



HOUSE OF REPRESENTATIVES ECONOMICS COMMITTEE

Inquiry into Local Government Funding

MEDIA ALERT

Issued: 25 June 2003

Grants Commissions at final roundtable of local government inquiry

The House of Representatives Economics Committee is examining the financial position of local government, in particular the impact of cost-shifting from other levels of government.

The final roundtable discussion of the inquiry will be held this Friday, 27 June, in Canberra (Committee Room 1R1, Parliament House), from 9am to 1pm.

Participating will be representatives of the:

- Commonwealth Grants Commission
- Department of the Treasury
- Department of Transport and Regional Services
- Australian Local Government Association
- Local Government Grants Commissions from four states (NSW, Vic, Qld, SA) and the NT
- Local Government Managers Australia
- CEOs from two Victorian Councils (City of Port Phillip and City of Stonnington)
- Police Federation of Australia
- Australian Services Union
- Planning Institute Australia

During this inquiry the Committee has gathered evidence from public hearings and roundtables in all states and territories. It has received almost 400 written submissions from councils and other interested parties from all over Australia. The inquiry is looking at local government's current roles and responsibilities; current and alternative funding arrangements; and the scope for achieving a rationalisation of roles and responsibilities between the levels of government.

Evidence received by the Economics Committee indicates that the growth in local government's functions has outstripped its financial capacity to discharge all those functions adequately.

During the inquiry the Committee released a 35-page discussion paper, titled '*At the crossroads*', which identifies key issues presented to the inquiry, and outlines a range of options which the committee said could help address what the councils have told them is a funding 'crisis'. It warns that local government services could be significantly curtailed, especially in rural and remote areas, unless local government finances are improved. Options being looked at include council amalgamations and other ways of strengthening and formalising regional cooperation.

On future funding, the paper says the financial viability of local government—especially smaller rural councils—requires further consideration by the Commonwealth and states. One option suggested is to include local government in negotiations for the next Commonwealth-State financial agreement, so that local government could make its case for an increase in financial assistance grants or a share of the GST revenue.

The discussion paper also raises the scope for local government to increase its revenue from existing resources. For example, a substantial number of councils in several states have already introduced special levies for environmental management or infrastructure provision, in many cases with community support. The discussion paper is available at the inquiry website:

www.aph.gov.au/house/committee/efpa/localgovt/index.htm or from the committee on (02) 6277 4587.

All these matters will be discussed at Friday's roundtable.

For media comment: House Economics Committee Chair, Mr David Hawker, tel: (02) 6277 4837

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