



COMMONWEALTH OF AUSTRALIA

## Proof Committee Hansard

# HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ECONOMICS, FINANCE AND  
PUBLIC ADMINISTRATION

**Reference: Local government and cost shifting**

THURSDAY, 13 MARCH 2003

TOWNSVILLE

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**HOUSE OF REPRESENTATIVES**  
**STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION**  
**Thursday, 13 March 2003**

**Members:** Mr Hawker (*Chair*), Ms Burke (*Deputy Chair*), Mr Albanese, Mr Cox, Ms Gambaro, Mr Griffin, Mr Peter King, Mr Latham, Mr Nairn, Mr Somlyay and Dr Southcott

**Members in attendance:** Ms Burke, Mr Hawker and Mr Nairn

**Terms of reference for the inquiry:**

To inquire into and report on:

Cost shifting onto local government by state governments and the financial position of local government. This will include an examination of:

1. Local government's current roles and responsibilities.
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.
3. The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for councils to work with other councils and pool funding to achieve regional outcomes.
4. Local government expenditure and the impact on local government's financial capacity as a result of changes in the powers, functions and responsibilities between state and local governments.
5. The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities.
6. The findings of the Commonwealth Grants Commission [http://www.cgc.gov.au/Review of the Local Government \(Financial Assistance\) Act 1995 of June 2001](http://www.cgc.gov.au/Review of the Local Government (Financial Assistance) Act 1995 of June 2001), taking into account the views of interested parties as sought by the Committee. The inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.

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**Committee met at 9.07 a.m.**

**BOYD, Councillor Julie, Mayor, Mackay City Council**

**BYRNE, Councillor Kevin Michael, Mayor, Cairns City Council**

**GOTT, Mr James Patrick, Chief Executive Officer, Dalrymple Shire Council**

**GOULDTHORP, Mr Ken, Chief Executive Officer, Mackay City Council**

**MALLYON, Mr Malcolm Alexander, Chief Executive Officer, Cardwell Shire Council**

**MOONEY, Councillor Anthony John, Mayor, Townsville City Council**

**QUICK, Mr Dennis Richard, Executive Officer to Mayor, Cairns City Council**

**RUSSELL, Ms Lyndal Frances, Chief Executive Officer, Thuringowa City Council**

**TYRELL, Councillor Leslie Ronald, Mayor, Thuringowa City Council**

**WEHLOW, Mr John Charles, Chief Executive Officer, Charters Towers City Council**

**WOODS, Councillor John Frederick, Mayor, Burdekin Shire Council**

**CHAIR**—Welcome. Mr Lindsay, as federal member for Herbert, I think you had something to say.

**Mr LINDSAY**—Good morning, Mr Chairman, colleagues and those who have come to give some evidence today. Mr Chairman, I really appreciate that you have brought the committee here to Townsville. As you know, I am fairly active in talking about matters associated with local government. Knowing my background in local government, the local mayors will know that and I think some of the other mayors and staff might know that as well. I am very pleased to see that the Commonwealth government has charged you with the responsibility of having a look at this issue. I pay tribute to the committee in that you have accepted my offer to come to north Queensland. I guess we are a pretty good example of a region, and a relatively remote region, in Australia and of the problems that regions face. I am pleased that you have come to Australia's largest tropical city and the capital city of Northern Australia—and the mayor of Cairns will have the right of reply later on. It is a very important part of Australia.

I was in this council chamber for 11 years. Since I have been in the federal parliament, I have seen the issue of cost shifting become a more and more significant problem for local government. I think it is timely that your committee look at this. I also think the representation around the table—the mayors and the staff we have here—is indicative of how important local government sees this inquiry and its outcome as being. Also, I have been speaking to the federal Minister for Regional Services, Territories and Local Government, Wilson Tuckey, and he is very keen to see some pretty strong recommendations from this committee. That will augur well for local government. I note that in the last 30 years on average across Australia federal government assistance to local authorities has increased as a percentage of their budget from 10

to 12 per cent, but state government assistance to local authorities has decreased from 15 per cent to seven per cent. That is not uniform across Australia but it is the average of what is happening, and it does ring alarm bells in local government.

There are lots of examples of cost shifting. I must say that a bit of federal government cost shifting goes on as well. I do not resile from that, but the majority of it is related to the state government. I hope the local mayors here give you some evidence in relation to the latest project which is the Douglas arterial road and bridge where there are elements where the state government has asked local authorities to meet costs that really they should not be meeting. Let us hope we get some evidence on that. Also, this area almost got to the stage where it could well have been funding its own police service at one stage. That is a state responsibility and I am sure that Councillor Mooney will give you some indication as to the challenges that his council faces.

There are two things that I would like the committee specifically to consider. The first one is that currently the federal government distributes money in the form of federal assistance grants to councils on a per capita basis across the country. I think that it is time to revisit that and that there has to be a formula put in place based not only on raw numbers but also on need. You would have taken evidence in western Queensland yesterday and seen some of the issues there. It happens here in north Queensland as well. I encourage the committee to have a look at that particular issue and make the appropriate recommendation. It is not just a numbers game; it is about where the need is and where the Commonwealth money should be spent. The other matter that I encourage you to have a look at is that I think it is time that there be a formalised intergovernmental agreement on government service provision. I understand that is the position of the ALGA. I support that particular position and I would ask you to look closely at the evidence that you have received and will receive in relation to some formal agreement that will guide all levels of government and basically avoid the current issues that occur.

I do not know whether you have received any evidence yet about our so-called ambulance levy in Queensland—you may get some. Local government were successful in their campaign against the state government in that particular respect, but local government are always a target for those sorts of issues where they can be expected by the state government to bear costs that are absolutely in the state government's court. I will stop there because we have some technical experts here and I want them to have the opportunity to give evidence in north Queensland. I have the opportunity to meet with your committee in Canberra. I thank my colleagues for coming to Townsville; you pay us a great compliment by coming to Townsville. I now leave it to my local colleagues to give you the specifics that you need to get the right recommendations back to the federal government.

**CHAIR**—Thank you, Peter. I can assure you the committee is delighted to be here. When you suggested Townsville we did not see that we could ever find a way of refusing! Thank you for giving us the benefit of your thoughts.

I declare open today's hearing on local government and cost shifting. I welcome everyone, participants and observers. I also appreciate the fact that some of you have travelled quite a long way. Thank you very much for coming. We are keen to hear what you have to say. I would also like to thank Townsville for hosting today's hearing. As you would realise, this is the third hearing this week on cost shifting in Queensland. We began in Noosa on Tuesday, with a lot of the councils from around there. Yesterday we were in Longreach. We certainly heard quite a

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contrasting view of the role of local government and its responsibilities in those areas, and indeed the community leadership that local government has to take in those areas just to keep those communities alive and well and looking forward. What we heard yesterday was a very valuable input to our inquiry—as there has been with other inquiries. We have been travelling around, and we will go to all states in Australia, including of course the Northern Territory. The committee has received 340 submissions. The level of interest is very high, certainly given the points that have been coming out—many made by Peter, plus quite a few more.

As you would be aware, last month we issued a discussion paper. That was intended to stimulate some debate and some fresh thinking on effective solutions to the whole question of cost shifting onto local government. Today, we would like to discuss those issues and options. Also, as this is a roundtable discussion, I would like to encourage you to feel free to contribute in every way you would like to. We expect full and frank comments. It will help us get the best out of this inquiry if people feel free to give us the value of their experience and knowledge in the whole area.

I advise all participants that, although the committee does not require you to give evidence under oath, the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament. Therefore, false or misleading evidence is a serious matter and may be regarded as a contempt.

We will kick off by talking about the roles and responsibilities of local government and how we might rationalise those. Could you start by giving us your definition of the roles and responsibilities of local government and how you would see those being optimised?

**Councillor Byrne**—It is an old cliché that local government is the arm of government that is closest to the people, but that is realistically where it is at. The role of local government, as I see it, is to create a community that provides a lifestyle and opportunities suitable for that community to grow and prosper. The difficulty that we have in all of that is who is responsible for what—and I guess we will get on to that question some time today. Local government provides a range of goods and services and regulations to enable communities to grow, prosper and thrive within the overarching framework of what the Commonwealth legislation and the state government legislation imposes on it. As you know, that is different from state to state.

**Councillor Tyrell**—My initial comment is in relation to what Queenslanders, and I think to an extent Western Australians, have seen as an inequality of distribution of the federal assistance grants on an interstate basis. Review after review has indicated that Queensland has been short-changed. I think there has never been an honest attempt by any federal government of any colour to try to address that anomaly. In fact, comments to me from someone in government in past days were, ‘We have to face facts: there are more federal members in New South Wales and Victoria, and we’re certainly not going to look at taking funds away from those councils in those states. There is no opportunity for us to increase the grants so that Queensland and Western Australia can start to participate in what we think is probably something that should rightfully come to the state.’ It is interesting to note that, when we look at figures going to various councils throughout Australia, we see councils in Victoria that are to all intents similar to ours getting some \$70 per head of population from the federal grants. In Townsville and Thuringowa, that is about \$22. That is a huge anomaly—not taking into account that our restrictions, geographically and in a number of other ways, make us probably better contenders for a higher distribution of those funds.

**CHAIR**—I do not want to stifle the debate but I would not try to box things in by saying, ‘This is out of the question.’ Yes, the terms of reference are that we have to be revenue neutral but that is revenue neutral to the Commonwealth, not necessarily neutral to local government. There is a subtle difference there. I would not want you to rule everything out without at least exploring it. I suggest you have a go, if you feel you can suggest a better way of us facing that problem.

**Councillor Tyrell**—I guess the logical answer, and it is quite simple, is that other issues are taken into account so that we do get that equality. If you go back to a number of reviews, I think figures suggest that over a period of time Queensland may have been short-changed to the tune of \$130 million. All we are saying is that we feel that, as Australians and north Queenslanders, we should share equally in the distribution of funds from our federal government. This part of the world contributes a hell of a lot to the coffers, but we historically take very little back. Quite apart from the fact that other councils in Australia may feel short-changed if the proper calculations were made, if this is going to be a revenue neutral operation then I have to say that you need to look at those contributions to all councils in Australia. If there are some winners and losers, then we would be quite happy to be winners.

**Councillor Byrne**—Is it correct to say that we should start from a premise or base that the allocations of Commonwealth moneys to the states are on a per capita basis? Is it true that we can start at that premise, and then we can discuss issues from that point?

**CHAIR**—No, there have always been some loadings based on other factors.

**Ms BURKE**—To be honest, we can have this argument about states’ rights and carve-ups and, while I am not disputing what you are saying, being a Victorian, I will probably take exception. Fair call, really! I will take the point and I do not think we will argue it, if you know what I mean, because that would ruin our ability to cover other ground in our short time here. We have come a long way and—I want to be honest—I want to get home tonight. Instead of haggling about it, I think there are some points that we will take on board that we will assess when we go back and do our report. If that is all right, I would rather do that than have us getting bogged down. There is a lot of other ground that we would really like to cover today, with your expert opinion. There is some validity in this, but we could sit here all day as the premiers do at every COAG meeting, so let us not waste our time with that.

**Councillor Tyrell**—I take your point.

**Ms BURKE**—I take your point on that stuff; I am not disputing it.

**Councillor Tyrell**—If we have got an indication from the committee that that will be taken into account, I feel comfortable with that.

**Mr Gott**—I think it is important that, whilst recognising and agreeing with Councillor Tyrell, the issue today—going back to your original question—has to do with not only the width of service provision and demands in Queensland, and indeed in Western Australia, as compared to the other states but also, and perhaps most germane to this forum, the fact that the demands are increasing and service provision is widening because of increase or changes in legislation and also the cost shifting that is occurring.

I am sure that everyone around this table has a raft of specific examples, and I can certainly bring a dozen to the table fairly easily if we are going to go down to that level of discussion. However, having said that, I think that the important thing to contemplate and to realise is that service provision is increasing with local government in Queensland, and it is increasing very significantly on a generational basis.

**CHAIR**—We have had, obviously, a fair list of things that people see as cost shifting. Do you have anything that you would see as specific to your area that might not have been picked up?

**Mr Gott**—I can probably bring several to the table if you would like me to.

**CHAIR**—We would like to hear them.

**Mr Gott**—Some of the examples that would be general for the state—and they might seem to be mundane and parochial things—are things like control of woody weeds, which traditionally should rightly have been the responsibility of the state government and now have landed back with local authorities, together with a number of other environmental issues. There are issues concerning rationalisation of Queensland rail, whereby—particularly in my little neck of the woods—there is a distinct shift from transport of cattle on rail to transport of cattle by virtue of road transport, which is obviously having a very serious impact on the quality of and the costs of maintaining that infrastructure.

