get together. It was immediately after the failure of the last big amalgamation round in Tasmania in 1997. It was quite clear that there were significant advantages in amalgamation, but the community did not want it. So the councils on the north-west coast got together and said, 'Look, there are advantages. How can we best access the advantages without having the disadvantage of the population not liking what we are doing?' This is why we set up the Cradle Coast Authority.

It has probably progressed in a way slightly differently from what the councils envisaged back in 1997. Although there is a group of representatives or shareholders—two from each council—the actual board that runs it is entirely selected as a board of directors. They apply for the position, there is no political interference and, again, it is run as a business, although it is a not-for-profit body. As far as I am aware, all of the councils are satisfied in the broad sense with the way it is going. It is attracting large amounts of both state and federal money. The state is

using it directly in its budget process to prioritise works within its own infrastructure programs, so that it can blame us rather than itself if a particular thing gets up and something else does not get up. It is achieving those sorts of things. There are minor, individual issues that councils whinge and grizzle about—we do that all the time—but I would have to say that it has been very successful.

CHAIR—Is this a case of cost shifting from local government to the authority?

Mr Sales—We are paying for it.

CHAIR—No, the money you are getting from the state and federal governments?

Mr Sales—I do not think that money would have come to the region at all. That is the whole point. We had to have the critical mass of a region to be able to do the types of things that are happening. Had that not happened, I would suggest, at least 80 per cent of the money would not have come here.

Proceedings suspended from 2.48 p.m. to 2.57 p.m.

CHAIR—How important is the minimum grant, and what is the impact on cash flow? With large councils, the impact is fairly small. I wonder what the comments would be here in Hobart.

Mr Mackey—I will start off. Being a small council, and because I see that dropping out, the minimum would be one way to go. But it has already been mentioned that doing that will not achieve much more than a flow of money to rural areas. There is probably a lot more work that needs to be done on FAGs. One area concerns what Allan has said today: we need a grant that is coming to us which is increasing fairly substantially—a growth fund as opposed to what we achieve at the moment. That is really the problem.

CHAIR—Does anyone else want to comment on that?

Mr Pearce—Yes. At Glenorchy, we are on a minimum grant of about \$600,000-odd. I think earlier on someone mentioned the financial reform process that local government and state government are working through at the moment. We look to lose potentially another \$400,000 out of that, and we are a city that is \$3 million a year short of funding our depreciation. That financial assistance grant, even though it is the minimum one, is really important. If we were to lose the \$600,000, it would be a two per cent rate increase to match it and it would hurt a great deal.

Ms BURKE—Is it worth the actual effort of accounting for it? The Victorian minimum grant is a bit different, obviously, but some of the councils there argue that the actual effort of accounting and saying where it has gone and how it has been spent is so time consuming that they would rather not have it.

Mr Pearce—Financial assistance grants basically do not require any significant accounting. You do not have to do returns on where you spend the money. It is just a general purpose grant.

Ms BURKE—Are there any other moneys you are getting?

Mr Pearce—With a lot of the other specific purpose grants, obviously, there are accounting issues, but in terms of the FAGs it is not really an issue. From our point of view, there is minimal administrative effort in acquiring it or managing it.

Ms BURKE—When was the last time you put up your rates, and how much by?

Mr Pearce—We put up our rates for this financial year by about 2.8 per cent. We have a policy that says that we will put rates up by up to two per cent above CPI, but for a variety of reasons I do not think we have ever achieved anything more than CPI. In some years in the past, we have achieved zero.

Ms BURKE—But most years you have a rate rise—or not?

Mr Pearce—Most years we have a rate rise.

Ms BURKE—What sort of community angst is there when you do that?

Mr Pearce—In our current political environment, it is explosive.

Ms BURKE—Have any others had rate rises, and can they tell me how they have gone?

Mr Inches—Sorell is perhaps a medium-sized council, with a population of about 11,000. That is medium in Tasmanian terms. I do not think there is a lot to be gained by simply shifting the deckchairs. The big question is what was covered earlier in terms of the quantum that comes to the state and the fact that there ought to be some form of growth component attached to that. The fact that the amount to Tasmania goes up maybe half a per cent ahead of CPI each year is really just treading water. It does not enable councils to achieve anything greater. It does not give the ability to perhaps come up with some of the infrastructure problems that some of the councils face, including my own. I think the debate ought to be more about how we somehow get to a growth tax that gives the states added benefits rather than trying to distribute what has been a relatively static amount for the last eight to 10 years.

Ms BURKE—I am surprised that it has taken us this long to get to that point.

Mr Randall—The Hobart City Council area was revalued last year. As a result of what has happened in the city over that period of the last decade, the actual value of the city did not grow; it remained the same. That was on the basis that commercial properties, mainly in the CBD, lost about 10 per cent of their value; the corresponding growth in residential is seeing it just make it back up again. The net effect of that is that some residential properties in the city have had rate increases of 25 per cent and there are some corresponding advances in commercial rents of 10 or 15 per cent. The argument about rate increases is a bit of a non-event.

Councillor Mason—I come from the smallest council in the state. We have consistently put our rates up over the last few years—probably since wool came out of recession, and that is a perfectly reasonable correlation—by between 1½ and two per cent above CPI, because we felt we had ground to catch up. For us, this is still not a huge amount of money, obviously, but it has meant that we have been facing our ratepayers with rate rises of between 5½ and 7½ per cent. They were not chuffed, I have to say, but, because we have a very direct relationship with our ratepayers—obviously, it is a small community—there is an ability to explain that, if you do

actually want a new fence around the cricket ground or whatever, then this is what it costs and this is what you have to pay. Unfortunately, we seem to lose that kind of logical approach when we start talking about big things like whether we need a swimming pool, sealing a runway or whatever. That makes it difficult.

Perhaps I could add to Brian's comments that, as an association and as a group of councils, we have supported the Australian Local Government Association's policy position which was adopted in November, namely that local government throughout Australia would require two per cent of net taxation, and certainty of that, in order to begin to cover the responsibilities it already has, and to attempt to not only maintain infrastructure but renew and put in fresh infrastructure. I think that policy position has been adopted by councils down here as well.

CHAIR—We might come back to that.

Mr Sales—Just briefly, we have just got a policy of increasing rates by CPI each year, which we generally do. It generally causes no problems at all. There was reference made earlier on to our big furore. We just had an enormous public campaign when we went to two-part water pricing. We suddenly started sending out quarterly water bills. Previously, it was basically in the rates. People just went berserk. We had mass meetings.

