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

Dear Sir

Enquiry Into Local Government and Cost Shifting

Thank you for the invitation to submit a response in relation to the Enquiry Into Local Government and Cost Shifting.

The City of Stirling has, on many occasions, been impacted upon by cost shifting for the provision of services and facilities by federal and state governments.

Should there be any need to clarify the content of the enclosed submission, please do not hesitate to contact Craig Watts, Executive Manager Corporate and Customer Services, on 08 9345 8838.

Yours faithfully

Cr Tony Varelunga JP
MAYOR

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

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Secretary: *Barrell*

ENQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

This submission is provided by the City of Stirling in response to the invitation from the Committee Secretary of the Enquiry Into Local Government and Cost Shifting.

BACKGROUND

The City of Stirling is the largest Western Australian metropolitan local authority covering in excess of 100 square kilometres. Its population is in excess of 176,000 and provides a broad range of services and facilities to meet the demands of the community for a vibrant and participative lifestyle. Interwoven with these community attributes, the City also has a very diverse multi cultural mix. The range of services and facilities required to meet the needs of a mature and regenerative residential mix places considerable demands upon the City's finances.

The City has identified that there are two main avenues which result in cost shifting from federal and/or state government. These can be identified as those in which seed funding is provided and those that develop through community need and which other tiers of government are not prepared to provide or fund.

SEED FUNDING

It has been evident over a number of years that federal and state governments have been keen to respond to the demands of the broader community for certain services by delivering them via local government. In this regard, local government has become a department or agency of other tiers of government and the dissemination of the service to the community has been made possible through the provision of seed funding. It has been the City of Stirling's experience that these services are welcomed by the community.

Federal and state governments consider this mode of delivery attractive for a number of reasons. However, the main point of contention with seed funding is that it only lasts as long as the funding is provided. After the awareness of the services being created within the community, it builds a level of expectation that this service will be ongoing. When funding is withdrawn, the local government is left with the choice of continuing the service to meet the needs of the community or withdrawing it and being subject to criticism first hand. In many instances, this forces local government into a difficult situation as it, like federal and state governments, also has limited financial resources and needs to prioritise the provision of various services in order to get the best return for the community.

It is expected that the City of Stirling may be less inclined to accept the invitation for seed funding in the future on this basis. Whilst the City of Stirling is appreciative of funding opportunities provided, it is noted that sometimes the prescriptive and inflexible nature of the guidelines does not allow the City to accommodate the requirements of funding within its plans and is therefore unable to secure the funding.

It should also be noted that the City recognises that some resources allocated to distributing funding and conducting programs by other tiers of government would be best allocated to local government to deliver the benefits to their capacity. In essence, this would avoid the need to duplicate services and administrative functions.

DEMAND FOR A HIGHER LEVEL OF SERVICE

The second form of cost shifting that the City of Stirling has experienced has come with the decision by federal and state governments to cap the level of service that their agencies provide. The community is increasingly turning to local government, yet an existing federal or state agency does not consider the provision of services to meet the demand is warranted.

Whilst the City of Stirling is a large local authority and is able to absorb some of these demands for service within its infrastructure, there is a limit to which this can be extended. Additional services cannot be provided or funded without an increase in infrastructure and the raising of revenue through rates or alternative means. One such example of this is the demand placed upon the City to provide increased security and safety presence within the community. In order to facilitate this service, the City has had to impose a \$15.00 levy on each rateable property. In this example, the WA Police Service is unable to provide the presence in the community to the expected level.

SERVICES SUBJECT TO COST SHIFTING

The following information is submitted in response to the statements contained within the terms of reference of the Enquiry into Local Government and Cost Shifting.

Current funding arrangements for local government, including allocation of funding from other levels of government and utilisation of alternative funding resources by local government

In order to conceptualise the City of Stirling, the income of the City is currently split on the following basis:

▪ Rates	51.42%
▪ Security levy	1.07%
▪ Rubbish levy	12.19%
▪ Grants	10.42%
▪ Other	<u>24.90%</u>
	100.00%

The City of Stirling is the recipient of a number of grants and these include:

- State Treasury
- Health Department of Western Australia
- Healthways
- Main Roads Department
- Lotteries Commission
- Community Sport and Recreation Facilities Funding
- Home and Community Care
- Department of Family and Children's Services

The City of Stirling has two large industrial areas within its boundaries in Osborne Park and Balcatta. These areas provide a base for notable Western Australian companies such as the West Australian Newspapers Ltd, the Orbital Engine Company, ERG, Peters and Brownes Dairy as well as other recognised Western Australian businesses and brand names. The remainder of the City is largely residential and is fully developed except for smaller areas which are increasingly coming under pressure for sub division for further residential purposes. The economic nature of the City ensures that the industrial areas assist with the subsidy of the City's operation to our residents. This is a precarious mix and, should the City's boundaries change in any way which may result in these industrial areas being shifted from within the City of Stirling, then the scope of services currently provided by the City would need to be reviewed.