I could bring to the table issues concerning schools and education, as indeed could Charters Towers City Council. Local authorities in our region have recognised the economic importance of educational facilities—to wit, schools and colleges in the area. They have been placed in a position where it was considered by both councils to be prudent to financially assist, and in other ways assist, in their operations so as to ensure their very survival.

**CHAIR**—Could you expand on the last point?

**Mr Gott**—For example, towards the end of 1999 a college in Charters Towers called All Souls and Saint Gabriel's, now I believe called All Souls Saint Gabriel's—

**Ms BURKE**—Just for the record, is it a private school?

**Mr Gott**—It is a private school, which, nevertheless, receives money from the federal government and the state government as a matter of course. It was closed by the synod of the archdiocese of the Church of England in Australia. The local authorities combined recognised that the closure would result in loss of the income that was generated from All Souls and Saint Gabriel's—which I would estimate to be in the order of \$3 million to \$4 million of primary income—a loss to the community of ancillary income and a social effect through the loss of teachers and students. This is a boarding school.

**CHAIR**—It draws students from quite a way around?

**Mr Gott**—It draws students from all over Australia, PNG and South-East Asia. Charters Towers City Council and Dalrymple Shire Council actually purchased the real estate of that school and became very heavily involved in the administration and operation of that school in

an attempt to ensure its survival. I am delighted to be able to tell you that the school appears to be functioning very well now and is increasing in numbers. That would certainly not have been the case had that intervention not occurred. Dalrymple Shire Council at the moment is heavily involved with another boarding college—to wit, Blackheath and Thornburgh College, which has a primary income of \$5 million per annum.

**CHAIR**—Is that a privately run school?

**Mr Gott**—It is a privately owned school. Whilst council has been delighted—and it is important for me to recognise—with the assistance that has been provided by the Department of Education, Science and Training, particularly by Mr Watt and his colleagues, and the state education non-schools department, specifically Mr Vogler and his colleagues, the fact of the matter is that without, in my view, Dalrymple Shire Council intervention the school would almost certainly be closed by now.

**CHAIR**—You are saying it is cost shifting. Is it really cost shifting from government?

**Mr Gott**—Yes, I believe it is. With the exception of a reference in the Local Government Act to kindergartens, libraries and creches, education generally has not been the domain of local government previously; it has been a federal and state concern.

**CHAIR**—I do not want to get bogged down in this, but there is a government secondary school in Charters Towers?

**Mr Gott**—Yes, there is.

**CHAIR**—Are there any other areas?

**Mr Gott**—There are issues including what is happening with the main roads department by virtue of its application of Roads to Recovery funding to the algorithms used to apportion state funds to local government, which is very important to us.

**CHAIR**—Just make that clear.

**Mr Gott**—That is to say that the Queensland main roads department has now said that, in determining allocations to local governments, it will take into account and use to offset the amounts that are received under the federal Roads to Recovery program.

**Mr NAIRN**—Has that been done officially?

**Mr Gott**—I have correspondence here.

**Mr NAIRN**—Do you have something in writing on that?

**Mr Gott**—Yes, I do.

**Mr NAIRN**—We would love to have it.

**Ms Russell**—In answer to your original question, there is a real issue about a recognition of the changing role of local government and what has impacted on that. It seems to me that what you heard about is one of the issues, which is this devolution of responsibility from other tiers of government, particularly the state government, through legislative requirements. I think there are two other drivers for the changing role of government: one is globalisation, which is increasingly forcing local government in remote communities to fill the gap with rationalisation of industries and changes in the shift in industry; and the other is increasing community expectations. I think our communities these days are much more sophisticated. The quality and quantity of the services they demand has increased substantially.

It is important, in looking at the current funding arrangements for local government, that we recognise that the story has changed quite considerably and that the existing funding arrangements for local government, such as our rate base, were determined at a time when the role of local government was very different—when it was roads, rates and rubbish. That is what rates were designed to pay for. But, when you are looking at the sophistication of local government these days and particularly at those influences of both globalisation and community expectations as well as devolution of state responsibilities, there is a real need to revisit local government funding arrangements on a national basis.

**Councillor Mooney**—Added to that is the fact that local governments have a restricted capacity to raise additional revenue from our own communities. That has been well established; the ALGA has done plenty of research on that. The opportunities for us to reduce expenditure are virtually nil. So this inquiry becomes a very important focus on the role of the federal assistance grant and on some of those other issues that you have been hearing in your travels around the country.

**CHAIR**—We might come back to the FAGs thing in a minute.

**Councillor Woods**—I would like to add to that theme. Local government are responsible for trying to keep their communities going in the best way possible. Over my 15 years of experience in local government, our service delivery has changed focus quite considerably from the hard services to the soft service areas—the community service type activities—and the cost shifting that has occurred in that regard has been done by stealth. A lot of those programs were offered and expectations in the community were raised, but funding was provided on a short-term basis—two-thirds of the funding in the first year and then a third of the funding. Then the funding disappeared, but the community expectation was that the service would continue to be provided. I have seen that happen often in arts areas and a number of other areas. The community's expectations have grown, the level of funding coming from both federal and state—but more so from state—has reduced and the impact of that on the community is quite large.

In fact, you have situations where some of the areas that have been impacted are the subsidy areas. Straight-out hard services have gone from 12½ per cent down to about seven per cent, in our case. In the area of library services, by not increasing to keep up with inflation we are losing funding in book stock and support of libraries. Libraries changed completely according to the fact that their subsidisation was tied to having qualified staff. That all disappeared some time ago. Your community expectation that you are going to continue to provide the services is still there, but you have a limited way of raising the funds. You have a land based tax and you are providing services to people who, in a lot of cases, do not have a large land holding.

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**Councillor Boyd**—Whilst we are talking about funding—and obviously funding is an issue for every community—I think it is probably also fair to say that there would not be a local government, certainly in Queensland, that has not looked at their costs in terms of trying to improve the services, reduce their costs, look at efficiencies and try a whole variety of ways to make sure they can continue to meet the needs that the community has and their expectations within a very tight budget. That is one of the things that, from my council’s perspective, we regularly talk about, and we ask the staff about what the costs are, how we can do it better, how we can achieve it better and what are the opportunities to reduce staff numbers. You cannot keep doing that when you have got populations that are continuing to grow. They are demanding infrastructure and they are demanding a whole range of things, because people travel. They come to Townsville, they look at the Strand and they go, ‘We want one of those.’ There is an expectation that every regional centre should be providing the same things as other regional centres, and I think that that issue is going to become more and more of a problem to local government in the future.

**Ms BURKE**—How do you manage expectation? There will never be enough money to go around so as to be able to say to all your communities, ‘Here is everything you want.’ You are never going to have enough money. Even if we double or triple FAGs, they will still come back and say, ‘We want this or we want that.’ I know you are closest to the community, and I do not dispute that, but there has to be a way we can say to some of these communities—

**Councillor Boyd**—I think local government does that. I think we do it almost every day in some respects, because we get constant calls from the community—letters, petitions; a variety of things—and we are constantly saying, ‘No. We simply cannot afford to do that.’ There is an expectation in our rural areas of sealed roads; the reality is that we cannot do that. Yet their perception is that they have paid rates for 50 years or what have you and they think: ‘I have never had anything done in my street.’ Because, while we are trying to inform and educate the community about what local government does and the changing role of local government, when it gets down to the crux of it from their point of view, they are really only interested in what is outside their front door or in their backyard. That is the reality of it. We do as much as we possibly can.

The issue was raised about security before and whether that is a state government issue. We have resisted the urge to put in security cameras and increase security patrols because that is a policing matter. We have done that—a lot of local governments have not—because we simply could not see ourselves affording the ongoing maintenance problems associated with it.

**Councillor Mooney**—Going back to your comment, though, what especially the urban councils have resolved is that the current arrangements do not work because they fail some basic tests: a test of consistency between states, a test of comparison within Queensland, in the case Queensland, and a test of basic equity. If the system that we have currently got cannot stand that scrutiny, there is something terribly wrong. The major centres would accept a situation that gave us a consistent outcome, and we do not have that. That is a major problem. We have made that comment repeatedly to the federal minister; we have made the comment in submissions to this inquiry. The FAGs arrangements really are a failed mechanism here in Queensland.

**Councillor Woods**—I am sure that you can find the changes by looking historically at council budgets—for example, by looking at what councils provide nowadays compared to

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what councils provided 25 years ago. Look at the proportion of their budget that was involved in the hard services area and then look at the proportion of their budget that is now involved in providing and doing things for their community. We certainly do not meet community expectations. We are never going to—you are quite right about that. Nobody is ever going to meet community expectations, so we have to balance that. What has happened is that there has been a shift in the provisions that we have to provide for now that were previously provided by other levels of government. The rate structure—our taxing structure—has not changed. It has remained the same. You are getting an increasing divide between the urban and rural communities involved. You are getting an increasing divide between the large land-holders who are paying large proportions of your tax base and the urban land-holders who are demanding large proportions of your expenditure. That is not good for government anywhere—within a local authority, within the state or within the Commonwealth. These are the points that certainly need to be addressed.

Some of these cost shiftings can be quite small. An extremely simple one that comes to mind in my area is the removal of railway workers from the local railway station. They used to mow the area around the railway station. We now have to mow it, maintain it and look after it. We asked them to mow it and they send a mower down occasionally from outside our area. Before, when the fellow who lived in the community was there, he did it because of his pride in his workplace. That is not there any longer. It is only a minor point but each one of those minor points adds up. A lot of it has been done by stealth and not by direct impact. But then there are also some fairly direct impacts such as the EPA, the IPA and various areas like that—not the Environmental Protection Agency itself but the Queensland Environmental Protection Act 1994. There is the devolution of management of certain ERAs, where we are allowed to set the fee that we can get from our local community, but the big dollar activities—the easy ones to do—and the big income ones were not devolved to local government. They stayed with the state.

**Mr NAIRN**—What does ERA stand for?

**Councillor Woods**—It stands for environmentally relevant activity. Every business in Queensland that has an environmentally relevant activity—whether it is an engineering firm, a paint shop, a spray booth for a repair yard or whatever else—has to be licensed and checked. We check grease traps and all those sorts of things. We have to do all that and we can raise a fee for that, but we have to impose that fee on our local community. In my area we have sugar mills, and the fee for their licensing is about \$10,000 per mill per year. From the advice that I am given from the mill managers in my area, the Environmental Protection Agency comes in for about a week to overview their processes and issue their licences and they might have some follow up. I would certainly like that \$10,000 income for my staff from that particular environmentally relevant activity to offset the half a day that they have to put in to deal with something that we can only charge \$150 to \$200 for. If we go higher than that, we start to upset the community. That comes directly back to local government not to the authority that has imposed this on local government, which is the state.

**Mr NAIRN**—You said that the larger projects are still the realm of the state government.

**Councillor Woods**—State governments have not devolved those to local government.

**Mr NAIRN**—How do they define the larger ones?

**Councillor Woods**—They have identified certain levels of environmentally relevant activities that have to be maintained by the Environmental Protection Agency.

**Mr NAIRN**—So they kept the cream and gave you the—

**Councillor Woods**—That is exactly it. They gave us the workload and the ones that are the most difficult to maintain, because we have to deal with the local people on a daily basis, and they took the bigger ones—on the notion that they were better equipped to handle them. That is probably quite correct, but they certainly provide big incomes for small workloads.

**Councillor Boyd**—One of the things with the EPA was that when they said to local government, ‘We are going to introduce this new legislation and we are going to devolve it down to you,’ they said it would be cost neutral. They said, ‘It will not cost you an extra cent; this is what we are going to do and this is the process. There will be a dollar attached to it.’ Of course, when communities went out to strike a rate, after the government said what it would be, the businesses jumped up and down and said, ‘We can’t afford to do that.’ So the government said that, for those who are playing the game and doing the right thing, they would reduce their application fee. The workload did not reduce, but the application fee was reduced so suddenly that there was a cost associated with it: we have had to provide staff, equipment, vehicles and a whole range of things. Slowly, that funding level has diminished over time, yet the requirement to continue to license these people has not diminished at all.