CHAIR—When you say 'two-part', you mean there is a commercial and private?

Mr Sales—Basically charging by volume rather than getting it included in your rates. The majority of water users in Tasmania do not have metres. Therefore, they just pay rates. There are half-a-dozen or so councils—we are one of them; Launceston, which is the biggest council in the state, is another—that are metered and went to volumetric charging two years ago. It has created a furore with the public. You are not getting any more money; you are just changing who is paying.

Ms BURKE—That is that argument about 'I only use my washing-machine once a week. The guy next door has the vegie patch, and he has five kids, and they obviously use their washing-machine.' I have done those. We have sent out the people to measure the water for them.

Mr Garcia—It is the invariable cost factor. They do not appreciate that there is a fixed cost just to have the tap there without even turning it on. That is the problem.

Mr Sales—The other thing I just want to say, going back to the FAGs, is this. I think there are two contrary arguments, and it is very difficult to work out which is the best way of doing it. If you reward by cutting out the population—fix the minimum—it seems to me that you would be rewarding smaller councils which in fact may—not will, but may—be the most inefficient but also the most needy. If you do not, you have the situation, as Frank has outlined, where you have large councils trying to provide more services. Do they in fact need more? The Grants Commission presently is effort neutral. Should you be effort positive or should you be effort negative? That, I think, is a really difficult problem that I have never quite been able to come to grips with as to which is the right way to go. You raise those points in your discussion paper; they are very valid and I really do not know what the answer is.

The other thing is this, and again you raise this in your discussion papers. I go back to Sydney during the Whitlam era, when there were tied grants. I was in southern Sydney, which received significant area improvement program grants, and we were devastated when they became untied because it enabled councils to do things above and beyond what they would just do out of rates. As soon as FAGs came in, all that many councils did was reduce rates. I do not think that was ever the intention of it. It was really a capacity building thing to enable councils to do more than they were doing. I think so many—

CHAIR—I thought they all built new council offices.

Mr Sales—They may well have done that too. I do see some value in questioning whether some of this should not be in some way tied. I am not saying hard tied, but I think there is some value in having it in some way tied, and not just used to offset or reduce rates per se. I do not know how you would do it.

Mr SOMLYAY—David, that partially answers what I was going to ask. If you take road funding by the Commonwealth, there are five ways that the Commonwealth funds roads. One of them is FAGs. One-third of the FAGs money should go to road funding. We do not hear back from the local government to tell us if they are spending that on roads. I might ask this question: do you spend one-third of your FAGs and specifically allocate it to roads in your own budget? Do you or do you not? Secondly, another way that we fund roads to local government is through the Roads to Recovery program. That is tied funding. How do you compare the two schemes that are operating? We can see a benefit from Roads to Recovery and identify the roads that it is going to, but we cannot identify the benefits to road funding through the FAGs program. Does anyone want to comment on that?

Mr Garcia—There would be very few councils, I would suggest, in this state, that were not spending their maximum allocation of this road funding on roads—indeed, more than that on roads. In fact, if anyone is not, I would like them to put their hand up. The advice we have had—I cannot be as definitive—is that the majority of councils spend their full roads allocation on roads—and, indeed, supplement that elsewhere. We all understand the Roads to Recovery thing. We think it is wonderful; we think it is overcoming a backlog. Of course, we would love to see it go on and on. But in essence, the road funding factor is actually, as I gather, fully expended on road funding and not diverted somewhere else. In essence, in relation to what David is saying, it is not a tied grant per se; it is something where people say, ‘We got that for roads and we actually are going to spend it on roads.’

Mr SOMLYAY—But that is not the case with FAGs, is it?

Mr Garcia—No, but hopefully it answers your question.

Ms McCrindle—On the subject of FAGs, I will just give you a quick rundown on the macros of my budget. I have \$2.8 million in general rates. The rest of the rates we can ignore, because they are for water, sewerage and garbage, and it all goes back to those things. I have \$1.2 million in debt redemption, interest and redemption. I have about 1.2 or 1.3 in grants—FAGs, road and general purpose grants. My capital program and maintenance program is approximately 1.5. If I want to account the FAGs to my roadworks, if you like—both capital and maintenance, although the capital does include some building—the lot goes there, all of it.

CHAIR—I might just acknowledge the Hon. Michael Hodgman here. He is a former federal minister and a former member of the federal parliament. Now he is in the state parliament. Thank you for coming along.

Mr Jaensch—I want to say something on roads with reference to the AusLink process that we recently submitted to you. This might pick up on what Ms Burke raised while we were having a cup of tea. We surveyed our councils and talked with LGAT and others when we were putting together our regional submission to AusLink. One of the things that we saw very hazily raised in the AusLink green paper was this talk about classification of roads of regional significance and infrastructure of regional significance, which does not exist as a classification at the moment. We proposed a bit of a model there as a solution that we could offer, that we could pilot in our region. It was based on an understanding that out there at the moment the local roads, whether through Roads to Recovery or as part of FAGs, are pretty stretched with all of our councils. A lot of them have a hell of a lot of roads and bridges per head of population, and not very many per dollar of export, coming out of particularly the west coast and mining areas.

We reasoned that there were possibly a number of critical links in the transport system that were of significance to the regional economy, the state economy and possibly the national economy, that were currently the responsibility of local governments to maintain and that drew disproportionate resources away from roads that schoolchildren, mums, dads and postmen use in local communities. We saw that AusLink and the development of a new delivery model provided a means to assign regional significance on that sort of basis and to supplement the costs of maintaining or upgrading those sorts of facilities, and we saw that an organisation like the authority could help to take that sort of role. This is perhaps consistent with what we have been doing in other areas of economic development where, rather than creating savings for councils and the things that they already do necessarily, we have been able to be a place where councils have been able to refer things that have regional significance or that their communities are saying need to be done, which have traditionally been outside the scope of local councils but which local councils might have been forced to take on. They are cost shifting type issues in that regard; they may be shifting some costs across to the authority to be dealt with at regional level. AusLink is another example of where we have put ourselves up as a place with a model that might be able to lift some of the costs of maintaining regional infrastructure from local governments.

Mr SOMLYAY—Which will eventually increase your rate base.

Mr Jaensch—Hopefully. If the whole economic development recipe is right, everything that we are doing is based on more investment, more population, more kids in school, more people working, more people paying more rates for more services. That is our game plan.

CHAIR—In the submission of the association, you talk about the problems of declining population and the fact that the FAGs are allocated on a per capita basis. Is this an update on the submission for the whole of Tasmania or just for your area?

