



City of Wanneroo

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Your Ref:

Enquiries:

23 July 2002

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

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

Submission No: 70

Date Received: 26/7/02

Secretary: Rudell

Dear Sir/Madam,

COMMONWEALTH INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

As you may be aware the Western Australian Local Government Association circulated a survey to all local governments in Western Australia pertaining to cost shifting into local government. I have attached a copy of this survey as Council's submission to your Committee.

In providing a response from the City of Wanneroo on this matter, the following comments were highlighted:

1. *Collection of income by local government on behalf of State & Federal Governments:-*

The collection of these types of fees not only has an impact on staff resources but also requires Council to invest in software modifications to enable Council's systems to account for these fees. An example of this is the FESA Levy and the proposed introduction of the Emergency Services Levy. Whilst in many cases local government receives a commission on revenue collected, it is important that this commission reflects the true cost of collection.

It is also worthwhile considering the impact on the community of additional charges being collected by local government on behalf of government agencies, which may give the community the wrong impression of the actual local government cost of providing services to the community.

2. *Community Safety & Security*

This is an important issue and is the responsibility of all three tiers of government. The issue of cost shifting develops when the balance of responsibilities shifts towards local government.

This has been the case for many local governments including the City of Wanneroo. The City has committed over \$1 million in community safety, which incorporates security patrols, urban design and community education and events.

Whilst urban design and community education and events are suitably placed in the sphere of local government in partnership with the state government, security patrols are a direct response to the lack of police services which is clearly a state government responsibility costing the City of Wanneroo in excess of \$0.75 million per annum.

3. *Provision of Welfare Services*

Welfare Services are the responsibility of State and Federal Governments. A process of cost shifting has occurred through the Health & Community Care Program. This program does not provide for the full recovery of costs by local government. In the case of Wanneroo the costs are an additional \$179,529 per annum.

Council subsidises the program because of its importance to the community. It cannot be seen however as a core Council business and is an example of State Government cost shifting.

I trust the attached information is of assistance and please feel free to contact the undersigned should you require further information.

Yours sincerely



**DANIEL SIMMS,
MANAGER
STRATEGIC & EXECUTIVE SERVICES**

Encl.

C.C The Hon. G Edwards
Federal Member for Cowan

SURVEY

URGENT

SURVEY OF WESTERN AUSTRALIAN LOCAL GOVERNMENT

ON

COMMONWEALTH INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

This Survey has been developed to gather data needed to prepare a detailed and comprehensive submission to the Commonwealth Inquiry into Cost Shifting by State Government to Local Government. The information provided by responding Councils is **vital** to provide sufficient data for a submission to the Inquiry.

The Federal Minister for Regional Services, Territories and Local Government has asked the House of Representatives Economics, Finance and Public Administration Committee to inquire into **"cost shifting onto local government by state governments and the financial position of local government"**

The Association is seeking an urgent response to the attached questionnaire to assist with the preparation of a submission on behalf of Local Government in Western Australia.

Response to the attached questionnaire by Wednesday 31st July 2002 is therefore requested.

The Association thanks you in advance for your time and effort in completing the survey.

COUNCIL NAME: CITY OF WANNEROO

CONTACT NAME: DANIEL SIMMS, MANAGER STRATEGIC & EXECUTIVE SERVICES

POPULATION SIZE: 83 000

GEOGRAPHIC SIZE: 687 Km²

CURRENT BUDGET:	Operating Statement:	64,962,000
	Capital Expenditure:	49,904,900

OVERVIEW

As an Overview could you provide any relevant demographic information together with any issues of a general nature that may have impacted directly on your Council (Is the council the result of amalgamation, have boundaries significantly changed, significant government decisions etc)

The City was divided into the Shire of Wanneroo and the City of Joondalup in 1998 and in 1999 attained the status of City of Wanneroo. The City of Wanneroo is one of the fastest growing local government areas in Australia. On average it provides 25% of the residential lots in Perth, a trend that will result in a population growth from 83,000 residents to around 130,000 people over the next three years. Located 22km's north of Perth, the City covers an areas of 687 km² and boasts a coastline of 32km's running from Two Rocks in the north to Mindarie in the south. The City of Wanneroo is a blend of rural and residential developments consisting of 310 km² rural and 40 km² residential.

Q.1 REGIONAL ARRANGEMENTS (TOR 3)

Is your Council a member of a Regional Organisation of Councils?

Yes No (mark box)

If 'yes' name of VROC: Mindarie Regional Council

Could you please provide details of your financial contribution to activities carried out through regional arrangements (including annual subscriptions, if any).

Type of Regional arrangement (specify)	2000/01	2001/02	2002/03
Regional Waste Council (Tipping Fees)	\$923,873	\$1,298,169	\$1,228,740

Q.2 CONTRACT WORKS

Outline any contract works Council has undertaken for any State, Federal or other government agency during, 2001/02.

Agency	Nature of activities	Value of contracts (01/02)
Health and Community Care	Provision of Home Support Services	\$1,045,000
Community Aged Care Program	Provision of Home Support Services	\$195,000
Financial Counselling	Provision of F/C Services	\$120,000
Youth Services	Range of youth orientated services and programs	\$125,000
Family Day Care	Operation of FDC Scheme	\$1,099,000
Podiatry	Provision of Subsidised Podiatry Services	\$16,000
Landcorp	Shared use Path	\$10,500
Main Roads W A	Wanneroo Road Median Maintenance	\$16,480

Q.3. DISCRETIONARY ACTIVITIES

Could you please identify below, specific functions and activities (and value in 2001/02) undertaken by your council, which would not normally be regarded as an activity of local government, or would typically be provided by a State or Federal agency (including corporatised/privatised organizations) elsewhere in Australia. The reason for involvement could be inadequate or non existent services.