**Mr NAIRN**—Was that change that took place just a straight legislative change?

**Councillor Boyd**—Yes.

**Mr NAIRN**—So it was not negotiated with local government?

**Councillor Woods**—It was legislated. There is a lot more of that on the table at the moment under the Integrated Planning Act, where responsibility for outcomes is going to be devolved to local government because of decisions that are made. The decision for implementation is going to have to be devolved through the Integrated Planning Act. So far, there is a certain amount of it devolved to us, but there is a lot more being prepared at the moment.

**Councillor Boyd**—I think the Integrated Planning Act has cost us a lot of money in terms of the complexity of the legislation.

**Councillor Woods**—It certainly has.

**Councillor Boyd**—I do not think it was ever really road-tested; therefore, local governments have had to road-test it on the way and we have had to pick up the costs associated with that.

**CHAIR**—Wouldn’t you have an opportunity to go back to state government and get them to revise the legislation to make it more workable?

**Councillor Boyd**—Yes. Local government has certainly done that; the LGAQ has spent a long time trying to do that. The trouble is that I do not think the changes to legislation have helped us in any particular way.

**Mr Gouldthorp**—If anything, those have actually added to our costs. There have been delays such as the extension of time for some 18 months, and two years in other instances, for some of the infrastructure elements and for some of the implementation of the Integrated Planning Act. That has occurred because a long way into the process we found that some of the fundamentals were just impractical, but local government still had to do all the work to get into a situation where we were prepared to deliver at a particular time. Now we have had to start again, with the extra 18 months delay and the changes that are still being made to the process. At the end of the day, we wear the cost of doing all that investigation and all the work to get ready to implement the state government policy.

**Ms Russell**—Look at the costs across Queensland of the implementation of IPA. It is costing over 125 councils millions and millions of dollars—and some councils have paid up to \$2 million—to implement the legislation, and that is just in getting the thing in place without seeing the necessary benefits out there in the community. If you multiply that across 125 councils, we are talking about a very large amount of ratepayers' money being spent on consultants and processes before you even get to outcomes. That is a real concern for us when we are looking at shortages of funding.

**CHAIR**—So you are saying that you can recover some of these costs but not very much?

**Councillor Boyd**—I do not think we can recover any of those costs. In our instance, we were amalgamated in 1994 as a council. We were required to bring in a new planning scheme to link both councils, and we did that under the Integrated Planning Act. For instance, we were told that we would be able to use that as a transitional scheme and then roll it into the new act. In reality, we were then told, 'No, really you can't do that; it's going to be so completely different and you won't be able to manage it.' We did a planning scheme, which was gazetted in 1997, and we are now doing another one. Normally, you would not have that cost again quite so quickly; you would usually have a number of years. You might review it over time, but you would not be embarking on a new planning scheme to the level that we have had to.

**Councillor Byrne**—I do not particularly want to get bogged down in a litany of how they are cost shifting. We know that they are cost shifting, and we can find out how that occurs. I would like to see us focus on ways to move forward. I think funding is a critical issue, and I think we recognise that throughout Australia. I would like to see a formula, whereby the funding is appropriate but tied to certain things that we can arrive at by consensus, for what falls within the domain of activities of local government. For example, we would never participate in the purchase or get involved in the finances of a school, for example, because that is not the way my council would do business. But one person's meat is another person's poison.

I would see that the federal government has a responsibility to appropriately finance local authorities, understanding what their roles and responsibilities are. Some vary. For example, Tony, Les, Julie and I have a more regional role than other local authorities. We have expenditures in infrastructure for regional assets much more than for community assets so that role needs to be understood and accepted. I would see a funding mechanism agreed to at a national level—this is the state-national thing—in concert with the local government associations of each state as to how we get there and address this funding issue.

The next thing that needs to be addressed, and local government needs to be made aware of this from a federal and a state level, is that we need to get more efficient. There is no point in us

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sitting here throwing stones. We need to get more efficient. There needs to be a completely impartial and pragmatic look at forcing councils that are small, inoperable and will always have the begging bowl out to get together to form compulsory amalgamations. Or there should be a compulsory joining together of regional organisations of councils. There is far too much wastage at a local government level. Consequently we are not getting the bang for the buck in the national build where local government should participate.

**Mr NAIRN**—Would you include in that more efficient things like remuneration to councils?

**Councillor Byrne**—No, they get paid enough now. In fact too many of them get paid far too much.

**Mr NAIRN**—But there seems to be some incredible inconsistencies.

**Councillor Byrne**—There are.

**Mr NAIRN**—We heard about a mayor in Queensland who earns more than a CEO does.

**Councillor Byrne**—I would agree that there needs to be a national consensus, but the difficulty is that you have some local authorities in Queensland with 400 ratepayers and eight members of the local council. How ridiculous is that? Are you going to give them the same money as a councillor in Townsville or Brisbane? Therein lies the problem. I think that there needs to be a national consensus of how we are going to drive local government forward. I want to reiterate the regional centre role. I think that what Tony provides in Townsville is for a region rather than just for communities, and this is similar for Thuringowa.

Essentially we do not have a problem with a lot of the other issues about national competition policy. It impacts on other local authorities far more than on us. For example, now there is a bigger council we are examining the opportunities of having more business units. Currently we have three business units within the council. We will move to a full corporatisation basis for those, grow them and develop them. That, we hope, will give us additional revenue. The revenue base will always be, unless we change the philosophy of the land tax system. What I would like to see us do is move forward now with this debate. We understand there is a lot of cost shifting out there and each of us can recite that litany. But Wilson Tuckey started the process at the Civic Leaders Conference last year in Brisbane. He literally threw a grenade into the room. It went off. Sixty per cent of the room woke up and the other 40 per cent asked whether it hit them. It has hit and we should move forward here and drive some sensible realistic outcomes.

**Councillor Mooney**—I would like to follow up on an aspect which Kevin Byrne touched on. The issue of the viability of some of the smaller councils must come into clear focus. Many of us feel that the grants arrangements we currently have in the state of Queensland have become a de facto rural subsidy scheme. Some of the suggestions which we made to the recent review of the methodology were not considered. Had they been taken up, many of these small councils would not have been viable. Small changes in the grants methodology in Queensland have a big impact on those small shires, but it is the urban councils that are footing the bill. We continue—

**Ms BURKE**—Funnily enough, we got a different view yesterday at Longreach.

**Councillor Mooney**—That is why it is important for this committee to look at the facts and not just the emotive arguments. The facts are clear in terms of the percentage of the total grant that the urban councils are receiving, which is about 35 per cent of the pool. Compared to the other states, that is intolerable. In Victoria, urban councils, with 94 per cent of the population, receive 87 per cent of the grant. In Queensland—and I just quoted that figure—we have about 87 per cent of the total population and we receive less than 40 per cent of the grant. In New South Wales, urban councils, with 90 per cent of the population, receive nearly 70 per cent of the grant. The inconsistency is clear with that scrutiny. You have to take with a grain of salt the emotive arguments; the facts cannot be argued against.

**Councillor Byrne**—That is right.

**CHAIR**—For example, the point that was made to us yesterday, before we go from one state to the next, was that you have places like Diamantina—where the population is just so low and the area is the size of Tasmania—where I get the impression that, if the council was not doing it, no-one would be providing even the most basic services. That is all they are getting: very basic services.

**Councillor Mooney**—There is widespread agreement that those services must be maintained. But at the moment the urban councils, whose ratepayers are paying more, are getting less of the grant year by year. We see no improvement in that arrangement. The only outcome we can be certain of is that we are going to get it in the neck more and more and that we are going to have to provide more services, have more responsibilities devolved to us and have less potential for additional revenue.

**Ms BURKE**—One of the things that has been flying around is the abolition of a minimum grant.

**Councillor Mooney**—I know that argument has been put forward in some quarters, but it is strongly opposed by the urban councils of Queensland and the Local Government Association. I think that is a reasonable and fair way to go. There are plenty of other issues to be addressed before that even gets looked at.

**Ms BURKE**—But we could go to one of the other suggestions, which is a needs based analysis that would mean getting rid of the whole system as it is and carving up. That is one suggestion in the options paper. It is what is known as the SES model, the socioeconomic status model, which is—

**Councillor Byrne**—Which is what option?

**Ms BURKE**—It is option 1E.

**Councillor Byrne**—You would get a fight from me on that one.

**Ms BURKE**—That is fine. They are there for discussion.

**CHAIR**—We want to provoke some discussion.

**Ms BURKE**—It is the notion of taking a bullet to the whole thing, starting from scratch, saying, ‘Let’s do away with per capita and all the rest of it,’ and going to abolition of minimum grants.

**Councillor Byrne**—You would have every dysfunctional commune in Queensland getting more than everywhere else. That would be right! No way.

**Mr Gouldthorp**—I think we should investigate that a bit further. The needs methodology, if it worked, could be applied quite reasonably, but the fact is that it does not work. I think we need to recognise that. I think we also need to be a little bit more cautious with the two areas that the committee is investigating. You have the two extremities: the far-western councils in Queensland and here, to a large extent, the urban councils. There is a lot in the middle; there is a lot of middle ground that we are missing, such as the Downs area and the areas through South Burnett, where there could possibly be efficiencies from mergers and adjustments. If the needs type approach worked, the grant paid to two individual neighbouring councils or to those two councils combined would be exactly the same. The fact is that it is not. When Queensland went through having mergers, it was quite clear that two merged councils in many areas were entitled to a much lower grant.

**Councillor Boyd**—We were done.

**Councillor Mooney**—We were affected negatively by doing the efficient thing.

**Mr NAIRN**—We understand that.

**Mr Gouldthorp**—In my view, that proves that there are structural improvements to be made in the make-up of local governments in the first instance. That needs to be addressed before you can look at adjusting or reducing the minimum grant levels.

**Councillor Mooney**—Absolutely. But, putting it very bluntly, if a small council is receiving far more than a council the size of the City of Townsville, has been able to have no rate increase for five years and has a huge reserve in the bank courtesy of a federal grant, that does not stand up to a basic test of fairness. There are a few of those around Queensland. You do not have to look too far to find them. Everyone is looking over their shoulder and asking, ‘Why is it that a council getting so much of the federal grant can hold its rate increase at nil for over five years and still have a huge cash reserve?’ I bet there is no urban council that can claim it has had its rate increase held at zero for five years.

**Mr NAIRN**—No.

**Councillor Woods**—And I am sure you cannot attribute that to an efficiency situation.

**Councillor Mooney**—Send them the federal grant and the federal member can then sign off on it and put a cheque in the mail to every voter. That just does not work.

**CHAIR**—Okay, but you would also have to say that the federal financial assistance grants are distributed through a states grants commission.

**Councillor Mooney**—But we all know very well the role your minister plays, and he has made it very clear. On more than one occasion he has thrown the hand grenade that he has to sign off.

**Ms BURKE**—Say we take a step back and say, ‘Let’s have a direct relationship with the Commonwealth. Let’s take out the state and do something similar to the Roads to Recovery program whereby you receive the money directly on another basis.’

**Councillor Boyd**—Why not look at it? I think it is an opportunity.

**Councillor Mooney**—If there are councils in this state that can see no other form of improvement, then that option must be looked at. It is not supported by the LGAQ at this time and there are question marks for the ULGA—the Urban Councils of Queensland Association—but many of our members feel that they cannot go any lower. They have very few other options. But, for the good of local government generally, we have held in there to look at a better arrangement. These intergovernment agreements—your options 1a and 1f—so that we get far more consistency in outcomes across the country than we are getting at the moment, are the way I think we see it working.

**CHAIR**—This question of the agreement is one thing—and there seems to be quite a lot of support for that. The LGAQ seems to not agree with the use of Commonwealth moneys to extract the efficiencies which Kevin and you have been talking about. Is that a view which is shared around this table? You talk about the need to get efficiencies and amalgamations and whatever. Federal money is coming in. Should there be some condition that you have to extract those efficiencies?

**Councillor Mooney**—I think the LGAQ is saying that there should be no forced amalgamations, which is slightly different from what Kevin is saying, I know. We went through a long and very tortuous process in Queensland. Some of the people around this table were party to that—me included—and the policy has been that you cannot have a shotgun amalgamation. If you have a shotgun wedding it generally does not work. You have to get an agreement and a way forward. That is how we have generally approached it.

**Councillor Boyd**—Having said that, we were a shotgun wedding between Mackay and Pioneer and it was the best thing that happened to us. It really was the right thing to do at the time.