Mr Jaensch—I only speak for my area, given that you have enough other people here to speak for the whole of Tasmania.

CHAIR—I like your approach.

Mr Jaensch—We discussed some things with the federal Department of Transport and Regional Services people who briefed us on the green paper. They were asking on what basis allocations should be made for road funding under AusLink—population, square kilometres. In our submission to them, we were hesitant about any set formula whatever. We preferred instead some set of indices which took into account population, how dispersed populations were, their remoteness, their disadvantage, and also things like their contribution to Australia's exports. Quite often you will find that you have a regional area with a tiny population maintaining roads and other facilities for companies that come in from elsewhere, extract enormous wealth and go out—that use the roads along the way but do not buy their cars locally. I used to live in Leonora and places like that in Western Australia, where that was very, very much the case. West coast Tasmania is not a lot different. We need to have a formula that takes account of those sorts of variables as well as just how many people live there; it really twists the whole need relativities when you have those sorts of imbalances.

CHAIR—On this whole question of funding, though, coming back to the FAGs, Councillor Mason talked about the Australian Local Government Association policy. Do people have a view on FAGs as to what the impact will be on per capita funding if you take this projection of population decline and therefore, over the next 15 years or so, have \$21 million less revenue? How do you see a solution to that problem?

Councillor Mason—I would very much hope that in fact we are not looking down the same road in 20 years time. On my reading of the issues paper that you have put out—and perhaps I was being overly optimistic—I had hoped that, as a result of this inquiry, the federal government or the committee might welcome a very thorough investigation into the funding arrangements and the certainty of funding for local government across Australia. I suppose I am looking at a far more thorough investigation than occurred with the examination last year of the financial assistance grants bill. That is a start, and we do appreciate the steps that federal parliament has taken in an attempt to redress it and to recognise the difficulties that local government is facing. But, having said that, I would suggest that, unless this inquiry actually leads on into a very deep examination of the imbalance between local government's responsibilities and its ability to fund those responsibilities, all we have done is fiddle with the deckchairs.

Part of the two per cent that ALGA is advocating is because that amount of money seemed to be about right. The second one, the major one, is that it is linked to a growth base, which we do not have at the moment. I recognise that it also gives us certainty. Where we suffer at the moment is that we do not have certainty in what we are going to get from any year to the next. That, for local government, is a huge problem. We have been talking about declining populations, but I put it to you that, even with growing populations, it is extraordinarily difficult to fund or to plan well ahead for the kind of infrastructure developments that this society requires, unless we actually know with some confidence that we have got funding 10, 15 or 20 years out. What local government would like is the adoption of bipartisan, bipolitical principles in the funding of local government.

I know that to some extent we have had that because we can keep fiddling around with the actual percentage. From our point of view, while it has been going up in terms of CPI, there has not been growth to match additional responsibility. We are really not a lot better off. In fact, a great number of people in local government would say we are much worse off. These are not issues that we can even remotely settle here. It seems to me that there is a crying need for a

further examination of this—particularly of the infrastructure imbalance, but also of the social responsibility imbalance that local government is picking up for one reason or another.

CHAIR—What about the SES model?

Mr NAIRN—As part of this discussion, we have raised the model that is used in education funding with non-government schools, using an SES model, socioeconomic—

Ms BURKE—It is generally on a needs basis analysis, with postcode demographic stuff.

Mr NAIRN—What is your view on that?

Councillor Mason—I think that probably has some merit. But there, too, local government would have to acknowledge that, as part of a trade-off for greater certainty and more money, it would need to be far more accountable. There would be questions of efficiency come into this, which we have discussed. Roger has given us some excellent examples of some of the things that they have achieved on the north-west coast. I think local government would need to take a mature national position on the accountability that it is prepared to put into that kind of equation. I would suggest that, if discussions went forward from here over the next 12 or 18 months—or two years or whatever—into redoing the local government financial modelling, part of that would need to be a very strong and rigorous discussion with local government about just how accountable it is prepared to be, how efficient it is prepared to become and how well it can account for the efficiencies that so far it says it has adopted.

Ms BURKE—I might add two things to that. With Roads to Recovery, you take out the states. Is there a notion of taking the states out of the FAGs equation so the relationship is direct with the Commonwealth on a notion and accreditation basis? There is that notion of the states coming out and the accreditation of the FAGs system. The other thing is this: how does local government go to the table as a representative of 700-odd bodies? We have met with ALGA, and we were slightly disappointed—I will be honest—with their presentation: they could not say that they were actually there speaking, because they are only representing. It is a bit like you being here today; you can use some of your authority, Roger, but you cannot say, 'Look, definitively, this is what all my councils think.' How does somebody come to the table as a representative of 700? That would be the other thing in respect of accountability and accreditation.

Mr Garcia—You can trust us as the association. We do not pretend to speak on behalf of 29. We hope that we go some way to reflecting their positions, and there are times when we actually do ask for their endorsement for us to go forward. The advantage of a Grants Commission process is that every council gets its opportunity to have its day in the sun. It is an independent process. I will not go into the details of what I think, but I am told that people like that opportunity to put their case. How could you do that in a national pool that affects 700 people and retain a level of integrity, a level of independence and a level of concern, care and heartfelt warmth? I am not sure.

There may be concerns about changing circumstances. How do you deal with a significant change of circumstance? If it is a Canberra run bureaucracy, how does the little council in the outback feel it can get its fair value? It is a dichotomy. We love the Roads to Recovery model.

We deal with the Canberra bureaucrats and there is no trouble; we love them. We do. But when we have the Grants Commission process, which is—

Ms BURKE—The minister is feeling all warm and glowing now.

Mr Garcia—I love Vanessa. Regarding the Grants Commission, it is one of those tradition things. People are comfortable with that. They have concerns about it, obviously. If you do not get your lot through the Grants Commission, they are a bunch of mongrels; if you get a good run, they are fine. It reflects back on what you were saying earlier, David, about amalgamations. Why do we not just have them? They make good sense. They are a great thing—except that they are not really all that attractive in terms of tradition and what people really do care about. The Grants Commission in the context of Roads to Recovery—get rid of it tomorrow; it seemingly is a good process.

We have had one round of Roads to Recovery. If we had another round of Roads to Recovery, what would it look like? What sort of parameters would people want to put around it? We are comfortable with the Grants Commission to some extent, because it has a history. We understand the parameters. We know how we can deal with that. If we had assurances around a Commonwealth based Grants Commission and what sort of parameters there would be, ongoing, we may be very comfortable about that. But if we just knew that it was going to be a pool of money that you guys are going to distribute on some basis from time to time, within either the parliamentary context or the department context, and you will make decisions on it, perhaps we would not be as comfortable with that; it does not give us certainty.