Function	Nature of Activity	Expenditure (01/02)	Income 01/02 (if any)
Law & Order	Security Patrols	\$750,000	
Health (eg support for rural doctor, hospital funding)			
Education (eg support to some aspect of primary/secondary education)			
Welfare (eg aged care)	Home & Community Care (HACC)	\$1,224,529	\$1,045,000
Community Housing (not staff housing)			
Communications (eg television/radio)	Twin Cities	\$42,000	
Roads/Transport (not Council roads or MRWA contract works)			
Environment Health/Protection (eg clean-up of chemical spills)			
Other (specify)			

Q.4 DEVOLUTION OF RESPONSIBILITIES (TOR 4)

The following question seeks to identify both costs imposed on Local Government through transfer from Federal or State Governments [part (a)] as well as costs resulting from increased compliance or administrative requirements of other spheres of government [part (b)].

(a) Do you consider that devolution of responsibilities (ie functions transferred from the Federal or State to Local Government) over the last ten years to your Council have placed an increased financial burden on your council, after allowing for any increased revenues resulting?

Yes No (mark box)

If "yes", please identify below those functions or activities that you consider have been devolved from the State or Federal in the last ten years and have resulted in increased financial burdens (eg environmental responsibilities, emergency services, etc).

Activity/Function	Estimated annual cost	Estimated annual income (ie fees, user charges or specific purpose grants)
See attached note	Unknown	Unknown
Subsidised Podiatry	\$105,528	\$56,705.00
Financial Councillng	\$260,239	\$120,000
Youth Services	\$658,453	\$147,068
Facilities for Child Health Clinics	\$97,247	NIL

- (b) Could you please identify other functions and activities where requirements of Federal or State legislation have resulted in increased compliance/administrative costs for Local Government over the last ten years. Could you also estimate the additional annual compliance costs you believe are associated with each activity identified.

Activity/Function	Additional Annual Compliance cost (estimate)
HACC Program	\$15,000

- (c) In relation to both the devolution of responsibilities [part (a) above] or the additional compliance and administrative costs [part (b) above], could you please estimate the number of additional staff required (if any) to meet these additional responsibilities over the last ten years.

Estimated additional staff required for (a) and (b) above and at what cost: No: 20 \$600,000 (Difficult to Quantify)

Q.5 RATIONALISATION OF ROLES (TOR 5)

- (a) Are there any specific areas of service provision in your local area which are currently undertaken by State or Federal Government departments or agencies which you feel could be better undertaken by your Council in terms of better use of resources and better service outcomes?

Yes No (mark box)

If 'yes' could you please identify the specific services or functions you are referring to.

Function/Service	Why better outcome?
Subdivision Approvals	More responsive to Local Planning context

- (b) Are there any specific roles of Local Government that you consider would be better undertaken by the State or Commonwealth Governments?

Yes No (mark box)

If 'yes' could you please identify the specific services or functions you are referring to.

Function/Service	Why better outcome?
Collection of the Emergency Services Levy	Council should not be forced to collect the income for a service it does not provide.

Q.6 EROSION OF INCOME

Does your Council believe that income has been eroded over the last ten years through the introduction by State/Federal Governments of limits on fees that can be charged for services provided by Local Government (eg Town Planning Fees), failure by State/Federal Governments to effectively and regularly increase fees set by statute and also the level of subsidies/grants not being increased adequately (eg Swimming Pool subsidy).

Yes No (mark box)

If 'yes' could you please identify the specific services/functions/charge/subsidy/grant you are referring to.

Function/Service/Charge/Subsidy/Grant	Estimated Lost Income (2001/02)
See below:	

Erosion of Income:

The general allocations of State and Federal Government funds through both the Grants Commission and through Direct Road Grant are not sufficient to maintain both the road infrastructure the City is required to maintain or the variety of services and facilities the City is required to provide to a community which is located across a wide area and whose populations is facing rapid growth.

The involvement of State Government in setting fees, charges & penalties under various pieces of legislation administered by local government has a direct affect on the ability of a local government to develop an equitable funding base. This includes limits set on Town Planning Fees.

Background

In December 2000, the State Government released its strategic plan for the conservation of regionally significant bush land within the Perth Metropolitan Region – Bush Forever. This strategy was announced as a whole of government initiative designed to identify, protect and manage regionally significant bush land in order to achieve a sustainable balance between conservation and development.

To achieve this aim, the government claimed it had committed up to \$100m over the next 10 years.

Current Situation

The City is concerned that with the introduction of the State Government's Bush Forever strategy, it is being forced to implement arrangements for the acquisition of certain sites (ie, the Bush Forever Office of the Department for Planning and Infrastructure has insisted that the City administer a contribution levy and coordinate the acquisition of those sites located within certain structure plans).

The City objects to being forced to take responsibility for administering contribution arrangements which may involve borrowing money to compensate land owners and as a consequence, under writing any short fall in contributions. This places a significant burden on local government to secure Bush Forever sites on behalf of the government.

The City views this as the State simply shifting further responsibilities to local government for no other reasons than expediency. This is totally unacceptable, particularly as local government is also being expected to provide and manage its normal open space and recreational needs such as active and passive playing fields, local conservation etc.