**Councillor Byrne**—It was the same for Cairns and Mulgrave. I support the notion that financial assistance grants should be tied to some sort of efficiency and some sort of criteria in relation to where that money is being spent. Currently in Cairns—and I hope you have an opportunity to see it one day—we are completing a major project worth \$32 million. The contributions to that have been equally shared amongst Cairns city, the federal government in a one-off situation because it is a regional infrastructure project, and the state government. It is a marvellous example of a cooperative partnership between three levels of government, each entirely different in terms of its political philosophy—and it is working. It is a wonderful model. I do not have any problem with moneys being supplied in a tied situation, provided it is there, it is transparent and it is for all to see.

**Ms Russell**—But the question is: what are you tying them to?

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**Councillor Byrne**—For example, let us take the Cairns hinterland. There are four shires there where really one would do, or perhaps two if you stretched it. The federal government would say to those organisations, ‘Look, here is a new formula. It will mean that for you to take advantage of this you need to amalgamate and you need to effect various efficiencies in certain areas.’ I take Tony’s point: shotgun marriages rarely work. That is correct. However, how long are we going to wait between different local government electoral cycles for people to eventually bite the bullet and say that we need to amalgamate? When they are absolutely broke? When the sugar industry completely dies in certain local authorities or whatever? There needs to be some sort of trigger to make it happen so that you can start driving those efficiencies.

**Ms Russell**—But surely that should be outcomes based rather than simply rely on restructuring.

**Councillor Byrne**—Sure.

**Ms Russell**—Whenever there is a problem, people restructure. It is really about getting some efficiency measures in place that can demonstrate whether or not a local authority is working efficiently, and I think that is what is lacking at the moment.

**Mr Gott**—I agree with Ms Russell about that, and I agree with what she said earlier, too. I think it is important to focus on the provision of service and what the demands are. I do not believe that what we are discussing is capricious demands and the old equation of infinite demands and limited resources—with all due respect to Ms Burke. We are talking about real demands, whether they are legislative or industrially driven. I do not think it is prudent to simply restrict this conversation to what may be perceived as efficiencies in urban areas or the provision of domestic or urban services; you have industrial service provision to consider here as well. This may be parochial on my part—and I apologise if that is so—but our rating base is largely dependent upon the success or otherwise of the beef and mining industries. If the state and federal governments are not prepared at least to recognise the importance of those industries, then kill them altogether; do not let them die the death of a thousand cuts.

**CHAIR**—We have a couple of things coming together here that probably should be separate.

**Mr Gott**—I think that they are together insofar as rating capacity is concerned, which I believe is quite well addressed by most local authorities. In Queensland, in a lot of cases it is not simply based on domestic income; it is based on industry equations as well.

**Councillor Mooney**—It is interesting that, on the figures we have for 2000-01, 14 local authorities in Queensland had total financial assistance grants which represented over 300 per cent of their own general rate collections. Of all the local authorities in Queensland, in total 44, out of the 110 that had figures, had federal assistance grants which were over 100 per cent of all other council revenue. For the big urban councils, that represents about 10 per cent.

**Councillor Boyd**—That is right.

**Councillor Mooney**—But a lot of those councils are receiving 300 per cent extra in federal grants compared to their collection of all other revenue, and you have to ask the question: how viable are those—

**CHAIR**—I think we heard the answer yesterday. We mentioned that Diamantina has 14 ratepayers in an area the size of Tasmania. It is not an easy answer.

**Councillor Mooney**—There is a question there. That might be something you will have to consider.

**Mr Gott**—In Dalrymple, there are about 4,000 ratepayers in an area the size of Tasmania. The road infrastructure, for example, has everything to do with the beef and mining industries and little to do with servicing domiciles. Let us not get too tied up in—

**Ms BURKE**—Is there any cost recovery back from those enterprises that are using your roads?

**Mr Gott**—Only by virtue of roads, and that is the point.

**Ms BURKE**—That has to be one of the other things we have to expand; if somebody is making a buck by destroying your roads, literally, surely there is also an argument about user pays along the system. In WA I was stunned to find a lot of big mining companies making a small fortune while destroying the roads and not paying for any of the infrastructure.

**Mr Gouldthorp**—That is exactly the point. Those organisations pay their tax base through an income or company tax system.

**Councillor Byrne**—Or registration fees.

**Councillor Boyd**—Which does not come back.

**Mr Gott**—They are not necessarily shire ratepayers; in fact, in most cases they are not.

**Councillor Byrne**—The last thing we need is to put another financial impost on those road users; they are doing it tough enough. But the issue is—

**Ms BURKE**—I am not talking about the road users.

**Councillor Byrne**—that they pay that through their registration fees and other taxes.

**Mr Gott**—I think the issue goes back to what Mr Lindsay contemplated right at the outset—and I agree with him entirely—in terms of a service provision agreement where all of these various elements are recognised.

**CHAIR**—I think that point has been made.

**Mr NAIRN**—What about unrateable land? Is that a growing problem?

**Councillor Byrne**—Talk to Cook Shire. Yes, it is.

**Mr Mallyon**—In Cardwell Shire, over 70 per cent of our area is unrateable, and has been since world heritage status was declared. The shire is full of wet tropics and national parks and

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what have you, and that is a big constraint. We cannot develop further in those areas. The loss of the timber industry was supposedly going to be replaced by tourism and all sorts of wonderful things which just did not happen.

**Mr NAIRN**—Even if it was, you are paying for the servicing of that industry through the maintenance of roads but you are receiving no income, in a rates sense, from where those people are going. I can relate to this with Kosciuszko National Park.

**Mr Mallyon**—We say that we are the environmental conscience for the rest of Australia, and the ratepayers of that shire pay heavily for it.

**Mr NAIRN**—What about Queensland government business enterprises that are presumably operating on full national competition policy requirements—do they pay rates?

**Councillor Mooney**—The mayor of Burdekin can comment on one of those.

**Councillor Woods**—SunWater does, and we have just won a court case with regard to that. I would remind you that the legislative ability still rests with the state with regard to that; they can make a decision at any time to change the parameters and say, 'Right, they do not pay rates any longer.'

**Mr NAIRN**—That is why I asked the question.

**Councillor Boyd**—For instance, the port authorities pay their rates. In our area it has not been accepted what that rate base would be. They pay it to the state government. We have to apply to the state government to actually get that money back and then it is up to them to choose to either give it to the council or not.

**Mr NAIRN**—Do they?

**Councillor Boyd**—I do not know whether we have had any money yet but I would have to check on that. We have been having a debate about the quantum.

**Councillor Mooney**—It is their decision; it is not ours. You cannot have a revenue base that depends on the party being charged making up its mind as to whether it wants to pay the amount.

**Councillor Tyrell**—We have to be realistic. If, in fact, we were given the ability to charge the state and federal governments for rates on the land they own, they would get it back in another way. Let us not worry about that.

**CHAIR**—It is more a question of asking if it is an equitable arrangement across different councils. If one council is heavily penalised—if I can use that word—because of its particular location, then there is an issue to be addressed in terms of equity.

**Councillor Tyrell**—There are opportunities through the funding system—the grant system—to do that. By the same token, if you set that council next to one that has not got any of those impediments, they miss out.

**Councillor Boyd**—The question about government owned corporations is the issue. They should be paying rates and they should be paying appropriate rates depending on the size of the operation. They have been set up by the state government to act as a business, to raise funds and to be commercially viable over time. That is the reality of it.

**Mr NAIRN**—We have taken evidence elsewhere in Australia where they are in fact making allowance for rates within their balance sheet but the council does not actually receive anything. These are the issues that need to be flushed out, because you have to sort out that sort of inequity.

**CHAIR**—I just want to clarify something. We seem to have a range of views on this question of whether the federal funding should be allocated via the state grants commission or whether there should be another method of distribution. We talked about Roads to Recovery as one method, but it could not really be applied across the board. Are you in favour of having a state grants commission as you have now or do you think some sort of state based system that might be federally operated would be preferable?

**Councillor Tyrell**—I think there are opportunities to explore that further. Certainly the LGAQ believes that there should be a state based distribution committee—not necessarily a state government institution though. I think there are opportunities to explore further the regional situations as part of the discussion paper, but I would issue a caution that we do not want to see another regional body set up side by side with the organisations that are in place. We do not want the REDOs to come back—I do not, anyhow. There are enough groups of councils throughout Australia who could probably deal with the federal government. Roads to Recovery was great. We did not have to go through the process of applying, having it sorted out by someone in Brisbane and then sent on to the feds and back through the state. There is probably 10 or 15 per cent taken off by departments on the way. Roads to Recovery was a brilliant way of funding. It was specific; it was a tied grant for roads. We appreciate it and hope it will continue. I think there are opportunities to look at funding through regional organisations and I think that should be explored a lot more.

**CHAIR**—Are there any other views on that?

**Mr Gott**—Councillor Tyrell, the LGA's view contemplates a state distribution, but is that conditional upon service provision criteria? Am I correct in that?

**Councillor Tyrell**—No, it is really based on the criteria of trying to equalise services.

**Mr Mallyon**—Councillor Tyrell mentioned regional organisations. I think most are in agreement with that sort of approach—certainly the smaller or medium councils agree—in preference to Councillor Byrne's suggestion that maybe we should have forced amalgamations, for instance. I believe that is the LGAQ position as well. We see that as probably having more benefit and it still gives each smaller township, if you like, some autonomy rather than being ruled by a large bureaucracy—be it Cairns as the capital of Queensland, or whatever somebody might perceive.

Further to what Councillor Mooney mentioned about equality in rates in smaller shires where some get more grants than rates, that is certainly not the case with the smaller shires that I am aware of who are represented here today—but it may well be so. As an example, there is a lot of

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equality within local government in Queensland and all over Australia. Seven or eight years ago, I recall that Thuringowa Council were receiving about \$8 million in general rates. They had a population of some 40,000 people. Townsville city, with twice the population, was receiving about \$32 million—four times the rates but only twice the population. So there is a lot variance within local government in Queensland, and it is a difficult issue.

**Councillor Tyrell**—An underlying issue here is that local government is looking for recognition as a mature and sophisticated level of government that knows its own communities best. This is where we run into trouble all of the time: people in George Street and in Canberra set programs that cannot deviate for local conditions, and it is frustrating. I think there needs to be a greater recognition of the ability of local government to do what they do best in their own communities. I have a high regard for the sophistication of local government in this state. I think that needs to be recognised.

**Councillor Boyd**—In regard to the way the state is set up under the current arrangement, from an urban point I would be quite happy to give it the flick, in essence. We will be going backwards; we have been going backwards for the last few years in terms of our federal assistance grants. It appears to be going up by the CPI over the course of time, but the CPI does not reflect the actual costs for local government. CPI might be a nice way to measure the growth but, in reality, it does not actually do that. For example, there is the cost of wages. To get a good work force, councils in regional centres often have to pay above the odds. There are a whole variety of factors that influence costs. Under the current arrangement, I would be quite happy to talk to the federal government about another way of resolving the FAGs and deal with that.

**CHAIR**—Would you like to expand on that last point?

**Councillor Boyd**—In relation to the comments about ROCs and how we are doing things, the bigger councils in the ROCs are providing a sense of leadership to those smaller councils. They are providing services through staff. We have HR staff and so on that are working together in a cooperative arrangement now with nine councils. We have put together a variety of different things that look at reducing costs across the area. From our point of view, our ROC would certainly be quite interested in pursuing the opportunity to look at funding coming to our region and dealing with it on that basis, rather than having it go through the states when we are fighting the battle of the south-east corner along with all the other councils in the state.

**Councillor Woods**—Even where we do not have fully developed ROCs, as in this area, we have various sections of what we deliver working together in an organisation of councils. We also have a great deal of cooperation between councils. That is already happening. That has been happening for a number of years. At the moment, Townsville, Thuringowa and Burdekin are discussing upgrading their library tracking system and looking at doing it together because there is a saving there for the three of us to work together cooperatively. They are the sorts of things that we are doing. We have been doing that. That is not recognised at other levels of government.

**CHAIR**—You mentioned the library, but what other areas of cooperation are there? Clearly, you have good working relationships, but what are specific examples?

**Councillor Boyd**—Technical services, engineering, waste management.

**Councillor Tyrell**—Over the last few years, our council has set up consultancy services for a lot of the smaller councils. In building certification, 40 per cent of the work we do comes from outside Thuringowa. We go down as far as Bulloo Shire. We offer certification services to a whole range of smaller councils. We offer town planning and environmental advice to a lot of smaller councils. In fact, Thuringowa Council and a local town planning firm have banded together to put a bid in to do the town planning schemes for Richmond, Flinders and McKinlay. I think there is an opportunity for the bigger councils to share their expertise. The problem the smaller councils are having is that, with the increased level of legislation that is coming on them and the need for more sophistication, they need to attract people who have degrees in particular things, but those people do not want to go to the smaller places. They want to go to the bigger places where their kids can go to university. But in this age of communication we can all work together.