CHAIR—Can I just reread your comment? You are saying that the Roads to Recovery money was terrific because it was a new program, with more money, and you could take it without looking too closely. But if it was an ongoing program, there might be some problems that would start to arise.

Mr Garcia—From the perspective of the Commonwealth, if it extended it on, it may not want to give it out willy-nilly. It may want to start giving some more consideration to how it actually does that. Maybe there would be more rigour, more tests, more checks and more balances. I am not suggesting—

Ms BURKE—I am thinking of another federal election model.

Mr Garcia—We are going to have one of those soon.

CHAIR—Ms Burke will bring up the question of accreditation. You are talking about accountability. Is that an option? We have bounced that around a few others; some like it and some are hesitant. What is the view?

Councillor Mason—We have not had an opportunity to explore this with our councils, which is what we would normally do before attempting to bring a position to the table. In local government in Tasmania I think there has been, broadly speaking, a recognition of a need for additional accountability. The whole raft of early 1990s acts provided for a much greater level of accountability in local government that went way beyond simply responding to the ballot box every couple of years. The culture of accountability is very strong in local government. If the trade-off were that we knew we were linked to a growth tax and we knew that the percentage

that we were going to get as a share each year was inviolate, I think you would have a very good case to take to local government and say, 'Righto, we're prepared to lock this in; now, in return for that, you have to be able to tell us in a lot of detail, or within these terms and conditions, how you are spending it and whether or not you are spending it wisely.' That would apply across the board, whether you were dealing with Brisbane City Council or Tasman down here on our peninsula.

Mr NAIRN—Are you saying that that would be a good thing? You would be happy with that?

Councillor Mason—That is my gut feeling of how it could go if we were given that certainty of funding.

Mr NAIRN—Coming back to my question before about SES, under the education part of that, there is quite a rigorous process involved, and schools have to be accredited with the state department of education and there are the financial aspects. You could still have a similar situation—maybe not with the same sort of rigour, but you could still have the accreditation aspect of it. That could work there.

Councillor Mason—I think what I would like to do now is actually hear from some general managers, who may well be trying to take me outside and hang me.

Mr Sales—No, I have no problems. I was just going to say specifically that I have had some exposure to the SES, because I was chairman of a school board when it was introduced. Frankly, I think it would be more appropriate for local government than it is for schools. It got some bad press in, say, Sydney and Melbourne. Obviously, that did not happen here, because we have not got those types of schools so much here. I would have thought that postcode criteria are probably far more appropriate to local government than to school students, who will cross postcodes to go to particular types of schools.

I think I am right in saying that, when financial assistance grants were introduced, there was a federal Grants Commission that allocated them to every council in Australia—in 1976 or 1977. It was only because there was some constitutional issue that then they decided they would have to establish grants commissions in each state. I do not see the need for a grants commission in each state. If there were a proper, rigorous system which was transparent—and the type of thing you were talking about is quite transparent—I do not have any problems with that being used to distribute money directly to councils.

CHAIR—Does anyone else want to comment on that?

Mr Randall—Only to agree with those comments.

Ms McCrindle—My only comment would be again to remember that there is such a difference in local governments throughout the country. I am sure you are well aware of that. Again, provided you have a system that is very clear and transparent in how it is splitting the cash—and you will probably still, to some extent, have to split it state-wide anyway, via states—it would probably work. The other concern I have is this. If we are getting back to, if you like, marking councils, how do you bring the ones that are lagging behind in some things up if you penalise them financially? It is a catch-22 situation. Do you have a penalty in there or do

you work on getting processes within that organisation up to a certain level—as opposed to cutting funding, for example—if you are doing some sort of a scoring system?

Ms BURKE—And can you do it anyway—

Ms McCrindle—Can you do it anyway?

Ms BURKE—When you are talking about Aboriginal communities in the Top End of the Northern Territory versus—

Ms McCrindle—Don't audit them.

Ms BURKE—Versus the councils in my neck of the woods, which is municipal Melbourne.

Ms McCrindle—I know. It is very diverse.

Councillor Mason—I would not dispute for a moment the fact that it would be extraordinarily complex to attempt to redress it. But the thing that drives me and representatives from another 719 councils or community councils is the fact that the current system is untenable for the vast majority of Australian councils. If we look that reality in the face, action needs to be taken to deal with what is an extraordinarily complex problem. The issues that Ngaire raises are just part of that. Certainly we should not be putting money into a trough where competence, efficiency and genuine attempts to serve community in a reasonable way are not rewarded.

CHAIR—You talk about the two per cent. Just to clarify it, as you are aware, the terms of reference of this inquiry are about being revenue neutral to the Commonwealth. Does that mean that you would see some of the current Commonwealth allocations to the states being directed to local government instead? Is everyone happy with that concept?

Mr Garcia—I think we are all thrilled with this.

CHAIR—So it is unanimous.

Councillor Mason—Yes. I think the feeling behind that particular motion and its success was not purely a motive at the national general assembly. It was a recognition of what local government is doing and the fact that, because of the way—

CHAIR—This is in relation to cost shifting as well.

Councillor Mason—Yes, and I think it recognised that, when the new tax regime came in, while there was recognition of states' needs—perhaps by implication that states would then feel more comfortable about assisting local government or whatever—nothing was spelt out for local government. With a couple of years of water under the bridge now, we have found that that indeed is not the case. This would be seen as a way of redressing that imbalance.

Mr NAIRN—Just going back to what Ms McCrindle was saying earlier, in the discussion paper, option 9 is really talking about capacity building for local governments to overcome the

sorts of problems you are talking about. What would the priorities be if you attacked it in that way?

Ms McCrindle—I will give you an example of two councils. One, in my opinion, was riding for a disaster financially, but it was a deliberate decision by that council to keep its work force, because that was considered to be a serious priority in their area. We were the next-door neighbours. In our estimation, they could not, and would not, be sustainably able to afford that within five years, whereas we were going to a core work force and contracting. We could ride the shocks a lot better.

In circumstances where you have a local decision which may not look like the best economic or financial long-term goal, it is still the autonomous decision of a council. If that is the decision they are making, you have to have some mechanism to get that organisation to improve its performance in some way to provide what it should be providing at the level. It is difficult. It was not the most efficient way of running an organisation, in our opinion, in the climate, but that was what they were doing. Do you penalise that council for that, wait until they go broke and then have somebody come in and do the chop?

