

## **INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING**

The City of Perth is pleased to make a submission to the House of Representative's Standing Committee on Economics, Finance and Public Administration. The City of Perth is very keen to participate in the discussion regarding the future of Local Government and as such would like to give a Capital City perspective to the debate. In the report Capital Cities and Australia's Future the special role of the capital Cities is recognised for its commercial connectivity, cost competitiveness, innovation and cultural tourism. It also goes on to state "the central cities play a major role in determining the overall liveability of the metropolis. These areas typically host the higher order cultural, civic and recreational facilities. The City is ordinarily seen as the automatic choice for major community celebrations. If citizens feel proud of what their central cities offer, they are more likely to enjoy their suburban and country life."

It is felt that the capital city role is worthy of special consideration and it is hoped that the information which follows will clarify the issues which justify this special consideration.

### **1. LOCAL GOVERNMENT'S CURRENT ROLES AND RESPONSIBILITIES.**

The Local Government Act prior to 1996 was very prescriptive in describing the services which Local Government could provide. The New Act went away from the prescriptive model thereby allowing Local Government to participate in areas it previously could not. Local Government continues to provide the base services of waste management, care and maintenance of local roads, paths, drains and parks.

Other core services to local government such as Town Planning can still become disjointed where State jurisdiction is in place. In the case of the City of Perth 20% of the local government area is under the planning powers of the State. This is a significant portion which could be more efficiently handled if the planning was with one body rather than the current situation which requires both the City and the State to handle applications.

Library services have been a successful model of a relationship built between state and local government. There has however been some difficulty for the City of Perth in that the State wanted to change book stock quantities to be based on a percapita basis.

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The City of Perth has a daytime population of approximately 90,000 and a nighttime population of around 8,000. With many library members being non residential ie part of the daytime population, a per capita based calculation does not work for a capital city. The State Government Library service also specifies a service delivery standard that the Local Government is then expected to fund.

Community Services are an important service provided by Local Government and also an area where some services are provided by the State therefore requiring good liaison between the levels of government. There seems to be an increasing expectation that Local Government will fill the gap in services of the State Government in particular Youth and Seniors.

Local Government undertakes a compliance role both for its own local laws and some state laws such as parts of the Health Act.

Other services which could be considered non core for local governments in general but are essential for the City of Perth include off street parking and City marketing. The City of Perth also chooses to take its civic role as the capital city seriously and entertains visiting ambassadors and dignitaries on behalf of the state Government.

### **2. CURRENT FUNDING ARRANGEMENTS FOR LOCAL GOVERNMENT, INCLUDING ALLOCATION OF FUNDING FROM OTHER LEVELS OF GOVERNMENT AND UTILISATION OF ALTERNATIVE FUNDING SOURCES BY LOCAL GOVERNMENT.**

The City of Perth relies on its rates levy (46% of operating revenue) and fees and charges (47% of operating revenue). Grants and subsidies from other levels of government amount to 1% of operating revenue. The City of Perth is the capital of the state however it is the city based businesses in particular who foot the bill for the ongoing development and maintenance of the area. The City of Perth does receive some roads funding similar to other local governments.

The City of Perth does apply for other grants where possible particularly in the areas of youth services, emergency services, environmental grants and anything else appropriate.

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Where some formulas are based on a per capita basis, the City of Perth is obviously disadvantaged given the disparity in it's day and night time population.

### **3. THE 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.**

The main concern of the City of Perth in relation to capacity is the fact that major works and projects within the City require the support, including financial, of the State Government of the day. It is therefore imperative that the City have a clear understanding of roles and ongoing responsibilities relating to the development of the Capital City including its social fabric. To this end the City has proposed a City charter to clarify the relationship with the state government. A copy of the prospectus for the proposed Capital City Partnership is attached to this submission.

City infrastructure costs are significant, for example, structural refurbishment of major facilities such as the Concert Hall (a facility for all citizens of the State) is in the tens of millions of dollars. Urban improvements for the next 5 years are over \$40 million whilst infrastructure such as roads, footpaths and drains have been kept down to a million.

The City's rate base can only accommodate so much of these capital city requirements.

The City feels that without some clarity of roles, the ongoing management of the City will be less than effective or efficient.

### **4. LOCAL GOVERNMENT EXPENDITURE AND THE IMPACT ON LOCAL GOVERNMENT'S FINANCIAL CAPACITY AS A RESULT OF CHANGES IN POWERS, FUNCTIONS AND RESPONSIBILITIES BETWEEN STATE AND LOCAL GOVERNMENTS.**

The Local Government Act prior to 1996 was very prescriptive in describing the services which Local Government could provide. The New Act went away from the prescriptive model thereby allowing Local Government to participate in areas it previously could not. With community pressure rising due to deficiencies in some services, Local Government started to provide some additional services. In other examples, Local Government has been required to take on a new duty or simply fill the gap where no other government body was willing to provide a service. There has also been a move from respective State Governments to devolve a range of services traditionally undertaken by the State to Local Government without any financial assistance.