Those bigger councils—which in England they call ‘beacon’ councils—work towards helping with the other councils’ needs, and they swap around as well. There will be times when councils like ours will look to pull something from the Burdekin Council as far as resources are concerned. There are opportunities to do that and that has been happening here for a long time. As I said, I think the level of sophistication of local government in this state deserves more recognition. We can do these things. We can find ways of helping all the councils in the state to do things better and more efficiently and to get a better outcome for everyone.

**Mr Wehlow**—To follow up on what Councillor Tyrell was saying, being a smaller local government we do feed out of the bigger ones, for sure, but if you bypass the state government—and I believe that should be done—surely if it comes down to a bedrock situation you are still going to have the same problems as you have now. There will still be discrepancies in distribution, and smaller councils will miss out through larger representations from bigger shires or bigger councils. There may be possibilities, but I can also foresee many problems.

**Councillor Mooney**—I think the LGAQ position is supported by the ULGA, and that is that there needs to be an intergovernmental agreement. The urban councils need to be protected and would fiercely oppose any reduction in the minimum grant to further subsidise some of the smaller areas. Here in Queensland, we think that we are paying too much for that as it is. I think the Commonwealth needs to start addressing the fundamental issue. Local government share of the revenue base of the public sector has dropped significantly from five years ago, from 10 years ago and even more so from 15 years ago. That has not been addressed. We know that we are doing more, but we are doing more with less. We do not see a way out of the hole that we are in because of our constrained revenue base and our ability to raise funds. It is a matter for the Commonwealth to look at these issues. I know what the terms of reference may state, but the fact is that the ALGA has made the point that a modest increase or some better linkage to the Commonwealth’s revenue raising directly to local government would substantially improve our position in terms of being able to maintain services.

**CHAIR**—You raise a couple of points there. I know that in Queensland you have additional responsibilities for things like water, waste management, sewerage and so on which are not necessarily taken on in other states. To keep that perspective across the board and over a long timeframe, if you look at the work of the Commonwealth Grants Commission in the last 25 years, the Commonwealth has, on average, been putting up the contribution to local government by about 4.3 per cent, whereas the states on average over that 25-year period put it up by about

0.4 per cent. You say that the Commonwealth has to do more, and that may be so, but what are we going to see the states give up?

**Councillor Mooney**—We are receiving more from the state now. People around this room have been very critical of the state, but we have in recent years secured major increases in state funding. The fact is that our percentage of the revenue received at the Commonwealth level—you are the major revenue earner—has dropped. We have not maintained that relationship. ALGA has argued that there needs to be a more direct linkage between growth in your taxation revenue and return to local government. That position is supported universally by local government.

**Councillor Tyrell**—And that has been recognised with the distribution of the GST funds back to the states. It is exactly the same thing. In fact, before the original GST proposal that was put forward was knocked over, the Queensland government had agreed with the local government association that we would participate with them in a share of that funding.

**Councillor Mooney**—Which was a unique agreement.

**Councillor Tyrell**—That is the sort of thing we are talking about.

**Ms BURKE**—It was the only state that came to the agreement.

**Councillor Tyrell**—Yes, it was.

**Councillor Mooney**—It was the Democrats who blocked that.

**Ms BURKE**—The Democrats blocked it in the Senate.

**Councillor Tyrell**—Can I say that we have a very good relationship. As far as local governments and state governments in this state go, I believe we have had—

**Ms BURKE**—You voted against the whole thing. Come on; don't go there. We are not going to do it. Come on!

**Councillor Mooney**—We still do not agree with it; that is the point.

**Councillor Tyrell**—We have had a very good relationship in this state with various state governments over many years. I know some of the other states do not share that, and I know that some states are legislated as to how much rise they could put on their rates. We have never faced that here. I guess the level of state assistance is difficult to measure. We can measure the federal assistance grants because they are a single entity, but, with the states, it varies from year to year. I can tell you that my council has received more state assistance in the last two years than we had from the previous five, but we have participated in a lot of programs. They are project based and program based. It is difficult to compare the two because we do not get a costed income stream by the state. It is purely based on projects, programs, sewerage, effluent and reuse, parks and gardens, toilet blocks and whatever it might be.

**CHAIR**—Tony was talking about opportunities for revenue raising. What opportunities are there?

**Councillor Mooney**—I was really making the point that there are limited opportunities as to where we go forward. We have done study after study through our state association, the ALGA, and they have identified again that there are limited ways now that local government as a sector can reduce expenditure. There are limited ways that we can do it. That has been looked at; those studies are there. In terms of how to expand our revenue base, we are limited by state legislation. All the major councils are looking at every way possible to extract any more but, again, we are at the upper limit of how much we can put back onto local ratepayers. Our ability to charge user pays on mining companies, the sugar industry or whatever is limited by state legislation and also Commonwealth legislation. We have a very well-defined role, and our tax base is extremely narrow, so we depend on the Commonwealth to show leadership but we expect the state government, naturally, to do more. But you cannot squeeze much more blood out of this stone.

**Councillor Boyd**—I am fairly sure that you can get that information from the grants commission. The grants commission has got figures that show the average weekly earnings of people in various communities—

**Councillor Mooney**—And rating capacity. That has been studied. The urban councils particularly are at the upper limit of rating capacity within our communities. That information has been done to death through the LGAC and state grants commission.

**Councillor Woods**—In terms of user pays fees and charges, we have been hyping those up over time to try to meet the shortfall. I think we are at the point now where we are going to price ourselves out of the market in some areas as well. There are also the social justice issues of some things, like public swimming pools, where the community has an expectation and yet it is costing the community a substantial amount of money. If you put it up to the price that you should charge to go through the door, then the people that you actually provide this swimming pool for would not be able to go.

**CHAIR**—I think it is a problem across Australia. We will have a short break.

**Committee suspended from 10.30 a.m. to 10.48 a.m.**

**CHAIR**—I want to explore a question related to the intergovernmental agreement proposal. If something were put together through COAG, involving the Prime Minister, premiers and local governments, what would be your reaction to the thought that that might be a state by state agreement—in other words, not one for the whole of local government across Australia?

**Councillor Woods**—Provided there was equity between the states, then individual agreements between state governments would be quite all right. There still has to be some sort of equity across the states.

**CHAIR**—How do you define ‘equity’?

**Councillor Woods**—At the present moment, I do not believe we have equity across the states. We agreed earlier in this meeting not to argue this particular point, but I believe that plenty of reports prove that it does not occur.

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**Ms BURKE**—Are you referring to any reports in particular?

**Councillor Woods**—I cannot remember the names of all of them, but I know a report was done on federal assistance grants distribution several years ago when the Labor Party were in power. That report disappeared, so to speak. I cannot remember the name of that report.

**Ms BURKE**—Was that the Self report?

**Councillor Woods**—It could have been the Self report. The report disappeared, and it has been commented that it does not matter which party is in power at the federal level, nobody particularly wants to talk about that issue.

**Councillor Boyd**—When Senator Macdonald was the minister for local government and the issue was raised at LGAQ and ULGA conferences, his response was: ‘Get the ALGA to agree and then we will look at the issue.’ That is a very simplistic way of settlement and a bit of a cop-out in some respects. Clearly the ALGA is looking at a whole range of other issues in terms of local government. I think it really needs to be taken on as a more serious issue—

**Councillor Mooney**—It was excluded specifically from the terms of reference of the last grants commission inquiry. In Queensland, the Queensland Treasury and the LGAQ have made submissions to show that there is inequality in the distribution. We thought Senator Macdonald at the time could have expanded the terms of reference for that inquiry but it did not happen. If there is some doubt about how the cake is distributed, that should be in the terms of reference of an investigation.

**Ms BURKE**—Is there any merit in the recommendations of the grants commission inquiry? I know they have not been implemented, but the commission did make a range of recommendations.

**Councillor Mooney**—Many of those recommendations are supported by the LGAQ and the ULGA. There is always a fundamental, underlying, looking-over-the-shoulder aspect which goes back to what John has just said.

**Ms BURKE**—It was mentioned at the beginning of the day.

**Councillor Mooney**—If we are going to have an intergovernmental agreement, there have to be some fundamental national principles, otherwise we will always compare communities in Queensland to similarly sized communities in Victoria, New South Wales and what have you.

**Councillor Woods**—The other point that I would like to make concerns COAG. I know that there is no national association of states, but I believe that this continues to indicate the level of maturity that both the federal and state governments see in local government. It grates on me that we have one person able to sit at COAG, representing 700-odd local governments throughout Australia, yet every state is allowed to have one person sit there to represent that state. I do not think that is really recognising the maturity that exists in local government as a level of government in its own right.

**Ms BURKE**—How would you improve upon that? I will be honest with you: we were a little disappointed when ALGA came to us because they seemed to be hamstrung in their ability to answer any questions. They are a representative body.

**CHAIR**—They are a consensus body.

**Ms BURKE**—The only reason I mention it is to ask: who do you get that can actually be a voice for 700—

**Councillor Mooney**—Give us the chair and we will soon sort that one out.

**Councillor Woods**—That might be the way to go. Tip it upside down and put the most important level of government at the top, and that is local government. Do it that way.

**Mr Gott**—This is going to the hoary old question of constitutional recognition of local government, isn't it?

**CHAIR**—Not really.

**Mr Gott**—COAG involves just so much puffery until we get to that point, doesn't it?

**CHAIR**—I do not want to debate these things but I have to disagree. I think that constitutional recognition on its own is a feel-good issue. That is all it is. What we are talking about here is trying to sort out the funding, which is what I call the guts of the issue. I would have thought that, if we put our efforts into this, we will get a much more worthwhile outcome than the ethereal—

**Councillor Mooney**—That is one of the strategies that we continue to push; obviously you are aware of that. But I tend to agree with you that, if we got an agreement that answered many of our concerns across the nation, we would all have a more productive way forward. Maybe this agreement could also focus on some of the red tape that is there and some of the restrictions we have. We have all spoken about how we deal with situations where the port authority, for example, can decide to pay council rates but can also decide how much they pay. I do not have a lot of information on the duplication that is there but, for example, the federal biodiversity legislation seems to be yet another layer of bureaucracy over what the states or local government have got. Those sorts of issues, which are impacting directly on how much we have to fork out each year, should be addressed. That duplication should be addressed and cut. If it is not appropriate for local government to do it, get us out of it and give it back to the states or let the Commonwealth do that job.

**Mr Mallyon**—At the very least, before legislation is introduced it certainly should be costed thoroughly through the Local Government Association of Queensland, as it is going to directly affect local government—be it legislation on environment issues, as simple as a workplace health and safety act or legislation on accrual accounting or whatever.

**Ms BURKE**—Some sort of feasibility study to assist with how it will impact on your—

**Mr Mallyon**—At least to see what the cost will be or what the impact will be on local government.

**Ms BURKE**—As opposed to the legislation coming into the state parliament and you getting a nice letter saying, ‘Now you’re in charge.’

**Councillor Mooney**—Like the ambulance levy collection—which is not quite a fair comment, really.

**Mr NAIRN**—That issue has been raised a few times. What was the situation with the ambulance levy?

**CHAIR**—Just briefly; I do not think we should spend too much time on this.

**Mr NAIRN**—Maybe not. But it has been raised by a number of councils. I guess we should understand how some of these things work so that we can understand how we can reach a solution.

**Councillor Boyd**—The state government basically announced that local government would collect an ambulance levy through their rating base and they would pass it on to the state. The government came out and made the announcement. I think they had consultation with the ambulance officers but they did not have any consultation with local government, through the LGAQ or any other body, and they said, ‘This is what we’re doing.’ Local government were painted as the bad guys because we said no. It is all very well for the state to say, ‘We don’t want to have any new taxes.’ It is very easy then to palm it off to local government and to say, ‘You raise it.’ We raise funds for them for the fire services, and that gets passed on as well. If they had talked to us, we could have explained the problems associated with the levy and the inequities that would have been there and they would not have ever gone out to the media and said what they said.

**Councillor Woods**—The other problem with that idea is that you put the ambulance levy on and everybody notices it in the year that you put it on; in the second year, they remember it as the ambulance levy; but, by the third year, they just see it as their rates bill. They never look at what makes up their rates bill; they look at the bottom line and they say, ‘The rates bill has gone up by this amount of money.’ It is the local government that is taking it; that is the problem.