Mr NAIRN—It often has to be the case.

Ms McCrindle—Or are there other mechanisms or methods of gradually bringing them around?

Mr Sales—I would just say that in Tasmania—and this is not a popular subject in some councils—there is a state creature called the Local Government Board, which—besides advising the minister on amalgamations, changes, how you elect mayors and things like that—is required under the act to do a review of each council once every eight years. I am an alternate member on that board; it has a range of people on it. This particular program from the UK is something which has been occupying that board's time in internal discussions we have been having on how we can operate more effectively to try and assist councils to operate more effectively.

This model had great attractions. I have read the paper on it, and I think it would be a very good idea. That is my own personal view; some other people might not like it. How you fund it, of course, is a different matter. We were talking about doing it on a state level. Doing it on a federal level would be an improvement on that. I read a report by these people on one particular council. I forget which one it was. I thought that the way it was done and the way they made suggestions on how that council could improve its performance were excellent. It would do away with bodies like our Local Government Board in Tasmania, which has a similar objective but does it on a shoestring and probably not nearly as effectively.

Mr SOMLYAY—The biggest problem the Commonwealth has in dealing with local government is that local government is a creature of the states. Comparing the local government in one state with another state, for equalisation purposes or whatever, is virtually impossible when they do different things. Do you see any advantage in this committee recommending that the states strive for uniformity of functions in local government, perhaps through the COAG process? Would that be possible?

Mr Sales—I do not think it would be achievable. There are just so many minor differences state to state. You would really have to build the factors in. If you were going to have some

universal or Australia-wide system, you would have to build all the different factors in. For instance, we do not contribute towards libraries; in a lot of other states they do. I do not think you are going to get those sorts of things changed. The factors that go into determining, say, whether we should use an SES model would have to take all those things into account. It would be very, very complicated but I would imagine, with computer systems that are available, once the program was written, it would not be a difficult task.

Mr Garcia—There is clearly a core factor, however. I think there are 700 councils in the country that pretty much do something very similar. It is the layers on top of that. For instance in ours, as David has indicated, we do water and sewerage. I do not think the state is going to be too keen for us not to continue to do water and sewerage. Quite frankly, for us to extricate that from our operations would be extremely difficult as well. But it may very well be that, with a core plus then some other supplements, you can start to get some commonality of what councils as a core could or should be doing, and you could reach a level of agreement on that. If I took David's council and his neighbouring council and tried to come to agreement on what they should or should not be doing, we would have trouble with two councils—let alone trying to do 29 councils in the state and then across seven jurisdictions. It would be very ambitious. It would probably be enterprising at the end of the day, but very difficult, I would have thought.

Councillor Mason—Perhaps I could add to that. From the point of view of funding across the nation, I see that that would be a desirable thing, but, from local government's point of view, and indeed the nation's point of view, it would also take away one of the great things about local government—its ability to respond to what its particular community wants. That is something that I think enriches the entire nation. It would be a great shame if we were not somehow able to overcome that continuing freedom within our communities for the sake of a simplified funding model. That does not help, though.

Mr Garcia—I have just one comment on that UK model. It was quite interesting to note that they are very much to the fore in terms of local government improvement programs. We loved that. We thought that was wonderful. You guys do not provide us with that any more. Now there is the suggestion that we perhaps put some in FAGs and then pay for it ourselves. Would that be a cost shift? I am just being facetious.

Mr Jaensch—Just following up, I think we touched on option 9 before, and we have been talking a bit about standardisation of roles here and the UK model. When I was reading that from the authority's perspective, it is quite consistent with what we are hoping to do in terms of your words about accrediting regional organisations to become agents for delivery of Commonwealth programs. It is one of the things that we have aspired to—not necessarily to take on responsibility for delivery of heaps of services but to coordinate the roll out of federal programs in our region. Because we are a unique organisation at the moment, we have set up our own processes for setting ourselves up as a partner of choice for the Commonwealth and state governments to work with. We have an act that underpins us and provides us with our accountabilities, and we have a democratic, representative sort of structure.

What we have also done is commission the University of Tasmania to do an audit and evaluation of our decision making models, our strategic planning cycle and the extent to which we are covering our brief in terms of sustainable regional development. That is because one of the things that we pitch up to the feds when we are talking to them about NHT, sustainable regions or whatever is our ability to run agendas for economic, social and environmental

infrastructure and so on in parallel at regional scale and to provide a fully integrated approach to our region. There is no formal way of assessing or accrediting that that we are aware of that is out there. We have tried to get that done independently. We would very much welcome further discussion at our level on what you want from a regional organisation to which you are prepared to sign over a degree of authority as well as responsibility for delivery of federal programs.

Mr NAIRN—Do councils see this as a viable way to go? Mr Jaensch is talking about money and taking some sort of responsibility or administering that money. A lot of that money now goes from the Commonwealth to the state. The state is often our agent in all sorts of different ways, but then it has to work on a full state basis. If some or all of that money was going directly to a regional organisation which the councils clearly owned, do you think that would be a potential new structure that we could look at?

Mr Garcia—I think it depends on what needs there are. I do not want to have a fight with Roger, but if I took a selfish state-wide attitude to that in terms of council ownership in delivering training, development and the like, I would say that perhaps it can be at one of two levels. A lot of the other state associations are delivering these types of services now—not all the services but certainly these types of services. Perhaps they are not delivering them to the degree envisaged here, but certainly when you get down to things like training, capacity building and the like, some of the larger organisations—in Queensland and New South Wales in particular—are doing a lot of that now. If you are asking whether you would want to do that through a ROC in New South Wales, I would expect that the New South Wales Local Government Association—or what is called Lgov now—would probably say that that is not a good use of those resources. Again it comes down to your dependency and it depends on your programs. Could some of this could be delivered through associations? Perhaps. Other parts of it might more appropriately be dealt with—at the service delivery level, in particular—through regional organisations.

If you are talking about fundamental training and fundamental research for local government, local government in the state is probably as advantaged as local government in a region. I will probably get myself into trouble here, but let me say this. If every region was advanced as the Cradle Coast Authority, we may be in a different situation. In Tasmania we have the Cradle Coast Authority up and running, going along beautifully. We have got a northern group sort of metamorphosing at the moment. It is in a state of flux, I would have to say. And there is a southern region that sort of meets but has lots of little council issues. Is that a fair description overall? I do not know. But it is a maturity factor as well. The model would be dependent upon—and I come back to something that Roger talked about—the accreditation of the regional body and its capability to meet certain standards or levels of requirement that you would need.

