

The Secretary,
House of Representatives
Parliament House
Camberra
ACT 2600

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

4 High Street,
Yamba 2464

12-7-02

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Submission No: 23

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Sir,

Re Standing Committee of Economics, Finance
and Public Administration

I would like to contribute by way of written submission on the above in particular to local govts current responsibilities as well as current funding arrangements.

I am aware that Councils are not recognised by the Constitution, consequently they are funded by the Federal Govt through the State Govts pursuant to the Local Govt (Financial Asst) Act 1995. Although the object of the Act is to ensure all monies are passed on to Councils it appears this has not been the case if one believes the complaints put forward by Councils.

The thrust of my submission however is the lack of adequate transparency in accounting within Councils.

I reside in the Maclean Shire NSW which covers some 1042 Sq Km and having a population of only 17000 which consists of three main centres of population ranging from urban to rural. Consequently the level of rate payments vary considerably throughout the shire.

The rate revenue gained from the various localities combined in the General Fund until expenditure. As there are no adequate transparent records kept of revenue received and spent in localities, the revenue is more than often allocated inequitably between the three centres of population.

Without adequate transparent accounting records showing where revenue is derived and spent, Council is simply borrowing from Peter to pay Paul economics, subsidising the non viable at the expense of the viable which is unproductive and not sustainable.

This antiquated accounting system using the economies of scale to meet expenditure priorities where ever they may be situated is prone to parochial abuse and conceals the economic realities confronting the shire.

For years urban areas have subsidised rural areas and Councils have relied upon grants (more subsidisation) from State/Federal Govts to fill the void. However as grants are diminishing and globalisation, economic rationalism, competition policy etc are changing the economic structure, subsidisation now comes at a considerable cost, particularly if unchecked.

The lack of transparency in Councils existing accounting system is prone to constant and excessive subsidisation not just to rural areas, but also non viable urban areas at the expense of economically viable areas, defying economic logic and diminishing productivity.

The lack of transparency conceals and in many instances prejudices economical potential that may exist in viable communities, diminishing opportunities for financial autonomy.

The lack of transparency also encourages parochial abuse and fails to expose and make accountable unscrupulous and possible conflicts of interests.

The lack of transparency in Councils subsidisation expenditures conceals the hypocrisy and abuse in the use of viable communities volunteers, who are endeavouring to fund their community projects

It also conceals the futility in setting up economic development projects when the worst offender to economic development in a viable community is Council itself, hiding behind its less than transparent subsidisation expenditure.

I am not suggesting that revenue gained should be spent where it is derived. I am simply suggesting that adequate transparent accounting records showing where revenue is derived and spent, provides the machinery to maximise economic considerations when examining expenditure priorities and, as it is more transparent, it makes Council more accountable.

Councils are required to prepare draft management plans at the commencement of each year detailing proposed works and services. Within five months after the end of each year Council must report on its achievements of those objectives set out in its management plan.

This process can be adapted to provide a transparent means of showing where revenue is spent.

I respectfully suggest it will make Councils and communities, more aware of economic considerations in their decision making.

Thanking you in participation.

Yours faithfully,



Ray Hunt