#### ***Many welfare functions including the provision of meals, home help, respite services***

This is a prime example of where Local Government has started to offer a service to improve the overall service of government. A number of Councils have become involved in varying levels of welfare functions.

Many programs have been funded by the HACC program using the joint funding provided by the State and Federal governments. Programs such as the Welfare Officers have been altered to such an extent that in some cases funding is restricted or removed, resulting in Local Governments either withdrawing the service to their community or picking up the funding themselves.

#### ***Recreation Officers***

Recreation Officers were initially funded by the State then the funding removed. As with other functions, Councils then had to decide whether to continue with employment of Recreation Officers. Clearly with Local Councils offering recreation facilities, the community expected Recreation Officers to be available to assist community sporting groups.

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The employment of the officers also created the need to provide recreation programs to the community. These programs are usually fully funded by Local Government.

### ***Out of school care holiday programs***

Out of school holiday programs have been taken on as a function of Local Government. Changes in community expectations and the fact that Local Government runs recreation centres and child care centres has meant that Local Government has taken on this area.

### ***Provision of Youth Officers and Youth Housing***

The area of Youth Services is another example of where deficient services, community pressure and the change in the Local Government Act has brought Local Government into the field of Youth support.

Local Governments are always on the search for alternative funding sources to cover this area as the costs can become significant.

*(Estimated at \$100,000 per annum)*

### ***Homeless issues***

Homelessness issues have recently been added to the agenda of the Capital Cities Lord Mayors' meeting at the request of the City of Perth. The structure of support for homeless people is somewhat fractured requiring Local Governments to become involved. Given that Local Governments have care and control of streets and footpaths and homeless people are on the streets, Local Governments cannot avoid the issue.

### ***Graffiti issues were funded by the State Government in the past***

Over the past two years, the State Government has operated a Graffiti taskforce. Some of the funds came from Local Government and the balance from State. This service has now been withdrawn leaving Local Government no choice but to combat graffiti on their own. The City of Perth has budgetted to

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continue with this program and upgrade from the previous service. This additional expense is reflected in the rate base for 2002/2003.

*(Estimated at \$80,000 per annum)*

### ***Safety and security costs have increased for Local Governments due to a shortfall in State policing***

Many Local Governments have had to increase their security services due to the perceived increase in crime and the limited response from the State Police Service. In the City of Perth, the Noongar patrol has been employed, additional security staff have been employed, more security cameras have been installed and a Police Post has been built by the City to house Police Service staff. All of these items are funded from the rates levy. Many local authorities have had to impose an additional levy on their ratepayers to provide this policing service. There is an ongoing demand from residents and City visitors to upgrade security in the City.

*(Estimated at \$122,000 per annum for the Noongar Patrol  
Estimated at \$800,000 per annum for Camera Surveillance)*

### ***Local Governments fill a gap such as looking at antennas for television black spots***

When no one else is responsible, it seems Local Government is the one to take up the issue for their community. The City of Perth is currently looking at dealing with a television black spot in East Perth. This issue is nothing to do with any service that the City of Perth currently supplies however the community expects someone to help them.

### ***Street lighting inspections by State authorities have ceased in some areas with Local Government having to take this role on***

The majority of street lights in the City of Perth are owned and managed by the State Government. The service level in recent years has reduced to the point where the City now has to conduct its own inspections and report problems to the State. This was previously all covered by the State. No funding was transferred with this change in service level.

*(Estimated at \$60,000 per annum)*

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### ***Due to the Federal Telecommunications Act, Local Government has had an additional cost burden of fixing footpaths***

This issue may be an unintended consequence of federal legislation. Telecommunications companies have the right to lay cable without Local Government permission however as Local Government must maintain the roads and footpaths, and usually has a particular standard to meet, additional costs have been borne by Local Government to make good the pavements following the work of the telecommunication companies.

### ***Underground power was sometimes funded by the State but is now not available***

Over recent times the State has assisted communities with the undergrounding of power. This assistance has now ceased. Unfortunately the City of Perth was never assisted by the State and has had to continue this program alone via rates funds.

*(Estimated at \$500,000 per annum)*

### ***Car parking levy to fund CAT buses***

The City of Perth used to pay the State Government an amount to run the inner-city transit system known as CATS. Changes in legislation 3 years ago changed this to a State Government levy on parking bays. This cost was initially \$70 per bay. In 2001, the levy increased to \$120 per bay and in 2002, further to \$150 per bay. This increase is not commensurate with the increase in service over the past 3 years and appears to be a new source of revenue for the State.

*(Estimated at \$485,000 per annum)*

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### ***Civic ceremonies for Ambassadors***

The City of Perth provides a special service to the State of welcoming and hosting civic receptions for visiting ambassadors. Although this is a State level function, the City of Perth receives no recompense from the State for this service. The costs are covered by the Local Government rates levy.