Mr NAIRN—That would be a key to that sort of thing.

Mr Garcia—Vis-a-vis an association as well. That is, if we got involved, we would need to meet the similar accreditation involved.

Mr Jaensch—I would certainly support everything that Allan has said. My organisation, with the way we have focused it at the moment, does not want to pick up all of everyone else's work, particularly in terms of detailed, high-resolution local government stuff, which there is very definitely a more appropriate organisation for. But, if the federal government announces that it wants to be able to work regionally on things that are perhaps peripheral to traditional local

government responsibilities, where we find ourselves in a good position to provide a service, such as in regional NRM planning and delivery, planning and prioritisation of regional transport priorities—things that require perspective greater than a council's but that are not limited to local government only and that have intersection with the private sector, and advocacy issues from region to state and federal—we think we are in a position to provide a useful vehicle.

Given that, though, our organisation was created spontaneously by a group of councils at a point in time, and the goodwill that created it is the thing that holds it together. No-one told them to do it. Therefore, on that basis, you not going to get everyone doing this; it is not going to work in all places. If you tell someone to do it, they are going to hate and resist it. This is the difficulty for the federal government and sustainable regions as I have expressed it to AusLink and everyone I have been able to speak to: we fully support the concept of increased direct regional delivery of programs that suit that model, but the difficulty for the federal government is that it will have to be prepared to deal with individual regions and their capacities as it finds them—not work to a lowest common denominator and not try to impose some universal model; if they do that, everyone will choke on it and it will fail.

CHAIR—I think that is very wise advice.

Mr NAIRN—In the past a lot of the NHT funding basically went to the states. We had huge brawls about cost shifting there and about NHT replacing state budgets and things like that. But, ultimately, the things that are being done in NHT are being done much more on a regional basis. We now have these catchment management boards and things like that. We have blueprints coming up for regions and then funding can go directly to those regions. I think it has been realised in other ways, in other portfolios, that that is a much more sensible route to take because you do not have a lot of what I would call 'evaporation' of funds along the way.

Mr Jaensch—The recognition factor of local governments and regional bodies owned by local governments is also important. I do not believe I am talking out of school here, but at the moment we are working as part of the Sustainable Regions Program. They are running into an issue where they have eight regions, each of which they have allocated \$12 million or whatever because of their particular disadvantage. They are getting to a point where nationally they have allocated that program equally over three or four years and they are finding that, at the end of the first year, they have not spent as much as they thought they would and are at risk of losing it.

Currently we are negotiating. 'We have a contract with you; why can we not transfer and commit funds, so that effectively they are out of danger, but only actually use them on an agreed basis?' I have worked under similar arrangements in Western Australia with state-Commonwealth agreements, with rural partnership programs and things. They tell me that they cannot do it with this one. With accreditation there needs to be the ability for the federal government to work with regional bodies in the way it can now with states and to dump a resource with an agreement on how it is to be used rather than saying, 'Yes, here's your money; you come and get it dollar by dollar and we'll say yes.' You need to treat regions and local councils as grown-ups. They also have to be competent in entering into agreements that will handle millions of dollars, regional programs and those sorts of things.

Ms McCrindle—That federal budget—and, to some extent, state budget—process is an issue for a lot of councils in various things. My council, for example, got burnt with the Roads to

Recovery funding. We assumed, 'Okay, we're not spending this in the first year because we're going to bulk the project and do it in the second year.' No, no money there. The second year we canned the first year's funding and it has been whacked onto the fourth year. Effectively, the way the federal system works with budgeting is pretty well that it is all distributed and what is left goes back in the pot at the end of the year. It is very macro. That does not necessarily suit the way a council or a regional body may be doing the funding—and that is what are you saying, to a large extent.

Mr Jaensch—Yes. At regional or local level, the ability to use that funding most effectively often requires you to stall a couple of things and bring a couple of things in, so you can do it for half the price or get synergy or integration. Sometimes the year-to-year budget cycle does not allow that to happen; to get rid of it all, you end up buying a bunch of motor cars every June.

Ms McCrindle—You waste it at 30 June; that is what happens. We try not to do that.

Mr SOMLYAY—Under the accrual accounting regime, that should not happen.

Ms McCrindle—It does not with us, but it does with you, which affects our funding sometimes.

Ms GAMBARO—What do you use?

Ms McCrindle—We are accrual.

Ms GAMBARO—So the Commonwealth accrual system does not actually help? One of the problems there is that you are all working from different bases? Is that what are you saying?

Mr Garcia—It is an acquittal regime.

Ms McCrindle—It is the way it is acquitted and the way it is supposed to be coming back. It is just the way it is expected to be spent. We can either waste it or we can lose it and have to get it again the next year. If we are trying to do a project over a couple of years, it just does not work.

Mr NAIRN—In the Local Government Association submission at 5.1, you acknowledge the broader issues of making changes in determining roles and functions and things. You say:

... there is now an almost unanimous view that to revisit the broader task would be too large, too time-consuming and too difficult.

Do you have any advice for the committee, considering that that is what we are trying to do on a national scale under this inquiry?

Mr Garcia—I would hark back to a very micro situation in Tasmania. In the mid-1990s we tried this with roles and responsibilities. It was a dog's breakfast; it was extremely difficult. I intimated earlier that to try and get agreement between what David does and his neighbouring council is tough enough in its own right; to actually get an agreement signed off across all councils and all state governments that this is it, this is where the boundaries will be put, is very difficult indeed. I was on the state government side at one time negotiating with local

government about roles and responsibilities. It is those things that I mentioned before. It is not the actual heading; it is the margins within the heading where you fail to reach agreement and the recognition that, if you cut it at a certain place, you can never go over the bounds. People want to reserve the right to say, 'But if circumstances change, we want to be able to do something there.'

There is no advice. It is hard. It is hard because it is hard to change what has been for so long, and it is also hard because of the differentiation between councils across the country, as we have talked about, between state governments across the country and, to a lesser extent, with you guys. It is certainly very difficult to get that agreement. Others may have wonderful ways in which to advise you, but I have no advice.

Ms BURKE—Isn't it also about how long is a piece of string? Let me go back to structural efficiency, when we were going to determine what people did in their work. Some of you would have done this through councils—deciding 'This is what a painter does' or 'This is what a carpenter does.' We sat down and we created these lists, and they just got bigger and bigger. It went almost into infinity. If we sat down with local government—although I am in favour of trying to actually come to some rationalisation—you would have to put some parameters on it, wouldn't you?