The pressures that are brought to bear on the City's financial resources in the business districts within the City are steadily increasing given the growth of the CBD to surrounding metropolitan areas. The established industrial area of Osborne Park is steadily changing nature and the increase in economic activity has brought about demand for a change in the infrastructure and services.

Similarly, the increasing density of housing within Stirling is resulting in greater demands upon the infrastructure of the City. In addition to this, the nature and role of the City of Stirling has changed considerably in the last 10 – 15 years as a result of the shift in the population base and the increase in the entry of baby boomers/self funded retirees into retirement. At the same time, regeneration of all residential areas has seen young families placing pressure on the City's services at the other end of the spectrum.

In 2000/2001, the City examined a number of alternate sources of revenue to assist in providing services demanded by the community. Despite a concerted effort, the City had difficulty identifying viable income sources that were not beyond its brief as a government body.

Although a significant proportion of services and functions provided by the City of Stirling is not required by legislation, there is an increase in demand for these being placed upon the City of Stirling. This is largely as a result of the perception that local government is more accessible than state or federal government.

As the City of Stirling moves steadily towards becoming a service orientated government body, the limitations of the property based revenue generation system is being exposed. This can be demonstrated by the traditional services such as the provision of roads, refuse removal, planning and development control being joined by human services such as meals on wheels, security and safety patrols and youth services.

In addition to these expanded services, many local authorities, including the City of Stirling, have experienced a new role in the provision of tourism. The City of Stirling is coming under increasing pressure to develop the Scarborough beachfront precinct (SEAS). This project will require a considerable contribution by the City to provide the infrastructure which will benefit local business providers, the regional community and tourists alike. There are very few funding avenues for the City to pursue in developing a tourism precinct.

The City has also experienced an increasing burden from state and federal tiers of government in the form of exemption from rates and charges (utility providers which are agencies of the state are highly profitable and fall within this category). Although some financial assistance is available through the Local Government Grants Commission, this favours those local authorities which are disadvantaged in providing minimum standard services rather than rewarding efficiency for local authorities such as the City of Stirling. The City also finds itself under increasing pressure from community groups seeking donations and funding for projects for which other tiers of government do not provide grants.

Capacity of Local Government to meet existing obligations and to take on an enhanced role in developing opportunities for Councils to work with other Councils and pool funding to achieve regional outcomes

Increasingly, the understanding of the general community as to the rolls and responsibilities of the three tiers of government has been eroded. The City, on a regular basis, is approached by customers seeking information for which they believed local government is responsible when, in fact, the activity is undertaken by another tier of government. This understanding is indicative of the shift of responsibility from one tier of government to another. Clearly, some delineation between the responsibilities of all three tiers of government need to be more clearly defined.

The City of Stirling is able to currently meet its existing obligations and provide a satisfactory level of service to its residents and ratepayers. However, it can be identified in recent times that this capacity has only been possible through the levying of additional costs on the community. In this regard, the City's Security Service is cited. Whilst the City has been successful in implementing a community safety and security patrol service, it is doubtful that the community will be prepared to accept the cost of additional similar services in the future as the demand increases.

The City of Stirling welcomes the opportunities for regional initiatives which will see the introduction of the sharing of costs associated with the provision of services. However, there are a number of issues relative to regional service delivery. These include the need for clear administrative responsibilities and ownership of the provision of the service. The City of Stirling, in part covering 100 square kilometres within the inner metropolitan area of Perth, almost provides for a region in itself. Together with two other local authorities, it forms the bulk of the northern suburbs of Perth. Each of the other two local authorities in Joondalup and Wanneroo are similar in size and are experiencing their own growth. The geographic and economic size of the three local authorities (884 sq km, 416,000 population), makes it possible for them to provide a high level of service, however it is arguable whether or not any substantial regional opportunities exist for the three local authorities. In order to comprehend the impact of the additional provision of services on the City of Stirling, it is necessary to consider those services which have evolved and shifted from the tiers of government.

As mentioned previously, the capacity and willingness of the community to accept the cost for these additional services will diminish as they increase. Clearly residents and ratepayers of the City will be more reluctant to accept that a reasonable rate imposed upon them by the City will be limited to between \$500 and \$1,000 per annum.

Community Services

Over a number of years, the City of Stirling has experienced an increase in demand for social services. The City provides a range of these including Meals on Wheels, Women's Refuges, Respite Centres for the Aged and Disabled and Financial Counselling to name but a few. Many of these commenced with seed funding which was subsequently diminished or is no longer funded.

