



*Jerilderie Letter*

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*Shire of Jerilderie*

## *Jerilderie Shire Council*

**Submission to inquiry into Local Government by the  
House of Representatives Standing Committee on  
Economics, Finance and Public Administration.**

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

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## **1 Introduction**

The Jerilderie Shire Council has developed this submission following a forum held in the Campaspe Shire Council Echuca on the 9 October 2002.

Council strongly believes that the proposed review is an appropriate vehicle for the reform of local government and may lead to a reform of government in general.

Communities are getting to the stage where they are more informed about their rights and the services that they require relevant to their location and environment. They are also getting more aware of the costs associated with services and are willing to make choices about services and service providers.

The Parliamentary Review should be able to determine what services should be provided to communities. It should go further and develop standards of service delivery and categorise these services into essential services down to the less than necessary or those related to specific environments or locations.

The Committee should look at the rationalisation and funding of services throughout the country and to develop a regional perspective that ensures that rural and remote communities do not completely miss out on vital services.

Once the services have been determined the quality and quantity of these services should be considered and, again in the light of rural communities, there may be a need to have certain weightings included to ensure adequate access is achieved.

The next part of the process should be to determine the best method for service delivery. In this context there is a need to consider the three (3) current levels of government plus the private sector as potential and existing service providers.

## **2 Local government**

Local government is an efficient method of service delivery as it is usually the first point of call or reference for the public. This is even more so in rural areas. It is very common for an individual to either ring an official or Councillor or visit their local council offices to obtain information on just about any problem or situation that is of concern. Local government in rural areas are accessible to communities and usually the persons working in the field are well known to all residents. It appears that councils are a 'defacto' agent of other levels of government delivering their services without proper recognition.

Rural areas tend to have their Councils as the pivotal point for all government inquires. Remote communities such as Jerilderie have even greater problems in that they are literally 'light years' away from its 'home' State base ie.

Sydney and receive most of its infrastructure from another State, and in this case Victoria.

The result is that the NSW State government and its services are difficult to access and information is not readily available to individuals in most rural and remote regions. The theory of decentralisation versus central control of services is an easy question to answer: have service delivery and access to government available to both country and metropolitan users. Further, the central bureaucracy tends to develop *decentralised* functions by regionalisation thus *centralising* rural services (ie. going around in circles).

The State government has its own agenda and service delivery which in recent times is being shifted to Local Government to administer and deliver. In many cases such services should be delivered by Local Government as it can ensure the delivery of services with minimal and less 'administrative' costs and charges. More and more the State needs to concentrate on 'bigger' issues that face the whole community and as such smaller, but in many cases vital services, do not suffer through a lack of attention.

There is a need to evaluate and determine the services required by all communities and have them accessible in both rural and metropolitan areas.

### **3 Services best delivered 'locally'**

There are a range of services that are delivered at the local level in other countries and they include:

- emergency services ie. fire police etc.;
- health services including hospitals;
- education schools and further education; and
- welfare / housing.

It is important that the Committee consider the range of services now provided by all the levels of government and determine the best service deliverer whether it be 'local' or centralised usually out of a capital city.

The costs and accessibility to services need to be the fundamental criteria for decision-making in respect to the best service deliverer.

Set products and services could be determined to be delivered at a local level in metropolitan and rural areas at a rate that is determined by the service deliverer and the funder. There should be a system developed that acknowledges the cost components of the service within various locations and standard dollars attached to a set level of service delivery ie. 100 immunisations at a cost of \$20 each etc.

## **4 Problems with Local Government**

### **4.1 Diversity**

Local Government is a very diverse business and particularly in rural areas is not appropriately and adequately resourced to undertake the expansive service delivery required of it. It is almost impossible to find a commercial business with such diversity as Local Government as even the largest Australian based firms are virtually single minded or structured towards a particular product or range of products. The core business Local Government is so diverse and covers a very wide spread of functions that makes it basically unique with other levels of government and the private companies.

Local government is required to construct, provide health and welfare services and advice, protect heritage, plan and develop housing and economic development, attract tourism, generate business confidence, educate its community on government initiatives, provide water and sewerage and recycle used products plus provide garbage disposal. There are many other functions that Councils provide, guide or sponsor within rural communities. Its diversity coupled with a lack of resources means that there are problems with an even service delivery. This is sometimes further compounded in rural Councils by the inability to attract suitably qualified staff or have a sufficient rate base or ability to earn additional revenues to allow all the service requirements to be provided.

### **4.2 Accountability**

Under the guise of better accountability and transparency Local Government is being choked by the never ending requirement to explain its actions and prepare surveys and reports on all operations.

Council considers that because there may be one bad apple in the bunch it is irrational to throw away all the apples. In other words just because one Council has deliberately chosen to act in a fraudulent or irresponsible manner or misappropriated funds, that the rest of the properly operating Councils should not have to pay the burden of increased reporting. Furthermore, all government agencies and departments are requiring volumes of support information and a 'book' to be written on all requests for funding and support requirements.

If the trend of more and more information and justification continues in its current trend then Councils will become as bureaucratic as any of the less efficient organisations currently operating that people are complaining about. Extra resources will be required in order to satisfy these requirements.

The Committee should look at the stream-lining procedures and information requirements so that Local Government can be held accountable by its communities and deliver services quickly, efficiently and without as much 'red tape'.