Mr Garcia—Absolutely.

Ms BURKE—Otherwise you can say that a council's role is to respond to community needs, community desire, and that means we run a car and we run a development. I just found that, with that process, we thought it would be simple to say, 'Well, this is what jobs and responsibilities do,' but you could never actually quantify it.

Mr Sales—But there seems to be a metamorphosis taking place, which will take a long while, where local government will become the service delivery vehicle for state governments—perhaps not right down to the nth degree but, it seems, more and more.

Ms BURKE—But also for the Commonwealth.

Mr Sales—Maybe for the Commonwealth.

Ms BURKE—Currently some of the things, you have said, are Commonwealth functions.

Councillor Mason—We are recognised by the United Nations as being that level of government which is most likely to provide improved service delivery to enhance people's lives. That is us, not the states.

Mr Sales—My view is that that is the way to go.

Mr SOMLYAY—That is no secret at the Commonwealth level. I was made minister for regional development and local government to deliver regional programs through local government. That was the whole emphasis of putting those two portfolios together.

CHAIR—Is there anything that anyone else would like to add? This has been an extremely valuable afternoon. I would like to thank everyone who has come along and all the members of the committee. Just before we formally shut this part of proceedings down, I think you all have a questionnaire, and it is also available on the web site, in relation to the discussion paper. I urge you to try and get every council to fill that in. It would be very helpful for the work that the committee is doing.

Mr Garcia—And direct it to you?

CHAIR—Yes, it is only a short one.

Mr Sales—Is it a bonus point on the Grants Commission application?

CHAIR—I do not think we can influence that.

Ms BURKE—We have had these discussions around the country, and I would say that today has been one of the more productive, engaging and thoughtful ones we have had. I would really like to say thank you for that.

[4.00 p.m.]

GRAHAM, Miss June (Private capacity)

CHAIR—We now have what we call statements from the floor. Ms June Graham, I know, has been patiently waiting, wanting to say something. Mr Inches will be saying something too. Certain members of the committee have forewarned us that they have to catch planes, but let me assure you that the rest of us are here.

Miss Graham—I finding this a bit daunting after listening to the discussion. I am a ratepayer in Clarence. I am retired, but I am active in Landcare and Coastcare. In recent years this has increased my interest in council, because councils should have a much greater awareness now of our natural environment. They are also responsible for the importance of the quality of life of the general public.

I would be the first to admit that my knowledge is fairly basic, but for many of us our local council becomes the first call in many emergencies. That is mentioned in the Department of Transport and Regional Services submission on page 45. I have ploughed through it and it has some quite interesting little phrases and whatnot. In my small submission, I have listed issues, many of which are of great importance to our natural environment. A lot of them are housekeeping: water management, fire management, waste management, recreation—that includes cultural and heritage things—and tourism. Graffiti and dogs, of course, have become increasingly important. With the recent changes in the parks and wildlife department—it has a new name now—natural areas seem to come second to tourism. I realise that that is too simple a statement. But look at the brochure from Clarence; it has a map on the back. Somebody mentioned earlier the coastal policy, which in Clarence—being almost surrounded by water—is increasingly important, especially with waste management and pollution. The map on the back shows clearly the amount of coastline in our area. That is affected by all of the issues that have been mentioned previously and the changes that have occurred throughout the system.

Many places have shared responsibility, which can be wasteful and confusing. Little pockets of crown land are stuck in the middle of nowhere and seem to be neglected by both local government and Parks and Wildlife. It seems to me that Parks and Wildlife, in the sense of waste management, encourage people to take their litter home: what you bring, you take home. This is great, but quite often local governments and groups like ours are finding that a certain amount of this litter is just dumped on our reserves, our little park or whatever, which becomes another expense and a council responsibility. I suppose that is only cost shifting in a very simple form, but it does add up. It may seem small but, with reductions in outside and on-ground staff in parks and wildlife reserves, it adds to costs for councils.

Many other costs have been added to all businesses, such as local government. GST, grant applications, training and education in all spheres of business, health issues and public liability all give increasing workloads to council staff. There are also emergency services and road kills. They all sound tiny, but they are all increasingly important and add to the cost. Culture and heritage have become important, especially in Tasmania, where we have so much of these wonderful things. Appeals processes, staff welfare and natural environment issues are becoming very important, especially to people like me.

I am not a rabid environmentalist, but I am very passionate about the environment. These issues seem endless. Maybe many of them are budgeted for, and for some I think there is assistance from government. But all are very time consuming and, therefore, costly. With regard to our natural environment protection and maintenance, we are falling far behind—not only in Clarence but everywhere. That is very obvious in this in-between stage, with the changes being made to our parks and wildlife service.

It seems to me that incentives should be given—not a plaque to mark efforts—to all councils, large or small, to improve this vast area of their responsibility. And it is vast. Tourists do not go only to large parks, reserves and publicised beauty spots here in Tasmania; many roam over our tracks and trails at random to enjoy the peace and tranquillity of our natural areas. All these smaller areas are in need of regular attention from council, due to risk and hazard management issues, which are a nightmare within even a little organisation, such as a Coastcare organisation. This will sound like a silly analogy but, to me, the people and local government—government at all levels—are the roots and base of a tree; if they are neglected or overloaded, the tree weakens and rots and society suffers and feels the pinch.

The ratepayer certainly has to pay for services, but our environment management is the responsibility of all levels of government. If local councils are to do more in the holistic sense, more assistance from governments is quite clearly needed. I do not specify which type of government. Maybe I see things in a very simplistic way and do not fully understand or know all the details, but that is how I see it. As a retiree, I get perks which help. But, if rates increase too much, the ratepayer who does not get these perks can be in difficulties. If our council's role is being increased and widened, it needs more help. A dot point on page 14 of the DOTARS submission has an interesting little piece. As in all things, a balance is necessary; it seems to me that, in relation to local government, the load is out of kilter and not in council's favour. There is another dot point on page 15 of the DOTARS submission. I have picked out little bits. Thank you for your attention.

CHAIR—Thank you very much, Miss Graham. The committee certainly appreciates the time and effort you have put into that and thank you also for giving us the little brochure.

Miss Graham—It just gives an indication. Thank you very much for your patience.

CHAIR—As there are no questions, I thank you very much for your time and effort. Mr Inches, I think you want to speak to this.

[4.07 p.m.]

