



COOK SHIRE COUNCIL

COUNCIL CHAMBERS

CHARLOTTE STREET

RESOLUTION
OUR REF.
YOUR REF.
ENQUIRIES 10/15 KC:mjm
DATE Kim Campbell
25 July 2002

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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:	163
Fax No. (02) 6277 4426
Date Received:	25/7/02
Secretary:	Bardell

Dear Sir

Please find the following submission by Cook Shire Council to the House of Representatives Standing Committee on Economics, Finance and Public Administration into cost shifting onto Local Government and the financial position of Local Government.

Cook Shire Council welcomes the opportunity to participate in the inquiry by the House of Representatives Standing Committee on Economics, Finance and Public Administration into the financial position of Local Government.

We would specifically like to comment on issue 6 in the terms of reference, "The findings of the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 of June 2001.

Cook Shire is located within the Cape York Peninsula region of Far North Queensland. The Shire boundaries extend from the 11 degree parallel near Bamaga to the Bloomfield River in the south and from the east coast of Cape York Peninsula to the Gulf of Carpentaria, and includes all off-shore islands. With an area of 117,089 square kilometres, Cook Shire is the largest local government in terms of land area in Queensland.

Cooktown (population 1800) is the administrative centre of Cook Shire and provides commercial and community services to the south-east Cape region. Other rural centres

include Coen (population 300), Ayton (250), Rossville (150), Laura (80) and Portland Roads (50). The 2001 ABS Shire population was 9,700. However, this figure includes the self-governed town of Weipa and four (4) Aboriginal Community Council areas located wholly within Cook Shire, the populations of which have not been disaggregated from the Shire total in the 2001 census. The population of the area administered by Cook Shire is in the order of 4,850.

Our submission takes the form of responses to the specific areas of concern in the Report "Review of the Operation of the Local Government (Financial Assistance) Act 1995"

Aboriginal People and Torres Strait Islanders

Cook Shire welcomes the apparent recognition by the Commission that "Local governing bodies ...[face] a higher than average demand for services, higher than average costs of providing services or a reduced capacity to raise revenue" arising from the existence of Indigenous communities in the Shire.

Using the 2001 Census figures, 30% of the shire population identifies as being of Aboriginal or Torres Strait Islander ethnicity. The significance of this demographic relates primarily to land tenure and the limitation of rating certain land tenure types, including land transferred under the Aboriginal Land Act and land purchased by the Indigenous Land Corporation. Further, a significant portion of the Shire comprises conservation tenures or unallocated State land, further reducing the Shire's capacity to raise revenue through traditional funding avenues.

The following factors affect our operations in this area of responsibility:

- The Indigenous population is transient and probably not fully captured by ABS figures. A number of Indigenous residents reside for part of the year in towns or outstations in Cook Shire, but are registered for electoral and census purposes in their community Council area.
- The ABS has yet to release disaggregated population figures that separately identify Aboriginal Community Councils exercising local government functions within the boundary of Cook Shire. This gives a distorted summary of Cook Shire demographics.
- Anomalies are created by the Federal funding of Indigenous Communities which supports a higher standard of services and facilities within the communities than in the outlying towns financed by the Shire, even though the composition of the Shire communities includes significant Indigenous populations. The raised expectations about the level of services and infrastructure the Shire should be providing when compared with Indigenous local governments places pressure on the Council and contributes to disharmony within the Shire's communities.

- The provision of water and sewerage causes particular problems. The state government provided funding for the capital costs but the operational costs are the responsibility of the shire. These are quite beyond the capacity of the communities to pay. Therefore, the ratepayers of Cooktown must cross subsidise the residents of the outlying communities. The provision of reticulated water and sewerage to small, dispersed, and financially disadvantaged communities represents a major expenditure to our Shire but is not covered by the expenditure assessments of relative needs in Queensland.
- We do not feel that the full effect of providing services and facilities to small, very remote communities in the shire is factored in at present.

Other Grant Support

We are very concerned by the Commission's recommendation that all other grants should be taken "into account when assessing the overall financial capacity of each LGB."

We understand that, if the Commonwealth Grants Commission's recommendation of "full inclusion" were to be implemented, our Financial Assistance Grant would fall very substantially. (This apparently formed an exercise at the 2001 Conference of Local Government Grants Commissions.) Obviously, we do not agree with this. Cook Shire could not continue to operate without Financial Assistance Grants, Identified Road Grants and the various State grants we presently receive. We see the State grants as some compensation for historical under-funding and as an acknowledgment that Cook Shire has substantial and unique problems. The more populous shires have already received support and we are now trying to catch up.

If the above principle were to be included on the income side, then logic would require that the cost of augmentation of the road network should be included on the expenditure side of the equation. However, the Commission has implicitly ruled this out stating that "assessing road needs should not be extended to encompass augmentation of an existing road network."

The present standard of roads in our Shire is totally inadequate for the traffic volumes. Of the 2500 kilometres of shire roads, only 27 kilometres are bitumen sealed and about 840 kilometres are unformed. These roads can carry up to 500 vehicles per day (seasonally).

Transitional Arrangements

If the new Legislation results in a significant redistribution of the present funding pattern, it is vital that its implementation is phased in over a realistic time frame. Stability of the grant is vital to us. A 5% drop in the Grants would require a 12% rate increase, if the present level of services were to be maintained. This would be quite impossible for a shire such as ours.

We believe that arguments for stability should be based on present rating levels, not on present grant levels. A 5% drop has a different impact, depending on your dependence on the grant, while a 5% rate increase has a similar impact on everyone.

Cook Shire has no problem with the current method used by the Queensland Local Government Grants Commission. However, we understand that the Commonwealth Review favoured a distribution method where the deficit of funding for each council would be equalised on a per capita basis across the state. The advantage of this method would seem to be that it would provide a possibility for long term consistency between states (if all states were to accept the Commonwealth's preference). Therefore, this method would also be acceptable to Cook Shire.

Conclusion

We appreciate the opportunity to contribute to this inquiry and remain prepared to answer any questions that the Standing Committee may have of us.

For further information, please do not hesitate to contact me on (07) 4069 5444.

Yours sincerely



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Chief Executive Officer