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

Inquiry into Cost Shifting onto Local Government

Submission by

City of —
Melville

July 2002

Introduction

This submission is a brief overview of some of the issues faced by the City of Melville in relation to "cost shifting" from State Government to local government as defined in the House of Representatives Standing inquiry terms of reference. It does not attempt to be an in-depth study of all aspects of local government service delivery. Such a study would absorb significant resources that are currently unavailable.

The main focus of this report is on the new services that have provided by the City of Melville to meet the demands of the community. These are services that are either not provided or at least are under-provided by State Government.

Local communities are constantly demanding more services and higher standards and it is local government that is faced with meeting these expectations with little or no extra assistance from State Government.

Background

The City of Melville is home to over 90,000 residents living in approximately 37,000 dwellings. It is located 8kilometres from the CBD and covers an area of 52 square kilometres including 18 kilometres of foreshore.

Other key statistics:

PRESCHOOLS	23
PRIMARY SCHOOLS	26
SECONDARY SCHOOLS	8
SPECIAL SCHOOLS	3
UNIVERSITY	1
RECREATION CENTRES	5
REGIONAL SHOPPING CENTRES	2
LOCAL SHOPPING CENTRES	31
PARKS AND RESERVES	210
TOTAL PUBLIC OPEN SPACE	600 Hectares
TOTAL RETICULATED AREA	225 Hectares
PLAYING FIELDS	22
BUSHLAND	308 Hectares
ROADS - ARTERIAL	53 Kilometres
CLASSIFIED HIGHWAY	27 Kilometres
LOCAL ROADS	463 Kilometres
LENGTH OF DUAL USE PATH	70 Kilometres

Local Government's current roles and responsibilities

Local Government is that tier of government that most impacts on the lives of every citizen. in Australia. It has, however, "traditionally been seen as the statutory servant of the State level of government responsible for performing a limited range of statutory obligations in exchange for the right to raise revenue from its own citizenry to perform those obligations" (Sustaining Community Life: The ALGA Corporate Plan 2000-2005).

This scenario continues despite the fact that since the mid 1800's the *responsibility* of Local Government has increased from the traditional role of providing services relating to roads, rubbish and rate collection, to include
- health,
- street lighting,
- sweeping,
- signage,
- town planning,
- provision of recreation centres,libraries, creches, pre-school centres,
- food inspection services,
- immunization clinics,
- meals on wheels,
- nursing services,
- control of bushfires, dogs, parking, cemeteries and aerodromes.

More recent responsibilities include the provision of aged care facilities, security services, promotion of and maintainance of a sustainable environment as well as the collection of fees and charges on behalf of State Government. A detailed list of all City of Melville services is attached.

In summary, the primary *role* of Local Government currently includes the
- provision of targeted services to local communities, addressing local needs
- provision of a representative voice to localised issues
- collection of state government fees and charges on land (FESA levy)
- provision or facilitation of localised services
- management of local infrastructure and the built environment
- augmentation of state responsibilities to ensure an appropriate level of local services is maintained.

Current funding arrangements for Local Government, including allocation of funding from other levels of government and utilisation of alternative funding sources by Local Government.

The following table illustrates the distribution of funds by the Commonwealth and State Governments. (Source: Commonwealth Grants Commission review of the operations of the Local Government (Financial Assistance) Act 1995 (p50)).

Table 2 : Local Government Revenue, 1974-75 and 1997-98, in constant 1997-98 prices

	1974-75		1997-98		Annual average rate of growth
	$m	%	$m	%	%
Commonwealth funding	550	10.5%	1,443	12.1%	4.3%
State funding	779	14.8%	848	7.1%	0.40
Own-source revenue	3,927	74.7%	9,620	80.8%	
Total	5,256	100.0%	11,911	100%	3.60%

Funding arrangements for the City of Melville during 2001-2002 are listed below :

2001-2002 Operating Budget				
City of Melville		Grant Income		
Rates Income	Interest Income	General Purpose	Grants - Roads	Total
$29,578,210	$1,728,000	$1,406,000	$688,000	$33,400,210
$31,306,210				CoM contribution
		$2,094,000		Grants
		6.27%		% of grants against total budget
5.17%				% of interest income
88.56%				% of COM contribution

Funding for 2002/2003 for the City of Melville is listed below :

Grants	8%
Rates	52%
Self generated funding	40%

The minimal percentage increase in grant funding correlates with the increase in funding to Local Government that Hon. Wilson Tuckey, Minister for Regional Services, Territories and Local Government foreshadowed in a recent press release dated 14 May 2002. The increase "is 3.59% or almost $50million over last year and an increase of $271 million since the Howard Government came to office".

Major issues for current funding arrangements are increasing management overheads driven by legislative change, increasing costs of service provision, the cost of environmental responsibility and the availability of non-rates revenues. This last topic includes the ethical question as to whether local governments should seek profit-making ventures in order to fund operations.

Illustrated in Appendix 1 are examples of reduced State Government funding to services traditionally provided by that tier of government. Funding sought from sources, including that provided by Local Government, is also shown.

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

Local government currently suffers from an identity crisis. Local governments across the country have wide and varied impacts on their local communities based around both fiscal restraints and the value judgments of their elected members and administration. There still exists councils to whom "roads, rates and rubbish" are the extent of their business, while a growing number of councils, who are led by forward thinking people, realise that a local government is uniquely positioned to have much more of an impact on the social fabric of their local community.

