

SHIRE OF NANNUP

SUBMISSION TO INQUIRY INTO COST SHIFTING ONTO LOCAL GOVERNMENT

INTRODUCTION

The Shire of Nannup is a small local government authority in the South West of Western Australia and is in the heart of the forest region, which has been such a topical issue over recent years. The shire area is large (2953 square kilometers) yet sparsely populated (1187 people). The community has gone through a significant culture change and development focus over recent times with the Regional Forest Agreement and now the new State Forest Management Plan. The Shire area is 85% State Forest or National Park.

The resources available to the Shire are limited by the lack of freehold land and hence ratable property, as well as poor road network which is estimated to require millions of dollars each year to maintain at existing levels, let alone improve on. At the time of writing the State has cut funding to a major road project in the southern area of the Shire (\$400,000 in 2002/03) and is a typical example of the situation that many councils face regularly that needs to be included in this submission.

The basis for this submission will be centered on actual examples of cost shifting to local government. It is felt that by providing this information the Committee can address the points in the terms of reference with regard to the real life situation as it exists, particularly in non-metropolitan areas.

COMMUNICATIONS INFRASTRUCTURE

Council was recently requested to contribute \$20,000 per site for two mobile phone towers in the district. The program was part of the Wireless West initiative that involves State, Federal and carrier agreement for approximately 45 sites across the South West of WA. One has to ask why local government was requested to contribute a substantial amount to receive a priority listing on the site selection process.

Council was unable to contribute to the cost of the infrastructure, and neither should it have to, and as a result the sites will not be built. Local governments in this State were held to ransom in the site selection process for this program. The motto "divide and conquer" was never more evident as local governments were played off against each other in order to determine where sites were located.

It is not a local government responsibility to fund telecommunications infrastructure and indeed it was the Prime Minister that said there would be no more sell off of Telstra until we fix the bush. Rest assured the bush is far from fixed and appears to be further away than ever with the prevailing attitude of Government.

DEPARTMENT OF TRANSPORT LICENSING FUNCTION

In many rural and remote areas the State, having long since withdrawn services, offers contracts to local government to provide its licensing services. The services include vehicle registrations, theory tests for driver's licenses and in more recent times practical tests and vehicle examinations. Local governments are obliged to take on these services as there is normally only one other alternative – the service is lost to the community.

As with any service lost to the community, people then would have the inconvenience and cost of travel to another location to obtain these services. The resulting issues are other services being accessed in other areas such as regional centres or metropolitan areas at the expense of generally rural communities. The commission paid by the State for local governments to undertake this work on their behalf does not cover the cost of doing the work – regardless what the State may say.

Again local government is faced with a “you must do our job for us or the service will be lost to your community”.

FIRE AND EMERGENCY SERVICES LEVY

Local governments in the State of WA are shortly to become direct tax collectors on behalf of the State with the introduction of a new Emergency Services levy. A dictatorial attitude from the State Government sees rightly or wrongly a new system being put in place for the funding of emergency services in the State.

The objection by local government is that local governments must collect the levy on behalf of the State, whether they choose to or not. While a minor commission is intended to be paid, the amount will not cover the additional costs incurred by local governments, but will simply add another burden to already stretched resources. If the State wishes local government to have no autonomy and remain as direct servants to the State, then the Local Government Act of 1995 should be repealed and the State public service extended to include local government.

The State's recently introduced “one vote one value” legislation will soon even make it near on impossible for non metropolitan local communities to have any say at State level in any event. A net shift of 16 State parliamentary seats is proposed to be transferred from the country to the city.

HEALTH SERVICES

Many councils in rural and regional areas are forced into providing significant financial incentives to attract and retain medical services to their areas. Doctors for example can command significant guaranteed incomes, cars, housing and free rental on surgeries just for providing a normal GP service in a rural and remote community. While there are some State and Federal

Schemes set up to assist in this regard, the incentives generally go to the doctor and the community through its local government still must bear the bulk of the cost. The community is effectively held to ransom by the doctor who simply will leave if these incentives are not paid.

This matter will only be addressed when the political will of Federal and State Governments commit that no local government authority should have to pay anything for the privilege of having a regular GP medical service in their community. The provision of GP services are not in any way connected with local government yet successive State and Federal Governments are happy for this to continue to be the case.

Council has also contributed \$25,000 in site works for the Nannup hospital.

BANKING SERVICES

A number of local governments have embarked on community banking, generally through the Bendigo Bank. This Council has looked at the matter twice before. The matter has only arisen since the services offered by traditional banks has declined including the plethora of bank branch closures. Banking services have declined significantly, fees have increased significantly and many communities have hence had the indirect cost shift of replacement services such as community banks, greater travel or inconvenience to access the same service that was there prior.

The decline in the service delivery by the banking industry commenced with the sale of the Commonwealth Bank and has declined in service levels ever since. There are substantial additional costs associated with banking now which affect for the most part those on lower incomes and those in rural and remote areas. The Federal and State Governments must take some responsibility for this situation having privatized a number of banking institutions over the past two decades.

TOURISM

The responsibility for costs associated with tourism, particularly infrastructure and promotion, are difficult to determine responsibility for. Marketing campaigns for example may benefit a particular area, but should that area be specifically required to pay for the costs associated with that campaign.

More direct costs include the funding of tourist bureaus and signage, both in an operational and capital area. Council was recently requested to contribute to regional area promotional signage instigated by the State, who also stipulate the type and design of the signage. Council should not be requested to contribute to the State's initiative and funding area of responsibility.

The operation of many tourist bureaus rely on volunteers and cake stall sales to run. It is Council's view that some funding should be made available from the State or Federal Government as more and more bureaus will cease to be able to operate unfunded in the future.

ROAD INFRASTRUCTURE

The Shire of Nannup is 85% State Forest or National Park in area yet no special funding scenario exists which allows for any additional funding for roads as a result of this inequity. The use of public roads by agencies such as the Department of Conservation and Land Management (CALM) is not recognised in the road funding that Council receives.

Council is also restricted in its access to basic raw materials from State Government land adding further additional cost to the provision of road infrastructure in this region.

PRE SCHOOL EDUCATION

Council currently provides premises free of charge to the Nannup Pre School and other services that operate in the town. The State through the Education Department have refused to contribute to the upkeep and maintenance of the premises, yet provide an educational service from the facility.

Council has the option of terminating the tenancy at the location or charging market rental at the premises, which would see the closure of the service. The Education Department advise that Council can charge rent for the premises, but the not for profit community group would have to pay, not the Education Department.

This cost shift will need to be addressed soon, and it is unfortunate that Council runs the risk of disenfranchising a large section of the community due to the cost shifting stance taken by the State on this matter. Pre School education is a responsibility of the State Government. If by Council's action to charge a State entity appropriate rent for use of a facility to run their programs closure of the facility results, the community will be far worse off than it is currently.

GENERAL

The above examples only touch the surface of a myriad of other instances where local government is faced with cost shifting. Some of these instances are quite subtle and others more definite. To conclude a summary list is provided where this Council has identified cost shifting:

- Weed Control and Agriculture WA responsibilities.
- State Sewerage Programs and Underground Power programs requiring a contribution by local government.
- Inquiry fees (legal) having to be met by a local government following the calling of an inquiry into a local government by the State – regardless of whether any wrongdoing is established. This is contrasted with the current WA Police Royal Commission where officers and servants of the crown have their legal fees paid by the State.
- Security Patrols or community policing in generally city areas.