**Ms BURKE**—The other idea floating around in some of this discussion—and some of you addressed it via other comments—is the notion of councils receiving accreditation for delivery of certain services and getting direct funding to deliver that raft of services.

**Councillor Woods**—That has been a problem for us with Main Roads. We have accreditation at one level, and we tried to get accreditation at the next level up.

**Councillor Mooney**—That is another level of bureaucracy. I think the suggestion in the options paper was that a share of FAGs would go towards yet another national body to oversee local government. I think that was the suggestion. We do not need another layer of bureaucracy; we have too many already. Isn’t the idea to reduce some of that so that the money can—

**CHAIR**—No. The idea was that, if you got accreditation to spend the FAGs, it would be the other way round; it would demonstrate that you had the ability to go and administer other services.

**Ms Russell**—What are the criteria for accreditation?

**Councillor Mooney**—Who monitors that and what is the basis for it?

**Councillor Boyd**—Let's face it: how did Diamantina ever get accredited?

**CHAIR**—That is a good question.

**Councillor Mooney**—That is what you would call a flick pass!

**CHAIR**—I think the answer to the accreditation issue is that it is about clearly demonstrating the skills to administer a particular problem.

**Ms Russell**—But how are you going to measure that? What is going to be the criteria?

**Councillor Woods**—And who is going to measure that?

**Ms Russell**—Who is going to sit in judgment about who is more meritorious than another?

**CHAIR**—It is not a question of who is meritorious; it is merely about whether the skills are there.

**Ms BURKE**—It is asking: are you capable of doing it? You receive accreditation to do the roads. I understand the majority of the local councils in the state have received that.

**Councillor Woods**—At different levels.

**Councillor Boyd**—Think about the people whom the councils employ. We employ financial experts, engineers and health experts. We employ a whole range of people who are accredited in their field. As long as they are keeping up to date in terms of their own organisation and their accreditation basis, I would have thought we would be accredited in a whole range of ways and setting the standards.

**CHAIR**—It is really just a matter of demonstrating that.

**Councillor Woods**—The whole idea of saying that we have to become accredited comes back to the thought—even if it is not conscious—which pervades federal and state governments that we are not capable.

**Councillor Boyd**—Exactly.

**Councillor Woods**—And I object strongly to that.

**CHAIR**—I hear your point, but look at the other side of the coin. I will try to think of an example that is not too contentious. If the Commonwealth were to give money out for a particular program and the council did not have the skills to handle it, when it came back that the money had been wasted, the taxpayers would get fairly angry. Accreditation is a way of saying that we do not want to supervise what is being done but, nonetheless, we want to know that the people handling it are capable.

**Councillor Woods**—Where was the accreditation process for NHT? Huge amounts of money went out there. It was just a reporting mechanism that was put in place for people to put that money—

**CHAIR**—There was a fairly comprehensive application process.

**Councillor Woods**—That is right but there was no accreditation.

**CHAIR**—That was another way of handling it—a different approach.

**Councillor Boyd**—When you put your application in for a project, for example, you have to nominate who is going to be overseeing it, their skills, their capacity and their capability to deal with it.

**Councillor Mooney**—There is an accountability process in place now—Roads to Recovery, for example, has an accountability process and that is okay. There would have to be another body to oversee local government, because it would not be accreditation for only one year; it would have to be monitored and there would have to be audits. I presume that the money to fund that organisation would come out of the current pool and not grow the pool.

**CHAIR**—I do not want to be too specific. We are putting a principle up here.

**Mr NAIRN**—In the particular case of NHT, the ‘accreditation’ is effectively happening on a project by project basis through the application, who you put up and how it is going to be done et cetera. What we are saying is that, if you have a particular type of service, the council has accreditation to deliver it and from that point on you do not have to go through that every single time a particular project is done. There is accreditation to deliver such and such, so you can be—

**Councillor Woods**—For argument’s sake, let us say that local government employ an expensive consultant to draw up everything to get their accreditation. We put the accreditation book up there on the shelf and we do not do anything else about it. Are we going to get the money from then on?

**Councillor Boyd**—It used to be that we all had to be quality assured. We went down the path of quality assurance; we have done all that. We have put our quality assurance processes in place and now we are being asked to be accredited. It is a question of who is actually providing the jobs. It is not necessarily happening in local government.

**Mr NAIRN**—If you are quality assured to do something, that could well be the accreditation—end of story.

**Councillor Boyd**—We are all required to do that for Main Roads work. We are required to have processes in place.

**Councillor Tyrell**—It is sometimes not a practical application. As long as you can pass the written test, you are all right. You can put it on the shelf and forget about it. I am being fair dinkum: it happens. I think you have deviated a little from what we were talking about, Mr Chair. This issue is distinct from accreditation for federal assistance grants; it is about projects. There need to be criteria in place—whether it is called accreditation or whatever—and councils have to be held responsible for the money they get from anybody, whether it is from a level of government or the ratepayers. The problem we have—I am sure you have it all over Australia—is that we cannot operate to a one-size-fits-all program. While I do not want to be derogatory to the bureaucracy, in a lot of cases the programs are done up by bureaucrats who sit in an office, who have had no practical application of things and who would not know where Diamantina or Bulloo shire was. That is the problem: we do not have the capacity to show our ability to tailor to our local areas. We could make the dollars go a lot further if we were given an opportunity to deviate a little bit from the norm to suit our own areas.

**CHAIR**—I was not actually talking about projects; I was talking about taking on new programs which might be an ongoing—

**Councillor Tyrell**—It would be the same with programs.

**CHAIR**—I would see them as being slightly different. For example, in Victoria the councils are very involved in HACC programs.

**Councillor Woods**—If the federal government have got the purse strings—which they have—and they say, ‘There’s the money; this is what we want you to deliver with it,’ and then the council say, ‘We will accept the money; we have the skills and the people employed in our organisations to be able to sign-off on that,’ then surely that should be enough.

**CHAIR**—I would have thought that that is exactly what we are talking about.

**Councillor Woods**—We do not need any accreditation.

**CHAIR**—Some councils—without going back to the ones we were talking to yesterday necessarily—do not have those skills. That is the point.

**Councillor Woods**—If they do not have those skills, they should be looking at the local governments around them that do have those skills and accessing them.

**Ms BURKE**—Some of it has to go back to the size of the council; let us be blatantly truthful about this.

**Ms Russell**—That is right.

**Ms BURKE**—Councils that are servicing 462 people are not going to be able to employ people who have those skills and abilities. You might be able to form groups, but they are not going to be able to have those employees. LGAQ stated in *Hansard* on Tuesday that they

provide a raft of services for local councils. A lot of the councils around this table would not be utilising those services because they are big enough to provide them in-house. But there are lots of other councils that are not—that is what we are saying. You cannot compare them and, in some respects, nor should you compare them, because, as Les says, you have to be delivering to meet the certain needs of your community anyway.

**Councillor Woods**—Perhaps the situation is that—as Councillor Tyrell pointed out before—if you, as a local authority, cannot provide those skills then you should obtain those skills from a local authority, whether it be in the area or whether it be miles away. With the Internet and all of that sort of activity now through the IT that we have today, you do not have to be based where the money is being expended to be able to do the book work.

**Councillor Mooney**—The more fundamental question is: if a small shire fails the accreditation then who does the job? That is really the more fundamental question: who is going to step in and pick up the service delivery role?

**CHAIR**—If that community wants it.

**Councillor Mooney**—Yes.

**CHAIR**—Without trying to get down to too much detail on these things, it really depends on whether the community even wants that particular service.

**Councillor Mooney**—Let us assume that they do. If housing, HACC funding or some other level of funding is vitally needed in that community and the council fails the test, who does it?

**CHAIR**—This is what I pointed out with regard to the intergovernmental agreement. If we go down that path, that would be the way we would have some things.

**Ms BURKE**—It is like all the other things: we are exploring options. Those things need to be considered. You are the practitioners. If you can demonstrate to us that it is not going to work on the ground then do so, because we do not want to come down with a report that is not going to be useful.

**Councillor Woods**—It may well be for efficiency purposes. That service might be able to be provided by somebody away from the service provider, and then they work out a local agreement with the local council. They are the sorts of things that can happen. Local governments are very innovative and prepared to talk with one another and work with one another—we have done that for a long time.

**Councillor Mooney**—I forget the exact detail of the comment that the LGAQ made. There used to be a local government improvement program. That sort of model could work, provided it did not become another layer of bureaucracy which cost more to administer than to deliver the positive outcomes. That sort of efficiency question will really have to be looked at.

**CHAIR**—I think that is a good point; I take it on board.

**Ms Russell**—Mr Chair, you raised in your discussion paper that you like the UK model, the improvement agency that they have.

**CHAIR**—Yes. That is capacity building.

**Ms Russell**—Yes. They have one less tier of government than we have, so they are operating that centrally. It would be a blunt instrument if you tried to do it centrally in Australia. You could have that sort of function operating very effectively through the local government associations in each state. In the UK they have a very efficient way of doing it: it is voluntary, and councils work with each other to help build capacity. They do reviews which are quite voluntary, and they assist each other. But it is not something that has to be centrally driven. I think most councils would welcome that sort of opportunity.

**CHAIR**—Let me get this clear: you say that it is voluntary, but what about the funding? In the UK, I think 0.5 per cent of FAGs is used for capacity building. That is the question, I suppose.

**Ms Russell**—Yes, but if you have a look at the way that local government is being changed in the UK then you would not want to espouse that model at all here.

**CHAIR**—I want to hear your opinions.

**Ms Russell**—You have to have something that is relevant.

**Councillor Tyrell**—That was done for the ulterior purpose of trying to have the councils understand that they owned the IDeA. If it was a funding base from the central government in England requiring them to set it all up and do it, it would be seen as an initiative from the national government. It is my understanding that they increased the allocation to include it and that they did not just take it off. It was done particularly like that so the councils would believe that it was theirs, and it was funded as part of their normal funding. The IDeA organisation in the United Kingdom does work as a tool of local government rather than the federal government.

**Ms BURKE**—Is there any funding that flows from that? Is it tied to anything?

**Councillor Tyrell**—No. Their responsibility is to try and get councils to do things better and innovate.

**Ms BURKE**—Right.

**CHAIR**—Everyone seems very positive in regard to the Roads to Recovery program. Do you want to see that continue in its present form or could it be part of the AusLink proposal that is being considered at the moment?

**Councillor Mooney**—We do not know about it being connected to AusLink. We have our own views about AusLink, which we have been commenting on. In terms of that program, I think it has been strongly endorsed by local government and has received accolades right across the country—it certainly has here in Queensland. I think there is a lot more scepticism about

whether or not that model would work in terms of an overall distribution of grants. We have already dealt with some of the other issues but, as a program, we would love to see it continue.

**Councillor Woods**—The fact that Roads to Recovery has been so generally accepted in the form in which it has been provided, I think that if it ain't broke, why go and fix it.

**CHAIR**—I do not have an argument with you on that. I think AusLink is much bigger and is looking at the national transport challenge for the future.

**Councillor Woods**—I am aware of that, but sometimes in trying to fix the national transport initiative or whatever, you take something, you lock it in and you break what is already working very well, thank you very much.

**CHAIR**—I do not want to debate it. AusLink identifies there is a growing transport need, which is set to double in the next 20-odd years. It considers how to best address that in a comprehensive way rather than bits here and there.

**Councillor Tyrell**—I am sure local government accepts and endorses the concept of what you are trying to do. But, as you would be aware, we have a great deal of scepticism about how it would work, particularly in Queensland because of our reliance on roads, which is far more than on rail. The issue of a total bucket of public transport is great in the big cities, but the problem is putting rail—which is the lifeblood of Queensland but not so much in other states—and roads together. Our highest priority is the need to fix the roads in Queensland. If funding is taken away from that and given to other forms of transport, we fear that our road system will deteriorate even further. The figures that have been done by the engineering associations in Queensland indicate that we have the worst highways in Australia, and we need to spend a billion dollars a year for the next 10 years to get them up to standard without doing anything new. Roads are a real issue. I think when the map for AusLink came out, it did not show any transport corridors north of Brisbane.

**Councillor Boyd**—That is right.

**Councillor Tyrell**—We did not rate on any of them.

**Councillor Boyd**—The worst piece of highway has to be from Mount Isa to the Northern Territory border—it has to be the most shocking piece of road.

**CHAIR**—I have not been on that.

**Councillor Boyd**—It is worth a drive.

**Mr Gott**—Roads to Recovery has very specific philosophies, applications and accountabilities. It was always going to be a very good idea. I think it has worked very well and it has general acceptance from local government. There is no reason why that philosophy could not be extrapolated to other services.