Youth and Children's Services

A number of services provided by the City for youth and children include After School and School Holiday Care and Youth Concerts. Clearly there is a demand for these types of initiatives for the younger members of the City of Stirling yet little funding has been provided or, if it has, then the duration and amount of funding has been limited.

Graffiti

The City of Stirling was instrumental in establishing a joint graffiti initiative with the state government. Since the shift in power from a Liberal to a Labour state government in Western Australian, the graffiti task force which was founded to meet the needs of graffiti removal for a number of local authorities has been dismantled. The City of Stirling and other local authorities are now primarily responsible for the removal of graffiti without the assistance of the state. In addition, the co-ordination of removal from federal and state government agencies property rests with the individual agencies. The removal of the co-ordination of all graffiti resulted in a fragmented approach and some frustration for the community in identifying which agency owns or is responsible for certain properties.

The rapid removal of graffiti is a key element to ensuring that the general appearance of the community is one in which it can be proud. Rapid removal diminishes the impact that these vandals have in society generally.

As a result of the state government withdrawing its contribution, the cost of the Stirling community has increased despite this problem being one which the whole of local government experiences to some extent.

Community Safety and Security

In 1997, the City of Stirling established its security patrol service as a result of an in house white paper developed which discussed the impact of graffiti and security in the City of Stirling. The object of the Security Service was to minimise the impact of anti social behaviour within the Community which had been identified by our residents and ratepayers as being at an unacceptable level. Traditionally, the Western Australian Police Service would be responsible for providing general patrol services and improving the level of perceived safety and security within the community.

Clearly, the Western Australian Police Service, with its resources, is unable to meet the expectations of the community in this regard and, as a result, the community has turned to local government to find a solution. The community security patrol is now an integral part of the City's services despite it being a non traditional local government function and has incurred a \$15.00 levy per rateable property. The reports and incidents that the community's security patrols assist with the Police Service have proved invaluable and the City is able to provide intelligence and respond to enquiries on behalf of the WA Police Service with a high level of community satisfaction.

In addition to the community security patrol service, the City also receives regular requests for the provision of camera surveillance.

Underground Power

The City of Stirling, together with many other metropolitan local authorities within Western Australia, has had the opportunity to apply for funding for the provision of underground power. The underground power scheme was provided on the basis that part costs would be met by the state local authority and residents. Although the underground power scheme has now ceased with the change of state government, the City of Stirling was required to provide a portion of the funding to ensure the provision of underground power which has many benefits to the community.

Citizenship Ceremonies

The City of Stirling welcomes on behalf of the federal government, around 100 new members of the community each month. The cost of the administration for this service and for the ceremonies is borne entirely by the City of Stirling with no financial contribution by federal or state governments despite representation of elected members at these functions.

Emergency Service Levy (Fire)

Together with other local authorities throughout Western Australia, the City is required to collect the Fire Services Levy with the 2003 rates assessment. The City of Stirling will receive an administrative fee from the state for collection of this levy, however it is necessary for local government to incur costs associated with the restructure of its information technology services and make administrative arrangements for the collection of the levy itself. In addition, the local government will have to undertake the complaints handling role for this levy as it is likely to be universally rejected by the residents and ratepayers of the City.

Various Legislation Impositions

Together with other local authorities, the City of Stirling is also responsible for administering a number of issues relative to state legislation including the following:

- Noise legislation
- Health legislation
- Freedom of Information legislation
- Swimming pool inspections
- Public buildings
- Animal control
- Building industry training levy
- Planning control
- Landfill levy
- Fire Service levy

These items demonstrate the range of legislation which forces a role, responsibility and cost on local government.

Scope for achieving rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities

The City of Stirling is of the opinion that there is a scope for the rationalisation of roles and responsibilities between the levels of government. The improved use of resources and quality of these services is imperative. The community at grass roots level is demanding the same economy from government as they are of their own personal budgets.

As previously indicated, the need to find the roles and responsibilities of each tier of government will be imperative in ensuring that government provides best value. To date it is apparent that the shift of costs from federal and state governments has been in an attempt to meet the expectations of the community in this regard. However, it has brought about increasing pressure on local government which local governments are unlikely to be able to sustain.

In rationalising the provision of services, it must be recognised by federal and state levels of government that local government, at its grass roots level, is best equipped to gauge the need for particular services within its individual communities. The needs of the community vary greatly with the demographic and geographic locations of local authorities.

The seamless provision of services in the community is necessary as most community members in need of services do not care what level of government is providing the service so much that the service is available to them. If local government is expected to carry the responsibility for being the first point of contact then the resource base from which it operates needs to be expanded and made permanent and accountable.

In delivering the benefits of regional services, it is doubtful that small local authorities will be able to achieve the same outcome as larger local authorities such as the City of Stirling. In order to make a success of any regional initiative, it will be necessary to determine the optimal size through which this can be achieved.