

**Rural & Regional Affairs and Transport Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
 Budget Estimates 2015 - 2016  
**Infrastructure and Regional Development**

**Question no.:** 144

**Program:** 3.2 Local Government

**Division/Agency:** Local Government and Territories

**Topic:** Financial Assistance Grant – cost of indexation pause

**Proof Hansard Page:** 81 (28 May 2015)

**Senator Edwards, Sean asked:**

**Senator EDWARDS:** ...What is the cost of the indexation pause as a percentage of the local government revenue?

**Mr Wilson:** We will take that on notice.

**Answer:**

The pause amounts to an average of 0.5% of estimated local government revenue over the forward estimates.

The Australian Bureau of Statistics (ABS) *Government Finance Statistics* show that nationally in 2013-14, local government revenue is estimated to be \$39 billion, comprising 93 percent own-source revenue (raised from rates and user charges) and 7 percent in grants from the Australian and state governments (of which the Financial Assistance Grant programme is one source).

The ABS does not provide forward estimates for local government revenue. Using a five year average of 5.1% from 2009-10 to 2013-14, local government revenue is expected to increase to an estimated \$49 billion in 2017-18 (Table 1).

**Table 1: Impact of the pause to indexation on the Financial Assistance Grant programme as a percentage of local government estimated income from 2014-15 to 2017-18.**

<b>Year</b>	<b>2014-15 000's</b>	<b>2015-16 000's</b>	<b>2016-17 000's</b>	<b>2017-18 000's</b>	<b>4 year Average</b>
Local Government Estimated Revenue <sup>a</sup>	41,038	43,624	46,372	49,293	-
Savings <sup>b</sup>	-95.803	-200.397	-307.841	-321.109	-
Pause as a % of Local Government estimated revenue	-0.23%	-0.46%	-0.66%	-0.65%	-0.50%

(a) The estimated increase in local government income from 2014-15 to 2017-18 uses the 5 year average increase in local government income from 2009-10 to 2013-14 of 5.1%. Figures are based on the latest published by the ABS cat no 5512.0.

(b) Figures as per the Infrastructure and Regional Development PBS for 2014-15.

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**Question no.:** 145

**Program:** 3.2 Local Government

**Division/Agency:** Local Government and Territories

**Topic:** Financial Assistance Grant – impact on councils due to Indexation Pause

**Proof Hansard Page:** 83-84 (28 May 2015)

**Senator Gallacher, Alex asked:**

...

**Senator GALLACHER:** Economics is a pretty brutal business. It is okay when you do it on paper, but it plays out on the ground. So people who have had a continual series of grants now have a pause. Potentially we will carry on. If your outgoings and work were matching those grants, you have had a pause in the work or you have incurred a loss.

**Mr Wilson:** We have not stopped the financial assistance.

**Senator GALLACHER:** The indexation is there—

**Mr Wilson:** We have stopped the grants. I will just put this into context in—

**Senator GALLACHER:** Is there a permanent erosion of a small council's ability to do its task?

**Mr Mrdak:** Not necessarily. It will depend very much on the—

**Senator GALLACHER:** Has anybody put to you in writing that there has been a permanent erosion of their ability to—

**Mr Mrdak:** I will take that on notice. I think the essence of what we are saying is that it is so dependent on the allocation mechanisms. It is based essentially on the way the state grants commissions allocate. It is not easy to give you a blanket answer to that question.

**Senator GALLACHER:** Could you take on notice whether anybody has written to you about whether this is a permanent erosion of their position?

**Mr Mrdak:** Certainly.

...

**Senator GALLACHER:** Can you provide the figures on the impact? This goes to what Senator Sterle said. Did you take it on notice that you were going to provide the impact on individual councils?

**Mr Wilson:** We can provide the 2014-15 numbers.

**Senator GALLACHER:** But you cannot do 2015-16?

**Mr Wilson:** But we cannot do 2015-16 numbers.

**Senator GALLACHER:** So you are taking on notice 2014-15?

**Mr Wilson:** That is right.

**Answer:**

No council has indicated that they are unable to provide an identified specific service as a result of the pause to the indexation applied to the Financial Assistance Grant programme.

Refer to response to Question on Notice 178 from the February Additional Estimates 2015 for the response on impact on individual councils.

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates 2015 - 2016

**Infrastructure and Regional Development**

**Question no.:** 146

**Program:** 4.1 Services to Territories

**Division/Agency:** Local Government and Territories

**Topic:** Contingency Plans on Christmas Island

**Proof Hansard Page:** 86-87 (28 May 2015)

**Senator Back, Chris asked:**

...

**Senator BACK:** I want to make sure you are aware. The two fire trucks on Cocos island are now older than 30 years. Responsibility for their replacement rests with the federal government. DFES, as we both now agree, is withdrawing their services at the end of June, which means fire marine. That is five weeks away. I could go on, but I am not going to. You tell me that you are meeting to try to resolve these issues. I do not know who you will find to replace DFES as the overall party that delivers that service. I do understand they have expressed a willingness to assist you. Again, that is critically important.

**Mr Wilson:** We will work through contingency plans on the chance that our relationship does cease on 30 June. We will provide on notice what the arrangements will be to the Senate.

**Senator BACK:** Sure. I just make the plea that, whatever those arrangements are, the information is transferred without delay to those on Christmas and Cocos islands who have the responsibility for actually delivering those services. Of course, they are volunteers. The gentleman who oversees the marine service on Christmas Island said to us that if they are not resolved, from an occupational health and safety point of view and from an insurance point of view, he will be locking the doors. He was not being emotional about it. He was just simply saying he could not place people at risk. The ambulance service on Christmas Island is that bad that the hospital will not train the volunteer ambulance people. St John Ambulance is willing to participate more strongly. But, most disappointing of all, only when that ambulance group visited the mainland and participated in an exercise with St John Ambulance regional in WA did the small town of Beverley donate to Christmas Island an ambulance that was surplus to their requirements. The standard of training of the people is abysmal by their statement, not mine, so much so, in fact, Mr Mrdak, that at the moment the hospital is putting its own nurses in the ambulance, which I think is contrary to the governance laws associated with the St John Ambulance. They do not have sufficient faith in the ambulance personnel, who themselves feel very deficient. They want to be trained and they want to be at the same level that we would expect. I do not necessarily want to get into an argument about it. I just want you to ensure on the ground where the difficulty is with that particular service delivery.

...

**Answer:**

The Department and the Commissioner of the WA Department of Fire and Emergency Services (DFES) have subsequently agreed to continue with service delivery arrangements from 1 July 2015 while we work through a collaborative revised schedule of work issues.