**Councillor Tyrell**—There are opportunities to do that.

**CHAIR**—We were asking questions earlier about funding mechanisms.

**Mr NAIRN**—That could be used a model.

**CHAIR**—Yes.

**Mr Gott**—Whilst I agree with Mayor Mooney that it does not have general application—by its very nature, intrinsically, it cannot have general application—but it could be used as a model for specific service provision.

**Councillor Woods**—What you have to remember is that Roads to Recovery is a tied grant. When you look at other tied grants, I think the Roads to Recovery model works very well.

**Mr Gott**—I accept that it has some advantages in terms of measuring the outcomes that may not be available in other services but, even so, I still suggest that it could be used as a model because of the tying of the philosophy of the application and the accountability.

**Ms Russell**—I think the only difficulty is that it is sometimes easier to measure outcomes with roads, because the outcomes are measured in kilometres, but issues to do with community wellbeing—which, essentially, is the role of local government—such as community strength and lifestyle are extremely difficult to measure. Increasingly, these are the challenges that local government is having to come to grips with and to resource and fund. They are much messier and much less easy to quantify than simply dollars for roads. I think that is the challenge. Whilst it has been a wonderful model, I am not sure how transferable it will be to some of the more challenging areas that we are having to grapple with.

**Mr Gott**—That is true. It always had that qualification.

**CHAIR**—That is what we are trying to flesh out.

**Mr Quick**—Roads to Recovery is an identifiable and, essentially, a generic requirement of all in local government, whereas a lot of the other priorities of local governments—be they Townsville, Cairns, Mackay, Burdekin or wherever—will be totally different. The ability to tie funding arrangements together in the Roads to Recovery model or something similar will be very difficult. Councillor Woods's priority will be totally different from what ours is at any given time.

**CHAIR**—While it is true that it is a tied grant, I think the question was about the wider application—that system of direct funding from the Commonwealth, which I know we explored earlier. I would be interested in your response to the wider issue of disbursement of federal funding, rather than going through the state based arrangements.

**Councillor Tyrell**—I think it might be horses for courses. We did enjoy that particular program because it was not held up in the middle. Another program that I think has been very successful is the Regional Flood Mitigation Program, which is a one-third, one-third, one-third model. Local government is always willing to try to pay its way. The RFMP has been magic, particularly for our council and for a lot of others, including Townsville. If you have to contribute one-third, when you front up and say you are willing to do something, it is not a great

drain. That is another model that could relate to some other programs, but I am not too sure you can get a model that relates to everything. We would probably have to just dabble in the different ones.

**Councillor Mooney**—Let me make the additional point that each state has its own set of requirements. No matter what model is adopted, unless some of those issues of the inequalities are addressed—be it a central mechanism for distribution or state by state—we will not get that equity and consistent approach. We stand by that fundamental position.

**CHAIR**—I think that covers it. Are there any other issues that people would like to bring up or are there further questions from committee members?

**Ms BURKE**—I have two very quick questions. Option 1a talks about making grants conditional on an adequate revenue effort so that local government does its fair share to raise its own funds. We have gone over this but I wonder whether there are any additional comments. The other thing is that the terms of reference talk about councils taking on additional responsibilities. I would be interested to hear people's comments in respect of councils picking up additional things that they are currently not doing or are not theoretically responsible for.

**Councillor Woods**—We are not doing this now, but at one stage we had to provide specialist people for the youth services area to try and improve the security situation in our community. The program was to be jointly funded by state and local governments, but we employed the officer and all of a sudden the state funding never showed up. We maintained that program for three years until we had the problem under control. The person who was carrying out that program left the area and we did not replace that person. That is one of those instances. Fortunately, we did not have to maintain that. Many other areas have had to maintain that sort of thing.

**Councillor Tyrell**—I do not think we have ever shirked our responsibilities. We accept opportunities to broaden our base, but this is what this whole devolution brings about: we get the duties but we do not get the dough—or, if we do get the dough, it stops. That is the issue. If you could solve that—

**Mr NAIRN**—Are any councils involved in public housing?

**Councillor Boyd**—In terms of getting funding from the state and providing aged accommodation, yes.

**Councillor Mooney**—There is also active consideration at the moment, especially by the urban councils, of a public housing model. Brisbane City put up a proposal; unfortunately, it was not supported by the state government when they considered legislative changes. I think local councils do have an opportunity, and through the LGAQ we are investigating ways we can engage the state government to allow us to do more. There has been some stuff happening. I understand that in Central Queensland—and it may even have been in Mackay, Julie—there was a model.

**Councillor Boyd**—We have looked at a housing model, which has had support, but it has not really gone anywhere in particular at this stage either.

**Councillor Tyrell**—A lot of the smaller shires in the west have done it for years out of necessity.

**Ms BURKE**—We heard lots yesterday about buying houses and doing houses.

**Councillor Woods**—That is the only way they can maintain their population base.

**Councillor Mooney**—The key issue, I think, is if we enter into those supplementary agreements. Apart from the Brisbane one for public housing, which did require state legislative change, I do not think we need many expanded powers. But, if there is to be an agreement that we take on more, there needs to be some certainty of the funding. John mentioned the situation where a staff member was employed for a particular reason and the funding dried up. We need certainty in terms of longevity of funding.

**CHAIR**—Does that answer your question?

**Ms BURKE**—On revenue raising, I got nods around the table; people are happy with the concept of councils doing their bit and raising their own revenue.

**Ms Russell**—Public-private partnerships are becoming increasingly common in local government as well.

**Councillor Woods**—Having that as a criterion for receiving federal funding goes to the comment that Tony made. You can see a number of local governments that have not had to raise their rates at all—

**Ms BURKE**—They probably have had to but have chosen not to.

**Councillor Woods**—Well, they have chosen not to but they have had an increase in revenue purely and simply from their share of federal assistance grants, whereas others of us have had to raise our rates and reduce our services because of losses in federal assistance grants. My shire and Tony's city council—and many of us—are facing that, and we are only just to get to a point where it is starting to level off for us.

**Councillor Mooney**—I am sure your committee has looked at some of the restrictions that state legislation here in Queensland places on how far local governments can go in terms of innovative ways of raising funding. We have very tight restrictions on what we can and cannot do. If some recommendations could be made about removing some of that red tape, some of that restriction, that would be good. Naturally, there has to be accountability and transparency, but we are a legitimate sphere of government and we should be able to make those decisions, especially in this environment.

**Mr NAIRN**—We talked before about the percentage of taxes and things like that and about the GST agreement that you had at one stage with the Queensland government. Do you think it is reasonable to consider things like stamp duty on property transactions and land tax? The traditional income for local government is through rates, which are to do with property et cetera, and it seems to me that land tax and stamp duty on transactions of property are very much tied

to that as well. They have grown and they have changed, but local government has never benefited from any of that.

**Councillor Boyd**—It would be worth exploring. I do not know what the states would say, though.

**Councillor Mooney**—We have not considered that.

**Councillor Boyd**—No, not at all.

**Ms BURKE**—It is the surveyor in you coming out.

**Councillor Boyd**—It could be worth while looking at.

**Councillor Mooney**—While it is going to be a transfer of revenue raising, in effect we are still talking about the one pot of money, aren't we?

**Mr NAIRN**—We are, but—

**Councillor Boyd**—That is right and the states will want a bit of a—

**Mr NAIRN**—I am sure that their initial reaction would be one of horror, but if you started from scratch and had a completely blank piece of paper, and there was an acceptance that local government raises its money out of aspects to do with the property within its council area, then, if you knew nothing about the history, I would think that you would naturally look at those sorts of things. That is my feeling.

**Mr Gouldthorp**—As far as broadening the tax base for local government is concerned, there is some merit in exploring it. But I think there would be a couple of things that we would need to be cautious of, such as that some of the roles with titles and management and so on did not come with it and that those extra things did not outweigh any revenues. The other problem—and it was raised earlier—is that the services that councils are delivering these days do not necessarily have a link to a property based taxation regime. We mentioned before that often the beneficiaries of it are people who live outside the shire regions, large companies that use the roads or those types of people. That really brings us back to a GST type regime or an income tax regime and getting a share of that. If we are going to try to broaden the revenue base for local government we need to look outside a strictly property based system.

**Mr Quick**—If you look at the example of Cairns, on any given night there are up to 28,000 people who do not come from Cairns staying in Cairns as tourists. They come from all over Australia and internationally. They have to be provided for.

**CHAIR**—I suppose that indirectly you get some benefits. In your submission you mentioned the federal Wet Tropics Management Authority pig-trapping program. Has that been wound down?

**Mr Quick**—Yes.

**CHAIR**—What are the implications for foot-and-mouth disease?

**Mr Quick**—Off the top of my head, I do not have an answer.

**CHAIR**—How big a program was it?

**Mr Quick**—It was fairly widespread across the wet tropics area up on the edge of the tablelands area, and I believe it came down into Thuringowa.

**CHAIR**—You were talking about your industries, beef being one of them. Is that not a major concern?

**Councillor Woods**—It is a major concern for the cropping industry because the cropping industry is right beside the wet tropics area and the wild pigs live in the wet tropics, come out and feed in the cropping area and then go back during the daytime to live in the wet tropics. If the program is not there and you do not keep the numbers under control, they can get out of control very quickly.

**CHAIR**—What has the council been doing?

**Councillor Woods**—I cannot say with regard to Cairns, because I am not sure what they are doing, but I am aware of the problem and I am also aware that, if you have those large numbers, if foot-and-mouth disease were to come into this area, the impact on the economy at the local, state and federal levels would be enormous. It would be far better to spend the money now and keep the problem under control than to try and deal with the problem of foot-and-mouth disease.

**CHAIR**—No-one disagrees, but I was just wondering what had been done about it.

**Mr Quick**—The answer in terms of what we are doing about this is that a submission has gone into both the state and federal systems on the issue, but we have not done anything physically about it, because we do not have the resources, nor do we have the authority.

**Councillor Woods**—In our shire, we have done something about feral pigs. A lot of people in our area go pig hunting and bring pigs back into our area. They catch them live, bring them back in, put them on riverbanks or whatever, feed them and then use them for food purposes after they have semidomesticated them. Often those pigs escape and go into the crops. We have now put a penalty in place through our animal control by-laws and through the pest management scheme. You will see signs up on the boundaries of Burdekin Shire everywhere saying that there is a \$300 penalty for the travelling of wild feral pigs. For anybody who is caught with a wild pig in a vehicle in our shire, there is a \$300 penalty.

**Councillor Boyd**—It is wild dogs; it is mosquito eradication on state government land. None of that happens at this point in time. Local government deals with it, and deals with it outside the state government areas, the best we possibly can. There have been long talks, and I think there is almost an agreement on mossies. It is not just about pigs; it is a whole variety of things that have an impact on rural communities and urban communities.

**Councillor Tyrell**—But there are a couple of scenarios with pigs in relation to where the councils are. Those councils who are in the wet tropics management area, which comes down as far as Thuringowa, tend to rely on the Wet Tropics Management Agency for the control of feral pigs, because they come from public land—they come from the state forests and wet tropics areas. In John's area, it is different. They do not border on that, so their council has to do something. I have to say that the Wet Tropics Management Agency have looked seriously at the pigs coming from the wet tropics areas, but every program they have put up to the board is destined to fail. It is as if somebody is looking to be seen to be doing something but knowing it is not going to work at the end of the day. It is a major issue with those councils bordering the wet tropics. It does not seem that the authority are really fair dinkum about trying to do something about it.

**CHAIR**—That may be something you want to take up with somebody else.

**Councillor Tyrell**—Yes, it is.

**CHAIR**—I have just one other question on Dalrymple. You talk about the problem of native title but not necessarily the cost. Have you quantified what this uncertainty is doing to you?

**Mr Gott**—In financial terms, I could quantify it. I do not have my financial statements here with me. What we are referring to is the very simple issue of providing local government infrastructure in terms of things like dams and water supply infrastructure, roads and gravel pits in areas that are subject to native title—which is not an indication that the council is speaking against native title, I might add—but where those lands are no longer able to be used without first having either purchased native title rights or extinguished native title, both of which are imprecise, potentially expensive and not decisive. I could give you specific examples, such as the Ravenswood water supply. Ravenswood is a small town located within the shire which recently has suffered a series of crises relating to water and new pondage areas. New dams were required so that the township could be served. The township is populated by people servicing the rural industry and also by people who are involved in the goldmining industry. There is major goldmining in Ravenswood.