INCHES, Mr Brian Maxwell, General Manager, Sorell Council

Mr Inches—I am conscious of the committee's request that presentations be limited to five minutes. I will probably be about half of that. I will not read the introduction, because I have given most of the committee members a copy for their own information. I will give you a little bit of background of the Sorell Council, because this submission, whilst it relates to cost shifting, deals with it in the context of a project that the Sorell Council would like to proceed with.

The council is situated 23 kilometres east of Hobart and includes the popular surf and beachside areas of Lewisham, Dodges Ferry, Carlton and Primrose Sands. The area also boasts a wetland of international significance, one of seven such sites with Ramsar listing in Tasmania. This area has a permanent population of approximately 4,000 and has no reticulated sewerage scheme or potable water supply.

In recent years the council has commenced a program to design and document sewerage for the entire area of the southern beaches, which has, as I said, a population of 4,000. However, we are finding that the costs are prohibitive. The benefits provided by the Commonwealth government's NHT fund in recent years have enabled a significant number of local government projects to proceed, the large majority of which have been aimed at achieving sustainable environmental improvements. Unfortunately for Sorell, the focus of that program has not been the construction of new infrastructure, such as water or sewerage systems, but has been more for addressing deficiencies in existing plants and systems.

The coast and clean seas program provided an opportunity for grants of up to \$250,000 to be provided for such projects; however, the funds were inadequate to address the enormity of providing water and sewerage to the communities that I have mentioned above. The Tasmanian state government has recently repealed legislation that provided an opportunity for state government subsidies for projects such as water and sewerage, on the basis that assistance would be provided to meet the capital and operational costs of projects deemed to be beyond the cost the local community could afford and beyond what was considered to be a state subsidy level. This provision was contained in section 40 of the now repealed Water Act 1957. This act was repealed on 1 January 2000. To place that particular statement in context, I will provide a little further background in relation to this issue.

Following the enactment of the Water Act in 1957, councils wishing to construct water and/or sewerage infrastructure could make application to the then Rivers and Water Supply Commission, which, pursuant to the act, determined a state subsidy level in each year. In the event that the ultimate cost per connection for the scheme exceeded that state subsidy level, the state government would provide a subsidy to assist. This subsidy was ultimately limited to 25 per cent of the total charge, up to a maximum of \$100 per connection. In addition to the subsidy, loans were available at reduced interest rates through the Rivers and Water Supply Commission to assist with the cost of constructing these schemes. Obviously these schemes related to major infrastructure costs. This scheme was welcomed by local government and was no doubt instrumental in promoting the construction of sewerage and water projects to the benefit of

many communities throughout Tasmania. In 1992, the cost implications of this particular scheme were scrutinised by cabinet; as a result, a decision was taken to no longer approve any further subsidies and it was decided that only existing commitments would be honoured. At the same time, a decision was made that no new loans would be made by government to councils for such infrastructure.

In the period between 1992 and the repealing of the Water Act 1957 on 1 January 2000, the state government provided no subsidy assistance to councils as provided for in the act. Since 1992, councils that wish to proceed with water or sewerage infrastructure have been required to bid for loan funds each year through the state Loan Council. This process has been less than ideal, as councils must compete for funds available from an overall state-wide allocation of approximately \$22 million. This assessment places councils wishing to finance public health infrastructure, such as water and sewerage, against others who may be seeking loan funds to merely supplement annual operations or annual expenditure. The difficulties caused by this process are exacerbated by the large extent by which loan requests exceed available funds.

In conclusion, one of the aims of the current cost shifting inquiry is to identify instances where a financial onus has devolved from state government to local government. This example is one that should be considered as part of the deliberations of the standing committee and one which has resulted in increased difficulty for some councils—in particular, Sorell—in securing sufficient funds to enable costly water and sewerage infrastructure to be constructed.

Just as an addendum, we have recently designed, tendered and received an estimate of cost 50 per cent over our initial budget allocation. Our budget allocation for stage 1 of what is a six-stage sewerage project was \$1 million; our lowest tender was \$1.58 million. We were able to access the \$250,000, as I said, from the coast and clean seas program, but it paled in significance. The cost per property owner for that scheme at the tendered prices was over \$700 per property per year. We will be trying, through NHT2, to see whether we can secure some funding to enable this population of 4,000 to be serviced. We believe that it is probably the largest single population in Australia that is without those services. Thank you very much.

CHAIR—Thank you very much for that. We appreciate that.

Resolved (on motion by **Ms Gambaro**, seconded by **Mr Nairn**):

That the document from the Sorell Council be received as evidence by this inquiry and authorised for publication.

CHAIR—I have one question. You have said \$700 per year. Is that ongoing?

Mr Inches—That would be the annual operational and debt servicing cost, yes.

Mr NAIRN—Do other states still run subsidy and loan schemes for the upgrading of sewerage systems and things like that?

Mr Inches—To my knowledge, yes. I certainly know that New South Wales does. I am not certain about all the other states.

Ms McCrindle—Queensland does.

Mr Inches—Yes. Tasmania does not provide any more assistance at all, and has not since the repealing of this act, and since 1992, when cabinet decided to discontinue it.

Mr NAIRN—You said that the community is at about 4,000. Presumably it is currently on a septic system.

Mr Inches—It is on a septic system, but there are also a large number of blocks upon which council will not give a building permit because of the difficulty with disposal of effluent.

Ms GAMBARO—What do the numbers swell to during vacation time? Obviously you are a seaside resort.

Mr Inches—We are.

Ms GAMBARO—Do you have a Gold Coast type situation with there being a water shortage?

Mr Inches—We certainly do. Our population year round for the whole municipality is 11,000. The population of the southern beaches area that I am talking about is 4,000. We believe that increases by 70 per cent. It goes to about 6,400 in the summer months. It is a very popular holiday area not only for residents and visitors from interstate but also for residents from the Hobart community and other parts of Tasmania as well.

Ms GAMBARO—By car, what sort of a drive is it from Hobart?

Mr Inches—Sorell—which is the capital, if you like, just east of the airport—is about a 20-minute drive from Hobart; it is about another 10 minutes to the southern beaches area. There is one other issue, and it is not a complication at all. Because we have an area of clean beaches, we do not accept any pipes going across the foreshore to discharge anything into the waterways. The system needs to be fully self-contained, with land disposal, and that does add to the cost.

CHAIR—Thank you very much. We will certainly include that. We have had a very good afternoon, as has already been said. Thank you to everyone who has been involved.

Resolved (on motion by **Ms Gambaro**, seconded by **Mr Nairn**):

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

Committee adjourned at 4.15 p.m.