Regional co-operation is a significant part of this forward thinking approach. Funding limitations, however, limit any single council from undertaking major regional projects. Nonetheless, projects like RegionalRecovery ResourceCentre are the leading light in local government's recognition that pooling resources for a good regional outcome has major localised benefits.

The continuing march of Information Technology also brings councils closer together, allowing resource sharing and pooling to gain efficiencies of scale not previously available. The western suburbs regional library service is one such example. This must be a major area of consideration for the development of new opportunities and satisfaction of local residents' needs, and not an excuse for the State Government to abandon regional development.

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.

To date changes to the disbursement of powers between State and Local Governments has been bloody-minded at best. Consultative State Government processes have a habit of failing to deliver a positive agreed outcome, and State Government resorts to legislating responsibilities onto Local Government with minimum concern as to costs. These costs are then funded by local residents, and the State Government reaps the rewards, allowing these cost saving to be funneled into other areas. This is significantly damaging to the reputation of Local Governments as a whole. In short, while Local Government is uniquely placed to deliver mico-ecomonic results, cost shifting must be inextricably liked to revenue shifting.

Further, the introduction of compulsory, competitive tendering, in recent years, has introduced the client – provider split with Local Government being seen as the provider of services. Commonwealth and State Governments as the client.

However, Local Government is, in many instances, the client and provider. This is particularly evident in the areas of Community Services and Security.

As demonstrated in Appendix 2, State Government funding for security in 2000/2001 was 6.16% of the total budget of $973,300. In 2001-2202, the State contribution was nil, as compared with $953,617 provided by the City of Melville.

In the area of Community Services, State Government funding since 1999/2000 is the lowest at 5.3%, compared with other sources of funding at 7.9% and the City of Melville contribution of 86.1%.

Example: Community Security

In early 1998 the State Governments' approach to crime prevention became one of 'local level solutions to local level problems'. This strategy involved the facilitation of local government areas to develop solutions to address the problems of crime and anti social behaviours.

The City of Melville was ahead of many other municipalities, having already developed a comprehensive safety and security strategy in response to demand from its electors. The strategy has become an integral component of the City of Melville's Strategic Plan for the future of the City.

Further, there was a review of the WA Police Service in 2001 to adjust the boundaries of their metropolitan policing districts and align them more closely with local government areas. The review decreased the population of the South Metropolitan District by 30,421 and resulted in a reduction of police staff in that district. The District stretches east to Murdoch and south to Rockingham. According to the Hon. Michelle Roberts, Minister for Police; Emergency Services; Local Government, the 2000 Census statistics 'show that the South Metropolitan Police District had a police to population ratio of 1:790 which compares favourably with other metropolitan districts' (letter to Hon Simon O'Brien, MC:dated 16 April 2002).

Whilst the police to population ratio might compare favourably with other metropolitan districts, it is the time that police take to respond to calls that has primarily been responsible for the City of Melville establishing its own security service.

Whilst the CLSS is no substitute for the police force, the presence of security officers deters vandalism and promotes a sense of security amongst residents in the City of Melville. A primary reason for the introduction of the Security Services was the response time to incidents by the police.

Focus areas within the safety and security initiative has included the development of the Community Liaison Security Service, social intervention programmes such as youth initiatives and seniors safety and urban design. An additional focus has been placed upon the importance of effective community networking and appropriate evaluations of the crime rate.

The Safer City programme and in particular, the Community Liaison Security Service, which operate 24 hours per day 7 days per week providing 744 patrol hours week, commenced in August 1998.

This community security component of the service was introduced to complement the declining Police resource and poor response times being achieved by that Service.
The operation has been funded by a levy against rateable properties throughout the City. The levy in 2001/2002 was $30.00 and for 2002/2003 is $32.000 for each rateable property.

During 2001-2002 97.24% of all incidents were responded to by the City of Melville Security Service within 15 minutes and 35.2% within 5 minutes. State Government Police Services do not have the resources to come anywhere near these response times.

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

It is difficult to see local governments being well placed to deliver statewide initiatives. This type of utopian ideal is not realistic where the expectation is that local interests must come first and value judgements will be applied to the importance of projects and how they fit into a finite resource budget. Varying levels of take up are inevitable unless legislatively required, or funded by tied grants from the State Government. This is clearly a different issue to the concept of shifting responsibilities between levels of government to deliver targeted local services, a process which should be championed by local government.

In March 2002 at the Sustaining our Communities – International Agenda 21 conference in Adelaide, Parliamentary Secretary to the Minister for the Environment and Heritage, Dr Sharman Stone, said that 'for a long time different state agencies for water, land, wildlife and other aspects of natural resource management had competed for resources, skilled workers and funding. Local government is absolutely in the front seat when it comes to bringing about change and making sure populations and communities are sustainable," she said. Whilst Local Government did not have the resources, 'Dr Stone said the Commonwealth was experimenting with delivering more direct funding to Local Government through programs like Roads to Recovery. This would cut out the State Government-level red tape and bureaucratic effort and increase funding reaching the local level'. 'Local government', she said 'is where the people are, and the people need to develop a different culture for the future' (The path to sustainability:Government News:April 02:34).

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