



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

Submission No: 296

Date Received:

Secretary:

16 August 2002

Mr David Hawker, MP
Chairman
House of Representatives Standing Committee on Economics, Finance and Public Administration
Parliament House
CANBERRA ACT 2600

Dear Mr Hawker,

Re: Inquiry into local government and cost shifting.

Please find attached the Victorian Farmers Federation submission to the House of Representatives Standing Committee on Economics, Finance and Public Administration inquiry into local government and cost shifting.

There is a funding crisis emerging in local government in rural Victoria.

The crisis results from the reliance of local governments on raising revenue from an increasingly inequitable property based taxation system. At the same time local government bodies are responding to growing community pressure for diverse service delivery and increased responsibilities and obligations imposed by State and Federal Governments.

The expenditure of Victoria's small rural shires is 80 per cent more than that of metropolitan councils and rural councils strike higher rates relative to property valuations and household income than do metropolitan councils.

There is strong community pressure for local government to accept new responsibilities when State and Federal government's withdraw from provision of services. Rural Victorians in particular are wearing the cost of State Government withdrawing from its responsibilities in pest and weed management.

The funding of local government needs substantial reform to reduce the reliance on property based rating for revenue. The VFF recommend the Commonwealth initiate a further review into the equity of sources of local government revenue for the services provided.

State and Federal governments should also be required to provide additional financial resources to fund all new compliance costs and responsibilities imposed on local government.

I would be pleased to meet with the Committee to discuss the issues raised in our submission further.

Yours sincerely,

Paul Weller
President