*(Estimated at \$424,000 per annum)*

### ***Collection of Fire Levy***

Local Governments are required to collect a Fire Services Levy with the 2003 rates assessment. Although an administration fee will be paid by the State, the Local Government is expected to make the necessary changes to its systems at its own costs. In the case of the City of Perth, this has a cost of approximately \$20,000.

### ***Local Laws***

Local Governments are incorporated bodies, however the State Government can still disallow the Local Government from creating a Local Law.

### ***Noise legislation***

Noise legislation is State based, however Local Government is expected to administer and deal with noise complaints.

### ***No Smoking***

New additions to Health legislation requiring no smoking in eating houses was implemented by the State with the expectation that Local Government would police the compliance. No funds were allocated to cover this new duty.

### ***Swimming Pool Inspections***

The requirement for fencing of pools and subsequent inspection of pools was legislated by State Government with Local Governments expected to take up this compliance role. Most Local Governments charge an inspection fee for this service.



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### ***Public Buildings***

Under the Health Act, all public buildings require special approval. This service used to be conducted by the State Health Department. Over recent years, this duty has become fully provided by Local Governments. This is another example of the systematic devolution of functions of the State Government to Local Government without financial assistance.

*(Estimated at \$420,000 per annum)*

### ***Local Emergency Management Committee***

These committees were previously chaired and administered by the Police Service. It is now expected that Local Government will take on this role, however no funds are to be transferred for this new duty.

### ***World Energy Cities***

The City of Perth and the State Government have been 50/50 members of this world level organisation for a number of years. As of this month (July 2002), the State has decided to withdraw from the arrangement. No discussion has taken place. This is an important connection for Perth on the world energy arena yet it is being left to the Local Government to pursue.

### ***Landscaping and maintenance***

Landscaping and maintenance around main roads such as the freeways and Causeway have always been the responsibility of the State. In recent times, the State has fallen short in its provision of these services requiring the City to do additional works to maintain the standard expected by the community. It seems that the State will be expecting the City of Perth to cover further costs as various features such as lakes and fountains require upgrades and replacement.

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Similarly, where the State has undertaken development and handed back to the City of Perth, as is the case in East Perth, the City of Perth has had to fund replacement of new infrastructure which has not lived up to its life expectancy and/or has been poorly designed.

### **5. THE SCOPE FOR ACHIEVING A RATIONALISATION OF ROLES AND RESPONSIBILITIES BETWEEN THE LEVELS OF GOVERNMENT, BETTER USE OF RESOURCES AND AND BETTER QUALITY SERVICES TO LOCAL COMMUNITIES.**

Other issues which the City of Perth would like to place on the table for this inquiry committee to consider are:

- Whether capital cities should have representation and funding from the state at large. The Capital City Local Government is unique in that it deals with issues which are for the benefit of all in the State. Given the Capital City's wider role, it is questioned why a small group of ratepayers should carry the financial burden of supplying this wider role. With acknowledgement of the wider role also comes the question of representation in that decisions on this wider role may need some representation from the wider community. The issue of the capital city electoral roll is still unresolved. Residents are automatically enrolled, however the owners and occupiers who contribute the majority of rates and play the major role in the city vibrancy must enrol before they can go on the roll. Occupiers must then enrol again every second election. The process is resource intensive for the City of Perth. Options have been suggested to the State Government for improving the situation however as the Capital City is the only local government experiencing the problem, the State is reluctant to make changes for one body. Once again there is a case for the special consideration of the capital city situation;
- Whether the Capital City should have a boundary which is more appropriate to its role and viability, this would include considering efficiencies of scale plus ensuring the governance is for the good of all. The boundary of a Capital City Local Government should be such that the issues of the Capital City are able to be well planned and managed;

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- That elected members of a government requiring significant decision making such as a Capital City should be remunerated appropriately. There is a lot of effort required in the governance of a Capital City. Appropriate remuneration will enable far greater interest and recognition to provide the best possible service.
- Whether all organisations receiving services should contribute to the running of the services eg: payment of rates by government money making institutions (ABC, Alinta Gas, etc). Currently, many commercial operations of government are exempt from rates. In a capital city area more than anywhere else there are a large number of government organisations;

In summary the City of Perth believes there is scope for achieving a rationalisation of roles and responsibilities between the levels of government which will give the outcome of benefit not only to the local community but to the whole state and therefore the country. From an individual's perspective, when there is a service required it doesn't really matter which level of government supplies the service, it is just needed. It is therefore logical that the level of government closest to the people is the provider of local services and that the role agreed to for the local government allows these services to be of the highest standards. Further, the City of Perth would like the special role of a capital city local government recognised and supported via appropriate agreement, funding and legislative support.

City of Perth representatives are available to discuss this report with Committee members either in person when the Committee comes to Perth, or by telephone and/or email.

Please contact Noelene Jennings on 08 94613261 or [noelene.jennings@cityofperth.wa.gov.au](mailto:noelene.jennings@cityofperth.wa.gov.au)