### 4.3 Funding

Local Government is not receiving the funding that it is entitled to from the Federal and State Governments. It is evident that each level of government that handles funding for Local Government programs and projects takes its percentage of the monies as either an administrative charge or a duplicate handling cost.

Funds should be directed straight to Local Government to administer programs and projects. For example health costs to a region or area should all be bundled together i.e. hospital operating costs, community health services, funding of health positions etc. and given to Local Government to administer along with provider numbers to a Region rather than to medical practitioners (i.e. doctors could then be more evenly distributed) .

In 2000-01, the Federal Government raised \$175 billion in taxes representing 81.9% of the taxation revenue. At the same time, the States and Territories raised 32.4 billion representing 15.2% of taxation revenue, mostly from payroll taxes, financial transactions and the use of goods. Local government's share of taxation revenue was \$6.3 billion or 3% and this was all raised from land rates (Source: DOTARS – Submission to inquiry into Local Government – July 2002).

Traditionally Local Government received most of its revenue from property rates. Other revenue sources included income generated from charges for garbage, public services, recreation and cultural amenities and charges associated with development activities. Legislation prohibits Councils from making 'profits' on the supply of particular services (i.e. a restriction on Council's entrepreneurial abilities for other services).

Rate pegging has restricted Council's ability to raising increased amounts of revenue need for the ever increasing service costs and requirements In this Shire the Council receives a major proportion of its revenue base from entrepreneurial services such as the building of fire trucks and private construction works. Council is looking towards developing strategic alliances and partnerships with business and industry to enhance and stabilise its revenue base and provide better services to its community. Other constraints have been imposed on Local Government that restricts the available 'pool' of funds that Council's can access. There are set rates for certain charges plus the Council's need for prior approval before any borrowings are undertaken. Councils are restricted from making sound commercial decisions by the requirements of certain funding agreements that those funds be used in a certain manner and for a specific purpose or by a specific time. These requirements are very difficult to meet when contractors and funding times do not match.

Whilst rate pegging limits Council's ability to seek revenue for specific projects it also restricts its flexibility in responding to local conditions for fear that revenue fore gone in any one year can not be re-couped in subsequent years without Ministerial approval.

Council considers that the process of accountability by Local Government should be enough to enable it to make sound commercial decisions and relax some of the stringent information seeking requirements of other governments. Further, it considers that a 'whole of government approach' should be taken to funding Local Government Programs. Funding should be received from the funding department and agency, whether it be Federal or State, directly without any duplication or re-direction. This notion may have significant implications that may require a Constitutional change as it appears that the States have the authority even though the Commonwealth collects the majority of the funds.

#### **4.4 Unfunded mandates**

It is important that Local Government is consulted and adequately resourced whenever it receives another function to perform. Local Government, and especially rural Councils, are very lean and just can not keep on undertaking additional functions, inspections or services without appropriate resources and structures.

It is understood that many services are better provided at the 'local' level and that State Government is shifting responsibilities to Local Government where they are no longer able to adequately resource and administer the process. It could be said that the services that are moved to Local Government have the result of making the State Government system more efficient, when in fact they have merely shifted the cost burden to Local Government.

It is time to come 'clean' and look at the service provisions of all levels of government and rationalise them into set categories for each level of government. A scientific approach to funding and service provision needs to be developed where services that are to be administered are resourced and provided by the best deliverer whether that be Local, State or Federal Governments or the private sector or a combination of all of the above.

### **5 Consultation**

Consultation with Local Government is a key strategy that needs to be enhanced especially when cost shifting and additional projects and programs are being contemplated by the other levels of government.

The strengths of Local Government are:

- ease of community access especially in remote or rural towns;
- cheaper form or service delivery;
- established lines of community consultation and communication;
- can achieve projects and programs more quickly than other forms of government relative to its size and structure;
- usually the first point of contact with the public;
- quality and governance already in place; and
- responsive to community requirements.

The weaknesses of Local Government are:

- not adequately resourced;
- restraints in making commercial decisions;
- fragmented from within ie. Shires versus City Municipalities;
- unable to get political voice at both State and Federal levels.

Council strongly feels that there is a need to get a stronger Local Government presence in both State and Federal Governments to ensure that it can properly voice its concerns and that its requirements and recommendations receive more than just 'lip service'. In other words Local Government should become a 'true' partner in the government of this Nation.



## 6 Conclusion

Local Government needs to have proper recognition for the services that it can and does deliver. Other Governments need to be more aware of its role and potential as it does have a better relationship with the community and the regions that it serves.

Local Government can be much more responsive and efficient in the delivery of services and actually can reduce overall service delivery costs at a better delivery success rate than most other forms or service delivery methods and this includes the private sector.

The Commonwealth Government needs to convince itself and the State Governments that Local Government actually produces and needs to be supported not hindered by increased accountability and report requirements.

The Commonwealth needs to develop strategies that will enhance the interaction between Local Government and the other levels of Government.

The funding models used by governments tend to be based on population and/or revenue. They very rarely take into consideration an area or region. It is our view that any funding base should be designed with all of the above bases included to ensure that local areas do receive significant recognition when the funds are allocated. In this regard Local Government boundaries do not necessarily need to be adjusted in order to make the formula 'fit'. Funding mechanisms need to have appropriate weightings to ensure that the geographical and local fundamentals and processes are recognised.

Finally and with tongue in cheek, we go back to our earlier point in paragraph 4 that we are again faced with explaining our actions and it is a perfect example of another 'book' that we have had to write.