



Banyule
CITY COUNCIL



BOROONDARA
City of Harmony



Melbourne's 2nd City

GREATER DANDENONG



Knox City Council
Towards New Horizons



MANNINGHAM
BALANCE OF CITY AND COUNTRY



CITY OF
MONASH



NILLUMBIK
THE GREEN WEDGE SHIRE

CITY OF



WHITEHORSE



SHIRE
of YARRA
RANGES

19 June 2003

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

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

Submission No: 398

Date Received: 25/6/03

Secretary:

Dear Sir/Madam

INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

As the Mayors of the local governments in the eastern metropolitan area of Melbourne we represent a population of some 1.3M. We are writing in response to the standing committee's discussion paper on cost shifting entitled "At The Crossroads".

We support the contention of the attached response by a group of Melbourne metropolitan chief executive officers that effective democratic governance in Australia requires commitment to the principles of Subsidiarity, Accountability, and Vertical and Horizontal Equity. We also endorse the pursuit of those principles by:

- Increasing FAGS on the basis of population and needs and,
- Sharing a growth tax with local governments.

It is imperative that local governments, as is the case with Federal and State governments, have access to a form of growth tax to meet their growing government responsibilities. Such a growth tax should be distributed largely on the basis of population having regard to the principle of vertical fiscal equity. We believe that the FAGS should continue to be distributed through the State grants commissions separate from the growth tax and on the basis of horizontal fiscal equity criteria.

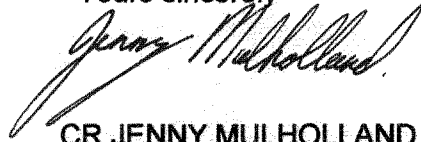
Local governments, as the first level of government, play an important role in ensuring that all levels of government in Australia are properly informed of community perceptions, needs and reasonable expectations. To function effectively local governments must be prepared to respond to the reasonable needs of their communities and to be fully accountable to their communities for expenditure of funds raised from those communities.

Cost shifting has been a matter of increasing concern to us over an extended period, particularly in the context where many local governments have been forced to redirect necessary funding from infrastructure maintenance. You will be aware of detailed submissions from individual councils of this region on these matters.

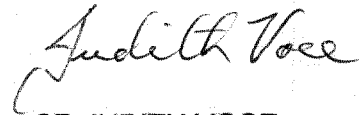
We support the attached response to the Inquiry's discussion paper, particularly in regard to the need to clarify the responsibilities of local governments in the context of the Australian three-tier system of democratic government. It is imperative for good governance that funding of local governments be responsibly structured around the expectations by communities of their local governments as leaders, planners and service deliverers.

We commend the Standing Committee for undertaking this complex and difficult inquiry. We believe your inquiry offers an historic opportunity to strengthen the role of local governments in Australia in accordance with the principles of subsidiarity, accountability and vertical and horizontal equity.

Yours sincerely



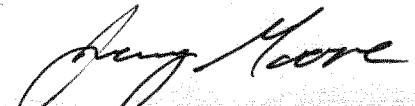
CR JENNY MULHOLLAND
Mayor Banyule City Council



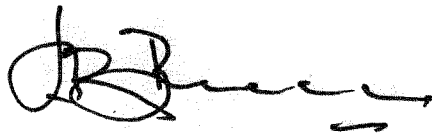
CR JUDITH VOCE
Mayor City of Boroondara



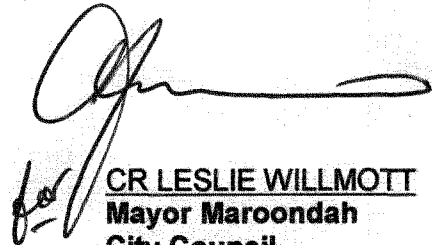
CR KEVIN WALSH
Mayor Greater Dandenong
City Council



CR JENNY MOORE
Mayor Knox
City Council



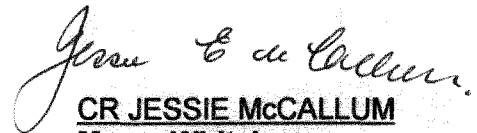
CR JOHN BRUCE
Mayor Manningham
City Council



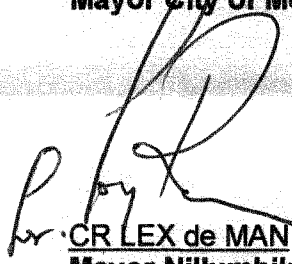
CR LESLIE WILLMOTT
Mayor Maroondah
City Council



CR GEOFF LAKE
Mayor City of Monash



CR JESSIE McCALLUM
Mayor Whitehorse
City Council



CR LEX de MAN
Mayor Nillumbik
Shire Council



CR ALAN FINCHER
Mayor Yarra Ranges
Shire Council

EASTERN REGION MAYORS GROUP

*Cities of Banyule, Boroondara, Greater Dandenong, Knox, Manningham, Maroondah, Monash,
Whitehorse and Shires of Nillumbik and Yarra Ranges*