**CHAIR**—Is there anything else you would like to bring up?

**Mr Quick**—On behalf of the Cairns City Council, I would like to table this paper, which is a description of the issues as we saw them and as they have been discussed this morning. I think you will find that the discussion around the table this morning has almost followed along the lines of this paper, which was originally prepared as a power point presentation.

**CHAIR**—Is there any objection to this paper being received as evidence to the local government and cost shifting inquiry? There being no objection, it is so ordered.

Resolved (on motion by **Ms Burke**, seconded by **Mr Nairn**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

**CHAIR**—I thank everyone very much for their input, which has been very valuable and has certainly added another dimension to the work we are doing. It has reinforced the fact that

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Australia is a very big country and that things are different in each part of Australia, which adds to the challenge for the committee. Thank you very much for coming, particularly those who have travelled quite a long way. I am sure your evidence will help us with our inquiry. We would appreciate it if you would all fill out the questionnaire; it is not a long one.

[11.36 a.m.]

**TAIT, Mr William Peter (Private capacity)**

**CHAIR**—Mr Tait, I remind you of the opening remarks I made about the status of these hearings.

**Mr Tait**—Mr Chairman, I was present when you made your comments earlier about the status of the proceedings. I am an independent representative of the wider community and I seek to make a submission here today in my role as a representative of the public interest. I will try to be brief. There is a lot of information that has only just come to hand today, and I apologise in advance for my lack of preparation and any disjointedness in my submission.

Before I address the substantive issues, I would like to raise a couple of process issues. I do this having due respect for the institution of parliament and its processes. In my opinion, on the basis of the prevailing laws relating to the environment and to social justice and other issues, we now have principles and objectives for ecologically sustainable development that permeate our regulation of social issues and the environment and that require certain things, including public participation.

From the process that I have seen today, and from what I know has happened so far, it appears that there may be an argument that the process does not adhere to those principles to the extent that people like me would like to see. It seems to me that there could be an argument of a perceived bias in the process in that most of the submissions have been by and most of the participation has been taken up by local government representatives. There does not seem to have been a balance of alternative views or views from the general public. I make that submission on the basis of the limited information I have, and it is made with all due respect for the parliamentary process. It is my personal view, but I would like to see broader participation from the wider community and perhaps not so much focus on just the local government interest.

**CHAIR**—Excuse me for interrupting, but this process has been widely advertised and publicised, and people have been encouraged to participate.

**Mr Tait**—Maybe that reflects the problem that we have.

**CHAIR**—If people do not choose to participate, we cannot do anything about it.

**Mr Tait**—Yes. I must admit that I only knew about this when an article was published in the local paper last week. Even though you talk about participation, I have very limited access to the Internet and other things so I really did not know anything about this. Maybe it is the culture we have in Australia, that public participation is not practised and it is not possible for people like me to access information about government processes. I think you are right. This is not a criticism of the committee and how it is functioning; it is a criticism of the overall culture of how we deal with it.

**CHAIR**—We did advertise it widely. I am sure that most active local members of parliament, from both sides of parliament, took it upon themselves to further inform their local communities.

**Mr Tait**—I will accept that; I cannot argue against it. I did foreshadow that I wanted to make a submission today. The general outline of my submissions is that, in my opinion, the issues that I saw notified in the media—the expansion of the role of local government generally, the inequalities of funding for individual local governments, the general inadequacy of funds and the apparent off-loading of state responsibilities to local governments—might to some extent, if not substantially, be resolved through the implementation of a regional planning strategy, such as those that are provided for under the Queensland Coastal Protection and Management Act 1995. That is an unprecedented act, it seems. It is also a response to international law relating to environmental objectives that Australia, Queensland and the other states have ratified and signed up to under these international treaties.

I will try and refer to the terms of reference. In relation to the first term of reference for the inquiry, apart from the arguments about off-loading new obligations, there are existing obligations that local governments—and indeed all persons, including developers and public individuals—have under the terms of this act and related legislation to ensure that we adhere to principles and objectives of ecologically sustainable development in the protection, management and development generally of the coastal zone of Queensland and the adjacent areas. The argument I make is that the Coastal Protection and Management Act itself makes a reference to initiatives of the Commonwealth and the states, such as the National Strategy for Ecologically Sustainable Development, which is incorporated in the legislation and to some extent becomes an instrument under the state act.

My understanding is that the national strategy was a pre-emptive response to Australia's involvement in international conventions, such as the Rio declaration and Agenda 21. In a sense, it is a local area Agenda 21. My argument is that, in law, this act effectively incorporates the intent and the provisions of international law relating to ESD into our state law. It also gives rise to an argument that there is now, to some extent, a customary common law obligation on developers, assessment managers, local government and even the general population—that is, individuals—to ensure that the principles and objectives of ecologically sustainable development are adhered to in protection, management and development processes. My argument is that that is a binding obligation in relation to the coastal zone of Queensland, which this act is about.

The act is, of course, also about regional planning. It seems to me that regional planning issues are of concern. I should briefly note that there has been a failure to implement the act. The act itself refers to regional and state plans and it says that the minister must prepare coastal management plans. But it does not state a time line for that, although it is a mandatory provision. I have referred, in other forums, to the parliamentary debates relating to the act. Those parliamentary debates clearly envisioned that a large number of the regional plans—including plans for this area, and there are none at this time—would be finished within a couple of years of the act coming into force. It has now been in force for six or so years.

**CHAIR**—I am just trying to relate this back to the inquiry.

**Mr Tait**—None of these plans has yet come into force, and I do not think many of them have even been initiated.

**Mr NAIRN**—Isn't this a problem with state government administration? I know some of the councils have made submissions saying that they have been forced to prepare these plans but have been given no funding to do so.

**Mr Tait**—These are not the plans they were referring to; they were referring to planning policies under a different enactment.

**Mr NAIRN**—If that is the case, what you are talking about here is really a matter for the state government, not for this committee?

**Mr Tait**—No, it is not.

**Ms BURKE**—The point, though, Mr Tait, is this: how does your evidence relate to the terms of reference that we are dealing with here today?

**Mr Tait**—I see that. I am just about to move on to the next term of reference. Section 14 of the act does say that the act, as far as the legislative power of the Queensland parliament permits, binds the state and all persons—and it specifically refers to the Commonwealth, so the Commonwealth is involved in the implementation of those planning procedures.

**CHAIR**—We are trying to get back to this inquiry.

**Mr Tait**—In referring to the second term of reference, it seems to me that clearly there are, or may continue to be, insufficient levels of funding for what I would call the more meritorious local government activities, especially if some of the current activities continue, which I would argue are not all within the true scope of local government. In light of that, I think that there will be a need to utilise alternative funding sources, and these regional planning strategies—and they will be legislative instruments under the act—may provide some opportunity for that to occur. My submission about how I would go about that might be seen as somewhat novel. Three issues come to mind. First—and I proposed this in submissions in relation to development applications—there could be fees charged on individual applications for development approvals of a two-tiered system, which claim that there is a standard fee to be applied, because local governments have to deal with these extra responsibilities under these regional planning strategies.

Second, a special fee might be applied to particular development applications if those development applications were seen to be regionally significant and would therefore have to be incorporated into those planning strategies. I have had no real feedback from councils that I have made those submissions to, so I do not know how they have taken them. I understand that developers would oppose them, but I think it is a legitimate call if we were to have these customary common law obligations under this new legislation.

The third issue is returns from current developments. We have Nelly Bay Harbour and the Strand development here. Apart from my issues with the local council about legalities and some of the zones there, the basic strategy was that we had safety issues raised in the community and we had comments about disasters, cyclones and such like. We had a big push in the media for

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funding. We had state, federal and local governments putting millions of dollars into these developments. We had private developers seemingly benefiting from that at the end of the day. I would argue that those developers who are benefiting from these developments—which are partly funded by government, and some of them substantially so; Nelly Bay received tens of millions of dollars of government funding from all levels of government—should compensate for the benefit that they have received. Those arguments might relate to some legal technicalities that I will not go into in detail, where, under the act, particular zones exist in some of those erosion prone areas which require special development controls and management practices, which in my opinion were not developed. There could be arguments in, say, judicial forums for damages to be required from those developers who had benefited from forging ahead without getting those particular controls.

**CHAIR**—I think we have the gist of what you are saying. We will take note of that.

**Mr NAIRN**—You are saying that that could be an alternative for raising revenue for councils?

**Mr Tait**—For the implementation of these regional strategies, which would take care of some of the obligations that they had in the regions. Another way, perhaps—and this might be seen as going a little bit too far—is to usurp existing allocations. There have been allocations purportedly made recently—and I only read this in the media—for funding the proposed National Action Plan on Salinity and Water Quality, and quite a lot of money is involved. I got involved in the planning process relating to that, which was purportedly carried out by a private community group in this area. My opinion of the binding agreements which were signed by the states and the Commonwealth government in relation to that is that they were not complied with. The funding that is being allocated now is not being allocated to the national action plan; it is being allocated for those purposes, but not validly through that plan, because the plan has fallen over.

**CHAIR**—Again, that is outside our terms of reference.

**Mr Tait**—I would argue that it is at least related to it. I will move on to the third term of reference, and I think that this relates to terms 4 and 5 as well. I have tried to get into a couple of factual issues here but I am not sure if I have achieved the succinct detail that the committee will accept. It appears that local government—at least in the immediate area, and perhaps in good faith—in response to submissions from certain powerful community groups, like chambers of commerce, business representative organisations and community organisations, may be unsure of what are, in fact and also at law, its existing obligations. For example, in relation to social issues—such as the power to approve applications to establish sex worker outlets—which seem to be beyond the traditional local planning constraints issues relating to building structure et cetera, local council has been trying to get involved in the substance of the social issues relating to the establishment of these types of things and going beyond what have been seen as traditional local government planning issues like the structures of building, plumbing and things like that. It appears that, to some extent, local government has of its own accord—and I think Les Tyrell admitted that this was the case—sought to take on an enhanced role in regulating social issues such as the sex worker issue I referred to, alcohol use and other law enforcement issues. It seems to me that local government cannot come here and say that they are being forced to take on this enhanced role, because they seem to be trying to take it on in some areas.

**CHAIR**—I think we have got the gist of what you are saying. You have given us a written submission which we already have.

**Mr Tait**—I will try to give you further information. There was one further issue that relates to—

**CHAIR**—Could you please be quick, because we are under some time constraints here.

**Mr Tait**—The other issue I refer to is that the state does appear to have off-loaded responsibilities. One of the specific issues that I am aware of is, I think, in relation to the Local Government (Financial Assistance) Act. Apparently the Commonwealth has made recent changes to that act so that now state governments cannot just get funding for national disasters; to be eligible for that funding, they have to show that they have actually taken steps to mitigate disasters. The state's response to that, although there are some process issues here too, seems to have been to employ a private consultant to prepare a state planning policy for disaster mitigation and the guidelines that go with it. The private consultant referred to that funding legislation and said that it had nothing to do with satisfying those purposes. But it is fairly clear from the process that this planning policy is being proposed so that the state can argue later on that it has satisfied its obligation to mitigate, so that it would still be eligible for funding.

When you go through the proposed instruments, it seems that the state is attempting to off-load all its responsibility to the local government. The crux of the state planning policy will be that local government will have to take steps to amend planning schemes—the ones that you were referring to earlier—and take new planning initiatives and actions in relation to the relevant applications which would satisfy this disaster mitigation program for the state. Then the state could later say that it has satisfied its obligations under Commonwealth legislation.

I am concerned not only that local government is being forced to take on more responsibilities without any assistance but that perhaps, even down the track, there could be arguments that the state planning instrument—which is proposed to be a subordinate law under a state act—attempts to override the federal legislation by giving the responsibilities that the federal government's assistance grants law puts on the state to the local governments, devolving that responsibility. If that occurs, we could have, for example, a disaster where nobody is eligible for funding but everybody thought they were. These are very real issues that I think are arising.

I have not really had a chance to formulate detailed solutions, apart from when I referred to the funding. I did want to make a small submission on option 9 that was referred to in the questionnaire. I would oppose the taking of the five per cent for the establishment of another accreditation body.

**CHAIR**—If you want to make a response to the option paper, do you want to put something on paper?

**Mr Tait**—I will attempt to do that, but my resources are very limited. That is why I would prefer to make my submissions orally.

**CHAIR**—Just write a couple of lines on it; that would be fine. Thank you very much for that.

**Mr Tait**—Thank you for hearing me out.

**Committee adjourned at 11.56 a.m.**