

INQUIRY INTO LOCAL GOVERNMENT
AND COST SHIFTING

Submission from:

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

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The role of local Government

has altered drastically in the last one hundred years whereby Councils rated land for streets, roads, footpaths and bridges. As we have progressed through time, Councils have felt more powerful as other Government responsibilities have been initially transferred to Local Government on a **fully funded basis**.

Over time this funding **has slowly eroded**, a typical example being **Libraries**. Even thirty years ago Libraries had 75% funding, but today have a maximum 25% funding! We do not suggest that we want to be flamboyant and spend beyond a basic budget base, but should further funding be needed this should come from general Council Revenue.

This same situation applies to **all other services** that have been cast by Governments to Local Government.

Amalgamation in Victoria have been a disaster

for country residents with, in the case of the Rural City of Ararat, the rural population being 1/3 of the population but paying 2/3 of the rates. The result has been that the **roads maintenance funding**, which commanded the bulk of their expenditure in the rural area, **has been drastically reduced** with these funds propping up all the City services.

In the case of Moira Shire where the geographical majority of the Shire is farming communities, roads are simply a low priority resulting in dangerously degraded roads for primary produce transport trucks, service vehicles, school buses and family cars to have to use every day. Recently one of our rural roads deemed by the Shire as dangerous, took four months to be watered, ripped, graded and rolled to some level of safety. The excuse given **by the Shire? - We don't have enough money to maintain all the roads in the Shire.**

In the Grants Commission funding formula,

43% of the grant was earmarked for road expenditure, but because it is an ***untied grant, this is used for other purposes.*** This has made it appear to the rural community that the Federal Government has not been putting enough into roads. In future ***this type of grant should be a specific purpose grant.***

It is disappointing that the Federal Government, after promising a set grant for a four year period has reduced this in one year. It needs to be an ongoing grant to allow municipalities the chance to purchase machinery and employ manpower.

Contracting out has not proved to be a viable option because of the lack of contracting manpower and equipment. One must remember that petrol tax was implemented in 1951 by the Prime Minister, Robert Menzies, to fund roadwork. But it has been hived off as a general purpose grant.

Current rating practices

which have become a land tax, particularly on primary producers, ***are inequitable and ineffective*** in raising revenue required to run modern Local Government. ***It's time Local Government was treated as a partner, not a servant.***

Should Local Government

be sought to carry out any people service functions, it should be the responsibility of Government to ***properly fund those functions*** and ***not erode*** those moneys in future years.

It is important to keep future grants simple to alleviate bureaucratic nonsense and get dollars where they belong.

*It is requested that Geoff King may appear at a Hearing.

**It is requested that a Moira Concerns Inc.(Ratepayers and Residents Action Group) Member may appear at a Hearing.